BEML LIMITED
BANGALORE

ANNUAL REPORT
2011-2012

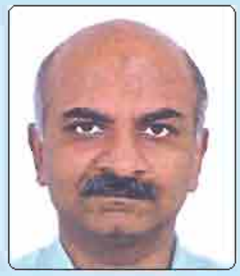
ANNUAL GENERAL MEETING TO BE HELD ON		
14.09.2012	**10.30 HOURS**	**API BHAVANA** **# 16/F, MILLERS TANK BED AREA** **VASANTHANAGAR** **BANGALORE – 560052**

Contents

BOARD OF DIRECTORS*

Shri P Dwarakanath
Chairman & Managing Director (I/c)
& Director
(Metro & Rail Business)

Smt. Rashmi Verma
Government Director
Joint Secretary (Land Systems)
Dept. of Defence Production, Ministry of Defence



Shri Rajnish Kumar
Government Director
Additional Financial Adviser & Joint Secretary
Dept. of Defence Production, Ministry of Defence

Dr. (Smt.) Rekha Bhargava
Director

Lt. Gen. (Retd.) Noble Thamburaj
Director

Shri Kanwal Nath
Director

Prof. Ramesh Bhat
Director

Prof. S Sadagopan
Director

Shri M Pitchiah
Director
(Finance)

Dr. M Nellaiappan
Director
(HR)

Shri C N Durgesh
Director
(Mining & Construction Business)

Shri P R Naik
Director
(Defence Business)

* as on 09.08.2012

Chairman's Speech.....

Dear Shareholders,

The year 2011-12 was a challenging year due to the global economic uncertainties which adversely affected some of the sectors in which your Company operates. However, your Company's consistent effort to diversify and grow in all the three verticals it operates has paid off.

Despite the difficult situation, your Company has been able to scrape through the last year sales and the revenue billed was Rs. 3648 Cr with net revenue of Rs 2921 Cr (including ED). In fact, it has been a 2% growth at the net revenue level including ED with a net profit of Rs. 66 Cr during 2011-12. Though the manufacturing sector, mining and quarrying, construction also are witnessing a pressure on their growth rates, the Mining & Construction made an impressive 18% growth in sales as compared to previous year sales. The Rail & Metro business performance was almost at the same level while the Defence sector business performance was lower compared to the previous year. The Company has closed the year with a healthy order book position of Rs. 7066 Cr, with orders in Defence and Rail & Metro above Rs. 2700 Cr each and Mining & Construction over Rs. 1300 Cr for delivery during 2012-13 and beyond. During 2011-12, BEML received two major orders from Ministry of Defence for ARV and Jaipur Metro for Metro cars.

The profit during the year is lower mainly on account of reduction in other income due to withdrawal of provisions of more than Rs 100 Cr in the previous year which is not there in the current year, impact of wage revision on other costs like gratuity, leave salary, retirement medical benefits and lesser revenue due to postponement of placement of orders, non-availability of LC etc. In the recent past, we have sown seeds for many a new business lines viz., Dredging equipment manufacturing, Aerospace etc. These lines, I hope, will start operating in 2012-13 and 2013-14 would be a year of significant business growth of your Company. On the Aerospace Manufacturing segment side, I anticipate business growth in offset opportunities and we are in discussion with many offset partners which are in various stages.

On the Defence side, we are entering into BMP overhauling. On the product front specially in Mining & Construction vertical, with customers graduating to high capacity-high-end products, we have lined up new products matching to the requirements like 150T & 200T Dump Trucks with high productivity and in line with the global products, which in all probability, will start generating significant revenue in the next one or two years, by when the demand for such product scales up.

On the Rail & Metro side, while Metro segment will continue to grow, we expect to see a sea change in EMUs requirement for which BEML has already lined up a product. We have also lined up new products for dedicated freight corridor. Further, being a Track Laying equipment manufacturer, we have initiated to get into Track Laying Business which I hope should also add sizeable business in the year 2012-13. We are fully booked for the year and expect an exponential growth in this segment of our business.

BEML has always envisioned being a leading market player in all lines of its business in the international arena. While enhancing exports is a major thrust towards this endeavour, globalization is a major strategy which the Company is pursuing. We already have overseas offices at 4 places. Further, we have plans to establish an office in South Africa to cater to the growing African market. Being a highly diversified successful Company and further diversifying into many areas, we are in-fact in discussion with appropriate agencies to further globalise and to make your Company a global champion.

Technology, delivery, availability and low cost of ownership, are the challenges in terms of marketing. New features, new products through in-house R&D and competitive pricing through value engineering are some of the approaches we continue to work to meet challenges in respect of technology and low cost of ownership. The Company has earmarked over 3% of its Revenue bill for R&D every year in the recent past, to bring in new products and significant improvements in overall quality, cost effectiveness, aesthetic appeal and productivity in existing models. On the delivery front, BEML works pro-actively and manufacture the products in anticipation to meet the customers delivery requirements.

Your Company strongly believes that human resource is the most valuable asset of the organization and retaining and nurturing talent is of paramount importance for the success and growth of the Company. Challenges for HR are in attracting and retaining the talent, competency building, enhancement of competency level in the existing manpower, creating leadership pipeline / internal leader / next generation leaders and performance based work culture. BEML provides a highly competitive and congenial environment for its manpower to show its talent and excel.

Rising wage bill is a part of any business operation. While, we mitigate this through increased business, we also adopt various productivity improvement measures to absorb these costs and improve profitability. In fact, we are the first PSU in the country to have negotiated the wage settlement linking to productivity. Needless to mention the increased productivity mitigates much of increased wages.

Thus, BEML has initiated multi-dimensional strategies and put in place appropriate action plans in each sphere of its operation to be ahead always in terms of market standing and provide high value to all its stakeholders, bringing pride to the Company and the nation by achieving commendable performance despite being a PSU operating in a highly competitive environment.

Today, the Company with Rs. 7066 Cr orders on hand and further prospects in each of the vertical it operates, the Company has made all its plans to cross the Rs. 5000 Cr revenue billing by end of 2012-13, ahead of the target date that was envisaged in the Corporate Plan-I which was poised to coincide with the 'Golden Jubilee' year of BEML. Having envisioned this, your Company has worked on Corporate Plan-II with a overall growth plan and efficient use of funds to scale Rs.10,000 Cr revenue billing by 2018-19. This, I am sure, will create value to all our long term shareholders.

I am grateful to the Board of Directors for their strong support and guidance. I wish to specially thank investors and shareholders of BEML including Ministry of Defence, for the opportunity provided to serve the Company better. I gratefully acknowledge the support and encouragement extended by our Administrative Ministry i.e. Ministry of Defence and in particular, Dept. of Defence Production and unstinted cooperation of all our employees and executives.

With best wishes.

Yours sincerely,

P. Dwarakanath
Chairman & Managing Director (I/c)

Corporate Vision, Mission and Objectives of the Company

(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 collaboration, strategic alliances and joint ventures.
- Grow profitably by aggressively pursuing business and market opportunities in domestic and international markets.
- Adoption of state-of-the-art technologies and bring in new products through Transfer of Technology and in-house R&D efforts.
- Continue to diversify and grow addressing new products and markets.
- Attract and retain people in a rewarding and inspiring environment by fostering creativity and innovation.
- Offer technology and cost effective total solutions.

(C) Objectives

(i) To maintain a dominant position in design, development, manufacture and marketing of Defence, Mining & Construction equipment and Rail & Metro equipment and seize emerging opportunities in Aerospace manufacturing and Dredging equipment business segments.

(ii) To diversify and grow at a Compound Annual Growth Rate of 12% per annum to achieve a Sales turnover of Rs.4500 crore in 2012-13.

(iii) To provide unique total engineering solutions to its customers.

(iv) Internationalizing operations by developing markets and enhancing exports by 10% growth.

(v) To improve profitability at an average annual rate of 8%.

(vi) To ensure maintenance of state-of-the-art technology for all Company products.

(vii) Diversification of business operations especially in Dredging and Aerospace to tap emerging markets.

(viii) Continuous building of skills and competencies to bring about Employee/Executive effectiveness and for management succession.

(ix) To strive to become a Navratna Company by 2015.

Financial Highlights

SL. NO.	PARTICULARS	UNITS	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
A	**Our earnings**									
	Revenue billed	Rs.lakhs	350432	342957	343268	270913	251273	249106	214435	179745
	Export	Rs.lakhs	14405	21750	15625	30434	20062	11073	6149	5856
	Total Revenue billed	Rs.lakhs	364837	364707	358893	301347	271334	260179	220584	185601
	Less: Value of Consortium supplies	Rs.lakhs	72779	82091	58302	8257	–	–	–	–
	Revenue billed net of Consortium Supplies	Rs.lakhs	292058	282616	300591	293090	271334	260179	220584	185601
	Less: Excise Duty	Rs.lakhs	19409	17392	13641	13373	17374	17792	14630	12322
	Revenue from operations	Rs.lakhs	272649	265224	286950	279717	253960	242387	205954	173279
	Change in WIP/SIT	Rs.lakhs	42882	14800	15099	28072	11360	(1104)	(2627)	2994
	Value of Prodn. (with Rev. from Oprns.)	Rs.lakhs	315531	280024	302049	307789	265321	241283	203327	176273
	Value of Prodn. (with Rev. billed)	Rs.lakhs	407719	379507	373992	329419	282695	259075	217957	188595
B	**Our outgoings**									
	Cost of materials	Rs.lakhs	183920	165880	180084	185089	160957	148403	127624	103505
	Emp. Rem. & Benefits	Rs.lakhs	72173	68315	55514	56919	44672	36379	33357	35616
	Depreciation	Rs.lakhs	4392	3364	3222	2731	1770	1352	1412	2299
	Other Expenses(net)	Rs.lakhs	46949	37938	36996	31296	31114	28510	35136	27052
	Interest	Rs.lakhs	8843	6127	4893	3925	2309	561	461	179
C	**Our savings**									
	PBDIT	Rs.lakhs	19881	28166	40070	45403	38880	33517	30415	29758
	PBIT	Rs.lakhs	15489	24802	36848	42672	37110	32165	29003	27459
	PBT	Rs.lakhs	6646	18675	31955	38747	34801	31604	28542	27280
	PAT	Rs.lakhs	5725	14976	22285	26884	22565	20493	18693	17528
D	**Own capital**									
	Equity	Rs.lakhs	4177	4177	4177	4177	4177	3687	3687	3687
	Reserves and surplus	Rs.lakhs	213031	209727	199607	187360	166393	99661	84284	69781
E	**Loan capital**									
	Loans from GOI	Rs.lakhs	–	–	–	–	–	–	–	–
	Loans from Banks	Rs.lakhs	83335	67419	75305	47091	30327	2557	2488	7491
	Other loans	Rs.lakhs	12525	14091	15550	9673	–	–	–	–
F	**Financial Statistics**									
	Net worth	Rs.lakhs	217208	213904	203639	190708	169176	101459	85390	69439
	Gross Block	Rs.lakhs	112845	94543	79871	74951	68028	59643	56512	54395
	Depreciation	Rs.lakhs	59923	55590	52484	49402	46970	45257	43992	42738
	Net Block	Rs.lakhs	52922	38953	27387	25549	21058	14386	12520	11657
	Inventories	Rs.lakhs	242064	188891	165300	162058	92958	72928	64908	62080
	Trade Receivables	Rs.lakhs	100679	128840	136074	154527	149606	90426	77021	60820
	Working capital	Rs.lakhs	205147	162399	259646	218771	174884	86676	73460	64658
	Capital Employed	Rs.lakhs	258069	201352	287033	244320	195942	101062	85980	76315
	Value added	Rs.lakhs	131611	114144	121965	122700	104364	92880	75703	72768
	Dividend-Excl. Tax	Rs.lakhs	2082	4164	4164	4997	4997	4409	3674	3674
	R&D Expenditure	Rs.lakhs	9779	9433	9720	3198	1926	1805	1914	1687
	No. of Employees	Nos	11644	11798	12052	12600	12286	11748	11975	12189
G	**Financial Ratios**									
	Revenue from operations per Employee	Rs.lakhs	23.42	22.48	23.81	22.20	20.67	20.63	17.20	14.22
	Value Added per Employee	Rs.lakhs	11.30	9.67	10.12	9.74	8.49	7.91	6.32	5.97
	PBT to Revenue from operations	%	2.44	7.04	11.14	13.85	13.70	13.04	13.86	15.74
	PBIT to Capital employed	%	6.00	12.32	12.84	17.47	18.94	31.83	33.73	35.98
	PAT to Net worth	%	2.64	7.00	10.94	14.10	13.34	20.20	21.89	25.24
	Debt Equity ratio	Times	0.44	0.38	0.45	0.30	0.18	0.03	0.03	0.11
	EPS	Rs.	13.75	35.96	53.51	64.56	56.19	55.77	50.87	47.70
	Dividend	%	50.00	100.00	100.00	120.00	120.00	120.00	100.00	100.00
	Revenue from operations to Capital employed	%	105.65	131.72	99.97	114.49	129.61	239.84	239.54	227.06

Notes

i) For ratios pertaining to turnover, Revenue from operations has been considered.

ii) Trade Receivables includes unbilled debts amounting to Rs. 21433 lakhs shown under other current assets in the accounts. (Pr. Yr. - Rs. 12036 lakhs).

Financial Highlights

SL. NO.	PARTICULARS	UNITS	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97
A	**Our earnings**									
	Revenue billed	Rs.lakhs	171316	165972	130872	119760	99469	120210	118782	110755
	Export	Rs.lakhs	5259	2145	11543	14980	32240	1052	7189	6224
	Total Revenue billed	Rs.lakhs	176575	168117	142415	134740	131709	121262	125971	116979
	Less: Value of Consortium supplies	Rs.lakhs	–	–	–	–	–	–	–	–
	Revenue billed net of Consortium Supplies	Rs.lakhs	176575	168117	142415	134740	131709	121262	125971	116979
	Less: Excise Duty	Rs.lakhs	9354	11005	9170	9608	7497	8081	10636	9237
	Revenue from operations	Rs.lakhs	167221	157112	133245	125132	124212	113181	115335	107742
	Change in WIP/SIT	Rs.lakhs	(7388)	5899	1195	(423)	(2324)	3153	2626	1228
	Value of Prodn. (with Rev. from Oprns.)	Rs.lakhs	159833	163011	134440	124709	121888	116334	117961	108970
	Value of Prodn. (with Rev. billed)	Rs.lakhs	169187	174016	143610	134317	129385	124415	128597	118207
B	**Our outgoings**									
	Cost of materials	Rs.lakhs	105319	111449	90318	79540	77685	73738	74787	70428
	Emp. Rem. & Benefits	Rs.lakhs	34678	33407	32562	36662	26349	24132	21808	17781
	Depreciation	Rs.lakhs	1829	1930	2214	2340	2679	2572	2458	2541
	Other Expenses(net)	Rs.lakhs	29191	31231	19171	15946	16897	17552	19945	15853
	Interest	Rs.lakhs	148	300	2226	3120	6399	8878	10074	11004
C	**Our savings**									
	PBDIT	Rs.lakhs	6995	6017	5741	6525	11438	11722	14137	16661
	PBIT	Rs.lakhs	5166	4087	3527	4185	8759	9150	11679	14120
	PBT	Rs.lakhs	5018	3787	1301	1065	2360	272	1605	3116
	PAT	Rs.lakhs	2417	2610	535	600	1460	62	1065	1616
D	**Own capital**									
	Equity	Rs.lakhs	3687	3687	3687	3687	3687	3687	3687	3687
	Reserves and surplus	Rs.lakhs	56437	54827	55978	55689	55497	54937	54877	54620
E	**Loan capital**									
	Loans from GOI	Rs.lakhs	–	–	–	–	–	1440	2525	3660
	Loans from Banks	Rs.lakhs	3148	3130	27255	23471	37537	47305	41466	42419
	Other loans	Rs.lakhs	180	220	2778	6288	10855	22951	27247	25780
F	**Financial Statistics**									
	Net worth	Rs.lakhs	56888	53219	55559	55700	57774	57752	56922	56802
	Gross Block	Rs.lakhs	54334	53425	52851	52695	52199	50618	49708	45815
	Depreciation	Rs.lakhs	40949	39213	37648	35805	33509	31058	28613	26267
	Net Block	Rs.lakhs	13385	14212	15203	16890	18690	19560	21095	19548
	Inventories	Rs.lakhs	57327	74850	63886	63868	61079	67961	65732	60605
	Trade Receivables	Rs.lakhs	44356	49418	56730	52067	52016	60665	61882	71443
	Working capital	Rs.lakhs	47933	43454	69190	67512	86838	108655	106510	107298
	Capital Employed	Rs.lakhs	61318	57666	84393	84402	105528	128215	127605	126846
	Value added	Rs.lakhs	54514	51562	44122	45169	44203	42596	43174	38542
	Dividend-Excl. Tax	Rs.lakhs	735	735	441	368	735	–	–	737
	R&D Expenditure	Rs.lakhs	1498	1754	1823	1550	1372	1194	1230	1075
	No. of Employees	Nos	12922	13116	13838	14357	15117	15471	15349	15540
G	**Financial Ratios**									
	Revenue from operations per Employee	Rs.lakhs	12.94	11.98	9.63	8.72	8.22	7.32	7.51	6.93
	Value Added per Employee	Rs.lakhs	4.22	3.93	3.19	3.15	2.92	2.75	2.81	2.48
	PBT to Revenue from operations	%	3.00	2.41	0.98	0.85	1.90	0.24	1.39	2.89
	PBIT to Capital employed	%	8.42	7.09	4.18	4.96	8.30	7.14	9.15	11.13
	PAT to Net worth	%	4.25	4.90	0.96	1.08	2.53	0.11	1.87	2.84
	Debt Equity ratio	Times	0.06	0.06	0.54	0.53	0.84	1.24	1.25	1.27
	EPS	Rs.	6.58	7.10	1.46	1.63	3.97	0.17	2.88	4.37
	Dividend	%	20.00	20.00	12.00	10.00	20.00	0.00	20.00	20.00
	Revenue from operations to Capital employed	%	272.71	272.45	157.89	148.26	117.71	88.27	90.38	84.94

Notice

NOTICE is hereby given that the 48th Annual General Meeting of BEML Limited will be held on **Friday,** the **14th September, 2012** at **10.30 hours** at **API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bangalore-560 052** to transact the following business:

I. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss and Cash Flow Statement for the year ended 31st March, 2012, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year 2011-12.
3. To elect a Director in place of Shri P Dwarakanath, who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Shri M Pitchiah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To elect a Director in place of Dr. M Nellaiappan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To elect a Director in place of Smt. Rashmi Verma, who retires by rotation and being eligible, offers herself for re-appointment.
7. To elect a Director in place of Dr.(Smt.) Rekha Bhargava, who retires by rotation and being eligible, offers herself for re-appointment.
8. To elect a Director in place of Lt. Gen. (Retd.) Noble Thamburaj, who retires by rotation and being eligible, offers himself for re-appointment.
9. To fix the remuneration of the Auditors.

II. SPECIAL BUSINESS

10. Appointment of Director:

    To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

    "RESOLVED that Shri Rajnish Kumar, be and is hereby appointed as Director of the Company with effect from 2nd August, 2012 on the terms and conditions as stipulated by the Government."

By order of the Board
For BEML Limited

Place : Bangalore
Date : 09.08.2012

M E V Selvamm
Company Secretary

Notes

1. A Member entitled to attend and vote at the Meeting is entitled to appoint proxy / proxies to attend and vote instead of himself. Proxy need not be a member of the Company.
2. Proxy form is attached. The Proxy form should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
3. Member / Proxy holder must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed and executed.
4. Shareholders 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
Plot No.17-24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081
Andhra Pradesh State
Ph : 040-44655000, Fax : 040-23420814
Toll Free No. : 1800-3454-001
E-mail : einward.ris@karvy.com
Website : www.karvy.com

5. 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 address, contact no. etc in all correspondence with the Company/STA.

