53[RD] ANNUAL REPORT 2016-17

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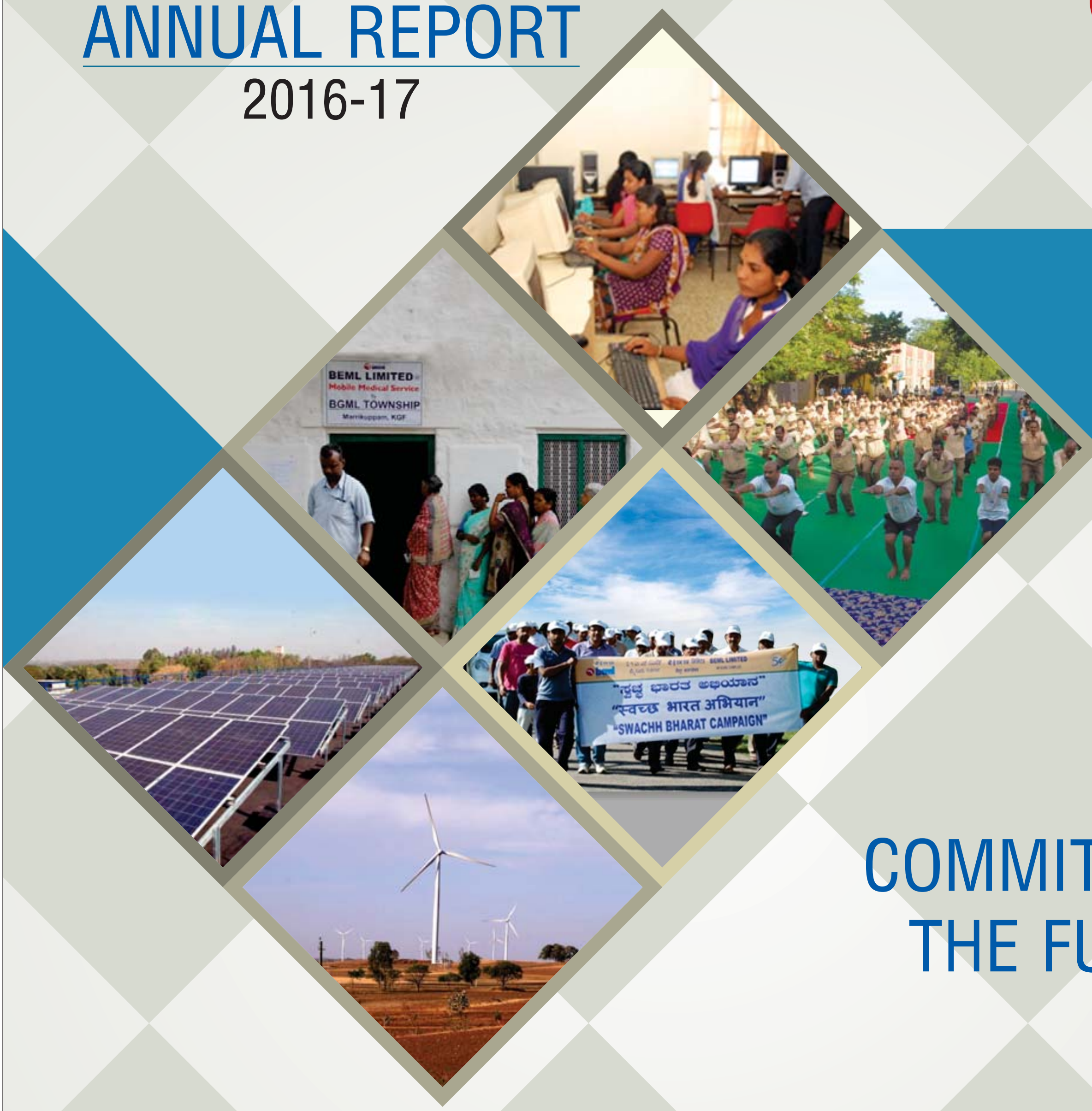
NEW FRONTIERS. NEW DREAMS



COMMITTED TO THE FUTURE

BEML LIMITED

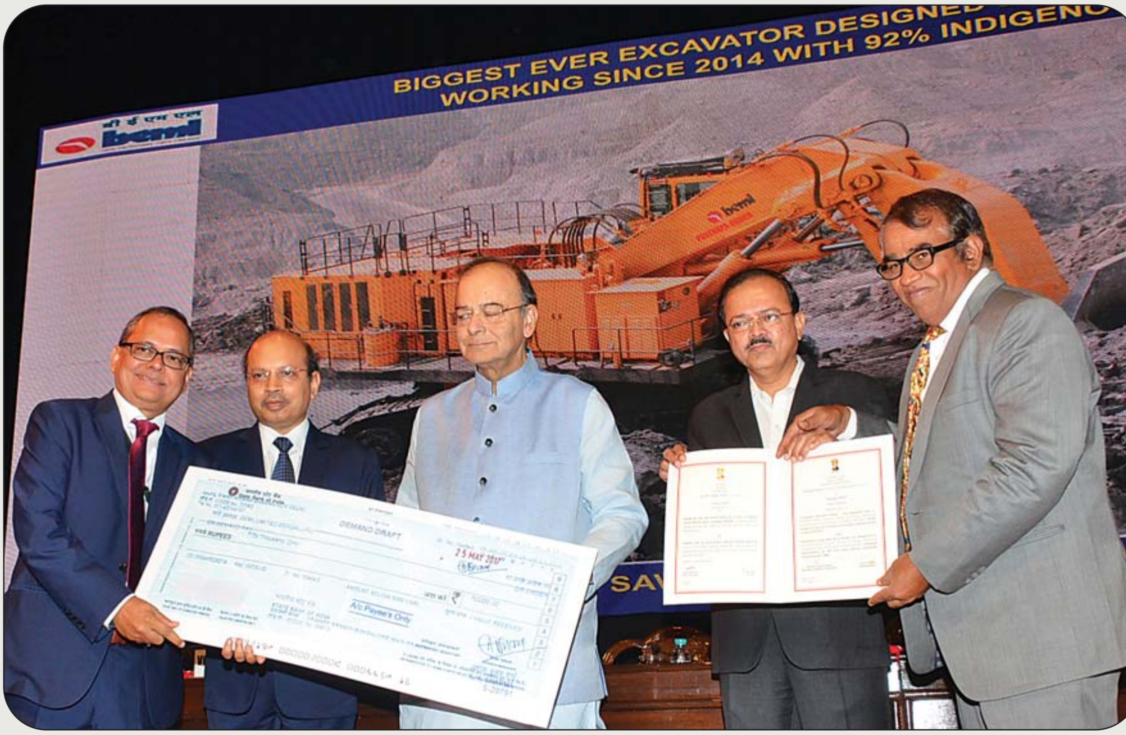
DEFENCE | MINING & CONSTRUCTION | RAIL & METRO

www.bemlindia.com

Skill India
कौशल भारत - कुशल भारत

MAKE IN INDIA

स्वच्छ भारत
एक कदम स्वच्छता की ओर



Shri Arun Jaitely, Hon'ble Raksha Mantri, presenting the Cash Award to Shri D K Hota, Chairman & Managing Director (CMD), BEML and Dr. Subhash Bhamre, Hon'ble Minister of State for Defence, presenting the Certificate of Excellence to Shri B R Viswanatha, Director (Mining & Construction Business).

Shri D K Hota, CMD greets Shri Manohar Parrikar, the then Hon'ble Minister of Defence during his visit to Bengaluru.

CORPORATE VISION, MISSION AND VALUES

A) Vision

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

B) Mission

- Improve competitiveness through organizational transformation and collaboration, strategic alliances and joint ventures, to sustain and enhance market share in product groups BEML operates.
- Grow profitably by aggressively pursuing business and market opportunities in domestic and international markets.
- Adoption of state-of-the-art technologies and bring in new products through Transfer of Technology and in-house R&D.
- Continue to diversify and grow addressing new products and markets with higher turnover from in-house R&D developed products.
- Attract and retain people in a rewarding and inspiring environment by fostering creativity and innovation with lesser attrition levels.
- Offer technology and cost effective total solutions for enhanced customer satisfaction.

C) Values

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

F	**Focus on Customer**	*We strive to achieve customer delight in all our actions*
I	**Innovation & Technology**	*We leverage our continuous learning, innovation and technology in all our work*
R	**Reliability & Quality**	*We build reliability and quality in all our products & services*
S	**Speed & Responsiveness**	*We are agile and respond to needs and challenges of all stakeholders with swift execution*
T	**Trust & Teamwork**	*We help each other succeed through integrity, trust, respect, transparency, teamwork and being a socially responsible corporate citizen*

CHAIRMAN'S LETTER

Dear Shareholders,

It is my pleasure to share with you that your Company has delivered a reasonably good performance during the year 2016-17 despite severe competition and numerous challenges. The Annual Report brings you the audited accounts and other related documents for the year 2016-17 for your consideration and adoption at the ensuing Annual General Meeting.

Performance Highlights:

Your Company has achieved gross revenue of ₹2837 Crs for the financial year ended 31.03.2017.

The Mining & Construction business achieved Gross revenue of ₹1713 Crs despite sluggish demand both in Domestic & International markets.

Delivered all time high 205 Metro Cars

The Rail & Metro segment has achieved Gross revenue of ₹571 Crs. The Company has delivered 205 metro cars during the year which is an all time high in the Company's history.

50% Growth in Defence Business

The Defence business achieved a gross sales of ₹553 Crs posting a growth of over 50% as against previous year.

Highest PBT in last 5 years

Profit before Tax stood at ₹98 Crs which is the highest in the last five years.

65% reduction in borrowing over last 5 years.

Over last 5 years, 48% increase in Value addition per Employee despite 25% reduction in manpower.

Earnings per Share (EPS) of ₹20.28, highest over the last 5 years.

54% of sales thru in-house developed products

R&D has taken up initiatives to launch new products in the three Business segments:

Mining & Construction:

Your Company has positioned High End Dump Trucks (BH150E and BH205E), Dozers (BD475-1), Excavators (BE1800E & BE1800D) to compete in the high capacity market needs in Mining segment.

Your Company is also in the process of finalising the technology partner in other high capacity products.

Defence:

Arjun Armoured Recovery and Repair Vehicle (ARRV) has been Designed & Developed. Two prototypes will be delivered during the current year.

Development of aggregates for the Quick Reaction Surface to Air Missile (QRSAM) for DRDL.

Development of T-72 Hull & Transmission to supplement the production of OFB.

Rail & Metro:

IGBT based 3-phase Mainline Electric Multiple Units development is under process against a contract from Indian Railways for the first time in India.

Your Company has put in place appropriate strategies and actions to counter all business challenges and scale new benchmarks despite impending Strategic Sale of the Company, reiterating commitment from all of us towards holding ***"BEML FIRST"*** as a guiding principle.

Self Reliance:

Your Company is committed to the success of "Make in India" programme launched by the Government of India.

90% indigenisation in main products, 80% in HMVs and 67% in Metro Cars

Your Company has achieved level of indigenisation over 90% in the mainline M&C products, Rail Coaches & EMU's, over 80% in High Mobility Vehicles (HMVs) and over 67% in Metro Cars. Further, efforts are underway to reach higher levels.

The new Public Procurement Policy announced by GoI has given a new impetus for Local Manufacturers by way of eligibility to address the surging Metro market in India.

Procurement from MSEs was 29% of the total indigenous procurement which is more than 20% stipulated by GoI.

IT Initiatives:

Your Company has undertaken various initiatives on the Information Technology front to enable business operations on an e-mode viz; e-procurement, upgradation of SRM, data recovery center, video conferencing, procurement through government e-portal etc.

To leverage Information Technology and to draw more mileage commercially, your Company has drawn up a comprehensive IT plan covering Cyber security systems, Complaint handling system, FLMS, amongst others.

Digital Initiatives:

Your Company is making all payments / receipts through digital mode. Various training seminars were conducted at all Divisions and also at residential townships highlighting the cashless transactions.

HR Initiatives:

The employees are being provided with opportunities to learn, grow and develop through developmental training programmes in reputed institutions such as IITs, IIMs, MDI, NLSIU etc. in India and abroad.

Empowered to take speedy decisions through revised Delegation of Powers. For manpower optimization, a study is underway, to redefine the roles, responsibilities and competencies in important functions, remove overlapping activities / functions.

Your Company is committed to Government of India's 'Skill India' initiative, with employees honing their technical skills and competencies for capability building through Centers of Excellence established in-house at all manufacturing complexes in the areas of Stainless Steel Welding, Hydraulics, Structural Engineering and Electrical & Electronics.

Service Training Centers at KGF and Mysuru are providing training to employees and customer personnel.

Future Outlook:

Your Company is a major player in M&C equipment market competing with global players and holds a sizeable market share in Dozer and Dumper market. With the Government's emphasis on infrastructure projects, the demand for construction equipment is going up which augurs well for BEML. Keeping in view the future technology trends and changing business scenario, various initiatives were taken to launch new products in the areas of High End Mining equipment with innovative features in line with major global competitors.

Defence business is venturing into new platforms viz., Combat Vehicle Segment, Mounted Gun Systems, Light / Medium Armoured Vehicles, Futuristic Infantry Combat Vehicles (FICVs). As a part of future business prospects and as an alternate source for critical aggregates for battle tanks like Hull, Transmission, Running gear items, your Company is jointly working with OFB. Further, BEML has signed MoU with OFB for development of Mounted Gun Systems. The Company is also working with other DPSUs for supply of Launching Vehicles and aggregates for various Missile Programmes. Company has also entered into a Service Agreement with M/s TATRA TRUCKS.

Considering the emerging requirements and market scenario, Rail & Metro vertical is venturing into new products such as High speed trains, Light Metro Cars, Medium Speed Trains, 3-phase MEMUs, Rail Grinding Equipment, Track Clearing Equipment, Safety & Maintenance related equipment. Suitable technical tie-ups are planned to address the same. Your Company is also exploring alternate options for supply of rolling stock under leasing / renting models to cater to the plans of Metro Corporations. To augment the capacity requirements, BEML has established 3rd production line for Metro cars and introduced indigenous manufacture of Metro car bogies which will enable increase production capacity by over 30%.

Your Company has an order book position of over ₹7300 Crs including order for supply of 300 MEMUs received from Railway Board for the first time since four years. Considering order book position and the projected positive scenario, we have set ourselves a Net Sales target of minimum ₹3000 Crs for the year 2017-18. Your Company's vision is to emerge as a strong player in each of the three business verticals.

With a view to upgrade and augment the existing production facilities and to meet the future requirements, the Company has incurred a Capex of ₹65 Crs during the year and has planned an outlay of ₹139 Crs, covering additional metro production line and various IT initiatives.

A comprehensive review was undertaken and all existing manuals were updated. To be more 'Customer Centric', Delegation of Powers was reviewed to reflect the realities of the new market place and empowering the frontline to improve the efficiency & accountability.

Your Company has introduced new accounting standards (IND-AS) for the year 2016-17. Also had a smooth transition to new regime of GST from 1st July 2017.

As a responsible Corporate Citizen, your Company has complied with all rules and regulations dealing in a transparent, fair and corruption free operational environment and a detailed report on compliance of the guidelines on Corporate Governance under the listing regulations and the guidelines issued by the Department of Public Enterprises for CPSEs form part of the Board's Report.

Several preventive vigilance activities were undertaken across the Company with the objective of promoting integrity, transparency, accountability, equity, efficiency and productivity in work areas by leveraging technology and making systemic improvements.

I am confident that with continuous dedicated efforts, commitment and hard work, and a conducive business environment your Company shall move to achieve greater heights in 2017-18. I assure you, that your Company is committed to enhance value creation for its Stakeholders and Society at-large by taking up activities and initiatives for sustainable growth with environmental concern.

I would like to inform you that during October 2016, Government of India has initiated strategic disinvestment of 26% of its holding along with management control. It is noteworthy that your Company has achieved a record performance of 46% of its annual turnover during the 4th Quarter.

CSR and Sustainability Development:

Your Company has brought in a wider perspective to Corporate Social Responsibility and Sustainability through various programmes on health, education, Swachh Bharat Campaign etc, as under:

Adopted a village near Kolar Gold Fields for facilitating quality education to poor students, medical facilities to the needy etc.

Sustained sanitation drive by providing toilets to the schools.

Shramdaan for Cleaning drive and also provided cleaning equipment for Brindavan Garden at Mysuru.

Environmental Park at KGF, De-silting of lakes, Rain water harvesting, planting of trees etc.

Plastic Free zone and three years 'Swachh Bharat Plan'.

Contributed Earthmoving equipment and machines to Govt. ITIs / Institutes.

Committed to 'Go Green' from the current level of 65% from renewable energy to achieve 100% power requirements of the Company.

Customer Satisfaction:

To ensure reliability of supplied equipment and provide highest customer satisfaction, your Company has initiated various measures for availability of Spare Parts and serviceability 24x7.

Awards:

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

SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management.

Raksha Mantri award for the design and development of 180T Class Electric Hydraulic Excavator BE1800E.

Best seller in Rigid Dump Truck and Crawler Dozer in the Equipment India Awards.

Hindustan PSU Award under the category Fastest Growing Organisation - Miniratna.

International & National Quality Award on Metro Car quality.

Gold Award for excellence in Training, Learning and Development & CSR initiatives.

Star Performer Award in the Export category instituted by EPC India.

Acknowledgments:

On behalf of the Board of Directors of the Company, I would like to express my gratitude to our shareholders, valuable customers and all other stakeholders for their trust and support. I would also like to express my deep appreciation to all Unions, Associations, Employees and Executives for their untiring efforts and contribution.

I wish to take this opportunity to thank all my fellow Directors on the Board for their invaluable guidance and support rendered for running the operations of your Company.

I also gratefully acknowledge the support and encouragement extended by our Administrative Ministry, Ministry of Defence and in particular Department of Defence Production, in steering the Company and other Administrative Departments of Government of India and co-operation from partners in progress.

Best wishes,

Sincerely,

D. K. Hota

Bengaluru
05.08.2017

D K Hota
Chairman & Managing Director

BOARD OF DIRECTORS

Shri D K Hota
Chairman & Managing Director

Smt. Surina Rajan
Government Nominee Director
Additional Secretary (Defence Production)
Ministry of Defence

Shri Sanjay Prasad
Government Nominee Director
Joint Secretary (Land System)
Dept. of Defence Production, Ministry of Defence

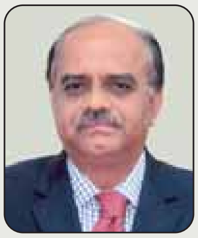
Shri Sudhir Kumar Beri
Independent Director

Shri M G Raghuveer
Independent Director

Shri B P Rao
Independent Director

Shri Aniruddh Kumar
Director
(Rail & Metro Business)

Shri B R Viswanatha
Director (Mining &
Construction Business)



Shri R H Muralidhara
Director
(Defence Business)

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FINANCIAL HIGHLIGHTS

Sl No	PARTICULARS	UNITS	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
A	**Our earnings**								
	Gross Revenue	₹Lakhs	280682	314769	264532	318115	309164	350432	342957
	Export	₹Lakhs	3016	27523	48433	8105	19813	14405	21750
	Total Gross Revenue	₹Lakhs	283698	342292	312965	326220	328977	364837	364707
	Less: Value of Consortium supplies	₹Lakhs	232	13859	13048	14203	29090	72779	82091
	Revenue net of Consortium Supplies	₹Lakhs	283466	328433	299917	312017	299887	292058	282616
	Less: Excise Duty	₹Lakhs	33585	30372	18998	20866	18996	19409	17392
	Revenue from operations	₹Lakhs	249881	298061	280919	291151	280891	272649	265224
	Change in WIP/SIT	₹Lakhs	12509	(24371)	(20926)	(9706)	6992	42882	14800
	Value of Production (with Revenue from Operations)	₹Lakhs	262390	273690	259993	281445	287883	315531	280024
	Value of Production (with Gross Revenue)	₹Lakhs	296207	317921	292039	316514	335969	407719	379507
B	**Our outgoings**								
	Cost of materials	₹Lakhs	134758	147724	137368	161734	172427	184633	165880
	Employee Remuneration & Benefits	₹Lakhs	78072	75453	76911	71676	73940	72508	68315
	Interest	₹Lakhs	4780	4903	7051	11046	14099	8843	6127
	Depreciation & amortisation exp	₹Lakhs	6198	5577	5214	5356	5025	4392	3364
	Other Expenses	₹Lakhs	68583	66829	57720	59520	64992	65310	55330
C	**Our savings**								
	PBDIT	₹Lakhs	20807	18272	12956	17310	6891	19881	28166
	PBIT	₹Lakhs	14609	12695	7742	11954	1866	15489	24802
	PBT	₹Lakhs	9829	7792	691	908	(12233)	6646	18675
	PAT	₹Lakhs	8444	6366	676	468	(7987)	5725	14976
	Other Comprehensive Income (net of tax)	₹Lakhs	1189	1051	-	-	-	-	-
	Total Comprehensive income	₹Lakhs	7255	5315	676	468	(7,987)	5,725	14,976
D	**Own capital**								
	Equity	₹Lakhs	4177	4177	4177	4177	4177	4177	4177
	Other Equity	₹Lakhs	213978	208728	203914	203807	203826	213031	209727
E	**Loan capital**								
	Loans from Banks	₹Lakhs	11285	19245	24553	54110	85181	83335	67419
	Other loans	₹Lakhs	32286	37515	39498	41481	40959	12525	14091
F	**Financial Statistics**								
	Net worth	₹Lakhs	218155	212905	208091	207984	208003	217208	213904
	Property, Plant & Equipment and Intangible assets (at cost)	₹Lakhs	68294	59789	47230	120062	118377	112845	94543
	Accumulated depreciation & amortisation	₹Lakhs	11208	5344	-	70193	65303	59923	55590
	Net Block	₹Lakhs	57086	54445	47230	49869	53074	52922	38953
	Inventories	₹Lakhs	197446	169628	192117	215210	245620	242241	188891
	Trade Receivables	₹Lakhs	144137	124043	124182	115671	122452	100598	128840
	Working capital	₹Lakhs	212666	202534	202954	198422	206756	205462	162399
	Capital Employed	₹Lakhs	269752	256979	250184	248291	259830	258384	201352
	Value added	₹Lakhs	127632	125966	122625	119711	115456	130898	114144
	Dividend-Excl. Tax *	₹Lakhs	1666	416	416	1041	2082	4164	4164
	R&D Expenditure	₹Lakhs	7808	6663	8292	8623	9436	9779	9433
	No. of Employees	Nos	8221	8827	9599	10328	11005	11644	11798
G	**Financial Ratios**								
	Revenue from operations per Employee	₹Lakhs	30.40	33.77	29.27	28.19	25.52	23.42	22.48
	Value Added per Employee	₹Lakhs	15.53	14.27	12.77	11.59	10.49	11.24	9.67
	PBT to Revenue from operations	%	3.93	2.61	0.25	0.31	(4.36)	2.44	7.04
	PBIT to Capital employed	%	5.42	4.94	3.09	4.81	0.72	5.99	12.32
	PAT to Net worth	%	3.87	2.99	0.32	0.23	(3.84)	2.64	7.00
	Debt Equity ratio	Times	0.20	0.27	0.31	0.46	0.61	0.44	0.38
	EPS	₹	20.28	15.29	1.62	1.12	(19.18)	13.75	35.96
	Dividend *	%	40.00	10.00	10.00	25.00	50.00	100.00	100.00
	Revenue from operations to Capital employed	%	92.63	115.99	112.28	117.26	108.11	105.52	131.72

* For F.Y 2016-17, Board has recommended a dividend of ₹8/- per equity share (i.e., 80%), this would result in a cash outflow of approximately ₹3332 Lakhs in F.Y 2017-18, subject to the approval of shareholders at the Annual General Meeting.

Notes:

i) For FY 2016-17, Export value does not include Export incentive of ₹64 Lakhs, ii) For ratios pertaining to turnover, Revenue from operations has been considered, iii) Trade Receivables includes Unbilled Revenue amounting to ₹1100 Lakhs shown under Other current assets in the accounts (Previous Year - ₹3326 Lakhs)

FINANCIAL HIGHLIGHTS

Sl No	PARTICULARS	UNITS	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
A	**Our earnings**								
	Gross Revenue	₹Lakhs	343268	270913	251273	249106	214435	179745	171316
	Export	₹Lakhs	15625	30434	20062	11073	6149	5856	5259
	Total Gross Revenue	₹Lakhs	358893	301347	271334	260179	220584	185601	176575
	Less: Value of Consortium supplies	₹Lakhs	58302	8257	-	-	-	-	-
	Revenue net of Consortium Supplies	₹Lakhs	300591	293090	271334	260179	220584	185601	176575
	Less: Excise Duty	₹Lakhs	13641	13373	17374	17792	14630	12322	9354
	Revenue from operations	₹Lakhs	286950	279717	253960	242387	205954	173279	167221
	Change in WIP/SIT	₹Lakhs	15099	28072	11360	(1104)	(2627)	2994	(7388)
	Value of Production (with Revenue from Operations)	₹Lakhs	302049	307789	265321	241283	203327	176273	159833
	Value of Production (with Gross Revenue)	₹Lakhs	373992	329419	282695	259075	217957	188595	169187
B	**Our outgoings**								
	Cost of materials	₹Lakhs	180084	185089	160957	148403	127624	103505	105319
	Employee Remuneration & Benefits	₹Lakhs	55514	56919	44672	36379	33357	35616	34678
	Interest	₹Lakhs	4893	3925	2309	561	461	179	148
	Depreciation & amortisation exp	₹Lakhs	3222	2731	1770	1352	1412	2299	1829
	Other Expenses	₹Lakhs	50637	44669	48488	46302	49766	39374	38545
C	**Our savings**								
	PBDIT	₹Lakhs	40070	45403	38880	33517	30415	29758	6995
	PBIT	₹Lakhs	36848	42672	37110	32165	29003	27459	5166
	PBT	₹Lakhs	31955	38747	34801	31604	28542	27280	5018
	PAT	₹Lakhs	22285	26884	22565	20493	18693	17528	2417
	Other Comprehensive Income (net of tax)	₹Lakhs	-	-	-	-	-	-	-
	Total Comprehensive income	₹Lakhs	22285	26884	22565	20493	18693	17528	2417
D	**Own capital**								
	Equity	₹Lakhs	4177	4177	4177	3687	3687	3687	3687
	Other Equity	₹Lakhs	199607	187360	166393	99661	84284	69781	56437
E	**Loan capital**								
	Loans from Banks	₹Lakhs	75305	47091	30327	2557	2488	7491	3148
	Other loans	₹Lakhs	15550	9673	0	0	0	0	180
F	**Financial Statistics**								
	Net worth	₹Lakhs	203639	190708	169176	101459	85390	69439	56888
	Property, Plant & Equipment and Intangible assets (at cost)	₹Lakhs	79871	74951	68028	59643	56512	54395	54334
	Accumulated depreciation & amortisation	₹Lakhs	52484	49402	46970	45257	43992	42738	40949
	Net Block	₹Lakhs	27387	25549	21058	14386	12520	11657	13385
	Inventories	₹Lakhs	165300	162058	92958	72928	64908	62080	57327
	Trade Receivables	₹Lakhs	136074	154527	149606	90426	77021	60820	44356
	Working capital	₹Lakhs	259646	218771	174884	86676	73460	64658	47933
	Capital Employed	₹Lakhs	287033	244320	195942	101062	85980	76315	61318
	Value added	₹Lakhs	121965	122700	104364	92880	75703	72768	54514
	Dividend-Excl. Tax *	₹Lakhs	4997	4997	4409	3674	3674	735	735
	R&D Expenditure	₹Lakhs	9720	3198	1926	1805	1914	1687	1498
	No. of Employees	Nos	12052	12600	12286	11748	11975	12189	12922
G	**Financial Ratios**								
	Revenue from operations per Employee	₹Lakhs	23.81	22.20	20.67	20.63	17.20	14.22	12.94
	Value Added per Employee	₹Lakhs	10.12	9.74	8.49	7.91	6.32	5.97	4.22
	PBT to Revenue from operations	%	11.14	13.85	13.70	13.04	13.86	15.74	3.00
	PBIT to Capital employed	%	12.84	17.47	18.94	31.83	33.73	35.98	8.42
	PAT to Net worth	%	10.94	14.10	13.34	20.20	21.89	25.24	4.25
	Debt Equity ratio	Times	0.45	0.30	0.18	0.03	0.03	0.11	0.06
	EPS	₹	53.51	64.56	56.19	55.77	50.87	47.70	6.58
	Dividend *	%	120.00	120.00	120.00	100.00	100.00	20.00	20.00
	Revenue from operations to Capital employed	%	99.97	114.49	129.61	239.84	239.54	227.06	272.71

NOTICE

NOTICE is hereby given that the 53rd Annual General Meeting of BEML Limited will be held on **Thursday,** the **21st September, 2017** at **11.30 hours** at **Dr. B. R. Ambedkar Bhavan, Millers Road, Next to Jain Hospital, Kaverappa Layout, Vasanth Nagar, Bengaluru - 560 052,** to transact the following business:

I. ORDINARY BUSINESS

1. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that the Audited Standalone Financial Statement of the Company for the year ended 31.03.2017 and the Reports of the Board of Directors and Auditors thereon, and also the Audited Consolidated Financial Statement of the Company as on that date and Report of Auditors thereon, be and are hereby received, considered and approved."

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

   "RESOLVED that a Dividend of ₹8/- per share i.e., 80% on the paid-up value of the equity shares of the Company, absorbing ₹33.32 Crs for the year 2016-17, as recommended by the Board of Directors, be and is hereby considered and declared out of the profits for the year 2016-17 and the same be paid to those shareholders whose names appear on the Register of Members of the Company as on the date of Book Closure and beneficial owners under demat form as per the list furnished by the Depositories based on the said date of book closure."

3. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that Shri Aniruddh Kumar (*DIN-06861374*), who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as Director (Rail & Metro Business) of the Company."

4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that Shri Sanjay Prasad (*DIN-01577730*), who retires by rotation and being eligible, offering himself for re-appointment, be and is hereby re-appointed as Director of the Company."

5. Fixation of remuneration of the Auditors for the year 2017-18:

   "RESOLVED that pursuant to the provisions of Section 142 of the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to fix the remuneration and other terms and conditions of the Statutory Auditors of the Company appointed by the Comptroller and Auditor General of India for the year 2017-18."

II. SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹1,21,000/- inclusive of service tax and out-of-pocket expenses, payable to M/s R M Bansal and Co, Bengaluru, Cost Auditors, as duly appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the FY 2017-18, be and is hereby ratified.

By order of the Board
For BEML Limited

Sd/-

S V Ravi Sekhar Rao
Company Secretary

Bengaluru
05.08.2017

Notes :

1. *A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company.*
2. *A proxy shall not act on behalf of more than 50 members or represent the members holding more than 10% of the total voting rights.*
3. *A proxy shall not have the right to speak at the AGM.*
4. *The prescribed proxy form is enclosed. The proxy form, to be valid, should be deposited at the Registered Office of the Company 48 hours before commencement of the AGM i.e. 11.30 Hours on 19.09.2017.*
5. *Member/Proxy holder must bring the Attendance Slip to the AGM and hand it over at the registration counter as duly signed and executed.*
6. *Queries on accounts and operations of the Company, if any, may please be sent to the Company at least ten days in advance of the AGM so that the replies may be made available at the AGM.*
7. *Members are requested to bring this Annual Report to the AGM.*
8. *Members may visit the website of the Company www.bemlindia.com for more information on the Company.*
9. *Members are requested to address all correspondence in relation to share matters to the Company's Share Transfer Agent (STA), M/s Karvy Computershare Private Limited at the following address:*

   M/s. Karvy Computershare Private Limited

   Karvy Selenium Tower B, Plot 31-32,

   Gachibowli, Financial District,

   Nanakramguda, Serilingaampally,

   Hyderabad - 500 032.

   Ph: 040-67161526, Fax: 040-23001153

   E-mail: nageswara.raop@karvy.com, einward.ris@karvy.com

   Website: www.karvy.com
10. *Investor Grievance Redressal:*

    The Company has assigned an exclusive e-mail ID: investorgrievance@beml.co.in to enable investors to register their complaints, if not adequately addressed by the STA.
11. *Members who are holding shares in more than one folio are requested to intimate to the STA the details of all their folio numbers for consolidation into a single folio. Members must quote their Folio Number / Demat Account No. and contact details such as email ID, phone/ mobile contact nos., etc., in all correspondence with the Company/STA.*
12. *Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the AGM is annexed hereto.*
13. *Pursuant to Regn. 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as 'Listing Regulations'], the brief resume/profile of the Directors eligible for re-appointment is attached hereto.*
14. *In terms of Regn. 42 of the Listing Regulations, the Register of Members and Share Transfer Book will remain closed from 15.09.2017 to 21.09.2017 (both days inclusive) for the purpose of the AGM.*
15. *Pursuant to Regn. 44 of the Listing Regulations, e-voting facility is provided to all the members on the web-site at https://evoting.karvy.com. E-voting can be exercised by the members from 9.00 A.M. on 16.09.2017 to 5.00 P.M. on 20.09.2017. A distinctive user ID and password*

to individual member are e-mailed/enclosed to the annual report. Necessary instructions on e-voting facility may be accessed on the web-site with the said user ID and password. E-voting is in addition to the voting by poll at the AGM. Cut-off date for members to be eligible for e-voting is 14.09.2017.

16. *The dividend declared at the AGM will be paid on or after 25.09.2017, in respect of shares held in physical form to those members who are entitled to the same and whose names appear in the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company at the end of business hours on 14.09.2017 and in respect of shares held in the electronic form to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited as at the closure of that date.*

17. *The details of unpaid dividends with corresponding due dates for transfer to the Investor Education and Protection Fund (IEPF) are as follows:*

Dividend for the financial year	*Date of Declaration*	*Unclaimed as on 31.03.2017 (₹in lakhs)*	*Due for transfer on*
2009-10	13.08.2010	8.28	18.09.2017
2010-11	29.08.2011	6.98	04.10.2018
2011-12	14.09.2012	4.61	20.10.2019
2012-13	13.09.2013	2.42	19.10.2020
2013-14	18.09.2014	1.71	24.10.2021
2014-15	15.09.2015	1.45	21.10.2022
2015-16	15.09.2016	6.37	21.10.2023

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

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

Item No. 6 - Ratification of Remuneration to Cost Auditors:

The Board of Directors of the Company on the recommendation of the Audit Committee approved the appointment of M/s. R M Bansal and Co, Bengaluru, Cost Accountants, upon annual remuneration of ₹1,21,000/- inclusive of service tax and out-of-pocket expenses to conduct the audit of the cost records of the Company for the financial year 2017-18.

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

Accordingly, the Members are requested to consider and ratify the remuneration payable to the Cost Auditors for the year 2017-18 as set out in the resolution for the aforesaid services.

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

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

By order of the Board
for BEML Limited

Sd/-

S V Ravi Sekhar Rao
Company Secretary

Bengaluru
05.08.2017

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

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

Shri Aniruddh Kumar assumed charge as Director (Rail & Metro Business) w.e.f. 18.04.2014. Shri Aniruddh Kumar is Bachelor of Technology in Mechanical Engineering and Master of Technology in Industrial Engineering System. He has over three decades of professional experience in Planning and Production and served in various capacities in Public Sector Companies. Prior to assuming the office, he was the Executive Director heading the Koraput Division of HAL. During 1993 to 2009 he served BEML in various capacities and before joining HAL he was the General Manager heading M/s. Vignyan Industries Limited.

He is a member of All India Management Association and Member of Institution of Engineers. He guided about 25 batches of University Students to complete the thesis, a prerequisite for award of B.Tech degree. On 20.11.2015, he was bestowed with the 'Eminent Engineer Award' by the Institution of Engineers (India) for his excellent services rendered in the field of Heavy Engineering Industry. He is also Chairman of the Board of M/s MAMC Industries Limited, a subsidiary company and a Director on the Board of M/s BEML Midwest Limited, a Joint Venture Company.

Shri Aniruddh Kumar holds 10 equity shares in the capital of the Company in his personal capacity.

Shri Sanjay Prasad, Government Nominee Director:

Shri Sanjay Prasad is a distinguished IAS officer of 1995 batch with about 20 years of experience. Presently he is the Joint Secretary (Land System), Department of Defence Production, Ministry of Defence. Earlier he was the Joint Secretary at Department of Science & Technology. He is a post-graduate in Geography. He is also a Director on the Board of M/s Allahabad City Transport Services Limited.

He does not hold any equity shares in the capital of the Company.

BOARD'S REPORT

Your Board of Directors has pleasure in presenting the 53rd Annual Report and Audited Accounts for the year ended 31.03.2017.

Financial Results: (₹ Crores)

Particulars	*2016-17*	*2015-16*
Gross Revenue	**2836.98**	3422.92
Revenue from operations	**2834.66**	3284.33
Profit before Depreciation, Interest and Tax	**208.07**	182.72
Finance costs	**47.80**	49.03
Depreciation and amortization expense	**61.98**	55.77
Profit Before Tax	**98.29**	77.92
Tax Expense	**13.85**	14.26
Other Comprehensive Income	**11.89**	10.51
Total Comprehensive Income	**72.55**	53.15
Profit available for appropriations	**292.29**	272.40
Debenture Redemption Reserve	**30.96**	32.61
Balance c/f	**261.33**	239.79

Turnover and Profitability:

Your Company achieved gross revenue of ₹2836.98 crores including the value of consortium supplies against ₹3422.92 crores of corresponding value in the previous year. The revenue from operations stood at ₹2834.66 crores as against ₹3284.33 crores in the previous year, registering decline in growth of 13.69%. The drop in sales is primarily because of lack of orders from Indian Railways and due to the fact that RS-10 Metro Car contract being only a labour contract. Further, there was a drastic drop in placement of orders by Coal companies by over 70% vis-à-vis FY 2015-16. However, Defence Business had posted a growth of over 50.39% in sales vis-à-vis FY 2015-16.

The Value of Production (net of consortium supplies and excise duty) is ₹2623.90 crores as against ₹2736.90 crores in the previous year. The Profit before Tax was ₹98.29 crores as against Profit before Tax of ₹77.92 crores recorded in the previous financial year, which is the highest ever in the last five years. In addition, the positive factor is considerable decrease in the finance costs and increase in the other income during the year.

There was no change in the nature of business of the Company during the year. Further, there was no material change / commitment occurred affecting the financial position of the Company subsequent to the financial year ended 31.03.2017 till the date of this report.

Performance vis-à-vis MoU:

Performance of your Company, in terms of the Memorandum of Understanding (MoU) signed with the Department of Defence Production, Ministry of Defence (MoD), Government of India, was rated as "Good" for the financial year 2015-16 and the rating for the financial year 2016-17 is estimated as 'Very Good' based on self-evaluation.

Further, to achieve 'Very Good' rating for FY 2017-18, the MoU targets proposed are ₹2,900 crores for Revenue from Operations and 0.8% of the Revenue from Operations as Operating Profit.

Dividend:

Your Board of Directors has recommended a dividend of ₹8 per equity share i.e.,80%, for the year 2016-17 keeping in view the future prospects of the Company and at the same time meeting the aspirations of the shareholders.

Amount transferred to reserves:

During the year under review, your Company has transferred an amount of ₹30.96 crores to Debenture Redemption Reserve.

Exports:

During 2016-17, your Company made exports aggregating ₹30.80 crores (physical exports of ₹20.18 crores, deemed exports of ₹9.98 crores and export incentive of ₹0.64 crores) as against ₹275.23 crores (physical exports of ₹31.55 crores, deemed exports of ₹240.57 crores and export incentive of ₹3.11 crores) during the previous year. The international presence of the Company increased to 67 countries with the entry to Benin during the year.

Strategic Disinvestment:

Ministry of Defence vide its letter dated 01.12.2016 communicated that Cabinet Committee on Economic Affairs (CCEA) has accorded "in-principle" approval for strategic disinvestment of the Company. DIPAM vide its O.M. dated 19.12.2016 has communicated that an Inter-Ministerial Group (IMG) has been constituted by the competent authority for the purpose of appointing intermediaries such as Transactional Adviser (TA) and Legal Adviser (LA) for the strategic disinvestment of 26% equity in the Company out of Government of India shareholding of 54.03%.

After confirmation, the Company vide letter dated 06.01.2017 intimated NSE and BSE about the 'in-principle' approval of CCEA and also posted on the web-site of the Company, in terms of Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

As per the terms, MoD has appointed M/s RBSA Valuation Advisers LLP, Ahmadabad, as Asset Valuer, and DIPAM has appointed M/s. SBI Capital Markets Limited as TA and M/s Crawford Bayley as LA respectively. Preliminary Information Memoradum (PIM) and Expression of Interest (EoI) has been submitted by TA.

Quality:

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

All manufacturing divisions have been certified for ISO 9001-2008 Quality Management System (QMS). KGF Complex, Bengaluru Complex and Mysuru Complex are also certified for ISO 14001-2004 Environmental Management System (EMS). ISO body has revised these standards to 2015 version. Accordingly, in order to upgrade these certifications, awareness training programmes, internal auditor programmes and lead auditor programmes are being conducted in the Company.

Further, Bengaluru Complex is certified for BS OHSAS 18001-2007 Integrated Management System and Aerospace division, Mysore complex is certified for AS9100C Aerospace certification.

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

- Vendor development remains the "focus area" to improve quality of supplies made by the vendors. Revised vendor registration procedure and applicable formats have been uploaded on Company's website to enable the new vendors for fast and easy registration.
- Various Quality Assurance initiatives have been taken up to bring in Quality improvements on continuous basis towards Processes/System/ Product Quality improvements. Concept of 5S, Kaizen and Quality Circles are practised at grass root level throughout the Company.
- Periodic process / system audits are being conducted and feedbacks are given to the vendors on day-to-day basis with regard to the rejections and necessary guidance given for corrective and preventive action for process / system improvements right from development stage to ensure quality in their supplies.
- Quality Improvement Projects are identified across the divisions through Cross Functional Teams. Pertaining to feedback from Customers and most of the them have been completed and balance are under observation.
- Team "METRO" from Bengaluru Complex, has participated in International Competition ICQCC 2016 at Bangkok from 23rd August to 26th August 2016 and bagged "GOLD" award in the competition.

- A dedicated screen 'BEML Quality BOARD' on intranet has been updated with the display of quality related improvements and service bulletins periodically.
- Your Company has planned to upgrade the existing Production testing facilities at KGF and Mysuru for obtaining NABL certifications with enhanced scope during 2017-18, for meeting the Defence production requirements.

Make in India Initiative:

Your company is committed for the success of 'Make in India' programme and has adopted various initiatives under 'Make in India' concept launched by the Government of India. It is Company's endeavour to achieve self-reliance by wholeheartedly participating in 'Make in India' drive with increased sourcing from local manufacturers.

Your Company recognizes outsourcing as one of the strategic tools to achieve cost benefits and also complement the strengths of private sector to build a strong industrial base. Your Company is well on its journey to become a system integrator by outsourcing a substantial part of manufacturing activities from Indian vendors, enabling the Company to enhance the capacity, attain cost effectiveness and improve competitiveness in the global market. To facilitate outsourcing, the Company has well established policies, procedures and guidelines.

Company has nominated a Nodal Officer for 'Make in India' drive and list of items for indigenization are hosted on Company's website www.bemlindia.com. Also a display center is set-up in Bengaluru Complex, where prospective vendors can have access to samples, drawings and technical specifications and explore opportunities to partner with the Company.

Under this initiative, the Company has designed and developed various products such as BH205E Dump Truck, BE1800E Electrical Excavator, BL120H Loader cum Excavator under Mining & Construction segment, Stainless steel EMU, Overhead Inspection Car under Rail & Metro segment and 10x10 HMV for SMERCH project, indigenization of engine and axle assemblies for High Mobility Vehicles under Defence segment.

Start Ups :

The Ministry of Commerce & Industry, Government of India has launched 'Start Ups' concept under 'Make in India' initiative on 16.01.2016.

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

A Company that has been in existence for less than five years and with sales revenues not exceeding ₹25 crores will be recognised under Start Ups.

However, your Company has relaxed the aforesaid eligibility criteria of prior turnover and experience for registration from Start Ups in order to encourage them to participate in supplies for Company's procurements. Further, the Company's identified areas of Start Ups are hosted on Company's web-site www.bemlindia.com and vendors need to contact Quality wing of the Company for Start Ups activities.

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

(i) Renewable Energy Development:

In realizing the goal of go green and achieve 100% renewable energy, your Company has commenced its initiation by setting up a 5MW Windmill Project at Gadag District, Karnataka which is generating power since 2007. It has generated 90 Lakhs Kwh power during 2016-17 resulting in green house gas reduction. In addition, the Company has also set up 18MW Windmill Project at Dammur Village, Koppal district and Mittalkode, Bagalkot district in Karnataka. 9MW Windmill at Dammur Village is already commissioned and has generated 110 Lakhs Kwh power during 2016-17. The balance 9MW project at Mittalkode is under commissioning. With this, the total commissioned renewable energy capacity of over 23MW would meet the total power requirement of the Company.

Further, your Company has installed and commissioned 200 kWp grid connected roof top solar project at Mysuru Complex to support the green energy mission to make the country the green energy capital.

(ii) Energy Conservation:

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

(iii) Research & Development and Technology Absorption:

Your Company has an in-house design, research and development setup. It continues to play a vital role in design and development of new products / aggregates, continuous up-gradation of existing products and indigenization activity.

R&D Centre at KGF Complex ("R&D Facility"), the biggest design and development center for earth moving machinery in India is supplemented by R&D centers located at Truck Division and Engine Division at the Mysuru Complex and Product Engineering teams co-located at EM and H&P divisions in KGF. Facilities in specialized areas like hydraulics, powertrain, structural engineering, and material science are available at the R&D Centre. Computer Aided Design (CAD) / Computer Aided Engineering facilities are established for digital design and virtual simulation for product design and validation. R&D facilities for diesel engine design and development, including emission measuring infrastructure and testing facilities are located at the Mysuru Complex.

The R&D set-up in Defence business vertical is engaged in the areas of High Mobility Heavy Duty vehicles, Armoured Recovery and Repair vehicles (ARRVs), Mine Ploughs, Transmissions and Engines. The Company has entered into technology tie-up with M/s. Pearson Engineering Ltd, UK for Mine Ploughs.

The R&D set-up in Rail & Metro business vertical is basically involved in design & development of Metro & Railway rolling stock, up-gradation of existing products based on the market need and indigenisation of imported aggregates. In this regard, the Company has entered into technology tie-up with M/s. Hyundai Rotem Company for Metro Cars.

During the year, R&D designed, developed and launched upgraded version of 100T Dumper (BH 100-1) to suit customer requirements, in addition to successful up-gradation of other existing products of the Company.

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

Foreign Exchange Earnings and Outgo:

During the year, the Company's foreign exchange earnings stood at ₹16.86 crores and the total foreign exchange utilized was ₹638.66 crores.

A sum of ₹0.76 crores was incurred towards deputation of personnel abroad for business / export promotion, after-sales-services and training purposes.

Finance:

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

The Company's contributions to Central and State Exchequers were in the order of ₹693.46 crores during the year by way of Excise Duty, Customs Duty, Sales Tax, Service Tax, Dividend and Tax there on, and other taxes and duties.

Internal Financial Controls:

Your Company has put in place adequate Internal Financial Controls (IFCs) with respect to Financial

Statements. The Company has various manuals such as, Accounts, Cost Accounting & Pricing, Stores, Purchase, Audit, etc., and the same are being periodically updated for carrying out various activities in a transparent manner as per the delegation of powers and no instances of material weakness in the operations has been observed. The adequacy of internal financial controls over financial reporting is covered by the Statutory Auditors in their Audit Report. Further, the details of the IFCs are included under the heading ‘Internal control systems and their adequacy’ in the Management Discussion & Analysis Report which forms part of this report.

Fixed Deposits:

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

Enterprise Risk Management:

In terms of Section 134(3)(n) of the Companies Act, 2013, Regulation 17(9) of the Listing Regulations, and Para 7.3 of DPE Guidelines, your Company has formulated “Risk Management Policy” with an objective to ensure sustainable business growth with stability and to promote a pro-active approach in identifying, evaluating, reporting and managing or mitigating risks associated with the business. In order to achieve the key business objectives, the policy establishes a structured and disciplined approach to risk management in order to manage or mitigate risk related issues. The said policy is also placed on the Company’s website www.bemlindia.com.

In terms of Regulation 21 of the Listing Regulations, the Company has constituted Risk Management Committee consists of Director (Rail & Metro Business), Director (Mining & Construction Business), Director (Defence Business), Director (Finance) and one Independent Director.

Further, the aforesaid Risk Management Committee shall appraise the key risks along with mitigation plans and report to the Board periodically.

Related Party Transactions:

Your Company has formulated a “Policy on Related Party Transactions” to regulate transactions entered into between the Company and its related parties. In terms of Regulation 46(2)(g) of the Listing Regulations, the said policy is placed on the website of the Company at www.bemlindia.com.

During the year 2016-17, all transactions that were entered into with the related parties were fair, transparent and at arm’s length basis and also in the ordinary course of business of the Company. The said related party transactions were also duly considered and noted by the Audit Committee.

Report on the performance and financial position of subsidiaries and joint venture company

Subsidiary Companies:

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

VIL has recorded a turnover of ₹33.21 crores as against ₹32.18 crores, thereby registering a growth of 3.20% over the previous year. The value of production of the Company stood at ₹32.29 crores as against ₹30.88 crores and the Company achieved Profit before Tax of ₹0.13 crores as against profit of ₹0.67 crores in the previous year.

VIL is planning to explore new markets for reducing dependency on M/s BEML Limited, the holding company. However, in anticipation of order from BEML for high alloy grade castings like T-72 and Tatra Variants relating to Defence business, Axle Box and Buffer Assembly relating to Rail business, and new castings for Mining & Construction business, necessary development and production are planned. VIL has executed order for MIDHANI, another DPSU, Hyderabad to manufacture and supply 100 MTs of ballast casting of U-2 grade steel valued about ₹1.35 Crs. These proposals would help VIL to achieve about ₹74 Crs by 2020-21 as envisaged in the Perspective Plan.

The order book position remained at 1,710 MTs as on 01.04.2017. More and more casting requirements are expected from Holding Company as well as from other customers. With this, VIL is confident of achieving better results for the financial year 2017-18.

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

Your Company entered into a Consortium Agreement with M/s. Coal India Limited (CIL) and M/s. Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter-alia, provided for formation of a Joint Venture company (JV) with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of ₹48 crores towards the total bid consideration of ₹100 crores for the said acquisition, based on the order passed by the Hon'ble High Court of Calcutta. The said assets were taken possession by the MAMC Consortium. Further up to 2016-17, the Company has incurred a sum of ₹9.44 crores towards maintenance, security and other related expenditure. The expenditure incurred by CIL and DVC on account of this proposal is not ascertained. The total sum of ₹57.44 crores is included under the head other loans and advance's pending allotment of equity shares in the capital of JV company. Since the Company intends to treat this as long term investment, no independent valuation of the said assets has been carried out and the diminution in the value of investments, if any, can be ascertained only after the formulation of business plan and obtaining necessary approval for shareholders' agreement from Ministry of Defence (MoD) and consequential allotment of shares in the JV.

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

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

Your Company entered the Brazil market for brand building exercise and local value addition for the products to meet local standards in anticipation of good business potentials for Freight Wagons and Mining & Construction equipment. As per the requirement under the local laws, BBIL was established. Based on the enquiries, few mining equipment were also supplied to local customers. In the meantime, low cost Chinese equipment flooded the Brazilian market along with their local manufacturing facilities. Further, your Company faced stiff competition in high-end equipment segment from international players like CAT and Komatsu. In view of these developments, it is proposed to handle the Brazilian market directly and to wind up the existing facilities in Brazil. In view of this, BBIL is kept under dormant state.

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

BMWL was formed and registered with the Registrar of Companies at Hyderabad on 18.04.2007. BEML holds 45% share and M/s Midwest Granite Pvt. Ltd. (MGPL) and P T Sumber Mitra Jaya of Indonesia as partners holding the balance 55% share. The Company has been established to capitalize on the growing business opportunities in the contract mining segment. However, due to certain unauthorized transactions and the oppression and mismanagement by the nominees of MGPL, your Company had filed an application before Hon'ble Company Law Board (CLB) seeking for suitable relief. As a counter measure, MGPL had also filed a petition on the matter. CLB vide its common order dated 01.06.2012 directed the Central Government to appoint an inspector to investigate the affairs of BMWL and take appropriate action. As per the legal advice, your Company preferred two appeals before Hon'ble High Court of Andhra Pradesh at Hyderabad against the said common order of CLB. The Hon'ble High Court passed the order on

19.08.2013, thereby setting aside the said common order and directing CLB to proceed with a fresh enquiry, and decide the issue in accordance with law and merits also taking into consideration the report of investigation as directed by CLB and pass appropriate orders without getting influenced by the impugned common order of CLB. The Company has filed an application with CLB praying for necessary directions to Regional Director, Ministry of Corporate Affairs, Hyderabad for time bound completion of investigation so that the matter could effectively be heard by CLB. In the meanwhile, the Government has constituted National Company Law Tribunal (NCLT) by dissolving CLB and notified that the jurisdiction is shifted to Hyderabad from Chennai. The case files were transferred to NCLT. However, hearings are yet to commence due to the reason that investigation report is pending submission by RD, MCA, Hyderabad.