6. Members are requested to bring their copies of the Annual Report to the meeting.

7. In terms of Clause 16 of the Listing Agreement, the Register of Members and Share Transfer Book will remain closed from 08.09.2012 to 14.09.2012 (both days inclusive) for the purpose of the Annual General Meeting.

8. Pursuant to Clause 49 of the Listing Agreement, the brief resume/profile of the Directors eligible for re-appointment vide Item Nos.3 to 8 are attached hereto.

9. The dividend declared at the meeting will be made available on or after 19.09.2012, 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 07.09.2012 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.

10. The dividend paid for the year 2004-05 and remaining unpaid/unclaimed in the accounts will be transferred to Investor Education and Protection Fund during November, 2012.

11. Queries on accounts and operations of the Company, if any, may please be sent to the Company ten days in advance of the meeting so that the replies may be made available at the meeting.

Invitation to Shareholders to preserve environment

Ministry of Corporate Affairs (MCA) vide circular nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively have clarified that a Company would be deemed to have complied with the provisions of Section 53 and 219(1) of the Companies Act, 1956, if documents like notices, annual reports etc., are sent in electronic form to its Members. Accordingly, the said documents of the Company for the financial year ended March 31, 2012 will be sent in electronic form to those Members who have registered their e-mail address with their DP and made available to the Company by the Depositories. However, in case a Member wishes to receive a physical copy of the said documents, he is requested to send an e-mail to office@cs.beml.co.in duly quoting his DP ID and Client ID or the Folio number, as the case may be.

Members holding shares in physical form are requested to submit their e-mail address to the STA/ Company Secretary duly quoting their Folio number. Members holding shares in electronic form who have not registered their e-mail address with their DP are requested to do so at the earliest, so as to enable the Company to send the said documents in electronic form, thereby supporting the green initiative of the MCA.

Explanatory Statement pursuant to Section 173 of the Companies Act, 1956

Item No. 10 – Appointment of Director

Article 97 of the Articles of Association of the Company provides for appointment of Directors by the President of India from time to time. Accordingly, the President of India has appointed Shri Rajnish Kumar, Additional Financial Adviser & Joint Secretary, Department of Defence Production, Ministry of Defence, Government of India, as Part-time Government Director on the Board of the Company with effect from 02.08.2012.

In view of the provisions under section 257 of the Companies Act, 1956, it is necessary to place this item before the members of the Company seeking the consent of the members for the appointment of the aforementioned Director with effect from the date of his appointment as aforesaid.

Shri Rajnish Kumar, Part-time Government Director

Shri Rajnish Kumar has been appointed as Part-time Government Director on the Board of BEML Limited with effect from 02.08.2012. He belongs to 1984 batch of the Indian Defence Accounts Service and has about 28 years of functional experience in Defence services and its related organisations.

Shri Rajnish Kumar started his career during 1985 as Internal Auditor and grew to the level of Controller, Internal Auditor & Financial Advisor. He also served as Financial Advisor Navy – Director General Naval Projects, Director (Finance) in Ministry of Defence, Integrated Financial Advisor - Air Force, Joint Controller General Defence Accounts in CGDA and as Finance Manager (Maritime and systems).

He authored several books relating to Defence procurement and Defence Accounting systems. Presently, he is Additional Financial Advisor & Joint Secretary in Ministry of Defence.

Shri Rajnish Kumar, being the appointee concerned, is considered to be interested in the resolution.

The Board commends the resolution for the approval of the members.

By order of the Board
For BEML Limited

Place : Bangalore
Date : 09.08.2012

M E V Selvamm
Company Secretary

Details of Directors seeking re-appointment as required u/c 49 (IV) (G) of the Listing Agreement :

Shri P Dwarakanath, Chairman & Managing Director (I/c) and Director (Metro & Rail Business)

Shri P Dwarakanath, is a Graduate in Mechanical Engineering from National Institute of Technology, Warangal. He joined BEML as a Management Trainee in 1978 and held various important positions in the Company covering Rail & Metro and Defence areas. He was heading BEML, Bangalore Complex prior to taking over the charge of Director (Metro & Rail Business) with effect from 01.03.2008. He is also given additional charge of Chairman & Managing Director w.e.f. 12.06.2012. He is also on the Board of M/s Vignyan Industries Limited, a subsidiary of BEML Limited. He does not hold any equity shares of the Company.

Shri M Pitchiah, Director (Finance)

Shri M. Pitchiah is a Chartered Accountant of 1977 batch from the Institute of Chartered Accountants of India and 38th rank holder of the Institute. He started his career with M/s HMT as an Accounts Officer during 1978. Before joining

BEML as Chief General Manager on 01.10.2004, he was General Manager (Finance) in HAL having served there for a period of 10 years. He has 33 years of valuable experience having worked in public sector and he has private sector exposure also. He has rich experience in Finance, Budgeting, Taxation, Finalization of Accounts and played key role in the follow-on public offer of BEML. He was also instrumental in recasting the purchase manual of the Company. He took charge as Director (Finance) of the Company with effect from 14th July, 2008. He is also on the Board of M/s Vignyan Industries Limited, M/s BEML Midwest Limited and M/s MAMC Industries Limited. He holds 15 equity shares of the Company in his personal capacity.

Dr. M Nellaiappan, Director (HR)

Dr. M. Nellaiappan has been appointed as Director (Human Resource) on the Board of BEML Limited with effect from 23rd March, 2009. Dr. Nellaiappan holds post graduate qualifications in Social Work, Personnel Management & Industrial Relations and Finance. He has obtained his Doctorate in Philosophy (Ph.D) through Aligarh Muslim University for his thesis on "Business Administration". Prior to joining BEML, he had served M/s Karnataka Power Corporation Limited (KPCL) for 36 years and was Director (HR) during last 4 years of his tenure at KPCL. He does not hold any equity shares of the Company.

Smt. Rashmi Verma, Director :

Smt. Rashmi Verma, IAS, Joint Secretary (Land Systems), MoD has a sound academic base with Master's degree in Arts, Philosophy and Business Administration. She is a distinguished IAS officer of 1982 batch with over 30 years of administrative experience. She holds 100 equity shares of the Company as a nominee of the President of India.

Dr. (Smt.) Rekha Bhargava, Independent Director

Dr. (Smt.) Rekha Bhargava is a former Secretary to the Government of India. She is a distinguished IAS Officer belonging to 1973 batch, with about 35 years of administrative experience and held key positions in the Union and State Government. She does not hold any equity shares of the Company.

Lt. Gen. (Retd.) Noble Thamburaj, Independent Director

Lt. Gen. (Retd.) Noble Thamburaj is a former Vice Chief of Army Staff. He is a veteran techno administrator with an outstanding record of over four decades in the Indian Army with extensive functional exposure. He is also an Independent Director on the Board of M/s Delta Corps Limited. He does not hold any equity shares of the Company.

Directors' Report

Your Directors have pleasure in presenting the 48th Annual Report and Audited Accounts for the year ended 31.03.2012.

FINANCIAL RESULTS *(₹crores)*

Particulars	*2011-12*	*2010-11*
Revenue billed including consortium supplies	**3648.37**	3647.07
Revenue including excise duty	**2920.58**	2826.16
Revenue from operations	**2726.49**	2652.24
Profit before Depreciation, Interest and Tax	**198.81**	281.66
Interest	**88.43**	61.27
Depreciation	**43.92**	33.64
Profit Before Tax	**66.46**	186.75
Tax Expense	**9.21**	36.99
Profit After Tax	**57.25**	149.76
Profit available for appropriations	**393.11**	399.40
APPROPRIATIONS :		
Proposed Dividend	**20.82**	41.64
Dividend tax	**3.38**	6.92
General Reserve	**5.73**	14.98
Profit & Loss Account	**363.18**	335.86
Net Worth	**2172.08**	2139.04

TURNOVER AND PROFITABILITY

Your Company achieved all time high revenue billing of Rs.3648.37 crores including the value of consortium supplies against Rs. 3647.07 crores of corresponding value in the previous year. Thus, the performance remained almost at the same level as that of the previous year. The revenue from operations (net of consortium supplies) stood at Rs.2920.58 crores as against Rs.2826.16 crores in the previous year, posting a growth of 3.3%. The Value of Production is Rs. 3349.40 crores (Rs.4077.19 crores including consortium supplies) as against Rs.2974.16 crores (Rs.3795.07 crores including consortium supplies) in the previous year. The Profit before Tax was Rs.66.46 crores as against Rs.186.75 crores recorded in the previous financial year. The reduction in profit was mainly on account of change in product mix propelled by the market demand, lesser quantum of sales of Defence products and Mining and Construction spares coupled with severe competition that had exerted pressure on margins and also considerable increase in the financial charges during the year. However, your Company is poised to register higher turnover and profit in the current financial year.

DIVIDEND

The Board of the Company has recommended a dividend of Rs. 5/- per share i.e.,50% on the Paid-up Equity Share Capital for the year 2011-12 keeping in view the past performance and future prospects and simultaneously meeting the aspirations of the shareholders.

EXPORTS

International Business Division of the Company could do a revenue billing of ₹ 144.05 crores (including Trading) as against ₹ 217.50 crores in the previous year. The international presence of the Company has increased to 60 countries including Nigeria, to which entry was made during the year.

QUALITY

'Quality' being the most powerful factor to capture, retain and enlarge customer base in the modern business scenario, emphasis is on to achieve higher level of quality. Various measures were taken up during the year to demonstrate consistent performance as briefed below –

Journey towards quality assurance:

Quality Assurance (QA), a process-centered approach to ensure product quality, is being implemented across the Company. Journey from Quality Control (QC) to QA mode, which took off last year, has made a notable progress, wherein, various "Quality Assurance Teams" at divisions are working under the guidance of M/s. NIQR, Chennai, whose services are being utilized to accelerate the process of QC→QA implementation at all divisions.

Quality management certification :

All manufacturing divisions continue to hold ISO 9001-2008 Quality Management System (QMS) certification. The KGF, Bangalore and Mysore Complexes are certified for ISO 14001-2004 Environmental Management System. Bangalore Complex is certified for BS OHSAS 18001-2007 Integrated Management System. Engine Division/Aerospace Division at Mysore Complex is audited and upgraded to AS9100C certification. Laboratories at R&D, KGF and Engine Division, Mysore continue to hold NABL accreditations.

Quality improvement :

Small group activities are encouraged throughout the Company. To motivate the **Quality Circles**, our annual event - 'BEML-Nonimara Award' Competition, is being conducted and the winning teams are deputed for the competitions conducted by other Quality forums. Accordingly, 5 teams were deputed during the year for CCQC-2011 competition conducted by M/s. QCFI and all the teams have won 'Bronze" Medal in the competition. Two teams, one each from EM Division-KGF Complex and Equipment Division-Mysore Complex were deputed for State level QC Competition conducted by M/s. CII, Bangalore. Team from EM Division won the First prize in "Highest Business Impact" category.

KAIZEN projects have been taken up and successfully completed at all divisions. From the current year, 'Kaizen Rewarding Scheme' has been introduced, wherein best 30 Kaizen projects from divisions will be rewarded during Independence/ Republic day. All divisions put together, nearly 3000 Kaizen projects had planned, out of which 1563 projects have been completed during the year and the remaining are under regular review.

Implementation of **'5S'** concept is on throughout the Company. Every year, inter-shop competition on '5S' are conducted at all divisions and winners are awarded during quality month celebration. Training on '5S' and 'Kaizen' were conducted at all the divisions by M/s. NIQR experts as a part of QC→QA implementation.

Six-Sigma process approach is in place at all divisions with 53 black belts working on various projects in the areas of Quality Improvement, Lead Time Reduction, Cost reduction, Product Improvement and Productivity Improvement. Services of M/s.TQM International are being utilized for project guidance. During the year, two black belts from EM Division, KGF Complex took part in the regional competition conducted by M/s. QCFI and won 'Silver' medals for the case study presentation.

Vendor development :

Efforts are on in identifying, developing and evaluating the potential suppliers. Periodic process/system audits are being conducted and necessary feedbacks are given to the vendors for process/system improvements right from development stage to ensure quality in their supplies. Third party inspection agency is engaged for carrying out source inspection at vendors' premises to ensure quality of the incoming components, right at source itself.

Vendors who are consistent in quality and self-reliable are encouraged by awarding "Self Certification" status for their supplies. About 200 firms have already been accorded self-certification status and 56 firms have been granted waiver of source inspection.

Customer satisfaction :

Achieving customer satisfaction is the essential ingredient of any business. Cross functional teams and quality improvement teams are active throughout the Company to address field issues and to gather customer feedback to enhance product quality.

Technology up-gradation :

Professional expertise of M/s. WRI, Trichy is being sought for guidance to assure quality in critical areas including welding and fabrication.

Initiative was taken in organizing Lead Auditor/ Internal Auditor awareness training programme on QMS by M/s. BVCI, Bangalore. A 'Welders Training and Certification' course was conducted by M/s. TUV Rheinland, Bangalore for 160 identified welders and 8 welding inspectors across all divisions, and 111 welders have qualified the tests conducted under the course.

Quality engineering personnel at all levels are deputed to various training/seminar programmes covering topics in areas of technological updates and personality development.

RESEARCH & DEVELOPMENT

The Company's Research & Development Centre continues to play a vital role in the design and development of products, critical aggregates, indigenization activity etc. During the year, R&D has developed and launched various products in Mining & Construction and Defence segments.

The information on R&D, Technology Absorption, Adaptation and Innovation including the products developed by the Company during the year is at Annexure-I.

FINANCE

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

The Company's contribution to exchequer was in the order of ₹ 682.58 crores during the year by way of Excise Duty, Customs Duty, Sales Tax, Income Tax, Wealth Tax, Service Tax, Cess, etc.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Company's export earning stood at ₹ 116.12 crores. The total foreign exchange utilized during the year was ₹ 683.50 crores.

A sum of ₹ 2.14 crores was incurred towards deputation of personnel abroad for business/export promotion, after-sales-services and training.

FIXED DEPOSITS

The Company has not accepted/renewed any fixed deposits during the year and there is no outstanding fixed deposits as on 31.03.2012.

VIGILANCE

The Company has an independent Vigilance Department headed by a full-time Chief Vigilance Officer. Following the dictum, 'there cannot be Management without Vigilance', the Chief Vigilance Officer provides aid and advice to the Company on all vigilance matters. The units of the vigilance department, namely, Investigation Wing, Disciplinary Wing, Anti-Corruption Wing, Preventive Vigilance Wing and Technical Wing deal with various facets of vigilance mechanism. Several initiatives were taken in the process of creating awareness, sensitisation, and ensuring accountability, probity, and transparency within the overarching vigilance functions of punitive, preventive and surveillance and detection. As part of the observance of the Vigilance Awareness Week 2011 and in sync with the theme 'Participative Vigilance' a unique journal 'VIG-KIRAN', which included a compact disc containing a compendium of essential guidelines and directives of the Central Vigilance Commission (CVC), Department of Public Enterprises, Ministry of Defence, Ministry of Corporate Affairs, SEBI and BEML for the engagement and empowerment of all the stakeholders, was released for circulation. The system of filing Annual Property Returns (APRs) by Public Servants has been evolved to check possession of assets disproportionate to known sources of income. A sensitisation programme was developed and conducted for the Executives on filing of the APRs which is mandatory as per Rule 16 of BEML Conduct, Discipline and Appeal (CDA) Rules 1976. To mitigate corruption in public procurement CVC has issued guidelines, promoted e-procurement and adoption of Integrity Pact, compliance of which have been ensured in the Company. BEML e-procurement solution is customized to process Open/Global Tenders, publishing of Tenders on website, publishing of contracts awarded on website, online Vendor Registration, e-payment and online Bill status. Integrity pact is signed for all procurement transactions/contracts above ₹ 20 Crores and monitored by two Independent External Monitors. The Public Interest Disclosure & Protection of Informers Resolution (PIDPIR) 2004, wherein CVC is the designated authority to handle the "Whistle blower" complaints and provide protection to the "Whistle blowers", has been uploaded on the BEML website www.bemlindia.nic.in with a link to the Vigilance portal for wider publicity and to encourage public and employees to come forward and lodge/report information of corrupt practices. In short, the Vigilance department has facilitated Good Corporate Governance.

CORPORATE GOVERNANCE

A report on Corporate Governance including Management Discussion and Analysis Report along with a Compliance Certificate from the Auditors as required under the Listing Agreement entered into with the Stock Exchanges is annexed to this report.

SUBSIDIARY COMPANY :

M/s Vignyan Industries Limited (VIL):

VIL has posted a turnover of ₹ 39.21 crores with profit before tax of ₹ 0.65 crores recording a growth of about 16% in turnover and 140% in profit. The value of production of the Company stood at ₹ 45.29 crores as against value of production of ₹ 35.70 crores recording a growth of about 27% in the previous year. The profit after tax recorded at ₹ 0.82 crores.

A perspective plan has been drawn for five years commencing from 2011-12 to 2015-16 for balancing the production capacity and upgrading the existing technology of the foundry. The capital expenditure has been estimated at ₹ 20 crores, out of which an amount of ₹ 10 crores is proposed to be spent in the first phase. At the end of second year, the plan would be reviewed and the investment of remaining ₹10 crores considered.

The statement and particulars relating to VIL, pursuant to Section 212 of the Companies Act, 1956 is attached. In accordance with Section 212(8) of the Companies Act, 1956, your Company has been exempted from attaching the Balance Sheet, Statement of Profit & Loss, Cash Flow Statement, Auditors' Report, Directors' Report etc., of the Subsidiary Company to the Balance Sheet of BEML Limited as per Government of India Order No.51/12/2007-CL-III dated 08.02.2011 issued under General Circular No.2/2011. However, the Company will make available these documents upon request by any member of the Company.

JOINT VENTURE COMPANY

A JV Company, M/s BEML Midwest Limited incorporated on 18th April, 2007 at Hyderabad with BEML having 45% share, M/s Midwest Granite Pvt. Ltd., and P T Sumber Mitra Jaya of Indonesia as partners with 55% share. The Company has been established to capitalize the growing business opportunities in the mining segment. However, due to certain unauthorized transactions and the oppression and mismanagement by the nominees of M/s. Midwest Granite P Limited, BEML has filed a petition u/s 397 and 398 of the Companies Act, 1956 before Hon'ble Company Law Board seeking for suitable relief. Hon'ble CLB vide order dated 01.06.2012 directed the Central Government to appoint an inspector to investigate the affairs of BEML Midwest Limited. However, as advised by the legal counsels of the Company an appeal against the said order has been filed by the Company before the appellate authority. In the meantime, as a matter of abundant caution, provision has been made for the full value of ₹ 5.42 Crs. in the books of the Company towards possible diminution in the value of investment in the JV Company.

MICRO, SMALL AND MEDIUM ENTERPRISES

The Micro, Small and Medium Enterprises continue to get support and preference from BEML wherever there is shortage of in-house capacity. The Company extends technical guidance and requisite support to these industries wherever required. Our quality control personnel visit the industries to assist and ensure that the quality of the products meet the requisite standards.

During 2011-12, the Company procured items worth ₹ 600.84 crores from the said category of enterprises.