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

A separate section on report on the performance and financial position of each of the subsidiaries, joint venture company are placed under Form AOC-1 provided in the consolidated financial statement of the Company, in terms of section 129(3) of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014.

Particulars of Loans, Guarantees or Investments:

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

Consolidated Financial Statement:

Consolidated Financial Statement of your Company and its subsidiaries and joint venture company is attached to this report.

Vigilance:

The Company under the aegis of full-time Chief Vigilance officer, has undertaken several preventive vigilance activities like surprise checks of stores, medical centres, inspection of works and contracts, study of tenders etc, with the objective of promoting integrity, transparency, accountability, equity, efficiency and productivity by leveraging technology and many systemic improvements were recommended and successfully implemented.

Vigilance Awareness Week-2016 with the theme "Public participation in promoting integrity and eradicating Corruption" was observed in the Company.

Online Vigilance Clearance for below Board level executives has been set up and Integrity Pact has been fully implemented.

During the year, 22 complaints were handled, out of which 19 complaints were disposed. Disciplinary action and system / process improvement has been recommended in some cases where lapses were observed.

Procurements

Your Company endeavours to procure materials and services through e-procurement platform on ERP system. During the year, about 70% of the total requirements were sourced through e-procurement.

Micro and Small Enterprises:

Following steps have been adopted under the Micro and Small Enterprises (MSEs) Order 2012:

- List of components that could be sourced from MSEs are placed on the Company's website www.bemlindia.com for the information of MSE vendors.
- Appropriate weightage has been given for MSEs in the MoU from the year 2015-16 onwards in order to ensure the objective of achieving overall procurement of 20% from MSEs.
- In order to enhance the vendor base for MSEs and MSEs owned by SC/ST entrepreneurs, your Company has organized Vendor Development Programmes for MSEs and exclusively for MSEs owned by SC/ST entrepreneurs and participated in various exhibitions organized by Micro, small and Medium Enterprises, National Small Industries Corporation, CII etc, wherein

components are displayed for MSEs and details/ advantages of the above policy is propagated.

- During 2016-17, your Company placed orders for goods and services to the extent of ₹303.93 crores from MSEs which constituted 20.42% of the total procurement value of ₹1488.14 crores and 32.93% of indigenous procurement of ₹922.90 crores.

Vendor Development:

As per the directives of Ministry of Defence, the Company has framed an 'Outsourcing and Vendor Development Policy' as duly approved by the Board. The objective of the policy is to enhance cost effectiveness and improve competitiveness of the Company in global market. The other significant objective of this Outsourcing and Vendor Development Policy is to build a manufacturing eco system in the country to attain self-reliance. On the other hand participation of Indian private industry will be an enabler in building technological and manufacturing capability inside the country. Based on the policy so framed, a Road Map for vendor development for two years i.e., 2016-17 and 2017-18 has been prepared with yearly targets and monitored at the Board level on quarterly basis.

Compliance under the Right to Information Act, 2005 :

The information required to be provided to citizens under Section 4(1)(b) of RTI Act, 2005 is placed on Company website, www.bemlindia.com. It contains general information of the Company, functions and duties, powers and duties of employees/officers, decision making process, rules, regulations, manuals and records held by the Company, directory of the Company's officers, pay scales of officers / employees etc., and procedure for seeking information and inspection of records. The Company has nominated a Central Public Information Officer, Appellate Authority, Transparency Officer and six Central Assistant Public Information Officers representing Complex / Divisions to attend to the queries and appeals. During the year 2016-17 the Company received 256 applications and queries related to human resources, recruitment, contracts, tenders, business related matters etc., and the same were disposed off.

Rajbhasha:

Your Company continued its efforts in implementing the Official Language (OL) Policy. OL Implementation Committee is constituted to review the status of use of Hindi across the Company. The said Committee met quarterly during the year and reviewed the implementation status.

OL Inspection was carried out by the Officials of Department of Defence Production, Ministry of Defence, New Delhi, at Mysuru Complex and Regional Office at Hyderabad. Further, OL inspection carried out by Deputy Director (RIO), Kolkata at RO, Dhanbad. Parliamentary Committee on OL inspected Regional Office at Mumbai, reviewed the implementation of OL policy and expressed its satisfaction over the progress made.

402 executives / employees were trained in Hindi under Hindi Teaching Scheme of Government of India, during the period under review. 18 Hindi workshops were organized in which 374 officers/ employees were trained. Hindi Fortnight was observed from 14.09.2016 to 29.09.2016 throughout the Company and variety of competitions was organized. Hindi Conference was organized at RO-Singruali for two days from 20-21st January, 2017.

Website of your company is made available in Hindi also and updated the contents periodically.

Corporate Governance Report:

In terms of Para 8.2.3 of the DPE Guidelines of CPSEs grading is done by DPE on the basis of compliance with Corporate Governance guidelines/ norms. Accordingly, your Company is graded as 'Excellent' for the year 2016-17. Further, in terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Chapter 8 of the DPE Guidelines, a report on Corporate Governance along with Compliance Certificate is placed at ***Annexure-II.***

Management Discussion and Analysis Report:

In terms of Regulation 34(2)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Para 7.5.1 of the DPE Guidelines of CPSEs, a report on Management Discussion and Analysis Report is placed at ***Annexure-III.***

Business Responsibility Report:

In terms of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the annual report of the top 500 listed entities based on market capitalization shall contain Business Responsibility Report (BRR) w.e.f. FY 2016-17 for the first time. The said BRR contains the initiatives taken by the Company from an environmental, social and governance prospective, which is placed at ***Annexure-IV.***

Awards

- On 27.07.2016, Company was bestowed with Rajbhasha Award in Big PSU category for Corporate Office by the Town Official Language Implementation Committee for PSUs for commendable performance in implementation of Hindi during 2015-16.
- On 22.08.2016, Company received two awards- (i) Excellence in Training, Learning and Development Programmes, and (ii) Outstanding Contribution in CSR. These awards were presented in recognition of Talent Management, Talent Development and Talent Innovation, instituted by Employer Branding Institute, Mumbai.
- On 21.09.2016, Company won the prestigious QCI - DL Shah National Quality Award-2016 at the 11th National Quality Conclave held at New Delhi for metro quality assurance with a case study on 'Optimization of painting process parameters' for metro car interior panels.
- On 23.09.2016, Company was awarded the prestigious 'International Gold Award' for its Quality initiatives in the manufacture of Metro Cars at the International Convention of Quality Circle Competition held at Bangkok.
- On 25.10.2016, Company was bestowed with the prestigious award 'Buildcon India's Top Challenger 2015-16' instituted by ASAPP Info Global Group during the 14th Construction World Annual Awards-2016 at Mumbai.
- On 29.11.2016, Company was bestowed with Rajbhasha Award in Small PSU category for RO-Sambalpur by the Town Official Language Implementation Committee for PSUs for commendable performance in implementation of Hindi during 2015-16.
- On 14.12.2016, Company had won prestigious 'Star Performer Award' in the Export category for the year 2014-15.
- On 16.12.2016, the Chairman & Managing Director of the Company was conferred with CEPM Fellowship Award-2016 at the 24th Global Symposium organized by Centre for Excellence in Project Management.
- On 26.01.2017, Company had bagged various awards for best maintenance of gardens at Complexes, Headquarters and Township Parks in the garden competitions held during Republic Day Horticultural Show-2017.
- On 17.04.2017, your Company is bestowed with Hindustan PSU Award under the category 'Fastest Growing Organisation - Miniratna.'
- On 25.04.2017, your Company is bestowed with Equipment India Awards under two categories viz., Best Seller in Rigid Dump Trucks and Best seller in Crawler Dozers for the year 2017.
- On 30.05.2017, your Company is bestowed with Raksha Mantri award in the category "Design Effort: Own initiative projects" for the design and development of 180T Class Electric Hydraulic Excavator BE1800E.

Manpower:

The number of employees of the Company as on 31.03.2017 stood at 8,221 as against 8,827 of the previous year.

The category-wise number of SC/ST and Ex-Servicemen employees as on 01.01.2017 and recruitment made are as under :

Category / Group	Total Strength As on		No. of SC/ST and Ex-servicemen					
			Scheduled Caste		Scheduled Tribe		Ex-Service Men	
	1.1.2016	**1.1.2017**	1.1.2016	**1.1.2017**	1.1.2016	**1.1.2017**	1.1.2016	**1.1.2017**
Group-A	1549	**1735**	283	**318**	56	**73**	6	**6**
Group-B	794	**518**	135	**88**	65	**43**	13	**15**
Group-C	6568	**6041**	1475	**1373**	306	**284**	275	**258**
Group-D	25	**23**	14	**13**	4	**4**	0	**0**
Total	**8936**	**8317**	**1907**	**1792**	**431**	**404**	**294**	**279**

The Company has recruited 9 candidates during the year under review as under:

- 1 from General category in Group A
- 2 each from General category and OBC in Group B, and
- 1 each from General category and OBC & 2 from Scheduled Caste in Group C

Human Resource Development & Industrial Relations:

The HR Department identified several thrust areas for continuously updating technical/ professional knowledge and skills of employees towards fostering a performance driven work culture in all areas of operations particularly at shop floors. During the year, the Company organized several in-house and external training programs covering 17,849 man-days.

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

Prohibition of Sexual Harassment of Women at Workplace:

In terms of the provisions of the Sexual Harassment of Women at a Work Place (Prevention, Prohibition & Redressal) Act, 2013, an Internal Complaints Committee is constituted in all the manufacturing units. No sexual harassment complaint was reported under the said Act during the year 2016-17.

Compliance under Persons with Disabilities Act, 1995:

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

Corporate Social Responsibility & Sustainability:

In terms of Section 135 of the Companies Act, 2013 and DPE Guidelines on MoU, the Corporate Social Responsibility & Sustainability (CSR) Committee has been constituted. Further details of CSR are placed under the same heading in Annexure-II and an annual report on CSR activities undertaken during the year is placed at ***Annexure-V.***

Environment and Pollution Control:

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

Particulars of Employees:

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

Skill India initiative:

Your Company has undertaken 'Skill Development' initiatives in line with Government of India's 'Skill India' initiative launched during 2015. Continuous technical trainings are being organised to train Employees through in-house Centre for Excellence at each division / complex and at reputed technical training Institutes. To hone-up skills, in-house training is also imparted to ITI / NAC, Diploma / Engineering Graduate apprentices.

Your Company has adopted Govt. ITI at KGF and at KM Doddi, Mandya as part of skill development initiatives. Trainees of Govt. ITI at KGF are being provided with 6 months practical training in KGF Complex while Mysore Complex is the industrial partner to ITI at KM Doddi and is being provided with assembly items etc.

To enhance the capability of the Engineers working in Production, R&D and allied areas, a tie-up was established with IIT-Madras and IIT- Kharagpur.

Service training programmes for the customers from all over the country and abroad and for BEML Service personnel are conducted at Service Training Centres at KGF and at Mysore. For customer personnel, equipment-wise training programmes including operator training on Mining & Construction equipments are held while BEML service personnel are imparted training on dealer development in addition to training on Mining and Construction equipments.

Further, various organizational development initiatives such as Employee Satisfaction Survey, Development of Competency Assessment Framework & Leadership Pipeline, formalization of value statement of the Company; 'BEML FIRST' have been carried out to effect the cultural enhancement aligned with our organizational growth.

Various competency and leadership development initiatives are taken up to drive the 'Development of Leadership Pipeline' initiated during 2014-15.

Swachh Bharat Abhiyan:

Swachh Bharat Mission was launched by the Government of India during 2014 with the objective of fulfilling the dream of transforming urban India in totally sanitized, healthy and livable cities and towns during next five years. In this direction, your Company being a Socially responsible business entity has undertaken various initiatives at its Corporate Office, Manufacturing Complexes, Townships and Schools to ensure participation of its Employees, Officers and School Children. Company has charted out a 'Five Year Swachh Bharat' Plan to organize and conduct various Swachh Bharat initiatives. Some of the key 'Swachh Bharat' initiatives undertaken by the Company are as under:

- Company has adopted Ajjapalli Village, near KGF during the year 2015-16, under sustainable Rural Development plan and provided requisite amenities for conducive living.
- The first and second anniversary of Swachh Bharat Abhiyan was celebrated throughout the organization as 'Swachh Bharat Diwas' on 2nd October, coinciding with 'Gandhi Jayanthi' in the year 2015 & 2016 respectively and conducted various cleanliness programmes in this regard.
- Swachh Bharat Pakhwada' was observed across the Company during the period from 1st May to 15th May 2016. Various activities/competitions focused on cleanliness were organized at Corporate Office, all its Manufacturing Complexes, Townships, Regional & District Offices, during the above period.
- In addition, Company has undertaken various activities under Annual Action Plan based on the recommendations of the Group of Secretaries on 'Swachh Bharat & Ganga Rejuvenation' (GoS) for the period from 2016-17 up to 02.10.2019.

Statutory Auditors

The Comptroller & Auditor General of India has appointed M/s. S.R.R.K Sharma Associates, Chartered Accountants, Bengaluru, as the Statutory Auditors for the financial year 2016-17.

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

Cost Auditors

Your Company appointed M/s Murthy & Co., LLP, Cost Accountants, Bengaluru, as Cost Auditors for the year 2016-17 in terms of Section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014 for preparing and filing necessary 'Cost Audit Report' for Railway Rolling Stock and its Parts. Further, as required under the said Rules, the remuneration payable to the said Cost Auditor was ratified by the members in the 52nd Annual General Meeting held on 15.09.2016.

Secretarial Auditors

In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed M/s V N Associates, Practicing Company Secretaries, Bengaluru, to undertake the Secretarial Audit of the Company for the year 2016-17.

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

C&AG Audit

The Comments of the Comptroller & Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the financial statement including consolidated financial statement are appended at page no. 149 and 220 to the annual report.

Directors:

(1) Appointment of Independent Directors

During the year, no Independent Directors have been appointed on the Board of the Company.

Pursuant to Schedule IV of the Companies Act, 2013, the appointment of the Independent Directors would be formalized through a letter of appointment setting out the terms and conditions of their appointment, which is also placed on the web-site of the Company at www.bemlindia.com. In terms of section 149 of the Companies Act, 2013, the provisions of section 152(6) and (7) in respect of retirement of directors by rotation shall not be applicable to appointment of independent directors.

(2) Statement on declaration by Independent Directors

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

(3) Board Evaluation:

The Board of Directors of the Company comprises Functional Directors, Government Nominee Directors and Independent Directors appointed by the Government of India from time to time.

Further, the tenure and remuneration of Functional Directors including Chairman and Managing Director are decided by the Government of India through Public Enterprises Selection Board / Search Committee. The Government communication also indicates the detailed terms and conditions of their appointment including a provision for the applicability of the relevant rules of the Company. The Government Nominee Directors are not entitled to any remuneration / sitting fee. The Independent Directors are entitled to sitting fees for attending the Board/Committee meetings as duly approved by the Board considering the government directives, statutory acts, rules and regulations.

In view of the above, the performance of all Functional Directors and Government Nominee Directors is being evaluated by the Administrative Ministry every year based on own evaluation methodology. Further, considering the educational qualifications, age, rich and varied experience of the applicants, the Administrative Ministry / Department would appoint the IDs on the Board on the recommendation of Search Committee after obtaining approval of competent authority.

Considering the above, a separate evaluation criteria was not framed by the Company.

(4) Remuneration of Directors:

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

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

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

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

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

Pursuant to the provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration paid to the Directors during 2016-17 are provided under the 'Report on Corporate Governance' annexed to this report.

(5) Change of Directors and Key Managerial Personnel

In terms of Article 97 of the Articles of Association of the Company, the President of India is vested with the power to appoint the Directors of the Company from time to time and also shall determine the term of office of such Directors. However, there was no fresh appointment made subsequent to last Annual General Meeting.

Further, in terms of section 179 of the Companies Act, 2013 read with Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014, Key Managerial Personnel should be appointed by the Board of Directors. Accordingly, Shri S V Ravisekhar Rao is appointed as Company Secretary and Compliance officer of the Company w.e.f. 19.10.2016 in place of Shri M E V Selvamm, who had since resigned and joined M/s ONGC Limited.

(6) Number of meetings of Board:

During the year, six meetings of the Board were held on 20.04.2016, 27.05.2016, 28.06.2016, 14.09.2016, 25.11.2016 and 13.02.2017. Requirements on number and frequency of meetings, in terms of Section 173(1) of the Companies Act, 2013, Regulation 17(2) of the Listing Regulations, and Para 3.3.1 of the DPE Guidelines, were complied with in full.

(7) Directors' Responsibility Statement:

Pursuant to section 134(5) of the Companies Act, 2013, your Directors state that, based on the representation received from the management,

(a) in the preparation of the annual financial statements for the year ended 31.03.2017, the applicable accounting standards has been followed along with proper explanation relating to material departures;

(b) such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2017 and of the profit of the Company for that period;

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual financial statements have been prepared on a going concern basis;

(e) proper internal financial controls were in place and that the said internal financial controls were adequate and operating effectively.

(f) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Extract of Annual Return

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

Acknowledgements

Your Directors express their hearty thanks to the Company's valued customers, in particular Defence Services, M/s Coal India Limited and its Subsidiaries, M/s Singareni Collieries Company Limited, M/s Steel Authority of India Limited, Railway Board, M/s Delhi Metro Rail Corporation Limited, M/s Bangalore Metro Rail Corporation Limited, M/s Jaipur Metro Rail Corporation Limited, M/s Kolkata Metro Rail Corporation Limited, M/s Bharat Electronics Limited, M/s Bharat Dynamics Limited, Ordinance Factory Board and Defence Research & Developement Organisation for their patronage and confidence reposed on the Company. The Directors also acknowledge and thank all collaborators, vendors and other service providers for their valuable assistance and cooperation extended to the Company.

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

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

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

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

For and on behalf of the Board of Directors

Sd/-

Bengaluru   D K Hota
30.05.2017   Chairman & Managing Director

CONSERVATION OF ENERGY

(a) Steps taken or impact on conservation of energy

(i) Reconditioning of Heating Chamber of INDAID High Heat F/C thereby reduced Heat Loss.

(ii) In-house reconditioning of 1000kg (PTC-1) furnace at Heat Treatment shop.

(iii) Replacement of underground compressor airline for optimum utilization of compressor.

(iv) Replacement of LED lighting for Machine Work Lamps, plant indoor and outdoor GLS lighting.

(v) Installation of Energy Saving Devices for Roof Lighting at TS-I & PL Shops

(vi) Installation of 18W Solar Street Lighting System in place of 125W HPMV Lamps

(vii) Installed LED light fittings by replacing conventional MHL lights

(viii) Premixed engine coolant used in captive power generation DG sets as well as Forklifts to enhance the engine efficiency.

(ix) Used lower rating 20HP Air compressors for PBB painting application during 2nd & 3rd shifts in place of Main 215 HP Air compressor.

(x) Conversion of 400Watts Street light fitting to 250 Watts HPMV lamp fitting.

(b) Steps taken by Company for utilizing alternate sources of energy

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

(c) Capital investment on energy conservation equipments

During the year under review, your Company has invested ₹123.84 lakhs for implementing various energy saving measures.

TECHNOLOGY ABSORPTION:

Research & Development (R&D):

(i) Efforts made towards Technology Absorption:

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

Depending on the sectoral needs for the year 2016-17, R&D launched the following products / projects:

Mining & Construction:

- BH100-1 - design and development of MTU Engine, Allison Transmission on new frame with Bolt on type Power Train and Bolt on type Hydraulic & Fuel Tank assembly with integral Transmission Oil Cooler & Brake Oil Cooler in the bottom tank of Radiator
- BD65-1 - development of Power Angle & Tilt (PAT) dozer attachment
- BL200-1 - engineering of indigenous Transmission on 3T capacity Front End Loader Model
- BL14TH - engineering of indigenous Transmission on Tyre Handler Model with Payload capacity 3.5T
- BG405A - engineering of BEML BSIII compliant engine on Motor Grader Model
- BH100 - up gradation of integral parking brake and low noise cabin with tiltable and telescopic, Tier-II complaint engine
- BH60M - integral parking brake, low noise cabin, tiltable and telescopic steering column, independent replaceable exhaust blanket and design and development of optimized Front & Rear Suspensions for 60T Dump Truck Model to enhance the life of Suspensions
- BWS70 - new tank structure with optional hoist system
- BG825 - indigenous development of Transmission Control Valve for Motor Grader Model

- BD85 - design and development of Torque Convertor for Dozer Model
- Development of Telematics based Vehicle Tracking System along with geo fencing (TBTS) for Dozer, Excavator and Loader applications
- BD155/355 Dozer - design and development of CAN based single 7" LCD display instrumentation and electrical system with enhanced diagnostics, safety features and data logging of critical parameters and also development of Proportional Steering & Brake valve
- BE1000 - design and development of Splash Lubrication PTO for 100T class excavator Model
- 100T Dump Truck - development of Rear Axle with Wet multiple disc brake and integral parking brake and development of Front &Rear Suspension with optimum tube.

Defence:

Design and development of various parts and accessories in respect of Arjun Armoured Repair & Recovery Vehicles (ARRV) has been completed.

Rail & Metro:

- **DMRC RS13** - Prototype developed incorporating upgraded features in propulsion system and incorporation of CCTV. Main line tests/trails under progress.
- **Kolkata Metro (E-W)** - Conceptual design has been successfully completed for the key systems. Prototype development is in progress. Further, Standard Gauge Bogie frame of Kolkata metro cars developed and the same are undergoing fatigue testing at R&D Structures laboratory.
- **Diesel Electric Tower Car (DETC)** – Design completed and development work is under progress.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution

Major R&D initiatives helped the product improvement, cost reduction and also provided cutting edge technology features for the existing products that enabled the Company to retain the existing customers, expand the market share and also helped in exploring emerging markets.

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

Design and development of DMRC RS13:

Product improvements in the broad gauge metro cars propulsion system will lead to higher energy efficiency.

Kolkata Metro (E-W):

In Kolkata Metro project, bogie design with third rail current collection (TRCC) has been developed and this can be used for upcoming metro projects with third rail collection.

(iii)Imported technology (imported during last three years reckoned from the beginning of the financial year) **-** Nil.

(iv) Future plan of action:

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

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

(v) Expenditure on R&D:

Company has spent ₹78.08 crores on R&D during 2016-17 which is about 2.75% of the turnover (Gross Revenue).

For and on behalf of the Board of Directors

Sd/-

Bengaluru — D K Hota
30.05.2017 — Chairman & Managing Director

1. COMPANY'S PHILOSOPHY

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

Your Company has a 'Code of Conduct and Business Ethics for Board Members and Senior Management', i.e., Directors, Key Managerial Personnel, Executive Directors and Chief General Managers. In addition, there is a 'BEML Code of Conduct to regulate, monitor and report trading by Insiders' to avoid unlawful enrichment by the connected persons based on unpublished price sensitive information.

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

2. BOARD OF DIRECTORS

(i) Composition:

As on 31.03.2017, the Board consisted of 4 Whole-time Directors including the Chairman & Managing Director, 2 Government Nominee Directors and 3 Independent Directors. There are 3 vacancies for Independent Directors on the Board. Accordingly, the composition did not comply with the requirements under Regulation 17 of the Listing Regulations. There is no inter-se relationship among the directors.

(ii) Meetings and Attendance:

During the year, six meetings of the Board were held on 20.04.2016, 27.05.2016, 28.06.2016, 14.09.2016, 25.11.2016 and 13.02.2017. Requirements on number and frequency of meetings, in terms of Section 173(1) of the Companies Act, 2013, Regulation 17(2) of the Listing Regulations, and Para 3.3.1 of the DPE Guidelines, were complied with in full.

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

Sl. No	*Name of the Director (Director Identification No.)*	*Attendance at board meetings / Total meetings after appointment as Director*	*Whether attended last AGM (Yes/No/NA)*	*No. of other directorships held*	** Number of Committee Memberships across all companies*
Functional Directors:					
1	*Chairman & Managing Director* Shri D K Hota[1] *(DIN 06600812)*	6/6	Yes	--	--
2	*Director (Rail and Metro Business)* Shri Aniruddh Kumar *(DIN 06861374)*	5/6	Yes	2	--

3	*Director (Mining & Construction Business)* Shri. B R Viswanatha *(DIN 07363486)*	6/6	Yes	3	2
4	*Director (Defence Business)* Shri R H Muralidhara *(DIN 07363484)*	6/6	Yes	3	1
5	*Director (Finance)* Shri Pradeep Swaminathan[2] *(DIN 06565229)*	1/1	NA	1	1
6	*Chairman & Managing Director* Shri P. Dwarakanath[3] *(DIN 02107805)*	3/3	NA	--	--
Government Nominee Directors:					
7	Smt. Surina Rajan[4] *(DIN 06699602)*	1/4	No	2	--
8	Shri Sanjay Prasad *(DIN 01577730)*	5/6	No	1	--
Independent Directors:					
9	Shri Sudhir Kumar Beri *(DIN 07367157)*	6/6	No	--	1
10	Shri M G Raghuveer *(DIN 02703301)*	6/6	Yes	--	2
11	Shri B P Rao *(DIN 00467226)*	6/6	Yes	2	1

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

1. Appointed w.e.f. 01.07.2016
2. Ceased to be Director on 03.05.2016
3. Ceased to be Director on 30.06.2016
4. Appointed w.e.f. 02.06.2016

(iii) Directors retiring by rotation

In terms of the provisions of the Companies Act, 2013, Shri Aniruddh Kumar and Shri Sanjay Prasad will be retiring by rotation and being eligible, offer themselves for re-appointment at the ensuing AGM. Further, in terms of Regulation 36(3) of the Listing Regulations, brief resume of the said Directors is appended to the notice of the AGM. The Board commends the re-appointment of the said retiring directors.

(iv) Directors' Shareholding

Shri Aniruddh Kumar, Director (Rail & Metro Business), holds 10 equity shares in his personal capacity. No other Director is holding equity shares or debt securities in your Company as on 31.03.2017.

(v) CEO / CFO Certification

In terms of Regulation 17(8) of the Listing Regulations, Chief Executive Officer (Chairman and Managing Director), in the absence of Director-Finance (Chief Financial Officer), has issued necessary certificate to the Board of Directors with respect to the financial statement for the year 2016-17. The said certificate was reviewed and recommended by the Audit Committee in terms of Para 4.5(vi) of the DPE Guidelines and taken on record by the Board at its 338th meeting held on 30.05.2017.

(vi) Review of Compliance of Laws

In terms of Regulation 17(3) of the Listing Regulations, Para 3.3.3 of the DPE Guidelines and applicable provisions of the Companies Act, 2013, the Board reviewed the compliance reports relating to various laws applicable to the Company for the year 2016-17 and noted that there was no instance of non-compliance. There was no significant or material order passed during the year by any regulator or court or tribunal impacting the going concern status and Company's operations in future.

(vii)Familiarization/Training of Board Members

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

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

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

(viii) Code of Conduct

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

To the Members of BEML Limited,

I, D K Hota, Chairman & Managing Director of the Company, hereby declare that the Board of Directors and Senior Management personnel have affirmed their compliance with the Code of Conduct and Business Ethics for the financial year ended 31.03.2017.

On behalf of the Board of Directors

Sd/-

Bengaluru — D K Hota

30.05.2017 — CMD/CEO

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

Pursuant to Regulations 8 and 9 of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of your Company has approved “BEML Code of Conduct to regulate, monitor and report trading by Insiders” in the securities issued by the Company on the basis of unpublished price sensitive information (UPSI) and the same is placed on the Company’s website www.bemlindia.com. Further, the Board has approved “BEML Code of Conduct and Procedures for Fair Disclosure of UPSI”. The connected persons as defined under the Code should obtain permission from the Competent Authority to deal in securities during the trading window beyond the specified limits. Periodical disclosures are also required to be made as provided under the Code to prevent the instance of insider trading.

Further, in terms of DPE Guidelines and Section 195 of the Companies Act, 2013, the Board of Directors and Senior Management personnel comply with the aforesaid code of internal procedures and conduct for prevention of Insider Trading.

(x) Whistle Blower Policy

In terms of the provisions of Section 177 of the Companies Act, 2013, Regulation 22 of the Listing Regulations and Para 4.3 of the DPE Guidelines, your Company has formulated necessary “Vigil Mechanism / Whistle Blower Policy” for directors and employees to report genuine concerns. The said policy provides for adequate safeguards against victimization of director/s or employee/s or any other person who avail the said mechanism and also provides for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. In terms of Regulation 46(2)(e) of the Listing Regulations, the said policy is placed on the Company’s website www.bemlindia.com.

3. BOARD COMMITTEES:

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

(i) Audit Committee:

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

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

S.No.	*Name of the Director*	*Category*	*Attendance*
Chairman:			
1	Shri B P Rao	Independent Director	8/8
Members:			
2	Shri Sudhir Kumar Beri	Independent Director	8/8
3	Shri M G Raghuveer	Independent Director	8/8
4	Shri B R Viswanatha*	Director (Mining & Construction Business)	6/6

**Appointed w.e.f. 27.05.2016*

During the year, the Audit Committee met eight times on 19.04.2016, 26.05.2016, 28/29.06.2016, 21/22.07.2016, 18/19.08.2016, 13.09.2016, 24.11.2016 and 09/10.02.2017. Further, in terms of Regulation 18(2) of the Listing Regulations and Para 4.4 of the DPE Guidelines, the Audit Committee complied with the requirements on number and frequency of meetings. In terms of section 177(8) of the Companies Act, 2013, the Board accepted all the recommendations made by the Audit Committee during the year.

The Company Secretary acts as Secretary of the Committee. The Chairman of the Audit Committee attended the 52nd AGM of the Company.

(ii) Nomination and Remuneration Committee

Pursuant to the provisions under Section 178(1) of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, a Committee by the nomenclature "Nomination and Remuneration Committee" has been constituted.

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

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

S.No.	*Name of the Director*	*Category*	*Attendance*
Chairman:			
1	Shri Sudhir Kumar Beri	Independent Director	1/1
Members:			
2	Shri M G Raghuveer	Independent Director	1/1
3	Shri B P Rao	Independent Director	1/1

The Nomination and Remuneration Committee met on 10.02.2017 during the year.

(iii) Stakeholders Relationship Committee

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

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

The Committee consists of following Directors / Compliance Officer:

S.No.	*Name of the Director*	*Category*
Chairman :		
1	Shri M G Raghuveer	Independent Director

Members :		
2	Shri B R Viswanatha	Director (Mining & Construction Business)
3	Shri R H Muralidhara	Director (Defence Business)
Company Secretary:		
4	Shri S V Ravisekhar Rao	Compliance Officer

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

Further, pursuant to SEBI Circulars dated 03.06.2011 and 18.12.2014, M/s Karvy Computershare Pvt. Ltd., the Share Transfer Agent of the Company (STA), is authorized to monitor the on-line complaints placed by SEBI on SCORES. From the inception of the said system on 18.07.2011, there were 26 complaints placed and there was no complaint pending as on 31.03.2017. Further, the redressal status of the said complaints is reviewed by the Board of Directors from time to time.

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

No. of complaints pending beginning of the year	:	0
No. of complaints received during the year	:	19
No. of complaints resolved during the year	:	19
No. of complaints pending resolved at the end of the year	:	0

(iv) Share Certificate Committee

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

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

The Committee consists of following Directors / Compliance Officer:

S.No.	*Name of the Director*	*Category*
Chairman :		
1	Shri Aniruddh Kumar	Director (Rail & Metro Business)
Members :		
2	Shri B R Viswanatha	Director (Mining & Construction Business)
3	Shri R H Muralidhara	Director (Defence Business)
Company Secretary:		
4	Shri S V Ravisekhar Rao	Compliance Officer

The Share Certificate Committee met on 16.12.2016 during the year under review.

(v) Corporate Social Responsibility & Sustainability Committee

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

The terms of reference of CSR Committee would include -

(a) to formulate and recommend to the Board CSR Policy of the Company.

(b) to recommend CSR projects / programmes / activities along with the estimated budgets, and

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

The Committee consists of the following directors:

S.No.	*Name of the Director*	*Category*
Chairman :		
1	Shri Sudhir Kumar Beri	Independent Director
Members :		
2	Shri Aniruddh Kumar	Director (Rail and Metro Business)
3	Shri R H Muralidhara	Director (Defence Business)

The Board of Directors of your Company has formulated "Corporate Social Responsibility Policy (CSR) and also Sustainable Development Policy (SD) " to ensure commitment at all levels in the organization, and to operate the Company's business in an economically, socially and environmentally responsible and sustainable manner, while recognizing the interests of all stakeholders.

The CSR activities are monitored periodically by the Committee and an annual report on CSR activities undertaken during the year 2016-17 is enclosed at Annexure-V.

Further, the CSR & SD policies of the Company along with the activities undertaken is placed on the Company's web-site www.bemlindia. com.

(vi) Procurement Committee

In terms of the guidelines issued by the Ministry of Defence, Government of India, the Board of Directors has constituted a Committee in the name as 'Procurement Committee' for considering and approving all procurements exceeding ₹50 lakhs from single sources and ₹500 lakhs through open / limited tenders.

The Committee consists of following directors:

Sl .No	*Composition*
1	Chairman & Managing Director – Chairman
2	All other Functional Directors - Members
3	Shri M G Raghuveer – Chairman, Independent Director*

**Part of year*

The Procurement Committee met 23 times during the year under review.

(vii) Independent Directors Meeting

In terms of the provisions under the Companies Act, 2013 and Regulation 25 of the Listing Regulations, the Independent Directors met on 11.02.2017 and reviewed the quality, quantity and timeliness of flow of information between the management of the Company and the Board of Directors that is necessary for the Board to effectively and reasonably perform their duties. All three Independent Directors have attended the meeting.

4. REMUNERATION OF DIRECTORS

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

Pursuant to Schedule IV of the Companies Act, 2013, the appointment of Independent Directors was formalized through a letter of appointment setting out the terms and conditions of their appointment, which inter-alia, includes remuneration and re-imbursement of expenses for participation in the meetings of Board and Committees of Board. Further, in terms of Schedule IV and Regulation 46(2)(b) of the Listing Regulations, the said terms and conditions are placed on the web-site of the Company www.bemlindia.com.

(i) Details of Remuneration paid to Functional Directors during the year 2016-17:

Name Shri	*Salary*	*Benefits*	*PF Contri-bution*	*Perqui-sites*	*Pension*	*Total amount (₹)*
D K HOTA	2439333	678915	277719	477165	15000	3888132
ANIRUDDH KUMAR	2115703	764284	262900	336018	0	3478905
B R VISWANATHA	2090148	551683	235817	313261	15000	3205909
R H MURALIDHARA	2073033	673884	233765	196849	15000	3192531
P DWARAKANATH*	641865	190094	77025	237537	0	1146521
P SWAMINATHAN*	196484	25904	21078	47520	2500	293486
TOTAL	9556566	2884764	1108304	1608350	47500	15205484

** Part of the year*

(ii) Government Nominee / Independent Directors compensation:

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

(b) None of the Independent Directors had pecuniary relationship or transaction with the Company excepting receipt of sitting fee of ₹20,000 per meeting of the Board / Committee of the Board attended by them. Further, if there are more than one such meeting on the same day, a sitting fee @ ₹10,000 is paid for the second and subsequent meeting/s. Details of sitting fees paid to the Independent Directors during the year 2016-17 are given below:

Name of the Director Shri	*Sitting fee for the meeting(s) of*		*Total ₹*
	Board	*Committees*	
Sudhir Kumar Beri	1,20,000	3,00,000	4,20,000
M G Raghuveer	1,20,000	3,40,000	4,60,000
B P Rao	1,20,000	2,60,000	3,80,000
Total	3,60,000	9,00,000	12,60,000

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

5. GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as follows:

Year	*Location*	*Date & Time*
2015-16	API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bengaluru - 560052	15.09.2016 at 11.30 hrs
2014-15	API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bengaluru - 560052	15.09.2015 at 11.30 hrs
2013-14	API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bengaluru - 560052	18.09.2014 at 15.15 hrs

During the year 2015-16, a special resolution was passed at the 51st AGM held on 15.09.2015 for altering the Articles of Association (AoA) with the insertion of a new clause as Article 120(24) - General Authority necessitated by the enactment of the Companies Act, 2013. No special resolution was put through postal ballot during the year under review.

6. SUBSIDIARY COMPANIES

In terms of Regulation 16(c) of the Listing Regulations and Chapter 6 of the DPE Guidelines, none of the subsidiaries of the Company would be defined as ‘Material Subsidiary’. Further, your Company has formulated a “Policy for Determining Material Subsidiaries” and the same is placed on the Company’s website www.bemlindia.com, as required under Regulation 46(2)(h) of the said Regulations.

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

7. ENTERPRISE RISK MANAGEMENT

(a) In terms of Section 134(3)(n) of the Companies Act, 2013, regulation 17(9) of the Listing Regulations, and para 7.3 of DPE Guidelines, your Company has formulated “Risk Management Policy” with the objective to ensure sustainable business growth with stability and to promote a pro-active approach in identifying, evaluating, reporting and managing or mitigating risks associated with the business. In order to achieve the key business objectives, the policy establishes a structured and disciplined approach to risk management in order to mitigate risk related issues. The said policy is also placed on the Company’s website www.bemlindia.com.

(b) In terms of Regulation 21 of the Listing Regulations Company has constituted Risk Management Committee consists of Director (Rail & Metro Business), Director (Mining & Construction Business), Director (Defence Business), Director (Finance) and one Independent Director.

(c) Further, the aforesaid Risk Management Committee shall appraise the key risks with mitigation plans and report to the Board periodically.

8. DISCLOSURES

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

a) Your Company has formulated a "Policy on Related Party Transactions" to regulate transactions entered into between the Company and its related parties. In terms of Regulation 46(2)(g) of the Listing Regulations, the said policy is placed on the web-site of the Company at www.bemlindia.com. During the year 2016-17, all related party transactions that were entered into with the related parties were fair, transparent and at arm's length basis and also in the ordinary course of business of the Company. The said related party transactions were duly considered and noted by the Audit Committee. Further, details of related party transactions as required under Ind-AS-24 issued by the Institute of Chartered Accountants of India is given in Note No.39(C) of the Notes forming part of Accounts. It may be noted that no related party transaction was reported during the year involving the Directors, Key Managerial Personnel and other Designated Executives under Related Party Transactions Policy.

b) The Company has prepared the financial statement, including consolidated financial statement based on the applicable Ind-AS issued by the Institute of Chartered Accountants of India from time to time.

c) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities during the last three years.

d) The Company has not entered into any contract or arrangement in which the Directors are interested in terms of section 184(2) and 188 of the Companies Act, 2013.

e) Senior management personnel have affirmed to the Board that their personal interest in all material financial and commercial transactions had no potential conflict with the interest of the Company at large.

9. MEANS OF COMMUNICATION

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

b) In terms of Regulation 47 of the Listing Regulations, the financial results of the Company are published in English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in Kannada, being the regional language.

c) BEML NEWS - a House Journal brought out periodically is sent to NSE and BSE and the same is posted on the Company's website www.bemlindia.com.

d) All material events and information including corporate announcements and press releases are promptly notified to NSE and BSE and the same are placed on the Company's website www.bemlindia.com.

e) Company's Website:

The website of the Company, www.bemlindia.com gives comprehensive information including the details of business, management, vision, mission, research and development, sales and service network, human resources, corporate social responsibility and sustainability, purchases, vigilance, RTI, and other updates and news. The section on 'Investors Information' informs the shareholders/ investors, details about the investor grievance redressal system, presentations made to investors/analysts, Company's code and policies, financial results and annual reports, corporate governance, shareholding pattern including contact details of Share Transfer Agent and other material events or information relating to the Company.

10. GENERAL SHAREHOLDER INFORMATION

(i) The 53rd Annual General Meeting for the year 2016-17 is scheduled on Thursday, the 21st September, 2017, at 11.30 hours at Dr. B. R. Ambedkar Bhavan, Millers Road, Next to Jain Hospital, Kaverappa Layout, Vasanth Nagar, Bengaluru - 560 052.

(ii) Tentative calendar for declaration of results for 2017-18 is given as below:

For the quarter ending 30.06.2017	On or before 13.08.2017
For the quarter ending 30.09.2017	On or before 14.11.2017
For the quarter ending 31.12.2017	On or before 14.02.2018
For the year ending 31.03.2018	On or before 30.05.2018
54th Annual General Meeting	On or before 30.09.2018

(iii) The Register of Members and Share Transfer Books shall remain closed from 15.09.2017 to 21.09.2017 (both days inclusive).

(iv) Your Board of Directors has recommended dividend of ₹8 per share, i.e., 80% on the equity shares of ₹10 each (par value) for the year ended 31.03.2017. Dividend, if approved at the 53rd annual general meeting, will be distributed among the shareholders within the due date.

(v) Company's equity shares are listed on the following stock exchanges :

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

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

Listing fee for the year 2016-17 was paid to BSE and NSE during April, 2016.

(vi) Stock Code:

BSE	500048
NSE	BEML

(vii) Custody / Issuer charges to Depositories

Your Company has paid custody / issuer charges for the year 2016-17 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

(viii) Details for non-compliances

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company had appointed adequate number of Independent Directors as per the provisions of the Companies Act, 2013. However, the company is yet to appoint adequate number of independent directors as per the requirements of the Listing Regulations. It is informed that filling up of vacancies of the said Independent Directors is under the consideration of Government of India.

(ix) Compliance with discretionary requirements

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

- The Company has Chairman & Managing Director who is an Executive Chairman.
- Process of communicating with shareholders is very robust and the procedure has been explained under "Means of Communication".
- The financial statements are disclosed with modified audit opinion.
- The Government of India has appointed the Chairman & Managing Director who is also a Chief Executive Officer of the Company and hence there are no separate Chairperson and Managing Director.
- The Chief of Internal Audit reports directly to Chairman & Managing Director and is a permanent invitee to the meetings of Audit Committee.

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

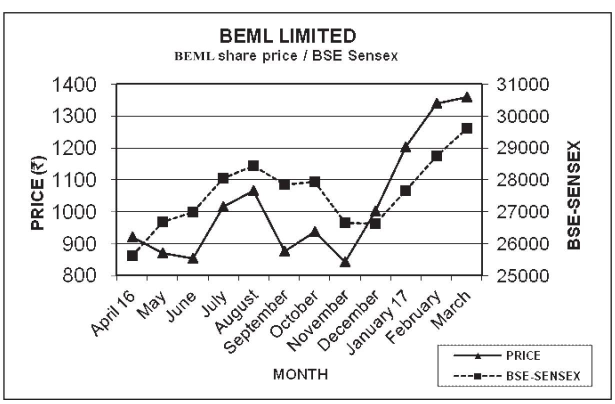
Relevant information in this regard is disclosed in Note No.39L of the Financial Statements.

(xi) Market Price Data:

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

Month	BSE (₹ per share)		NSE (₹ per share)	
	High	Low	High	Low
April, 2016	1048	867	1050	866
May	940	808	939	807
June	887	784	887	788
July	1035	855	1035	855
August	1133	960	1085	960
September	1100	861	1101	857
October	959	878	960	877
November	943	770	944	771
December	1006	817	1007	817
January, 2017	1266	997	1264	981
February	1356	1204	1356	1204
March	1376	1271	1375	1270

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



(xiii) Registrar and Share Transfer Agent:

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

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

(xiv) Share Transfer System

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

(xv) Distribution of shareholding as on 31.03.2017:

Range of equity shares held	*No. of Shareholders*	*% to total holders*	*No. of Shares*	*% to total equity*
1-100	49089	88.61%	1314790	3.16%
101-200	2938	5.30%	469253	1.13%
201-500	2115	3.82%	703092	1.69%
501-1000	654	1.18%	504449	1.21%
1001-5000	436	0.79%	990997	2.38%
5001-10000	57	0.10%	419894	1.00%
10001 and above	109	0.20%	37242025	89.43%
Total	55398	100.00%	41644500	100.00%

(xvi) Details of Shares held in Unclaimed Suspense Account

Company made Follow-on Public Offer during 2007 and certain shares could not be delivered/ credited to investors due to reasons such as incomplete / wrong / invalid demat account details, incomplete address, etc. In terms of Regulation 39(4) of the Listing Regulations, the following unclaimed shares are kept in a separate Suspense Account and the same will be transferred to the rightful holders as and when they approach the Company/STA. The voting rights on these shares shall remain frozen till the rightful owners of such shares claim the shares ;

Particulars	*No. of Shareholders*	*Number of Equity Shares*
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 01.04.2016	18	255
Number of shareholders who approached the Company for transfer of shares from the unclaimed suspense account during the year	--	--
Number of shareholders to whom shares were transferred from the unclaimed suspense account during the year	--	--
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 31.03.2017	18	255

(xvii) Dematerialization of shares and liquidity

The Company's shares are admitted into both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on 31.03.2017, 99.53% of the equity shares of the Company are in electronic form. The Company's shares are being traded under International Securities Identification Number (ISIN) - INE258A01016.

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

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

(xix) Listing of Debt Securities :

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

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

(xx) Plant Locations

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

(xxi) Address for correspondence with the Company:

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

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

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

(xxiii) Green Initiative

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

In terms of the provisions of the Companies Act, 2013 and Listing Regulations, the Company provides an opportunity to shareholders to register their email address and changes, if any, from time to time, with the STA / DP. This would enable the Company to send notices and documents to the shareholders through e-mail. There are about 37,858 shareholders registered their e-mail IDs with the depository for communication purposes as on 31.03.2017, to whom the notice, annual reports, etc., may be sent in e-mode.

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

(xxiv) Unclaimed Dividends

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

Further, MCA vide notification dated 05.09.2016 and subsequent amendment dated 28.02.2017 stipulated that all shares in respect of which dividend has not been paid or claimed for seven consecutive years shall be transferred to IEPF. That is, the shares pertaining to the shareholder for the dividend declared for 2009-10, if not claimed or unpaid any dividend by that shareholder upto 2016-17, will be transferred to IEPF during 2017-18. Accordingly, all the unclaimed dividend amounts declared prior to 31.03.2010 along with shares will be transferred to IEPF upon further notification by MCA in this regard.

Any shareholder whose shares are transferred to the IEPF may approach STA / Company for claiming back the shares along with the unpaid dividend amount.

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

Dividend for the financial year	*Date of Declaration*	*Unclaimed as on 31.03.2017 (₹ in lakhs)*	*Due for transfer on*
2009-10	13.08.2010	8.28	18.09.2017
2010-11	29.08.2011	6.98	04.10.2018
2011-12	14.09.2012	4.61	20.10.2019
2012-13	13.09.2013	2.42	19.10.2020
2013-14	18.09.2014	1.71	24.10.2021
2014-15	15.09.2015	1.45	21.10.2022
2015-16	15.09.2016	6.37	21.10.2023
	Total	31.82	--

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

11. COMPLIANCE WITH CORPORATE GOVERNANCE

(i) Your Company submitted quarterly compliance report on Corporate Governance as per prescribed format to the MoD, BSE and NSE and also on half-yearly/yearly basis to BSE and NSE, within 15 days from the close of each calendar quarter.

(ii) Further, your Company submitted grading reports on the compliance with the Corporate Governance with MoD and DPE on annual basis. As per the self-grading report for the year 2016-17, your Company has scored 'Excellent' rating in adhering to the Corporate Governance standards by achieving about 96% of the compliances.

For and on behalf of the Board of Directors

Sd/-

Bengaluru — D K Hota
30.05.2017 — Chairman & Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No. : L35202KA1964GOI001530

Nominal Capital : ₹100 Crores

To the Members of M/s. BEML Limited

I have examined all the relevant records of M/s. BEML Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') and DPE Guidelines on Corporate Governance for CPSEs-2010 for the year ended 31st March, 2017. I have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

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

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

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

For Velichety & Co.,
Chartered Accountants

Sd/-

CA. V. Vijaya Raghava Rao
Partner
M.No.: 028453
FRN.: 004588S

Bengaluru
May 15, 2017

(i) Industry structure and developments:

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

Organization

The three major Business verticals viz., Mining & Construction, Defence & Aerospace and Rail & Metro are headed each by a Business Group Director. The Trading Division deals in non-Company products as per the market needs to increase the product portfolio. The International Business Division exports equipment and spares manufactured and also provide services by all the three verticals. The Company's manpower strength stood at 8,221 as on 31.03.2017.

Production Units

The Company has four manufacturing complexes located at Bengaluru, Kolar Gold Fields (KGF), Mysuru and Palakkad and a subsidiary steel foundry functioning in Tarikere, Chikkamagaluru District.

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

<u>KGF Complex:</u> KGF Complex encompasses *Earth Moving Division*, *Hydraulics and Powerline Division*, *Rail Unit-II* and *Heavy Fabrication Unit*. Earth Moving Division produces a wide range of equipment such as Bulldozers, Hydraulic Excavators, Wheel Loaders and Dozers, Pipe Layers, Tyre Handlers, Hydraulic Cranes, Engineering Mine Ploughs, Hulls for Battle Tanks and Armoured Recovery Vehicles. Also the Earth Moving Division has infrastructure to manufacture Electric Rope Shovels and Walking Draglines. Hydraulic & Powerline Division produces Transmissions, Axles, Hydraulic aggregates and allied assemblies required for the manufacturing units of BEML, Transmissions for Infantry Combat Vehicles and aggregates for battle tanks to the OFB. Rail Unit-II manufactures Rail Coaches and aggregates for Railway EMUs. The division also manufactures structures for Aero-bridges. Heavy Fabrication Unit manufactures fabrication of structures, assembly of equipment and manufacture of components for Mining & Construction and Defence business verticals. The Unit has five hangers with four hangers for fabrication activities and one hanger for machining activities. The fabrication hangers are equipped with required overhead cranes for material handling and sufficient welding machine.

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

<u>Palakkad Complex:</u> Palakkad Complex manufactures ground support equipment such as High Mobility Heavy Duty Trucks of various combinations 12x12, 10x10, 8x8 & 6x6 as transport equipment and as Platform for Missile Carrier, Missile Launcher, Warhead Carrier, MAST System

and Surveillance Radars. Also, the Company manufactures and supplies Mechanical and Pontoon Bridge Systems and aggregates for Rail & Metro Products.

Subsidiary Units: (a) M/s Vignyan Industries Limited (VIL), Tarikere, was taken over by BEML in 1984 as a subsidiary unit. It has an installed production capacity of around 5000 MT per annum and produces various types of carbon steel, alloy steel and manganese steel casting of different sizes and weights ranging from 2.0 kgs to 2,250 kgs. VIL is accredited with ISO9001-2008 Certification. It also has a Class-A foundry certified by the Research Designs and Standards Organization (RDSO). (b) M/s. MAMC Industries Limited (MIL) was formed and incorporated by the Company as a wholly owned Company for the intended purpose of JV formation with M/s. Coal India Limited and M/s. Damodar Valley Corporation. Shareholders' Agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a joint venture Company by following due process of law to proceed with the re-opening of MAMC factory at Durgapur. (c) M/s BEML Brazil Industrial Ltda was established on May 17, 2007 as per the requirement under the local laws of Brazil. Your Company had entered the Brazil market primarily for local presence and brand building in anticipation of business potential for freight Wagons and Mining & Construction equipment.

Marketing: BEML's products are sold and serviced through its large marketing network comprising 12 Regional Offices, 20 District Offices, and 6 Service Centres across the country. The Company also establishes temporary activity centres at customer locations to support and service equipment. Further, the Company has established full-fledged 'Service Training Centres' at KGF Complex, Global Service HQ - Nagpur and Mysore Complex for offering variety of programs, scheduled round-the-year.

International Business Division: Company exports its products through its International Business Division. The major markets are Middle East countries, African countries and South East Asian countries. As part of the globalization strategy, Company's products have been exported to about 67 countries.

Developments & Performance during 2016-17:

As per the advance estimates of Central Statistical Organization, the Indian economy has posted 7.1% growth in GDP in 2016-17. The ICRA report of January 2017 mentions "The construction gross value added (GVA) grew at a slower rate of 2.5% in H1FY2017 compared to 3.9% in FY2016 and 4.8% growth in FY2015. This is likely to be impacted further in the short term due to the lower pace of construction activities post demonetisation. However, implementation of the measures taken by the Government like release of 75% of arbitral award to construction companies will go a long way in improving the construction sector prospects over the medium term."

Your Company achieved gross revenue of ₹2836.98 crores including the value of consortium supplies against ₹3422.92 crores of corresponding value in the previous year. The revenue from operations stood at ₹2834.66 crores as against ₹3284.33 crores in the previous year, registering decline in growth of 13.69%. The drop in sales is primarily because of no orders from Indian Railways for coaches and due to the fact that RS-10 metro contract being only a labour contract. Further, there was a drastic drop in placement of orders by Coal companies by over 70% vis-à-vis FY 2015-16. However, the Defence Business had posted a growth of over 50.39% in sales vis-à-vis FY 2015-16.

The Value of Production (net of consortium supplies and excise duty) is ₹2623.90 crores as against ₹2736.90 crores in the previous year. The Profit before Tax was ₹98.29 crores as against Profit before Tax of ₹77.92 crores recorded in the previous financial year, which is the highest ever in the last five years. In addition, the positive factor is considerable decrease in the finance costs and increase in other income during the year.

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

Mining & Construction

- India's Top Challenger Company' in the category of Construction & Engineering in the 14th Annual Construction World Global Awards-2016 by ASAPP Media Information Group
- 'Star Performer Award in Export Category for the year 2014-15 awarded by EEPC.
- With an objective of strengthening the "Make in India" initiative by Government, the Company has signed a Memorandum of Understanding (MoU) with Dredging Corporation of India Ltd for indigenous design, development and manufacture of spares for dredgers.
- Company has set up a Service Training Centre at its Mysore Complex proving commitment towards the vision of Hon'ble Prime Minister on "Skill India Campaign."

Defence

- Company is in the process of integration of the 1st Arjun Repair & Recovery Vehicle (ARRV) proto. This product is being developed in association with CVRDE and Army.
- Company has successfully indigenised Power Take Off Assembly for 8x8 High Mobility Vehicle.

Rail & Metro

- Company has bagged a new order for manufacture and supply of 150 Cars for Bangalore Metro Rail Corporation Limited (BMRCL).

General

- Company has received "SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management – Special Institutional Category (Turnaround)" for the year 2013-14.
- Company has opened its District Office at Vijayawada, Andhra Pradesh for extending all sales support for its all Business Vertical.
- For other Awards received by the Company, please refer the heading 'Awards' under Board's Report.

(ii) Strength and Weakness:

(a) Strength

- Established manufacturing infrastructure, knowledge base, skilled manpower with dominant market share across categories.
- All manufacturing units accredited with ISO 9001-2000 certification.
- Established R&D base with technology absorption and design capability.
- Technology self-reliance for existing product range as well as for production / processes.
- Development of High End Electric Drive Dump Trucks and Excavator.
- First Indian company which has acquired Metro Car manufacturing capability in the country.
- Dedicated Test Facilities and Test Tracks for Tracked and Wheeled Vehicles.
- Wide range of products to cater to customer needs.
- Well spread out marketing network of Sales, Service and Spare parts distribution.
- Established presence and brand image.

(b) Weakness

- High wage cost - Flat sales leading to higher overheads.
- Technology levels of certain products do not measure up to international levels and trends.
- Uncertainty in orders for Rail Coaches.
- Margins are low due to dictates of market / current environment.

(iii) Opportunities and Threats:

(a) Opportunities

Mining & Construction:

- Coal India Limited envisaged increasing production of coal from 0.5 billion tonnes to 1 billion tones in the next four years. Operationalization of additional coal blocks would increase business opportunities.
- Increased thrust by Government in infrastructure development.
- Dredger equipment Business / Business from spares for existing dredgers.

Rail & Metro:

- Metro Rail extending to Tier-II cities in the Country. Light Rail Metro is also catching up as a revenue line which is expected to emerge from tier-II & tier-III cities.
- Indian Railways is graduating to Stainless Steel EMUs.
- Recently, GoI has taken the initiative of requiring procurement of a minimum of 75% of train cars and 25% of critical equipment from within the country in relation to Metro Rail projects in India. Such initiatives, if continued may incentivize setting up manufacturing facilities in the country by increasing the volumes of procurement of rolling stock and all kinds of equipment by removing variations in the present technical norms for rolling stock and signaling equipment.

Defence:

- ‘Make in India’ policy of Government is a boon to Indian industry and focus is on for Indigenous production.
- Emerging business for defence requirements.

New Areas:

- Demand for high end Electric Drive Dump Trucks and Excavators.
- Engagement with Ordnance Factory Board for manufacture and supply of fighting vehicles.
- Engagement with M/s Bharat Dynamics Ltd, for supply of aggregates for Missiles.
- Emerging business opportunities for Light Rail.
- Monorail, which is also a feeder line for the main Metro in the tier-I cities is expected to emerge from tier-II and tier-III cities.
- Medium speed EMUs and high speed trains.

(b) Threats

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

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

SEBI vide its letter dated 21.07.2003 granted exemption to the Company from publishing segment-wise information in quarterly / half yearly and annual audit financial results. Further, the Ministry of Corporate Affairs vide Notification dated 05.06.2015 granted exemption to the Companies engaged in defence production to the extent of application of Accounting Standard-17 (Segment Reporting). Hence, the segment-wise or Product-wise performance is not appended to this report.

(v) Outlook:

The ICRA report of January 2017 mentions:

"The pace of recovery in the construction sector is likely to be modest and will be linked to the on-ground impact of the policy measures including the release of 75% arbitral award as well as the availability of funds for project development. In the short term demonetisation would have a negative impact on construction activities; however, the impact is expected to subside and the situation is expected to normalise from Q1-FY2018 onwards. However, on the positive side, with the Government's emphasis on infrastructure projects, public sector investments are expected to increase in the medium to long term – though this will be constrained by fiscal deficit targets and other increased expenditures on account of pay revisions, etc. Hence, the revival of public private partnership is crucial for improving the pace of infrastructure development.

Any significant improvement in the liquidity profile and credit metrics of construction companies will take time and will be contingent on an improvement in the working capital cycle and in the pace of execution, besides their ability to de-leverage by raising long-term funds through stake sale or equity placements. Construction companies that have been aggressive in the BOT space in the past are also struggling with high leverage, thus their ability to improve their liquidity and capital structure through measures like stake sale in subsidiaries, monetisation of assets, and dilution of equity will be of critical importance. Many construction and infrastructure companies have either raised or have plans to raise funds through the equity route [via qualified institutional placements (QIPs), rights issues, warrants, preference shares or sale of stake in the special purpose vehicle (SPV) or holding company] to reduce their overall indebtedness at the group level."

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

This year, i.e. 2017-18, the Defence Services has been allocated higher funds for acquisition of Heavy and Medium Vehicles. BEML is making all efforts to pick up business in the areas related to its product portfolio. Further, BEML has signed MoU with OFB for development of Mounted Gun Systems. The Company is also working with other DPSUs for supply of Launching Vehicles and aggregates for various Missile Programmes.

Indian Railways, Coach manufacturing is graduating to Medium / High speed Coaches / LHB Coaches. Sub-urban trains are expected to graduate to 3 phase Main Line Electric Multiple Units. Maintenance equipment requirements are increasing for Overhead Inspection Cars, Track Laying, Rail Grinding & Track Cleaning Machines.

In this scenario, the Company will focus on emerging new business opportunities and also develop new products / aggregates to align with the market requirements. The Company has plans to grow in each of its vertical by expanding the business by adding products and new territories. BEML is committed to enhance customer satisfaction by providing quality products and services to its customer. Further, BEML would pursue business generation through new allied products like Medium / High Speed Coaches / LHB Coaches, Intermediate Metro cars, Overhauling of recovery vehicles, Surface Mine Clearing System, Mine Ploughs, Transmission & Engines for T-72 Tanks, Underground Mining Equipments and Dredging Equipment, etc., to add business.

(vi) Challenges, Risks and Concerns:

The major challenges to the Company are:

- Bridging the technology gap and meeting the emerging demand for higher capacity equipment in line with global market trend.
- Maintaining cost competitiveness.
- Sustaining the market share in view of entry of MNCs.
- Reviving the supply of rail coaches.
- Meeting the challenges in defence business due to its opening up to private sector.

(vii) Internal control systems and their adequacy:

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

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

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

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

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

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

(₹ Crores)

Particulars	*2016-17*	*2015-16*
a. Gross Revenue	**2836.98**	3422.92
b. Revenue from Operations	**2834.66**	3284.33
c. Value of Production	**2623.90**	2736.90
d. Profit before Depreciation, Interest and Tax	**208.07**	182.72
e. Finance costs	**47.80**	49.03
f. Depreciation and amortization expense	**61.98**	55.77
g. Profit Before Tax	**98.29**	77.92
h. Tax Expense	**13.85**	14.26
i. Profit after Tax	**84.44**	63.66
j. Other Comprehensive Income	**11.89**	10.51
k. Total Comprehensive Income	**72.55**	53.15
l. Networth	**2181.55**	2129.05
m. Inventory	**1974.46**	1696.28
n. Trade Receivables (Net)	**1441.37**	1240.43
Total Inventory in no. of days of VoP (m/c)	**275**	226
Trade Receivables /Revenue from Operations in days (n/b)	**186**	138
Profit before Tax to Revenue from Operations (g/b) (%)	**3.47%**	2.37%
Profit after Tax to Networth (i/l) (%)	**3.87%**	2.99%

Your Company achieved gross revenue of ₹2836.98 crores including the value of consortium supplies against ₹3422.92 crores of corresponding value in the previous year. The revenue from operations stood at ₹2834.66 crores as against ₹3284.33 crores in the previous year, registering decline in growth of 13.69%. The drop in sales is primarily because of no orders from Indian Railways for coaches and due to the fact that RS-10 contract being only a labour contract. Further, there was a drastic drop in placement of orders by Coal companies by over 70% vis-à-vis FY 2015-16. However, the Defence Business had posted a growth of over 50.39% in sales vis-à-vis FY 2015-16.

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Profit before Tax of ₹77.92 crores recorded in the previous financial year, which is the highest ever in the last five years. In addition, the positive factor is considerable decrease in the finance costs and increase in other income during the year.

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

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

The industrial relations have been harmonious and cordial. The manpower strength as of 31.03.2017 stood at 8,221. During the year, 17,849 man-days of training were imparted to sharpen the skills and update the knowledge of employees.

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

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

(xi) Corporate Social Responsibility (CSR):

The details of CSR activities undertaken by the Company during the year are furnished in Annexure -V the Board's Report.

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

For and on behalf of the Board of Directors

Sd/-

Bengaluru
30.05.2017

D K Hota
Chairman & Managing Director

BUSINESS RESPONSIBILITY REPORT

Annexure IV

Section A : General Information about the Company

1. Corporate Identity Number (CIN) of the Company : L35202KA1964GOI001530
2. Name of the Company : BEML Limited
3. Registered address : BEML Soudha, No.23/1, 4th Main, S.R. Nagar, Bengaluru - 560 027
4. Website : www.bemlindia.com
5. E - mail id : cs@beml.co.in
6. Financial Year reported : 2016-17
7. Sector(s) that the Company is engaged in (industrial activity code - wise) :

   (a) Mining & Construction

   (b) Defence & Aerospace

   (c) Rail & Metro
8. List three key products/services that the Company manufactures/provides (as in balance sheet) :
   (i) Mining Equipments – Dozers, Dumpers, Excavators, Loaders, Shovels, etc.

   (ii) Heavy Duty Trucks

   (iii) Metro Cars
9. Total number of locations where business activity is undertaken by the Company
   a) Number of International Locations (Provide details of major five) : Overseas office at Brazil
   b) Number of National Locations:

      Manufacturing Units at: Bengaluru (Karnataka), Kolar Gold Fields (Karnataka), Mysuru (Karnataka) and Palakkad (Kerala).

      Regional Offices at: Bengaluru, Bilaspur, Chennai, Dhanbad, Hyderabad, Kolkata, Mumbai, Nagpur, New Delhi, Ranchi, Sambalpur, Singrauli.

      District Offices at: Ahmedabad, Asansol, Bacheli, Bhilai, Bhopal, Bhubaneshwar, Chandrapur, Guwahati, Hospet, Jammu, Kochi, Kothagudem, Leh, Madurai, Neyveli, Panjim, Ramagundam, Udaipur, Vijaywada, Visakhapatnam,

      Service Centres at: Bilaspur, Hyderabad, Kolkata, Nagpur, New Delhi, Singrauli.
10. Markets served by the Company - Local/State/National/International :

    National and International

Section B : Financial Details of the Company

1. Paid up Capital (₹) : 41.77 crores
2. Total Turnover (₹) : 2834.66 crores
3. Total Comprehensive Income (₹) : 72.55 crore.
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):

   During the financial year 2016-17, Company has incurred an expenditure of ₹351.05 lakhs which is more than 2% of Profit After Tax of previous financial year.
5. List of activities in which expenditure in 4 above has been incurred :
   (a) Education,

   (b) Medical facilities, and

   (c) Support to Armed Forces

Section C : Other Details

1. Does the Company have any Subsidiary Company / Companies?

   Yes, the Company has the following three Subsidiary Companies:

   (a) M/s Vignyan Industries Limited (VIL), Tarikere : CIN-U51101KA1963PLC001510

   (b) M/s MAMC Industries Limited (MIL) : CIN-U29253WB2010GOI152567

   (c) M/s BEML Brazil Industrial Ltda was established on May 17, 2007 as per the requirement under the local laws of Brazil.

2) Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

No.

3) Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

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

Section D : Business Responsibility (BR) Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies.

1	DIN	06861374	07363486	07363484
2	Name	Aniruddh Kumar	B R Viswanatha	R H Muralidhara
3	Designation	Director (Rail & Metro) Business	Director (Mining & Construction Business	Director (Defence Business)

b) Details of the BR Head

S.No.	*Particulars*	*Details*
1	DIN (if applicable)	06861374
2	Name	Aniruddh Kumar
3	Designation	Director (Rail & Metro) Business
4	Telephone number	080-25022615
5	E-mail Id	dr@beml.co.in

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

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

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	*P 9*
1	Do you have policy/policies for…	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y

3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Has the policy been formally communicated to all relevant internal and external stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency	Y	Y	Y	Y	Y	Y	Y	Y	Y

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

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

3. Governance related to BR

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

   Company has a policy to review the BRR every year.

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

   The Company has published BRR as part of its Annual Report and posted the same on the website of the Company www.bemlindia.com, since it is applicable from FY 2016-17.

Section E : Principle-wise performance

Principle 1

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

   Yes. In addition, the Company has adopted Integrity Pact with all vendors / suppliers / contractors / service providers for all Orders / Contracts of value ₹1 Cr. and above.

   The pact essentially envisages an agreement between the prospective vendors / bidders and the Principal (BEML), committing the Persons / officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract.

   Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

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

   In BEML, there is constant effort to enhance stakeholders satisfaction level. Accordingly, many initiatives have been taken to redress the complaints effectively.

Principle 2

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

   (a) Metro Cars

   (b) Stainless Steel EMU

   (c) Heavy Duty Trucks

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

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

BEML continues to give emphasis on conservation of energy, water, raw material etc. The efficiency of energy utilization is closely monitored to attain higher level of energy conservation.

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

   Yes.

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

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

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

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

   Yes.

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

   The company generates, updates and maintains including MSMEs for standard components, materials and sub-contract items across the country. This provides ample opportunities for the small and local vendors to get qualified as the company's approved vendor by improving their capacity and capability in tune with the company's requirements. All the Units/ Divisions will facilitate the procurement of items from the respective local vendors.

   To facilitate the vendors to scale up their capacity and capability, the vendors are evaluated through vendor rating mechanism including quality and delivery rating. Besides, the company adopts stringent criterion on various parameters including capacity and capability for evaluation. The various issues arising due to the above factors are addressed during the annual vendor meet of the company for mutual benefit.

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

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

Principle 3

1. Please indicate the Total number of employees : 8221
2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis : 5343
3. Please indicate the Number of permanent women employees : 270
4. Please indicate the Number of permanent employees with disabilities : 182
5. Do you have an employee association that is recognized by management : Yes
6. What percentage of your permanent employees is members of this recognized employee association : 72.63% (all employees except executives)
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

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

Sl. No.	*Category*	*% of persons trained on Safety Aspects*	*% of persons trained for Skill Upgradation*
1	Permanent Employees	24	47
2	Permanent Women Employees	30	46
3	Casual/ Temporary/ Contractual Employees	14	1
4	Employees with Disabilities	46	33

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

   Yes.

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

   Yes, (i) SC/ST employees, (ii) Employees with disabilities.

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

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

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

Principle 5

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

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

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

   NIL

Principle 6

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

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

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

   Yes. The Company addresses the issues such as climate change, global warming through energy conservation measures, like energy efficient chillers, lighting management system, building management systems.

   There is a thrust to use renewable energy resources such as wind and solar for energy generation and captive consumption.

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

   Yes. This is well established as part of environment management system based on ISO14001 standards.

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

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

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

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

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

   Yes. This is being closely monitored and reported.

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

   Nil

Principle 7

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

   (a) Standing Conference of Public Enterprises (SCOPE)

   (b) Confederation of Indian Industry (CII)

   (c) Federation of Indian Chambers of Commerce & Industry (FICCI)

   (d) Engineering Export Promotion Council (EEPC)

   (e) Society of Defence Technologists (SODET)

   (f) Indian Construction Equipment Manufacturer's Association (ICEMA)

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

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

Principle 8

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

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

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

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

   (a) Education,

   (b) Medical facilities, and

   (c) Support to Armed Forces

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

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

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

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

   During the year 2015-16, an amount of ₹351.05 Lakhs was set aside by the Company on various CSR programmes / projects. Some of the key programmes undertaken during the year are given in the Annexure-V : Report on CSR activities.

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

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

Principle 9

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

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

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

   Yes.

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

   No.

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

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

For and on behalf of the Board of Directors

Sd/-

Bengaluru — D K Hota
30.05.2017 — Chairman & Managing Director

Annexure-V

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

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

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

Further, the CSR Policy and details of the projects / programmes may be accessed on Company's web-site at www.bemlindia.com.

(b) The Composition of the CSR Committee.

S.No.	*Name of the Director*	*Category*
Chairman :		
1	Shri Sudhir Kumar Beri	Independent Director
Members :		
2	Shri Aniruddh Kumar	Director (Rail and Metro Business)
3	Shri R H Muralidhara	Director (Defence Business)

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

The average net profit of the Company for the last three financial years is ₹31.30 crores and 2% of the same would be ₹0.63 crores. Accordingly, the same was required to be spent during the year under review as per the provisions of the Companies Act, 2013. However in continuing with the endeavour towards being a socially responsible business entity, the Company has incurred a sum of ₹3.51 crores towards CSR Activities.

(d) Prescribed CSR Expenditure : ₹0.63 crores

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

(i) Total amount to be spent for the financial year: ₹0.63 crores

(ii) Amount unspent, if any: Not Applicable

(iii) Manner in which the amount spent during the financial year is as per Annexure.

(f) In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Not Applicable

(g) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

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

Sd/-	*Sd/-*
Chairman & Managing Director	Chairman CSR Committee

Annexure

DETAILS OF THE CSR PROJECTS FOR THE YEAR 2016-17

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

₹ in lakhs

Sl. No.	*CSR project or activity identified*	*Projects or Programs*		*Amount outlay (budget) project or programs in Lakhs*	*Amount spent on project or programmer*		*Cumulative Expenditure up to the reporting period*	*Amount Spent : Direct or through implementing agency*
		(1) Local Area or other area	*(2) Specify the State and District where project or programs was undertaken*		*(1) Direct Expenditure on the Projects or Progrms*	*(2) Overheads*		
1	2	3	4	5	6		7	8
1	Providing Education to the Local Population at KGF	Local Areas	Kolar District, Karnataka	0	348.55	0	348.55	Direct
2	Mobile Medical Camp & Medical Facility at KGF for BGML & Dasarahosahalli	Local Areas	Kolar District, Karnataka	0	2.30	0	2.30	Direct
3	Support to Armed Forces Flag Day Fund	Other Areas	New Delhi	0	0.20	0	0.20	Kendriya Sainik Board, Ministry of Defence, New Delhi
	Total			**0**	**351.05**	**0**	**351.05**	

SECRETARIAL AUDIT REPORT *Annexure-VI*

For the Financial Year ended 31st March 2017

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

To the Members of BEML Limited

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by BEML Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, and subject to our separate letter attached hereto as the Annexure, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March 2017 according to the provisions of:

   (a) The Companies Act, 2013 (the Act) and the Rules made there under;

   (b) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

   (c) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

   (d) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

   (e) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not applicable as the Company has not issued any share capital during the period];

iv. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 [Not applicable as the Company has not issued any stock option scheme and stock purchase scheme to its employees];

v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [Not applicable as the Company has not issued and listed any debt securities during the period];

vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013 and dealing with client [Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Financial Year];

vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable as the Company has not delisted / proposed to delist its equity shares from any Stock Exchange during the financial year];

viii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not applicable as the Company has not bought back/proposed to buy-back any of its securities during the financial year];

(f) The Electricity Act, 2003 and the Rules made there under.

(g) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India – as relates to composition and appointment of Directors.

4. We have also examined compliance with the Listing Agreements entered into by the Company and compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

6. We have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

7. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the qualifications mentioned in paragraph 8 below.

8. Subject to the qualifications mentioned in paragraph 9, we further report as below:

8.1 that, -

(a) proper advance notices for Board and Committee meetings were issued to Directors during the year; such notices accompanied detailed notes on agenda items and draft minutes of respective meetings; the Company adopt a system to enable Directors to seek and obtain required information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

(b) the Company followed proper Board processes in convening and conduct of Meetings of Members and Directors; the Company has maintained proper Books to record Proceedings of General Meetings of Members, Minutes of Meetings of Board and Committee of Directors; resolutions passed by e-voting, if any, are recorded in the Minutes Book of General Meetings.

8.2 that, the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;

8.3 There were no instances of:

(i) Public, Preferential Issue of Shares or Debentures or Sweat Equity.

(ii) redemption buy-back of securities;

(iii) major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013;

(iv) merger, amalgamation, reconstruction etc.;

(v) foreign technical collaborations.

9. Qualification:

9.1 During the year, the Company did not comply with the provisions of Section 149(1) of the Companies Act, 2013 and Regulations 17(1)(a) of the SEBI Regulations in as much

as the Strength of Independent Directors was less than 50% of the total strength of the Board of Directors of the Company.

9.2 During the year, the Company did not appoint Chief Financial Officer in pursuance to Section 203(1) of the Companies Act which position was vacant from 3rd May 2016.

for VN Associates
Company Secretaries

Sd/-	Sd/-
S Viswanthan	K N Nagesha Rao
ACS 5284; CP 5284	FCS 3000 CP 12861
Partner	Partner

Bengaluru
18th May, 2017

The Annexure to the Secretarial Audit Report for the Financial Year 2016-17

To BEML Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of Secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records and compliance based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we obtained the management representation on the compliances of laws, rules and regulations as well on happening of events.

for VN Associates
Company Secretaries

Sd/-	*Sd/-*
S Viswanthan	K N Nagesha Rao
ACS 5284; CP 5284	FCS 3000 CP 12861
Partner	Partner

Company's reply to the observations of the Secretarial Auditors:

S.No.	*Observations*	*Company's Reply*
9.1	During the year, the Company did not comply with the provisions of Section 149(1) of the Companies Act, 2013 and Regulations 17(1)(a) of the SEBI Regulations in as much as the Strength of Independent Directors was less than 50% of the total strength of the Board of Directors of the Company.	In terms of Aricles of Association, the Directors are appointed by the President of India from time to time. Accordingly, the appointment for vacant positions for Independent Directors and Director (Finance) are under process.
9.2	During the year, the Company did not appoint Chief Financial Officer in pursuance to Section 203(1) of the Companies Act which position was vacant from 3rd May 2016.	

For and on behalf
of the Board of Directors

Sd/-
D K Hota
Chairman & Managing Director

Bengaluru
30.05.2017

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L35202KA1964GOI001530
ii)	Registration Date	11.05.1964
iii)	Name of the Company	BEML Limited
iv)	Category/Sub-Category of the Company	Company Limited by Shares / Union Government Company
v)	Address of the Registered office and contact details	'BEML Soudha' 23/1, 4th Main, S R Nagar, Bengaluru -560 027. Ph.: 080-22963142/211
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032. Ph.: 040-67162222

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	*Name and Description of main products / services*	*NIC Code of the Product/ service*	*% to total turnover of the company*
1.	Bulldozer	28243	61.34
2.	Excavator	28243	
3.	Motor Grader	28243	
4.	Wheel Loader	28243	
5.	Dump Trucks	28243	
6.	Railway Coaches	30203	18.84
7.	Rail Wagons	30203	
8.	Metro Cars	30203	
9.	Defence equipments	30400	19.82

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	applicable Section
1	M/s. Vignyan Industries Limited, Haliyur, B.H.Road., Tarikere Post, Chikmagaluru Dist, Karnataka Pin 577228	U51101KA1963PLC001510	Subsidiary Company	96.56%	2(87)
2	M/s. MAMC Industries Limited, No.35/1A, Taratola Road, Kolkata, West Bengal - 700088	U29253WB2010GOI152567	Subsidiary Company	100.00%	2(87)
3	M/s. BEML Brazial Industrial Ltda., Av Princesa Isabel, #629, 12th floor, Room 1201, Centro, CEP 29010-361	NA	Subsidiary Company	99.98%	2(87)
4	M/s. BEML Midwest Limited, 8-2-684/3-55, Banjara Green Colony, Road No 12, Banjara Hills, Hyderabad, Andhra Pradesh - 500034	U13204AP2007PLC053653	Associate Company	45.00%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

i) Category-wise Share Holding

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)**	**(X)**	**(XI)**
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual /HUF									
(b)	Central Government/ State Government(s)	22500000	0	22500000	54.03	22500000	0	22500000	54.03	0.00
(c)	Bodies Corporate									
(d)	Financial Institutions / Banks									
(e)	Others									
	Sub-Total A(1) :	**22500000**	**0**	**22500000**	**54.03**	**22500000**	**0**	**22500000**	**54.03**	**0.00**

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)**	**(X)**	**(XI)**
(2)	FOREIGN									
(a)	Individuals (NRIs/ Foreign Individuals)									
(b)	Bodies Corporate									
(c)	Institutions									
(d)	Qualified Foreign Investor									
(e)	Others									
	Sub-Total A(2) :	-	-	-	-	-	-	-	-	-
	Total A=A(1)+A(2)	**22500000**	**0**	**22500000**	**54.03**	**22500000**	**0**	**22500000**	**54.03**	**0.00**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	5192159	3300	5195459	12.48	7458721	0	7458721	17.91	5.43
(b)	Financial Institutions /Banks	2231747	0	2231747	5.36	2078363	0	2078363	4.99	-0.37
(c)	Central Government / State Government(s)									
(d)	Venture Capital Funds									
(e)	Insurance Companies									
(f)	Foreign Institutional Investors	2259499	1700	2261199	5.43	3239597	1700	3241297	7.78	2.35
(g)	Foreign Venture Capital Investors									
(h)	Qualified Foreign Investor									
(i)	Others									
	Sub-Total B(1) :	**9683405**	**5000**	**9688405**	**23.27**	**12776681**	**1700**	**12778381**	**30.68**	**7.41**
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	4790551	4150	4794701	11.51	1765839	4150	1769989	4.25	-7.26
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	3621073	128279	3749352	9.00	3535598	123525	3659123	8.79	-0.21
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	358938	0	358938	0.86	260500	0	260500	0.63	-0.23

(c)	Others									
	CLEARING MEMBERS	172075	0	172075	0.41	308273	0	308273	0.74	0.33
	NON RESIDENT INDIANS	278267	62200	340467	0.82	143552	217584	361136	0.86	0.04
	TRUSTS	7738	0	7738	0.02	6770		6770	0.02	0.00
	NBFC	32824	0	32824	0.08	328		328	0.00	0.00
(d)	Qualified Foreign Investor									
	Sub-Total B(2) :	**9261466**	**194629**	**9456095**	**22.70**	**6020860**	**345259**	**6366119**	**15.29**	**-7.41**
	Total B=B(1)+B(2) :	**18944871**	**199629**	**19144500**	**45.97**	**18797541**	**346959**	**19144500**	**45.97**	**0.00**
	Total (A+B) :	41444871	199629	41644500	100.00	41297541	346959	41644500	100.00	0.00
(C)	Shares held by custodians, against which									
(1)	Depository Receipts have been issued Promoter and Promoter Group									
(2)	Public									
	GRAND TOTAL (A+B+C) :	**41444871**	**199629**	**41644500**	**100.00**	**41297541**	**346959**	**41644500**	**100.00**	

(ii) Shareholding of Promoters

Sl No.	*Shareholder's Name*	*Shareholding at the beginning of the year*			*Share holding at the end of the year*			*% change in share holding during the year*
		No. of Shares	*% of total Shares of the company*	*%of Shares Pledged / encumbered to total shares*	*No. of Shares*	*% of total Shares of the company*	*%of Shares Pledged / encumbered to total shares*	
1	President of India	22500000	54.03	NIL	22500000	54.03	--	--

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Particulars	*Shareholding at the beginning of the year*		*Cumulative Shareholding during the year*	
	No. of shares	*% of total shares of the company*	*No. of shares*	*% of total shares of the Company*
	President of India		*President of India*	
At the beginning of the year	22500000	54.03%	22500000	54.03%
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil			
At the End of the year	22500000	54.03%	22500000	54.03%

(iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company				No of Shares	% of total shares of the Company
1	HDFC TRUSTEE COMPANY LIMITED-HDFC EQUITY FUND	0	0.00	31/03/2016			0	0.00
				22/07/2016	471000	Purchase	471000	1.13
				29/07/2016	452500	Purchase	923500	2.22
				05/08/2016	250600	Purchase	1174100	2.82
				12/08/2016	166000	Purchase	1340100	3.22
				19/08/2016	21000	Purchase	1361100	3.27
				26/08/2016	221800	Purchase	1582900	3.80
				02/09/2016	136000	Purchase	1718900	4.13
				09/09/2016	115700	Purchase	1834600	4.41
				16/09/2016	300000	Purchase	2134600	5.13
				23/09/2016	706000	Purchase	2840600	6.82
				07/10/2016	36000	Purchase	2876600	6.91
				14/10/2016	78200	Purchase	2954800	7.10
				21/10/2016	195000	Purchase	3149800	7.56
				28/10/2016	100000	Purchase	3249800	7.80
				04/11/2016	40000	Purchase	3289800	7.90
				18/11/2016	15000	Purchase	3304800	7.94
				25/11/2016	122000	Purchase	3426800	8.23
				02/12/2016	146000	Purchase	3572800	8.58
				09/12/2016	43800	Purchase	3616600	8.68
				30/12/2016	86980	Purchase	3703580	8.89
				06/01/2017	5000	Purchase	3708580	8.91
				10/03/2017	20000	Purchase	3728580	8.95
				24/03/2017	19000	Purchase	3747580	9.00
				31/03/2017			3747580	**9.00**
2	RELIANCE CAPITAL TRUSTEE COMPANY LIMITED A/C RELIA	3912949	9.40	31/03/2016			3912949	9.40
				08/04/2016	6000	Purchase	3918949	9.41
				22/04/2016	56000	Purchase	3974949	9.54
				29/04/2016	1216814	Purchase	5191763	12.47
				29/04/2016	-1194748	Sale	3997015	9.60

				22/07/2016	-240000	Sale	3757015	9.02
				19/08/2016	-95800	Sale	3661215	8.79
				26/08/2016	-325003	Sale	3336212	8.01
				16/09/2016	-2500	Sale	3333712	8.01
				23/09/2016	90000	Purchase	3423712	8.22
				23/09/2016	-400000	Sale	3023712	7.26
				30/09/2016	2500	Purchase	3026212	7.27
				30/09/2016	-150000	Sale	2876212	6.91
				21/10/2016	-100000	Sale	2776212	6.67
				28/10/2016	-40000	Sale	2736212	6.57
				04/11/2016	-2500	Sale	2733712	6.56
				18/11/2016	45000	Purchase	2778712	6.67
				03/03/2017	82800	Purchase	2861512	6.87
				10/03/2017	2400	Purchase	2863912	6.88
				17/03/2017	4200	Purchase	2868112	6.89
				24/03/2017	-45000	Sale	2823112	6.78
				31/03/2017	4200	Purchase	2827312	6.79
				31/03/2017	-90000	Sale	2737312	6.57
				31/03/2017			2737312	**6.57**
3	LIFE INSURANCE CORPORATION OF INDIA	1245235	2.99	31/03/2016			1245235	2.99
				13/01/2017	-20000	Sale	1225235	2.94
				20/01/2017	-15000	Sale	1210235	2.91
				31/03/2017			1210235	**2.91**
4	SBI LIFE INSURANCE CO. LTD	1429193	3.43	31/03/2016			1429193	3.43
				08/04/2016	69269	Purchase	1498462	3.60
				15/04/2016	17000	Purchase	1515462	3.64
				29/04/2016	-14947	Sale	1500515	3.60
				13/05/2016	-57964	Sale	1442551	3.46
				20/05/2016	150	Purchase	1442701	3.46
				27/05/2016	6083	Purchase	1448784	3.48
				03/06/2016	-40000	Sale	1408784	3.38
				10/06/2016	-13726	Sale	1395058	3.35
				17/06/2016	-40000	Sale	1355058	3.25
				24/06/2016	-50000	Sale	1305058	3.13
				30/06/2016	-55672	Sale	1249386	3.00
				08/07/2016	45540	Purchase	1294926	3.11

				15/07/2016	-5262	Sale	1289664	3.10
				22/07/2016	-36030	Sale	1253634	3.01
				29/07/2016	26893	Purchase	1280527	3.07
				05/08/2016	-9187	Sale	1271340	3.05
				12/08/2016	-23889	Sale	1247451	3.00
				19/08/2016	-5855	Sale	1241596	2.98
				26/08/2016	-60141	Sale	1181455	2.84
				02/09/2016	-25523	Sale	1155932	2.78
				09/09/2016	-44320	Sale	1111612	2.67
				16/09/2016	-42100	Sale	1069512	2.57
				23/09/2016	-100305	Sale	969207	2.33
				30/09/2016	-20000	Sale	949207	2.28
				07/10/2016	-23423	Sale	925784	2.22
				14/10/2016	-6997	Sale	918787	2.21
				21/10/2016	-14000	Sale	904787	2.17
				04/11/2016	10064	Purchase	914851	2.20
				11/11/2016	-66300	Sale	848551	2.04
				18/11/2016	-28922	Sale	819629	1.97
				25/11/2016	-42500	Sale	777129	1.87
				16/12/2016	-821	Sale	776308	1.86
				30/12/2016	-5000	Sale	771308	1.85
				13/01/2017	-45265	Sale	726043	1.74
				20/01/2017	-25000	Sale	701043	1.68
				27/01/2017	-25000	Sale	676043	1.62
				03/02/2017	-58875	Sale	617168	1.48
				10/03/2017	-500	Sale	616668	1.48
				17/03/2017	-4800	Sale	611868	1.47
				31/03/2017			611868	**1.47**
5	MORGAN STANLEY MAURITIUS COMPANY LIMITED	0	0.00	31/03/2016			0	0.00
				13/05/2016	1000	Purchase	1000	0.00
				22/07/2016	20465	Purchase	21465	0.05
				12/08/2016	37403	Purchase	58868	0.14
				19/08/2016	14257	Purchase	73125	0.18
				26/08/2016	14159	Purchase	87284	0.21
				02/09/2016	500	Purchase	87784	0.21
				30/09/2016	15500	Purchase	103284	0.25

				07/10/2016	-4000	Sale	99284	0.24
				21/10/2016	-1500	Sale	97784	0.23
				28/10/2016	-2500	Sale	95284	0.23
				04/11/2016	2500	Purchase	97784	0.23
				18/11/2016	-2000	Sale	95784	0.23
				25/11/2016	-4500	Sale	91284	0.22
				23/12/2016	4500	Purchase	95784	0.23
				30/12/2016	-2000	Sale	93784	0.23
				20/01/2017	33000	Purchase	126784	0.30
				27/01/2017	784	Purchase	127568	0.31
				03/02/2017	37200	Purchase	164768	0.40
				10/02/2017	-3110	Sale	161658	0.39
				17/02/2017	144413	Purchase	306071	0.73
				24/02/2017	60991	Purchase	367062	0.88
				03/03/2017	-36640	Sale	330422	0.79
				10/03/2017	-6660	Sale	323762	0.78
				17/03/2017	4583	Purchase	328345	0.79
				24/03/2017	62731	Purchase	391076	0.94
				31/03/2017	205173	Purchase	596249	1.43
				31/03/2017			596249	**1.43**
6	UTI - LONG TERM ADVANTAGE FUND	40422	0.10	31/03/2016			40422	0.10
				15/04/2016	8000	Purchase	48422	0.12
				29/04/2016	-249	Sale	48173	0.12
				13/05/2016	-115	Sale	48058	0.12
				30/06/2016	95178	Purchase	143236	0.34
				01/07/2016	16850	Purchase	160086	0.38
				22/07/2016	-1000	Sale	159086	0.38
				05/08/2016	-7000	Sale	152086	0.37
				26/08/2016	271360	Purchase	423446	1.02
				09/09/2016	10500	Purchase	433946	1.04
				16/09/2016	-10500	Sale	423446	1.02
				10/02/2017	7200	Purchase	430646	1.03
				17/02/2017	3000	Purchase	433646	1.04
				24/02/2017	10200	Purchase	443846	1.07
				03/03/2017	44462	Purchase	488308	1.17
				03/03/2017	-223	Sale	488085	1.17

				10/03/2017	10200	Purchase	498285	1.20
				17/03/2017	7200	Purchase	505485	1.21
				24/03/2017	1200	Purchase	506685	1.22
				24/03/2017	-7209	Sale	499476	1.20
				31/03/2017			499476	**1.20**
7	MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	13557	0.03	31/03/2016			13557	0.03
				08/04/2016	25000	Purchase	38557	0.09
				15/04/2016	207000	Purchase	245557	0.59
				22/04/2016	53000	Purchase	298557	0.72
				29/04/2016	-12500	Sale	286057	0.69
				13/05/2016	2000	Purchase	288057	0.69
				20/05/2016	-11500	Sale	276557	0.66
				27/05/2016	-95000	Sale	181557	0.44
				03/06/2016	17000	Purchase	198557	0.48
				10/06/2016	44000	Purchase	242557	0.58
				17/06/2016	5000	Purchase	247557	0.59
				24/06/2016	96000	Purchase	343557	0.82
				30/06/2016	-38500	Sale	305057	0.73
				01/07/2016	1000	Purchase	306057	0.73
				08/07/2016	45500	Purchase	351557	0.84
				15/07/2016	5000	Purchase	356557	0.86
				22/07/2016	-172348	Sale	184209	0.44
				29/07/2016	-179000	Sale	5209	0.01
				05/08/2016	-4939	Sale	270	0.00
				19/08/2016	3000	Purchase	3270	0.01
				26/08/2016	2000	Purchase	5270	0.01
				09/09/2016	16000	Purchase	21270	0.05
				16/09/2016	-11500	Sale	9770	0.02
				23/09/2016	7000	Purchase	16770	0.04
				30/09/2016	-8500	Sale	8270	0.02
				07/10/2016	-8000	Sale	270	0.00
				14/10/2016	6500	Purchase	6770	0.02
				21/10/2016	-2000	Sale	4770	0.01
				28/10/2016	-1000	Sale	3770	0.01
				04/11/2016	-3500	Sale	270	0.00
				11/11/2016	16000	Purchase	16270	0.04

				18/11/2016	-16000	Sale	270	0.00
				25/11/2016	1500	Purchase	1770	0.00
				02/12/2016	-1500	Sale	270	0.00
				16/12/2016	1000	Purchase	1270	0.00
				23/12/2016	-1000	Sale	270	0.00
				06/01/2017	600	Purchase	870	0.00
				13/01/2017	-600	Sale	270	0.00
				20/01/2017	64800	Purchase	65070	0.16
				27/01/2017	130200	Purchase	195270	0.47
				03/02/2017	12000	Purchase	207270	0.50
				10/02/2017	22802	Purchase	230072	0.55
				17/02/2017	70380	Purchase	300452	0.72
				24/02/2017	4800	Purchase	305252	0.73
				03/03/2017	15000	Purchase	320252	0.77
				10/03/2017	18000	Purchase	338252	0.81
				17/03/2017	62891	Purchase	401143	0.96
				24/03/2017	41134	Purchase	442277	1.06
				31/03/2017	28897	Purchase	471174	1.13
				31/03/2017			471174	**1.13**
8	GOVERNMENT PENSION FUND GLOBAL	0	0.00	31/03/2016			0	0.00
				30/06/2016	506265	Purchase	506265	1.22
				02/09/2016	-50000	Sale	456265	1.10
				09/09/2016	-15649	Sale	440616	1.06
				16/09/2016	-8477	Sale	432139	1.04
				07/10/2016	139087	Purchase	571226	1.37
				04/11/2016	29297	Purchase	600523	1.44
				09/12/2016	30005	Purchase	630528	1.51
				23/12/2016	29999	Purchase	660527	1.59
				30/12/2016	47887	Purchase	708414	1.70
				17/02/2017	-253054	Sale	455360	1.09
				31/03/2017			455360	**1.09**
9	GENERAL INSURANCE CORPORATION OF INDIA	350000	0.84	31/03/2016			350000	0.84
				31/03/2017			350000	**0.84**
10	NATIONAL INSURANCE COMPANY LTD	293094	0.70	31/03/2016			293094	0.70
				31/03/2017			293094	**0.70**

(v) Shareholding of Directors and Key Managerial Personnel:

For each of the Directors and KMP	*Shareholding at the beginning of the year*		*Cumulative Shareholding during the year*	
	No. of shares	*% of total shares of the company*	*No. of shares*	*% of total shares of the company*
ANIRUDDH KUMAR (Director - Rail & Metro)				
At the beginning of the year	10	Negligible	10	Negligible
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change		No change	
At the End of the year	10	Negligible	10	Negligible

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	*Unsecured Loans*	*Deposits*	*Total Indebtedness*
Indebtedness (Borrowings) at the beginning of the financial year as on ***01.04.2016***				
i) Principal Amount	49,245.49	7,514.62	-	56,760.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,131.68	-	-	1,131.68
Total (i+ii+iii)	50,377.17	7,514.62	-	57,891.79
Change in Indebtedness (Borrowings) during the financial year				
• Addition				
• Reduction	8,074.34	5,228.33	-	13,302.67
Net Change				
Indebtedness (Borrowings) at the end of the financial year ***31.03.2017***				
i) Principal Amount	41,285.16	2,286.29	-	43,571.45
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,017.67	-	-	1,017.67
Total (i+ii+iii)	**42,302.83**	**2,286.29**	**-**	**44,589.12**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Whole-time Directors:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager - Shri						Total Amount
		Chairman and Managing Director/CEO **D K Hota**	Director (Rail & Metro) **Aniruddh Kumar**	Director (Mining & Construction) **B R Viswanatha**	Director (Defence) **R H Muralidhara**	Chairman and Managing Director/CEO **P Dwarakanath***	Director (Finance) /CFO **P Swaminathan***	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	2439333	2115703	2090148	2073033	641865	196484	9556566
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	477165	336018	313261	196849	237537	47520	1608350
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-		-	
4.	Commission - as % of profit - others, specify…	-	-	-	-	-	-	-
5.	Others-PF & Pension	971634	1027184	802500	922649	267119	49482	4040568
	Total **(A)**	3888132	3478905	3205909	3192531	1146521	293486	**15205484**
	Ceiling as per the Act	Not Applicable						

**Part of the year*

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors Shri/Smt				
Independent Directors					
	Sudhir Kumar Beri	***M G Raghuveer***	***B P Rao***	**-**	***Total***
• Fee for attending board/ committee meetings • Commission • Others, please specify	420000	460000	380000	-	1260000
Total **(1)**	420000	460000	380000	-	**1260000**

***Other Non-Executive Directors**- Government Nominee Directors*			
	Surina Rajan	***Sanjay Prasad***	--
• Fee for attending board/ committee meetings • Commission • Others, please specify	Nil	Nil	Nil
Total **(2)**	Nil	Nil	Nil
Total (B)=**(1+2)**	**1260000**		
Total Managerial Remuneration **[A+B]**	**16465484**		
Overall Ceiling as per the Act	Not Applicable		
* Part of the year			

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	*Particulars of Remuneration*	*Key Managerial Personnel*			
		CEO/ CFO	*Company Secretary*		*Total*
			*M E V Selvamm**	*S V Ravisekhar Rao**	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Not Applicable	850590 91135	509542 0	1360132 91135
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-	-
5.	Others-PF & Pension	-	153249	339199	492448
	Total	-	1094974	848741	1943715

*Part of the year

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board of Directors

Sd/-

Bengaluru
30.05.2017

D K Hota
Chairman & Managing Director

Note No. 1: Corporate Information :

The accompanying financial statements comprise of the financial statements of BEML Limited (the Company) for the year ended 31 March 2017. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at Bengaluru, Karnataka, India. The Company is a Mini Ratna Category – I public sector enterprise and is under the administrative control of the Department of Defence Production, Ministry of Defence. BEML manufactures and supplies defence ground support equipment such as Tatra based high mobility trucks, aircraft towing tractors etc. Under Mining and Construction business, the company manufactures and supplies equipment like bull dozers, excavators, dumpers, shovels, loaders and motor graders to various user segments and under Rail and Metro business, manufactures and supplies rail coaches, metro cars, ACEMUs, OHE cars, steel and aluminium wagons to the rail and metro sector. Information on other related party and nature of relationships of the Company is provided in Note 39C. These financial statements were authorised for issue in accordance with a resolution of the directors on 30-05-2017.

Note No. 2: Significant accounting policies

2.1 Basis of preparation and Statement of Compliance

a. The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act,2013 (the 'Act') and other relevant provisions of the Act.

   For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Companies Act,2013 (the 'Act') and other relevant provisions of the Act ('Previous GAAP'), including accounting standards in accordance with the Companies (Accounting Standards) Rules, 2015 (as amended). These financial statements for the year ended 31 March 2017 with comparatives of year ended 31 March 2016 are the first the Company has prepared in accordance with Ind AS. Refer to note 39O(v) for information on how the Company has adopted Ind AS.

b. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:
   - Derivative financial instruments,
   - Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
   - Defined benefit and other long-term employee benefits obligations.

c. The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Company and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

d. Preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates.

e. Assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company's operating cycle is considered as twelve months for the purpose of current / non-current classification of assets and liabilities.

f. The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively. A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to profit or loss is applied prospectively in the period(s) of change. Discovery of errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

2.2 Summary of significant accounting policies

A. Revenue Recognition:

Sales include excise duty wherever applicable but exclude sales tax

Sale of goods and rendering of services:

(i) Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer as per the terms of sale agreement, recovery of the consideration is probable, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(ii) Revenue and Costs relating to time and material contracts are recognized as the related services are rendered and there is no significant uncertainty regarding recovery of the consideration and if the cost incurred or to be incurred can be measured reliably. For fixed price contracts, revenue is recognized in proportion to the stage of completion of the transaction at the reporting date.

Construction contracts:

Contract revenue includes initial amount agreed in the contract and any variations in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably. Contract revenue is recognised in proportion to the stage of completion of the contract. Stage of completion is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs to complete the contract. If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognized to the extent of costs incurred. When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

Multiple element Contracts:

For multiple element contracts where price break-up for individual element is available separately, revenue is recognized based on the relative fair value of each element, when risk and reward of such element is transferred to the customer or as and when activities are performed.

Where a separate price break-up for each element is not available, revenue is allocated to separate elements on the basis of relative fair value.

Escalation:

Escalation in prices are recognized as revenue as per the escalation formula provided in the contract. In the absence of such a clause in the contract, any claim for the same is recognized on acceptance by the customer.

Duty Drawback:

Duty drawback claims on exports are accounted on preferring the claims.

Revenue from wind energy:

Revenue from generation of electricity from wind mill is recognized when the electricity is supplied to industrial electricity distribution license holder as per the terms of agreement.

Other Income

(i) Interest Income:

Interest Income is recognized using the effective interest rate (EIR) on a time proportion basis and as per the terms of the relevant instrument.

(ii) Dividends:

Dividend income is recognized when the Company's right to receive the payment is established.

(iii) Rental Income:

Rental income arising from operating leases is accounted for on a straight-line basis over the non-cancellable lease term unless increases in rentals are in line with expected inflation.

B. Investments in associates and joint venture

The Company accounts for its interests in associates and joint ventures in the separate financial statements at cost.

C. Foreign Currencies:

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognized in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

D. Fair value measurement:

The Company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

E. Discontinued operation:

Classification of an operation as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit and loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

F. Government Grants:

Government Grants are recognized as follows when there is reasonable assurance that the grant will be received and all attached terms and conditions will be complied with.

(i) Grant towards meeting expenditure is recognized as income as and when the expenditure for which the grant is sanctioned is incurred.

(ii) Grant towards procurement of an asset is recognized as income in equal amounts over the expected useful life of the related asset.

(iii) Grant towards non-monetary assets are recognized at fair value and released to Statement of profit and loss over the expected useful life.

(iv) The subsidized portion of interest rate provided by the Government on loans or similar financial assistance is recognized as grant.

G. Income Taxes:

Current income tax:

Current tax assets and liabilities are measured at the amount to be recovered from or paid to the taxation authorities as per the applicable tax laws at the reporting date in Statement of profit and loss.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

For the items directly recognized in Equity, the current and deferred tax pertaining to such item is recognized through Equity.

H. Property, Plant & Equipment:

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses if any. Cost includes expenditure on acquisition of asset, present value of expected cost for the decommissioning of an asset, cost of replacing part of Plant and Equipment and borrowing costs.

Depreciation is calculated on a straight line basis over estimated useful lives as prescribed in schedule II of the companies Act 2013. Certain items of building, plant and equipment and other classes of assets are depreciated over estimated useful lives different from those prescribed in schedule II of companies Act 2013 based on technical assessment and management estimates depending on the nature and usage of the respective assets.

When parts of an item of property, plant and equipment have different useful lives, they are treated as separate components and depreciated over their estimated useful lives.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

Any gain or loss arising out of derecognizing of an asset is included in statement of Profit and Loss of the relevant period.

I. Investment Property:

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss if any. The fair value of the Investment property is disclosed in the notes.

J. Intangible Assets:

(i) Intangible assets acquired are stated at acquisition cost, less accumulated amortization and accumulated impairment losses if any

(ii) Research costs are expensed as incurred

(iii) Development expenditure is recognized as Intangible assets and tested for impairment annually during the period of development

(iv) Expenditure on development of products intended for sale is included in inventory.

Amortization

Intangible assets are amortized over useful economic life and assessed for impairment if any. Where it is not possible to assess the useful economic life of an intangible asset, the same is not amortized and reviewed annually for impairment if any.

K. Borrowing Cost:

Borrowing costs directly attributable to creation of an asset are capitalized as part of the cost of the asset. General borrowing costs are capitalized by apportioning the same to qualifying assets.

L. Lease:

A lease is classified at the inception date as a finance lease or an operating lease.

Company as a lessee:

Finance leases are capitalized at lower of fair value and the present value of minimum lease payments. A leased asset is depreciated over useful life of the asset or lease term whichever is earlier.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where lease payments escalate in accordance with general inflation.

Company as a lessor:

In case of an operating lease, initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the leased asset. In case of finance leases, amounts due from lessees are recorded as receivables.

M. Inventory:

Inventories are valued at the lower of cost and net realizable value. Cost for the purpose of the above is accounted as under:

(i) Raw materials, Components, Stores and Spare parts: weighted average cost

(ii) Finished goods and Work in Progress: Cost of materials, labour and production overheads

Scrap is valued at estimated realizable value.

Based on ageing assessment, on a periodic basis an allowance is recognized for obsolete, non-moving inventory.

N. Impairment of non-financial assets:

The company assesses at each reporting date for impairment of asset or cash generating units (CGU). If on assessment, the asset or CGU is considered impaired they are written down to the recoverable amount.

O. Employee Benefits:

Short-term employee benefits:

Short-term employee benefits are expensed as the related service is rendered.

Defined benefit plans:

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by actuarial valuation conducted annually by a qualified actuary using the projected unit credit method.

Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is recognized in the statement of profit and loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit and loss.

Other long-term employee benefits:

The Company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

Defined contribution plan:

For defined contribution plans, the Company contributes to independently administered funds as per relevant scheme. These contributions are recorded in the statement of profit and loss. The Company's liability is limited to the extent of contributions made to these funds.

P. Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted. Contingent liabilities and contingent assets are not recognized in the financial statements but are disclosed in the notes.

Warranty provisions:

Provision for warranty related costs are recognized on sale of product or service rendered based on historical experience and technical assessment and reviewed annually.

Onerous contracts:

A provision for onerous contracts other than construction contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Q. Financial Assets:

Recognition and measurement:

All financial assets are recognized initially at fair value. Subsequently, financial assets are measured at fair value or amortized cost based on their classification.

Embedded derivative:

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. If the hybrid contract contains a host that is not an asset within the scope of Ind AS 109, the embedded derivative is separated and accounted at fair value.

Derecognition:

A financial asset or part of a financial asset is derecognized when the rights to receive cash flows from the asset have expired.

Trade and other receivables:

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

Cash and cash equivalents:

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Impairment of financial assets:

In accordance with Ind-AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

R. Financial Liabilities:

Recognition and measurement:

Financial liabilities are classified, at initial recognition, at fair value through statement of profit and loss as loans, borrowings, payables, or derivatives, as appropriate.