RAJBHASHA

- Your Company ensured compliance of the Official Languages Act, 1963, and the Rules made thereunder and administrative instructions regarding use of Hindi received from the Department of Official Language and Ministry of Defence from time to time.
- Hindi training for all the three courses viz., Prabodh, Praveen and Pragya under Hindi Teaching Scheme of Ministry of Home Affairs, Department of Official Language were arranged regularly. A total of 257 employees have been trained during the year.
- Seven officials of the Company have been trained in Computer Training programme in Hindi organised by National Informatics Centre in collaboration with Central Hindi Training Institute, Ministry of Home Affairs.
- To inculcate interest and efficiency among the staff, 12 Hindi workshops were organized for 204 employees at Corporate Office and Business Complex Offices during the year.
- Hindi Month was observed with great zeal in the Corporate Office, all the Business Complex Offices and Regional offices of Hyderabad, Mumbai and Chennai from 14th September to 13th October, 2011. During this period, to motivate the employees competitions viz. Hindi Antakshari, Hindi Quiz, Hindi Crossword and Noting and Drafting, were organized and the winners of these competitions were awarded. Further, Hindi Day i.e. 14th September, 2011 was observed in accordance with the guidelines issued by the Ministry of Defence and Department of Official Language, Ministry of Home Affairs.
- During the period, all translation work and Hindi typing work relating to Annual Reports, Technical Reports, C&AG Audit Paras, MoUs, Reports on SC/ST, RTI, Reservation policy, Standing Orders, Product Profiles, Advertisement Materials and standard forms were attended to with full efficiency and dedication.
- The Parliamentary Committee on Official Language visited Mysore Complex on May 07, 2011 and satisfied over the progress being made and also devised some suggestive measures to implement the Official Language Policy further.
- All the sign boards outside the premises of the Company displayed tri-lingually i.e. Kannada (Regional Language), Hindi and English and the name plates which are displayed within the premises of the Company are also in tri-lingual form.
- A session on "Official Language Policy" is included in all in-house training programmes.
- Hindi Library is functioning in Corporate Office with good number of Hindi Books and Hindi periodicals. Hindi Dictionaries, Administrative Glossaries, Help-literature are supplied to the staff to encourage them to do official work in Hindi.
- Website of BEML is made available in Hindi also.

AWARDS

- BEML won National Safety Award on 29.11.2011, instituted by the Director-

General, Factory Advice Service and Labour Institute under Ministry of Labour and Employment, Government of India, for its Heavy Fabrication Unit at KGF (performance year 2009) under Scheme-III (Lowest Average Frequency Rate) and under Scheme-IV (Accident Free Year 2009).

- BEML received the prestigious All India Export Excellence Award of EEPC India 'Star Performer Award' for the year 2010-11 on 23.03.2012.

MANPOWER

The manpower strength as on 31st March, 2012 stood at 11,644 as against 11,798 of the previous year.

Representation of SC/ST and Ex-Servicemen category-wise as on 01.01.2012 and recruitment made are as under :

Representation of SC/ST/Ex-Servicemen as on 01.01.2012

Category/ Group	*Total Strength As on*		*No. of SC/ST and Ex-servicemen*					
			Scheduled Caste		*Scheduled Tribe*		*Ex-Service Men*	
	1.1.2011	1.1.2012	1.1.2011	1.1.2012	1.1.2011	1.1.2012	1.1.2011	1.1.2012
Group-A	1383	1433	207	221	41	43	8	8
Group-B	1405	1327	245	238	72	72	11	7
Group-C	9049	8716	1919	1881	344	332	343	328
Group-D	67	50	29	22	3	4	-	-
Total	**11904**	**11526**	**2400**	**2362**	**460**	**451**	**362**	**343**

Recruitment during 2011

Group	*General*	*OBC*	*SC*	*ST*	*EX-S*	*TOTAL*
A	18	5	8	1	4	36
B	97	105	36	28	5	271
C	126	96	97	28	-	347
D	-	-	-	2	-	2
TOTAL	**241**	**206**	**141**	**59**	**9**	**656**

HUMAN RESOURCES DEVELOPMENT & INDUSTRIAL RELATIONS

The HR Department identified several thrust areas for continuously updating technical / professional knowledge and skills of employees and bring about attitudinal changes in fostering a performance driven work culture in all areas of operations particularly at shop floors. During the year, the Company organized several in-house and external training programs covering 30,396 man-days.

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

CORPORATE SOCIAL RESPONSIBILITY/ SOCIAL WELFARE

- BEML Limited provides opportunity to such of the unskilled literate Contract Labourers, by extending on-Job skilled training to consider them for regular employment.
- Extension of out-patient medical facilities to ex-BGML employees and their families by deputing a Doctor and 2 para-medical staff to the areas of Marikuppam, Champion Reef and Oorgaum and medicines are dispensed free of cost for general illness.
- Provided medical treatment through Company's medical centres and dispensaries to the common public dwelling in the adopted village of Dasarahosahalli at KGF.
- BEML runs one Junior College and two Nursery Schools at KGF and one Nursery School at Bangalore. These Institutions not only meant for BEML employees children, it also caters to a large extent to the local population. In addition, BEML runs a Kendriya Vidyalaya Project School at KGF by providing school building with infra-structure facilities, mid-day meal programme and other facilities.
- BEML has extended facilities viz., school building, furniture and other infrastructure and one attender for mid-day meal programme and night watchman to Govt. English Higher Primary School at KGF.
- The Company has extended all help and support to the Labour Welfare Fund (LWF) functioning in the production units for the benefits of Employees, their dependants and

local population. The LWF had conducted training programmes in Tailoring, Computer, Typing / Shorthand course, Diploma course in Laboratory Technology, Job Oriented Courses, Music / Dance classes, spoken English Course, Summer camps for art / painting and sports and various entertainment activities during the year.

- Company has sponsored a scheme for award of Scholarship to the SC/ST students pursuing full time undergraduate Engineering course in Engineering Institutions all over the country. The scheme also aims at providing employment to students who successfully complete the Engineering programme.
- Your Company has adopted four children from the United Physically Handicapped School of Coimbatore and decided to continue the adoption till the children can be employed suitably under PH quota / services to orphans and unsupported.
- Your company has expressed solidarity towards the cause of helpless children in Prayasam, a Kolkata based NGO which look after social welfare of poor and destitute children in various places of West Bengal by issuing an advertisement every year in the annual report of Prayasam.
- Renovated Government ITI at Rajahmundry and Kakinada by constructing the compound wall and repairing 8 labs.
- Your Company has constructed comfortable waiting area at SBC Railway Station, Bangalore particularly for senior citizens.

PARTICULARS OF EMPLOYEES

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

ENVIRONMENT AND POLLUTION CONTROL

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

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

In a bid to harness renewable energy, the Company commissioned a 5 MW Wind Mill during the year 2007-08 in Gadag District of Karnataka. The energy generated by the plant is fed into the KPTCL grid and sold to Hubli Electricity Supply Co. Ltd., and as of 31.03.2012, 396.44 lakh kWh power has been generated enabling green house gas reduction. Further, your company is setting up an additional 18 MW Wind Mill Farm to develop green energy towards being self sufficient on power requirements.

ENERGY CONSERVATION

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

1. Introduction of 2 Nos. 5000 litres capacity solar water heating system in Workers Canteen for pre-heating of water at 60^{o} centigrade.
2. Replacement of Inverter welding sets (18KW) in place of old type Kirloskar make Motor Generator welding set of 30KW.
3. Switching off of roof extractors during lunch time in I, II shifts and shift ending hours / non-working hours.
4. Introduction of 150W metal halide high bay fitting for street lights in place of 800W HPMV lamp at various places in the unit premises.
5. Introduction of 24 Watt LED solar lights in place of 250 Watt HPSV perimeter lighting.
6. Introduction of LED type DSL power supply indication lamps for EOT cranes and panel indication lamp in place of incandescent lamp.

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

STATUTORY AUDITORS

M/s. Padmanabhan Ramani & Ramanujam, Chartered Accountants, Chennai, were appointed by Comptroller & Auditor General of India as Statutory Auditors for the year 2011-12.

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

COST AUDITORS

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

(i) M/s Rao, Murthy & Associates for 'Heavy Earth Moving Equipments', and

(ii) M/s AGI & Associates for 'IC Engines'.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm:

i) that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure ;

ii) that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date ;

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

iv) that the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors express their hearty thanks to the Company's valued customers, in particular Defence Services, M/s Coal India Limited and its Subsidiaries, M/s. Singareni Collieries Company Limited, Railway Board, M/s Steel Authority of India Limited, M/s Delhi Metro Rail Corporation, M/s Bangalore Metro Rail Corporation and M/s Jaipur Metro Rail Corporation for their patronage and confidence in the Company. The Directors also acknowledged and thanked 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 Consortium of Banks and other Bankers of the Company 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 gratefully acknowledge the valuable support and assistance received from various Ministries of Government, in particular Ministry of Defence, Ministry of Coal, Ministry of Mines, Ministry of Steel, Ministry of Railways and the Ministry of External Affairs. The Directors are also grateful to the Government of Karnataka 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

P Dwarakanath
Chairman & Managing Director (I/c)

FORM - A (See Rule 2)

Form for disclosure of particulars with respect to Conservation of Energy

	Current year 2011-12	Previous year 2010-11
(A) POWER AND FUEL CONSUMPTION		
1) ELECTRICITY		
a) Purchased :		
Units (Kwh)	**40738330**	43592559
Total Amount	**229727220**	234362324
Cost / Unit (Rs.)	**5.64**	5.38
b) Own Generation :		
i) Through Diesel Generator		
Units (Kwh)	**1648111**	2675236
Units per ltr. of Diesel oil (Kwh)	**0.03**	1.15
Cost/Unit (Rs.)	**13.24**	24.82
ii) Through Steam Turbine/Generator		
Units (Kwh)	**-**	-
Units per ltr. of fuel oil / gas (Kwh)	**-**	-
Cost/Unit (Rs.)	**-**	-
2) COAL (Specify Quality & where used)		
Quantity (Tonnes)	**-**	-
Total Cost (Rs.)	**-**	-
Average Rate (Rs.)	**-**	-
3) FURNACE OIL (Diesel for Boiler)		
Quantity (Kilo Litres)	**4727000**	6706000
Total amount (Rs.)	**2174512**	2712000
Average Rate (Rs.)	**46.00**	40.44
4) OTHERS / INTERNAL GENERATION		
Quantity (Diesel in ltrs.)	**213840**	228000
Total Cost (Rs.)	**9476760**	9338400
Average Rate (Rs.)	**44.32**	40.96
(B) CONSUMPTION PER UNIT OF PRODUCTION		
Products (with details) unit	**1521**	2290
Electricity	**9105**	43987
Furnace Oil	**-**	-
Coal (specify quality)	**-**	-
Diesel in litres	**295**	247
Others (specify)	**-**	-

ANNEXURE-I

Form B

Absorption disclosure particulars with respect to technology :

RESEARCH & DEVELOPMENT (R&D):

1. SPECIFIC AREAS IN WHICH R&D CARRIED OUT BY THE COMPANY:

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

Depending on the sectoral needs for the year 2011-12 R&D, BEML has launched the following products / projects:

Mining & Construction :

a) BE450LC - 45 ton class - Hydraulic Excavator

b) BE220R - 22 ton class - Rail - Road Hydraulic Excavator

c) BL9H - Back Hoe Loader with BS-III compliant engine & improved aesthetics

d) BL200-1 - Wheel Loader with BS-III compliant engine & improved aesthetics

e) BD355-1 - Dozer with BS-III compliant Electronic Engine & Transmission

f) BD155 - Dozers with BEML Electronic Engine

g) BG605A - Articulated version of BG605 Motor Grader·

h) BH100 - Dump truck with MTU Engine & Allison Transmission.

Metro & Rail :

i) 8-Wheeler Overhead Equipment Inspection Car for Indian Railways.

ii) Stainless Steel ACEMU for Indian Railways.

2. BENEFITS DERIVED AS RESULT OF ABOVE R&D

Major R&D initiatives have enlarged the product range and also provide latest technology for the existing products that enables Company to retain the existing customers, increase the market share and enter new markets. These new initiatives have enhanced the skill sets, knowledge, expertise and induced confidence in taking up new challenges that are arising from time to time.

(a) <u>Design & Development of 8-Wheeler OHE Car for Indian Railways:</u>

OHE Car is a self-propelled 8-Wheeler Overhead Equipment Inspection Car used for periodical inspection, patrolling and maintenance of traction overhead equipment. It is also useful for attending sites of break-down/restoration of overhead equipment.

OHE Car is successfully designed, developed, tested and commissioned and Research Design and Standards Organisation have inspected and cleared the equipment for bulk production.

(b) <u>Design & Development of Stainless Steel AC EMU (SS EMU) for Indian Railways:</u>

The design & development of SS EMU Project has been successfully completed by BEML, R&D, Bangalore Complex against a developmental order from Railway Board.

The new design of SSEMU has been evolved for the first time in the country to replace the existing conventional corten steel EMUs, which are more prone to corrosion. Designing the car body with stainless steel has resulted in cars which are modern, clean and aesthetically appealing and more importantly un-painted coaches. The conventional steel structure front end of the motor coach has been replaced with the innovatively designed FRP cab mask and cab skirt which provide a modern aesthetic appeal to the coach.

The interiors of the EMU have been innovatively designed to be on par with that of the sophisticated Metro car interiors, which are aesthetically pleasant, more comfortable, more durable, safe and easy for cleaning and maintenance.

3. FUTURE PLAN OF ACTION :

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

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

4. EXPENDITURE ON R&D FOR 2011–12 :
Company has spent ₹ 97.79 crores on R&D during 2011-12 which is about 2.68% of the turnover as shown below:

(₹ crores)

Capital	13.97
Revenue	83.82
Total	97.79
As % of Turnover	2.68

The Company commits spending 0.50% of Profit After Tax towards R&D during FY 2012-13 for technology up-gradation and new product development as per MoU Guidelines.

5. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- ❖ Acquisition and absorption of new technologies
- ❖ Faster and newer introduction of competitive product
- ❖ Import Substitution
- ❖ Customer satisfaction and Business growth
- ❖ Indigenization and standardization

Future Plan of Action:

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

Report on Corporate Governance

COMPANY'S PHILOSOPHY

At BEML, Senior Management initiates the 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 to develop a work culture that fosters accountability, fairness, integrity and transparency in its dealings, while keeping the whole structure of the Company more responsible towards enhancing the trust of all stakeholders, whether it is majority or minority.

Your Company has a Code of Conduct for its senior management personnel, i.e., Directors, Executive Directors and Chief General Managers, which is available on the Company's official website. Your Company has also in place a Policy on Code of Conduct for Prevention of Insider Trading.

Your Company is in compliance with the requirements of the Corporate Governance stipulated under Clause 49 of the Listing Agreement and the Department of Public Enterprises Guidelines on Corporate Governance for Central Public Sector Enterprises (DPE Guidelines on Corporate Governance).

BOARD OF DIRECTORS

Composition

The Company has a balanced mix of Executive and Non-Executive Directors, in line with Clause 49 of Listing Agreement and DPE Guidelines on Corporate Governance. As at March 31, 2012, the Board consisted of 6 Whole-time Directors (Executive Directors) including the Chairman & Managing Director, 2 Government Directors (Non-executive Directors) and 8 Non-executive Independent Directors.

Meetings and Attendance

Your Board met five times in the financial year 2011-12 on 31.05.2011, 29.07.2011, 13.09.2011, 28.10.2011, 25.01.2012. Requirements on number and frequency of meetings were complied in full.

The details of attendance of the Directors at the Board Meetings, Annual General Meeting (AGM) and the number of directorships / committee memberships held by them in Companies other than BEML, during 2011-12 etc., are given below:

Sl.No	*Name of the Director (Director Identification No.)*	*Designation & Category*	*Attendance at board meetings/ Total meetings after appointment as Director*	*Whether attended last AGM (Yes/No)*	*No. of other directorships held*	** Number of Committee member-ship across all companies*
1	Shri V.RS. Natarajan (DIN 00074698)	Chairman & Managing Director, Executive	5/5	Yes	3	-
2	Smt. Rashmi Verma (DIN 01993918)	Non-Executive Director	2/5	No	-	-
3	Dr. S C Pandey[1] (DIN 01613073)	Non-Executive Director	2/4	No	-	-
4	Shri M. B. N. Rao (DIN 00287260)	Non-Executive Independent Director	3/5	No	14	10
5	Shri J. P. Singh (DIN 02782928)	-do-	4/5	Yes	1	1

6	Shri J. P. Batra (DIN 00654332)	Non-Executive Independent Director	4/5	No	1	-
7	Dr. (Smt) Rekha Bhargava (DIN 03334237)	-do-	2/5	No	-	-
8	Lt. Gen. (Retd.) Noble Thamburaj (DIN 03164029)	-do-	4/5	Yes	1	-
9	Shri. Kanwal Nath (DIN 02520307)	-do-	5/5	No	-	-
10	Shri. Ramesh Bhat (DIN 01958539)	-do-	2/5	No	2	-
11	Prof. S. Sadagopan (DIN 00118285)	-do-	5/5	No	3	-
12	Shri P. Dwarakanath (DIN 02107805)	Director (Metro & Rail Business), Executive	5/5	Yes	1	-
13	Shri M. Pitchiah (DIN 01178891)	Director (Finance), Executive	5/5	Yes	3	-
14	Dr. M. Nellaiappan (DIN 00154503)	Director (HR), Executive	5/5	Yes	-	-
15	Shri. C N Durgesh (DIN 03487810)	Director (Mining & Construction Business), Executive	5/5	Yes	3	-
16	Shri P R Naik[2] (DIN 03579729)	Director (Defence Business), Executive	4/4	Yes	-	-
17	Shri P. K. Mishra[1] (DIN 02889348)	Non-Executive Director	0/1	N.A	-	-
18	Shri V. Mohan[3] (DIN 01386171)	Director (Defence Business), Executive	0/1	N.A	-	-

*** As per Clause 49, Chairmanship/membership of the Audit Committee and the Shareholders' Grievance Committee are only reckoned with.**

1. Change in Govt. Nominee director w.e.f.07.06.2011 i.e., Dr. S C Pandey in the place of Shri P K Mishra
2. Appointed as Director (Defence Business) w.e.f.01.07.2011
3. Superannuated as Director (Defence Business) w.e.f.30.06.2011

Directors retiring by rotation

Shri P Dwarakanath, Shri M Pitchiah, Dr. M Nellaiappan, Smt. Rashmi Verma, Dr. (Smt.) Rekha Bhargava and Lt. Gen. (Retd.) Noble Thamburaj will be retiring by rotation and being eligible, offer themselves for re-appointment in the ensuing AGM. Their brief resume is attached to the notice of 48th AGM. The Board commends the re-appointment of the said retiring directors.

Code of Conduct

Board of Directors of your Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company as per Clause 49 and DPE Guidelines on Corporate Governance. The Code of Conduct has been posted on the Company's website www.bemlindia.nic.in. Senior management personnel, i.e., Directors, Executive Directors and Chief General Managers, have affirmed compliance with the Code of Conduct during the year 2011-12. A declaration to this effect signed by the Chairman and Managing Director is attached to this Report.

CEO / CFO Certification

CEO / CFO Certification confirming the compliance with the terms of Clause 49(V) of the Listing Agreement has been given by Chairman and Managing Director and Director (Finance) is also attached to this report.

Audit Committee

The Audit Committee met four times during the year 2011-12 on 30.05.2011, 28.07.2011, 27.10.2011 and 24.01.2012.

Members of Audit Committee and details of the attendance of directors are given below:

Name of the Director	*Category*	*Position*	*Attendance*
Shri J P Singh	Non-Executive Independent Director	Chairman	4/4
Shri M B N Rao	-do-	Member	2/4
Shri J P Batra	-do-	Member	3/4
Lt. Gen. (Retd.) Noble Thamburaj	-do-	Member	2/2
Dr. S C Pandey	Non-Executive Director	Member	1/2
Shri P Dwarakanath	Executive Director	Member	4/4

The terms of reference of the Audit Committee are as specified in Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement and the DPE Guidelines on Corporate Governance.

The Company Secretary acts as Secretary of the Committee. The Chairman of the Audit Committee attended the 47th AGM and addressed the queries of shareholders relating to the accounts of the Company.

Remuneration of Directors

Your Company being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. The Government letters appointing the Whole-time Directors indicate the detailed terms and conditions of their appointment and it also indicate that in respect of other terms and conditions not covered in the letter, the relevant rules of the Company shall apply.