Financial liabilities are measured based on their classification at fair value through statement of profit and loss, amortized cost or fair value through other comprehensive income.

Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Trade and other payables:

Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

S. Financial Assets and Liabilities Reclassification:

Reclassification of financial Assets and Liabilities:

After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For other financial assets, a reclassification is made prospectively only if there is a change in the business model for managing those assets.

Offsetting of financial Assets and Liabilities:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis.

T. Earnings per share:

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

U. Cash dividend and non-cash distribution to equity shareholders:

The Company recognizes a liability to make cash or non-cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company.

V. Events after the reporting period:

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

As per our report of even date attached

For S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

CA. S ANANDA KRISHNA
Partner
Membership No.: 027986

Place: New Delhi
Date: 30-05-2017

For and on behalf of the Board of Directors

D K HOTA
Chairman & Managing Director
(DIN 06600812)

S V RAVI SEKHAR RAO
Company Secretary

STANDALONE ACCOUNTS 2016-17

BALANCE SHEET

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
I. Assets				
(1) Non-current assets				
(a) Property, Plant and Equipment	**3**	**51,843.99**	52,730.30	45,815.18
(b) Capital work-in-progress	**4**	**7,942.33**	5,883.43	14,994.98
(c) Intangible assets	**5**	**5,242.26**	1,715.58	1,415.24
(d) Intangible assets under development	**6**	**-**	4,504.95	4,174.86
(e) Financial assets				
(i) Investments	**7**	**257.64**	257.64	257.64
(ii) Loans	**8**	**1,680.10**	2,494.49	3,301.68
(iii) Other financial assets	**9**	**157.13**	58.25	1.85
(f) Deferred tax assets (net)	**10**	**11,117.57**	10,370.63	10,135.95
(g) Other non-current assets	**11**	**10,026.27**	20,987.26	19,512.77
Total non-current assets		**88,267.29**	99,002.53	99,610.15
(2) Current assets				
(a) Inventories	**12**	**1,97,445.58**	1,69,628.49	1,92,117.21
(b) Financial Assets				
(i) Investments	**13**	**51.83**	62.14	80.02
(ii) Trade receivables	**14**	**1,43,037.35**	1,20,716.69	99,144.41
(iii) Cash and cash equivalents	**15**	**1,401.02**	6,578.99	14,487.18
(iv) Loans	**16**	**821.55**	837.43	857.33
(v) Other financial assets	**17**	**509.91**	1,321.70	609.98
(c) Other current assets	**18**	**39,477.69**	38,265.72	54,708.36
Total current assets		**3,82,744.93**	3,37,411.16	3,62,004.49
Total Assets		**4,71,012.22**	4,36,413.69	4,61,614.64
II. Equity and Liabilities				
Equity				
(a) Equity share capital	**19**	**4,177.22**	4,177.22	4,177.22
(b) Other Equity		**2,13,978.12**	2,08,727.85	2,03,914.10
Total Equity		**2,18,155.34**	2,12,905.07	2,08,091.32
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	**20**	**31,052.30**	36,265.22	41,392.67
(ii) Other financial liabilities	**21**	**41.60**	32.99	11.09
(b) Provisions	**22**	**17,494.24**	16,064.26	16,435.86
(c) Other non-current liabilities	**23**	**34,189.87**	36,268.99	36,632.85
Total non-current liabilities		**82,778.01**	88,631.46	94,472.47
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	**24**	**11,285.16**	15,367.44	17,531.27
(ii) Trade payables	**25**			
A) Micro & Small Enterprises		**1,819.71**	1,396.92	3,277.65
B) Other than Micro & Small Enterprises		**47,865.19**	39,750.54	48,984.76
(iii) Other financial liabilities	**26**	**3,216.48**	7,405.35	7,407.86
(b) Other current liabilities	**27**	**89,648.90**	56,069.27	69,604.48
(c) Provisions	**28**	**14,940.35**	13,512.15	12,096.73
(d) Current tax liabilities (Net)	**29**	**1,303.08**	1,375.49	148.10
Total current liabilities		**1,70,078.87**	1,34,877.16	1,59,050.85
Total Equity and Liabilities		**4,71,012.22**	4,36,413.69	4,61,614.64

As per our report of even date attached

For S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

CA. S ANANDA KRISHNA
Partner
Membership No.: 027986

Place: New Delhi
Date : 30-05-2017

For and on behalf of the Board of Directors

D K HOTA
Chairman & Managing Director
(DIN 06600812)

S V RAVI SEKHAR RAO
Company Secretary

STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

	Particulars	Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
I	Revenue from operations	30	2,83,465.88	3,28,433.30
II	Other income	31	6,244.95	4,216.11
III	**Total Income (I+II)**		2,89,710.83	3,32,649.41
IV	**Expenses:**			
	Cost of materials consumed	32	1,34,757.95	1,47,673.25
	Purchase of stock-in-trade	33	-	51.21
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(12,509.24)	24,371.24
	Employee benefits expense	35	78,072.58	75,453.13
	Finance costs	36	4,779.68	4,902.81
	Depreciation and amortization expense	3,5	6,197.79	5,576.82
	Other expenses	37	68,582.99	66,829.23
	Total Expenses (IV)		2,79,881.75	3,24,857.69
V	Profit / (Loss) before exceptional items and tax (III-IV)		9,829.08	7,791.72
VI	Add/ (Less) : Exceptional items	38	-	-
VII	**Profit / (Loss) before tax (V-VI)**		9,829.08	7,791.72
VIII	**Tax expense:**			
	(1) Current tax (MAT)	10 a	2,131.42	1,660.60
	(2) Deferred tax	10 a	(746.93)	(234.68)
IX	Profit / (Loss) for the year from continuing operations (VII-VIII)		8,444.59	6,365.80
X	Profit / (Loss) from discontinuing operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit / (Loss) from discontinued operations (after tax) (X-XI)		-	-
XIII	**Profit / (Loss) for the year (IX+XII)**		8,444.59	6,365.80
XIV	**Other Comprehensive Income**			
	A(i) Items that will not be reclassified to profit or loss Re-measurement of defined benefit (liability) / asset		(1,512.15)	(1,335.94)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	10 b	322.72	285.11
	B(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV	**Total Comprehensive Income for the year (XIII+XIV)**		7,255.16	5,314.97
XVI	Earnings per equity share: (₹10/- each) in ₹ Basic and diluted	39(A)	20.28	15.29

As per our report of even date attached
For S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

CA. S ANANDA KRISHNA
Partner
Membership No.: 027986

Place: New Delhi
Date : 30-05-2017

For and on behalf of the Board of Directors

D K HOTA
Chairman & Managing Director
(DIN 06600812)

S V RAVI SEKHAR RAO
Company Secretary

STATEMENT OF CASH FLOWS

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017		For the Year ended 31st March 2016	
	Sub Items	Main Items	Sub Items	Main Items
A. Cash flow from operating activities				
Net profit before tax and extraordinary items		**9,829.08**		7,791.72
Adjustments for				
Depreciation and amortization expense	**6,197.79**		5,576.82	
Amortisation of Special Tools	-		-	
(Gain)/loss on disposal of property, plant and equipment	**2.08**		14.08	
Foreign exchange loss / (gain)	**21.09**		94.01	
Allowance for obsolescence	**801.45**		555.45	
Bad debts written off	**15.23**		384.95	
Financing Cost	**4,779.68**		4,902.81	
Interest income	**(492.44)**		(713.28)	
Other Provisions / Allowances	**273.65**	**11,598.53**	3,096.90	13,911.74
Operating Profit / (Loss) before changes in working capital		**21,427.61**		21,703.46
Adjustment for				
Inventories	**(28,919.13)**		21,498.84	
Trade & other receivables	**(27,417.70)**		341.88	
Other current assets	**7,684.92**		(8,883.16)	
Trade payables	**8,514.59**		(11,189.61)	
Other payables	**31,326.56**	**(8,810.76)**	(13,968.41)	(12,200.46)
Cash generated from operations		**12,616.85**		9,503.00
Direct taxes (paid) / refunded		**8,193.01**		(1,500.27)
Net cash flow from / (used in) operating activities		**20,809.86**		8,002.73
B. Cash flow from investing activities				
Purchase of property, plant and equipment	**(6,380.91)**		(2,839.36)	
Purchase of intangible assets	**(37.09)**		(1,274.09)	
Sale of property, plant and equipment	**23.81**		88.55	
Interest Received	**492.44**		720.56	
Net cash flow from / (used in) investing activities		**(5,901.75)**		(3,304.34)
C. Cash flow from financing activities				
Proceeds/(Repayments) from/to ECB & long-term borrowings	**(3,877.85)**		(3,144.45)	
Proceeds/(Repayments) of Inter corporate loans	**(5,565.61)**		(1,565.60)	
Proceeds/(Repayments) of Soft loan	**337.28**		(417.40)	
Financing Cost	**(4,892.73)**		(4,814.08)	
Dividend & Tax paid for equity shares	**(2,004.89)**		(501.22)	
Net cash flow from / (used in) financing activities		**(16,003.80)**		(10,442.75)
Net increase/(decrease) in cash and cash equivalents		**(1,095.69)**		(5,744.36)
Cash and Cash Equivalents, Beginning of the year		**(8,788.45)**		(3,044.09)
Cash and Cash Equivalents, Ending of the year (Refer Note 15 d)		**(9,884.14)**		(8,788.45)

For S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

CA. S ANANDA KRISHNA
Partner
Membership No.: 027986

Place: New Delhi
Date : 30-05-2017

For and on behalf of the Board of Directors

D K HOTA
Chairman & Managing Director
(DIN 06600812)

S V RAVI SEKHAR RAO
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31.03.2017

A. Equity share capital		(₹ in Lakhs)
Particulars	**No. of shares**	**Amount**
Balance as on 01.04.2015	4,16,44,500	4,164.45
Changes in equity share capital during the 2015-16	-	-
Balance as on 31.03.2016	4,16,44,500	4,164.45
Changes in equity share capital during the 2016-17	-	-
Balance as on 31.03.2017	**4,16,44,500**	**4,164.45**

B. Other equity

(₹ in Lakhs)

Particulars	Reserves and Surplus				Items of OCI	Nonimara Excellence Award Reserve	Debenture Redemption Reserve	Total Equity
	Capital Reserve	Share Premium	General Reserve	Retained Earnings	Other items of OCI			
Balance as on 01.04.2015	**105.66**	**61,204.07**	**1,19,033.62**	**22,425.94**	**-**	**1.44**	**1,143.37**	**2,03,914.10**
Profit / (Loss) for the year	-	-	-	6,365.80	-	-	-	**6,365.80**
Other Comprehensive Income for the year	-	-	-	-	(1,050.83)	-	-	**(1,050.83)**
Total comprehensive income for the year	**-**	**-**	**-**	**6,365.80**	**(1,050.83)**	**-**	**-**	**5,314.97**
Transfer to - Debenture Redemption Reserve	-	-	-	(3,260.57)	-	-	3,260.57	-
Transaction with owners								
- Dividend	-	-	-	(416.45)	-	-	-	**(416.45)**
- Tax on Dividend	-	-	-	(84.77)	-	-	-	**(84.77)**
Balance as on 31.03.2016	**105.66**	**61,204.07**	**1,19,033.62**	**25,029.95**	**(1,050.83)**	**1.44**	**4,403.94**	**2,08,727.85**

(₹ in Lakhs)

Particulars	Reserves and Surplus				Items of OCI	Nonimara Excellence Award Reserve	Debenture Redemption Reserve	Total Equity
	Capital Reserve	Share Premium	General Reserve	Retained Earnings	Other items of OCI			
Balance as on 01.04.2016	**105.66**	**61,204.07**	**1,19,033.62**	**25,029.95**	**(1,050.83)**	**1.44**	**4,403.94**	**2,08,727.85**
Profit / (Loss) for the year	-	-	-	8,444.59	-	-	-	**8,444.59**
Other Comprehensive Income for the year	-	-	-	-	(1,189.43)	-	-	**(1,189.43)**
Total comprehensive income for the year	**-**	**-**	**-**	**8,444.59**	**(1,189.43)**	**-**	**-**	**7,255.16**
Transfer to - Debenture Redemption Reserve	-	-	-	(3,096.06)	-	-	3,096.06	-
Transaction with owners								
- Dividend	-	-	-	(1,665.78)	-	-	-	**(1,665.78)**
- Tax on Dividend	-	-	-	(339.11)	-	-	-	**(339.11)**
Balance as on 31.03.2017	**105.66**	**61,204.07**	**1,19,033.62**	**28,373.59**	**(2,240.26)**	**1.44**	**7,500.00**	**2,13,978.12**

Notes forming part of Financial Statements
Note 3: Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated depreciation and impairment				Carrying value	
	As at 01.04.2015	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 01.04.2015	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 31.03.2016	As at 0104.2015
Land										
Free Hold	1,288.91	3.79	(7.01)	1,285.69	-	-	-	-	1,285.69	1,288.91
Lease Hold	8,039.15	-	-	8,039.15	-	32.38	-	32.38	8,006.77	8,039.15
Buildings	13,238.72	1,720.41	77.91	15,037.04	-	778.59	(36.48)	742.11	14,294.93	13,238.72
Plant and Equipment	17,306.32	8,334.09	(780.16)	24,860.25	-	2,531.08	(789.32)	1,741.76	23,118.49	17,306.32
Furniture and Fixtures	405.41	37.77	(1.11)	442.07	-	110.63	(2.00)	108.63	333.44	405.41
Vehicles										
Given on Lease	236.05	282.84	(53.49)	465.40	-	96.07	(34.07)	62.00	403.40	236.05
Own Use	780.10	1.04	(222.99)	558.15	-	172.76	(132.13)	40.63	517.52	780.10
Office Equipment	46.38	16.88	95.76	159.02	-	24.33	73.97	98.30	60.72	46.38
Roads and Drains	1,507.02	9.07	(0.01)	1,516.08	-	255.31	104.31	359.62	1,156.46	1,507.02
Water Supply Installations	267.93	4.09	(35.14)	236.88	-	19.30	(29.71)	(10.41)	247.29	267.93
Railway sidings	500.70	368.53	-	869.23	-	109.31	-	109.31	759.92	500.70
Electrical Installation	1,091.65	542.74	59.49	1,693.88	-	173.95	57.78	231.73	1,462.15	1,091.65
Jigs and Fixtures	517.86	131.01	(17.67)	631.20	-	272.10	(3.87)	268.23	362.97	517.86
Special Tools	397.35	291.64	(9.34)	679.65	-	255.44	-	255.44	424.21	397.35
Computers and Data processing units	191.63	207.01	550.92	949.56	-	94.91	558.31	653.22	296.34	191.63
Total	**45,815.18**	**11,950.91**	**(342.84)**	**57,423.25**	**-**	**4,926.16**	**(233.21)**	**4,692.95**	**52,730.30**	**45,815.18**
Previous Year	45,815.18	-	-	45,815.18				-	45,815.18	48,193.83

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated depreciation and impairment				Carrying value		
	As at 01.04.2016	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 01.04.2016	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Land											
Free Hold	1,285.69	-	-	1,285.69	-	-	-	-	1,285.69	1,285.69	1,288.91
Lease Hold	8,039.15	-	-	8,039.15	32.38	32.28	-	64.66	7,974.49	8,006.77	8,039.15
Buildings	15,037.04	97.93	-	15,134.97	742.11	722.63	0.01	1,464.75	13,670.22	14,294.93	13,238.72
Plant and Equipment	24,860.25	2,559.33	(178.10)	27,241.48	1,741.76	2,785.10	(188.58)	4,338.28	22,903.20	23,118.49	17,306.32
Furniture and Fixtures	442.07	35.52	(3.20)	474.39	108.63	100.32	(1.08)	207.87	266.52	333.44	405.41
Vehicles											
Given on Lease	465.40	17.50	(56.68)	426.22	62.00	81.56	(37.09)	106.47	319.75	403.40	236.05
Own Use	558.15	27.60	(60.57)	525.18	40.63	138.95	(57.59)	121.99	403.19	517.52	780.10
Office Equipment	159.02	72.57	(4.27)	227.32	98.30	24.89	(6.86)	116.33	110.99	60.72	46.38
Roads and Drains	1,516.08	17.05	0.01	1,533.14	359.62	252.63	0.01	612.26	920.88	1,156.46	1,507.02
Water Supply Installations	236.88	1.05	0.05	237.98	(10.41)	18.95	0.04	8.58	229.40	247.29	267.93
Railway sidings	869.23	-	-	869.23	109.31	90.01	-	199.32	669.91	759.92	500.70
Electrical Installation	1,693.88	114.94	(2.62)	1,806.20	231.73	206.60	(2.53)	435.80	1,370.40	1,462.15	1,091.65
Jigs and Fixtures	631.20	906.07	25.29	1,562.56	268.23	338.57	21.33	628.13	934.43	362.97	517.86
Special Tools	679.65	342.44	-	1,022.09	255.44	265.25	4.62	525.31	496.78	424.21	397.35
Computers and Data processing units	949.56	130.01	(79.63)	999.94	653.22	124.70	(66.12)	711.80	288.14	296.34	191.63
Total	**57,423.25**	**4,322.01**	**(359.72)**	**61,385.54**	**4,692.95**	**5,182.44**	**(333.84)**	**9,541.55**	**51,843.99**	**52,730.30**	**45,815.18**
Previous Year	45,815.18	11,950.91	(342.84)	57,423.25	-	4,926.16	(233.21)	4,692.95	52,730.30	45,815.18	48,193.83

A. (i) Carrying value of vehicles own use includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹137.98 Lakhs (Previous Year - ₹58.62 Lakhs).

(ii) Carrying value of plant and equipment includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹94.29 Lakhs (Previous Year - ₹Nil).

B. Property, Plant and Equipment

i) Buildings include carrying value of building at Mumbai and Ranchi pending registration / katha transfer at ₹16.92 Lakhs (Previous Year - ₹17.45 Lakhs)

ii) The Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) (A Company under orders of winding up by BIFR), and a sum of ₹100 Lakhs was paid as non-refundable deposit, (included under Other non-current assets (Note no.11)). As per the terms of the Lease agreement, this deposit shall be adjusted against the outright sale/transfer of ownership that may be fixed for the property and lessee shall be free to construct new building/ alter the existing building/lay roads/fence the land in the interest of furthering its business to suit its use and on expiry of the lease the said building shall vest with the lessor on payment of consideration based on value prevailing on the date of handing over of the property. The Company had incurred on the above land a sum of ₹1452.95 lakhs [carrying value - ₹1044.44 Lakhs (Previous Year - ₹1093.18 lakhs)] on Buildings included in Property, Plant and Equipment as at year end.

Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expiring on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiry of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued. Appropriate accounting action will be considered based on the outcome of the tender process.

iii) Lease hold Land includes leased land allotted by Kerala Industrial Infrastructure Development Corporation (KIIDC) measuring 374.59 acres for a lease premium of ₹2547.21 Lakhs (excluding Service Tax) (Previous Year - ₹2547.21 Lakhs excluding Service Tax) for 99 years lease period with effect from 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and the revised lease premium payable is ₹2544.29 Lakhs only. Adjustment in financial statement will be made on formal amendment of lease agreement by KIIDC.

iv) Lease Hold Land includes land measuring 101175.92 Sq. Mtrs taken on perpetual lease from KIADB (Bangalore Aerospace, SEZ Park) at a cost of ₹5126.00 Lakhs (Previous Year - ₹5126.00 Lakhs).

v) Lease Hold Land includes land at cost ₹129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.

vi) No Provision considered necessary for impairment of assets as the realizable value of assets technically assessed is more than the carrying cost of these assets.

vii) Free Hold Land includes land measuring 555.37 acres at Mysore costing ₹321.23 Lakhs (including additional compensation of ₹183.57 Lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB. As per the demand of KIADB, provision of interest amounting to ₹509.08 Lakhs (Previous Year - ₹486.60 Lakhs) up to period 31st March 2017 has been made. However, matter has been taken up with KIADB for waiving of interest which is pending before KIADB Board. Liability for both interest and additional compensation has been created. Registration will be made once the matter is settled with KIADB Board.

viii) Free Hold Land measuring 3.647 acres of land, surrendered to BBMP against TDR (at cost) is ₹4.58 Lakhs. Free Hold Land measuring 1.937 acres of land surrendered to BBMP for which TDR yet to be received (at cost) is ₹2.43 Lakhs. Above TDR will be utilised for further construction.

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

(1) Flat at Roshan comp, Madras - ₹4.04 Lakhs.

(2) Flat at Ashadeep, New Delhi - ₹2.80 Lakhs.

(3) Office building at Nagpur - ₹27.18 Lakhs.

(4) Lease Hold Land at Singrauli - ₹1.75 Lakhs.

x) For details of property, plant and equipment hypothecated by way of a first charge against borrowings and other facilities availed, refer Note no. 20 and 24

xi) For information on estimated capital contracts pertaining to the acquisition of property, plant and equipment, refer Note no. 39 D II a.

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

- Plant & Machinery ₹169.28 Lakhs

D. Since there is no investment property in the Company as on 31.03.2017, fair value of investment property is Nil (Previous Year - Nil)

Note 4: Capital work-in-progress

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Building	**66.26**	118.43	1,358.02
Equipment under inspection and in transit	-	69.67	59.11
Machinery	**7,710.02**	5,532.03	12,689.73
Others	**166.05**	163.30	888.12
Total	**7,942.33**	5,883.43	14,994.98

Note 5: Intangible assets

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated amortisation and impairment				Carrying value	
	As at 01.04.2015	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 01.04.2015	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Computer software	297.88	944.00	(0.01)	1,241.87	-	161.16	0.01	161.17	1,080.70	297.88
Technical Know how	1,117.36	-	-	1,117.36	-	489.50	(0.01)	489.49	627.87	1,117.36
TDR against Land	-	-	7.01	7.01	-	-	-	-	7.01	-
Total	**1,415.24**	**944.00**	**7.00**	**2,366.24**	**-**	**650.66**	**-**	**650.66**	**1,715.58**	**1,415.24**
Previous Year	1,415.24	-	-	1,415.24	-	-	-	-	1,415.24	2,094.25

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated amortisation and impairment				Carrying value		
	As at 01.04.2016	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 01.04.2016	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Computer software	1,241.87	5.16	-	1,247.03	161.17	286.79	0.01	447.97	799.06	1,080.70	297.88
Technical Know how	1,117.36	4,536.88	-	5,654.24	489.49	728.56	-	1,218.05	4,436.19	627.87	1,117.36
TDR against Land	7.01	-	-	7.01	-	-	-	-	7.01	7.01	-
Total	**2,366.24**	**4,542.04**	**-**	**6,908.28**	**650.66**	**1,015.35**	**0.01**	**1,666.02**	**5,242.26**	**1,715.58**	**1,415.24**
Previous Year	1,415.24	944.00	7.00	2,366.24	-	650.66	-	650.66	1,715.58	1,415.24	2,094.25

Note 6: Intangible assets under development (internally generated)

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Development Expenditure for High capacity Dump Truck	-	4,504.95	4,174.86
Total	**-**	4,504.95	4,174.86

Movement in Intangible asset under development as on 31.03.2017

(₹ in Lakhs)

Particulars	2016-17
Opening balance as on 01.04.2016	4,504.95
Add: Additions during the year	23.76
Add: Interest capitalised during the year	8.17
Less: Capitalisation of development expenditure as Intangible assets on 31.07.2016	(4,536.88)
Closing balance as on 31.03.2017	**-**

Note 7: Investments

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Investments in equity instruments - unquoted at cost			
In Equity Shares of Subsidiary Companies:			
In Vignyan Industries Limited, 2,69,376 fully paid up Equity Shares of ₹100 each	**252.60**	252.60	252.60
In MAMC Industries Limited, Kolkata, 50,000 fully paid up Equity Shares of ₹10 each [refer Note no. 11(a)]	**5.00**	5.00	5.00
	257.60	257.60	257.60
In Equity Shares of Joint Venture Company:			
In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each	**542.25**	542.25	542.25
Less: Allowance for impairment of investment	**(542.25)**	(542.25)	(542.25)
	-	-	-
Investment in Ordinary Shares of Co-operative Societies - unquoted at cost			
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of ₹10 each	**0.03**	0.03	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of ₹100 each.	**0.01**	0.01	0.01
In Twin Star Co-operative Housing Society Ltd, Bombay, 5 fully paid up shares of ₹50 each.	-	-	-
	0.04	0.04	0.04
Total - unquoted at cost	**257.64**	257.64	257.64

Ind AS 28 (Investments in Associates and Joint Ventures)

(₹ in Lakhs)

Names of Joint Ventures	Nature	% holding	Country of Incorporation
BEML Midwest Limited	Jointly Controlled Entity	45.00	India

a. BEML along with Midwest Granite Private Limited formed a joint venture company in 2007 to conduct excavation and extraction of mineral resources. The agreement was signed in September 2005 whereby BEML has a 45% share in the operations of the joint venture and the remaining 55% is held by Midwest Granite Private Limited.

b. The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements as at 31st March, 2017 due to litigation pending before National Company Law Tribunal. Hence, disclosure requirements under Ind AS-28 (Investments in Associates and Joint Ventures) could not be complied with. In the absence of financial statements of the JV, the same has not been consolidated with BEML financial statements.

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

The movement in the allowance for impairment of investment is as follows: (₹ in Lakhs)

Particulars	2016-17	2015-16	2014-15
Balance at the beginning of the year	**542.25**	542.25	542.25
Impairment losses recognised	-	-	-
Written off during the year	-	-	-
Credited to profit or loss	-	-	-
Transfers	-	-	-
Balance at the end of the year	**542.25**	542.25	542.25

Note 8: Loans

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Unsecured, considered good			
Lease Deposits	45.55	42.66	32.57
Inter Corporate Loan	1,634.55	2,451.83	3,269.11
Total	**1,680.10**	2,494.49	3,301.68

Lease deposits represent deposits paid as security for office space and flats taken on rent.

Inter Corporate Loan balance as on 31.03.2017 represent outstanding loan to M/s JK Tyres Ltd. The loan carry interest at the rate of SBI PLR less 2.25%. Currently 11.75% (Previous Year 11.80%) and are unsecured from borrowers. Against this loan the company has received Inter Corporate Loan from M/s Coal India Ltd. which is accounted as unsecured loan in Note No. 20.

Note 9: Other financial assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deposit with service providers	**157.13**	58.25	1.85
Total	**157.13**	58.25	1.85

Note 10: Income taxes

The substantively enacted tax rate as on 31 March 2017 is 34.61% and as on 31 March 2016 was 34.61% for deferred tax purposes.

a) Amount recognised in profit or loss

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
Current tax expense:		
Current tax/Minimum alternate tax (MAT)	**2,128.67**	1,660.60
Adjustment of tax related to earlier years	**2.75**	-
	2,131.42	1,660.60
Deferred tax (income)/expense:		
Origination and reversal of temporary differences	**(746.93)**	(234.68)
Total deferred tax (income)/expense	**(746.93)**	(234.68)
Tax expenses	**1,384.49**	1,425.92

b) Amount recognised in OCI

(₹ in Lakhs)

Particulars	31 March 2017			31 March 2016		
	Before Tax	Tax (expense) benefit	Net of tax	Before Tax	Tax (expense) benefit	Net of tax
Re-measurement (losses) / gains on post employment defined benefit plans	**(1,512.15)**	**322.72**	**(1,189.43)**	(1,335.94)	285.11	(1,050.83)
Total	**(1,512.15)**	**322.72**	**(1,189.43)**	(1,335.94)	285.11	(1,050.83)

Note 9: Other financial assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deposit with service providers	**157.13**	58.25	1.85
Total	**157.13**	58.25	1.85

Note 10: Income taxes

The substantively enacted tax rate as on 31 March 2017 is 34.61% and as on 31 March 2016 was 34.61% for deferred tax purposes.

a) Amount recognised in profit or loss

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
Current tax expense:		
Current tax/Minimum alternate tax (MAT)	**2,128.67**	1,660.60
Adjustment of tax related to earlier years	**2.75**	-
	2,131.42	1,660.60
Deferred tax (income)/expense:		
Origination and reversal of temporary differences	**(746.93)**	(234.68)
Total deferred tax (income)/expense	**(746.93)**	(234.68)
Tax expenses	**1,384.49**	1,425.92

b) Amount recognised in OCI

(₹ in Lakhs)

Particulars	31 March 2017			31 March 2016		
	Before Tax	Tax (expense) benefit	Net of tax	Before Tax	Tax (expense) benefit	Net of tax
Re-measurement (losses) / gains on post employment defined benefit plans	**(1,512.15)**	**322.72**	**(1,189.43)**	(1,335.94)	285.11	(1,050.83)
Total	**(1,512.15)**	**322.72**	**(1,189.43)**	(1,335.94)	285.11	(1,050.83)

c) Reconciliation of effective income tax rate

(₹ in Lakhs)

Particulars	31 March 2017		31 March 2016	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operation		**9,829.08**		7,791.72
Tax using the company's domestic tax rate (Income tax)	**34.61%**	**3,401.65**	34.61%	2,696.56
Tax effect of:				
Carry Forward Loss	**-26.11%**	**(2,566.33)**	-22.45%	(1,749.43)
Weighted Deduction for R and D Expenditure	**-8.50%**	**(835.32)**	-12.16%	(947.13)
Minimum Alternate Tax	**21.68%**	**2,131.42**	21.31%	1,660.60
Deferred tax	**-7.60%**	**(746.93)**	-3.01%	(234.68)
Total income tax expense for the year	**14.09%**	**1,384.49**	18.30%	1,425.92

d) Movement in deferred tax balances

(₹ in Lakhs)

Particulars	As at 1st April 2015	Recognised in profit or loss during 2015-16	As at 31st March 2016	Recognised in profit or loss during 2016-17	As at 31st March 2017
Property, plant and equipment	(4,281.95)	(990.44)	(5,272.39)	(538.52)	(5,810.91)
Allowance for doubtful trade receivables	7,648.81	603.82	8,252.63	261.94	8,514.57
Voluntary Retirement Expenses	2.12	0.04	2.16	(2.16)	-
Provision for Property Tax	121.52	2.21	123.73	-	123.73
Provision for Gratuity	414.60	(488.64)	(74.04)	336.99	262.96
Provision for Leave Salary	5,121.04	307.71	5,428.75	274.75	5,703.50
Provision for Performance Related Pay	-	-	-	31.15	31.15
Provision for Contributory medical Scheme	764.90	707.35	1,472.25	195.00	1,667.25
Provision for Pension	229.14	176.42	405.56	20.34	425.90
Provision for wage revision	-	-	-	188.69	188.69
Provision for pending legal cases	117.67	(104.74)	12.93	(1.32)	11.61
Derivatives and lease deposits	(1.90)	20.95	19.05	(19.93)	(0.88)
Net deferred tax assets / (liabilities)	**10,135.95**	**234.68**	**10,370.63**	**746.93**	**11,117.57**

e) Unrecognised deferred tax assets

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

(₹ in Lakhs)

Particulars	31 March 2017		31 March 2016	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Deductible temporary differences not expected to be utilised	-	-	-	-
Tax losses	**1,835.91**	**635.37**	9,250.89	3,201.55
	1,835.91	**635.37**	9,250.89	3,201.55

c) Reconciliation of effective income tax rate

(₹ in Lakhs)

Particulars	31 March 2017		31 March 2016	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operation		**9,829.08**		7,791.72
Tax using the company's domestic tax rate (Income tax)	**34.61%**	**3,401.65**	34.61%	2,696.56
Tax effect of:				
Carry Forward Loss	**-26.11%**	**(2,566.33)**	-22.45%	(1,749.43)
Weighted Deduction for R and D Expenditure	**-8.50%**	**(835.32)**	-12.16%	(947.13)
Minimum Alternate Tax	**21.68%**	**2,131.42**	21.31%	1,660.60
Deferred tax	**-7.60%**	**(746.93)**	-3.01%	(234.68)
Total income tax expense for the year	**14.09%**	**1,384.49**	18.30%	1,425.92

d) Movement in deferred tax balances

(₹ in Lakhs)

Particulars	As at 1st April 2015	Recognised in profit or loss during 2015-16	As at 31st March 2016	Recognised in profit or loss during 2016-17	As at 31st March 2017
Property, plant and equipment	(4,281.95)	(990.44)	(5,272.39)	(538.52)	(5,810.91)
Allowance for doubtful trade receivables	7,648.81	603.82	8,252.63	261.94	8,514.57
Voluntary Retirement Expenses	2.12	0.04	2.16	(2.16)	-
Provision for Property Tax	121.52	2.21	123.73	-	123.73
Provision for Gratuity	414.60	(488.64)	(74.04)	336.99	262.96
Provision for Leave Salary	5,121.04	307.71	5,428.75	274.75	5,703.50
Provision for Performance Related Pay	-	-	-	31.15	31.15
Provision for Contributory medical Scheme	764.90	707.35	1,472.25	195.00	1,667.25
Provision for Pension	229.14	176.42	405.56	20.34	425.90
Provision for wage revision	-	-	-	188.69	188.69
Provision for pending legal cases	117.67	(104.74)	12.93	(1.32)	11.61
Derivatives and lease deposits	(1.90)	20.95	19.05	(19.93)	(0.88)
Net deferred tax assets / (liabilities)	**10,135.95**	**234.68**	**10,370.63**	**746.93**	**11,117.57**

e) Unrecognised deferred tax assets

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

(₹ in Lakhs)

Particulars	31 March 2017		31 March 2016	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Deductible temporary differences not expected to be utilised	-	-	-	-
Tax losses	**1,835.91**	**635.37**	9,250.89	3,201.55
	1,835.91	**635.37**	9,250.89	3,201.55

f) Tax losses carried forward

Unrecognised tax losses carried forward expire as follows:

(₹ in Lakhs)

Particulars	31 March 2017	Expiry date	31 March 2016	Expiry date
Expire				
Carry forward business loss	-	-	-	-
Never expire				
Unabsorbed depreciation	**(1,835.91)**		(9,250.89)	
	(1,835.91)		(9,250.89)	

Note 11: Other non-current assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Capital Advances	**913.90**	309.33	128.92
Less: Allowance for doubtful Capital Advances	**(21.55)**	(21.55)	-
Advances to Related Parties - MAMC [refer Note no.39 (C)]	**601.76**	601.44	601.20
Advance MAMC consortium [see note (a) below]	**5,744.31**	5,675.68	5,618.55
Employee Advance	**186.70**	200.46	381.99
Duties and Taxes	-	-	-
Advance Income Tax	**2,503.83**	14,118.55	12,764.68
Prepayments	**87.17**	93.50	7.85
Gold coins on Hand	**10.15**	9.85	9.58
Total	**10,026.27**	20,987.26	19,512.77
Due by officers of the company	**21.25**	30.43	23.96

a. The Company has entered into a Consortium Agreement (MAMC Consortium) with M/s. Coal India Limited (CIL) and M/s. Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter-alia, provided for formation of a Joint Venture company with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of ₹4800.00 Lakhs towards the total bid consideration of ₹10000.00 Lakhs towards the said acquisition, based on the order passed by the Hon'ble High Court of Calcutta. The said assets are taken possession by the MAMC Consortium. Further, the Company has incurred a sum of ₹944.31 Lakhs (Previous Year - ₹875.68 Lakhs) towards maintenance, security and other related expenditure. The expenditure incurred by CIL and DVC on account of this proposal is not ascertained. The total sum of ₹5744.31 Lakhs (Previous Year - ₹5675.68 Lakhs) is disclosed as 'Advance to MAMC consortium', pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, independent valuation of the assets taken over has been done and there is no diminution in value of investments. Formulation of business plan and approval of shareholders' agreement from MOD is being pursued.

Further, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated as a wholly-owned subsidiary company for the intended purpose of JV formation. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a JV Company. The Company has advanced a sum of ₹601.76 Lakhs (Previous Year - ₹601.44 Lakhs) on account of MIL, which is included under the head 'Advances to related parties'.

Note 12: Inventories (Lower of cost and Net realisable value)

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Raw materials & Components	**58,100.41**	42,998.98	38,871.58
Less: Allowance for obsolescence - Raw Material	**(860.37)**	(739.67)	(616.85)
Raw materials & Components in Transit	**2,778.23**	861.07	3,546.60
Stores and Spares	**2,171.95**	1,991.35	2,225.50
Work-in-Progress	**57,725.23**	50,059.12	58,494.87
Finished Goods	**39,862.86**	38,510.28	48,479.07
Less: Allowance for obsolescence - Finished Goods	**(1,112.82)**	(1,613.68)	(1,734.71)
Finished Goods in Transit	**3,249.45**	202.47	5,848.64
Stock of Spares	**35,175.50**	36,401.77	35,522.54
Less: Allowance for obsolescence - Stock of Spares	**(3,190.41)**	(2,509.66)	(2,077.02)
Stock of Spares in Transit	**286.81**	835.24	726.98
Hand tools	**2,716.71**	2,031.90	1,789.13
Scrap	**542.03**	599.32	1,040.88
Total	**1,97,445.58**	1,69,628.49	1,92,117.21

a. Raw materials & Components include materials lying with sub contractors ₹1855.05 Lakhs (Previous Year - ₹2087.38 Lakhs). Of these, confirmation from the parties is awaited for ₹588.75 lakhs (Previous Year - ₹137.94 Lakhs).

b. The closing stock of work-in-progress and finished goods are stated at lower of standard cost, which approximates to actuals, and net realisable value. The difference between the actual cost of production and the standard cost is not material.

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

d. Allowance towards obsolescence is made as per the provisioning norms and is based on ageing of inventory.

e. The Carbon Credits are included under Finished Goods at a total value of ₹1.42 Lakhs (₹21.58 per unit of Verified Emission Reductions (VERs)). Total VERs certified and pending for realization is 6589 units. The Certified Emission Reduction (CER) is valued at cost as required by Guidance Note on CER issued by ICAI.

Note 13: Investments

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
In Quotas of Foreign Subsidiary - unquoted at cost	**185.55**	185.55	185.55
Investments in Quotas in BEML Brazil Industrial Ltda., 99.98% of the quotas held by BEML and balance held by the nominees of BEML.			
Less: Allowance for impairment of investment	**(133.72)**	(123.41)	(105.53)
Total	**51.83**	62.14	80.02

BEML has formed a 100% owned subsidiary in Brazil with the intention of penetrating demand in the local market and provide high quality machinery and equipment in the construction and mining industry. BEML commenced operations via its wholly owned subsidiary but found stiff competition in the Brazilian market with competitors possessing higher market and consumer knowledge and conducting operations by means of easier access to resources. As there is no operations in 'BEML Brazil Industrial Ltda' presently, BEML is examining future course of action for the subsidiary company. The subsidiary has bank deposits in the local bank that earns a compounding interest and the expenses of administration and other overhead charges of the subsidiary are incurred from such deposits.

The movement in the allowance for impairment is as follows:

(₹ in Lakhs)

Particulars	2016-17	2015-16	2014-15
Balance at the beginning of the year	**123.41**	105.53	56.49
Impairment losses recognised	**10.31**	17.88	49.04
Written off during the year	-	-	-
Credited to profit or loss	-	-	-
Transfers	-	-	-
Balance at the end of the year	**133.72**	123.41	105.53

Note 14: Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Unsecured, considered good			
Outstanding for period exceeding six months *	**69,131.75**	53,096.02	41,473.38
Others	**73,905.60**	67,620.67	57,671.03
Unsecured, considered doubtful			
Outstanding for period exceeding six months	**16,191.99**	14,970.87	15,767.77
Allowance for bad and doubtful trade receivables	**(16,191.99)**	(14,970.87)	(15,767.77)
Total	**1,43,037.35**	1,20,716.69	99,144.41

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

ii. Trade receivables - Outstanding for period exceeding six months include ₹4899.99 Lakhs (Previous Year ₹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 Ministry of Defence (MoD) in 2001. This contract provided for import content denominated in US Dollar with a clause for escalation and exchange rate variation. As the import of materials was from a country in the European Union which adopted Euro as its International transaction currency, the company was forced to import in Euro currency from January, 2007 to meet its obligations under the contract. The Euro as a trading currency was not contemplated at the time of entering the contract placed by the customer. The request for amendment from US Dollar to Euro and the consequential Escalation and Exchange Rate variation is pending with the customer. The company does not expect any material impact on this account, sequel to the reassessment of the escalation and exchange rate variation, based on an acceptable formula for the customer.

The movement in the allowance for bad and doubtful trade receivables is as follows:

(₹ in Lakhs)

Particulars	2016-17	2015-16	2014-15
Balance at the beginning of the year	**14,970.87**	15,767.77	12,000.23
Impairment losses recognised	**1,505.88**	1,550.91	3,558.69
Written off during the year	-	(546.74)	-
Credited to profit or loss	**(284.76)**	(26.85)	-
Transfers to allowance for doubtful claims (note 18)	-	(1,774.22)	208.85
Balance at the end of the year	**16,191.99**	14,970.87	15,767.77

Note 15: Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Balances with Banks	**1,293.14**	6,496.78	14,240.78
Balances with Banks - Unclaimed Dividend	**31.82**	37.59	42.53
Cheques, drafts on hand	**72.93**	35.06	191.23
Cash on hand	**3.13**	9.56	12.64
Total	**1,401.02**	6,578.99	14,487.18

a. The Company earns no interest on balances with banks in current accounts.

b. Balances with banks include the following on which there were restrictions placed on use and / or held on behalf of third parties:

ESCROW account balance to be distributed among consortium members ₹174.79 Lakhs (Previous Year ₹5189.58 Lakhs) & BEML share is ₹9.80 Lakhs (Previous Year ₹Nil)

c. Out of the Cash Credit Limit of ₹100000 Lakhs sanctioned to the company by Consortium Bankers, the amount drawn by the company as on 31st March is ₹11285.16 Lakhs (Previous Year ₹15367.44 Lakhs)

d. For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Balances with Banks	**1,293.14**	6,496.78	14,240.78
Balances with Banks - Unclaimed Dividend	**31.82**	37.59	42.53
Cheques, drafts on hand	**72.93**	35.06	191.23
Cash on hand	**3.13**	9.56	12.64
Less: Bank overdraft/Cash credit facility	**(11,285.16)**	(15,367.44)	(17,531.27)
Total	**(9,884.14)**	(8,788.45)	(3,044.09)

For an understanding of the Company's cash management policies, refer Note no.39 L (ii) on liquidity risk.

e. The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 is given below:

(Amount in ₹)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	6,80,000	4,06,096	10,86,096
(+) Permitted receipts	1,16,000	54,63,397	55,79,397
(-) Permitted payments	-	(47,91,849)	(47,91,849)
(-) Amount deposited in Banks	(7,96,000)	-	(7,96,000)
Closing cash in hand as on 30.12.2016	-	10,77,644	10,77,644

Note 16: Loans

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Unsecured, considered good			
Lease Deposits	**4.27**	20.15	40.05
Inter Corporate Loan	**817.28**	817.28	817.28
Total	**821.55**	837.43	857.33

Note 17: Other financial assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Security Deposit with Customers	**107.39**	111.94	212.56
Earnest Money Deposit	**89.33**	36.47	101.79
Deposit with service providers	**313.19**	424.05	288.35
Interest accrued on bank deposits	-	-	7.28
Derivative asset	-	749.24	-
Total	**509.91**	1,321.70	609.98

For an understanding of the Company's derivative transactions, refer Note no. 39N on derivatives.

Note 18: Other Current Assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Advances to Related Parties	**68.40**	333.59	720.88
Balances with Public Utility concerns	**600.84**	594.30	593.19
Less: Allowance for doubtful Balances with Public Utility concerns	**(180.54)**	(150.25)	(150.25)
Balances with Govt. departments for Customs Duty, Excise Duty etc.,	**343.55**	1,923.22	671.39
Advance to Vendors	**13,860.32**	8,351.87	8,151.65
Less: Allowance for doubtful advances to Vendors	**(3,842.45)**	(3,842.86)	(3,913.70)
Employee Advance	**364.32**	560.05	460.08
Duties and Taxes	**4,441.34**	4,562.13	3,515.39
Cenvat / VAT Balances	**9,137.33**	7,310.45	7,698.08
Less: Allowance for doubtful Cenvat / VAT balances	**(100.00)**	(100.00)	(100.00)
Employee defined benefit asset (Net)	-	213.93	-
Prepayments	**999.51**	718.75	685.08
Claims receivable	**17,253.57**	19,224.82	13,910.25
Less: Allowance for doubtful claims	**(4,568.45)**	(4,760.49)	(2,571.39)
Unbilled revenue	**1,099.95**	3,326.21	25,037.71
Total	**39,477.69**	38,265.72	54,708.36
Due by Officers of the Company	**34.70**	45.22	160.65

Claims receivable includes claims lodged pending under reconciliation amounting to ₹2613.84 Lakhs (Previous Year - ₹2216.14 Lakhs).
The Company doesn't expect any material impact on the final realization of the above amounts.

Note 19: Equity share capital

(₹ in Lakhs)

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Number	**Amount**	Number	Amount	Number	Amount
Authorised :						
Equity Shares of ₹10 each	**100000000**	**10,000.00**	100000000	10,000.00	100000000	10,000.00
Issued :						
Equity Shares of ₹10 each	**41900000**	**4,190.00**	41900000	4,190.00	41900000	4,190.00
Subscribed :						
Equity Shares of ₹10 each	**41644500**	**4,164.45**	41644500	4,164.45	41644500	4,164.45
Paid-up :						
Equity Shares of ₹10 each, fully paid-up	**41644500**	**4,164.45**	41644500	4,164.45	41644500	4,164.45
Forfeited Shares (amount originally paid) :						
Equity Shares of Paid-up value ₹5 each	**255500**	**12.77**	255500	12.77	255500	12.77
Total		**4,177.22**		4,177.22		4,177.22

Rights and restrictions attached to equity shares

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

Disclosure requirements for 5 years	Number of Shares				
Particulars	**2016-17**	2015-16	2014-15	2013-14	2012-13
Shares allotted as fully paid up pursuant to contracts without payment being received in cash	**Nil**	Nil	Nil	Nil	Nil
Shares allotted as fully paid up by way of bonus shares	**Nil**	Nil	Nil	Nil	Nil
Shares bought back	**Nil**	Nil	Nil	Nil	Nil

Reconciliation of shares outstanding at the beginning and at the end of the period : (₹ in Lakhs)

Particulars	As at 31st March 2017		As at 31st March 2016	
	No. of Shares	**Amount**	No. of Shares	Amount
Outstanding as at Opening Date	**4,16,44,500**	**4,164.45**	4,16,44,500	4,164.45
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	**4,16,44,500**	**4,164.45**	4,16,44,500	4,164.45

Equity Shares held by shareholders having 5% or more

Name of the shareholder	As at 31st March 2017		As at 31st March 2016	
	No. of Shares	**% held**	No. of Shares	% held
President of India	**2,25,00,000**	**54.03**	2,25,00,000	54.03
HDFC Trustee Company Limited (Group)	**37,47,580**	**9.00**	1,94,387	0.47
Reliance capital Trustee Co. Ltd (Group)	**27,37,312**	**6.57**	39,12,949	9.40

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

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

The Board of Directors in their meeting held on 30th May 2017 recommended a dividend of ₹8/- per equity share (i.e., 80%) for the financial year ended 31st March 2017, subject to the approval of shareholders at the ensuing Annual General Meeting. If approved, this would result in a cash outflow of approximately ₹4009.79 Lakhs including corporate dividend tax.

Note 20: Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
Debentures						
Secured Redeemable Non-convertible Debentures, secured by exclusive first charge on 46 Acres and 28 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex).	**30,000.00**	-	30,000.00	-	30,000.00	-
Rate of Interest 9.24%						
Term Loans						
(a) Secured from Banks						
i. From State Bank of Travancore, Secured on first charge by way of hypothecation of all movable including machinery, spares, tools, accessories present and future (except receivables and current assets) and equitable mortgage of immovable property at Palakkad Complex. Rate of interest 10.20%	-	-	733.60	494.25	1,228.05	494.25
ii. From Standard Chartered Bank, secured by exclusive first charge on 61 Acres and 37 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.14%	-	-	-	2,650.00	2,650.00	2,650.00
(b) Unsecured from other parties						
i. Inter corporate loans against company's corporate guarantee (from Coal India)	-	**696.81**	4,696.82	1,565.60	6,262.42	1,565.60
ii. Soft Loan - Interest Free Loan from Govt of Kerala	**1,052.30**	**537.18**	834.80	417.40	1,252.20	417.40
Total	**31,052.30**	**1,233.99**	36,265.22	5,127.25	41,392.67	5,127.25

Maturity Pattern of Secured Redeemable Non-convertible Debentures : (₹ in Lakhs)

Coupon Rate	Interest Rate	2020-21	2021-22	2022-23
Payable semi-annually on 18th May & 18th November every year	9.24%	10000.00	10000.00	10000.00

Terms of repayment of Unsecured Inter Corporate Loan : (₹ in Lakhs)

Rate of Interest	Interest Rate	2017-18
Bank Rate plus 3.50%, currently 10.25%	10.25%	696.81

Terms of repayment of Soft Loan - Interest free Loan from Govt. of Kerala (₹ in Lakhs)

Rate of Interest	Interest Rate	2017-18	2018-19	2019-20	2020-21	2021-22
Soft Loan - Interest free Loan, Re-payable in 10 equal instalments in 5 years	0.00%	606.20	606.20	188.80	188.80	188.80

Note 21: Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Lease Deposits	**-**	-	-
Deposit from vendors	**41.60**	32.99	3.98
Earnest Money Deposit from vendors	**-**	-	7.11
Total	**41.60**	32.99	11.09

Note 22: Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Provision for employee benefits			
for Leave Salary	**14,190.48**	12,437.96	13,426.73
for Post retirement medical scheme	**2,969.49**	2,841.01	1,973.17
Provision-others			
for warranty	**97.00**	173.00	135.00
for unexpired obligations	**237.27**	612.29	900.96
Total	**17,494.24**	16,064.26	16,435.86

1. For movement in the provisions during the year refer Note No. 28.
2. The provision for employee benefits represents annual leave and vested long service entitlements accrued.
3. Warranty provisions are recognised on a contract-by-contract basis for goods sold over the warranty period. The provision is based on estimates of probable likelihood of product failure and returns based on current sales level and past experience.
4. Provision for unexpired obligations is towards supply of Backup Spares against guaranteed availability contracts.

Note 23: Other non-current liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Advances from customers	**34,000.51**	36,245.50	36,611.85
Staff related	**25.25**	23.49	21.00
Deferred government grant	**164.11**	-	-
Total	**34,189.87**	36,268.99	36,632.85

a. Company received an interest free loan of ₹944.00 Lakhs from Government of Kerala (Note 20). The same has been initially recognised at fair value and the difference between the proceeds and fair value is recognised as deferred government grant. The government grant income is amortised to profit or loss on a straight line basis over the term of interest free loan (Note 31).

Note 24: Borrowings

(₹ in Lakhs)

Particulars	**As at 31st March 2017**	As at 31st March 2016	As at 1st April 2015
Repayable on demand from banks			
Secured			
Cash Credit & Short Term Loans (secured by first charge by way of hypothecation of Inventories, Bills receivable, Book Debts and all other movables both present and future)	**11,285.16**	15,367.44	17,531.27
Unsecured	-	-	-
Total	**11,285.16**	15,367.44	17,531.27

Note 25: Trade Payables

(₹ in Lakhs)

Particulars	**As at 31st March 2017**	As at 31st March 2016	As at 1st April 2015
Total outstanding dues of micro & small enterprises	**1,819.71**	1,396.92	3,277.65
Total outstanding dues of creditors other than micro & small enterprises	**47,865.19**	39,750.54	48,984.76
Total	**49,684.90**	41,147.46	52,262.41

Micro and Small Enterprises (MSE)

The information under MSMED Act, 2006 has been disclosed to the extent such vendors have been identified by the company. The details of amounts outstanding to them based on available information with the Company is as under :

(₹ in Lakhs)

Particulars	**As at 31st March 2017**	As at 31st March 2016	As at 1st April 2015
Amount due and Payable at the year end			
- Principal	**27.73**	562.36	976.42
- Interest on above Principal	-	51.13	23.10
Payments made during the year after the due date			
- Principal	**44.18**	8,235.12	7,799.40
- Interest	**0.96**	-	-
Interest due and payable for principals already paid	**54.58**	398.51	417.08
Total Interest accrued and remained unpaid at year end Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23 of MSMED Act, 2006.	**54.58** **0.96**	449.64 112.40	440.18 243.08

Note 26: Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current maturities of long term debt (refer note 20)	**1,233.99**	5,127.25	5,127.25
Deposit from vendors	**523.31**	391.66	236.63
Earnest Money Deposit from vendors	**409.69**	717.17	546.99
Derivative liabilities	-	-	299.11
Interest accrued but not due on borrowings	**1,017.67**	1,131.68	1,119.86
Interest accrued and due on borrowings	-	-	35.49
Unclaimed dividend	**31.82**	37.59	42.53
Total	**3,216.48**	7,405.35	7,407.86

Note 27: Other current liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Other payables			
a. Staff related dues	**2,409.44**	2,178.10	1,590.07
b. Statutory dues	**5,028.59**	6,258.15	9,479.80
c. Excise Duty provision on FGI	**8,047.08**	7,015.30	9,162.40
d. Advances from customers	**64,325.87**	33,805.78	40,862.12
e. Service vendors	**8,061.33**	4,926.66	6,792.87
f. Civil contractors and Capital payments	**1,733.86**	1,688.57	1,701.38
Interest due on MSE vendors	-	196.71	15.84
Deferred government grant (refer note 23 a)	**42.73**	-	-
Total	**89,648.90**	56,069.27	69,604.48

Note 28: Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Provision for employee benefits			
for Gratuity	**759.82**	-	1,219.78
for Leave Salary	**2,289.82**	3,248.43	1,639.60
for Performance Related Pay	**870.00**	570.00	370.00
for Post retirement medical scheme	**1,848.04**	1,413.07	277.19
for Officers Pension	**1,230.65**	1,171.86	674.14
for Wage revision	**1,817.43**	-	-
Provision-others			
for pending legal cases	**33.55**	37.37	346.20
for warranty	**5,595.41**	6,312.20	6,070.36
for unexpired obligations	**495.63**	759.22	1,498.97
for others	-	-	0.49
Total	**14,940.35**	13,512.15	12,096.73

Movement in Provisions

(₹ in Lakhs)

Particulars	As at 01.04.2015		Additions	Utilization	Reversal	As at 31.03.2016	
	Non-current	Current				Non-current	Current
Gratuity	-	1,219.78	786.07	2,219.78	-	-	*(213.93)
Leave Salary	13,426.73	1,639.60	4,609.43	3,989.37	-	12,437.96	3,248.43
Post retirement medical scheme	1,973.17	277.19	2,184.61	180.89	-	2,841.01	1,413.07
Performance Related Pay	-	370.00	200.00	-	-	-	570.00
Officers Pension	-	674.14	1,171.86	659.47	14.67	-	1,171.86
Pending legal cases	-	346.20	8.24	307.27	9.80	-	37.37
Warranty	135.00	6,070.36	6,426.49	5,704.57	442.08	173.00	6,312.20
Unexpired Obligation	900.96	1,498.97	470.56	691.01	807.97	612.29	759.22
Total	**16,435.86**	**12,096.24**	**15,857.26**	**13,752.36**	**1,274.52**	**16,064.26**	**13,298.22**

* Towards Gratuity the company has funded ₹213.93 Lakhs more than liability and this amount is included under Note No. 18

(₹ in Lakhs)

Particulars	As at 01.04.2016		Additions	Utilization	Reversal	As at 31.03.2017	
	Non-current	Current				Non-current	Current
Gratuity	-	(213.93)	2,273.75	1,300.00	-	-	759.82
Leave Salary	12,437.96	3,248.43	5,298.19	4,504.28	-	14,190.48	2,289.82
Post retirement medical scheme	2,841.01	1,413.07	852.51	289.06	-	2,969.49	1,848.04
Performance Related Pay	-	570.00	300.00	-	-	-	870.00
Officers Pension	-	1,171.86	1,230.65	1,145.04	26.82	-	1,230.65
Wage revision	-	-	1,817.43	-	-	-	1,817.43
Pending legal cases	-	37.37	1.05	0.50	4.37	-	33.55
Warranty	173.00	6,312.20	4,331.22	4,361.74	762.27	97.00	5,595.41
Unexpired Obligation	612.29	759.22	120.60	-	759.21	237.27	495.63
Total	**16,064.26**	**13,298.22**	**16,225.40**	**11,600.62**	**1,552.67**	**17,494.24**	**14,940.35**

Note 29: Current tax liabilities (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Provision for Income tax	**1,303.08**	1,375.49	148.10
Total	**1,303.08**	1,375.49	148.10

Note 30: Revenue from Operations

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
(a) Sale of products (including excise duty as applicable):		
Earth Moving Equipment	**90,228.17**	97,436.67
Rail & Metro Products	**54,565.68**	1,01,860.34
Defence Products	**43,483.13**	34,335.39
Traded Goods	-	57.82
Spare Parts	**72,611.14**	68,932.44
Wind Energy	**962.72**	370.68
Sub-total	**2,61,850.84**	3,02,993.34
(b) Sale of services;		
Equipment Servicing	**19,554.71**	23,040.91
Sub-total	**19,554.71**	23,040.91
(c) Other operating revenues		
Sale of Scrap	**2,060.33**	2,399.05
Sub-total	**2,060.33**	2,399.05
Revenue from operations	**2,83,465.88**	3,28,433.30

i. The company has entered into a consortium agreement with one international partner for the supply of Metro coaches to Delhi Metro Rail Corporation Ltd, (DMRCL). As per the agreement, the company is responsible to raise the bills at the full value of the contract including consortium scope on DMRCL, as terminal excise duty and CST thereon is discharged by the company.

Note 30A:

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

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Rail & Metro Products	**54,797.56**	1,15,718.86
Other products, services and other operating revenue	**2,28,900.20**	2,26,572.96
Sub-total	**2,83,697.76**	3,42,291.82
Less: Value of Consortium Supplies	**231.88**	13,858.52
Revenue from Operations	**2,83,465.88**	3,28,433.30

ii. Ind AS 11 (Construction Contracts)

Revenue includes revenue recognised on percentage of completion method as detailed below: (₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
a) Contracts revenue recognized during the year	**2,407.65**	1,806.80
b) Disclosure in respect of Contracts in Progress as at 31st March 2017		
(i) Aggregate amount of cost incurred	**5,861.61**	3,453.96
(ii) Recognized profit (less recognized losses, if any) net of provision for contingency	-	-
(iii) Amount of advances received and outstanding	**3,390.87**	-
(iv) The amount of retention	-	-
c) Percentage of completion method is used to determine the contract revenue recognised in the period. Ratio of the actual cost incurred on the contracts up to 31.03.2017 to the estimated total cost of the contract, is used to determine the stage of completion.		

Note 31: Other Income

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Interest Income		
- From Deposits	-	100.73
- From Inter Corporate Loans	**349.36**	456.69
- From Other Advances	**107.55**	135.55
- From Income tax refund	**923.36**	39.96
[Gross Interest : ₹2007.88 Lakhs		
Less: Consortium share: ₹1084.52 Lakhs]		
- Finance income on lease deposits	**4.41**	3.32
- Others	**31.12**	16.99
Government grant income	**28.49**	-
Export incentives	**64.20**	310.61
Net gain on sale of property, plant and equipment	**5.29**	5.17
Provisions written back		
- Doubtful trade receivables & advances	**13.45**	26.85
- Others	**2,116.07**	1,360.47
Foreign exchange gain	**862.36**	-
Other non-operating income	**1,739.29**	1,759.77
Total	**6,244.95**	4,216.11

a. Tax Deducted at Source on Income (₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
a) Interest on Call and Term Deposit from Banks	-	10.07
b) Interest on Inter Corporate Loans	34.94	45.67
c) Others	-	10.59

Note 32: Cost of materials consumed

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Cost of materials consumed	**1,34,757.95**	1,47,673.25

Note 33: Purchase of stock-in-trade

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Purchase of stock-in-trade	-	51.21

Note 34: Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Opening Stock		
Finished goods	**37,099.07**	52,593.00
Work-in-progress	**50,059.12**	58,494.87
Scrap	**599.32**	1,040.88
	87,757.51	1,12,128.75
Closing Stock		
Finished goods	**41,999.49**	37,099.07
Work-in-progress	**57,725.23**	50,059.12
Scrap	**542.03**	599.32
	1,00,266.75	87,757.51
(Increase) / Decrease		
Finished goods	**(4,900.42)**	15,493.93
Work-in-progress	**(7,666.11)**	8,435.75
Scrap	**57.29**	441.56
Total	**(12,509.24)**	24,371.24

Note 35: Employee benefits expense

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Salaries, Wages & Bonus	**58,888.93**	56,842.03
Leave Salary	**5,298.19**	4,609.43
Contribution to:		
- Gratuity Fund	**689.62**	810.16
- Provident Fund and Other Funds	**5,797.22**	5,752.86
Post retirement medical scheme	**924.49**	824.58
Staff welfare expenses	**6,979.03**	7,104.60
-Less receipts	**504.90**	490.53
Net staff welfare expenses	**6,474.13**	6,614.07
Total	**78,072.58**	75,453.13

A. Ind AS 19 (Employee Benefits)

a. Leave Salary

This is an unfunded employee benefit plan categorized under other long term employee benefits in terms of Ind AS 19. The obligation for compensated absence has been actuarially valued and liability provided accordingly.

Actuarial Assumptions	Current Year	Previous Year
	(Unfunded)	(Unfunded)
Mortality Table	**2006-08 (IALM) (Ultimate)**	2006-08 (IALM) (Ultimate)
Discount rate	**7.40%**	7.80%
Rate of escalation in salary	**5.00%**	5.00%

b. Post Retirement Medical Scheme

1. Employees

(i) The company has a post retirement defined benefit medical scheme where an insurance policy is taken by the company for providing mediclaim benefits to the superannuated employees who opt for the scheme. The Company pays 2/3 rd insurance premium and the balance is paid by the superannuated employees.

(ii) The results of the actuarial study for the obligation of the medical benefit as computed by the actuary are shown below:

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
Principal actuarial assumptions		
Discount rate	**7.40%**	7.80%
Range of compensation increase	**5.00%**	5.00%
Attrition rate:	**0.90%**	0.90%
Components of income statement charge		
Current Service Cost	**151.10**	197.15
Interest Cost	**245.97**	125.20
Total income statement charge	**397.07**	322.35
Movements in net defined benefit liability		
Net obligation at the beginning of the year	**3,153.54**	1,605.13
Employer contributions	**(165.91)**	(133.98)
Total expense recognised in profit or loss	**397.07**	322.35
Total amount recognised in OCI	**(71.98)**	1,360.04
Net obligation at the end of the year	**3,312.72**	3,153.54
Reconciliation of benefit obligations		
Obligation at start of the year	**3,153.54**	1,605.13
Current service cost	**151.10**	197.15
Interest cost	**245.97**	125.20
Benefits paid directly by the company	**(165.91)**	(133.98)
Actuarial loss / (gain) on obligations	**(71.98)**	1,360.04
DBO at the end of the year	**3,312.72**	3,153.54
Re-measurements		
Actuarial gain/(loss) on account of experience adjustments	**(71.98)**	1,360.04
Total actuarial gain/(loss) recognised in OCI	**(71.98)**	1,360.04

(iii) Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	Current Year	Previous Year
Discount rate		
+ 0.50% discount rate	**(169.24)**	(166.67)
- 0.50% discount rate	**185.26**	183.00
Premium cost		
+ 0.50% premium growth	**193.17**	141.59
- 0.50% premium growth	**(177.46)**	(132.10)

(₹ in Lakhs)

(iv) Experience adjustments	Current Year	Previous Year
Defined benefit obligation	**3,312.72**	3,153.54
Experience adjustment on plan liabilities	**(208.57)**	1,168.11

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

2. Officers

For officers, from the year 2015-16 a new Post-Retirement Medical Scheme has been introduced where a percentage of Basic salary and DA of officers will be contributed to a separate fund and the fund arrange to provide medical insurance to retired officers. Company has contributed 3% of the basic and DA of officers amounting to ₹527.42 Lakhs during 2016-17 for the scheme. Company has no further liability other than the contribution to the fund. Hence the scheme is a defined contribution plan and no actuarial valuation is required.

c. Interest Rate Guarantee on Provident Fund

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

Actuarial Assumptions	Current Year	Previous Year
	(Funded)	(Funded)
Discount rate	**7.30%**	7.80%
Rate of escalation in salary	**5.00%**	5.00%
Interest Rate Guarantee on Provident Fund	**8.65%**	8.75%

d. Officers Pension Scheme

Based on the guidelines of Ministry of Defence, Company has implemented "BEML Executive Superannuation (Pension) Scheme" for Officers of the Company. The Scheme is a defined contribution plan and the contribution made is being charged off in the year of contribution. Being a defined contribution plan no actuarial valuation is done.

e. Gratuity

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

(ii) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
Principal actuarial assumptions		
Discount rate	**7.40%**	7.80%
Range of compensation increase	**5.00%**	5.00%
Attrition rate	**0.90%**	0.90%
Expected rate of return on plan assets	**8.40%**	8.50%
Components of income statement charge		
Current Service Cost	**757.01**	715.02
Interest Cost	**(67.39)**	95.14
Total income statement charge	**689.62**	810.16
Movements in net liability/(asset)		
Net liability / (asset) at the beginning of the year	**(213.93)**	1,219.78
Employer contributions	**(1,300.00)**	(2,219.78)
Total expense recognised in profit or loss	**689.62**	810.16
Total amount recognised in OCI	**1,584.13**	(24.09)
Net liability / (asset) at the end of the year	**759.82**	(213.93)
Reconciliation of benefit obligations		
Obligation at start of the year	**35,475.72**	36,874.78
Current service cost	**757.01**	715.02
Interest cost	**2,570.03**	2,876.23
Benefits paid directly by the company	**(5,053.31)**	(5,100.37)
Actuarial loss / (gain) on obligations	**1,700.19**	110.06
DBO at the end of the year	**35,449.64**	35,475.72
Re-measurements		
Actuarial gain/(loss) due to changes in financial assumptions	**116.06**	134.15
Actuarial gain/(loss) on account of experience adjustments	**(1,700.19)**	(110.06)
Total actuarial gain/(loss) recognised in OCI	**(1,584.13)**	24.09
Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	**35,689.65**	35,655.00
Interest on plan assets	**2,637.42**	2,781.09
Contributions made	**1,300.00**	2,219.78
Benefits paid	**(5,053.31)**	(5,100.37)
Actuarial gain/(loss) on plan assets	**116.06**	134.15
Fair value of plan assets at the end of the year	**34,689.82**	35,689.65

(iii) Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	Current Year	Previous Year
Discount rate		
+ 0.50% discount rate	**(935.70)**	(944.59)
- 0.50% discount rate	**988.06**	995.22
Salary increase		
+ 0.50% salary growth	**381.36**	413.86
- 0.50% salary growth	**(402.11)**	(444.12)

(iv) Experience adjustments	Current Year	Previous Year
Defined benefit obligation	**35,449.64**	35,475.72
Fair value of plan assets	**34,689.82**	35,689.65
(Surplus)/deficit in plan assets	**759.82**	(213.93)
Experience adjustment on plan liabilities	**947.74**	110.06
Actual return on plan assets less interest on plan assets	**(67.39)**	95.14

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

(v) Investment details

The plan assets under the fund are deposited under approved securities as follows:

(iv) Experience adjustments		Current Year	Previous Year
Investment with LIC	%	**100**	99
Others	%	**0**	1

Note 36: Finance costs

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Interest expense		
On Cash Credit & Short term loans	**1,550.87**	1,322.04
On Long Term Loans	**20.59**	165.66
On External Commercial Borrowings	**139.75**	363.55
On Non-convertible Debentures	**2,602.72**	2,097.19
On Inter Corporate Loans	**360.15**	754.25
On MSE vendors	**0.96**	112.40
Unwinding of discount on Interest free loan	**46.01**	-
Others	**58.63**	87.72
Total	**4,779.68**	4,902.81

Ind AS 23 (Borrowing Costs)

The amount of interest capitalized during the Year is ₹169.28 Lakhs (Previous Year - ₹699.97 Lakhs).

Note 37: Other expenses

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Consumption of stores and spare parts	**645.62**	653.13
Consumable Tools	**538.28**	619.24
Power and fuel	**3,248.99**	3,252.06
Rent	**445.47**	396.42
Hire Charges	**958.71**	615.21
Repairs & Maintenance		
Machinery & Equipment	**438.80**	581.52
Buildings	**395.74**	544.89
Others	**927.96**	926.95
Stationery	**138.51**	130.40
Insurance	**352.13**	264.32
Rates & Taxes	**443.42**	601.63
Bank Charges	**659.58**	706.51
Communication expenses	**313.91**	336.25
Commission on sales	**45.02**	53.47
Remuneration to Auditors (refer note 'a' below)	**25.27**	24.92
Legal & Professional Charges	**216.85**	213.57
Travelling Expenses	**1,461.70**	1,547.73
Publicity & Public Relations	**223.75**	308.91
Loss on sale of property, plant and equipment	**7.37**	19.25
Obsolescence	**801.45**	555.45
Bad Debts written off	**15.23**	384.95
Defects & Spoilages	**24.77**	39.40
Works Contract Expenses	**4,416.33**	4,506.02
Expenses on Maintenance Contract	**3,607.20**	3,326.91
Sundry Direct Charges	**585.34**	1,430.08
Freight charges	**1,945.18**	2,892.58
Expenditure on CSR Activities	**418.77**	459.67
Excise duty on sales	**33,585.29**	30,372.30
Excise duty on increase / (decrease) in Stock	**519.98**	(2,042.02)
Provision for doubtful trade receivables & advances	**1,912.36**	1,966.50
Provision for diminution in value of Current Investment	**10.31**	17.88
Warranty & Unexpired Obligations	**1,290.93**	2,803.87
Liquidated damages on sales	**1,321.44**	129.51
Foreign exchange loss / (gain)	**-**	519.18
Miscellaneous expenses	**6,641.33**	7,670.57
Total	**68,582.99**	66,829.23

a. Break up of Remuneration to Auditors :

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
(a) As Auditor	**14.63**	9.30
(b) Half yearly Audit fee	-	4.00
(c) for taxation matter	**2.97**	2.70
(d) Other Services - Certification Fees	**7.02**	7.77
(e Reimbursement of Expenses	**0.65**	1.15
Total	**25.27**	24.92

Note 38: Exceptional Items

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Income	-	-
Expenditure	-	-
Net Income / (Expenditure)	-	-

Note 39: Other Disclosures

A. Basic / Diluted Earnings Per Equity Share	Current Year	Previous Year
Net Profit / (Loss) after Tax (₹ in Lakhs)	**8,444.59**	6,365.80
Average Number of Shares	**4,16,44,500**	4,16,44,500
Earnings Per Share (Basic and Diluted) – Face Value ₹10/- Per Share (Amount in ₹)	**20.28**	15.29

B. In terms of Notification No. S.O.2437(E) dated 04-09-2015 of the Ministry of Corporate Affairs, the Board at its meeting held on 27.05.2016 has given consent with regard to non-disclosure of information as required under paragraphs 5(ii) (a) (1), 5(ii) (a) (2), 5(iii) and Para 5(viii) (a), (b), (c) and (e) of Part II to Schedule III of the Companies Act, 2013, in the Annual accounts for the Financial Year 2015-16 onwards.

C. Ind AS 24 - Related Parties

In accordance with the requirements of Ind AS 24, following are details of the transactions during the year with related parties.

Name of the related party	Nature of relationship
Vignyan Industries Limited	Subsidiary
MAMC Industries Limited	Subsidiary
BEML Brazil Industrial Ltda	Subsidiary
BEML Midwest Limited	Joint venture
BEML PF Trust	Employee benefit and administration trust fund
BEML Gratuity Trust	Employee benefit and administration trust fund
BEML Death-cum-Retirement Benefit Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Pension) Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Benefit) Trust Fund	Employee benefit and administration trust fund
Shri P. Dwarakanath	Key managerial personnel
Shri. D.K. Hota	Key managerial personnel
Shri. Pradeep Swaminathan	Key managerial personnel
Shri. Aniruddh Kumar	Key managerial personnel
Shri. B R Viswanatha	Key managerial personnel
Shri. R H Muralidhara	Key managerial personnel
Shri. M E V Selvamm	Key managerial personnel
Shri. S V Ravi Sekhar Rao	Key managerial personnel

Transactions with related parties

1. The details of related party transactions entered into by the Company are as follows:

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

Details of Transactions (₹ in Lakhs)

Particulars	**31 March 2017**	31 March 2016	1 April 2015
Transactions during the year ended			
Sales	**660.64**	677.25	-
Purchases	**3,179.76**	3,216.58	-
Salaries charged to VIL for BEML personnel deputed there.	**52.91**	61.55	-
Dividends Received	-	-	-
Equity Investment held as on 31st March (at cost)	**252.60**	252.60	252.60
Outstanding balances			
Amount payable towards supplies as on	**65.88**	-	-
Amount recoverable as on	-	202.26	589.34
Corporate Guarantee given to Bankers	-	-	-

ii. Name of the Subsidiary - M/s. MAMC Industries Limited [Refer Note 11 (a)]

Details of Transactions

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Equity Investment held as on 31st March (at cost)	**5.00**	5.00	5.00
Advances recoverable as on 31st March	**601.76**	601.44	601.20

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

Details of Transactions

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Transactions during the year ended			
Sales	-	-	-
Purchases	-	-	-
Equity Investment held as on 31st March (at cost)	**542.25**	542.25	542.25
Outstanding balances			
Advances recoverable as on 31st March	**134.28**	131.33	131.54
Amount payable towards supplies as on 31st March	**230.00**	230.00	230.00
Corporate Guarantee given to Bankers as on 31st March [refer Note 7 (b)]	**1,912.50**	1,912.50	1,912.50

iv. Name of the Subsidiary - M/s. BEML Brazil Industrial Ltda

Details of Transactions

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Investment in Quotas held as on 31st March (at cost)	**185.55**	185.55	185.55

2. Remuneration to Key managerial personnel

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
Shri P. Dwarakanath - Chairman and Managing Director *	**11.47**	41.19
Shri. D.K. Hota - Director - Chairman and Managing Director	**38.88**	35.07
Shri. Pradeep Swaminathan - Director (Finance) *	**2.93**	33.59
Shri. Aniruddh Kumar - Director (Rail & Metro)	**34.79**	29.26
Shri. B R Viswanatha - Director (Mining & Construction) *	**32.06**	7.31
Shri. R H Muralidhara - Director (Defence) *	**31.93**	6.71
Shri. M E V Selvamm - Company Secretary *	**10.95**	16.09
Shri. S V Ravi Sekhar Rao - Company Secretary *	**8.48**	-

(* For part of the year.)

3. Details of remuneration of key managerial personnel comprises the following:

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
Shri P. Dwarakanath (Chairman and Managing Director) *		
Short-term benefits	11.47	36.54
Post-employment benefits	-	1.23
Other long-term benefits	-	3.42
Termination benefits	-	-
Shri. D.K. Hota (Chairman and Managing Director)	**31 March 2017**	31 March 2016
Short-term benefits	34.95	31.64
Post-employment benefits	1.35	1.25
Other long-term benefits	2.58	2.18
Termination benefits	-	-
Shri. Pradeep Swaminathan (Director - Finance) *	**31 March 2017**	31 March 2016
Short-term benefits	2.91	30.24
Post-employment benefits	0.02	1.18
Other long-term benefits	-	2.17
Termination benefits	-	-
Shri. Aniruddh Kumar (Director - Rail & Metro)	**31 March 2017**	31 March 2016
Short-term benefits	29.63	27.40
Post-employment benefits	1.07	1.09
Other long-term benefits	4.09	0.77
Termination benefits	-	-
Shri. B R Viswanatha (Director - Mining & Construction)*	**31 March 2017**	31 March 2016
Short-term benefits	28.87	4.51
Post-employment benefits	0.32	0.18
Other long-term benefits	2.87	2.62
Termination benefits	-	-
Shri. R H Muralidhara (Director - Defence)*	**31 March 2017**	31 March 2016
Short-term benefits	28.92	2.34
Post-employment benefits	0.24	0.10
Other long-term benefits	2.77	4.27
Termination benefits	-	-
Shri. M E V Selvamm (Company Secretary) *	**31 March 2017**	31 March 2016
Short-term benefits	10.86	15.00
Post-employment benefits	0.09	0.68
Other long-term benefits	-	0.41
Termination benefits	-	-

Shri. S V Ravi Sekhar Rao - (Company Secretary)*	31 March 2017	31 March 2016
Short-term benefits	6.89	-
Post-employment benefits	0.66	-
Other long-term benefits	0.93	-
Termination benefits	-	-
Total	**31 March 2017**	31 March 2016
Short-term benefits	154.50	147.67
Post-employment benefits	3.75	5.71
Other long-term benefits	13.24	15.84
Termination benefits	-	-

* For part of the year.

4. Considering the wide scope of the definition of Related Party under section 2(76); Relative under section 2(77) and Key Managerial Personnel under section 2(51) of Companies Act, 2013 and the requirement under Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the disclosure with respect to Related Party transactions has been restricted to Subsidiary / Joint Venture / Associate companies and to any other Related Party as declared by Directors and Key Managerial Personnel. Accordingly, the compliance with Related Party Transactions under section 188, Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been made to the extent data is available with the Company.

D. Contingent liabilities & Commitments

I. Contingent liabilities

a. Claims against the Company not acknowledged as debts

i Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT etc.,) - ₹59307.40 Lakhs (Previous Year - ₹57046.22 Lakhs).

ii Other claims - legal cases etc. ₹15431.30 Lakhs (Previous Year - ₹52629.58 Lakhs).

b. Guarantees

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

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

II. Commitments

a. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹5934.42 Lakhs (Previous Year - ₹2270.81 Lakhs)

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

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

NOTES

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

E. Aggregate amount of Research & Development Expenses:

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
Revenue Expenditure*	**7,611.18**	5,589.74
Capital Expenditure**	**196.44**	1,072.77

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

a. Research & Development Revenue Expenditure :

(₹ in Lakhs)

Expenditure in R&D included in	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Material Cost	**230.23**	421.90
Employee Remuneration	**3,610.50**	3,400.21
Depreciation	**877.73**	763.43
Power and Fuel	**142.18**	211.79
Repairs and Maintenance	**16.71**	20.72
Consumable Tools	**2.56**	2.24
Travelling	**135.94**	112.85
Other Expenses	**983.62**	855.53
Payment to Technology Providers	**81.79**	-
Cost of Sales of Prototype sold	**2,407.65**	564.50
Total R&D Revenue Expenditure	**8,488.91**	6,353.17
Less: Depreciation	**877.73**	763.43
Net R & D Expenditure	**7,611.18**	5,589.74
Sale value of prototype sold - included in net Sales	**2407.65**	1,161.00

** The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2017 and 31st March 2016 is as below.

b. Research & Development Capital Expenditure

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated depreciation, amortisation and impairment				Carrying value	
	As at 01.04.2015	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 01.04.2015	For the year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Property, Plant and Equipment										
Land										
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29
Roads & Drains	1.64	-	-	1.64	-	1.44	(3.00)	(1.56)	3.20	1.64
Water Supply Installations	0.12	-	-	0.12	-	0.01	(0.01)	-	0.12	0.12
Buildings	111.95	-	(2.62)	109.33	-	19.74	(6.62)	13.12	96.21	111.95
Plant, Machinery and Equipment	560.49	22.56	(50.57)	532.48	-	84.65	(20.17)	64.48	468.00	560.49
Electrical Installation	10.52	9.65	12.49	32.66	-	1.89	14.82	16.71	15.95	10.52
Furniture & Fixtures	47.53	2.06	12.36	61.95	-	11.84	8.16	20.00	41.95	47.53
Transport Vehicles	16.99	9.09	5.33	31.41	-	5.82	(0.91)	4.91	26.50	16.99
Computers and Data processing units	19.23	90.71	338.48	448.42	-	20.79	319.59	340.38	108.04	19.23
Intangible Assets										
Software	192.87	938.70	0.32	1,131.89	-	127.75	0.03	127.78	1,004.11	192.87
Technical Knowhow	1,117.36	-	-	1,117.36	-	489.50	-	489.50	627.86	1,117.36
Total	**2,081.99**	**1,072.77**	**315.79**	**3,470.55**	**-**	**763.43**	**311.89**	**1,075.32**	**2,395.23**	**2,081.99**
Previous Year	2,081.99			2,081.99				-	2,081.99	2,921.75

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated depreciation, amortisation and impairment				Carrying value		
	As at 01.04.2016	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 01.04.2016	For the year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Property, Plant and Equipment											
Land											
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29	3.29
Roads & Drains	1.64	-	-	1.64	(1.56)	0.91	-	(0.65)	2.29	3.20	1.64
Water Supply Installations	0.12	-	-	0.12	-	-	-	-	0.12	0.12	0.12
Buildings	109.33	-	-	109.33	13.12	19.49	0.01	32.62	76.71	96.21	111.95
Plant, Machinery and Equipment	532.48	109.44	-	641.92	64.48	99.48	(11.32)	152.64	489.28	468.00	560.49
Electrical Installation	32.66	7.43	-	40.09	16.71	2.67	-	19.38	20.71	15.95	10.52
Furniture & Fixtures	61.95	9.80	-	71.75	20.00	11.35	(0.03)	31.32	40.43	41.95	47.53
Transport Vehicles	31.41	-	(5.00)	26.41	4.91	6.55	(4.69)	6.77	19.64	26.50	16.99
Computers and Data processing units	448.42	66.76	10.38	525.56	340.38	43.81	8.75	392.94	132.62	108.04	19.23
Intangible Assets											
Software	1,131.89	3.01	47.33	1,182.23	127.78	267.60	8.54	403.92	778.31	1,004.11	192.87
Technical Knowhow	1,117.36	-	-	1,117.36	489.50	425.87	-	915.37	201.99	627.86	1,117.36
Total	**3,470.55**	**196.44**	**52.71**	**3,719.70**	**1,075.32**	**877.73**	**1.26**	**1,954.31**	**1,765.39**	**2,395.23**	**2,081.99**
Previous Year	2,081.99	1,072.77	315.79	3,470.55	-	763.43	311.89	1,075.32	2,395.23	2,081.99	2,921.75

F. Ind AS 108 (Operating Segments)
Vide Notification No. GSR 463(E) dated 05-06-2015 (Serial no. 8) issued by Ministry of Corporate Affairs, exempted companies engaged in Defence Production from segmental disclosure as required under Ind AS 108 (Operating Segments), accordingly the disclosure requirements under Ind AS 108 has not been made.

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

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

I. Disclosures as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements), the required information is given as under:

(₹ in Lakhs)

Particulars	Amount as on		Maximum amount outstanding during the year ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
i. Loans and Advances in the nature of loans:				
A. To Subsidiary Companies	-	-	-	-
B. To Associates / Joint Venture	-	-	-	-
C. To Firms / Companies in which directors are interested	-	-	-	-
D. Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 186 of Companies Act, 2013	-	-	-	-
ii. Investment by the loanee (as detailed above) in the shares of BEML and its subsidiaries	-	-	-	-

J. Leases

a) The Company as a lessee

The Company's significant leasing arrangements are in respect of operating leases and in respect of its leased office premises. These lease arrangements, run for a period of 3 Years to 10 Years and are generally renewable by mutual consent.

Future minimum lease payments under non-cancellable operating leases are summarised below:

(₹ in Lakhs)

Particulars	**31 March 2017**	31 March 2016	1 April 2015
Not later than one year	**120.88**	119.42	112.73
Later than one year but not later than five years	**267.73**	513.40	567.47
Later than five years	**1,379.53**	1,578.91	1636.01
Total operating lease commitments	**1,768.14**	2,211.73	2,316.21

b) The Company as a lessor

The Company provides cars to employees who are eligible and enrol into such a scheme after completion of a specific period of service. Such leases are non-cancellable in nature and have been classified as operating leases.

Below are the details of carrying amounts of such vehicles recorded as property, plant and equipment:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Carrying value of assets	**426.22**	465.40	487.17
Accumulated depreciation	**106.47**	62.00	67.38
Depreciation expense during the year	**81.56**	96.07	69.07

Future minimum lease receipts under non-cancellable operating leases in respect of leased cars are summarised below:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Not later than one year	**43.50**	47.24	53.73
Later than one year but not later than five years	**136.09**	177.76	162.76
Later than five years	**106.03**	155.57	49.52
Total operating lease commitments	**285.62**	380.57	266.01

c) Lease income and expenditure

The gross amounts of operating lease income and expenditure recognised in profit or loss is as below.

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
Lease income	**70.67**	64.84
Lease expenses	**445.47**	396.42

K. Fair values and measurement principles

a) The carrying value and fair value of financial instruments by category are as follows: (₹ in Lakhs)

Particulars	31 March 2017		31 March 2016		1 April 2015	
	Carrying amounts		Carrying amounts		Carrying amounts	
	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost
Financial assets measured at fair value:						
Forward exchange contracts	-	-	749.24	-	14.76	-
	-	-	749.24	-	**14.76**	-
Financial assets not measured at fair value:						
Loans	-	**2,501.65**	-	3,331.92	-	4,159.01
Trade receivables	-	**1,43,037.35**	-	1,20,716.69	-	99,144.41
Cash and cash equivalents	-	**1,401.02**	-	6,578.99	-	14,487.18
Other financial assets	-	**667.04**	-	630.71	-	611.83
	-	**1,47,607.06**	-	1,31,258.31	-	1,18,402.43

(₹ in Lakhs)

Particulars	31 March 2017		31 March 2016		1 April 2015	
	Carrying amounts		Carrying amounts		Carrying amounts	
	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost
Financial liabilities measured at fair value:						
Forward exchange contracts	-	-	-	-	313.87	-
	-	-	-	-	313.87	-
Financial liabilities not measured at fair value:						
Borrowings	-	**42,337.46**	-	51,632.66	-	58,923.94
Trade payables	-	**49,684.90**	-	41,147.46	-	52,262.41
Other financial liabilities	-	**3,258.08**	-	7,438.34	-	7,119.84
	-	**95,280.44**	-	1,00,218.46	-	1,18,306.19

* The Company has not disclosed the fair values for financial instruments, because their carrying amounts are a reasonable approximation of fair value.

b) The following table shows the fair values of assets and liabilities including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Company's use of quoted market prices (Level 1), valuation model using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities and contracts by type of issuer was as follows:

(₹ in Lakhs)

Particulars	31 March 2017			31 March 2016			1 April 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value:									
Forward exchange contracts	-	-	-	-	749.24	-	-	14.76	-
	-	-	-	-	749.24	-	-	14.76	-
Financial liabilities measured at fair value:									
Forward exchange contracts	-	-	-	-	-	-	-	313.87	-
	-	-	-	-	-	-	-	313.87	-

c) **Measurement of fair values**

Valuation techniques and significant unobservable inputs:

Particulars	Valuation technique	Significant unobservable inputs
Forward exchange contracts	The fair values is determined using unquoted forward exchange rates at the reporting date.	Not applicable

d) **Transfers between the fair value hierarchy**

There were no transfers in either direction in the fair value hierarchy during the year 2016-17.

L. Financial risk management

The Company is broadly exposed to credit risk, liquidity risk and market risk as a result of financial instruments.

The Company's Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Company's risk management framework. Treasury Management Team in the company take appropriate steps to mitigate financial risks within the framework set by the top management. Derivative transactions are undertaken by a specialist team with appropriate skills and experience. Company do not trade in derivatives for speculation.

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalents held with banks and current and non-current debt investments.

The Company regularly follow up the receivable to minimise losses arising from credit exposure from credit customers. Credit control assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Deposits and cash balances are placed with reputable scheduled banks. The carrying amount of financial assets represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base. Major Customers of the company are from Government Sector and Public Sector Companies, where credit risk is relatively low.

The management has established a system under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables based on factual information as on the Balance sheet date.

The maximum exposure to credit risk for trade receivables by geographic region was as follows.

(₹ in Lakhs)

Particulars	**31 March 2017**	31 March 2016	1 April 2015
India	**1,42,345.96**	1,19,553.33	97,378.89
Other regions	**691.39**	1,163.36	1,765.52
Total trade receivables	**1,43,037.35**	1,20,716.69	99,144.41

As at 31 March 2017, the Company's most significant customer, accounted for ₹6346.78 lakhs of the trade receivables carrying amount (31 March 2016: ₹6305.00 lakhs, 1 April 2015: ₹4449.00 lakhs).

The movement in the loss allowance for impairment of trade receivables are disclosed in Note No. 14 Any past due from Government Customers and those fully covered by guarantees or collaterals received are not tested for impairment.

The credit quality of the financial assets is satisfactory, taking into account the allowance for doubtful trade receivables.

The Company has not received any collaterals for receivables as at reporting date.

The impairment loss allowance at 31 March 2017 related to several customers that have indication that they may not pay their outstanding balances. The Company believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on the fact that major customers are Government department, PSUs and historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or the risk that the Company will face difficulty in raising financial resources required to fulfil its commitments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is maintained at low levels through effective cash flow management, low borrowings and availability of adequate cash. Cash flow forecasting is performed internally by forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs, to fund scheduled investments and to comply with loan covenants.

To ensure continuity of funding, the Company primarily uses short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirement needs. The Company has also availed various non-current facilities in the form of secured redeemable debentures, secured term loans, inter-corporate loans against the Company's guarantee and soft loans from the Government for expansion projects and construction and development of capital assets.

Exposure to liquidity risk

The table below details the Company's remaining contractual maturity for its financial liabilities and derivative financial liabilities. The contractual cash flows reflect the undiscounted cash flows of financial liabilities and derivative financial liabilities based on the earliest date on which the Company can be required to pay.

(₹ in Lakhs)

Particulars	Contractual cash flows			Adjustments	Carrying amount
	1 year or less	1 year to 5 years	5 years or more		
31 March 2017					
Non-derivative financial liabilities					
Non-current Borrowings	-	21,052.30	10,000.00	-	31,052.30
Current Borrowings	11,285.16	-	-	-	11,285.16
Trade payables	49,684.90	-	-	-	49,684.90
Other financial liabilities	3,258.08	-	-	-	3,258.08
Derivative financial instruments					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	64,228.14	**21,052.30**	**10,000.00**	**-**	**95,280.44**
31 March 2016					
Non-derivative financial liabilities					
Non-current Borrowings	-	16,265.22	20,000.00	-	36,265.22
Current Borrowings	15,314.20	-	-	-	15,314.20
Trade payables	41,147.46	-	-	-	41,147.46
Other financial liabilities	7,438.34	-	-	-	7,438.34
Derivative financial instruments					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	(749.24)	-	-	-	(749.24)
	63,150.76	**16,265.22**	**20,000.00**	**-**	**99,415.98**
1 April 2015					
Non-derivative financial liabilities					
Non-current Borrowings	-	11,392.67	30,000.00	-	41,392.67
Current Borrowings	17,538.55	-	-	-	17,538.55
Trade payables	52,262.41	-	-	-	52,262.41
Other financial liabilities	7,119.84	-	-	-	7,119.84
Derivative financial instruments					
Forward exchange contracts					
- Outflow	313.87	-	-	-	313.87
- Inflow	(14.76)	-	-	-	(14.76)
	77,219.91	**11,392.67**	**30,000.00**	**-**	**1,18,612.58**

(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity / commodity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management.

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk). The Company enters into forward derivative contracts to manage risks of loss arising due to foreign exchange exposure. During the year ended 31 March 2017, there was no change to the manner in which the Company managed or measured market risk.

(iv) Currency risk

Foreign currency risk is the risk arising from exposure to foreign currency movement that will impact the Company's future cash flows and profitability in the ordinary course of business. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities from procuring or selling in foreign currencies and obtaining finance in foreign currencies.

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date.

The Company operates domestically and is currently a party to borrowings in foreign currencies (USD) which is fully hedged through cross currency swaps until maturity. Foreign exchange risk also arises from future commercial transactions. To manage foreign exchange risk arising from future commercial transactions, the Company may use forward contracts, transacted by the Company's Treasury. The Company's risk management policy is to fully hedge foreign currency exposures related to borrowings and to hedge foreign currency exposures relating to revenue, operating expenditure and capital expenditure over certain thresholds.

The Company has availed a foreign currency term loan which is fully hedged through cross currency swaps until maturity of the ECB.

Particulars	Lender / Loan market	Currency	31 March 2017	31 March 2016	1 April 2015
Foreign currency term borrowings [1]		USD (in Millions)	-	5.00	10.00
		INR (in Lakhs)	-	2,650.00	5,300.00

[1] As the foreign currency borrowing exposures are fully hedged, a strengthening or weakening of USD will have no impact on profit or loss or equity. At 31 March 2016, the Company had no exposure to foreign exchange risk on the above foreign currency borrowings, which has been repaid on the maturity date of 13 January 2017.

The Company does not use derivative financial instruments for trading or speculative purposes. Following is the information on derivative financial instruments to hedge the foreign exchange rate risk as on dates are as below:

31 March 2017

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward contract	NIL	NIL	NIL	NIL
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

31 March 2016

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward contract	JPY	INR	661.67	Buy
Hedges of recognized (liabilities) / assets		EUR	INR	87.57	Buy
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

1 April 2015

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward contract	JPY	INR	(133.66)	Buy
Hedges of recognized (liabilities) / assets		EUR	INR	(169.74)	Buy
Hedges of recognized (liabilities) / assets		USD	INR	4.29	Buy
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

Exposure to currency risk

(₹ in Lakhs)

The currency profile of financial assets and financial liabilities as on dates are as below:

Particulars	INR	USD	EURO	JPY	BRL	GBP	SGD	CHF	ZAR
31 March 2017									
Financial assets (A)									
Cash and cash equivalents	1,226.54	-	174.47	0.01	-	-	-	-	-
Current investments	-	-	-	-	51.83	-	-	-	-
Trade receivables	1,42,345.96	677.98	13.41	-	-	-	-	-	-
Financial liabilities (B)									
Trade payables	41,901.64	3,136.08	1,374.57	1,867.48	107.59	1,271.71	6.18	3.59	16.06
Other current financial liabilities	3,214.57	1.91	-	-	-	-	-	-	-
Net exposure to currency risk (A-B)	**98,456.29**	**(2,460.01)**	**(1,186.69)**	**(1,867.47)**	**(55.76)**	**(1,271.71)**	**(6.18)**	**(3.59)**	**(16.06)**
31 March 2016									
Financial assets (A)									
Cash and cash equivalents	1,490.29	-	4,658.90	429.80	-	-	-	-	-
Current investments	-	-	-	-	62.14	-	-	-	-
Trade receivables	1,19,553.33	882.08	281.28	-	-	-	-	-	-
Financial liabilities (B)									
Trade payables	39,306.97	690.81	1,053.18	2.30	-	72.80	5.59	-	15.81
Other current financial liabilities	4,755.35	2,650.00	-	-	-	-	-	-	-
Net exposure to currency risk (A-B)	**76,981.30**	**(2,458.73)**	**3,887.00**	**427.50**	**62.14**	**(72.80)**	**(5.59)**	**-**	**(15.81)**
1 April 2015									
Financial assets (A)									
Cash and cash equivalents	10,504.41	-	2,463.43	1,519.34	-	-	-	-	-
Current investments	-	-	-	-	80.02	-	-	-	-
Trade receivables	97,378.89	978.18	787.34	-	-	-	-	-	-
Financial liabilities (B)									
Non-current borrowings	38,742.67	2,650.00	-	-	-	-	-	-	-
Trade payables	48,159.66	717.22	770.59	2,490.75	-	122.24	-	1.95	-
Other current financial liabilities	4,757.86	2,650.00	-	-	-	-	-	-	-
Net exposure to currency risk (A-B)	**16,223.11**	**(5,039.04)**	**2,480.18**	**(971.41)**	**80.02**	**(122.24)**	**-**	**(1.95)**	**-**

The following significant exchange rates have been applied during the year.

(Value in ₹)

Particulars	Average rate			Year-end spot rate		
	31 March 2017	31 March 2016	1 April 2015	**31 March 2017**	31 March 2016	1 April 2015
USD	-	-	-	**65.7300**	66.9000	63.1900
EUR	-	-	-	**70.5000**	75.9300	68.5600
JPY	-	-	-	**0.5887**	0.5975	0.5274
GBP	-	-	-	**82.4900**	96.3400	93.6800

Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against US dollars, Euro, Japanese Yen, the Pound and other currencies at 31 March 2017 and 31 March 2016 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in Lakhs)

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2017				
1% movement				
USD	24.60	(24.60)	19.35	(19.35)
EUR	11.87	(11.87)	9.33	(9.33)
JPY	18.67	(18.67)	14.69	(14.69)
BRL	0.56	(0.56)	0.44	(0.44)
GBP	12.72	(12.72)	10.00	(10.00)
SGD	0.06	(0.06)	0.05	(0.05)
CHF	0.04	(0.04)	0.03	(0.03)
ZAR	0.16	(0.16)	0.13	(0.13)
31 March 2016				
1% movement				
USD	24.59	(24.59)	19.34	(19.34)
EUR	(38.87)	38.87	(30.57)	30.57
JPY	(4.28)	4.28	(3.36)	3.36
BRL	(0.62)	0.62	(0.49)	0.49
GBP	0.73	(0.73)	0.57	(0.57)
SGD	0.06	(0.06)	0.04	(0.04)
ZAR	0.16	(0.16)	0.12	(0.12)

(v) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates.

Exposure to interest rate risk

The Company's interest rate risk arises from borrowings and loans made. Borrowings availed at fixed rates expose the Company to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in Lakhs)

Particulars	Carrying amount		
	31 March 2017	31 March 2016	1 April 2015
Fixed-rate instruments			
Financial assets	-	-	-
Financial liabilities	**(30,000.00)**	(33,877.85)	(37,022.30)
	(30,000.00)	(33,877.85)	(37,022.30)
Variable-rate instruments			
Financial assets	**2,451.83**	3,269.11	4,086.39
Financial liabilities	**(696.81)**	(6,262.42)	(7,828.02)
	1,755.02	(2,993.31)	(3,741.63)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lakhs)

Particulars	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 March 2017				
Financial assets	239.20	(239.20)	188.16	(188.16)
Financial liabilities	(67.98)	67.98	(53.48)	53.48
Total Variable- rate instruments	**171.22**	**(171.22)**	**134.68**	**(134.68)**
Cash flow sensitivity (net)	171.22	(171.22)	134.68	(134.68)
31 March 2016				
Financial assets	290.59	(290.59)	228.57	(228.57)
Financial liabilities	(556.66)	556.66	(437.86)	437.86
Total Variable-rate instruments	**(266.07)**	**266.07**	**(209.29)**	**209.29**
Cash flow sensitivity (net)	(266.07)	266.07	(209.29)	209.29

(vi) Equity and commodity price risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices of investments. The Company has no exposure to changes in the quoted equity securities price risk as it has investments in unquoted equity instruments only. The Company does not invest in commodities and is not exposed to commodity price risk.

M. Capital Management

The Company strives is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns and levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's adjusted net debt to equity ratio is as follows : (₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Total borrowings[1]	**43,571.45**	56,759.91	64,051.19
Less: Cash and bank balances[2]	**1,401.02**	6,578.99	14,487.18
Adjusted net debt	**42,170.43**	50,180.92	49,564.01
Total equity	**2,18,155.34**	2,12,905.07	2,08,091.32
Less: Other components of equity	**7,501.44**	4,405.38	1,144.81
Adjusted equity	**2,10,653.90**	2,08,499.69	2,06,946.51
Adjusted net debt to adjusted equity ratio	**0.20**	0.24	0.24

[1] Total borrowings comprises of long-term borrowings, short-term borrowing and bank overdraft facilities.

[2] Cash and bank balances comprises of cash in hand, cash at bank and term deposits with banks.

N. Derivatives

Derivatives not designated as hedging instruments

The Company uses foreign currency forward contracts to manage its exposure to foreign currency fluctuations. These forward contracts are used to hedge foreign currency payables and other future transactions. However, these foreign exchange forward contracts are not designated as qualifying hedge instruments and are entered into for periods consistent with foreign currency exposure of the underlying transactions, and are generally for a term of 3 months to 12 months.

The Company has following outstanding forward contracts as on

31 March 2017: JPY Nil (INR Nil) [31 March 2016: JPY 18811.32 Lakhs (INR 10536.54 Lakhs)] [01 April 2015: JPY 10338.68 Lakhs (INR 5584.54 Lakhs)]

31 March 2017: EUR Nil (INR Nil) [31 March 2016: EUR 47.41 Lakhs (INR 3500.74 lakhs)] [01 April 2015: EUR 23.73 Lakhs (INR 1796.28 Lakhs)]

31 March 2017: USD Nil (INR Nil) [31 March 2016: USD NIL (INR Nil)] [01 April 2015: USD 57.72 Lakhs (INR 3652.27 Lakhs)]

The fair value of foreign currency forward derivative is as below: (₹ in Lakhs)

Particulars	**31 March 2017**	31 March 2016	1 April 2015
	INR	INR	INR
Derivative assets			
Foreign exchange forward contracts (JPY)	-	661.67	4.61
Foreign exchange forward contracts (EUR)	-	87.57	-
Foreign exchange forward contracts (USD)	-	-	10.15
Total	-	749.24	14.76
Derivative liabilities			
Foreign exchange forward contracts (JPY)	-	-	138.27
Foreign exchange forward contracts (EUR)	-	-	169.74
Foreign exchange forward contracts (USD)	-	-	5.86
Total	-	-	313.87

The Company has unhedged foreign currency exposure of ₹13938.55 Lakhs (31 March 2016: ₹2398.23 Lakhs, 01 April 2015: ₹5160.06 Lakhs) for payables as at reporting date.

The Company has applied the principles of Ind AS 109 for the measurement of derivative financial instruments and has classified such derivative contracts as at fair value through profit or loss.

O. Transition to Ind AS

As stated in Note 2.1, these are the Company's first financial statements prepared in accordance with Ind AS. The transition to Ind AS has resulted in changes in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in "Note 2. Significant accounting policies" have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening balance sheet as at 1 April 2015 (the "transition date").

For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 (first time adoption of Indian Accounting Standards), with 1 April 2015 as the transition date from the previous GAAP. In preparing our opening Ind AS Balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from Previous GAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under previous GAAP except where required by Ind AS.

All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and previous GAAP as of the transition date have been recognized directly in equity at the transition date.

(i) Reconciliation of Equity

Particulars	Note	31 March 2016			1 April 2015		
		Previous GAAP *	Effect on transition	Ind AS	Previous GAAP *	Effect on transition	Ind AS
Assets							
Property, plant and equipment	a, h	52,306.09	424.21	52,730.30	45,455.92	359.26	45,815.18
Capital work-in-progress		5,883.43	-	5,883.43	14,994.98	-	14,994.98
Intangible assets		1,715.58	-	1,715.58	1,415.24	-	1,415.24
Intangible assets under development		4,504.95	-	4,504.95	4,174.86	-	4,174.86
Financial assets					-		
Investments		257.64	-	257.64	257.64	-	257.64
Loans	b	2,596.37	(101.88)	2,494.49	3,314.55	(12.87)	3,301.68
Other financial assets		58.25	-	58.25	1.85	-	1.85
Deferred tax asset (net)	e	10,351.57	19.06	10,370.63	10,137.85	(1.90)	10,135.95
Other non-current assets	a, b	21,317.97	(330.71)	20,987.26	19,902.27	(389.50)	19,512.77
Total Non-current assets		**98,991.85**	**10.68**	**99,002.53**	**99,655.16**	**(45.01)**	**99,610.15**
Inventories	h	1,69,628.49	-	1,69,628.49	1,92,113.38	3.83	1,92,117.21
Financial assets							
Investments		62.14	-	62.14	80.02	-	80.02
Trade receivables		1,20,716.69	-	1,20,716.69	99,144.41	-	99,144.41
Cash and cash equivalents		6,578.99	-	6,578.99	14,487.18	-	14,487.18
Loans		837.43	-	837.43	857.33	-	857.33
Other financial assets	c	572.46	749.24	1,321.70	609.98	-	609.98
Other current assets	b, h	38,259.16	6.56	38,265.72	54,704.73	3.63	54,708.36
Total Current assets		**3,36,655.36**	**755.80**	**3,37,411.16**	**3,61,997.03**	**7.46**	**3,62,004.49**
Total Assets		**4,35,647.21**	**766.48**	**4,36,413.69**	**4,61,652.19**	**(37.55)**	**4,61,614.64**
Equity							
Share capital		4,177.22	-	4,177.22	4,177.22	-	4,177.22
Other Equity	f	2,06,758.96	1,968.89	2,08,727.85	2,03,498.39	415.71	2,03,914.10
Total Equity		**2,10,936.18**	**1,968.89**	**2,12,905.07**	**2,07,675.61**	**415.71**	**2,08,091.32**
Liabilities							
Financial liabilities							
Borrowings		36,265.22	-	36,265.22	41,392.67	-	41,392.67
Other financial liabilities		32.99	-	32.99	11.09	-	11.09
Provisions		16,064.26	-	16,064.26	16,435.86	-	16,435.86
Other non-current liabilities		36,268.99	-	36,268.99	36,632.85	-	36,632.85
Total Non-current liabilities		**88,631.46**	**-**	**88,631.46**	**94,472.47**	**-**	**94,472.47**
Financial liabilities							
Borrowings	c	14,564.96	802.48	15,367.44	17,837.66	(306.39)	17,531.27
Trade payables							
-Micro and Small Enterprises		1,396.92	-	1,396.92	3,277.65	-	3,277.65
-Other than Micro and Small Enterprises	h	39,750.54	-	39,750.54	48,929.52	55.24	48,984.76
Other financial liabilities	c	7,405.35	-	7,405.35	7,108.75	299.11	7,407.86
Other current liabilities		56,069.27	-	56,069.27	69,604.48	-	69,604.48
Provisions	d	15,517.04	(2,004.89)	13,512.15	12,597.95	(501.22)	12,096.73
Current tax liability (Net)		1,375.49	-	1,375.49	148.10	-	148.10
Total Current liabilities		**1,36,079.57**	**(1,202.41)**	**1,34,877.16**	**1,59,504.11**	**(453.26)**	**1,59,050.85**
Total Equity and Liabilities		**4,35,647.21**	**766.48**	**4,36,413.69**	**4,61,652.19**	**(37.55)**	**4,61,614.64**

(ii) Reconciliation of comprehensive income for the year ended 31 March 2016

(₹ in Lakhs)

Particulars	Note	Previous GAAP *	Effect on transition	Ind AS
Revenue from operations		3,28,433.30	-	3,28,433.30
Other income	b	4,212.79	3.32	4,216.11
Total Income		**3,32,646.09**	**3.32**	**3,32,649.41**
Cost of materials consumed		1,47,673.25	-	1,47,673.25
Purchase of stock-in-trade		51.21	-	51.21
Changes in inventories of finished goods, stock-in-trade and work-in-progress		24,371.24	-	24,371.24
Employee benefits expense	g	76,789.07	(1,335.94)	75,453.13
Finance costs		4,902.81	-	4,902.81
Depreciation and amortization expense	a	5,321.38	255.44	5,576.82
Other expenses	a, b, c	67,020.79	(191.56)	66,829.23
Prior period adjustments	h	89.11	(89.11)	-
Total Expenses		**3,26,218.86**	**(1,361.17)**	**3,24,857.69**
Profit / (Loss) before tax		**6,427.23**	**1,364.49**	**7,791.72**
Tax expense:				
Current tax		1,375.49	285.11	1,660.60
Deferred tax	e	(213.72)	(20.96)	(234.68)
Profit / (Loss) for the period		**5,265.46**	**1,100.34**	**6,365.80**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Re-measurement of defined benefit (liability) / asset	g	-	(1,335.94)	(1,335.94)
Income tax relating to items that will not be reclassified to profit or loss		-	285.11	285.11
Total comprehensive income for the period		**5,265.46**	**49.51**	**5,314.97**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(iii) Material adjustments to the statement of cash flows for the year ended 31 March 2016

There are no material differences between the statement of cash flows presented under Ind AS and the statement of cash flows presented under previous GAAP.