Details of Remuneration paid to Whole-time Directors during the year 2011-12:

Name of the Director	*Salary*	*Benefits*	*PF Contribution*	*Perquisites*	*Total*
Shri V.RS. Natarajan *Chairman & Managing Director*	2156988	2905333	259382	563161	5884864
Shri P. Dwarakanath *Director (Metro & Rail Business)*	1785325	1861797	227981	34954	3910057
Shri M. Pitchiah *Director (Finance)*	1809337	1019205	219815	461696	3510053
Dr. M. Nellaiappan *Director (HR)*	1583261	1294030	190047	95904	3163242
Shri C N Durgesh *Director (Mining & Construction Business)*	1456434	501046	190766	145546	2293792
Shri P R Naik* *Director (Defence Business)*	1115711	694932	134369	42778	1987790
Shri V Mohan* *Director (Defence Business)*	711930	710314	95497	223081	1740822

*Part of the year

Government Directors are not paid any remuneration. They are also not paid sitting fee for attending Board/Committee meetings. Non-executive Independent Directors are paid sitting fee of ₹ 20,000 per meeting of the Board/Committee of the Board attended and if they, attend more than one meeting (Board/Committee) on the same day, the sitting fee payable for each of such additional meeting is ₹10,000. Details of sitting fees paid to the Independent Directors during the year 2011-12 are given below:

Name of the Director	*Sitting fee for the meeting(s) of*		*Total*
	Board	*Committee*	
Shri M. B. N. Rao	60000	40000	100000
Shri J. P. Singh	80000	80000	160000
Shri J. P. Batra	80000	60000	140000
Dr. (Smt) Rekha Bhargava	40000	-	40000
Lt. Gen. (Retd.) Noble Thamburaj	80000	40000	120000
Shri Kanwal Nath	100000	20000	120000
Shri Ramesh Bhat	40000	-	40000
Prof. S. Sadagopan	100000	20000	120000

Neither there is payment of commission to Directors nor any stock option scheme is in place for them. None of the Government Directors had any pecuniary relationship or transactions with the Company during the year.

Directors' Shareholding

Smt. Rashmi Verma, Dr. S C Pandey and Shri V RS Natarajan hold 100 shares each in the Company, on behalf of the Government of India. Further, Shri V RS Natarajan holds 100 shares and Shri M Pitchiah holds 15 shares in the Company in their personal capacity.

Share Transfer Committee

Share Transfer Committee is constituted with the following members for attending to the requests of members for Transfer/ Transmission of shares, issue of duplicate share certificates, remat of shares, etc.:

1) Dr. M. Nellaiappan - Chairman
2) Shri M. Pitchiah - Member
3) Shri C. N. Durgesh - Member

Share Transfer Committee held twelve meetings during the year. Company Secretary acts as the Compliance Officer under the Listing Agreement.

Investor Grievance Committee

Investor Grievance Committee is responsible for Investor relations and redressal of shareholders grievances relating to non-receipt of balance sheet, non-receipt of declared dividend, delay in transfer/transmissions, etc.

The Committee consists of following directors:

1) Lt. Gen (Retd) Noble Thamburaj - Chairman
2) Dr. M. Nellaiappan - Member
3) Shri M. Pitchiah - Member

No. of complaints received: 53
No. of complaints resolved: 53

Remuneration Committee

Pursuant to the provisions of Chapter 5 of the DPE Guidelines on Corporate Governance, the Remuneration Committee of the Board is constituted as under:

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

The terms of reference include establishment and administration of employee compensation and benefit plans and such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended to by the Remuneration Committee.

General Body Meetings

Details of last three Annual General Meetings are as follows :

Year	*Location*	*Date & Time*
2010-11	The Grand Ball Room, The Chancery Pavilion, Residency Road, Bangalore	29.08.2011 at 10.30 hrs
2009-10	BEML Kalamandira, Bangalore	13.08.2010 at 10.30 hrs
2008-09	BEML Kalamandira, Bangalore	25.09.2009 at 10.30 hrs

During the last three years, no special resolution was passed. No resolution was put through postal ballot in the last year.

Disclosures

a) During the year 2011-12, no materially significant related party transactions have been entered into by the Company with the directors or management or their relatives that may have a potential conflict with the interest of the Company. Details of related party transactions as per Accounting Standard-18 issued by the Institute of Chartered Accountants of India is given in Note No.30C of the Notes forming part of Accounts. All the transactions covered under related party transactions were fair, transparent and at arms length basis.

b) 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 relating to the above.

c) The Company has complied with all the mandatory requirements under Clause 49 of the Listing Agreement. Further, steps are being taken to adopt the non-mandatory requirements as mentioned in Annexure-1 D of Clause 49.

Means of communication

a) The Quarterly, Half-yearly and Annual financial results of the Company are sent to the Stock Exchanges by e-mail immediately after the same are taken on record by Board.

b) Financial results of the Company are normally published in a leading English National daily and a Kannada daily in Bangalore and are simultaneously posted on the Company's website www.bemlindia.nic.in.

c) BEML NEWS & BEML BLITZ, News journals brought out periodically are sent to the Stock Exchanges promptly.

d) Corporate announcements and press releases are promptly notified to the Stock Exchanges.

e) Investors' meet are organised periodically to Institutional Investors, analysts and brokers and the investors are frequently meeting the top management for the first hand information on the performance of the Company.

Company's Corporate Website

The website of the Company, www.bemlindia.nic.in gives comprehensive information including the management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on 'Financials' informs the shareholders/ investors, by giving complete financial results, shareholding pattern and information relating to Share Transfer Agents.

Management Discussion and Analysis Report

a. Industry structure and developments :

The Company is a Mini Ratna Category – I Public Sector Undertaking under the administrative control of Ministry of Defence, operating in three distinct business segments namely, Mining & Construction, Defence, and Rail & Metro.

Organization

The three major Business verticals- viz. Mining & Construction, Defence and Rail & Metro are headed by the respective Business Group Director, who acts as CEO of the business. The Technology Division provides end-to-end technology solutions in Auto, Aero, Defence and Rail & Metro related areas and the Trading Division deals in non-company products. The International Business Division exports products manufactured by all the three verticals to 60 countries. Strategic Business Units (SBUs) and Product Heads are also set up under each of the above business to increase organizational effectiveness. The Company's manpower strength stands at 11,644 as of end March 2012.

Production Units

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

Bangalore Complex : The Bangalore Complex manufactures various types of railway products such as Railcoaches, ACEMUs, OHE Cars etc. for Indian Railways. The Company manufactures state-of-the-art stainless steel Metro Coaches and supplied to DMRC against the first order. The Complex also manufactures Defence products such as High Mobility BEML Tatra Trucks and variants used for various applications such as tank transportation, transportation and launching of guided missiles, radar mounting, Field Artillery Tractor and Crash Fire Tender, Pontoon Bridges, Tank Transportation Trailers, Ejector & Air Cleaner assemblies, Milrail Coaches and Military Wagons.

KGF Complex : Earth Moving Equipment Division, Hydraulics and Power line Division, Rail Unit-II and Heavy Fabrication Unit located in KGF produce a wide range of equipment such as Bulldozers, Hydraulic Excavators, Wheel Loaders, Dozers, Pipe Layers, Tyre Handlers, Hydraulic Cranes, Walking Dragline, Electric Rope

Shovel, Engineering Mine Ploughs, Heavy Recovery Vehicles, Armoured Recovery Vehicles, Transmissions, Axles, hydraulic aggregates and allied assemblies for all the manufacturing units of BEML. Rail Unit –II supports Bangalore Complex by supplying components / aggregates for Rail Coaches and wagons.

Mysore Complex : The Truck Division at Mysore produces off-highway Rear Dump Trucks, Motor Graders, Water Sprinklers and BEML Tatra Trucks. The Engine Division produces a wide range of Diesel Engines powering BEML's product range. The Aerospace Manufacturing Division established at Mysore manufactures Aircraft Towing Tractor, Crash Fire Tender, Weapon Loading Trolley (Bheema) etc. for defence and civilian applications, in addition to precision manufactured items such as gears for aircraft industry. BEML's Engine Division and Aerospace Manufacturing Division has been accredited AS9100B certification. BEML's Technology Division has received CEMILAC Certification for Design, Development of CAD & CAE Applications to Aircraft Engine and Airframe Components for Airborne Applications. The Dredging Equipment Manufacturing Division has been established at Mysore complex to manufacture Dredging equipment.

Palakkad Complex: The Palakkad Complex manufactures products for Defence Business and Rail & Metro Business such as High Mobility BEML Tatra Trucks, Sarvatra Bridge and Railcoach aggregates / parts.

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

Marketing : BEML's products are sold and serviced through its large marketing network comprising 11 Regional Offices, 4 Zonal Offices, 15 District Offices, 2 Activity Centres, Service Centres and 12 dealers.

International Business : BEML has established its global foot-print in 60 countries including Syria, Tunisia, UAE, Jordan, Suriname, South Africa, UK, Sri Lanka, Bangladesh, etc. Company has its overseas offices in Malaysia, Brazil, China and Indonesia.

Developments and Performance during 2011-12:

During 2011-12, India posted a growth of 6.5% as compared to last year's 8.4% growth in GDP. The manufacturing sector, mining and quarrying, construction also are witnessing a pressure on their growth rates. The continuing global economic slowdown and the high domestic interest rate is having its impact on the performance of all major manufacturing industries. All these are impacting the GDP.

BEML registered billed revenue of ₹ 3648 Cr including value of consortium supplies during 2011-12. Revenue from operations stood at ₹ 2921 Cr excluding consortium supplies. The Mining & Construction made an impressive growth in sales of 17% compared to previous year's sales. The Company's exports stood at ₹144.05 Cr exporting equipments to countries like Indonesia, Ghana, Myanmar, Syria, Nigeria, etc.

The Company has achieved important landmarks during the year namely:

- ➢ The keys of the First set of indigenously manufactured train rakes were handed over to Bangalore Metro.
- ➢ Entered into a MoU with M/s. Vosta LMG, Netherlands for Design and Manufacture of dredgers to customers in India and South East Asia. This dredger business has a Market Potential of Rs 5000~6000 Crs in the next 5 years.
- ➢ India's First Stainless Steel EMU (Electrical Multiple Unit) and 100 Ton Stainless Steel Wagon (SS Wagon) was flagged off by

Hon'ble Union Minister for Railways. These equipments were designed and developed by BEML's in-house R&D. The Stainless Steel wagon and the Aluminium Wagon have been developed keeping in view the requirement of the upcoming Freight Corridor.

- BEML has initiated construction of Hangers at Aerospace SEZ on 25 acres acquired land, near Bangalore International Airport, Devanahalli with an investment of Rs. 455 crs. in phases upto 2014-15. This facility is being established for design and manufacture of aircraft components/sub-assemblies and MRO activities relating to Aerospace applications.
- Company has launched new products to expand the market share like Stainless Steel EMUs, Rail Road Excavator, 45 ton Excavator during the year. Apart from this, R&D has upgraded the existing products, introduced electronic engine and transmission to meet the customer expectations and also the emission norms.

b. Opportunities and Threats :

While the global economic prospects are clouded with uncertainty, emerging markets are growing much more robustly, and India has been one of the leaders in this process. With effective resolution of issues holding up domestic production of coal and effective measures for improving financial health of power utilities, the 12th Plan, is aiming at capacity creation of about 90,000 MW. The demand for coal is going to be met by increased production in India and the gap is expected to be imported. India is planning to invest nearly ₹ 45 lakh Cr (US$1 trillion) to develop infrastructure during the 12th Plan period compared to ₹ 23 lakh Cr (US$ 514 billion) during 11th Plan period. 8800 km of National Highway Development Programme contracts for 2012-13 are expected to be awarded worth ₹ 25,360 Cr, a 14% increase over last year. These developments in Mining and Construction sector is expected to create a demand for more equipments to ensure timely execution of projects.

All the three Armed Forces, Army, Navy and Air Force, are on the cusp of transformation and huge orders are expected for platforms and weapons with the cutting edge technology in the 2012-13. India's Defence production, for the first-time is part of the country's five-year planning process and has joined the exercise carried out by the Planning Commission for the 12th Plan Period from 2012 to 2017. The development is aimed at giving a boost to India's efforts to build an indigenous Defence industrial base. It is estimated that India will spend around $100~120 billion (₹5,10,000~6,12,000 crore) during this 12th plan period to buy Defence equipment and weapons to boost armed forces modernization. With the Defence offset policy, an estimated investment of at least $30 billion (₹1,47,000 Cr) is expected in the next 10 years.

The 12th Plan is aiming at developing an efficient public and freight transport system. The Freight Strategy is to run "HEAVIER, LONGER, FASTER" trains. The Dedicated Freight Corridors are expected to be commissioned by March 2017. Ministry of Railways has decided to set up a National High Speed Rail Authority, as an autonomous body for implementation of High Speed Rail Corridor projects of Indian Railways. Further on the Metro segment, many of the cities like Kochi, Bhopal, Indore have already initiated action to go the metro way and expansion projects of Delhi and other Metros which are expected to be an opportunity for metro cars (Rolling Stock) valuing ₹ 60,000 Cr.

All these opportunities will translate into more business to BEML with its concerted efforts to tie-up with foreign collaborators for required technology. The Company is making efforts to maximize the business by tapping the opportunities opened up by all the sectors in which it is operating through product basket expansion, capacity expansion, diversification etc.

The major challenges faced by the company are:

1. Uncertainty, especially Mining sector due to delay in resolving environmental and social issues.
2. Demand for higher capacity equipment, in line with the global market trend.
3. To meet the expectations of contractor segment.
4. To reduce input cost to stay ahead in business.
5. Innovative marketing strategies to counter competition from MNCs
6. Uncertainty in Defence business.
7. To retain skilled manpower.

However all action plans and strategies are in place to address the above challenges and ensure business with reasonable growth as in the past.

c. Segment-wise / Business Group-wise performance during 2011-12: (₹ crores)

Sl. No.	*Segments*	*Turnover including ED*	*Turnover excluding value of ED & Consortium*	*%age*
1	Mining & Construction Business	1803.47	1670.00	61%
2	Defence Business	454.95	448.57	17%
3	Rail & Metro Business	*1335.26	553.36	20%
4	Others	54.69	54.56	2%
	Total	3648.37	2726.49	

* including the value of consortium supplies of ₹ 727.79 Cr.

The Company has been exempt from providing segment-wise data of its business vide SEBI letter No. SMD/Policy/BEML/13902 dated. 21.07.2003.

d. Outlook :

India's economy for 2012-13 is likely to grow in the range of 7.5 to 8%. Industrial growth in 12th Plan period is targeted at 11 to 12% compared to 8% in the 11th plan. Economic Advisory Council, expects the construction sector to register 6.5% growth rate during 2012-13 and the related construction equipment demand is expected to grow at 12~15% growth annually by 2015. This is due to the emphasis in the 12th plan on infrastructure with higher investments proposed over the next several years in power and infrastructure sector.

To cater to this robust demand, the Company has taken several proactive measures to increase the share of Mining & Construction business by strengthening the service setup for both international and domestic market and expanding dealer network, introduction of new products in line with the customer expectations. Strategies and plans are in place to maintain the present market through technological upgradation programmes and also introduction of new products in line with the international products through in-house R&D to meet the expectation of the customers for higher capacity equipments. Apart from this, BEML has diversified into Dredging equipment manufacturing business and the first order is expected during the current year. Further, orders valued over ₹ 500 Cr are anticipated during the current year.

The Union Budget for 2012-13, hiked the defence outlays to ₹ 1,93,407.29 crore. This represents a growth of 18% over the previous year's outlays and is one of the highest increases in recent years. Of the total Capital Expenditure of the three services, around 89% (₹ 66,459.43 crore) is earmarked for capital acquisition or modernization. To meet this demand, BEML has geared up by setting up a facility to overhaul T-72 in addition to BMP II and power pack for Arjun and manufacture of parts, quantity of Arjun tank. BEML will produce and supply spare parts for MBT Arjun required for both OEM and spares requirement as OFB is not able to cater to the demand. Plans are on the anvil to deliver the order of ARV as per the delivery terms including indigenization.

To cater to the offset opportunities, BEML has acquired 25 acres of land in Aerospace SEZ near Bangalore International Airport. Work is in progress to set up Aerospace manufacturing facility with an investment of ₹ 455 Cr over 5 years. This facility will produce components / aggregates for Aerospace industry and also do maintenance, repair and overhaul of aircraft/ helicopters. The facility is expected to be established by another 4-5 months and will start operating in the current year itself. A sizeable business is expected from offset opportunities which will start trickling from the current year. This will enable BEML to tap the huge market in the area of Aerospace and offsets, which is estimated to the tune of ₹ 75,000 Cr in the next 10 years. The Aero vertical has been already certified with certification from 'CEMILAC' for Aerospace Designing, with CAD/CAM and CAE and also got manufacturing certificate

Indian Railways (IR) has planned a highest ever plan outlay of ₹ 60,100 Cr with introduction of 75 new Express trains, 21 new passenger services, 9 DEMU services and 8 MEMU services. To cater to this increased demand, the Company has set up additional coach manufacturing units at KGF and Palakkad which are rolling out rail coaches in addition to the plant at Bangalore. The Company has an exclusive unit to manufacture Metro Coaches ramping up the production rate by adopting modern manufacturing techniques keeping in view the steep increase in demand for metro trains. In addition to metro cities, Tier-II cities are also expected to go in metro way and BEML is hopeful of bagging these orders. BEML has developed intermediate cars which will add further revenue to the metro business. BEML has also developed SS EMUs for the Indian Railways (IR) and also developing DEMUs in line with the modernization programme IR. Besides the above, the Company has also taken pro-active steps to develop Aluminum and Stainless steel wagons, for freight corridor.

Further, to expand the market, the company is exploring exports of Railway & Metro Coaches to Bangladesh, Dubai Metro, Ghana, Thailand and Syria and also plans to foray into Track laying business.

The past uncertainties faced in various businesses have made the organization more dynamic, responsive and market oriented for survival and growth in the changed business environment. To face the global economic recession, the Company has plans to grow in each of its vertical through technology tie-ups and joint ventures. BEML is doing well and working towards reaching ₹ 5000 Cr by 2012-13. It is looking at new allied products like Aerospace products, Tank Manufacture, Underground Mining Equipments, and Dredging Equipment etc. to add business. With its strategies to enter into sectoral markets and geographical markets, BEML is pursuing its vision to be a global company, by globalizing its operations. The company is making all out effort to match global technology with suitable tie-ups for technology upgradation and also developing new technologies. These strategies, will help the Company to achieve ₹ 10,000 Cr by 2018-19 and probably scale much more higher levels in the days to come.

e. Risks and Concerns :

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

f. Internal control systems 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.

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

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

(₹ crores)

Particulars	***2011-12***	*2010-11*
a. Revenue billed	**3648.37**	3647.07
b. Revenue including excise duty	**2920.58**	2826.16
c. Value of Production (net of consortium)	**3349.40**	2974.16
d. Profit before tax	**66.46**	186.75
e. Profit after tax	**57.25**	149.76
f. Networth	**2172.08**	2139.04
g. Inventory	**2420.64**	1888.91
h. Trade Receivables (Gross)	**1006.79**	1288.40
Total inventory in no. of days of VoP (g/c)	**264**	232
Trade Receivables / Sales in days (h/b)	**126**	166
Profit Before Tax to Sales (d/b)	**2.28**	6.61
Profit After Tax to Networth (e/f)	**2.64**	7.00

Your Company achieved all time high revenue billing of ₹ 3648.37 crores including the value of consortium supplies against ₹ 3647.07 crores of corresponding value in the previous year. Thus, the performance remained almost at the same level as that of the previous year. The revenue from operations (net of consortium supplies) stood at ₹ 2920.58 crores as against ₹ 2826.16 crores in the previous year, posting a growth of 3.3%. The Value of Production is ₹ 3349.40 crores

(₹ 4077.19 crores including consortium supplies) as against ₹ 2974.16 crores (₹ 3795.07 crores including consortium supplies) in the previous year. The Profit before Tax was ₹ 66.46 crores as against ₹186.75 crores recorded in the previous financial year. The reduction in profit was mainly on account of change in product mix propelled by the market demand, lesser quantum of sales of Defence products and Mining & Construction spares coupled with severe competition that had exerted pressure on margins and also increase in the financial charges considerable during the year. However, your Company is poised to register higher turnover and profit in the current financial year.

h. Material developments in Human Resources / Industrial Relations front, including number of people employed:

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

The industrial relations has been harmonious and cordial. The manpower strength as of 31.03.2012 stood at 11,644. During the year, 30,396 man-days of training were imparted to sharpen their skills and update the knowledge of employees.