(iv) Notes to reconciliation

a Property, plant and equipment

Under Ind AS, special tools have been recognised as property, plant and equipment since they meet the definition of property, plant and equipment as per Ind AS 16. This category of assets was classified as other non-current assets under previous GAAP. This reclassification has no impact on the total comprehensive income for the year ended 31 March 2016 and on equity as at that date.

The carrying amount of special tools reclassified to property, plant and equipment on the transition date is ₹397.35 Lakhs and as on 31 March 2016 ₹424.21 Lakhs. The depreciation charge on special tools for the year ended 31 March 2016 ₹255.44 Lakhs which was earlier presented as amortisation of special tools and classified as part of other expenses.

b Financial assets at amortised cost

Under Ind AS certain financial assets such as redeemable deposits receivable are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Under previous GAAP, such financial assets were carried at cost till maturity and interest, if any was accounted on the outstanding principal amount.

The impact arising from the change is summarised as follows:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Statement of profit or loss		
Rental expense (Other expenses)	3.36	-
Finance income (Other income)	(3.32)	-
	0.04	**-**
Balance sheet		
Prepayments	100.06	11.09
Deposits receivable	(101.88)	(12.87)
	(1.82)	**(1.78)**

c Buyer's credit facilities

The measurement of outstanding foreign currency buyer's credit facility has to be restated at each reporting date for movements in the spot rate between the functional currency of the Company and the foreign currency. In accordance with Ind AS 21, such changes in spot exchange rates have to be recognised in profit or loss. The Company has entered into various forward contracts to hedge this currency exposure. According to Ind AS 109, all derivative financial instruments must be measured at each reporting date at fair value. Under previous GAAP, the buyer's credit facility was measured at the forward rate of settlement of derivatives and such derivative instruments were not recognised.

The impact of such a treatment is summarised as follows:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Balance sheet		
Buyer's credit facility	802.48	(306.39)
Derivative (asset)/liability	(749.24)	299.11
	53.24	**(7.28)**
Statement of profit or loss		
Foreign exchange gain or (loss)	(60.52)	-
	(60.52)	**-**

d. Proposed dividend

Under previous GAAP, dividends proposed by Board of Directors after the reporting date but before the approval of financial statements were considered to be an adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the Board are considered to be a non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has been reversed.

The impact arising from the change is summarised as follows:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Balance sheet		
Provisions - proposed dividend including dividend distribution tax	2,004.89	501.22
Adjustment to retained earnings	**2,004.89**	501.22

e. Deferred tax (asset) / liability (net)

The above changes had the following impact on net deferred tax (asset) / liability:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Deposits receivable	(35.26)	(4.45)
Prepaid rent	34.63	3.84
Buyer's credit facility	(277.72)	106.03
Derivative (asset) / liability	259.29	(103.52)
	(19.06)	**1.90**

f. Retained earnings

The above changes decreased / (increased) retained earnings are as follows:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Security deposits receivable	(1.82)	(1.78)
Derivative and buyer's credit re-measurement	(53.24)	7.28
Deferred tax	19.06	(1.90)
Prior period adjustments	-	(89.11)
Reversal of dividend not declared	2,004.89	501.22
	1,968.89	**415.71**

g. **Employee benefits expense**

Under Ind AS, the Company recognises all re-measurement gains and losses arising from post-retirement defined benefit plans in other comprehensive income in the period in which they occur. Under previous GAAP the Company recognised re-measurement gains and losses in the statement of profit or loss in the period in which they occurred. At the date of transition, all previously recognised cumulative re-measurement gains and losses were recognised in retained earnings and hence, has no impact on equity as at the transition date. Re-measurement loss of ₹1335.94 Lakhs has been presented in OCI for the year ended 31 March 2016 and corresponding tax effect for such an adjustment was ₹285.11 Lakhs.

h. **Prior period adjustments**

Prior period adjustments under previous GAAP were reported in the statement of profit or loss in the period in which they were discovered. According to Ind AS 8, material prior period adjustments are required to be rectified retrospectively in the periods in which they occurred. On the date of transition to Ind AS, prior period errors of the effect of ₹89.11 Lakhs were adjusted to opening retained earnings.

The impact of such a treatment is summarised as follows:

(₹ in Lakhs)

Particulars	**31 March 2016**	**1 April 2015**
Balance sheet		
Trade payables	-	55.24
Finished goods	-	(3.83)
Claims receivables	-	(0.39)
Buildings	-	38.09
	-	**89.11**
Statement of profit or loss		
Prior period adjustment	(89.11)	-
	(89.11)	**-**

(v) First-time adoption exemptions

In preparing these financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101 as explained below.

a) De-recognition of financial assets and financial liabilities:

The Company has applied the de-recognition criteria as per Ind AS 109 prospectively and has not recognised any previously derecognised non-derivative financial assets and financial liabilities prior to 1 April 2015 that may qualify for recognition as per Ind AS.

b) Government loan:

The Company has applied the mandatory exception to account for the soft loan received from the Government of Kerala retrospectively by not measuring the carrying amount of the loan at fair value on the transition date. The loan is carried at the transaction value in accordance with Previous GAAP for each reporting period.

c) Deemed cost:

The Company has elected to apply the deemed cost exemption in Ind AS 101 whereby the Company has the option to carry all items and classes of property, plant and equipment on the date of transition to Ind AS as per the carrying amounts prevailing as per previous GAAP. Once this exemption is applied, no adjustment pertaining to property, plant and equipment on the date of transition for effects of retrospective application of other standards is made.

d) Leases:

The Company has evaluated leases of land and buildings separately and accounted for each element on the basis of the classification as per Ind AS 17 prospectively from 1 April 2015.

e) Designation of previously recognised financial instruments:

The Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

f) Fair value of financial instruments:

The fair value of transactions entered into after the transition date qualifying as financial instruments is measured as such prospectively from 1 April 2015.

g) Impairment of financial assets:

The Company has adopted the exemption in the recognition of a loss allowance for financial assets with a significant increase in credit risk prospectively from the date of transition to Ind AS since initial recognition such a determination would require undue cost or effort for retrospective application.

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 (herein after 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.

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 soley 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)(a)(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	738.11	2012	City Muncipality 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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S. BEML LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of **M/s. BEML Limited, Bengaluru** for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 May 2017 and revised report dated 25 July 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 143(6)(a) of the Act of the financial statements of **M/s. BEML Limited, Bengaluru** for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. **In view of the revision made to include 'the amount deposited under protest' to clause vii (b) of 'Annexure A' to the Independent Auditor's Report as a result of my audit observations highlighted during supplementary audit,** I have no further comments to offer upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

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

(Prachi Pandey)
Pr. Director of Commercial Audit

Place: Bangalore
Date: 01 August 2017

CONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

Note No. 1: Corporate Information :

The accompanying consolidated financial statements comprise of the financial statements of BEML Limited (the Company), its subsidiaries viz., Vignyan Industries Ltd, MAMC Industries Ltd and BEML Brazil Industrial Ltda (referred collectively as the 'Group') and the Groups interest in associates and Joint ventures for the year ended 31 March 2017. The Group manufactures and supplies defence ground support equipment such as Tatra based high mobility trucks, aircraft towing tractors etc. Under Mining and Construction business, the Group manufactures and supplies equipment like bull dozers, excavators, dumpers, shovels, loaders and motor graders to various user segments and under Rail and Metro business, manufactures and supplies rail coaches, metro cars, ACEMUs, OHE cars, steel and aluminium wagons to the rail and metro sector. Information on other related party and nature of relationships of the Group is provided in Note 39C. These financial statements were authorised for issue in accordance with a resolution of the directors on 30-05-2017.

Note No. 2: Consolidated Significant accounting policies

2.1. Basis of preparation and Statement of Compliance

a. The financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act,2013 (the 'Act') and other relevant provisions of the Act.

   For all periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Companies Act,2013 (the 'Act') and other relevant provisions of the Act ('Previous GAAP'), including accounting standards in accordance with the Companies (Accounting Standards) Rules, 2015 (as amended). These financial statements for the year ended 31 March 2017 with comparatives of year ended 31 March 2016 are the first the Group has prepared in accordance with Ind AS. Refer to note 39O(v) for information on how the Group has adopted Ind AS.

b. The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value:

   - Derivative financial instruments,
   - Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
   - Defined benefit and other long-term employee benefits obligations.

c. The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Group and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

d. Preparation of the financial statements, in conformity with Ind AS, requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates.

e. Assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group's operating cycle is considered as twelve months for the purpose of current / non-current classification of assets and liabilities.

f. The Group revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively. A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to profit or loss is applied prospectively in the period(s) of change. Discovery of errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

g. Basis of Consolidation:

(i) Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Non-controlling interest (NCI) are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Equity accounted investees: The Group's interests in equity accounted investees comprise interests in associates and joint ventures.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control and has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

(iv) Transactions eliminated on consolidation: Intra group balances and transactions and any unrealized income and expenses arising from intra group transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.2. Summary of consolidated significant accounting policies

A. Revenue Recognition:

Sales include excise duty wherever applicable but exclude sales tax

Sale of goods and rendering of services:

(i) Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer as per the terms of sale agreement, recovery of the consideration is probable, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

(ii) Revenue and Costs relating to time and material contracts are recognized as the related services are rendered and there is no significant uncertainty regarding recovery of the consideration and if the cost incurred or to be incurred can be measured reliably. For fixed price contracts, revenue is recognized in proportion to the stage of completion of the transaction at the reporting date.

Construction contracts:

Contract revenue includes initial amount agreed in the contract and any variations in contract work, claims and incentive payments, to the extent it is probable that they will result in revenue and can be measured reliably. Contract revenue is recognised in proportion to the stage of completion of the contract. Stage of completion is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs to complete the contract. If the outcome cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognized to the extent of costs incurred. When it is probable that contract costs at completion will exceed total contract revenue, the expected loss at completion is recognised immediately as an expense.

Multiple element Contracts:

For multiple element contracts where price break-up for individual element is available separately, revenue is recognized based on the relative fair value of each element, when risk and reward of such element is transferred to the customer or as and when activities are performed.

Where a separate price break-up for each element is not available, revenue is allocated to separate elements on the basis of relative fair value.

Escalation:

Escalation in prices are recognized as revenue as per the escalation formula provided in the contract. In the absence of such a clause in the contract, any claim for the same is recognized on acceptance by the customer.

Duty Drawback:

Duty drawback claims on exports are accounted on preferring the claims.

Revenue from wind energy:

Revenue from generation of electricity from wind mill is recognized when the electricity is supplied to industrial electricity distribution license holder as per the terms of agreement.

Other Income

(i) Interest income:

Interest Income is recognized using the effective interest rate (EIR) on a time proportion basis and as per the terms of the relevant instrument.

(ii) Dividends:

Dividend income is recognized when the Group's right to receive the payment is established.

(iii) Rental income:

Rental income arising from operating leases is accounted for on a straight-line basis over the non-cancellable lease term unless increases in rentals are in line with expected inflation.

B. Investments in associates and joint venture

The Group accounts for its interests in associates and joint ventures in the separate financial statements at cost.

C. Foreign Currencies:

Transactions in foreign currencies are initially recorded by the Group at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognized in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

D. Fair value measurement:

The Group measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy.

E. Discontinued operation:

Classification of an operation as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit and loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

F. Government Grants:

Government Grants are recognized as follows when there is reasonable assurance that the grant will be received and all attached terms and conditions will be complied with.

(i) Grant towards meeting expenditure is recognized as income as and when the expenditure for which the grant is sanctioned is incurred.

(ii) Grant towards procurement of an asset is recognized as income in equal amounts over the expected useful life of the related asset.

(iii) Grant towards non-monetary assets are recognized at fair value and released to Statement of profit and loss over the expected useful life.

(iv) The subsidized portion of interest rate provided by the Government on loans or similar financial assistance is recognized as grant.

G. Income Taxes:

Current income tax:

Current tax assets and liabilities are measured at the amount to be recovered from or paid to the taxation authorities as per the applicable tax laws at the reporting date in Statement of profit and loss.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

For the items directly recognized in Equity, the current and deferred tax pertaining to such item is recognized through Equity.

H. Property, Plant & Equipment:

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses if any. Cost includes expenditure on acquisition of asset, present value of expected cost for the decommissioning of an asset, cost of replacing part of Plant and Equipment and borrowing costs.

Depreciation is calculated on a straight line basis over estimated useful lives as prescribed in schedule II of the companies Act 2013. Certain items of building, plant and equipment and other classes of assets are depreciated over estimated useful lives different from those prescribed in schedule II of companies Act 2013 based on technical assessment and management estimates depending on the nature and usage of the respective assets.

When parts of an item of property, plant and equipment have different useful lives, they are treated as separate components and depreciated over their estimated useful lives.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

Any gain or loss arising out of derecognizing of an asset is included in statement of Profit and Loss of the relevant period.

I. Investment Property:

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss if any. The fair value of the Investment property is disclosed in the notes.

J. Intangible Assets:

(i) Intangible assets acquired are stated at acquisition cost, less accumulated amortization and accumulated impairment losses, if any.

(ii) Research costs are expensed as incurred.

(iii) Development expenditure is recognized as Intangible assets and tested for impairment annually during the period of development.

(iv) Expenditure on development of products intended for sale is included in inventory.

Amortization

Intangible assets are amortized over useful economic life and assessed for impairment if any. Where it is not possible to assess the useful economic life of an intangible asset, the same is not amortized and reviewed annually for impairment if any.

K. Borrowing Cost:

Borrowing costs directly attributable to creation of an asset are capitalized as part of the cost of the asset. General borrowing costs are capitalized by apportioning the same to qualifying assets.

L. Lease:

A lease is classified at the inception date as a finance lease or an operating lease.

Group as a lessee:

Finance leases are capitalized at lower of fair value and the present value of minimum lease payments. A leased asset is depreciated over useful life of the asset or lease term whichever is earlier.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term except where lease payments escalate in accordance with general inflation.

Group as a lessor:

In case of an operating lease, initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the leased asset. In case of finance leases, amounts due from lessees are recorded as receivables.

M. Inventory:

Inventories are valued at the lower of cost and net realizable value. Cost for the purpose of the above is accounted as under:

(i) Raw materials, Components, Stores and Spare parts: weighted average cost

(ii) Finished goods and Work in Progress: Cost of materials, labour and production overheads

Scrap is valued at estimated realizable value.

Based on ageing assessment, on a periodic basis an allowance is recognized for obsolete, non-moving inventory.

N. Impairment of non-financial assets:

The Group assesses at each reporting date for impairment of asset or cash generating units (CGU). If on assessment, the asset or CGU is considered impaired they are written down to the recoverable amount.

O. Employee Benefits:

Short-term employee benefits:

Short-term employee benefits are expensed as the related service is rendered.

Defined benefit plans:

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by actuarial valuation conducted annually by a qualified actuary using the projected unit credit method.

Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is recognized in the statement of profit and loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit and loss.

Other long-term employee benefits:

The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

Defined contribution plan:

For defined contribution plans, the Group contributes to independently administered funds as per relevant scheme. These contributions are recorded in the statement of profit and loss. The Group's liability is limited to the extent of contributions made to these funds.

P. Provisions:

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted. Contingent liabilities and contingent assets are not recognized in the financial statements but are disclosed in the notes.

Warranty provisions:

Provision for warranty related costs are recognized on sale of product or service rendered based on historical experience and technical assessment and reviewed annually.

Onerous contracts:

A provision for onerous contracts other than construction contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Q. Financial Assets:

Recognition and measurement:

All financial assets are recognized initially at fair value. Subsequently, financial assets are measured at fair value or amortized cost based on their classification.

Embedded derivative:

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. If the hybrid contract contains a host that is not an asset within the scope of Ind AS 109, the embedded derivative is separated and accounted at fair value.

Derecognition:

A financial asset or part of a financial asset is derecognized when the rights to receive cash flows from the asset have expired.

Trade and other receivables:

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

Cash and cash equivalents:

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Impairment of financial assets:

In accordance with Ind-AS 109, the Group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

R. Financial Liabilities:

Recognition and measurement:

Financial liabilities are classified, at initial recognition, at fair value through statement of profit and loss as loans, borrowings, payables, or derivatives, as appropriate.

Financial liabilities are measured based on their classification at fair value through statement of profit and loss, amortized cost or fair value through other comprehensive income.

Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Trade and other payables:

Liabilities are recognized for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

S. Financial Assets and Liabilities Reclassification:

Reclassification of financial Assets and Liabilities:

After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For other financial assets, a reclassification is made prospectively only if there is a change in the business model for managing those assets.

Offsetting of financial Assets and Liabilities:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis.

T. Earnings per share:

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

U. Cash dividend and non-cash distribution to equity shareholders:

The Group recognizes a liability to make cash or non-cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group.

V. Events after the reporting period:

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

As per our report of even date attached

For S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

CA. S ANANDA KRISHNA
Partner
Membership No.: 027986

Place : New Delhi
Date : 30.05.2017

For and on behalf of the Board of Directors

D K HOTA
Chairman & Managing Director
(DIN 06600812)

S V RAVI SEKHAR RAO
Company Secretary

CONSOLIDATED ACCOUNTS 2016-17

CONSOLIDATED BALANCE SHEET

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
I. Assets				
(1) Non-current assets				
(a) Property, Plant and Equipment	3	**53,094.46**	54,014.85	47,159.46
(b) Capital work-in-progress	4	**7,942.33**	5,883.43	14,994.98
(c) Intangible assets	5	**5,242.26**	1,715.58	1,415.24
(d) Intangible assets under development	6	**-**	4,504.95	4,174.86
(e) Financial assets				
(i) Investments	7	**0.04**	0.04	0.04
(ii) Loans	8	**1,680.10**	2,494.49	3,301.68
(iii) Other financial assets	9	**157.13**	58.25	1.85
(f) Deferred tax assets (net)	10	**11,133.82**	10,349.77	10,096.02
(g) Other non-current assets	11	**9,424.51**	20,386.85	18,912.10
Total non-current assets		**88,674.65**	99,408.21	1,00,056.23
(2) Current assets				
(a) Inventories	12	**1,97,942.05**	1,70,234.18	1,92,867.35
(b) Financial Assets				
(i) Investments	13	**-**	-	-
(ii) Trade receivables	14	**1,43,103.90**	1,20,716.69	99,144.43
(iii) Cash and cash equivalents	15	**1,453.93**	6,642.56	14,568.93
(iv) Loans	16	**821.55**	837.43	857.33
(v) Other financial assets	17	**514.91**	1,326.70	614.98
(c) Other current assets	18	**39,619.04**	38,017.03	54,249.08
Total current assets		**3,83,455.38**	3,37,774.59	3,62,302.10
Total Assets		**4,72,130.03**	4,37,182.80	4,62,358.33
II. Equity and Liabilities				
Equity				
(a) Equity share capital	19	**4,177.22**	4,177.22	4,177.22
(b) Other Equity		**2,14,060.47**	2,08,765.38	2,03,912.23
Equity attributable to equity holders of the parent		**2,18,237.69**	2,12,942.60	2,08,089.45
Non-controlling interests		**20.92**	19.04	17.50
Total Equity		**2,18,258.61**	2,12,961.64	2,08,106.95
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	20	**31,052.30**	36,265.22	41,392.67
(ii) Other financial liabilities	21	**41.60**	32.99	11.09
(b) Provisions	22	**17,495.87**	16,064.26	16,435.86
(c) Other non-current liabilities	23	**34,189.87**	36,268.99	36,632.85
Total non-current liabilities		**82,779.64**	88,631.46	94,472.47
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	24	**11,467.10**	15,546.71	17,724.51
(ii) Trade payables	25			
(A) Micro & Small Enterprises		**1,916.45**	1,421.67	3,279.27
(B) Other than Micro & Small Enterprises		**48,199.46**	40,068.59	49,240.43
(iii) Other financial liabilities	26	**3,256.64**	7,438.74	7,435.46
(b) Other current liabilities	27	**89,754.71**	56,124.17	69,669.50
(c) Provisions	28	**15,189.87**	13,608.31	12,281.64
(d) Current tax liabilities (Net)	29	**1,307.55**	1,381.51	148.10
Total current liabilities		**1,71,091.78**	1,35,589.70	1,59,778.91
Total Equity and Liabilities		**4,72,130.03**	4,37,182.80	4,62,358.33

As per our report of even date attached
For S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

CA. S ANANDA KRISHNA
Partner
Membership No.: 027986

Place: New Delhi
Date : 30-05-2017

For and on behalf of the Board of Directors

D K HOTA
Chairman & Managing Director
(DIN 06600812)

S V RAVI SEKHAR RAO
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

	Particulars	Note No.	For the year ended 31st March 2017	For the year ended 31st March 2016
I	Revenue from operations	30	2,82,945.99	3,27,757.55
II	Other income	31	6,259.34	4,230.67
III	**Total Income (I+II)**		2,89,205.33	3,31,988.22
IV	**Expenses:**			
	Cost of materials consumed	32	1,33,116.54	1,45,771.23
	Purchase of stock-in-trade	33	-	51.21
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(12,418.21)	24,501.34
	Employee benefits expense	35	78,511.16	75,952.15
	Finance costs	36	4,803.85	4,926.40
	Depreciation and amortization expense	3,5	6,280.03	5,656.94
	Other expenses	37	69,083.83	67,269.88
	Total Expenses (IV)		2,79,377.20	3,24,129.15
V	Profit / (Loss) before exceptional items and tax (III-IV)		9,828.13	7,859.07
VI	Add / (Less) : Exceptional items	38	-	-
VII	**Profit / (Loss) before tax (V-VI)**		9,828.13	7,859.07
VIII	**Tax expense:**			
	(1) Current tax (MAT)	10 a	2,134.12	1,673.31
	(2) Deferred tax	10 a	(784.04)	(253.75)
IX	Profit / (Loss) for the year from continuing operations (VII-VIII)		8,478.05	6,439.51
X	Profit / (Loss) from discontinuing operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit / (Loss) from discontinued operations (after tax) (X-XI)		-	-
XIII	**Profit / (Loss) for the year (IX+XII)**		8,478.05	6,439.51
XIV	**Other Comprehensive Income**			
	A (i) Items that will not be reclassified to profit or loss			
	Re-measurement of defined benefit (liability) / asset		(1,503.48)	(1,371.09)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	10 b	320.95	291.80
	B (i) Items that will be reclassified to profit or loss		-	-
	Exchange differences on translation of foreign operations		6.34	(4.31)
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Other Comprehensive Income for the year		(1,176.19)	(1,083.60)
XV	**Total Comprehensive Income for the year (XIII+XIV)**		7,301.86	5,355.91
	Profit for the year		8,478.05	6,439.51
	Attributable to:			
	Equity holders of the Group		8,476.17	6,437.97
	Non-controlling interests		1.88	1.54
	Total Comprehensive Income for the year		7,301.86	5,355.91
	Attributable to:			
	Equity holders of the Group		7,299.98	5,354.37
	Non-controlling interests		1.88	1.54
XVI	Earnings per equity share: (₹10/- each) in ₹			
	Basic and diluted	39(A)	20.36	15.46

As per our report of even date attached
For S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

CA. S ANANDA KRISHNA
Partner
Membership No.: 027986

Place: New Delhi
Date : 30-05-2017

For and on behalf of the Board of Directors

D K HOTA
Chairman & Managing Director
(DIN 06600812)

S V RAVI SEKHAR RAO
Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017		For the Year ended 31st March 2016	
	Sub Items	**Main Items**	Sub Items	Main Items
A. Cash flow from operating activities				
Net profit before tax and extraordinary items		**9,828.13**		7,859.07
Adjustments for				
Depreciation and amortization expense	**6,280.03**		5,656.94	
Amortisation of Special Tools	-		-	
(Gain)/loss on disposal of property, plant and equipment	**2.08**		14.08	
Foreign exchange loss / (gain)	**21.09**		94.01	
Allowance for obsolescence	**801.45**		555.45	
Bad debts written off	**15.23**		384.95	
Financing Cost	**4,803.85**		4,926.40	
Interest income	**(498.09)**		(720.34)	
Other Provisions / Allowances	**432.12**	**11,857.76**	2,963.91	13,875.40
Operating Profit / (Loss) before changes in working capital		**21,685.89**		21,734.47
Adjustment for				
Inventories	**(28,809.91)**		21,643.29	
Trade & other receivables	**(27,483.93)**		331.57	
Other current assets	**7,291.11**		(9,102.80)	
Trade payables	**8,602.80**		(11,104.10)	
Other payables	**31,384.24**	**(9,015.69)**	(13,974.20)	(12,206.24)
Cash generated from operations		**12,670.20**		9,528.23
Direct taxes (paid) / refunded		**8,193.01**		(1,494.25)
Net cash flow from / (used in) operating activities		**20,863.21**		8,033.98
B. Cash flow from investing activities				
Purchase of property, plant and equipment	**(6,428.99)**		(2,859.79)	
Purchase of intangible assets	**(37.09)**		(1,274.09)	
Sale of property, plant and equipment	**23.73**		88.59	
Interest Received	**498.09**		727.62	
Net cash flow from / (used in) investing activities		**(5,944.26)**		(3,317.67)
C. Cash flow from financing activities				
Proceeds/(Repayments) from/to ECB & long-term borrowings	**(3,877.85)**		(3,144.45)	
Proceeds/(Repayments) of Inter corporate loans	**(5,565.61)**		(1,565.60)	
Proceeds/(Repayments) of Soft loan	**337.28**		(417.40)	
Financing Cost	**(4,916.90)**		(4,836.21)	
Dividend & Tax paid for equity shares	**(2,004.89)**		(501.22)	
Net cash flow from / (used in) financing activities		**(16,027.97)**		(10,464.88)
Net increase/(decrease) in cash and cash equivalents		**(1,109.02)**		(5,748.57)
Cash and Cash Equivalents, Beginning of the year		**(8,904.15)**		(3,155.58)
Cash and Cash Equivalents, Ending of the year (Refer Note 15 d)		**(10,013.17)**		(8,904.15)

For S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

CA. S ANANDA KRISHNA
Partner
Membership No.: 027986

Place: New Delhi
Date : 30-05-2017

For and on behalf of the Board of Directors

D K HOTA
Chairman & Managing Director
(DIN 06600812)

S V RAVI SEKHAR RAO
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31.03.2017

A. Equity share capital

(₹ in Lakhs)

Particulars	No. of shares	Amount
Balance as on 01.04.2015	4,16,44,500	4,164.45
Changes in equity share capital during the 2015-16	-	-
Balance as on 31.03.2016	4,16,44,500	4,164.45
Changes in equity share capital during the 2016-17	-	-
Balance as on 31.03.2017	**4,16,44,500**	**4,164.45**

B. Other Equity

(₹ in Lakhs)

Particulars	Reserves and Surplus					Items of OCI		Nonimara Excellence Award Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Total attributable to Equity holders of the Group	Non-controlling interests	Total Equity
	Capital Reserve	Capital Reserve on Consoli-dation	Share Premium	General Reserve	Retained Earnings	Other items of OCI	Foreign Currency Translation Account						
Balance as on 01.04.2015	**105.82**	**26.60**	**61,204.09**	**1,19,004.75**	**22,427.22**	**-**	**(11.06)**	**1.44**	**10.00**	**1,143.37**	**2,03,912.23**	**17.50**	**2,03,929.73**
Profit / (Loss) for the year	-	-	-	-	6,437.97	-	-	-	-	-	6,437.97	1.54	**6,439.51**
Other Comprehensive Income for the year	-	-	-	-	-	(1,079.29)	(4.31)	-	-	-	(1,083.60)	-	**(1,083.60)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**6,437.97**	**(1,079.29)**	**(4.31)**	**-**	**-**	**-**	**5,354.37**	**1.54**	**5,355.91**
Transfer to													
- Debenture Redemption Reserve	-	-	-	-	(3,260.57)	-	-	-	-	3,260.57	-	-	
Transaction with owners													
- Dividend	-	-	-	-	(416.45)	-	-	-	-	-	(416.45)	-	**(416.45)**
- Tax on Dividend	-	-	-	-	(84.77)	-	-	-	-	-	(84.77)	-	**(84.77)**
Balance as on 31.03.2016	**105.82**	**26.60**	**61,204.09**	**1,19,004.75**	**25,103.40**	**(1,079.29)**	**(15.37)**	**1.44**	**10.00**	**4,403.94**	**2,08,765.38**	**19.04**	**2,08,784.42**

(₹ in Lakhs)

Particulars	Reserves and Surplus					Items of OCI		Nonimara Excellence Award Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	Total attributable to Equity holders of the Group	Non-controlling interests	Total Equity
	Capital Reserve	Capital Reserve on Consoli-dation	Share Premium	General Reserve	Retained Earnings	Other items of OCI	Foreign Currency Translation Account						
Balance as on 01.04.2016	**105.82**	**26.60**	**61,204.09**	**1,19,004.75**	**25,103.40**	**(1,079.29)**	**(15.37)**	**1.44**	**10.00**	**4,403.94**	**2,08,765.38**	**19.04**	**2,08,784.42**
Profit / (Loss) for the year	-	-	-	-	8,476.17	-	-	-	-	-	8,476.17	1.88	**8,478.05**
Other Comprehensive Income for the year	-	-	-	-	-	(1,182.53)	6.34	-	-	-	(1,176.19)	-	**(1,176.19)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**8,476.17**	**(1,182.53)**	**6.34**	**-**	**-**	**-**	**7,299.98**	**1.88**	**7,301.86**
Transfer to - Debenture Redemption Reserve	-	-	-	-	(3,096.06)	-	-	-	-	3,096.06	-	-	-
Transaction with owners - Dividend	-	-	-	-	(1,665.78)	-	-	-	-	-	(1,665.78)	-	**(1,665.78)**
- Tax on Dividend	-	-	-	-	(339.11)	-	-	-	-	-	(339.11)	-	**(339.11)**
- Foreign Currency Translation Account	-	-	-	-	-	-	-	-	-	-	-	-	-
- Acquisition on Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as on 31.03.2017	**105.82**	**26.60**	**61,204.09**	**1,19,004.75**	**28,478.62**	**(2,261.82)**	**(9.03)**	**1.44**	**10.00**	**7,500.00**	**2,14,060.47**	**20.92**	**2,14,081.39**

Note 3: Consolidated Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated depreciation and impairment				Carrying value	
	As at 01.04.2015	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 01.04.2015	For the year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Land										
Free Hold	1,289.47	3.79	(7.01)	1,286.25	-	-	-	-	1,286.25	1,289.47
Lease Hold	8,542.16	-	-	8,542.16	-	41.39	-	41.39	8,500.77	8,542.16
Buildings	13,313.13	1,720.41	77.91	15,111.45	-	783.11	(36.48)	746.63	14,364.82	13,313.13
Plant and Equipment	18,056.00	8,354.11	(780.16)	25,629.95	-	2,592.84	(789.32)	1,803.52	23,826.43	18,056.00
Furniture and Fixtures	406.58	37.77	(1.19)	443.16	-	111.03	(2.04)	108.99	334.17	406.58
Vehicles										
Given on Lease	236.05	282.84	(53.49)	465.40	-	96.07	(34.07)	62.00	403.40	236.05
Own Use	781.72	1.04	(222.99)	559.77	-	173.97	(132.13)	41.84	517.93	781.72
Office Equipment	46.73	17.29	95.76	159.78	-	24.50	73.97	98.47	61.31	46.73
Roads and Drains	1,520.49	9.07	(0.01)	1,529.55	-	258.36	104.31	362.67	1,166.88	1,520.49
Water Supply Installations	267.94	4.09	(35.14)	236.89	-	19.30	(29.71)	(10.41)	247.30	267.94
Railway sidings	500.70	368.53	-	869.23	-	109.31	-	109.31	759.92	500.70
Electrical Installation	1,091.65	542.74	59.49	1,693.88	-	173.95	57.78	231.73	1,462.15	1,091.65
Jigs and Fixtures	517.86	131.01	(17.67)	631.20	-	272.10	(3.87)	268.23	362.97	517.86
Special Tools	397.35	291.64	(9.34)	679.65	-	255.44	-	255.44	424.21	397.35
Computers and Data processing units	191.63	207.01	550.92	949.56	-	94.91	558.31	653.22	296.34	191.63
Total Tangible Assets	**47,159.46**	**11,971.34**	**(342.92)**	**58,787.88**	**-**	**5,006.28**	**(233.25)**	**4,773.03**	**54,014.85**	**47,159.46**
Previous Year	47,159.46	-	-	47,159.46				-	47,159.46	49,645.51

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated depreciation and impairment				Carrying value		
	As at 01.04.2016	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 01.04.2016	For the year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Land											
Free Hold	1,286.25	-	-	1,286.25	-	-	-	-	1,286.25	1,286.25	1,289.47
Lease Hold	8,542.16	-	-	8,542.16	41.39	41.29	-	82.68	8,459.48	8,500.77	8,542.16
Buildings	15,111.45	97.93	-	15,209.38	746.63	735.46	0.01	1,482.10	13,727.28	14,364.82	13,313.13
Plant and Equipment	25,629.95	2,589.55	(178.10)	28,041.40	1,803.52	2,840.79	(188.59)	4,455.72	23,585.68	23,826.43	18,056.00
Furniture and Fixtures	443.20	35.52	(3.11)	475.61	109.03	100.49	(1.06)	208.46	267.15	334.17	406.58
Vehicles											
Given on Lease	465.40	17.50	(56.68)	426.22	62.00	81.56	(37.09)	106.47	319.75	403.40	236.05
Own Use	559.77	45.46	(60.57)	544.66	41.84	140.44	(57.59)	124.69	419.97	517.93	781.72
Office Equipment	159.78	72.57	(4.27)	228.08	98.47	24.89	(6.86)	116.50	111.58	61.31	46.73
Roads and Drains	1,529.55	17.05	0.01	1,546.61	362.67	255.68	0.01	618.36	928.25	1,166.88	1,520.49
Water Supply Installations	236.89	1.05	0.05	237.99	(10.41)	18.95	0.04	8.58	229.41	247.30	267.94
Railway sidings	869.23	-	-	869.23	109.31	90.01	-	199.32	669.91	759.92	500.70
Electrical Installation	1,693.88	114.94	(2.62)	1,806.20	231.73	206.60	(2.53)	435.80	1,370.40	1,462.15	1,091.65
Jigs and Fixtures	631.20	906.07	25.29	1,562.56	268.23	338.57	21.33	628.13	934.43	362.97	517.86
Special Tools	679.65	342.44	-	1,022.09	255.44	265.25	4.62	525.31	496.78	424.21	397.35
Computers and Data processing units	949.56	130.01	(79.63)	999.94	653.22	124.70	(66.12)	711.80	288.14	296.34	191.63
Total Tangible Assets	**58,787.92**	**4,370.09**	**(359.63)**	**62,798.38**	**4,773.07**	**5,264.68**	**(333.83)**	**9,703.92**	**53,094.46**	**54,014.85**	**47,159.46**
Previous Year	47,159.46	11,971.34	(342.88)	58,787.92	-	5,006.28	(233.21)	4,773.07	54,014.85	47,159.46	49,645.51

A. (i) Carrying value of vehicles own use includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹137.98 Lakhs (Previous Year - ₹58.62 Lakhs).

(ii) Carrying value of plant and equipment includes equipment offered to customers for trials on No Cost No Commitment (NCNC) basis ₹94.29 Lakhs (Previous Year - ₹Nil).

B. Property, Plant and Equipment

i) Buildings include carrying value of building at Mumbai and Ranchi pending registration / katha transfer at ₹16.92 Lakhs (Previous Year - ₹17.45 Lakhs)

ii) The Group has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) (A Group under orders of winding up by BIFR), and a sum of ₹100 Lakhs was paid as non-refundable deposit, (included under Other non-current assets (Note no.11)). As per the terms of the Lease agreement, this deposit shall be adjusted against the outright sale/transfer of ownership that may be fixed for the property and lessee shall be free to construct new building/alter the existing building/lay roads/fence the land in the interest of furthering its business to suit its use and on expiry of the lease the said building shall vest with the lessor on payment of consideration based on value prevailing on the date of handing over of the property. The Group had incurred on the above land a sum of ₹1452.95 lakhs [carrying value - ₹1044.44 Lakhs (Previous Year - ₹1093.18 lakhs)] on Buildings included in Property, Plant and Equipment as at year end.

Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expiring on 28.04.2014 to be included in the tender documents. The Group filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiry of lease period on 28.04.2014 till the final decision of the Group / Government in this regard, the operations of the Group on the above land is continued. Appropriate accounting action will be considered based on the outcome of the tender process.

iii) Lease hold Land includes leased land allotted by Kerala Industrial Infrastructure Development Corporation (KIIDC) measuring 374.59 acres for a lease premium of ₹2547.21 Lakhs (excluding Service Tax) (Previous Year - ₹2547.21 Lakhs excluding Service Tax) for 99 years lease period with effect from 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and the revised lease premium payable is ₹2544.29 Lakhs only. Adjustment in financial statement will be made on formal amendment of lease agreement by KIIDC.

iv) Lease Hold Land includes land measuring 101175.92 Sq. Mtrs taken on perpetual lease from KIADB (Bangalore Aerospace, SEZ Park) at a cost of ₹5126.00 Lakhs (Previous Year - ₹5126.00 Lakhs).

v) Lease Hold Land includes land at cost ₹129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.

vi) No Provision considered necessary for impairment of assets as the realizable value of assets technically assessed is more than the carrying cost of these assets.

vii) Free Hold Land includes land measuring 555.37 acres at Mysore costing ₹321.23 Lakhs (including additional compensation of ₹183.57 Lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB. As per the demand of KIADB, provision of interest amounting to ₹509.08 Lakhs (Previous Year - ₹486.60 Lakhs) up to period 31st March 2017 has been made. However, matter has been taken up with KIADB for waiving of interest which is pending before KIADB Board. Liability for both interest and additional compensation has been created. Registration will be made once the matter is settled with KIADB Board.

viii) Free Hold Land measuring 3.647 acres of land, surrendered to BBMP against TDR (at cost) is ₹4.58 Lakhs. Free Hold Land measuring 1.937 acres of land surrendered to BBMP for which TDR yet to be received (at cost) is ₹2.43 Lakhs. Above TDR will be utilised for further construction.

ix) Group has taken action to obtain title documents in respect of the following immovable properties.

(1) Flat at Roshan comp, Madras - ₹4.04 Lakhs.

(2) Flat at Ashadeep, New Delhi - ₹2.80 Lakhs.

(3) Office building at Nagpur - ₹27.18 Lakhs.

(4) Lease Hold Land at Singrauli - ₹1.75 Lakhs.

x) For details of property, plant and equipment hypothecated by way of a first charge against borrowings and other facilities availed, refer Note no. 20 and 24

xi) For information on estimated capital contracts pertaining to the acquisition of property, plant and equipment, refer Note no. 39 D II a.

xii) Lease Hold Land includes Land measuring 193.67 acres valuing ₹540.55 Lakhs (carrying value ₹484.99 Lakhs) taken on lease from Asansol Durgapur Development Authority, Durgapur for a period of 60 years.

xiii) The land is taken on lease from urban development dept, Govt of West Bengal for a period of 60 (sixty) years on 7th March, 2011. This has been capitalised in the books of the Group. As per the stipulations mentioned in the said lease deed in point no. 25 and subsequent clauses, the Group has not constructed factory within two years w.e.f. 07th March 2011, it is liable to return the possession of leased land back to U D Dept, Govt. of West Bengal and there is open right of the Govt. of West Bengal to cancel the lease and re-enter the premises so leased to the Group, There is no demand from Govt. of West Bengal in this regard.

xiv) Free Hold Land includes 3 acres of land leased to M/s. Sharada Engineering Works Pvt Ltd., for a period of 30 years (since 1998).

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

-Plant & Machinery ₹169.28 Lakhs

D. Since there is no investment property in the Group as on 31.03.2017, fair value of investment property is Nil (Previous Year - Nil)

Note 4: Capital work-in-progress

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Building	**66.26**	118.43	1358.02
Equipment under inspection and in transit	-	69.67	59.11
Machinery	**7,710.02**	5,532.03	12689.73
Others	**166.05**	163.30	888.12
Total	**7,942.33**	5,883.43	14,994.98

Note 5: Consolidated Intangible assets

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated amortisation and impairment				Carrying value	
	As at 01.04.2015	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 01.04.2015	Inter division Transfers	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Computer software	297.88	944.00	(0.01)	1,241.87	-	161.16	0.01	161.17	1,080.70	297.88
Technical Knowhow	1,117.36	-	-	1,117.36	-	489.50	(0.01)	489.49	627.87	1,117.36
TDR against Land	-	-	7.01	7.01	-	-	-	-	7.01	-
Total Intangible Assets	**1,415.24**	**944.00**	**7.00**	**2,366.24**	**-**	**650.66**	**-**	**650.66**	**1,715.58**	**1,415.24**
Previous Year	1,415.24			1,415.24	-	-	-	-	1,415.24	2,094.25

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated amortisation and impairment				Carrying value		
	As at 01.04.2016	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 01.04.2016	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Computer software	1,241.87	5.16	-	1,247.03	161.17	286.79	0.01	447.97	799.06	1,080.70	297.88
Technical Knowhow	1,117.36	4,536.88	-	5,654.24	489.49	728.56	-	1,218.05	4,436.19	627.87	1,117.36
TDR against Land	7.01	-	-	7.01	-	-	-	-	7.01	7.01	-
Total Intangible Assets	**2,366.24**	**4,542.04**	**-**	**6,908.28**	**650.66**	**1,015.35**	**0.01**	**1,666.02**	**5,242.26**	**1,715.58**	**1,415.24**
Previous Year	1,415.24	944.00	7.00	2,366.24	-	650.66	-	650.66	1,715.58	1,415.24	2,094.25

Note 6: Intangible assets under development (internally generated)

(₹ in Lakhs)

Particulars	**As at 31st March 2017**	As at 31st March 2016	As at 1st April 2015
Development Expenditure for High capacity Dump Truck	-	4,504.95	4,174.86
Total	**-**	4,504.95	4,174.86

Movement in Intangible asset under development as on 31.03.2017

(₹ in Lakhs)

Particulars	**2016-17**
Opening balance as on 01.04.2016	4,504.95
Add: Additions during the year	23.76
Add: Interest capitalised during the year	8.17
Less: Capitalisation of development expenditure as Intangible assets on 31.07.2016	(4,536.88)
Closing balance as on 31.03.2017	**-**

Note 7: Investments

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Investments in equity instruments - unquoted at cost **In Equity Shares of Joint Venture Company:** In BEML Midwest Ltd., 54,22,500 fully paid up Equity shares of ₹10 each Less: Allowance for impairment of investment	 **542.25** **(542.25)**	 542.25 (542.25)	 542.25 (542.25)
	-	-	-
Investment in Ordinary Shares of Co-operative Societies - unquoted at cost			
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of ₹10 each	**0.03**	0.03	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of ₹100 each.	**0.01**	0.01	0.01
In Twin Star Co-operative Housing Society Ltd, Bombay, 5 fully paid up shares of ₹50 each.	-	-	-
	0.04	0.04	0.04
Total - Unquoted at cost	**0.04**	0.04	0.04

Ind AS 28 (Investments in Associates and Joint Ventures)

(₹ in Lakhs)

Names of Joint Ventures	Nature	% holding	Country of Incorporation
BEML Midwest Limited	Jointly Controlled Entity	45.00	India

a. BEML along with Midwest Granite Private Limited formed a joint venture company in 2007 to conduct excavation and extraction of mineral resources. The agreement was signed in September 2005 whereby BEML has a 45% share in the operations of the joint venture and the remaining 55% is held by Midwest Granite Private Limited.

b. The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements as at 31st March, 2017 due to litigation pending before National Company Law Tribunal. Hence, disclosure requirements under Ind AS-28 (Investments in Associates and Joint Ventures) could not be complied with. In the absence of financial statements of the JV, the same has not been consolidated with BEML financial statements.

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

The movement in the allowance for impairment of investment is as follows:

(₹ in Lakhs)

Particulars	2016-17	2015-16	2014-15
Balance at the beginning of the year	**542.25**	542.25	542.25
Impairment losses recognised	-	-	-
Written off during the year	-	-	-
Credited to profit or loss	-	-	-
Transfers	-	-	-
Balance at the end of the year	**542.25**	542.25	542.25

Note 8: Loans

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Unsecured, considered good			
Lease Deposits	**45.55**	42.66	32.57
Inter Corporate Loan	**1,634.55**	2,451.83	3,269.11
Total	**1,680.10**	2,494.49	3,301.68

Lease deposits represent deposits paid as security for office space and flats taken on rent.

Inter Corporate Loan balance as on 31.03.2017 represent outstanding loan to M/s JK Tyres Ltd. The loan carry interest at the rate of SBI PLR less 2.25%. Currently 11.75% (Previous Year 11.80%) and are unsecured from borrowers. Against this loan the company has received Inter Corporate Loan from M/s Coal India Ltd. which is accounted as unsecured loan in Note No. 20.

Note 9: Other financial assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Security Deposit with Customers	-	-	-
Deposit with service providers	**157.13**	58.25	1.85
Total	**157.13**	58.25	1.85

Note 10: Income taxes

The substantively enacted tax rate as on 31 March 2017 is 34.61% and as on 31 March 2016 was 34.61% for deferred tax purposes.

a) Amount recognised in profit or loss

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
Current tax expense:		
Current tax/Minimum alternate tax (MAT)	**2,131.37**	1,673.31
Adjustment of tax related to earlier years	**2.75**	-
	2,134.12	1,673.31
Deferred tax (income) / expense:		
Origination and reversal of temporary differences	**(784.04)**	(253.75)
Total deferred tax (income) / expense	**(784.04)**	(253.75)
Tax expenses	**1,350.08**	1,419.56

b) Amount recognised in OCI (₹ in Lakhs)

Particulars	31 March 2017			31 March 2016		
	Before Tax	Tax (expense) benefit	Net of tax	Before Tax	Tax (expense) benefit	Net of tax
Re-measurement (losses) / gains on post employment defined benefit plans	**(1,503.48)**	**320.95**	**(1,182.53)**	(1,371.09)	291.80	(1,079.29)
Total	**(1,503.48)**	**320.95**	**(1,182.53)**	(1,371.09)	291.80	(1,079.29)

c) Reconciliation of effective income tax rate (₹ in Lakhs)

Particulars	31 March 2017		31 March 2016	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operation		**9,828.13**		7,859.07
Tax using the Group's domestic tax rate (Income tax)	**34.61%**	**3,401.32**	34.61%	2,719.87
Tax effect of:				
Carry Forward Loss	**-26.11%**	**(2,566.33)**	-22.40%	(1,760.57)
Weighted Deduction for R and D Expenditure	**-8.50%**	**(834.99)**	-12.21%	(959.30)
Minimum Alternate Tax	**21.71%**	**2,134.12**	21.29%	1,673.31
Deferred tax	**-7.98%**	**(784.04)**	-3.23%	(253.75)
Total income tax expense for the year	**13.74%**	**1,350.08**	18.06%	1,419.56

d) Movement in deferred tax balances (₹ in Lakhs)

Particulars	As at 1st April 2015	Recognised in profit or loss during 2015-16	As at 31st March 2016	Recognised in profit or loss during 2016-17	As at 31st March 2017
Property, plant and equipment	(4,368.59)	(979.58)	(5,348.17)	(597.47)	(5,945.64)
Allowance for doubtful trade receivables	7,648.81	603.82	8,252.63	261.94	8,514.57
Voluntary Retirement Expenses	2.12	0.04	2.16	(2.16)	-
Provision for Property Tax	121.52	2.21	123.73	-	123.73
Provision for Gratuity	452.07	(480.37)	(28.30)	331.17	302.87
Provision for Leave Salary	5,121.04	308.09	5,429.13	275.73	5,704.86
Provision for Performance Related Pay	-	-	-	31.15	31.15
Provision for Contributory medical Scheme	764.90	707.35	1,472.25	195.00	1,667.25
Provision for Pension	229.14	176.42	405.56	20.34	425.90
Provision for wage revision	9.24	(0.44)	8.80	190.79	199.59
Provision for pending legal cases	117.67	(104.74)	12.93	(1.32)	11.61
Derivatives and lease deposits	(1.90)	20.95	19.05	(19.93)	(0.88)
Other items	-	-	-	-	-
Tax losses carried forward	-	-	-	98.81	98.81
Net deferred tax assets / (liabilities)	**10,096.02**	**253.75**	**10,349.77**	**784.05**	**11,133.82**

e) Unrecognised deferred tax assets

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

(₹ in Lakhs)

Particulars	31 March 2017		31 March 2016	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Deductible temporary differences not expected to be utilised	-	-	-	-
Tax losses	**2,091.38**	**723.78**	9,468.95	3,277.01
	2,091.38	**723.78**	9,468.95	3,277.01

f) Tax losses carried forward

Unrecognised tax losses carried forward expire as follows:

(₹ in Lakhs)

Particulars	31 March 2017	Expiry date	31 March 2016	Expiry date
Expire				
Carry forward business loss	**58.57**	**31-03-2022**	95.98	31-03-2022
	5.73	**31-03-2023**	5.73	31-03-2023
Never expire				
Unabsorbed depreciation	**(2,155.68)**		(9,570.66)	
	(2,091.38)		(9,468.95)	

Note 11: Other non-current assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Capital Advances	**922.69**	318.12	128.92
Less: Allowance for doubtful Capital Advances	**(30.34)**	(30.34)	-
Advance MAMC consortium [see note (a) below]	**5,744.31**	5,675.68	5,618.55
Employee Advance	**186.70**	200.46	381.99
Duties and Taxes	-	-	-
Advance Income Tax	**2,503.83**	14,119.58	12,765.21
Prepayments	**87.17**	93.50	7.85
Gold coins on Hand	**10.15**	9.85	9.58
Total	**9,424.51**	20,386.85	18,912.10
Due by officers of the company	**21.25**	30.43	23.96

a. The Company has entered into a Consortium Agreement (MAMC Consortium) with M/s. Coal India Limited (CIL) and M/s. Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation). The agreement, inter-alia, provided for formation of a Joint Venture company with a shareholding pattern of 48:26:26 among BEML, CIL and DVC respectively. The Company has paid the proportionate share of ₹4800.00 Lakhs towards the total bid consideration of ₹10000.00 Lakhs towards the said acquisition, based on the order passed by the Hon'ble High Court of Calcutta. The said assets are taken possession by the MAMC Consortium. Further, the Company has incurred a sum of ₹944.31 Lakhs (Previous Year - ₹875.68 Lakhs) towards maintenance, security and other related expenditure. The expenditure incurred by CIL and DVC on account of this proposal is not ascertained. The total sum of ₹5744.31 Lakhs (Previous Year - ₹5675.68 Lakhs) is disclosed as 'Advance to MAMC consortium', pending allotment of equity shares in the capital of the JV company. Since the company intends to treat this as a long term investment, independent valuation of the assets taken over has been done and there is no diminution in value of investments. Formulation of business plan and approval of shareholders' agreement from MOD is being pursued.

Further, a company in the name of 'MAMC Industries Limited' (MIL) was formed and incorporated as a wholly-owned subsidiary company for the intended purpose of JV formation. Shareholders' agreement, as duly approved by the Boards of all the three members of the consortium, has been submitted to Ministry of Defence for necessary approval. After obtaining the said approval, MIL, would be converted into a JV Company. The Company has advanced a sum of ₹601.76 Lakhs (Previous Year - ₹601.44 Lakhs) on account of MIL, which is included under the head 'Advances to related parties'.

Note 12: Inventories (Lower of cost and Net realisable value)

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Raw materials & Components	**58,242.34**	43,160.58	39,057.54
Less: Allowance for obsolescence - Raw Material	**(860.37)**	(739.67)	(616.85)
Raw materials & Components in Transit	**2,778.23**	861.07	3,546.61
Stores and Spares	**2,171.95**	1,991.35	2,225.50
Work-in-Progress	**58,065.97**	50,505.09	59,054.62
Finished Goods	**39,897.24**	38,530.46	48,515.57
Less: Allowance for obsolescence - Finished Goods	**(1,112.82)**	(1,613.68)	(1,734.71)
Finished Goods in Transit	**3,249.45**	202.47	5,848.64
Stock of Spares	**35,175.50**	36,401.77	35,522.54
Less: Allowance for obsolescence - Stock of Spares	**(3,190.41)**	(2,509.66)	(2,077.02)
Stock of Spares in Transit	**286.81**	835.24	726.98
Hand tools	**2,679.79**	1,993.21	1,744.52
Scrap	**542.03**	599.32	1,040.88
Patterns & Other Materials	**16.34**	16.63	12.53
Total	**1,97,942.05**	1,70,234.18	1,92,867.35

a. Raw materials & Components include materials lying with sub contractors ₹1889.84 Lakhs (Previous Year - ₹2100.06 Lakhs). Of these, confirmation from the parties is awaited for ₹588.75 lakhs (Previous Year - ₹137.94 Lakhs).

b. The closing stock of work-in-progress and finished goods are stated at lower of standard cost, which approximates to actuals, and net realisable value. The difference between the actual cost of production and the standard cost is not material.

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

d. Allowance towards obsolescence is made as per the provisioning norms and is based on ageing of inventory.

e. The Carbon Credits are included under Finished Goods at a total value of ₹1.42 Lakhs (₹21.58 per unit of Verified Emission Reductions (VERs)). Total VERs certified and pending for realization is 6589 units. The Certified Emission Reduction (CER) is valued at cost as required by Guidance Note on CER issued by ICAI.

Note 13: Investments

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
	-	-	-
Total	-	-	-

Note 14: Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Unsecured, considered good			
Outstanding for period exceeding six months *	**69,132.42**	53,096.02	41,473.38
Others	**73,971.48**	67,620.67	57,671.05
Unsecured, considered doubtful			
Outstanding for period exceeding six months	**16,191.99**	14,970.87	15,767.77
Allowance for bad and doubtful trade receivables	**(16,191.99)**	(14,970.87)	(15,767.77)
Total	**1,43,103.90**	1,20,716.69	99,144.43

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

ii. Trade receivables - Outstanding for period exceeding six months include ₹4899.99 Lakhs (Previous Year ₹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 Ministry of Defence (MoD) in 2001. This contract provided for import content denominated in US Dollar with a clause for escalation and exchange rate variation. As the import of materials was from a country in the European Union which adopted Euro as its International transaction currency, the company was forced to import in Euro currency from January, 2007 to meet its obligations under the contract. The Euro as a trading currency was not contemplated at the time of entering the contract placed by the customer. The request for amendment from US Dollar to Euro and the consequential Escalation and Exchange Rate variation is pending with the customer. The company does not expect any material impact on this account, sequel to the reassessment of the escalation and exchange rate variation, based on an acceptable formula for the customer.

The movement in the allowance for bad & doubtful trade receivables is as follows: (₹ in Lakhs)

Particulars	2016-17	2015-16	2014-15
Balance at the beginning of the year	**14,970.87**	15,767.77	12,000.23
Impairment losses recognised	**1,505.88**	1,550.91	3,558.69
Written off during the year	-	(546.74)	-
Credited to profit or loss	**(284.76)**	(26.85)	-
Transfers to allowance for doubtful claims (note 18)	-	(1,774.22)	208.85
Balance at the end of the year	**16,191.99**	14,970.87	15,767.77

Note 15: Cash and cash equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Balances with Banks	**1,293.81**	6,497.96	14,242.27
Balances with Banks - Unclaimed Dividend	**31.82**	37.59	42.53
Cheques, drafts on hand	**72.93**	35.06	191.23
Cash on hand	**55.37**	71.95	92.90
Total	**1,453.93**	6,642.56	14,568.93

a. The Group earns no interest on balances with banks in current accounts.

b. Balances with banks include the following on which there were restrictions placed on use and / or held on behalf of third parties:

ESCROW account balance to be distributed among consortium members ₹174.79 Lakhs (Previous Year ₹5189.58 Lakhs) & BEML share is ₹9.80 Lakhs (Previous Year ₹Nil)

c. Out of the Cash Credit Limit of ₹100000 Lakhs sanctioned to the Group by Consortium Bankers, the amount drawn by the Group as on 31st March is ₹11467.10 Lakhs (Previous Year ₹15546.71 Lakhs)

d. For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Balances with Banks	**1,293.81**	6,497.96	14,242.27
Balances with Banks - Unclaimed Dividend	**31.82**	37.59	42.53
Cheques, drafts on hand	**72.93**	35.06	191.23
Cash on hand	**55.37**	71.95	92.90
Less: Bank overdraft/Cash credit facility	**(11,467.10)**	(15,546.71)	(17,724.51)
Total	**(10,013.17)**	(8,904.15)	(3,155.58)

For an understanding of the Group's cash management policies, refer Note no.39 L (ii) on liquidity risk.

e. The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 is given below:

(Amount in ₹)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	**6,91,500**	4,09,875	11,01,375
(+) Permitted receipts	**1,16,000**	57,21,453	58,37,453
(-) Permitted payments	-	(50,17,223)	(50,17,223)
(-) Amount deposited in Banks	**(8,07,500)**	-	(8,07,500)
Closing cash in hand as on 30.12.2016	-	11,14,105	11,14,105

Note 16: Loans

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Unsecured, considered good			
Lease Deposits	**4.27**	20.15	40.05
Inter Corporate Loan	**817.28**	817.28	817.28
Total	**821.55**	837.43	857.33

Note 17: Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Security Deposit with Customers	**112.39**	116.94	217.56
Earnest Money Deposit	**89.33**	36.47	101.79
Deposit with service providers	**313.19**	424.05	288.35
Interest accrued on bank deposits	-	-	7.28
Derivative asset	-	749.24	-
Total	**514.91**	1,326.70	614.98

For an understanding of the Company's derivative transactions, refer Note no. 39N on derivatives.

Note 18: Other Current Assets

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Advances to Related Parties	**134.28**	131.33	131.54
Balances with Public Utility concerns	**668.89**	662.34	661.23
Less: Allowance for doubtful Balances with Public Utility concerns	**(185.66)**	(150.25)	(150.25)
Balances with Govt. departments for Customs Duty, Excise Duty etc.,	**343.55**	1,923.22	671.39
Advance to Vendors	**13,860.37**	8,351.92	8,151.65
Less: Allowance for doubtful advances to Vendors	**(3,842.45)**	(3,842.86)	(3,913.70)
Employee Advance	**366.60**	562.59	464.04
Duties and Taxes	**4,441.34**	4,562.13	3,515.39
Cenvat / VAT Balances	**9,144.81**	7,330.32	7,740.79
Less: Allowance for doubtful Cenvat / VAT balances	**(100.00)**	(100.00)	(100.00)
Employee defined benefit asset (Net)	-	65.90	-
Prepayments	**1,002.24**	729.85	700.43
Claims receivable	**17,253.57**	19,224.82	13,910.25
Less: Allowance for doubtful claims	**(4,568.45)**	(4,760.49)	(2,571.39)
Unbilled revenue	**1,099.95**	3,326.21	25,037.71
Total	**39,619.04**	38,017.03	54,249.08
Due by Officers of the Company	**35.00**	45.61	160.65

Claims receivable includes claims lodged pending under reconciliation amounting to ₹2613.84 Lakhs (Previous Year - ₹2216.14 Lakhs).

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

Note 19: Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Number	**Amount**	Number	Amount	Number	Amount
Authorised :						
Equity Shares of ₹10 each	**100000000**	**10,000.00**	100000000	10,000.00	100000000	10,000.00
Issued :						
Equity Shares of ₹10 each	**41900000**	**4,190.00**	41900000	4,190.00	41900000	4,190.00
Subscribed :						
Equity Shares of ₹10 each	**41644500**	**4,164.45**	41644500	4,164.45	41644500	4,164.45
Paid-up :						
Equity Shares of ₹10 each, fully paid-up	**41644500**	**4,164.45**	41644500	4,164.45	41644500	4,164.45
Forfeited Shares (amount originally paid) :						
Equity Shares of Paid-up value ₹5 each	**255500**	**12.77**	255500	12.77	255500	12.77
Total		**4,177.22**		4,177.22		4,177.22

Rights and restrictions attached to equity shares

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

Disclosure requirements for 5 years	**Number of Shares**				
Particulars	**2016-17**	2015-16	2014-15	2013-14	2012-13
Shares allotted as fully paid up pursuant to contracts without payment being received in cash	**Nil**	Nil	Nil	Nil	Nil
Shares allotted as fully paid up by way of bonus shares	**Nil**	Nil	Nil	Nil	Nil
Shares bought back	**Nil**	Nil	Nil	Nil	Nil

Reconciliation of shares outstanding at the beginning and at the end of the period : (₹ in Lakhs)

Particulars	As at 31st March 2017		As at 31st March 2016	
	No. of Shares	**Amount**	No. of Shares	Amount
Outstanding as at Opening Date	**4,16,44,500**	**4,164.45**	4,16,44,500	4,164.45
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	**4,16,44,500**	**4,164.45**	4,16,44,500	4,164.45

Equity Shares held by shareholders having 5% or more

Name of the shareholder	As at 31st March 2017		As at 31st March 2016	
	No. of Shares	% held	No. of Shares	% held
President of India	**2,25,00,000**	**54.03**	2,25,00,000	54.03
HDFC Trustee Company Limited (Group)	**37,47,580**	**9.00**	1,94,387	0.47
Reliance Capital Trustee Co. Ltd (Group)	**27,37,312**	**6.57**	39,12,949	9.40

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

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

The Board of Directors in their meeting held on 30th May 2017 recommended a dividend of ₹8/- per equity share (i.e., 80%) for the financial year ended 31st March 2017, subject to the approval of shareholders at the ensuing Annual General Meeting. If approved, this would result in a cash outflow of approximately ₹4009.79 Lakhs including corporate dividend tax.

Note 20: Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
Debentures						
Secured Redeemable Non-convertible Debentures, secured by exclusive first charge on 46 Acres and 28 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.24%	**30,000.00**	-	30,000.00	-	30,000.00	-
Term Loans						
(a) Secured from Banks						
i. From State Bank of Travancore, Secured on first charge by way of hypothecation of all movable including machinery, spares, tools, accessories present and future (except receivables and current assets) and equitable mortgage of immovable property at Palakkad Complex. Rate of interest 10.20%	-	-	733.60	494.25	1,228.05	494.25
ii. From Standard Chartered Bank, secured by exclusive first charge on 61 Acres and 37 Guntas of BEML Residential Township Land and Buildings thereon (Bangalore Complex). Rate of Interest 9.14%	-	-	-	2,650.00	2,650.00	2,650.00
(b) Unsecured from other parties						
i. Inter corporate loans against company's corporate guarantee (from Coal India)	-	**696.81**	4,696.82	1,565.60	6,262.42	1,565.60
ii. Soft Loan - Interest Free Loan from Govt. of Kerala	**1,052.30**	**537.18**	834.80	417.40	1,252.20	417.40
Total	**31,052.30**	**1,233.99**	36,265.22	5,127.25	41,392.67	5,127.25

Maturity Pattern of Secured Redeemable Non-convertible Debentures : (₹ in Lakhs)

Coupon Rate	Interest Rate	2020-21	2021-22	2022-23
Payable semi-annually on 18th May & 18th November every year	9.24%	10000.00	10000.00	10000.00

Terms of repayment of Unsecured Inter Corporate Loan : (₹ in Lakhs)

Rate of Interest	Interest Rate	2017-18
Bank Rate plus 3.50%, currently 10.25%	10.25%	696.81

Terms of repayment of Soft Loan - Interest free Loan from Govt. of Kerala (₹ in Lakhs)

Rate of Interest	Interest Rate	2017-18	2018-19	2019-20	2020-21	2021-22
Soft Loan - Interest free Loan, Re-payable in 10 equal instalments in 5 years	0.00%	606.20	606.20	188.80	188.80	188.80

Note 21: Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Deposit from vendors	**41.60**	32.99	3.98
Earnest Money Deposit from vendors	-	-	7.11
Total	**41.60**	32.99	11.09

Note 22: Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Provision for employee benefits			
for Leave Salary	**14,192.11**	12,437.96	13,426.73
for Post retirement medical scheme	**2,969.49**	2,841.01	1,973.17
Provision-others			
for warranty	**97.00**	173.00	135.00
for unexpired obligations	**237.27**	612.29	900.96
Total	**17,495.87**	16,064.26	16,435.86

1. For movement in the provisions during the year refer Note No. 28.
2. The provision for employee benefits represents annual leave and vested long service entitlements accrued.
3. Warranty provisions are recognised on a contract-by-contract basis for goods sold over the warranty period. The provision is based on estimates of probable likelihood of product failure and returns based on current sales level and past experience.
4. Provision for unexpired obligations is towards supply of Backup Spares against guaranteed availability contracts.

Note 23: Other Non-current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Advances from customers	**34,000.51**	36,245.50	36,611.85
Staff related	**25.25**	23.49	21.00
Deferred government grant	**164.11**	-	-
Total	**34,189.87**	36,268.99	36,632.85

a. Group received an interest free loan of ₹944.00 Lakhs from Government of Kerala (Note 20). The same has been initially recognised at fair value and the difference between the proceeds and fair value is recognised as deferred government grant.

The government grant income is amortised to profit or loss on a straight line basis over the term of interest free loan (Note 31).

Note 24: Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Repayable on demand from banks			
Secured			
Cash Credit & Short Term Loans (secured by first charge by way of hypothecation of Inventories, Bills receivable, Book Debts and all other movables both present and future)	**11,467.10**	15,546.71	17,724.51
Unsecured	-	-	-
Total	**11,467.10**	15,546.71	17,724.51

Note 25: Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Total outstanding dues of micro & small enterprises	**1,916.45**	1,421.67	3,279.27
Total outstanding dues of creditors other than micro & small enterprises	**48,199.46**	40,068.59	49,240.43
Total	**50,115.91**	41,490.26	52,519.70

Micro and Small Enterprises (MSE)

The information under MSMED Act, 2006 has been disclosed to the extent such vendors have been identified by the Group. The details of amounts outstanding to them based on available information with the Group is as under :

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Amount due and Payable at the year end			
- Principal	**124.47**	587.11	976.42
- Interest on above Principal	-	51.13	23.10
Payments made during the year after the due date			
- Principal	**374.54**	8,406.00	7,799.40
- Interest	**0.96**	-	-
Interest due and payable for principals already paid	**55.43**	399.97	417.08
Total Interest accrued and remained unpaid at year end	**55.43**	451.10	440.18
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23 of MSMED Act, 2006.	**0.96**	113.86	243.08

Note 26: Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Current maturities of long term debt (refer note 20)	**1,233.99**	5,127.25	5,127.25
Deposit from vendors	**562.92**	424.00	262.88
Earnest Money Deposit from vendors	**409.69**	717.17	546.99
Derivative liabilities	-	-	299.11
Interest accrued but not due on borrowings	**1,017.67**	1,131.68	1,119.86
Interest accrued and due on borrowings	-	-	35.49
Unclaimed dividend	**32.37**	38.64	43.88
Total	**3,256.64**	7,438.74	7,435.46

Note 27: Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Other payables			
a. Staff related dues	**2,419.20**	2,203.75	1,599.21
b. Statutory dues	**5,049.92**	6,279.72	9,527.92
c. Excise Duty provision on FGI	**8,050.90**	7,017.54	9,166.46
d. Advances from customers	**64,394.53**	33,808.55	40,864.90
e. Service vendors	**8,062.72**	4,927.87	6,793.79
f. Civil contractors and Capital payments	**1,733.86**	1,688.57	1,701.38
Interest due on MSE vendors	**0.85**	198.17	15.84
Deferred government grant (refer note 23 a)	**42.73**	-	-
Total	**89,754.71**	56,124.17	69,669.50

Note 28: Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Provision for employee benefits			
for Gratuity	**888.99**	-	1,337.81
for Leave Salary	**2,292.59**	3,249.67	1,642.82
for Performance Related Pay	**870.00**	570.00	370.00
for Post retirement medical scheme	**1,848.04**	1,413.07	277.19
for Officers Pension	**1,230.65**	1,171.86	674.14
for Wage revision	**1,935.01**	94.92	63.66
Provision-others			
for pending legal cases	**33.55**	37.37	346.20
for warranty	**5,595.41**	6,312.20	6,070.36
for unexpired obligations	**495.63**	759.22	1,498.97
for others	-	-	0.49
Total	**15,189.87**	13,608.31	12,281.64

Movement in Provisions

(₹ in Lakhs)

Particulars	As at 01.04.2015		Additions	Utilization	Reversal	As at 31.03.2016	
	Non-current	Current				Non-current	Current
Gratuity	-	1,337.81	841.77	2,245.48	-	-	* (65.90)
Leave Salary	13,426.73	1,642.82	4,619.56	4,001.48	-	12,437.96	3,249.67
Post retirement medical scheme	1,973.17	277.19	2,184.61	180.89	-	2,841.01	1,413.07
Performance Related Pay	-	370.00	200.00	-	-	-	570.00
Officers Pension	-	674.14	1,171.86	659.47	14.67	-	1,171.86
Pay Revision	-	63.66	31.26	-	-	-	94.92
Pending legal cases	-	346.20	8.24	307.27	9.80	-	37.37
Warranty	135.00	6,070.36	6,426.49	5,704.57	442.08	173.00	6,312.20
Unexpired Obligation	900.96	1,498.97	470.56	691.01	807.97	612.29	759.22
Total	**16,435.86**	**12,281.15**	**15,954.35**	**13,790.17**	**1,274.52**	16,064.26	13,542.41

* Towards Gratuity the Group has funded ₹ 65.90 Lakhs more than liability and this amount is included under Note No. 18

(₹ in Lakhs)

Particulars	As at 01.04.2016		Additions	Utilization	Reversal	As at 31.03.2017	
	Non-current	Current				Non-current	Current
Gratuity	-	(65.90)	2,284.54	1,329.65	-	-	888.99
Leave Salary	12,437.96	3,249.67	5,308.11	4,511.04	-	14,192.11	2,292.59
Post retirement medical scheme	2,841.01	1,413.07	852.51	289.06	-	2,969.49	1,848.04
Performance Related Pay	-	570.00	300.00	-	-	-	870.00
Officers Pension	-	1,171.86	1,230.65	1,145.04	26.82	-	1,230.65
Pay Revision	-	94.92	1,840.09	-	-	-	1,935.01
Pending legal cases	-	37.37	1.05	0.50	4.37	-	33.55
Warranty	173.00	6,312.20	4,331.22	4,361.74	762.27	97.00	5,595.41
Unexpired Obligation	612.29	759.22	120.60	-	759.21	237.27	495.63
Total	**16,064.26**	**13,542.41**	**16,268.77**	**11,637.03**	**1,552.67**	17,495.87	15,189.87

Note 29: Current Tax Liabilities (Net)

(₹ in Lakhs)

Particulars	**As at 31st March 2017**	As at 31st March 2016	As at 1st April 2015
Provision for Income tax	**1,307.55**	1,381.51	148.10
Total	**1,307.55**	1,381.51	148.10

Note 30: Revenue from Operations

(₹ in Lakhs)

Particulars	**For the Year ended 31st March 2017**	For the Year ended 31st March 2016
(a) sale of products (including excise duty as applicable):		
Castings	**140.75**	1.50
Earth Moving Equipment	**90,228.17**	97,436.67
Rail & Metro Products	**54,565.68**	1,01,860.34
Defence Products	**43,483.13**	34,335.39
Traded Goods	**-**	57.82
Spare Parts	**72,611.14**	68,932.44
Wind Energy	**962.72**	370.68
Sub-total	**2,61,991.59**	3,02,994.84
(b) sale of services;		
Equipment Servicing	**19,554.71**	23,040.91
Sub-total	**19,554.71**	23,040.91
(c) other operating revenues		
Sale of Scrap	**1,399.69**	1,721.80
Sub-total	**1,399.69**	1,721.80
Revenue from operations	**2,82,945.99**	3,27,757.55

i. The Group has entered into a consortium agreement with one international partner for the supply of Metro coaches to Delhi Metro Rail Corporation Ltd, (DMRCL). As per the agreement, the Group is responsible to raise the bills at the full value of the contract including consortium scope on DMRCL, as terminal excise duty and CST thereon is discharged by the Group.

Note 30A:

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

(₹ in Lakhs)

Particulars	**For the Year ended 31st March 2017**	For the Year ended 31st March 2016
Rail & Metro Products	**54,797.56**	1,15,718.86
Other products, services and other operating revenue	**2,28,380.31**	2,25,897.21
Sub-total	**2,83,177.87**	3,41,616.07
Less: Value of Consortium Supplies	**231.88**	13,858.52
Revenue from Operations	**2,82,945.99**	3,27,757.55

ii. Ind AS 11 (Construction Contracts)

Revenue includes revenue recognised on percentage of completion method as detailed below: (₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
a) Contracts revenue recognized during the year	**2,407.65**	1,806.80
b) Disclosure in respect of Contracts in Progress as at 31st March 2017		
(i) Aggregate amount of cost incurred	**5,861.61**	3,453.96
(ii) Recognized profit (less recognized losses, if any) net of provision for contingency	-	-
(iii) Amount of advances received and outstanding	**3,390.87**	-
(iv) The amount of retention	-	-
c) Percentage of completion method is used to determine the contract revenue recognised in the period. Ratio of the actual cost incurred on the contracts up to 31.03.2017 to the estimated total cost of the contract, is used to determine the stage of completion.		

Note 31: Other Income

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Interest Income		
- From Deposits	**5.65**	107.79
- From Inter Corporate Loans	**349.36**	456.69
- From Other Advances	**107.55**	135.55
- From Income tax refund	**923.36**	39.96
[Gross Interest : ₹2007.88 Lakhs		
Less: Consortium share: ₹1084.52 Lakhs]		
- Finance income on lease deposits	**4.41**	3.32
- Others	**31.12**	16.99
Government grant income	**28.49**	-
Export incentives	**64.20**	310.61
Net gain on sale of property, plant and equipment	**5.29**	5.17
Provisions written back		
- Doubtful trade receivables & advances	**13.45**	26.85
- Others	**2,116.07**	1,360.47
Foreign exchange gain	**862.36**	-
Other non-operating income	**1,748.03**	1,767.27
Total	**6,259.34**	4,230.67

a. Tax Deducted at Source on Income (₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
a) Interest on Call and Term Deposit from Banks	-	10.07
b) Interest on Inter Corporate Loans	**34.94**	45.67
c) Others	-	10.59

Note 32: Cost of Materials Consumed

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Cost of materials consumed	**1,33,116.54**	1,45,771.23

Note 33: Purchase of Stock-in-Trade

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Purchase of stock-in-trade	-	51.21

Note 34: Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Opening Stock		
Finished goods	**37,119.25**	52,629.50
Work-in-progress	**50,505.09**	59,054.62
Scrap	**599.32**	1,040.88
	88,223.66	1,12,725.00
Closing Stock		
Finished goods	**42,033.87**	37,119.25
Work-in-progress	**58,065.97**	50,505.09
Scrap	**542.03**	599.32
	1,00,641.87	88,223.66
(Increase) / Decrease		
Finished goods	**(4,914.62)**	15,510.25
Work-in-progress	**(7,560.88)**	8,549.53
Scrap	**57.29**	441.56
Total	**(12,418.21)**	24,501.34

Note 35: Employee Benefits Expense

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Salaries, Wages & Bonus	**59,231.08**	57,227.94
Leave Salary	**5,308.11**	4,619.56
Contribution to:		
- Gratuity Fund	**709.08**	830.70
- Provident Fund and Other Funds	**5,824.92**	5,783.66
Post retirement medical scheme	**924.49**	824.58
Staff welfare expenses	**7,019.62**	7,157.32
-Less receipts	**506.14**	491.61
Net staff welfare expenses	**6,513.48**	6,665.71
Total	**78,511.16**	75,952.15

A. Ind AS 19 (Employee Benefits)

a. Leave Salary

This is an unfunded employee benefit plan categorized under other long term employee benefits in terms of Ind AS 19. The obligation for compensated absence has been actuarially valued and liability provided accordingly.

Actuarial Assumptions	Current Year	Previous Year
	(Unfunded)	(Unfunded)
Mortality Table	**2006-08 (IALM)**	2006-08 (IALM)
	(Ultimate)	(Ultimate)
Discount rate	**7.40%**	7.80%
Rate of escalation in salary	**5.00%**	5.00%

b. Post Retirement Medical Scheme

1. Employees

(i) The Group has a post retirement defined benefit medical scheme where an insurance policy is taken by the Group for providing mediclaim benefits to the superannuated employees who opt for the scheme. The Group pays 2/3 rd insurance premium and the balance is paid by the superannuated employees.

(ii) The results of the actuarial study for the obligation of the medical benefit as computed by the actuary are shown below:

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
Principal actuarial assumptions		
Discount rate	**7.40%**	7.80%
Range of compensation increase	**5.00%**	5.00%
Attrition rate:	**0.90%**	0.90%
Components of income statement charge		
Current Service Cost	**151.10**	197.15
Interest Cost	**245.97**	125.20
Total income statement charge	**397.07**	322.35
Movements in net defined benefit liability		
Net obligation at the beginning of the year	**3,153.54**	1,605.13
Employer contributions	**(165.91)**	(133.98)
Total expense recognised in profit or loss	**397.07**	322.35
Total amount recognised in OCI	**(71.98)**	1,360.04
Net obligation at the end of the year	**3,312.72**	3,153.54
Reconciliation of benefit obligations		
Obligation at start of the year	**3,153.54**	1,605.13
Current service cost	**151.10**	197.15
Interest cost	**245.97**	125.20
Benefits paid directly by the company	**(165.91)**	(133.98)
Actuarial loss / (gain) on obligations	**(71.98)**	1,360.04
DBO at the end of the year	**3,312.72**	3,153.54
Re-measurements		
Actuarial gain/(loss) on account of experience adjustments	**(71.98)**	1,360.04
Total actuarial gain/(loss) recognised in OCI	**(71.98)**	1,360.04

(iii) Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

(₹ in Lakhs)

	Current Year	Previous Year
Discount rate		
+ 0.50% discount rate	**(169.24)**	(166.67)
- 0.50% discount rate	**185.26**	183.00
Premium cost		
+ 0.50% premium growth	**193.17**	141.59
- 0.50% premium growth	**(177.46)**	(132.10)

(₹ in Lakhs)

(iv) Experience adjustments	Current Year	Previous Year
Defined benefit obligation	**3,312.72**	3,153.54
Experience adjustment on plan liabilities	**(208.57)**	1,168.11

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

2. Officers

For officers, from the year 2015-16 a new Post-Retirement Medical Scheme has been introduced where a percentage of Basic salary and DA of officers will be contributed to a separate fund and the fund arrange to provide medical insurance to retired officers. Group has contributed 3% of the basic and DA of officers amounting to ₹527.42 Lakhs during 2016-17 for the scheme. Group has no further liability other than the contribution to the fund. Hence the scheme is a defined contribution plan and no actuarial valuation is required.

c. Interest Rate Guarantee on Provident Fund

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

Actuarial Assumptions	Current Year	Previous Year
	(Funded)	(Funded)
Discount rate	**7.30%**	7.80%
Rate of escalation in salary	**5.00%**	5.00%
Interest Rate Guarantee on Provident Fund	**8.65%**	8.75%

d. Officers Pension Scheme

Based on the guidelines of Ministry of Defence, Group has implemented "BEML Executive Superannuation (Pension) Scheme" for Officers of the Group. The Scheme is a defined contribution plan and the contribution made is being charged off in the year of contribution. Being a defined contribution plan no actuarial valuation is done.

e. Gratuity

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

(ii) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
Principal actuarial assumptions		
Discount rate	**7.40%**	7.80%
Range of compensation increase	**5.00%**	5.00%
Attrition rate	**0.90%**	0.90%
Expected rate of return on plan assets	**8.40%**	8.50%
Components of income statement charge		
Current Service Cost	**765.51**	724.21
Interest Cost	**(56.43)**	106.49
Total income statement charge	**709.08**	830.70
Movements in net liability/(asset)		
Net liability / (asset) at the beginning of the year	**(65.90)**	1,337.81
Employer contributions	**(1,329.65)**	(2,245.48)
Total expense recognised in profit or loss	**709.08**	830.70
Total amount recognised in OCI	**1,575.46**	11.07
Net liability / (asset) at the end of the year	**888.99**	(65.90)
Reconciliation of benefit obligations		
Obligation at start of the year	**35,742.14**	37,166.20
Current service cost	**765.51**	724.21
Interest cost	**2,589.75**	2,898.96
Benefits paid directly by the company	**(5,096.30)**	(5,193.03)
Actuarial loss / (gain) on obligations	**1,691.56**	145.80
DBO at the end of the year	**35,692.66**	35,742.14
Re-measurements		
Actuarial gain/(loss) due to changes in financial assumptions	**107.43**	169.89
Actuarial gain/(loss) on account of experience adjustments	**(1,700.23)**	(110.64)
Total actuarial gain/(loss) recognised in OCI	**(1,592.80)**	59.25
Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	**35,808.04**	35,828.39
Interest on plan assets	**2,646.18**	2,792.47
Contributions made	**1,329.65**	2,245.48
Benefits paid	**(5,096.30)**	(5,193.03)
Actuarial gain/(loss) on plan assets	**116.10**	134.73
Fair value of plan assets at the end of the year	**34,803.67**	35,808.04

(iii) Sensitivity analysis of significant assumptions

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	Current Year	Previous Year
Discount rate		
+ 0.50% discount rate	**(936.88)**	(944.59)
- 0.50% discount rate	**989.32**	995.22
Salary increase		
+ 0.50% salary growth	**382.62**	413.86
- 0.50% salary growth	**(403.28)**	(444.12)

(iv) Experience adjustments	**Current Year**	Previous Year
Defined benefit obligation	**35,692.66**	35,742.14
Fair value of plan assets	**34,803.67**	35,808.04
(Surplus)/deficit in plan assets	**888.99**	(65.90)
Experience adjustment on plan liabilities	**1,700.23**	110.64
Actual return on plan assets less interest on plan assets	**(56.43)**	106.49

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

(v) Investment details

The plan assets under the fund are deposited under approved securities as follows:

(iv) Experience adjustments		**Current Year**	Previous Year
Investment with LIC	%	**100**	99
Others	%	**0**	1

Note 36: Finance costs

(₹ in Lakhs)

Particulars	**For the Year ended 31st March 2017**	For the Year ended 31st March 2016
Interest expense		
On Cash Credit & Short term loans	**1,573.44**	1,343.66
On Long Term Loans	**20.59**	165.66
On External Commercial Borrowings	**139.75**	363.55
On Non-convertible Debentures	**2,602.72**	2,097.19
On Inter Corporate Loans	**360.15**	754.25
On MSE vendors	**0.96**	113.86
Unwinding of discount on Interest free loan	**46.01**	-
Others	**60.23**	88.23
Total	**4,803.85**	4,926.40

Ind AS 23 (Borrowing Costs)

The amount of interest capitalized during the Year is ₹169.28 Lakhs (Previous Year - ₹699.97 Lakhs).

Note 37: Other Expenses

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Consumption of stores and spare parts	**645.62**	653.13
Consumable Tools	**538.28**	619.24
Power and fuel	**3,539.44**	3,535.63
Rent	**445.66**	396.61
Hire Charges	**958.71**	615.21
Repairs & Maintenance		
Machinery & Equipment	**450.94**	586.52
Buildings	**397.25**	545.49
Others	**933.87**	932.40
Stationery	**139.93**	131.74
Insurance	**355.01**	266.30
Rates & Taxes	**449.48**	604.92
Bank Charges	**660.71**	706.79
Communication expenses	**317.30**	338.38
Commission on sales	**45.02**	53.47
Remuneration to Auditors (refer note ‘a’ below)	**26.28**	26.14
Legal & Professional Charges	**222.24**	220.15
Travelling Expenses	**1,467.98**	1,554.20
Publicity & Public Relations	**223.91**	308.99
Loss on sale of property, plant and equipment	**7.37**	19.25
Obsolescence	**801.45**	555.45
Bad Debts written off	**15.23**	384.95
Defects & Spoilages	**24.77**	39.40
Works Contract Expenses	**4,416.33**	4,506.02
Expenses on Maintenance Contract	**3,758.49**	3,473.74
Sundry Direct Charges	**585.34**	1,430.08
Freight charges	**1,945.18**	2,892.58
Expenditure on CSR Activities	**418.77**	459.67
Excise duty on sales	**33,524.17**	30,297.16
Excise duty on increase / (decrease) in Stock	**521.56**	(2,043.83)
Provision for doubtful trade receivables & advances	**1,917.48**	1,966.50
Warranty & Unexpired Obligations	**1,290.93**	2,803.87
Liquidated damages on sales	**1,321.44**	129.51
Foreign exchange loss / (gain)	**-**	519.25
Miscellaneous expenses	**6,717.69**	7,740.97
Total	**69,083.83**	67,269.88

a. Break up of Remuneration to Auditors :

(₹ in Lakhs)

Particulars	**For the Year ended 31st March 2017**	For the Year ended 31st March 2016
(a) As Auditor	**15.34**	10.07
(b) Half yearly Audit fee	**0.30**	4.30
(c) for taxation matter	**2.97**	2.70
(d) Other Services - Certification Fees	**7.02**	7.77
(e) Reimbursement of Expenses	**0.65**	1.30
Total	**26.28**	26.14

Note 38: Exceptional Items

(₹ in Lakhs)

Particulars	**For the Year ended 31st March 2017**	For the Year ended 31st March 2016
Income	-	-
Expenditure	-	-
Net Income / (Expenditure)	-	-

Note 39: Other Disclosures

A. Basic / Diluted Earnings Per Equity Share

Particulars	**Current Year**	Previous Year
Net Profit / (Loss) after Tax (₹ in Lakhs)	**8,478.05**	6,439.51
Average Number of Shares	**4,16,44,500**	4,16,44,500
Earnings Per Share (Basic and Diluted) – Face Value ₹10/- Per Share (Amount in ₹)	**20.36**	15.46

B. In terms of Notification No. S.O.2437(E) dated 04-09-2015 of the Ministry of Corporate Affairs, the Board at its meeting held on 27.05.2016 has given consent with regard to non-disclosure of information as required under paragraphs 5(ii) (a) (1), 5(ii) (a) (2), 5(iii) and Para 5(viii) (a), (b), (c) and (e) of Part II to Schedule III of the Companies Act, 2013, in the Annual accounts for the Financial Year 2015-16 onwards.

C. Ind AS 24 - Related Parties

In accordance with the requirements of Ind AS 24, following are details of the transactions during the year with related parties.

Name of the related party	Nature of relationship
Vignyan Industries Limited	Subsidiary
MAMC Industries Limited	Subsidiary
BEML Brazil Industrial Ltda	Subsidiary
BEML Midwest Limited	Joint venture
BEML PF Trust	Employee benefit and administration trust fund
BEML Gratuity Trust	Employee benefit and administration trust fund
BEML Death-cum-Retirement Benefit Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Pension) Fund Trust	Employee benefit and administration trust fund
BEML Executive Superannuation (Benefit) Trust Fund	Employee benefit and administration trust fund
Shri P. Dwarakanath	Key managerial personnel
Shri. D.K. Hota	Key managerial personnel
Shri. Pradeep Swaminathan	Key managerial personnel
Shri. Aniruddh Kumar	Key managerial personnel
Shri. B R Viswanatha	Key managerial personnel
Shri. R H Muralidhara	Key managerial personnel
Shri. M E V Selvamm	Key managerial personnel
Shri. S V Ravi Sekhar Rao	Key managerial personnel

Transactions with related parties

1. The details of related party transactions entered into by the Company are as follows:

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

Details of Transactions (₹ in Lakhs)

Particulars	**31 March 2017**	31 March 2016	1 April 2015
Transactions during the year ended			
Sales	-	-	-
Purchases	-	-	-
Equity Investment held as on 31st March (at cost)	**542.25**	542.25	542.25
Outstanding balances			
Advances recoverable as on 31st March	**134.28**	131.33	131.54
Amount payable towards supplies as on 31st March	**230.00**	230.00	230.00
Corporate Guarantee given to Bankers as on 31st March [refer Note 7 (b)]	**1,912.50**	1,912.50	1,912.50

2. Remuneration to Key managerial personnel

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
Shri P. Dwarakanath - Chairman and Managing Director *	**11.47**	41.19
Shri. D.K. Hota - Director - Chairman and Managing Director	**38.88**	35.07
Shri. Pradeep Swaminathan - Director (Finance) *	**2.93**	33.59
Shri. Aniruddh Kumar - Director (Rail & Metro)	**34.79**	29.26
Shri. B R Viswanatha - Director (Mining & Construction) *	**32.06**	7.31
Shri. R H Muralidhara - Director (Defence) *	**31.93**	6.71
Shri. M E V Selvamm - Company Secretary *	**10.95**	16.09
Shri. S V Ravi Sekhar Rao - Company Secretary *	**8.48**	-

(* For part of the year.)

3. Details of remuneration of key managerial personnel comprises the following:

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
Shri P. Dwarakanath (Chairman and Managing Director) *		
Short-term benefits	11.47	36.54
Post-employment benefits	-	1.23
Other long-term benefits	-	3.42
Termination benefits	-	-
Shri. D.K. Hota (Chairman and Managing Director)	**31 March 2017**	31 March 2016
Short-term benefits	34.95	31.64
Post-employment benefits	1.35	1.25
Other long-term benefits	2.58	2.18
Termination benefits	-	-
Shri. Pradeep Swaminathan (Director - Finance) *	**31 March 2017**	31 March 2016
Short-term benefits	2.91	30.24
Post-employment benefits	0.02	1.18
Other long-term benefits	-	2.17
Termination benefits	-	-
Shri. Aniruddh Kumar (Director - Rail & Metro)	**31 March 2017**	31 March 2016
Short-term benefits	29.63	27.40
Post-employment benefits	1.07	1.09
Other long-term benefits	4.09	0.77
Termination benefits	-	-

(₹ in Lakhs)

Shri. B R Viswanatha (Director - Mining & Construction)*	31 March 2017	31 March 2016
Short-term benefits	28.87	4.51
Post-employment benefits	0.32	0.18
Other long-term benefits	2.87	2.62
Termination benefits	-	-
Shri. R H Muralidhara (Director - Defence)*	**31 March 2017**	31 March 2016
Short-term benefits	28.92	2.34
Post-employment benefits	0.24	0.10
Other long-term benefits	2.77	4.27
Termination benefits	-	-
Shri. M E V Selvamm (Company Secretary) *	**31 March 2017**	31 March 2016
Short-term benefits	10.86	15.00
Post-employment benefits	0.09	0.68
Other long-term benefits	-	0.41
Termination benefits	-	-
Shri. S V Ravi Sekhar Rao - (Company Secretary)*	**31 March 2017**	31 March 2016
Short-term benefits	6.89	-
Post-employment benefits	0.66	-
Other long-term benefits	0.93	-
Termination benefits	-	-
Total	**31 March 2017**	31 March 2016
Short-term benefits	154.50	147.67
Post-employment benefits	3.75	5.71
Other long-term benefits	13.24	15.84
Termination benefits	-	-

* For part of the year.

4. Considering the wide scope of the definition of Related Party under section 2(76); Relative under section 2(77) and Key Managerial Personnel under section 2(51) of Companies Act, 2013 and the requirement under Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the disclosure with respect to Related Party transactions has been restricted to Subsidiary / Joint Venture / Associate companies and to any other Related Party as declared by Directors and Key Managerial Personnel. Accordingly, the compliance with Related Party Transactions under section 188, Ind AS 24 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been made to the extent data is available with the Company.

D. Contingent liabilities & Commitments

I. Contingent liabilities

a. Claims against the Group not acknowledged as debts i Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT etc.,) - ₹59307.40 Lakhs (Previous Year - ₹57046.22 Lakhs).

ii Other claims - legal cases etc. ₹15431.30 Lakhs (Previous Year - ₹52638.44 Lakhs).

b. Guarantees

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

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

II. Commitments

a. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹5958.37 Lakhs (Previous Year - ₹2270.81 Lakhs)

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

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

NOTES

1. The Group does not expect any cash outflow in respect of above contingent Liabilities.
2. It is not practicable to estimate the timing of cash flows, if any, in respect of matters referred in I (a) above pending resolutions of the arbitration / appellate proceedings.
3. The cash flow in respect of matters referred to in I (b) above is generally expected to occur within 3 years. However, the matter is under adjudication before DRT.

E. Aggregate amount of Research & Development Expenses:

(₹ in Lakhs)

Particulars	31st March 2017	31st March 2016
Revenue Expenditure*	**7,611.18**	5,589.74
Capital Expenditure**	**196.44**	1,072.77

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

a. Research & Development Revenue Expenditure :

(₹ in Lakhs)

Expenditure in R&D included in	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Material Cost	**230.23**	421.90
Employee Remuneration	**3,610.50**	3,400.21
Depreciation	**877.73**	763.43
Power and Fuel	**142.18**	211.79
Repairs and Maintenance	**16.71**	20.72
Consumable Tools	**2.56**	2.24
Travelling	**135.94**	112.85
Other Expenses	**983.62**	855.53
Payment to Technology Providers	**81.79**	-
Cost of Sales of Prototype sold	**2,407.65**	564.50
Total R&D Revenue Expenditure	**8,488.91**	6,353.17
Less: Depreciation	**877.73**	763.43
Net R & D Expenditure	**7,611.18**	5,589.74
Sale value of prototype sold - included in net Sales	**2,407.65**	1,161.00

** The aggregate amount of Research & Development Expenditure recognised as Capital Expenditure till 31st March 2017 and 31st March 2016 is as below.

b. Research & Development Capital Expenditure

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated depreciation, amortisation and impairment				Carrying value	
	As at 01.04.2015	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 01.04.2015	For the year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Property, Plant and Equipment										
Land										
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29
Roads & Drains	1.64	-	-	1.64	-	1.44	(3.00)	(1.56)	3.20	1.64
Water Supply Installations	0.12	-	-	0.12	-	0.01	(0.01)	-	0.12	0.12
Buildings	111.95	-	(2.62)	109.33	-	19.74	(6.62)	13.12	96.21	111.95
Plant, Machinery and Equipment	560.49	22.56	(50.57)	532.48	-	84.65	(20.17)	64.48	468.00	560.49
Electrical Installation	10.52	9.65	12.49	32.66	-	1.89	14.82	16.71	15.95	10.52
Furniture & Fixtures	47.53	2.06	12.36	61.95	-	11.84	8.16	20.00	41.95	47.53
Transport Vehicles	16.99	9.09	5.33	31.41	-	5.82	(0.91)	4.91	26.50	16.99
Computers and Data processing units	19.23	90.71	338.48	448.42	-	20.79	319.59	340.38	108.04	19.23
Intangible Assets										
Software	192.87	938.70	0.32	1,131.89	-	127.75	0.03	127.78	1,004.11	192.87
Technical Knowhow	1,117.36	-	-	1,117.36	-	489.50	-	489.50	627.86	1,117.36
Total	**2,081.99**	**1,072.77**	**315.79**	**3,470.55**	**-**	**763.43**	**311.89**	**1,075.32**	**2,395.23**	**2,081.99**
Previous Year	2,081.99			2,081.99				-	2,081.99	2,921.75

(₹ in Lakhs)

Particulars	Cost or Deemed cost				Accumulated depreciation, amortisation and impairment				Carrying value		
	As at 01.04.2016	Additions During the Year	Deduction / Re-classification & Adjustments	As at 31.03.2017	As at 01.04.2016	For the year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Property, Plant and Equipment											
Land											
Free Hold	3.29	-	-	3.29	-	-	-	-	3.29	3.29	3.29
Roads & Drains	1.64	-	-	1.64	(1.56)	0.91	-	(0.65)	2.29	3.20	1.64
Water Supply Installations	0.12	-	-	0.12	-	-	-	-	0.12	0.12	0.12
Buildings	109.33	-	-	109.33	13.12	19.49	0.01	32.62	76.71	96.21	111.95
Plant, Machinery and Equipment	532.48	109.44	-	641.92	64.48	99.48	(11.32)	152.64	489.28	468.00	560.49
Electrical Installation	32.66	7.43	-	40.09	16.71	2.67	-	19.38	20.71	15.95	10.52
Furniture & Fixtures	61.95	9.80	-	71.75	20.00	11.35	(0.03)	31.32	40.43	41.95	47.53
Transport Vehicles	31.41	-	(5.00)	26.41	4.91	6.55	(4.69)	6.77	19.64	26.50	16.99
Computers and Data processing units	448.42	66.76	10.38	525.56	340.38	43.81	8.75	392.94	132.62	108.04	19.23
Intangible Assets											
Software	1,131.89	3.01	47.33	1,182.23	127.78	267.60	8.54	403.92	778.31	1,004.11	192.87
Technical Knowhow	1,117.36	-	-	1,117.36	489.50	425.87	-	915.37	201.99	627.86	1,117.36
Total	**3,470.55**	**196.44**	**52.71**	**3,719.70**	**1,075.32**	**877.73**	**1.26**	**1,954.31**	**1,765.39**	**2,395.23**	**2,081.99**
Previous Year	2,081.99	1,072.77	315.79	3,470.55	-	763.43	311.89	1,075.32	2,395.23	2,081.99	2,921.75

F. Ind AS 108 (Operating Segments)

Vide Notification No. GSR 463(E) dated 05-06-2015 (Serial no. 8) issued by Ministry of Corporate Affairs, exempted companies engaged in Defence Production from segmental disclosure as required under Ind AS 108 (Operating Segments), accordingly the disclosure requirements under Ind AS 108 has not been made.

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

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

I. Disclosures as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements), the required information is given as under:

(₹ in Lakhs)

Particulars	Amount as on		Maximum amount outstanding during the year ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
i. Loans and Advances in the nature of loans:				
A. To Subsidiary Companies	-	-	-	-
B. To Associates / Joint Venture	-	-	-	-
C. To Firms / Companies in which directors are interested	-	-	-	-
D. Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 186 of Companies Act, 2013	-	-	-	-
ii. Investment by the loanee (as detailed above) in the shares of BEML and its subsidiaries	-	-	-	-

J. Leases

a) The Group as a lessee

The Group's significant leasing arrangements are in respect of operating leases and in respect of its leased office premises. These lease arrangements, run for a period of 3 Years to 10 Years and are generally renewable by mutual consent.

Future minimum lease payments under non-cancellable operating leases are summarised below:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Not later than one year	**120.88**	119.42	112.73
Later than one year but not later than five years	**267.73**	513.40	567.47
Later than five years	**1,379.53**	1,578.91	1636.01
Total operating lease commitments	**1,768.14**	2,211.73	2,316.21

b) The Group as a lessor

The Group provides cars to employees who are eligible and enrol into such a scheme after completion of a specific period of service. Such leases are non-cancellable in nature and have been classified as operating leases.

Below are the details of carrying amounts of such vehicles recorded as property, plant and equipment:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Carrying value of assets	**426.22**	465.40	487.17
Accumulated depreciation	**106.47**	62.00	67.38
Depreciation expense during the year	**81.56**	96.07	69.07

Future minimum lease receipts under non-cancellable operating leases in respect of leased cars are summarised below:

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Not later than one year	**43.50**	47.24	53.73
Later than one year but not later than five years	**136.09**	177.76	162.76
Later than five years	**106.03**	155.57	49.52
Total operating lease commitments	**285.62**	380.57	266.01

c) Lease income and expenditure

The gross amounts of operating lease income and expenditure recognised in profit or loss is as below.

(₹ in Lakhs)

Particulars	31 March 2017	31 March 2016
Lease income	**70.67**	64.84
Lease expenses	**445.66**	396.61

K. Fair values and measurement principles

a) The carrying value and fair value of financial instruments by category are as follows:

(₹ in Lakhs)

Particulars	31 March 2017		31 March 2016		1 April 2015	
	Carrying amounts		Carrying amounts		Carrying amounts	
	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost
Financial assets measured at fair value:						
Forward exchange contracts	-	-	749.24	-	14.76	-
	-	-	749.24	-	14.76	-
Financial assets not measured at fair value:						
Loans	-	**2,501.65**	-	3,331.92	-	4,159.01
Trade receivables	-	**1,43,103.90**	-	1,20,716.69	-	99,144.43
Cash and cash equivalents	-	**1,453.93**	-	6,642.56	-	14,568.93
Other financial assets	-	**672.04**	-	635.71	-	616.83
	-	**1,47,731.52**	-	1,31,326.88	-	1,18,489.20

(₹ in Lakhs)

Particulars	31 March 2017		31 March 2016		1 April 2015	
	Carrying amounts		Carrying amounts		Carrying amounts	
	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost	Fair value through profit or loss	Other Financial Assets - Amortised Cost
Financial liabilities measured at fair value:						
Forward exchange contracts	-	-	-	-	313.87	-
	-	-	-	-	313.87	-
Financial liabilities not measured at fair value:						
Borrowings	-	**42,519.40**	-	51,811.93	-	59,117.18
Trade payables	-	**50,115.91**	-	41,490.26	-	52,519.70
Other financial liabilities	-	**3,298.24**	-	7,471.73	-	7,147.44
	-	**95,933.55**	-	1,00,773.92	-	1,18,784.32

* The Group has not disclosed the fair values for financial instruments, because their carrying amounts are a reasonable approximation of fair value.

b) The following table shows the fair values of assets and liabilities including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The Group's use of quoted market prices (Level 1), valuation model using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities and contracts by type of issuer was as follows:

(₹ in Lakhs)

Particulars	31 March 2017			31 March 2016			1 April 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value:									
Forward exchange contracts	-	-	-	-	749.24	-	-	14.76	-
	-	-	-	-	749.24	-	-	14.76	-
Financial liabilities measured at fair value:									
Forward exchange contracts	-	-	-	-	-	-	-	313.87	-
	-	-	-	-	-	-	-	313.87	-

c) Measurement of fair values

Valuation techniques and significant unobservable inputs:

Particulars	Valuation technique	Significant unobservable inputs
Forward exchange contracts	The fair values is determined using unquoted forward exchange rates at the reporting date.	Not applicable

d) Transfers between the fair value hierarchy

There were no transfers in either direction in the fair value hierarchy during the year 2016-17.

L. Financial risk management

The Group is broadly exposed to credit risk, liquidity risk and market risk as a result of financial instruments.

The Group's Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Group's risk management framework. Treasury Management Team in the Group take appropriate steps to mitigate financial risks within the framework set by the top management. Derivative transactions are undertaken by a specialist team with appropriate skills and experience. Group do not trade in derivatives for speculation.

(i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from credit exposures from customers, cash and cash equivalents held with banks and current and non-current debt investments.

The Group regularly follow up the receivable to minimise losses arising from credit exposure from credit customers. Credit control assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Deposits and cash balances are placed with reputable scheduled banks.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base. Major Customers of the Group are from Government Sector and Public Sector Companies, where credit risk is relatively low.

The management has established a system under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, and in some cases bank references.

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables based on factual information as on the Balance sheet date.

The Maximum exposure to credit risk for the trade receivables by geographic region was as follows :

(₹ in Lakhs)

Particulars	**31 March 2017**	31 March 2016	1 April 2015
India	**1,42,412.51**	1,19,553.33	97,378.91
Other regions	**691.39**	1,163.36	1,765.52
Total trade receivables	**1,43,103.90**	1,20,716.69	99,144.43

As at 31 March 2017, the Group's most significant customer, accounted for ₹6346.78 lakhs of the trade receivables carrying amount (31 March 2016: ₹6305.00 lakhs, 1 April 2015: ₹4449.00 lakhs).

The movement in the loss allowance for impairment of trade receivables are disclosed in Note No. 14

Any past due from Government Customers and those fully covered by guarantees or collaterals received are not tested for impairment.

The credit quality of the financial assets is satisfactory, taking into account the allowance for doubtful trade receivables.