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.

General Shareholder information

(i) The Forty-eighth Annual General Meeting for the year 2011-12 is scheduled on 14.09.2012 at 10.30 hours at API Bhavana, 16/F, Millers Tank Bed Area, Vasanthanagar, Bangalore-560 052.

(ii) Our tentative calendar for declaration of results for the financial year 2012-13 is given as below:
- For the quarter ending June 30, 2012: before 15.08.2012
- For the quarter ending September 30, 2012 : before 15.11.2012
- For the quarter ending December 31, 2012 : before 15.02.2013
- For the year ending March 31, 2013: before 31.05.2013
- 49th Annual General Meeting : before 01.10.2013

(iii) The books shall remain closed from 08.09.2012 to 14.09.2012 (both days inclusive).

(iv) Your Board of Directors has recommended dividend of ₹ 5 per share on the equity shares of ₹ 10 each (par value) for the year ended March 31,2012. Dividend, if approved at the 48th annual general meeting, dividend warrants will be despatched to the shareholders on or after 19.09.2012.

(v) Your Company's equity shares are listed on the following stock exchanges as at March 31, 2012:

Bangalore Stock Exchange ('BgSE')
Bombay Stock Exchange Limited ('BSE')
National Stock Exchange of India Limited ('NSE')

Listing fee for the year 2012-13 has been paid to the respective Stock Exchanges.

(vi) Stock Code:

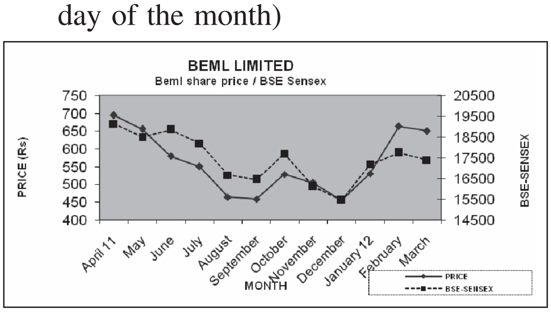
Bangalore Stock Exchange	BEML
Bombay Stock Exchange	500048
National Stock Exchange	BEML

(vii) Market Price Data:

The details of high/low market prices of the shares of the Company during each month for the financial year 2011-12, on BSE and NSE are as under:

Month	*BSE (Rs. Per Share)*		*NSE (Rs. Per Share)*	
	High	*Low*	*High*	*Low*
April 2011	771	683	771	683
May	694	603	700	603
June	659	530	657	529
July	619	535	619	531
August	560	413	565	412
September	495	425	495	437
October	543	445	545	445
November	564	437	557	436
December	528	445	528	444
January 2012	547	454	546	454
February	676	441	678	503
March	702	591	705	595

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



(ix) Registrar and Transfer Agent:

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

M/s Karvy Computershare Private Limited
P.No.17-24, Vittalrao Nagar
Madhapur, Hyderabad – 500081
Tel : 040-44655000, Fax : 040-23420814
Toll Free No. : 1800-3454-001
E-mail : beml@karvy.com
einward.ris@karvy.com
Website : www.karvy.com

(x) Share Transfer System :

For shares transferred in electronic form, after confirmation of sale/purchase transaction from the broker, shareholders should approach their respective Depository Participant (DP) with a request to debit or credit the account for the transaction. The DP will immediately arrange to complete the transaction by updating the account. There is no need for separate communication 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.

(xi) Distribution of shareholding as on 31st March 2012:

Range of equity shares held	*No. of share holders*	*% to total holders*	*No. of shares*	*% to total equity*
1 - 100	55559	93.56	1385113	3.33
101- 200	1871	3.15	299615	0.72
201-500	1181	1.99	418230	1.00
501-1000	404	0.68	319882	0.77
1001-5000	222	0.37	501404	1.20
5001-10000	44	0.07	331906	0.80
10001 and above	100	0.17	38388350	92.18
TOTAL	**59381**	**100.00**	**41644500**	**100.00**

Shareholding pattern as on 31.03.2012

Category	*No. of Shares*	*% to equity*
Promoters		
The President of India	2,25,00,000	54.03
Institutional Investors		
Mutual Funds and UTI	5161835	12.39
Banks / Financial Institutions / Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	5831183	14.00
FIIs	3178820	7.63
Others		
Private Corporate Bodies	1923357	4.62
Indian Public - Individual	2527367	6.07
NRIs / OCBs	228177	0.55
Others – HUF, Trusts & Clearing Members	293761	0.71
TOTAL	**4,16,44,500**	**100.00**

Details of Shares held in Suspense Account

Your Company made FPO during 2007 and certain shares could not be transferred to investors due to reasons such as incomplete/ wrong / invalid Demat Account details, etc. There were 18 cases involving 255 shares that remained unclaimed as on 01.04.2011 as well as on 31.03.2012. Accordingly, there was no claim made during the year.

These unclaimed shares are kept in a separate Suspense Account, in terms of Clause 5A.I of the Listing Agreement and 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.

(xii) 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 of 31st March 2012, 99.48% 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.

(xiii) There are no outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity.

(xiv) Plant Locations

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

(xv) Address for correspondence with the Company:
Company Secretary,
M/s BEML Limited,
BEML Soudha, No. 23/1, 4th Main,
S.R. Nagar, Bangalore – 560 027,
Karnataka State

Other information useful for Shareholders

1. 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 facility. 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.

2. 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 accordance with MCA Circular No.17 / 2011 dated April 21, 2011, 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 email. There are about 27000 shareholders consented to receive the notice, annual reports, etc., 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 saving mother earth with 'green cover'.

3. Unclaimed Dividends

Under the provisions of the Companies Act, 1956, any amount that remains 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. As regards the dividend declared at the Annual General Meeting held on 2004-05 remaining unclaimed will be transferred to Investor Education and Protection Fund during November, 2012.

No claims shall lie against the said Fund or the Company for the amounts of dividend so transferred after expiry of the said seven years. Members who have not encashed the dividend warrants issued on any date after 10th October 2005 may write to the Company and follow the procedure for claiming such unpaid dividend amount.

4. Dematerialization of Shares

Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialized form and at present 99.48% of the shares of the Company are held in demat form. Considering the advantages of scripless 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.

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

To the Members of BEML Limited,

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

On behalf of the Board of Directors

Bangalore
May 29, 2012

V.RS. Natarajan
Chairman & Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

To the Members of BEML Limited

I have examined all the relevant records of BEML Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the year ended March 31, 2012. 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 Clause 49 of the Listing Agreement.

The Company has also adopted the following non-mandatory requirements listed under the said Clause 49:

(i) Tenure of the Independent Directors which does not exceed nine years and

(ii) Constitution of Remuneration Committee.

CS. S. Ravindranatha
Practicing Company Secretary
A.C.S – 24113: C.P. No.9110

Bangalore
May 29, 2012

Significant Accounting Policies

1. **Basis of Accounting**

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

2. **Use of Estimates**

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

3. **Fixed Asset**

   A. Capitalisation

   a. The Fixed Assets are stated at cost.

   b. The cost of the Fixed Asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

   c. Expenditure on land development is capitalised .

   d. Cost of leasehold land is amortised over the period of lease on pro-rata basis.

   e. Expenditure on reconditioning, rebuilding and major overhaul of an asset are capitalized if technical assessment indicates increase in future benefits from the existing assets beyond its previously assessed standards of performance (increase in capacity or life or efficiency or productivity).

   B. Depreciation

   Depreciation is charged on Straight Line Method basis at rates as per Schedule XIV of the Companies Act, 1956 (or such higher rates which in the opinion of the management are appropriate), calculated from the month following the month of capitalisation. Depreciation on additions or extensions to existing assets is provided so as to co-terminate with the life of the original asset if it becomes integral part of the existing asset or on useful life of the asset if it is capable of independent use.

   C. Borrowing Cost

   Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset are capitalised as part of the cost of the asset.

   D. Impairment of Assets

   The company assesses the impairment of assets at each Balance sheet date. The loss on account of impairment, if any, is accounted accordingly.

4. **Intangible Assets:**

   a) Software

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

b) Technical Know-how

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

For Sl.No. (a) & (b) above, amortization commences from the month following the month during which the asset is available for use.

5. Inventory Valuation :

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

ii) Work-in-progress is valued at lower of cost of materials, labour & production overheads based on normative capacity and estimated net realizable value.

iii) Finished stock is valued at lower of cost and estimated net realizable value.

iv) Estimated costs are considered wherever actual costs are not available.

v) The cost is adjusted for decline in value by writing down the value based on specific identification. Necessary provision is made for non-moving items.

vi) Based on technical assessment, provision is made for revalidation/refurbishment of finished goods.

vii) Scrap is valued at estimated net realizable value.

6. Advances from customers :

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

7. Sales / Other Income :

(i) Sales for products viz., equipments, aggregates, attachments and ancillary / dealership products is recognised when these are unconditionally appropriated to the valid sales contract or under dealership agreements.

(ii) In the case of contracts for supply of complex equipments/systems where the normal cycle time of completion and delivery period is more than 12 months and the value of the equipment/system is more than ₹ 25 crores, revenue is recognised on the 'percentage completion method'. Percentage completion is based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total cost of the product.

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

(iii) Sale of spares is recognised on dispatches / customer acceptance against valid sales contracts.

(iv) Where sale prices are not established, sales are recognised provisionally at prices likely to be realised. Difference, if any, is accounted in the year of finalization of price.

(v) Sales include excise duty wherever applicable but exclude sales tax.

(vi) Duty drawback claims on exports are accounted on preferring the claims.

(vii) Claims for escalation are recognised on acceptance by the customer, unless the contract so provides.

(viii) Where the contract provides for installation and commissioning and price for the same is agreed separately, revenue for installation and commissioning is recognised on conclusion of installation and commissioning. Where installation and commissioning fee is not separately stipulated, the revenue for the product is recognised, however, estimated cost as technically assessed for such installation and commissioning to be incurred is provided for.

(ix) Revenue in respect of contract involving consortium is recognised and disclosed at full value in compliance with the terms of consortium agreement and cost of items supplied by the other members of the consortium is deducted there from.

8. Employee Benefits:

i) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

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

9. Accounting for Foreign Currency Transactions :

i) Transactions in foreign currency are recorded in rupees by applying to the foreign currency amount the exchange rate at the time of the transaction.

ii) The outstanding balances of monetary items relating to foreign currency transactions are stated in rupees by adopting the rate of exchange prevailing on the date of Balance Sheet.

iii) Exchange rate differences consequent to restatement / settlement are recognised as income / expenditure.

iv) In the case of forward exchange contracts, the premium or discount arising at the inception of the contract is accounted for over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit or loss in the reporting period in which the exchange rate changes.

10. Contractual Obligations :

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

11. Research & Development:

Research expenditure is charged off in the year of incurrence. The expenditure on development of new products is capitalised or where the same is intended for sale, it is inventorised. Amortization of the capitalised expenditure is on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences from the month following the month during which the asset is available for use.

Expenditure on fixed assets relating to Research & Development is capitalised.

12. Prior Period Items :

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

13. Under / Over Absorption of Cost :

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

14. Taxes on Income

The tax expense comprises of current tax and deferred tax. The provision for current tax is ascertained on the basis of assessable profits computed in accordance with provisions of the Income Tax Act, 1961. The deferred tax is recognised on all timing differences resulting from the recognition of items in the financial statements and in estimating current income tax provision, subject to consideration of prudence in respect of deferred tax assets. The carrying amount of deferred tax asset/ liability is reviewed at each balance sheet date.

15. Leased Assets :

Lease rentals recovered on assets given under operating leases are recognised in the Profit & Loss Account. Initial direct costs are expensed on incurrence.

16. Investments

Long-term investments are carried at cost. Permanent decline in the value of such investments is recognised and provided for. Current investments are carried at lower of cost and fair value.

17. Others:

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

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

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

As per our report of even date attached

For and on behalf of the Board of Directors

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants

G VIVEKANANTHAN
Partner
Membership No.:28339

M PITCHIAH
Director (Finance)

P DWARAKANATH
Chairman & Managing Director (I/c)

M E V SELVAMM
Company Secretary

Place: Bangalore
Date : 07.07.2012

Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2012	As at 31st March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	**4,177.22**	4,177.22
(b) Reserves and surplus	2	**213,031.33**	209,726.85
(2) Share application money pending allotment		**–**	–
(3) Non-current liabilities			
(a) Long-term borrowings	3	**24,769.09**	12,779.55
(b) Other Long term liabilities	4	**41,707.40**	8,203.43
(c) Long-term provisions	5	**12,113.14**	7,537.74
(4) Current liabilities			
(a) Short-term borrowings	6	**69,524.50**	67,163.98
(b) Trade payables	7	**47,481.62**	44,005.81
(c) Other current liabilities	8	**60,915.69**	46,505.57
(d) Short-term provisions	9	**19,789.26**	24,376.73
TOTAL		**493,509.25**	424,476.88
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	**50,170.18**	36,250.74
(ii) Intangible assets	10	**2,751.98**	2,702.05
(iii) Capital work-in-progress	11	**2,386.48**	7,946.32
(b) Non-current investments	12	**443.19**	819.89
(c) Deferred tax assets (net)	13	**6,277.45**	4,603.88
(d) Long-term loans and advances	14	**28,098.93**	27,123.11
(e) Other non-current assets	15	**522.56**	580.00
(2) Current assets			
(a) Inventories	16	**242,063.74**	188,890.92
(b) Trade receivables	17	**79,246.47**	116,804.03
(c) Cash and cash equivalents	18	**19,247.20**	4,828.18
(d) Short-term loans and advances	19	**40,740.81**	21,891.30
(e) Other current assets	20	**21,560.26**	12,036.46
TOTAL		**493,509.25**	424,476.88

Note nos.1 to 30 and Accounting Policies annexed herewith forms part of this financial statements.

As per our report of even date attached
For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants

For and on behalf of the Board of Directors

G VIVEKANANTHAN
Partner
Membership No.:28339
Place: Bangalore
Date : 07.07.2012

M PITCHIAH
Director (Finance)

P DWARAKANATH
Chairman & Managing Director (I/c)

M E V SELVAMM
Company Secretary

Statement of Profit and Loss

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Revenues:			
Revenue from operations	21	**272,648.88**	265,224.14
Other income	22	**4,509.16**	20,275.54
Total Revenue		**277,158.04**	285,499.68
Expenses:			
Cost of materials consumed	23	**179,328.20**	160,819.49
Purchases of Stock-in-trade	23	**4,591.66**	5,060.58
Changes in inventories of Finished Goods, Work-in-progress and Stock-in-trade	24	**(42,881.48)**	(14,799.57)
Employee benefits expense	25	**72,172.83**	68,314.53
Finance costs	26	**8,842.58**	6,127.42
Depreciation and amortization expense	10	**4,391.55**	3,363.84
Other expenses	27	**47,122.50**	35,483.86
Total Expenses		**273,567.84**	264,370.15
Profit before exceptional, extraordinary and prior period items and tax		**3,590.20**	21,129.53
Add / (Less) : Exceptional items	28	**2,882.42**	–
Profit before Prior Period Adjustment		**6,472.62**	21,129.53
Add / (Less) Prior Period Adjustment	29	**173.21**	(2,454.36)
Profit before tax		**6,645.83**	18,675.17
Tax expense:			
(1) Current tax		**2,594.91**	5,814.94
(2) Deferred tax		**(1,673.58)**	(1,184.13)
(3) Excess Provision of previous years written back		**–**	(931.91)
Profit for the period		**5,724.50**	14,976.27
Earnings per equity share (Rs.10/- each) in Rs.			
Basic and diluted	30A	**13.75**	35.96

Note nos.1 to 30 and Accounting Policies annexed herewith forms part of this financial statements.

As per our report of even date attached
For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants

For and on behalf of the Board of Directors

G VIVEKANANTHAN
Partner
Membership No.:28339
Place: Bangalore
Date : 07.07.2012

M PITCHIAH
Director (Finance)

P DWARAKANATH
Chairman & Managing Director (I/c)

M E V SELVAMM
Company Secretary

Cash Flow Statement

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2012 Sub items	For the Year ended 31st March 2012 Main items	For the Year ended 31st March 2011 Sub items	For the Year ended 31st March 2011 Main items
A. Cash flow from operating activities				
Net profit before tax and extraordinary items		**6,645.83**		18,675.17
Adjustments for				
Depreciation	**4,391.55**		3,363.84	
Amortisation	**627.44**		687.32	
Gain/loss on disposal of fixed assets	**(0.48)**		2.15	
Financing Cost	**8,842.58**		6,127.42	
Interest income	**(2,451.08)**		(3,676.20)	
Dividend received from subsidiaries	**–**		(20.20)	
Other Provisions	**6,809.24**		(22,658.35)	
		18,219.25		(16,174.02)
Operating profit/loss before changes in working capital		**24,865.08**		2,501.15
Adjustment for				
Inventories	**(52,757.33)**		(23,590.61)	
Trade & other receivables	**4,077.52**		1,713.27	
Other current assets	**(570.00)**		(594.24)	
Trade payables	**3,475.81**		6,377.16	
Miscellaneous expenses	**–**		145.43	
Other payables	**47,685.83**		3,197.87	
		1,911.83		(12,751.12)
Cash generated from operations		**26,776.91**		(10,249.97)
Direct taxes paid/refunded		**(2,594.91)**		(5,583.36)
Net cash flow from/used in operating activities		**24,182.00**		(15,833.33)
B. Cash flow from investing activities				
Purchase of Fixed Assets	**(12,037.48)**			(16,955.56)
Purchase of intangible fixed assets	**(773.47)**			(2,805.25)
Sale of tangible fixed assets	**10.36**			91.95
Investments in subsidiaries	**(165.55)**			–
Interest Received	**2,323.53**			3,473.90
Dividends from subsidiaries	**–**			20.20
Net cash flow from/used in investing activities		**(10,642.61)**		(16,174.76)
C. Cash flow from financing activities				
Proceeds from ECB & long-term borrowings	**13,555.14**			–
Proceeds from Packing Credit	**5,163.00**			–
Repayment of Unsecured Loans	**(1,565.60)**			(75.56)
Repayment of short-term borrowings	**(2,802.48)**			(7,683.78)
Financing Cost	**(8,614.32)**			(7,247.25)
Dividend & Tax paid for equity shares	**(4,856.11)**			(4,872.20)
Net cash flow from/used in financing activities		**879.63**		(19,878.79)
Net increase/(decrease) in cash and cash equivalents		**14,419.02**		(51,886.88)
Cash and Cash Equivalents, Beginning Balance		**4,828.18**		56,715.06
Cash and Cash Equivalents, Ending Balance		**19,247.20**		4,828.18

As per our report of even date attached
For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants

For and on behalf of the Board of Directors

G VIVEKANANTHAN
Partner
Membership No.:28339
Place: Bangalore
Date : 07.07.2012

M PITCHIAH
Director (Finance)

P DWARAKANATH
Chairman & Managing Director (I/c)

M E V SELVAMM
Company Secretary

Notes forming part of Financial Statements

Basis of Preparation of Accounts

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 revised Schedule VI to the Companies Act, 1956. 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 as twelve months for the purpose of current/ non current classification of assets and liabilities.