The Group has not received any collaterals for receivables as at reporting date.

The impairment loss allowance at 31 March 2017 related to several customers that have indication that they may not pay their outstanding balances. The Group believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on the fact that major customers are Government department, PSUs and historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or the risk that the Group will face difficulty in raising financial resources required to fulfil its commitments. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk is maintained at low levels through effective cash flow management, low borrowings and availability of adequate cash. Cash flow forecasting is performed internally by forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs, to fund scheduled investments and to comply with loan covenants.

To ensure continuity of funding, the Group primarily uses short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirement needs. The Group has also availed various non-current facilities in the form of secured redeemable debentures, secured term loans, inter-corporate loans against the Group's guarantee and soft loans from the Government for expansion projects and construction and development of capital assets.

Exposure to liquidity risk

The table below details the Group's remaining contractual maturity for its financial liabilities and derivative financial liabilities. The contractual cash flows reflect the undiscounted cash flows of financial liabilities and derivative financial liabilities based on the earliest date on which the Group can be required to pay.

(₹ in Lakhs)

Particulars	Contractual cash flows			Adjustments	Carrying amount
	1 year or less	1 year to 5 years	5 years or more		
31 March 2017					
Non-derivative financial liabilities					
Non-current Borrowings	-	21,052.30	10,000.00	-	31,052.30
Current Borrowings	11,467.10	-	-	-	11,467.10
Trade payables	50,115.91	-	-	-	50,115.91
Other financial liabilities	3,298.24	-	-	-	3,298.24
Derivative financial instruments					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	64,881.25	**21,052.30**	**10,000.00**	**-**	**95,933.55**
31 March 2016					
Non-derivative financial liabilities					
Non-current Borrowings	-	16,265.22	20,000.00	-	36,265.22
Current Borrowings	15,493.47	-	-	-	15,493.47
Trade payables	41,490.26	-	-	-	41,490.26
Other financial liabilities	7,471.73	-	-	-	7,471.73
Derivative financial instruments					
Forward exchange contracts					
- Outflow	-	-	-	-	-
- Inflow	(749.24)	-	-	-	(749.24)
	63,706.22	**16,265.22**	**20,000.00**	**-**	**99,971.44**
1 April 2015					
Non-derivative financial liabilities					
Non-current Borrowings	-	11,392.67	30,000.00	-	41,392.67
Current Borrowings	17,731.79	-	-	-	17,731.79
Trade payables	52,519.70	-	-	-	52,519.70
Other financial liabilities	7,147.44	-	-	-	7,147.44
Derivative financial instruments					
Forward exchange contracts					
- Outflow	313.87	-	-	-	313.87
- Inflow	(14.76)	-	-	-	(14.76)
	77,698.04	**11,392.67**	**30,000.00**	**-**	**1,19,090.71**

(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity / commodity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management.

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk). The Group enters into forward derivative contracts to manage risks of loss arising due to foreign exchange exposure. During the year ended 31 March 2017, there was no change to the manner in which the Group managed or measured market risk.

(iv) Currency risk

Foreign currency risk is the risk arising from exposure to foreign currency movement that will impact the Group's future cash flows and profitability in the ordinary course of business. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities from procuring or selling in foreign currencies and obtaining finance in foreign currencies.

The Group is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Group is Indian Rupee. The Group uses forward exchange contracts to hedge its currency risk, mostly with a maturity of less than one year from the reporting date.

The Group operates domestically and is currently a party to borrowings in foreign currencies (USD) which is fully hedged through cross currency swaps until maturity. Foreign exchange risk also arises from future commercial transactions. To manage foreign exchange risk arising from future commercial transactions, the Group may use forward contracts, transacted by the Group's Treasury. The Group's risk management policy is to fully hedge foreign currency exposures related to borrowings and to hedge foreign currency exposures relating to revenue, operating expenditure and capital expenditure over certain thresholds.

The Group has availed a foreign currency term loan which is fully hedged through cross currency swaps until maturity of the ECB.

Particulars	**Lender / Loan market**	**Currency**	**31 March 2017**	31 March 2016	1 April 2015
Foreign currency term borrowings [1]		USD (in Millions)	-	5.00	10.00
		INR (in Lakhs)	-	2,650.00	5,300.00

[1] As the foreign currency borrowing exposures are fully hedged, a strengthening or weakening of USD will have no impact on profit or loss or equity. At 31 March 2016, the Group had no exposure to foreign exchange risk on the above foreign currency borrowings, which has been repaid on the maturity date of 13 January 2017.

The Group does not use derivative financial instruments for trading or speculative purposes. Following is the information on derivative financial instruments to hedge the foreign exchange rate risk as of 31 March 2017:

31 March 2017

(₹ in Lakhs)

Category	**Instrument**	**Currency**	**Cross Currency**	**Amounts**	**Buy / Sell**
Hedges of recognized (liabilities) / assets	Forward	NIL	NIL	NIL	NIL
Hedges of highly probable forecast transactions	contract	NIL	NIL	NIL	NIL

31 March 2016

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward	JPY	INR	661.67	Buy
Hedges of recognized (liabilities) / assets	contract	EUR	INR	87.57	Buy
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

1 April 2015

(₹ in Lakhs)

Category	Instrument	Currency	Cross Currency	Amounts	Buy / Sell
Hedges of recognized (liabilities) / assets	Forward	JPY	INR	(133.66)	Buy
Hedges of recognized (liabilities) / assets	contract	EUR	INR	(169.74)	Buy
Hedges of recognized (liabilities) / assets		USD	INR	4.29	Buy
Hedges of highly probable forecast transactions		NIL	NIL	NIL	NIL

Exposure to currency risk

The currency profile of financial assets and financial liabilities as on dates are as below:

(₹ in Lakhs)

Particulars	INR	USD	EURO	JPY	BRL	GBP	SGD	CHF	ZAR
31 March 2017									
Financial assets (A)									
Cash and cash equivalents	1,279.45	-	174.47	0.01	-	-	-	-	-
Trade receivables	1,42,412.51	677.98	13.41	-	-	-	-	-	-
Financial liabilities (B)									
Trade payables	42,332.65	3,136.08	1,374.57	1,867.48	107.59	1,271.71	6.18	3.59	16.06
Other current financial liabilities	3,254.73	1.91	-	-	-	-	-	-	-
Net exposure to currency risk (A-B)	**98,104.58**	**(2,460.01)**	**(1,186.69)**	**(1,867.47)**	**(107.59)**	**(1,271.71)**	**(6.18)**	**(3.59)**	**(16.06)**
31 March 2016									
Financial assets (A)									
Cash and cash equivalents	1,553.86	-	4,658.90	429.80	-	-	-	-	-
Trade receivables	1,19,553.33	882.08	281.28	-	-	-	-	-	-
Financial liabilities (B)									
Trade payables	39,649.77	690.81	1,053.18	2.30	-	72.80	5.59	-	15.81
Other current financial liabilities	4,788.74	2,650.00	-	-	-	-	-	-	-
Net exposure to currency risk (A-B)	**76,668.68**	**(2,458.73)**	**3,887.00**	**427.50**	**-**	**(72.80)**	**(5.59)**	**-**	**(15.81)**
1 April 2015									
Financial assets (A)									
Cash and cash equivalents	10,586.16	-	2,463.43	1,519.34	-	-	-	-	-
Trade receivables	97,378.91	978.18	787.34	-	-	-	-	-	-
Financial liabilities (B)									
Non-current borrowings	38,742.67	2,650.00	-	-	-	-	-	-	-
Trade payables	48,416.95	717.22	770.59	2,490.75	-	122.24	-	1.95	-
Other current financial liabilities	4,785.46	2,650.00	-	-	-	-	-	-	-
Net exposure to currency risk (A-B)	**16,019.99**	**(5,039.04)**	**2,480.18**	**(971.41)**	**-**	**(122.24)**	**-**	**(1.95)**	**-**

The following significant exchange rates have been applied during the year.

Particulars	Average rate			Year-end spot rate		
	31 March 2017	31 March 2016	1 April 2015	**31 March 2017**	31 March 2016	1 April 2015
USD	-	-	-	**65.7300**	66.9000	63.1900
EUR	-	-	-	**70.5000**	75.9300	68.5600
JPY	-	-	-	**0.5887**	0.5975	0.5274
GBP	-	-	-	**82.4900**	96.3400	93.6800
BRL	**20.5250**	18.2270	24.7770	**18.6170**	19.5920	19.5920

Sensitivity analysis

A reasonably possible strengthening / (weakening) of the Indian Rupee against US dollars, Euro, Japanese Yen, the Pound and other currencies at 31 March 2017 and 31 March 2016 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(₹ in Lakhs)

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2017				
1% movement				
USD	24.60	(24.60)	19.35	(19.35)
EUR	11.87	(11.87)	9.33	(9.33)
JPY	18.67	(18.67)	14.69	(14.69)
BRL	1.08	(1.08)	0.85	(0.85)
GBP	12.72	(12.72)	10.00	(10.00)
SGD	0.06	(0.06)	0.05	(0.05)
CHF	0.04	(0.04)	0.03	(0.03)
ZAR	0.16	(0.16)	0.13	(0.13)
31 March 2016				
1% movement				
USD	24.59	(24.59)	19.34	(19.34)
EUR	(38.87)	38.87	(30.57)	30.57
JPY	(4.28)	4.28	(3.36)	3.36
GBP	0.73	(0.73)	0.57	(0.57)
SGD	0.06	(0.06)	0.04	(0.04)
ZAR	0.16	(0.16)	0.12	(0.12)

(v) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates.

Exposure to interest rate risk

The Group's interest rate risk arises from borrowings and loans made. Borrowings availed at fixed rates expose the Group to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

(₹ in Lakhs)

Particulars	Carrying amount		
	31 March 2017	31 March 2016	1 April 2015
Fixed-rate instruments			
Financial assets	-	-	-
Financial liabilities	**(30,000.00)**	(33,877.85)	(37,022.30)
	(30,000.00)	(33,877.85)	(37,022.30)
Variable-rate instruments			
Financial assets	**2,451.83**	3,269.11	4,086.39
Financial liabilities	**(696.81)**	(6,262.42)	(7,828.02)
	1,755.02	(2,993.31)	(3,741.63)

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ in Lakhs)

Effect in INR	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 March 2017				
Financial assets	239.20	(239.20)	206.40	(206.40)
Financial liabilities	(67.98)	67.98	(58.66)	58.66
Total Variable- rate instruments	171.22	(171.22)	147.74	(147.74)
Cash flow sensitivity (net)	171.22	(171.22)	147.74	(147.74)
31 March 2016				
Financial assets	290.59	(290.59)	196.20	(196.20)
Financial liabilities	(556.66)	556.66	(55.76)	55.76
TotalVariable-rate instruments	(266.07)	266.07	140.44	(140.44)
Cash flow sensitivity (net)	(266.07)	266.07	140.44	(140.44)

(vi) Equity and commodity price risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices of investments. The Group has no exposure to changes in the quoted equity securities price risk as it has investments in unquoted equity instruments only. The Group does not invest in commodities and is not exposed to commodity price risk.

M. Capital Management

The Group strives is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns and levels of borrowings and the advantages and security afforded by a sound capital position.

The Group's adjusted net debt to equity ratio is as follows. (₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Total borrowings [1]	**43,753.39**	56,939.18	64,244.43
Less: Cash and bank balances [2]	**1,453.93**	6,642.56	14,568.93
Adjusted net debt	**42,299.46**	50,296.62	49,675.50
Total equity	**2,18,258.61**	2,12,961.64	2,08,106.95
Less: Other components of equity	**7,532.36**	4,434.42	1,172.31
Adjusted equity	**2,10,726.25**	2,08,527.22	2,06,934.64
Adjusted net debt to adjusted equity ratio	**0.20**	0.24	0.24

[1] Total borrowings comprises of long-term borrowings, short-term borrowing and bank overdraft facilities.
[2] Cash and bank balances comprises of cash in hand, cash at bank and term deposits with banks.

N. Derivatives

Derivatives not designated as hedging instruments

The Group uses foreign currency forward contracts to manage its exposure to foreign currency fluctuations. These forward contracts are used to hedge foreign currency payables and other future transactions. However, these foreign exchange forward contracts are not designated as qualifying hedge instruments and are entered into for periods consistent with foreign currency exposure of the underlying transactions, and are generally for a term of 3 months to 12 months.

The Group has following outstanding forward contracts as on

31 March 2017: JPY Nil (INR Nil) [31 March 2016: JPY 18811.32 Lakhs (INR 10536.54 Lakhs)] [01 April 2015: JPY 10338.68 Lakhs (INR 5584.54 Lakhs)]

31 March 2017: EUR Nil (INR Nil) [31 March 2016: EUR 47.41 Lakhs (INR 3500.74 lakhs)] [01 April 2015: EUR 23.73 Lakhs (INR 1796.28 Lakhs)]

31 March 2017: USD Nil (INR Nil) [31 March 2016: USD NIL (INR Nil)] [01 April 2015: USD 57.72 Lakhs (INR 3652.27 Lakhs)]

The fair value of foreign currency forward derivative is as below : (₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
	INR	INR	INR
Derivative assets			
Foreign exchange forward contracts (JPY)	-	661.67	4.61
Foreign exchange forward contracts (EUR)	-	87.57	-
Foreign exchange forward contracts (USD)	-	-	10.15
Total	-	749.24	14.76
Derivative liabilities			
Foreign exchange forward contracts (JPY)	-	-	138.27
Foreign exchange forward contracts (EUR)	-	-	169.74
Foreign exchange forward contracts (USD)	-	-	5.86
Total	-	-	313.87

The Group has unhedged foreign currency exposure of ₹13938.55 Lakhs (31 March 2016: ₹2398.23 Lakhs, 01 April 2015: ₹5160.06 Lakhs) for payables as at reporting date.

The Group has applied the principles of Ind AS 109 for the measurement of derivative financial instruments and has classified such derivative contracts as at fair value through profit or loss.

O. Transition to Ind AS

As stated in Note 2.1, these are the Group's first financial statements prepared in accordance with Ind AS. The transition to Ind AS has resulted in changes in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in "Note 2. Significant accounting policies" have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening balance sheet as at 1 April 2015 (the "transition date").

For the purpose of transition to Ind AS, the Group has followed the guidance prescribed in Ind AS 101 (first time adoption of Indian Accounting Standards), with 1 April 2015 as the transition date from the previous GAAP. In preparing our opening Ind AS Balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from Previous GAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under previous GAAP except where required by Ind AS.

All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and previous GAAP as of the transition date have been recognized directly in equity at the transition date.

(i) Reconciliation of Equity

(₹ in Lakhs)

Particulars	Note	31 March 2016			1 April 2015		
		Previous GAAP *	Effect on transition	Ind AS	Previous GAAP *	Effect on transition	Ind AS
Assets							
Property, plant and equipment	a, h	53,590.64	424.21	54,014.85	46,800.20	359.26	47,159.46
Capital work-in-progress		5,883.43	-	5,883.43	14,994.98	-	14,994.98
Intangible assets		1,715.58	-	1,715.58	1,415.24	-	1,415.24
Intangible assets under development		4,504.95	-	4,504.95	4,174.86	-	4,174.86
Financial assets					-		
Investments		0.04	-	0.04	0.04	-	0.04
Loans	b	2,596.37	(101.88)	2,494.49	3,314.55	(12.87)	3,301.68
Other financial assets		58.25	-	58.25	1.85	-	1.85
Deferred tax asset (net)	e	10,330.71	19.06	10,349.77	10,097.92	(1.90)	10,096.02
Other non-current assets	a, b	20,717.56	(330.71)	20,386.85	19,301.60	(389.50)	18,912.10
Total Non-current assets		**99,397.53**	**10.68**	**99,408.21**	**1,00,101.24**	**(45.01)**	**1,00,056.23**
Inventories	h	1,70,234.18	-	1,70,234.18	1,92,863.52	3.83	1,92,867.35
Financial assets							
Trade receivables		1,20,716.69	-	1,20,716.69	99,144.43	-	99,144.43
Cash and cash equivalents		6,642.56	-	6,642.56	14,568.93	-	14,568.93
Loans		837.43	-	837.43	857.33	-	857.33
Other financial assets	c	577.46	749.24	1,326.70	614.98	-	614.98
Other current assets	b, h	38,010.47	6.56	38,017.03	54,245.45	3.63	54,249.08
Total Current assets		**3,37,018.79**	**755.80**	**3,37,774.59**	**3,62,294.64**	**7.46**	**3,62,302.10**
Total Assets		**4,36,416.32**	**766.48**	**4,37,182.80**	**4,62,395.88**	**(37.55)**	**4,62,358.33**
Equity							
Share capital		4,177.22	-	4,177.22	4,177.22	-	4,177.22
Other Equity	f	2,06,796.49	1,968.89	2,08,765.38	2,03,496.52	415.71	2,03,912.23
Equity attributable to equity holders of the parent		2,10,973.71	1,968.89	2,12,942.60	2,07,673.74	415.71	2,08,089.45
Non-controlling interests		19.04	-	19.04	17.50	-	17.50
Total Equity		**2,10,992.75**	**1,968.89**	**2,12,961.64**	**2,07,691.24**	**415.71**	**2,08,106.95**
Liabilities							
Financial liabilities							
Borrowings		36,265.22	-	36,265.22	41,392.67	-	41,392.67
Other financial liabilities		32.99	-	32.99	11.09	-	11.09
Provisions		16,064.26	-	16,064.26	16,435.86	-	16,435.86
Other non-current liabilities		36,268.99	-	36,268.99	36,632.85	-	36,632.85
Total Non-current liabilities		**88,631.46**	**-**	**88,631.46**	**94,472.47**	**-**	**94,472.47**
Financial liabilities							
Borrowings	c	14,744.23	802.48	15,546.71	18,030.90	(306.39)	17,724.51
Trade payables							
- Micro and Small Enterprises		1,421.67	-	1,421.67	3,279.27	-	3,279.27
- Other than Micro and Small Enterprises	h	40,068.59	-	40,068.59	49,185.19	55.24	49,240.43
Other financial liabilities	c	7,438.74	-	7,438.74	7,136.35	299.11	7,435.46
Other current liabilities		56,124.17	-	56,124.17	69,669.50	-	69,669.50
Provisions	d	15,613.20	(2,004.89)	13,608.31	12,782.86	(501.22)	12,281.64
Current tax liability (Net)		1,381.51	-	1,381.51	148.10	-	148.10
Total Current liabilities		**1,36,792.11**	**(1,202.41)**	**1,35,589.70**	**1,60,232.17**	**(453.26)**	**1,59,778.91**
Total Equity and Liabilities		**4,36,416.32**	**766.48**	**4,37,182.80**	**4,62,395.88**	**(37.55)**	**4,62,358.33**

(ii) Reconciliation of comprehensive income for the year ended 31 March 2016

(₹ in Lakhs)

Particulars	Note	Previous GAAP *	Effect on transition	Ind AS
Revenue from operations		3,27,757.55	-	3,27,757.55
Other income	b	4,227.35	3.32	4,230.67
Total Income		**3,31,984.90**	**3.32**	**3,31,988.22**
Cost of materials consumed		1,45,771.23	-	1,45,771.23
Purchase of stock-in-trade		51.21	-	51.21
Changes in inventories of finished goods, stock-in-trade and work-in-progress		24,501.34	-	24,501.34
Employee benefits expense	g	77,323.24	(1,371.09)	75,952.15
Finance costs		4,926.40	-	4,926.40
Depreciation and amortization expense	a	5,401.50	255.44	5,656.94
Other expenses	a, b, c	67,461.44	(191.56)	67,269.88
Prior period adjustments	h	89.11	(89.11)	-
Total Expenses		**3,25,525.47**	**(1,396.32)**	**3,24,129.15**
Profit / (Loss) before tax		**6,459.43**	**1,399.64**	**7,859.07**
Tax expense:				
Current tax		1,381.51	291.80	1,673.31
Deferred tax	e	(232.79)	(20.96)	(253.75)
Profit / (Loss) for the period		**5,310.71**	**1,128.80**	**6,439.51**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Re-measurement of defined benefit (liability) / asset		-	(1,371.09)	(1,371.09)
Income tax relating to items that will not be reclassified to profit or loss		-	291.80	291.80
Items that will be reclassified to profit or loss				
Exchange differences on translation of foreign operations		-	(4.31)	(4.31)
Income tax relating to items that will be reclassified to profit or loss		-	-	-
Other Comprehensive Income for the period		**-**	**(1,083.60)**	**(1,083.60)**
Total comprehensive income for the period		**5,310.71**	**45.20**	**5,355.91**
Attributable to:				
Equity holders of the parent		5,312.25	42.12	5,354.37
Non-controlling interests		(1.54)	3.08	1.54

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(iii) Material adjustments to the statement of cash flows for the year ended 31 March 2016

There are no material differences between the statement of cash flows presented under Ind AS and the statement of cash flows presented under previous GAAP.

(iv) Notes to reconciliation

a Property, plant and equipment

Under Ind AS, special tools have been recognised as property, plant and equipment since they meet the definition of property, plant and equipment as per Ind AS 16. This category of assets was classified as other non-current assets under previous GAAP. This reclassification has no impact on the total comprehensive income for the year ended 31 March 2016 and on equity as at that date.

The carrying amount of special tools reclassified to property, plant and equipment on the transition date is ₹397.35 Lakhs and as on 31 March 2016 ₹424.21 Lakhs. The depreciation charge on special tools for the year ended 31 March 2016 ₹255.44 Lakhs which was earlier presented as amortisation of special tools and classified as part of other expenses.

b Financial assets at amortised cost

Under Ind AS certain financial assets such as redeemable deposits receivable are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. Under previous GAAP, such financial assets were carried at cost till maturity and interest, if any was accounted on the outstanding principal amount.

The impact arising from the change is summarised as follows:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Statement of profit or loss		
Rental expense (Other expenses)	3.36	-
Finance income (Other income)	(3.32)	-
	0.04	**-**
Balance sheet		
Prepayments	100.06	11.09
Deposits receivable	(101.88)	(12.87)
	(1.82)	**(1.78)**

c Buyer's credit facilities

The measurement of outstanding foreign currency buyer's credit facility has to be restated at each reporting date for movements in the spot rate between the functional currency of the Group and the foreign currency. In accordance with Ind AS 21, such changes in spot exchange rates have to be recognised in profit or loss. The Group has entered into various forward contracts to hedge this currency exposure. According to Ind AS 109, all derivative financial instruments must be measured at each reporting date at fair value. Under previous GAAP, the buyer's credit facility was measured at the forward rate of settlement of derivatives and such derivative instruments were not recognised.

The impact of such a treatment is summarised as follows:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Consolidated Balance sheet		
Buyer's credit facility	802.48	(306.39)
Derivative (asset)/liability	(749.24)	299.11
	53.24	**(7.28)**
Consolidated Statement of profit or loss		
Foreign exchange gain or (loss)	(60.52)	-
	(60.52)	**-**

d. Proposed dividend

Under previous GAAP, dividends proposed by Board of Directors after the reporting date but before the approval of financial statements were considered to be an adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the Board are considered to be a non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has been reversed.

The impact arising from the change is summarised as follows:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Consolidated Balance sheet		
Provisions - proposed dividend including dividend distribution tax	2,004.89	501.22
Adjustment to retained earnings	**2,004.89**	501.22

e. Deferred tax (asset) / liability (net)

The above changes had the following impact on net deferred tax (asset) / liability:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Deposits receivable	(35.26)	(4.45)
Prepaid rent	34.63	3.84
Buyer's credit facility	(277.72)	106.03
Derivative (asset) / liability	259.29	(103.52)
	(19.06)	**1.90**

f. Retained earnings

The above changes decreased / (increased) retained earnings are as follows:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Security deposits receivable	(1.82)	(1.78)
Derivative and buyer's credit re-measurement	(53.24)	7.28
Deferred tax	19.06	(1.90)
Prior period adjustments	-	(89.11)
Reversal of dividend not declared	2,004.89	501.22
	1,968.89	**415.71**

g. **Employee benefits expense**

Under Ind AS, the Group recognises all re-measurement gains and losses arising from post-retirement defined benefit plans in other comprehensive income in the period in which they occur. Under previous GAAP the Group recognised re-measurement gains and losses in the statement of profit or loss in the period in which they occurred. At the date of transition, all previously recognised cumulative re-measurement gains and losses were recognised in retained earnings and hence, has no impact on equity as at the transition date. Re-measurement loss of ₹1335.94 Lakhs has been presented in OCI for the year ended 31 March 2016 and corresponding tax effect for such an adjustment was ₹285.11 Lakhs.

h. **Prior period adjustments**

Prior period adjustments under previous GAAP were reported in the statement of profit or loss in the period in which they were discovered. According to Ind AS 8, material prior period adjustments are required to be rectified retrospectively in the periods in which they occurred. On the date of transition to Ind AS, prior period errors of the effect of ₹89.11 Lakhs were adjusted to opening retained earnings.

The impact of such a treatment is summarised as follows:

(₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Consolidated Balance sheet		
Trade payables	-	55.24
Finished goods	-	(3.83)
Claims receivables	-	(0.39)
Buildings	-	38.09
	-	**89.11**
Consolidated Statement of profit or loss		
Prior period adjustment	(89.11)	-
	(89.11)	-

(v) First-time adoption exemptions

In preparing these financial statements, the Group has availed certain exemptions and exceptions in accordance with Ind AS 101 as explained below.

a) De-recognition of financial assets and financial liabilities:

The Group has applied the de-recognition criteria as per Ind AS 109 prospectively and has not recognised any previously derecognised non-derivative financial assets and financial liabilities prior to 1 April 2015 that may qualify for recognition as per Ind AS.

b) Government loan:

The Group has applied the mandatory exception to account for the soft loan received from the Government of Kerala retrospectively by not measuring the carrying amount of the loan at fair value on the transition date. The loan is carried at the transaction value in accordance with Previous GAAP for each reporting period.

c) Deemed cost:

The Group has elected to apply the deemed cost exemption in Ind AS 101 whereby the Group has the option to carry all items and classes of property, plant and equipment on the date of transition to Ind AS as per the carrying amounts prevailing as per previous GAAP. Once this exemption is applied, no adjustment pertaining to property, plant and equipment on the date of transition for effects of retrospective application of other standards is made.

d) Leases:

The Group has evaluated leases of land and buildings separately and accounted for each element on the basis of the classification as per Ind AS 17 prospectively from 1 April 2015.

e) Designation of previously recognised financial instruments:

The Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

f) Fair value of financial instruments:

The fair value of transactions entered into after the transition date qualifying as financial instruments is measured as such prospectively from 1 April 2015.

g) Impairment of financial assets:

The Group has adopted the exemption in the recognition of a loss allowance for financial assets with a significant increase in credit risk prospectively from the date of transition to Ind AS since initial recognition such a determination would require undue cost or effort for retrospective application.

P. The status of consolidation of Subsidiary and JV companies are as under:

Name of Subsidiary / JV company	Country of Incorporation	Proportion of Ownership interest	Status
Subsidiary companies			
Vignyan Industries Limited	India	96.56%	Consolidated
MAMC Industries Limited	India	100.00%	Consolidated
BEML Brazil Industrial Ltda	Brazil	100.00%	Consolidated
JV company			
BEML Midwest Limited	India	45.00%	Not consolidated due to non-availability of financial statements

Q. Additional information on Consolidated Financial Statements for F.Y 2016-17

(₹ in Lakhs)

Name of the entity in the	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Indian Subsidiaries				
Vignyan Industries Limited	0.24%	515.15	0.64%	54.56
MAMC Industries Limited	-0.05%	(117.95)	-0.11%	(9.53)
Total		**397.20**		**45.03**
Foreign Subsidiary				
BEML Brazil Industrial Ltda	0.02%	52.42	-0.20%	(16.75)
Total		**52.42**		**(16.75)**
Non-controlling interests				
Vignyan Industries Limited		20.92		1.88
MAMC Industries Limited		-		-
BEML Brazil Industrial Ltda		-		-
Joint Venture				
Indian:				
BEML Midwest Limited *		-		-

* The financial statement of the JV company is not consolidated, as the JV has not prepared its financial statements.

Form AOC-I

Part "A" : Subsidiaries

Statement pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 relating to Subsidiaries

Sl. No.	**1**	**2**	**3**
Name of the Subsidiary Company	**Vignyan Industries Limited**	**MAMC Industries Limited**	**BEML Brazil Industrial Ltda**
Reporting period of the Subsidiary Company	31.03.2017	31.03.2017	31.03.2017
Reporting currency of Foreign Subsidiary	-	-	Brazilian Reais
Exchange rate as on 31.03.2017	-	-	₹20.49 per BR. Reais
Share Capital (₹ in Lakhs)	278.97	5.00	185.55
Reserves & Surplus (₹ in Lakhs)	236.18	(122.95)	(133.13)
Total Assets (₹ in Lakhs)	1,462.51	485.11	52.42
Total Liabilities (₹ in Lakhs)	947.36	603.06	-
Investments (₹ in Lakhs)	Nil	Nil	Nil
Turnover Gross (₹ in Lakhs)	3,320.51	Nil	Nil
Profit before taxation (₹ in Lakhs)	13.25	(9.53)	(16.75)
Provision for taxation (₹ in Lakhs)	(34.41)	-	-
Profit after taxation (₹ in Lakhs)	47.66	(9.53)	(16.75)
Proposed Dividend	₹Nil	₹Nil	₹Nil
% of Shareholding	96.56%	100.00%	100.00%

Note: MAMC Industries Ltd is yet to commence operation.

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associate / Joint Ventures	**BEML Midwest Limited**
1 Latest audited Balance Sheet Date	-
2 **Shares of Associate / Joint Ventures held by the company on the year end**	
No.	5422500
Amount of Investment in Associates / Joint Venture	₹542.25 Lakhs
Extend of Holding %	45.00%
3 Description of how there is significant influence	Investment in the equity to the extent of 45% paid-up capital and the Corporate guarantee provided by BEML are considered to be significant influence.
4 Reason why the associate / joint venture is not consolidated	There was complete cessation of activities in M/s. BEML Midwest Ltd., the JV company since Sept. 2008 and the matters relating to the JV company are subjudice. In view of the above, the JV company has not prepared its accounts and thus the same could not be consolidated.
5 Net worth attributable to Shareholding as per latest audited Balance Sheet	Not Available
6 Profit / Loss for the year	
i. Considered in Consolidation	Not Applicable
ii. Not Considered in Consolidation	Not Applicable

As per our report of even date attached
For S.R.R.K SHARMA ASSOCIATES
Chartered Accountants
Firm Registration Number: 003790S

CA. S ANANDA KRISHNA
Partner
Membership No.: 027986
Place : New Delhi
Date : 30.05.2017

For and on behalf of the Board of Directors

D K HOTA
Chairman & Managing Director
(DIN 06600812)

S V RAVI SEKHAR RAO
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of BEML LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of BEML LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its Jointly Controlled Entity, comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statements and the Consolidated 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 "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding 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 Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant Rules issued there under. The respective board of directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent: and the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of Holding Company as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, 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 consolidated 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 consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

As explained in Note.7, the financial statements of BEML Midwest Limited, a joint venture Company, has not been consolidated in the absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated Ind AS financial statements, of the failure to consolidate this Joint Venture Company, net of provision for diminution already made in the value of the investment, has not been determined.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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 consolidated financial position of the Group as at March 31, 2017, and its consolidated financial performance including other comprehensive income, its consolidated Cash Flows and the consolidated changes in equity for the year then ended.

Emphasis of Matter:

We draw our attention to:

a) Note No.14 (i) in respect of Trade receivables from Ministry of Defence (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.

d) In the books of MAMC Industries Limited, company is holding lease hold land taken from Urban Development Dept , Govt of West Bengal on 7th March 2011 and the said land is laying without starting of factory and as per the terms of lease, the Govt. of West Bengal has right to re-enter and take back the possession of the said land if no factory is started within two years from the date of lease and also have to right to cancel the lease deed. Further, the lease rentals remains unpaid since the date of lease, (see Note No. 3, Property, Plant and Equipment) which is non observance of point no 23 of the said lease deed.

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

Other Matters

a) We did not audit the financial statements of the subsidiary Vignyan Industries Limited, whose financial statements reflect total assets of Rs.1462.51 lakhs as at 31.03.2017 and profit of Rs.54.56 lakhs and net cash outflow amounting to Rs. 0.34 lakhs for the then year ended. The financial statements have been audited by other auditor whose report has been furnished to us and our opinion, so far as it relates to the amounts included in respect of the subsidiary is solely based on the report of the other auditor.

b) We did not audit the financial statements of the subsidiary MAMC Industries Limited, whose financial statements reflect total assets of Rs.485.11 lakhs as at 31.03.2017 and loss of Rs.9.53 lakhs and net cash outflow amounting to Rs.0.01 lakhs for the then year ended. The financial statements have been audited by other auditor whose report has been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the subsidiary is solely based on the report of the other auditor.

c) We did not audit the financial statements of the subsidiary BEML Brazil Industrial Ltda, whose financial statements reflect total assets of Rs.52.41 lakhs as at 31.03.2017 and loss of Rs.16.75 lakhs and net cash out flow amounting to Rs.10.31 lakhs for the then year ended. The financial statements have been audited by other auditor under local laws of Brazil whose report has been furnished to us, and our opinion, so far as it relates to the amounts, included in respect of the subsidiary is solely based on the report of the other auditor, converted into Indian Rupees by the Group on the basis of average exchange rate for the year in respect of Statement of Profit and Loss and closing exchange rate as on the last day of the financial year in respect of Balance Sheet items except Share Capital which is considered on actual investments made in Indian Rupees by the Holding Company.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. 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 of the aforesaid consolidated Ind AS financial statements.

b. in our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to the preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.

c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant statements maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d. in our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant Rules 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. the qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion paragraph above.

g. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"** and

h. 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. Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above, the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and Jointly Controlled Entities – Refer Note 39(D)(1)(a)(ii) to the consolidated financial statements;

   ii. Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its Subsidiary Companies, and Jointly Controlled Entity incorporated in India.

   iv. Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above the Group has provided requisite disclosures in its Consolidated 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 Group (Refer to Note No. 15 e to the Group Ind AS financial statements).

For S R R K Sharma Associates
Chartered Accountants
Firm's registration No.: 003790S

CA S ANANDA KRISHNA
Partner
Membership No. : 027986

Place: New Delhi
Date: 30.05.2017

"Annexure A" to the Independent Auditor's Report of even date on the Consolidated 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 (hereinafter referred to as "the Holding Company") and its subsidiaries (Holding company and its subsidiaries together referred to as "the Group") and its Jointly Controlled Entity as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Group's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit and reports received from the auditors of two Subsidiary Companies. We conducted our audit in accordance with the Guidance Note 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A Group's internal financial 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 Group'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 Group;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Group (except BEML Midwest Joint Venture entity which has not maintained books of accounts and BEML Brazil Industrial Ltda, which has been registered outside India) 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 Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R R K Sharma Associates
Chartered Accountants
Firm's registration No.: 003790S

CA S ANANDA KRISHNA
Partner
Membership No. : 027986

Place: New Delhi
Date: 30.05.2017

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S. BEML LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of consolidated financial statements of **M/s. BEML Limited, Bengaluru** for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 May 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of **M/s. BEML Limited, Bengaluru** for the year ended 31 March 2017. We conducted a supplementary audit of the financial statements of M/s. BEML Limited, Bengaluru, M/s. Vignyan Industries Limited, Tarikere, for the year ended 31 March 2017. A non review certificate was issued on the financial statements of M/s. MAMC Industries Limited, Kolkata, for the year 31 March 2017. We did not conduct supplementary audit of the financial statements of M/s. BEML Brazil Industrial Ltda, Brazil and M/s.BEML Midwest Limited, Hyderabad for the year ended on that date. **Further, section 139(5) and 143 (6) (b) of the Act are not applicable to M/s. BEML Midwest Limited, Hyderabad and BEML Brazil Industrial Ltda. Brazil being private entity/entity incorporated in Foreign country, under the respective laws, for appointment of their Statutory Auditor or for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies.** 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.

On this basis of my audit nothing significant has come to my knowledge which could give rise to any comment upon or supplement to Statutory Auditors' report.

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

(Prachi Pandey)
Pr. Director of Commercial Audit

Place: Bangalore

Date: 01 August 2017

CORPORATE DATA

BOARD OF DIRECTORS:

Functional Directors:

Shri D K Hota
Chairman & Managing Director

Shri Aniruddh Kumar
Director (Rail & Metro Business)

Shri B R Viswanatha
Director (Mining and Construction Business)

Shri R H Muralidhara
Director (Defence Business)

Government Nominee Directors:

Smt Surina Rajan
Additional Secretary (Defence Production)
Ministry of Defence

Shri Sanjay Prasad
Joint Secretary (Land System)
Department of Defence Production
Ministry of Defence

Independent Directors:

Shri Sudhir Kumar Beri

Shri M G Raghuveer

Shri B P Rao

COMPANY SECRETARY:

Shri S V Ravisekhar Rao

CHEIF VIGILANCE OFFICER:

Shri Vidya Bhushan Kumar

EXECUTIVE DIRECTORS

1. Shri Umesh Chandra
2. Shri Ravi, S
3. Shri Panneer Selvam, R
4. Shri Ravi Chander, G
5. Shri Suresh S Vastrad
6. Shri Hasainabba, UK
7. Shri Shankar, B

CHIEF GENERAL MANAGERS:

8. Shri Krishna, BS
9. Shri Shivakumar, P
10. Shri Amit Banerjee
11. Shri Radhakrishna, KR
12. Shri Raja Sekar, MV
13. Shri Joe Pulickel
14. Shri Vinod Kumar Pareek
15. Shri Kanyana Narayana Bhat
16. Shri Ranganath, HS (Officiating)

GENERAL MANAGERS:

17. Shri Satheesha, NV
18. Shri Kumaresan, S
19. Shri Srinivasulu Reddy, S
20. Shri Nagaraja Rao, SR
21. Shri Umashankar
22. Shri Satyesha Simha
23. Shri Ajit Kumar Srivastav
24. Shri Nagaraj, P
25. Shri Sivasankara Rao, P
26. Shri Mohanavelan, E
27. Shri Sanjay Som
28. Shri Jaskan Hemram
29. Shri Sumanta Kumar Saha
30. Shri Ilangovan, K
31. Shri Srinivasan G
32. Shri Soumitra Sen
33. Shri Sundar Raj K
34. Shri Umesh OR
35. Shri Kannan P
36. Shri Basudev Mishra
37. Shri Ashok Kumar B
38. Shri Sekar V
39. Shri Ramesh KN
40. Shri Tamilselvan AS
41. Shri Sashikanth KC
42. Shri Srinivasa R
43. Shri Ramesh KC
44. Shri Vivek V Nayak
45. Shri Vishwanatha NG
46. Shri Sudarshan KS
47. Shri Pawan Kumar
48. Shri Ishwar Bhat V
49. Shri Rama Prasad S
50. Shri Chandrasekhar L
51. Shri Nehru Babu A
52. Shri Venkata Subba Rao V
53. Shri Prakash K
54. Shri Srinivasa GP
55. Shri Venkatesha Murthy BK
56. Shri Rathindra Chandra De
57. Shri Jai Gopal Mahajan
58. Shri Jagannath Prasad
59. Shri Wanjari Umesh Janardhan
60. Shri Anil Jerath (Officiating)
61. Shri Sasi Kumar K (Officiating)

BANKERS:

1. State Bank of India
2. Canara Bank
3. Bank of India
4. Bank of Baroda
5. Union Bank of India
6. Indian Bank
7. Axis Bank
8. Exim Bank
9. HDFC Bank
10. IDBI Bank
11. Deutsche Bank

LEGAL ADVISORS:

M/s Just Law
Bengaluru

M/s Sundaraswamy & Ramdas
Bengaluru

Justice K A Swamy
Bengaluru

National Law School of India University, Bengaluru

TAX CONSULTANTS:

M/s Deloitte Haskins & Sells
Bengaluru

M/s King & Patridge
Bengaluru

M/s Lakshmi Kumaran & Sridharan
Bengaluru

STATUTORY AUDITORS:

M/s S.R.R.K Sharma Associates
Chartered Accountants
Bengaluru

COST AUDITORS:

M/s Murthy & Co., LLP
Cost Accountants
Bengaluru

SECRETARIAL AUDITORS:

M/s V N Associates
Practicing Company Secretaries
Bengaluru

OFFICES:

Registered, Corporate Office, International Business Division & Technology Division:

"BEML SOUDHA",
No. 23/1, 4th Main,
Sampangiramanagar
Bengaluru - 560027

Trading & Marketing Division:

4th & 5th Floor, Unity Buildings, J C Road, Bengaluru - 560002

UNITS :

Bengaluru Complex:

P B No. 7501
New Tippasandra Post
Bengaluru - 560075

KGF Complex:

BEML Nagar
Kolar Gold Fields - 563115

Mysuru Complex:

Belvadi Post
Mysore - 570018

Palakkad Complex:

KINFRA Park
Menon Para Road
Kanjikode East
Palakkad - 678 621

Subsidiary Companies:

Vignyan Industries Limited
Haliyur, BH Road,
Tarikere Post - 577 228
MAMC Industries Limited
No. 35/1-A, Taratala Road
Kolkata - 700 088

Joint Venture Company:

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

Regional Offices:

1. Bengaluru
2. Bilaspur
3. Chennai
4. Dhanbad
5. Hyderabad
6. Kolkata
7. Mumbai
8. Nagpur
9. New Delhi
10. Ranchi
11. Sambalpur
12. Singrauli

District Offices :

1. Ahmedabad
2. Asansol
3. Bacheli
4. Bhilai
5. Bhopal
6. Bhubaneswar
7. Chandrapur
8. Guwahati
9. Hospet
10. Jammu
11. Kochi
12. Kothgudem
13. Leh
14. Madurai
15. Neyveli
16. Panjim
17. Ramagundam
18. Udaipur
19. Vijayawada
20. Visakhapatnam

Service Centres:

1. Bilaspur
2. Hyderabad
3. Kolkata
4. Nagpur, Global Service HQ
5. New Delhi
6. Singrauli

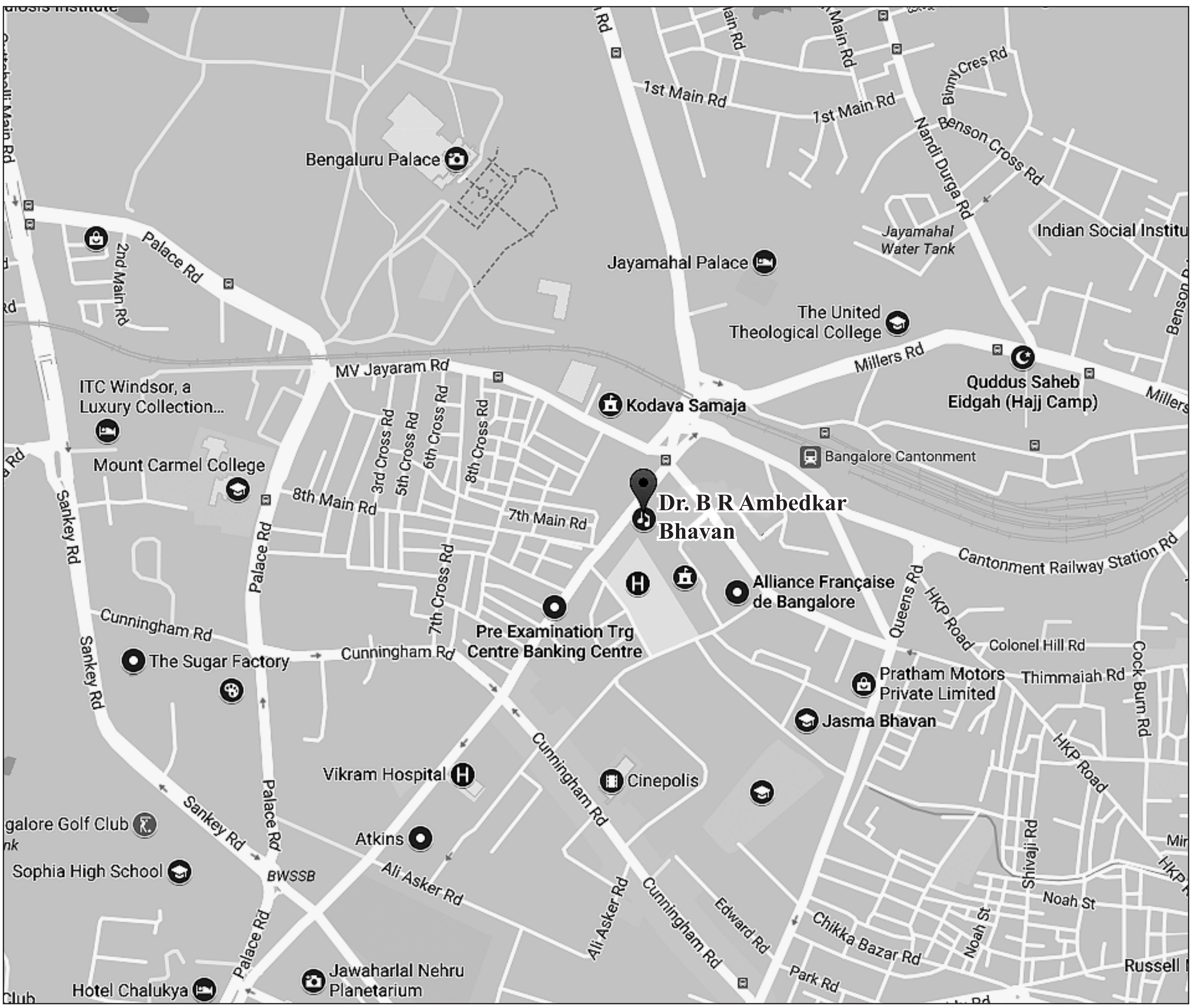
Overseas Offices:

Brazil
Indonesia

ROUTE MAP

for the venue of 53rd AGM of BEML at :

Dr. B. R. Ambedkar Bhavan, Millers Road, Next to Jain Hospital, Kaverappa Layout, Vasanth Nagar, Bengaluru - 560 052. Ph.: 080 - 22351835



Bus Nos. from:

Babusapalya - 302B, | **Banashankari** - 300R | **BEL Circle** - 270D, 270E, 270F. 270G | **Chickalasandra** - 300Q, **Jalahalli** - 270, 270A, 270B, 270C, 270H | **Jayanagar 4th Block** - 415S | **K R Market** - 415D, 415E, 415F, 300A | **K R Puram** - 300C, 300EM 300F, 300H, 300K, 300T | **Kalyannagar** - 302C | **Kammanahalli** - 302 | **Kempegowda Bus Station (Majestic)** - 415A, 415B, 415 G, 415H, 300B | **Kengeri** - 114, 114C, 114E | **Lingarajapura** - 302D | **Peenya** - 252A, 252K, 252N | **Shivajinagar** - 415J, 300, 300D, 300DA,300J, 300N, 300P | **Yelahanka** - 404, 404C, 404D, 404E, 404F, 404G, 404H, 404J

Shri Suresh Prabhu, Hon'ble Minister of Railways, presenting the STAR PERFORMER AWARD in the Export category to Shri D K Hota, Chairman & Managing Director (CMD), BEML at New Delhi.

Dr. Amit Mitra, Hon'ble Minister-in-Charge of Finance, Excise, Commerce & Industries, Public Enterprises, Industrial Reconstruction inaugurated BEML Stall at the Exhibition venue in the presence of Shri D K Hota, CMD and Shri B R Viswanatha, Director (Mining & Construction Business).

Shri AK Gupta, Secretary (Defence Production), MoD going round BEML Stall at Aero-India 2017 held at Bengaluru along with Shri D K Hota, CMD. Also seen Shri R H Muralidhara, Director (Defence Business).

Gen. Bipin Rawat, Chief of Army Staff, inaugurates BEML stall at Aero India-2017 held at Bengaluru, in the presence of Shri D K Hota, CMD and Shri R H Muralidhara, Director (Defence Business).

Shri D K Hota, CMD explaining a point to Lt. Gen. Subrata Saha, YSM, VSM** Deputy Chief of Army Staff during his visit to KGF Complex

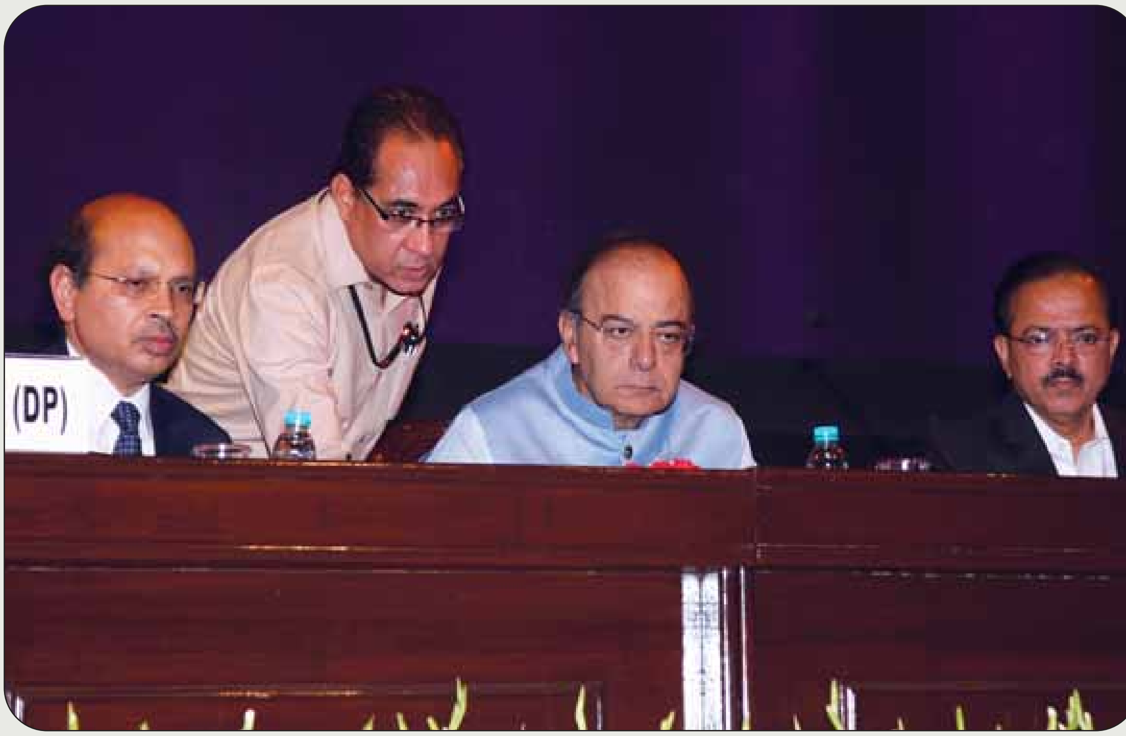
An agreement for supply of 150 sets of Intermediate Metro Cars to BMRCL has been exchanged between Shri Pradeep Singh Kharola, Managing Director, BMRCL and Shri D K Hota, CMD & Shri Aniruddh Kumar, Director (Rail & Metro Business).

Shri D K Hota, CMD in discussion with Dr. Tapan Kumar Chand, CMD, NALCO at BEML Soudha.

The Committee on Subordinate Legislation, Rajya Sabha visited Bengaluru on 7th and 8th January 2017 under the Chairmanship of Dr. T. Subbarami Reddy, Hon'ble Member of Parliament. Shri D K Hota, CMD is seen interacting with the Committee.

Lt. Gen. Shamsher Singh, DGQA is seen in discussion with CMD & Director (Defence Business) during his visit to Bengaluru Complex.

Shri D K Hota, CMD is receiving the prestigious 'Top Challengers Award' at the 14th Construction World Annual Awards-2016 held at Mumbai, for having raised the Company's top-line and bottom-line, stayed profitable and managed to keep its financial health within defined debt limits.



Hon'ble Raksha Mantri Shri Arun Jaitley inaugurating BEML's Windmill Park. Also, seen Dr. Subhash Bhamre, Hon'ble Rajya Raksha Mantri, Shri AK Gupta, Secretary (Defence Production).

BEML METRO Team receiving the International Gold Award at International Convention of Quality Circle Competition (ICQCC-2016) held at Bangkok for its quality initiatives in the manufacture of Metro Cars.

Handing over of 190th BD80 Dozer to Col. OP Singh, SQAE by Shri B R Viswanatha, Director (Mining & Construction Business) against the Order of ENC for supply of 190 Dozers.

BEML & OFB sign a pact to jointly address the requirements of Indian Defence & Export Markets. Shri RH Muralidhara, Director (Defence Business), BEML and Shri SK Chourasia, Member, OFB have signed the MoU at Kolkata in the presence of Shri SC Bajpai, DGOF & Chairman, OFB.

Dedicated to Nation Building

Partnering Progress & Prosperity

Company Secretary

BEML LIMITED

(CIN : L35202 KA1964 GOI 001530)

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

BEML SOUDHA, 23/1, 4th Main Road, Sampangiramanagar, Bengaluru - 560 027. Karnataka. India.

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