NOTE 1 : Share Capital (Amount ₹ Lakhs)

Particulars	As at 31st March 2012		As at 31st March 2011	
	Number	**Amount**	Number	Amount
Authorised :				
Equity Shares of Rs.10 each	**100,000,000**	**10,000.00**	100,000,000	10,000.00
Issued :				
Equity Shares of Rs.10 each	**41,900,000**	**4,190.00**	41,900,000	4,190.00
Subscribed :				
Equity Shares of Rs.10 each	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Paid-up :				
Equity Shares of Rs.10 each	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Forfeited Shares (amount originally paid) :				
Equity Shares of Rs.5 each	**255,500**	**12.77**	255,500	12.77
Total		**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 recomended by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. During the year ended 31st March 2012, per share dividend paid as distribution to equity shareholders was ₹10/- (Previous year ₹10/-). In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all external 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	**2011-12**	**2010-11**	**2009-10**	**2008-09**	**2007-08**
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

Reconcilation of shares outstanding at the beginning and at the end of the period: (Amount ₹ Lakhs)

Particulars	As at 31st March 2012		As at 31st March 2011	
	No. of Shares	**Amount**	No. of Shares	Amount
Outstanding as at Opening Date	**41644500**	**4,164.45**	41644500	4,164.45
Add: Issued during the period	**–**	**–**	–	–
Less: Buy-back during the period (if any)	**–**	**–**	–	–
Outstanding as at Closing Date	**41644500**	**4,164.45**	41644500	4,164.45

Equity Shares held by shareholders having 5% or more	As at 31st March 2012		As at 31st March 2011	
Name of the shareholder	**No. of Shares**	**% held**	No. of Shares	% held
President of India	**22500000**	**54.03**	22500000	54.03
LIC of India	**2777566**	**6.67**	2641922	6.34

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.

NOTE 2 : Reserves & Surplus (Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Capital Reserve		
Opening Balance	**105.66**	105.66
Additions during the year	**–**	–
Deductions during the year	**–**	–
Closing Balance	**105.66**	105.66
Nonimara Excellence Award Reserve		
Opening Balance	**1.44**	1.44
Additions during the year	**–**	–
Deductions during the year	**–**	–
Closing Balance	**1.44**	1.44
Securities Premium Reserve		
Opening Balance	**61,204.07**	61,204.07
Additions during the year	**–**	–
Deductions during the year	**–**	–
Closing Balance	**61,204.07**	61,204.07
General Reserve		
Opening Balance	**114,829.33**	113,331.71
Additions during the year	**572.45**	1,497.62
Deductions during the year	**–**	–
Closing Balance	**115,401.78**	114,829.33

(Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Balance in the Statement of Profit and Loss		
Opening Balance	**33,586.35**	24,963.81
Additions during the year	**5,724.50**	14,976.27
Less: Appropriations	**–**	–
- Proposed dividend	**2,082.23**	4,164.45
- Tax on Dividend	**337.79**	691.66
- Transfer to General reserve	**572.45**	1,497.62
Closing Balance	**36,318.38**	33,586.35
Total	**213,031.33**	209,726.85

NOTE 3 : Long Term Borrowings

(Amount ₹ Lakhs)

Particulars	As at 31st March 2012		As at 31st March 2011	
	Non- Current	Current	Non- Current	Current
Term Loans				
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 10.75%	**3,209.86**	**–**	254.72	–
ii. From Standard Chartered Bank, Secured by exclusive first charge on company's assets both movable/ immovable to be acquired out of this facility. Rate of Interest 9.14%	**10,600.00**	**–**	–	–
Unsecured from Other Parties				
Inter corporate loans against company's corporate guarantee	**10,959.23**	**1,565.60**	12,524.83	1,565.60
Total	**24,769.09**	**1,565.60**	12,779.55	1,565.60

Maturity Profile of Term Loans from Banks : (Amount ₹ Lakhs)

Name of the Bank	Interest Rate	Maturity Profile			
		2013-14	2014-15	2015-16	2016-17
State Bank of Travancore	10.75%	715.00	1,430.00	1,064.86	—
Standard Chartered Bank	9.14%	2,650.00	2,650.00	2,650.00	2,650.00

Maturity Profile of Unsecured Inter Corporate Loan : (Amount ₹ Lakhs)

Rate of Interest	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Bank Rate plus 3.50%, currently 9.50%	1,565.60	1,565.61	1,565.60	1,565.61	1,565.60	1,565.61	1,565.60

NOTE 4 : Other Long Term Liabilities (Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Advance received	**40,756.50**	6,235.88
Staff related	**6.67**	–
Deposits & EMD received	**28.40**	135.90
Others	**915.83**	1,831.65
Total	**41,707.40**	8,203.43

NOTE 5 : Long Term Provisions

Particulars	As at 31st March 2012	As at 31st March 2011
Provision for employee benefits		
for Leave Salary	**9,722.34**	6,977.28
for Post retirement contributory medical scheme	**2,221.33**	–
Provision-others		
for warranty	**169.47**	560.46
Total	**12,113.14**	7,537.74

NOTE 6 : Short Term Borrowings

Particulars	As at 31st March 2012	As at 31st March 2011
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)	**64,361.50**	67,163.98
Unsecured	**5,163.00**	–
Total	**69,524.50**	67,163.98

NOTE 7 : Trade Payables

(Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Micro, Small and Medium Enterprises	**126.67**	188.61
Others	**47,354.95**	43,817.20
Total	**47,481.62**	44,005.81

Micro, Small and Medium Enterprises

The information under MSMED Act, has been disclosed to the extent such vendors have been identified by the company based on the certificates produced by them. The details of amounts outstanding to them based on available information with the Company is as under :

Particulars	**As at 31st March 2012**	As at 31st March 2011
Principal amount due and remaining unpaid	–	–
Interest due on above and the unpaid interest	–	–
Interest paid	–	–
Payment made beyond the appointed day during the year	–	–
Interest due and payable for the period of delay	–	–
Interest accrued and remaining unpaid	–	–
Amount of further interest remaining due and payable in succeeding years	–	–

NOTE 8 : Other Current Liabilities

(Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Current maturities of long term debt (Refer Note No. 3)	**1,565.60**	1,565.60
Interest accrued but not due on Borrowings	**209.34**	–
Interest accrued and due on Borrowings	**104.20**	85.28
Unclaimed dividends	**74.38**	74.73
Other payables*	**58,962.17**	44,779.96
Total	**60,915.69**	46,505.57

* Includes staff dues, statutory dues, security deposit and advance from customers.

NOTE 9 : Short-Term Provisions (Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Provision for employee benefits		
for Gratuity	**8,001.07**	9,157.88
for Leave Salary	**1,948.39**	3,233.80
for Performance Related Pay	**1,430.99**	1,987.43
for Post retirement contributory medical scheme	**123.76**	–
Provision-others		
Proposed dividend	**2,082.23**	4,164.45
Tax on dividend	**337.79**	691.66
for pending Legal cases	**319.23**	311.37
for warranty	**4,730.60**	3,840.71
for unexpired obligations	**815.20**	989.43
Total	**19,789.26**	24,376.73

Movement in Provisions (Amount ₹ Lakhs)

Particulars	As at 01.04.2011	Additions	Utilization	Reversal	As at 31.03.2012
Gratuity	9,157.88	3,674.46	4,831.27	–	8,001.07
Leave Salary	10,211.08	4,640.54	3,180.89	–	11,670.73
Post retirement contributory medical scheme	–	2,345.09	–	–	2,345.09
Performance Related Pay	1,987.43	132.00	686.75	1.69	1,430.99
Pending legal cases	311.37	9.60	1.60	0.14	319.23
Warranty	4,401.16	4,709.18	3,956.08	254.19	4,900.07
Unexpired Obligation	989.43	880.94	1,055.17	–	815.20
Total	**27,058.35**	**16,391.81**	**13,711.76**	**256.02**	**29,482.38**

NOTE 10 : Fixed Assets

(Amount ₹ Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.11	Additions during the year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 01.04.11	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 31.03.12	As at 31.03.11
Tangible Assets										
Land										
Free Hold	1,395.88	-	-	1,395.88	-	-	-	-	1,395.88	1,395.88
Lease Hold	2,589.39	5,126.00	-	7,715.39	70.64	29.34	0.02	100.00	7,615.39	2,518.75
Roads & Drains	1,636.23	981.12	-	2,617.35	490.80	33.37	-	524.17	2,093.18	1,145.43
Water Supply Installations	527.42	176.84	0.01	704.27	324.07	20.66	0.01	344.74	359.53	203.35
Buildings - See note C (i) below	17,381.11	3,553.90	-	20,935.01	5,175.70	513.16	-	5,688.86	15,246.15	12,205.41
Railway sidings	747.72	179.66	-	927.38	211.52	40.59	(0.01)	252.10	675.28	536.20
Plant, Machinery and Equipment	61,258.13	5,916.60	8.46	67,183.19	44,493.35	2,756.32	(73.70)	47,175.97	20,007.22	16,764.78
Electrical Installation	2,830.29	956.33	(4.16)	3,782.46	2,588.56	137.66	(4.17)	2,722.05	1,060.41	241.73
Furniture & Fixtures	1,150.50	254.28	44.13	1,448.91	847.41	58.91	43.59	949.91	499.00	303.10
Vehicles	-	-	-	-	-	-	-	-	-	-
Given on Lease	439.50	93.12	(12.98)	519.64	66.20	53.67	(9.58)	110.29	409.35	373.30
Own Use	1,331.44	341.15	(0.42)	1,672.17	832.98	83.18	5.57	921.73	750.44	498.45
Office Equipment	449.83	18.33	(3.91)	464.25	385.47	21.49	(1.06)	405.90	58.35	64.36
Total Tangible Assets	**91,737.44**	**17,597.33**	**31.13**	**109,365.90**	**55,486.70**	**3,748.35**	**(39.33)**	**59,195.72**	**50,170.18**	**36,250.74**
Previous Year	79,870.87	12,218.43	(351.86)	91,737.44	52,483.84	3,268.78	(265.92)	55,486.70	36,250.74	27,387.04

Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.11	Additions during the year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 01.04.11	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 31.03.12	As at 31.03.11
Intangible Assets										
Computer software	522.86	773.47	(99.55)	1,196.78	41.54	262.79	(19.21)	285.12	911.66	481.32
Technical Know how	2,282.39	-	-	2,282.39	61.66	380.41	-	442.07	1,840.32	2,220.73
Total Intangible Assets	**2,805.25**	**773.47**	**(99.55)**	**3,479.17**	**103.20**	**643.20**	**(19.21)**	**727.19**	**2,751.98**	**2,702.05**
Previous Year	–	2,805.25	–	2,805.25	–	95.06	8.14	103.20	2,702.05	–
Total Tangible & Intangible Assets	**94,542.69**	**18,370.80**	**(68.42)**	**112,845.07**	**55,589.90**	**4,391.55**	**(58.54)**	**59,922.91**	**52,922.16**	**38,952.79**
Previous Year	79,870.87	15,023.68	(351.86)	94,542.69	52,483.84	3,363.84	(257.78)	55,589.90	38,952.79	27,387.04

A. Depreciation rate adopted by the company in respect of following assets is significantly higher than the statutory minimum rates prescribed under the Companies Act, 1956.

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

B. Accounting Standard 19 (Leases)

i) Office premises taken on lease

The Company's significant leasing arrangements are in respect of operating leases relating to its leased office premises. These lease arrangements, which are cancellable, are generally renewable by mutual consent. The aggregate lease rentals paid is disclosed under rent in Note No. 27.

ii) Cars given on Lease on non cancellable basis

I. a) Gross Carrying amount ₹ 519.64 lakhs (Previous Year ₹ 439.50 lakhs)

b) Accumulated depreciation ₹ 110.29 lakhs (Previous Year ₹ 66.20 lakhs)

c) Accumulated impairment losses NIL

(i) Depreciation recognized in Profit & Loss Account ₹ 53.67 lakhs (Previous Year ₹ 31.37 lakhs)

(ii) Impairment losses recognized in Profit & Loss Account Nil (Previous Year Nil)

(iii) Impairment losses reversed in Profit & Loss Account Nil (Previous Year Nil)

II. Future minimum lease payments under non-cancellable operating leases – Leased cars

(i) Not later than one year	₹ 52.10 lakhs	(Previous Year ₹ 40.98 lakhs)
(ii) Later than one year but not later than five years	₹191.20 lakhs	(Previous Year ₹ 165.47 lakhs)
(iii) Later than five years	₹136.64 lakhs	(Previous Year ₹ 126.07 lakhs)

III. Total rents recognized as income in the Profit & Loss Account ₹ 42.49 lakhs (Previous Year ₹ 33.42 lakhs)

C. Fixed Assets

i) Includes Cost of building at Kolkata valued at ₹ 26.82 lakhs (Previous Year ₹ 26.82 lakhs) on lease with an option to buy for a nominal sum of ₹ 0.15 lakhs at the end of 99 years from the date of taking possession viz., February'83 / April'84.

ii) Includes cost of building at Mumbai and Ranchi pending registration / khatha transfer valued at ₹ 33.00 lakhs (Previous Year ₹ 33.00 lakhs)

iii) The total amount towards Lease/Sale of facilities comprising mostly land, belonging to Bharat Gold Mines Limited (a Company under orders of winding up by BIFR) is yet to be ascertained. The Company has started utilising the facilities from May 2005 and a sum of ₹ 100 lakhs has been paid, which is included under Loans & Advances (Note No.14). As the nature of transaction is undecided, no amount has been charged to the profit and loss account till date. The company has incurred an expenditure towards creation of fixed assets for a gross value of ₹ 1395.95 lakhs (Previous Year ₹ 1209.01 lakhs) included under Note No.10 & ₹15.31 lakhs (Previous Year ₹31.90 lakhs) as capital work in progress included under Note No.11 totaling to ₹ 1411.26 lakhs (Previous Year ₹1240.91 lakhs).

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

NOTE 11 : Capital Work-in-Progress

(Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Building	**570.93**	3,756.87
Equipment under inspection and in transit	**94.91**	511.38
Machinery	**1,201.02**	3,678.07
Others	**519.62**	–
Total	**2,386.48**	7,946.32

NOTE 12 : Non-Current Investments

Particulars	**As at 31st March 2012**	As at 31st March 2011
Long Term, unquoted at cost		
Trade Investments		
In Equity Shares of Subsidiary Companies :		
In Vignyan Industries Limited, 2,69,376 fully paid up Equity Shares of Rs.100 each	**252.60**	252.60
In MAMC Industries Limited, Kolkata, 50,000 fully paid up Equity Shares of Rs.10 each (refer note 14 (a))	**5.00**	–
In Quotas of Foreign Subsidiary		
Investments in Quotas in BEML Brazil Industrial Ltda., 99.98% of the quotas held by BEML and balance held by the nominees of BEML.	**185.55**	25.00
In Equity Shares of Joint Venture Company :		
In BEML Midwest Ltd., 54,22,500 fully paid up Equity Shares of Rs.10 each, representing 45% share.	**542.25**	542.25
Provision for diminution in value of investment in BEML Midwest Ltd.	**(542.25)**	–
Total trade investments	**443.15**	819.85
Other Investments		
Investment in Ordinary Shares of Co-operative Societies - Un-quoted, fully paid up		
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of Rs.10 each	**0.03**	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of Rs.100 each.	**0.01**	0.01
In Twin Star Co-Operative Housing Society Ltd, Bombay, 5 fully paid up shares of Rs.50 each.	**–**	–
Total other investments	**0.04**	0.04
Total - Unquoted at cost	**443.19**	819.89

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

Names	Nature	% holding	Country of incorporation
Bangalore Metro Rail Consortium	Jointly Controlled Operation	–	–
BEML Midwest Limited	Jointly Controlled Entity	45.00	India

The Joint Venture Company BEML Midwest Ltd. has not prepared its financial statements due to litigation pending before Company Law Board as at 31st March, 2012. Hence, disclosure requirements under AS-27 with regard to the Company's share in assets, liabilities, income & expenditure and its share in the contingent liabilities could not be complied with.

NOTE 13 : Deferred Tax Assets (Net) (Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Deferred Tax Liabilities (DTL)		
Related to Fixed Assets	**4,327.04**	3,576.75
Special Tools & Jigs	**166.44**	189.45
Total DTL (A)	**4,493.48**	3,766.20
Deferred Tax Assets (DTA)		
Disallowances under the Income Tax Act,1961	**10,770.93**	8,370.08
Total DTA (B)	**10,770.93**	8,370.08
Net Total (B-A)	**6,277.45**	4,603.88

NOTE 14 : Long-Term Loans and Advances

Particulars	As at 31st March 2012	As at 31st March 2011
Unsecured, considered good		
Capital Advances	**1,071.91**	111.85
Security Deposits	**458.76**	448.20
Inter Corporate Loan	**11,495.21**	13,137.38
Other Loans and Advances [see note (a) below]	**6,701.73**	6,505.59
Advance Payment of Taxes (net of provision)	**8,156.89**	6,610.18
Pre paid expenses & Other advances	**214.43**	309.91
Sub-total	**28,098.93**	27,123.11
Doubtful		
Other Loans and Advances	**138.69**	138.69
Less : Provision for doubtful advances	**138.69**	138.69
Sub-total	**–**	–
Total	**28,098.93**	27,123.11
Due by officers of the company	**34.99**	10.36

a. The company has entered into a Consortium Agreement with Coal India Limited (CIL) and Damodar Valley Corporation (DVC) on 08-06-2010 for acquiring specified assets of M/s. Mining and Allied

Machinery Corporation Limited (under liquidation) through Hon'ble High Court auction. Accordingly, a company in the name of 'MAMC Industries Limited' was formed and incorporated on 25.08.2010. Terms of shareholders' agreement is under negotiation. Upon finalisation, the said new company will be converted into a Joint Venture Company by allotting shares in the proportion 48:26:26 to BEML, CIL and DVC respectively. In this connection the company has incurred a sum of ₹ 5980.86 lakhs (Previous year ₹ 5208.12 lakhs) (net of amount received from M/s. CIL & DVC as on 31st March, 2012). The other venturers have also incurred expenditure on behalf of the Joint Venture, the details of which is not known. The control in this company is intended to be temporary till the finalisation of Joint Venture agreement. Pending negotiation as above, this sum is included in advances recoverable in cash or kind or for value to be received, under Note no. 14.

NOTE 15 : Other Non-Current Assets

(Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Others		
Gold coins on Hand	**9.57**	9.65
Special Tools & Jigs	**512.99**	570.35
Total	**522.56**	580.00

The identification of the value of Jigs (presently shown under Other Non-Current Assets) to be disclosed under Fixed Assets as per the opinion of the Expert Advisory Committee of Institute of Chartered Accountants of India is pending. These special tools and jigs are amortised based on technical assessement in terms of Accounting Policy No: 17(i), and such amortisation charge is not less than depreciation otherwise chargeable under plant and machinery. Hence the present treatment by the company results in more appropriate recognition and presentation in the financial statement. The value of special tools and jigs is not material.

NOTE 16 : Inventories

(Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Raw materials & Components	**55,468.52**	45,780.44
Raw materials & Components in Transit	**10,205.01**	9,613.84
Stores and Spares	**2,667.10**	2,715.97
Work-in-Progress	**60,497.04**	47,209.64
Finished Goods	**71,489.04**	44,439.34
Finished Goods in Transit	**2,293.47**	–
Finished Stock - Spares	**35,631.70**	35,926.32
Finished Stock - Spares in Transit	**817.49**	399.49
Hand tools	**1,681.66**	1,744.08
Scrap	**1,312.71**	1,061.80
Total	**242,063.74**	188,890.92

a. Negative work orders amounting to ₹ 817.13 lakhs (Previous Year ₹ 2025.88 Lakhs) were reduced to arrive at the closing value of Work in progress and the company does not expect to have any material impact on cost of production on this account for the financial year 2011-12.

b. Raw materials & Components includes materials lying with sub contractors ₹ 3463.00 lakhs (Previous Year ₹ 2033.40 lakhs) and with customers for trials etc ₹ Nil Lakhs (Previous Year ₹ 33.62 lakhs). Of these, confirmation from the parties is awaited for ₹ 1798.61 lakhs (Previous Year ₹1137.32 lakhs).

c. 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.

d. 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.

e. Provision towards obsolescence is made as per provisioning norms consistently followed and is based on ageing of inventory.

f. The inventory does not include the value of materials received free of cost from customers and held in trust for utilisation in manufacture of their products.

NOTE 17 : Trade Receivables (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Unsecured, considered good		
Outstanding for period exceeding six months	**46,099.92**	57,557.99
Others	**33,146.55**	59,246.04
Unsecured, considered doubtful		
Outstanding for period exceeding six months	**7,064.71**	2,796.69
Allowance for bad and doubtful debts	**(7,064.71)**	(2,796.69)
Total	**79,246.47**	116,804.03

i. Trade Receivables include ₹ 7618.19 lakhs (Previous Year ₹ 6631.38 lakhs) on account of additional provisional price accounted based on recommendation by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Railway Board.

ii. Trade Receivables includes an amount of ₹ 1480.60 lakhs (Previous Year ₹ 1480.60 lakhs) being the differential amount claimed as reimbursement and the amount allowed by Railway Board on the wheel sets procured as per their terms of contract, in respect of contracts executed during the period from 2007-08 to 2009-10. Normally the Wheel Sets were supplied by the Railway Board as a free supply item till then and the Railway Board changed supply policy due to severe capacity constraints. The disallowed amount relates to freight, sales tax and part of cost incurred. The Company has taken up this matter with the Railway Board to appoint an arbitrator as per contract. Railway Board sought information from ICF to resolve the issue.

iii. Trade Receivables include ₹ 14855.74 lakhs (Previous Year ₹ 13563.53 lakhs) in respect of escalation claims as per the contracts, is under consideration by Ministry of Defence (MoD).

iv. The Company is having factoring arrangement with banks. Trade receivables amounting ₹ 20412.91 lakhs (Previous year ₹ 13370.43 lakhs) has been sold to the banks. This amount has been reduced from trade receivables 'others' as on 31st March, 2012. [The factoring cost incurred is ₹ 1506.07 lakhs. (Previous year ₹ 180.75 lakhs)].

v. Trade Receivables (including a sum of ₹ 37219.00 lakhs) (Previous Year ₹ 35570.24 lakhs) outstanding for more than one year which in the opinion of management is realisable.

vi. Trade Receivables is net of unbilled receivables of ₹ 21432.71 lakhs (Previous year ₹ 12036.46 lakhs) disclosed under Note No. 20 - Other Current Assets.

vii. Trade receivables include ₹ 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 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 the amount in the opinion of the management is realisable.

NOTE 18 : Cash and Cash Equivalents (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Balances with Banks*	**18,743.69**	2,345.84
Cheques, drafts on hand	**491.20**	2,470.51
Cash on hand	**12.31**	11.83
Total	**19,247.20**	4,828.18

* Balances with banks include unclaimed dividend account balances of Rs.74.38 lakhs (Previous year Rs.74.73 lakhs)

NOTE 19 : Short-Term Loans and Advances (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Unsecured, considered good		
Balances with Public Utility concern	**0.01**	0.60
Loans and Advances to Related Parties [refer Note No.30 (C)(v)]	**1,041.02**	249.42
Inter Corporate Loan	**1,642.17**	1,642.17
Balances with Govt. departments for Customs Duty, Excise Duty etc including receivables	**17,828.01**	5,515.70
Other Loans and advances	**18,838.27**	13,582.31
Pre paid expenses & Other advances	**1,391.33**	901.10
Sub-total	**40,740.81**	21,891.30

(Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Doubtful		
Other Loans and advances	**567.63**	577.19
Less : Provision for doubtful advances	**567.63**	577.19
Sub-total	**–**	–
Total	**40,740.81**	21,891.30
Due by Officers of the Company	**146.29**	95.00

a. On account of the trading business carried out during the year, out of the amount paid towards procurement and other recoverables, a sum of ₹ 3358.40 lakhs is outstanding as the intended export was held up on account of various reasons including change in policy by Government of Goa and the need to obtain fresh licenses. This amount is included in "Other Loans and Advances" above and will be recovered / adjusted during the Financial Year 2012-13.

NOTE 20 : Other Current Assets

(Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Interest Accrued on bank deposits	**127.55**	–
Unbilled Receivables net of advances	**21,432.71**	12,036.46
Total	**21,560.26**	12,036.46

NOTE 21 : Revenue from Operations (Amount ₹ Lakhs)

Particulars		For the Year ended 31st March 2012	For the Year ended 31st March 2011
(a)	sale of products;		
	Earth Moving Equipment	**127,201.62**	101,855.87
	Rail & Metro Products	**55,676.47**	44,011.14
	Defence Products	**39,280.72**	64,351.44
	Traded Goods	**4,756.97**	5,132.28
	Spare Parts	**54,149.56**	56,083.00
	Wind Energy	**320.04**	295.47
	Sub-total	**281,385.38**	271,729.20
(b)	sale of services;		
	Design / IT Services	**392.09**	360.05
	Equipment Servicing	**6,927.92**	7,932.76
	Sub-total	**7,320.01**	8,292.81
(c)	other operating revenues		
	Export incentives	**218.26**	239.25
	Sale of Scrap	**3,133.98**	2,355.50
	Sub-total	**3,352.24**	2,594.75
Revenue including Excise Duty		**292,057.63**	282,616.76
Less: Excise Duty		**19,408.75**	17,392.62
Revenue from operations		**272,648.88**	265,224.14

i. Revenue from operations include ₹ 7258.70 lakhs (Previous Year ₹ 2814.60 lakhs) recognised as additional provisional price in terms of accounting policy No. 7(iv) based on the price recommended for Rail coaches by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Rail Board. The difference, if any, is accounted in the year of finalisation of price.

ii. Company has recognised sale from joint venture operation in respect of sale of metro cars only to the extent of its share in the revenue as required under Accounting Standard 27 ‘ Financial reporting of interest in joint ventures’, though as per accounting policy 7(ix) requires recognising / presenting such revenue at full value and deducting there from cost of items supplied by other members of the consortium.

NOTE 21A :

The company has entered into a consortium agreement with three international partners for the supply of metro coaches to Bangalore Metro Rail Corporation Ltd,(BMRCL). As per the agreement, the company is responsible to raise the bills at the full value of the contract including consortium scope on BMRCL and terminal excise duty and VAT thereon is discharged by the company. Accordingly the total amount invoiced including the value of consortium scope of supply is as under:

(Amount ₹ Lakhs)

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Rail & Metro Products	**128,455.60**	126,101.55
Other products, services and other operating revenue	**236,381.16**	238,605.62
Sub-total	**364,836.76**	364,707.17
Less: Value of Consortium Supplies	**72,779.13**	82,090.41
Revenue including Excise Duty	**292,057.63**	282,616.76

NOTE 22 : Other Income

(Amount ₹ Lakhs)

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Interest Income		
- From Banks	**172.06**	1,792.78
- From Inter Corporate Loans	**1,723.35**	1,578.87
- From Other Advances	**31.09**	38.61
- Others	**524.58**	265.69
Dividend Income		
- Dividend Received from Subsidiary	**–**	20.20
Net gain on sale of Fixed Assets	**1.26**	0.26
Income from Commission	**5.48**	4.88
Provisions written back		
- Doubtful debts & Advances	**–**	3.27
- Others	**75.69**	14,100.52
Other non-operating income [refer Note 27(a)]	**1,975.65**	2,470.46
TOTAL	**4,509.16**	20,275.54

a. Tax Deducted at Source on Income

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
a) Interest on Call and Term Deposit from Banks	**14.17**	189.40
b) Inter Corporate Loans	**172.34**	157.89
c) Others	**–**	1.58

NOTE 23 : Cost of Materials Consumed

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Cost of Material consumed for manufactured products	**179,328.20**	160,819.49
Purchase of Stock in Trade	**4,591.66**	5,060.58

NOTE 24 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade (Amount ₹ Lakhs)

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Opening Stock		
Work-in-progress	**47,209.64**	54,357.52
Finished Stock	**44,439.34**	23,164.75
Scrap	**1,061.80**	388.94
	92,710.78	77,911.21
Closing Stock		
Work-in-progress	**60,497.04**	47,209.64
Finished Stock	**73,782.51**	44,439.34
Scrap	**1,312.71**	1,061.80
	135,592.26	92,710.78
(Increase) / Decrease		
Work-in-progress	**(13,287.40)**	7,147.88
Finished Stock	**(29,343.17)**	(21,274.59)
Scrap	**(250.91)**	(672.86)
TOTAL	**(42,881.48)**	(14,799.57)

NOTE 25 : Employee Benefits Expense

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Salaries, Wages & Bonus	**49,279.90**	53,611.53
Leave Salary	**4,640.54**	2,108.93
Contribution to:		
- Gratuity Fund	**3,674.47**	1,331.27
- Provident Fund and Other Funds	**5,412.00**	5,303.85
Voluntary Retirement Scheme	**31.17**	180.46
Staff welfare expenses	**9,542.03**	6,125.16
-Less receipts	**407.28**	346.67
Net staff welfare expenses	**9,134.75**	5,778.49
TOTAL	**72,172.83**	68,314.53

A. Accounting Standard 15 (Employee Benefits)

a. <u>Leave Salary</u>

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

b. <u>Post Retirement Contributory Medical Scheme</u>

The company has a post retirement contributory medical scheme where an insurance policy is taken by the company for providing mediclaim benefits to the superannuated officers / workers who opt for the scheme. Company pays 2/3rd insurance premium and the balance is paid by the superannuated officers / workers. The scheme was actuarially valued during the year and liability has been provided for.

c. **Gratuity**

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

(Amount ₹ Lakhs)

1	**Changes in the Present value of obligation**	**Current Year**	Previous Year
	Present value of obligation at 1.4.2011	**33410.67**	32497.81
	Interest Cost	**2542.87**	2492.48
	Current Service Cost	**1167.34**	1240.17
	Benefits Paid	**5547.31**	2683.57
	Actuarial (gain)/loss on obligations	**2088.31**	(136.22)
	Present value of obligation at 31.3.2012	**33661.88**	33410.67
2	**Changes in the Fair value of Plan assets**	**Current Year**	Previous Year
	Fair value of plan assets at 1.4.2011	**24252.79**	23070.19
	Expected return on plan assets	**2270.00**	2193.78
	Contributions	**4831.27**	1679.19
	Benefits paid	**5547.31**	2683.57
	Actuarial (gain)/loss on plan assets	**(145.94)**	(6.80)
	Fair value of plan assets at 31.3.2012	**25660.81**	24252.79
3	**Reconciliation of obligations and fair value of plan assets**	**Current Year**	Previous Year
	Present value of obligation at 31.3.2012	**33661.88**	33410.67
	Fair value of plan assets at 31.3.2012	**25660.81**	24252.79
	Funded Status	**8001.07**	9157.88
	Liability Existing	**4326.60**	7826.61
	Liability recognized during the year	**3674.47**	1331.27
4	**Expenses recognized during the year**	**Current Year**	Previous Year
	Current Service Cost	**1167.34**	1240.17
	Interest Cost	**2542.87**	2492.48
	Expected return on plan assets	**2270.00**	2193.78
	Actuarial (gain)/loss on obligation	**2088.31**	(136.22)
	Actuarial (gain)/loss on plan assets	**(145.94)**	(6.80)
	Net Cost	**3674.46**	1409.45
5	**Investment Details**	**%**	%
	GOI Bonds	**1**	1
	Others	**2**	2
	Investment with LIC	**97**	97
6	**Actuarial Assumptions**	**Current Year**	Previous Year
	a. Gratuity	**(Funded)**	(Funded)
	Mortality Table (LIC)	**1994-96**	1994-96
		(Ultimate)	(Ultimate)
	Discount rate	**8.60%**	8.30%
	Rate of return on plan assets	**9.00%**	9.51%
	Rate of escalation salary	**5.00%**	5.00%

	Current Year	Previous Year
b. Leave Salary	**(Unfunded)**	(Unfunded)
Mortality Table (LIC)	**1994-96**	1994-96
	(Ultimate)	(Ultimate)
Discount rate	**8.60%**	8.30%
Rate of escalation salary	**5.00%**	5.00%
c. Post Retirement Contributory Medical Scheme	**(Unfunded)**	(Unfunded)
Expected proportion of the existing employees who will opt for the scheme at the time of retirement	**40.00%**	NA
Discount rate	**8.60%**	NA
Long term Medical inflation	**2.50%**	NA

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

NOTE 26 : Finance Costs (Amount ₹ Lakhs)

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Interest expense		
On Cash Credit & Short term Loans	**6,993.48**	4,801.02
On Long Term Loans	**149.23**	30.95
On ECB	**209.34**	–
On Inter Corporate Loans	**1,410.18**	1,295.45
Others	**80.35**	–
TOTAL	**8,842.58**	6,127.42

Accounting Standard 16 (Borrowing Cost)

The amount of interest capitalized during the year is ₹ 53.17 lakhs (Previous Year ₹ 95.66 lakhs). Out of this a sum of ₹ 1.88 lakhs (previous year ₹ 6.56 lakhs) related to previous year.

NOTE 27 : Other Expenses

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Consumption of stores and spare parts	**1,036.38**	763.28
Consumable Tools	**1,314.07**	889.15
Power and fuel	**3,443.30**	2,923.12
Rent	**259.49**	253.26
Hire Charges	**556.28**	474.45
Repairs & Maintenance		
Machinery & Equipment	**870.83**	775.21
Buildings	**535.03**	485.37
Others	**620.87**	714.20

(Amount ₹ Lakhs)

Particulars	**For the Year ended 31st March 2012**	For the Year ended 31st March 2011
Amortisation of Special tools & Jigs	**627.44**	687.32
Stationary	**131.31**	110.72
Insurance	**349.91**	316.88
Rates & Taxes	**434.44**	773.70
Bank Charges	**2,217.95**	866.01
Postage, Telegram, Telephones and Telex	**361.64**	309.17
Commision on sales	**48.21**	84.95
Remuneration to Auditors (refer note 'b' below)	**31.88**	18.92
Legal & Professional Charges	**138.17**	112.02
Travelling Expenses	**1,783.48**	1,607.77
Publicity & Public Relations	**905.91**	602.65
Loss on Sale of Fixed Asset	**0.78**	2.41
Obsolescence	**614.89**	481.40
Bad Debts Written off	**38.36**	133.01
Defects & Spoilages	**88.59**	114.28
Excise duty on increase / (decrease) in Stock	**4,440.79**	2,480.50
Provision for Doubtful Debts, Advances & Investments	**4,317.62**	1,711.35
Provision for diminution in value of investment	**542.25**	–
Warranty & Unexpired Obligations	**2,220.80**	2,552.75
Liquidated damages on sales	**2,718.38**	1,828.89
Miscellaneous expenses [refer Note 27(a)]	**16,473.45**	13,411.12
TOTAL	**47,122.50**	35,483.86

a. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Miscellaneous Expenses for the year is ₹1345.61 lakhs. (Previous Year ₹ 295.22 lakhs included in Miscellaneous income).

b. Break up of Remuneration to Auditors : (Amount ₹ Lakhs)

Particulars	**For the Year ended 31st March 2012**	For the Year ended 31st March 2011
(a) As Auditor	**8.50**	7.00
(b) Half yearly Audit fee	**3.60**	3.00
(c) for taxation matter	**2.40**	2.10
(d) Other Services	**6.71**	4.34
(e) Reimbursement of Expenses	**10.67**	2.48
TOTAL	**31.88**	18.92

NOTE 28 : Exceptional Items

(Amount ₹ Lakhs)

Particulars	**For the Year ended 31st March 2012**	For the Year ended 31st March 2011
Income		
Liability written back	**2,882.42**	–
	2,882.42	–
Expenditure		
Expenditure	**–**	–
Net Income / (Expenditure)	**2,882.42**	–

NOTE 29 : Prior Period Items

Particulars	**For the Year ended 31st March 2012**	For the Year ended 31st March 2011
Income		
CD Refund Claim	**–**	260.62
Provision write back	**452.39**	–
	452.39	260.62
Expenditure		
Material Consumption	**291.63**	143.00
Contribution towards Officers Pension	**–**	1346.00
Depreciation	**2.65**	–
Liquidated damages	**–**	1092.00
Freight Charges	**(114.41)**	–
Interest	**45.28**	(6.56)
Others	**54.03**	140.54
	279.18	2,714.98
Net income / (Expenditure)	**173.21**	(2,454.36)

NOTE 30 : Other Disclosures

A. Basic/ Diluted Earnings Per Equity Share

Particulars	**Current Year**	Previous Year
Net Profit after Tax (Rs. Lakhs)	**5,724.50**	14,976.27
Average Number of Shares	**41,644,500**	41,644,500
Earnings Per Share (Basic and Diluted) – Face Value Rs. 10/- Per Share (Rs.)	**13.75**	35.96

B. In terms of the Notification No.S.O. 301 (E) dt.08.02.2011 of the Ministry of Corporate Affairs, the Board at its meeting held on 18.05.2012 had given consent with regard to non-disclosure of quantitative information relating to purchases, sales, consumption of raw materials, gross income from services rendered, work-in-progress etc, to be shown under Broad heads, as required under paragraphs 5(ii) (d); 5 (iii); and 5 (viii) (a) to (e) except (d) of Part-II of Schedule VI of the Companies Act, 1956, in the Annual accounts for the Financial Year 2011-12 and onwards.

C. Related Party Transactions

1. Accounting Standard 18 (Related Party Transactions)

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

Details of Transactions (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Sales *	**1,448.53**	974.63
Purchases *	**3,967.77**	3,831.82
Dividends Received	**–**	20.20
Corporate Guarantee given to Bankers	**750.00**	750.00
Amount payable towards supplies	**52.25**	–
Amount recoverable	**910.24**	140.77
Salaries charged to VIL for BEML personnel deputed there.	**75.41**	44.50

*before rejections.

ii. Name of the Subsidiary-M/s. MAMC Industries Limited

Details of Transactions (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Equity Contribution	**5.00**	–

iii. Name of the Subsidiary-M/s. BEML Brazil Industrial Ltda

Details of Transactions (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Equity Contribution	**160.55**	25.00

iv. Name of the Joint Venture Company – M/s. BEML Midwest Limited, Hyderabad. Shareholding 45%.

Details of Transactions (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Sales	**–**	–
Purchases	**–**	–
Advances recoverable	**130.78**	108.65
Corporate Guarantee given to Bankers	**1,912.50**	1,912.50
Amount payable towards supplies	**231.88**	230.50

v. Summary of transactions with Subsidiary and Joint Venture companies (Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Sales *	**1,448.53**	974.63
Purchases *	**3,967.77**	3,831.82
Dividends Received	**–**	20.20
Corporate Guarantee given to Bankers	**2,662.50**	2,662.50
Amount payable towards supplies	**284.13**	230.50
Amount recoverable	**1,041.02**	249.42
Salaries charged to Subsidiary / JV company	**75.41**	44.50
Equity Contribution	**165.55**	25.00

* before rejections

vi. Remuneration to key management personnel

Name	Amount (Rs.)	Designation
Shri.V. RS. Natarajan	5884864	Chairman and Managing Director
Shri. P. Dwarakanath	3910057	Director (Metro & Rail)
Shri. M. Pitchiah	3510053	Director (Finance)
Dr. M. Nellaiappan	3163242	Director (HR)
Shri. C.N. Durgesh	2293792	Director (Mining & Construction)
Shri. P.R. Naik*	1987790	Director (Defence)
Shri. V. Mohan*	1740822	Director (Defence)

* For part of the year.

D. Commitments & Contingent Liabilities

a. Commitments, Guarantees etc. (Amount ₹ Lakhs)

Particulars	Current Year	Previous Year
Estimated amount of contracts remaining to be executed on capital account and not provided for	**12,934.25**	5,233.10

b. Counter guarantees given to banks for guarantees issued on behalf of the company is ₹108249.25 lakhs. (Previous Year ₹ 65465.44 lakhs)

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

i Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT) ₹ 2459.40 lakhs (Previous Year ₹ 6592.06 lakhs).

ii Other claims- legal cases etc. ₹ 3196.17 lakhs (Previous Year ₹ 3433.01 lakhs).

d. Corporate Guarantee issued to bankers on behalf of M/s. BEML Midwest Ltd (Joint Venture company) ₹ 1912.50 lakhs (Previous Year ₹ 1912.50 lakhs).

e. Corporate Guarantees issued to bankers on behalf of M/s. Vignyan Industries Limited (subsidiary company) ₹ 750.00 lakhs (Previous Year ₹ 750.00 lakhs).

NOTES

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

E. Pending completion of legal formalities as per foreign laws, in respect of foreign offices / companies, the expenditure incurred thereof has been recorded in the company's books of accounts.

F. Aggregate amount of Research & Development Expenses: (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Revenue Expenditure*	**8,382.03**	6,746.31
Capital Expenditure**	**1,396.67**	2,687.42

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

a. Research & Development Revenue Expenditure : (Amount ₹ Lakhs)

Expenditure in R&D included in	**As at 31st March 2012**	As at 31st March 2011
Material Cost	**432.15**	20.30
Employee Remuneration	**3,381.95**	2,771.81
Depreciation	**843.61**	180.87
Power and Fuel	**216.62**	72.28
Repairs and Maintenance	**146.66**	30.59
Consumable Tools	**0.55**	2.77
Travelling	**151.83**	92.66
Other Expenses	**459.43**	990.68
Payment for PLM Software	**438.77**	–
Payment to Technology Providers	**1,422.92**	–
Prototype held in WIP	**48.97**	378.20
Prototype held in FGI	**257.39**	246.37
Cost of Sales of Prototype sold	**1,424.79**	2,140.65
Total R&D Revenue Expenditure	**9,225.64**	6,927.18
Less: Depreciation	**843.61**	180.87
Net R & D Expenditure	**8,382.03**	6,746.31
Sale value of prototype sold - included in net Sales	**2,455.77**	5,062.31

** The aggregate amount of Research & development expenditure recognised as Capital Expenditure till 31st March 2012 is as below.

b. Research & Development Capital Expenditure (Amount ₹ Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.11	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 01.04.11	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 31.03.12	As at 31.03.11
Tangible Assets										
Land										
Free Hold	3.29	–	–	3.29	–	–	–	–	3.29	3.29
Roads & Drains	51.39	–	–	51.39	27.99	0.83	–	28.82	22.57	23.40
Water Supply Installations	12.60	–	–	12.60	12.35	0.04	–	12.39	0.21	0.25
Buildings	508.92	–	–	508.92	328.81	12.77	–	341.58	167.34	180.11
Plant, Machinery and Equipment	3,948.25	602.60	97.26	4,648.11	3,360.72	181.82	87.76	3,630.30	1,017.81	587.53
Electrical Installation	153.31	–	3.63	156.94	140.04	3.96	2.13	146.13	10.81	13.27
Furniture & Fixtures	150.27	17.54	18.67	186.48	121.56	10.20	3.73	135.49	50.99	28.71
Transport Vehicles	36.20	5.00	–	41.20	23.38	2.66	–	26.04	15.16	12.82
Intangible assets										
Software	365.16	771.53	–	1,136.69	17.29	250.93	–	268.22	868.47	–
Technical Knowhow	2,282.38	–	–	2,282.38	61.66	380.40	–	442.06	1,840.32	2,568.59
Total Tangible & Intangible Assets	**7,511.77**	**1,396.67**	**119.56**	**9,028.00**	**4,093.80**	**843.61**	**93.62**	**5,031.03**	**3,996.97**	**3,417.97**
Previous Year	4,822.92	2,687.42	1.43	7,511.77	3,915.20	180.87	(2.27)	4,093.80	3,417.97	907.72

G. Accounting Standard 17 (Segment Reporting)

a. Primary Reporting – Business Segment - Customers

(Amount ₹ Lakhs)

	Railway Customers		Defence Customers		Earth Moving Equipment Customers		Other Customers		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue*										
External Revenue	55336	45259	44857	71675	167000	142503	5456	5787	272649	265224
Results :										
Segment Results	(1513)	(6131)	4370	8927	13473	25008	417	659	16747	28463
Unallocated Corporate Expenses									6765	4883
Operating Profit									9982	23580
Interest Expense									8843	6127
Interest Income									2451	3676
Exceptional items									2882	–
Income Taxes									921	3699
Prior Period Adjustments									(173)	2454
Net Profit									**5724**	**14976**

* The above segments include spares sold to customers in respective business segments.

* The company does not have any inter segment sales.

Revenue under Railway customer does not include Rs.72779 lakhs (Previous year Rs.82091 lakhs) biiled on behalf of the consortium by the company.

b. Segmental Capital Employed:

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

c. Secondary Reporting

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

H. Advances, balances with government departments, trade payables and receivables, other loans and advances and deposits classified under non curent and current are subject to confirmation. There are certain old balances pending review / adjustment. The management does not expect any significant impact upon such reconciliation.

I. The Accounts for the year approved by the Board of Directors and certified by the Statutory Auditors on 31.05.2012 were revised in the light of the C&AG's observations under section 619(4) of the Companies Act, 1956 by adding Note No. 19.a. There is no impact on the financial figures.

J. Figures of previous year have been regrouped / reclassified / recast wherever necessary to conform to current year's presentation.

Auditors' Report

To the Members of BEML Limited,

1. We have audited the attached Balance Sheet of BEML Limited as at 31st March 2012, the Statement of Profit and Loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have issued an audit report dated 31st May 2012 at Bangalore on the financial statements as adopted by the Board of Directors on that date. Pursuant to observation of Comptroller and Auditor General of India under section 619(4) of the Companies Act 1956, the company has incorporated Note 19(a) by way of additional disclosure and its consequential impact in Note No. 30(I). This additional disclosure does not have any impact on the reported figures in the financial statements of the company and hence the audit report on the financial statements of the company incorporating above two notes after its adoption by the Board of Directors is reissued without any changes.

3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of subsection (4A) of section 227 of 'The Companies Act, 1956' (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments in the Annexure referred to in Paragraph 4 above, we report that:

   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion proper books of accounts as required by law have been kept by the company so far as it appears from our examination of these books and proper returns adequate for the purpose of audit have been received from offices not visited by us;

   c. The Balance Sheet, Statement of Profit and Loss and the cash flow statement dealt with by this report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet, Statement of Profit and Loss and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956,

e. Being a government company, the provisions of section 274(1) (g) of the Companies Act 1956, relating to disqualification of directors is not applicable to the company in terms of notification no: GSR 829(E) dated 21st October 2003;

f. Without qualifying our opinion reference is invited to:

1. Note No.17(ii) in respect of claim from Railway Board in respect of wheel sets for ₹ 1480.60 lakhs and Note no 17(vii) in respect of claim from Ministry of Defence respect of deduction made by them on account of interest deducted ₹ 925.87 Lakhs. The realisation of these claims depends on the outcome of the representations which cannot presently be determined;

2. Note No 30(H) regarding pending review / adjustment of old balances and non obtention of confirmation of balances in respect of trade payables and receivables, other loans and advances, deposits;

g. In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with the significant accounting policies and the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

1) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2012;

2) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

3) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants
Firm Registration Number: 002510S

(G VIVEKANANTHAN)
PARTNER
Membership No.28339

Dated on 07th July 2012 at Chennai

ANNEXURE TO AUDITOR'S REPORT (Referred to in paragraph 4 of our report of even date on the financial statements of BEML Limited for the year ended 31st March 2012.)

1. (a)The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) Fixed assets have been physically verified by the management during the year except in case of few marketing offices and corporate office. The extent of such non-verification is not material in relation to total fixed assets of the company. No material discrepancies have been noticed on such physical verification.

   (c) The disposals of fixed assets during the year were not substantial so as to affect its going concern status of the company.

2. (a) The company has conducted physical verification of inventories excluding materials lying with third parties and work in progress during the year in accordance with the program designed to cover all items over a phased manner. In respect of materials with third parties these are confirmed by them in a few cases (Refer Note: 16(b)). According to the information and explanations given to us and in our opinion the frequency of verification is reasonable.

   (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business, except in respect of materials lying with third parties and work in progress.

   (c) The company is maintaining proper records of inventories. The discrepancies noticed on verification, between the physical stocks and its book records were not material.

3. The company has not granted or taken any secured or unsecured loans to or from companies, firms or such parties covered in the register maintained under Section 301 of the Companies Act 1956. Consequently clauses iii(a) to iii(d) of paragraph 4 of the Order are not applicable to the company.

4. In our opinion and according to the information and explanations furnished to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of the audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.

5. According to the information and explanations given to us and in our opinion, there are no contracts or arrangement by the company with any party referred to in Sec 301 of the Companies Act 1956, which are to be entered in the register required to be maintained under that section and hence the requirement of reporting on the reasonability of such transactions having regard to the prevailing the market prices made in pursuance of such contracts does not arise.

6. According to the informations and explanation given to us and in our opinion the company has not accepted any deposit from the public within the meaning of provisions of Sec 58A, 58AA of the Companies Act, 1956 and any other relevant provisions of the Act and the rules framed there under. Therefore, the provisions of clause (vi) of the paragraph 4 of the Order are not applicable to the company.

ANNEXURE Contd.....

7. In our opinion, the company has an internal audit system, **the scope and coverage of which requires to be enlarged to be commensurate with the size of the company and the nature of its business.**

8. We have broadly reviewed the cost records maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records and we are of the opinion that, prima facie, the prescribed records have been made and maintained. We are not required to and, accordingly have not made a detailed examination of cost records.

9. (a) The company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund; employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, auto cess and other material statutory dues with appropriate authorities. According to the informations and explanation given to us and in our opinion no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were at arrears as at 31st March 2012 for a period more than six months from the date they became payable.

   (b) The statutory dues disputed that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Sl. No	*Name of the Statute*	*Nature of the dues*	*Amount (Rs. Lakhs)*	*Period to which the amount relates*	*Forum where the dispute is pending*
1.	Central Excise Act 1944	Excise duty including interest and penalty	224.85	From 2003-04 to 2007-08.	CESTAT, Bangalore.
2.		Excise duty including interest and penalty	48.76	From 2005-06 to 2010-11	Other Appellate authorities.
3.		Service tax including penalty	387.64	2004-05, 2006-07 & 2010-11	CESTAT Bangalore
4.		Service tax	80.29	2006-07 to 2010-11	Other Appellate authorities
5.		Customs duty	13.39	2006-2007	CESTAT, Chennai
6.	Sales Tax Act of Various States	Sales Tax/VAT	306.70	1998-99, 2005-06, 2006-07, 2007-08, 2008-09	Sales Tax Tribunal
7.		Sales Tax/VAT	492.86	1983-84, and from 2003-04 to 2007-08.	Revision & Appellate Board.
8.		Sales Tax/VAT	904.91	From 1990-91 to 2007-08.	Other appellate authorities
Total			2,459.40		

   Note: A sum of ₹ 460.81 lakhs have been paid towards the above disputed statutory dues under protest.

10. The company does not have accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year covered by audit and in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanation given to us and in our opinion the company has not defaulted in repayment of dues to banks. There are no dues to any financial institution or debentureholders.

ANNEXURE Contd.....

12. According to the explanations given to us and in our opinion based on the information available, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi / mutual benefit company / society. Therefore, clause (xiii) of paragraph 4 of the Order is not applicable to the company
14. In our opinion the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly clause (xiv) of paragraph 4 of the Order is not applicable to the company.
15. The company has given guarantee to loan taken by M/s. Vignyan Industries Limited, a subsidiary company from banks and the terms and conditions of which, in our opinion, are not prima facie, prejudicial to the interest of the company. We are unable to comment whether the terms and conditions of guarantee given on behalf of M/s. BEML Midwest Limited, a joint venture company, are prejudicial to the interest of the company in view of the pending litigation, including claims and counter claims, as given in Note No. 12.
16. In our opinion, the term loans outstanding at the commencement of the year and those raised during the year by the company have been applied for the purposes for which they were raised.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company as at 31st March 2012, we are of the opinion that no funds raised on short-term basis have been used for long-term investment.
18. During the year the Company has not made any preferential allotment of shares.
19. The company has not issued any debentures and hence clause (xix) of paragraph 4 of the Order relating to creation of charge is not applicable to the company.
20. The company has not raised any monies by way public issue during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year in the course of our audit.

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants
Firm Registration Number: 002510S

(G VIVEKANANTHAN)
PARTNER
Membership No.28339

Dated on 07th July 2012 at Chennai

Addendum to the Directors' Report

Company replies to observations of Statutory Auditors in their Audit Report

Para No.	Auditors' Observations	Company's Reply
5(f).	Without qualifying our opinion reference is invited to:	
1.	Note No.17(ii) in respect of claim from Railway Board in respect of wheel sets for ₹ 1480.60 lakhs and Note No. 17(vii) in respect of claim from Ministry of Defence respect of deduction made by them on account of interest deducted ₹ 925.87 Lakhs. The realisation of these claims depends on the outcome of the representations which cannot presently be determined;	The subject matters are disclosed in detail in the notes referred and the company is confident of realizing the amounts.
2.	Note No 30(H) regarding pending review / adjustment of old balances and non obtention of confirmation of balances in respect of trade payables and receivables, other loans and advances, deposits;	While the company has sought confirmation of balances, the same has been received in few cases. The realization and payment of dues subsequent to Balance Sheet date are in support of financial statements in majority of cases subject to timing differences in accounting by customers and vendors.

Company replies to observations of Statutory Auditors in their Annexure to Audit Report

Para No.	Auditors' Observations	Company's Reply
2a.	The company has conducted physical verification of inventories excluding materials lying with third parties and work in progress during the year in accordance with the program designed to cover all items over a phased manner. In respect of materials with third parties these are confirmed by them in a few cases (Refer Note: 16(b)). According to the information and explanations given to us and in our opinion the frequency of verification is reasonable.	Company will be taking necessary action for physical verification of Work in Progress. Efforts will be made to obtain confirmation of materials lying with the third parties in most cases.
7.	In our opinion, the company has an internal audit system, **the scope and coverage of which requires to be enlarged to be commensurate with the size of the company and the nature of its business.**	Noted for compliance.

Addendum to the Directors' Report

Para No.	Auditors' Observations	Company's Reply
15.	The company has given guarantee to loan taken by M/s. Vignyan Industries Limited, a subsidiary company from banks and the terms and conditions of which, in our opinion, are not prima facie, prejudicial to the interest of the company. We are unable to comment whether the terms and conditions of guarantee given on behalf of M/s. BEML Midwest Limited, a joint venture company, are prejudicial to the interest of the company in view of the pending litigation, including claims and counter claims, as given in Note No. 12.	The matter relating to BEML Midwest Ltd., are subjudice. However, the Company does not foresee anything prejudicial to its interest on account of the guarantee given.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF M/s. BEML LIMITED FOR THE YEAR ENDED 31st March 2012.

The preparation of financial statements of **M/s. BEML LIMITED** for the year ended 31st March, 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 31.5.2012 and their **revised report dated 7.7.2012.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of **BEML LIMITED for the year ended 31st March, 2012.** 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 in the financial statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Notes forming part of Accounts vide Note No. 19 (a) and 30 (I),** I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under Section 619(4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller & Auditor General of India

(C.H. Kharshiing, I.A.A.S)
Pr. Director of Commercial Audit
& Ex-officio Member, Audit Board, Bangalore

Bangalore
Dated : 10 July, 2012

Consolidated Significant Accounting Policies

1. **Basis of Accounting**

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

2. **Use of Estimates**

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

3. **Fixed Asset**

   A. Capitalisation

   a. The Fixed Assets are stated at cost.

   b. The cost of the Fixed Asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

   c. Expenditure on land development is capitalised .

   d. Cost of leasehold land is amortised over the period of lease on pro-rata basis.

   e. Expenditure on reconditioning, rebuilding and major overhaul of an asset are capitalized if technical assessment indicates increase in future benefits from the existing assets beyond its previously assessed standards of performance (increase in capacity or life or efficiency or productivity).

   B. Depreciation

   Depreciation is charged on Straight Line Method basis at rates as per Schedule XIV of the Companies Act, 1956 (or such higher rates which in the opinion of the management are appropriate), calculated from the month following the month of capitalisation. Depreciation on additions or extensions to existing assets is provided so as to co-terminate with the life of the original asset if it becomes integral part of the existing asset or on useful life of the asset if it is capable of independent use.

   C. Borrowing Cost

   Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset are capitalised as part of the cost of the asset.

   D. Impairment of Assets

   The company assesses the impairment of assets at each Balance sheet date. The loss on account of impairment ,if any, is accounted accordingly.

4. **Intangible Assets:**

a) **Software**

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

b) **Technical Know-how**

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

For Sl.No. (a) & (b) above, amortization commences from the month following the month during which the asset is available for use.

5. **Inventory Valuation :**

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

ii) Work-in-progress is valued at lower of cost of materials, labour & production overheads based on normative capacity and estimated net realizable value.

iii) Finished stock is valued at lower of cost and estimated net realizable value.

iv) Estimated costs are considered wherever actual costs are not available.

v) The cost is adjusted for decline in value by writing down the value based on specific identification. Necessary provision is made for non-moving items.

vi) Based on technical assessment, provision is made for revalidation/refurbishment of finished goods.

vii) Scrap is valued at estimated net realizable value.

6. **Advances from customers :**

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

7. **Sales / Other Income :**

(i) Sales for products viz., equipments, aggregates, attachments and ancillary / dealership products is recognised when these are unconditionally appropriated to the valid sales contract or under dealership agreements.

(ii) In the case of contracts for supply of complex equipments/systems where the normal cycle time of completion and delivery period is more than 12 months and the value of the equipment/system is more than Rs. 25 crores, revenue is recognised on the ‘percentage completion method’. Percentage completion is based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total cost of the product.

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

(iii) Sale of spares is recognised on dispatches / customer acceptance against valid sales contracts.

(iv) Where sale prices are not established, sales are recognised provisionally at prices likely to be realised. Difference, if any, is accounted in the year of finalization of price.

(v) Sales include excise duty wherever applicable but exclude sales tax.

(vi) Duty drawback claims on exports are accounted on preferring the claims.

(vii) Claims for escalation are recognised on acceptance by the customer, unless the contract so provides.

(viii)Where the contract provides for installation and commissioning and price for the same is agreed separately, revenue for installation and commissioning is recognised on conclusion of installation and commissioning. Where installation and commissioning fee is not separately stipulated, the revenue for the product is recognised, however, estimated cost as technically assessed for such installation and commissioning to be incurred is provided for.

(ix) Revenue in respect of contract involving consortium is recognised and disclosed at full value in compliance with the terms of consortium agreement and cost of items supplied by the other members of the consortium is deducted there from.

8. **Employee Benefits:**

i) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

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

9. **Accounting for Foreign Currency Transactions :**

i) Transactions in foreign currency are recorded in rupees by applying to the foreign currency amount the exchange rate at the time of the transaction.

ii) The outstanding balances of monetary items relating to foreign currency transactions are stated in rupees by adopting the rate of exchange prevailing on the date of Balance Sheet.

iii) Exchange rate differences consequent to restatement / settlement are recognised as income / expenditure.

iv) In the case of forward exchange contracts, the premium or discount arising at the inception of the contract is accounted for over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit or loss in the reporting period in which the exchange rate changes.

10. **Contractual Obligations :**

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

11. **Research & Development:**

Research expenditure is charged off in the year of incurrence. The expenditure on development of new products is capitalised or where the same is intended for sale, it is inventorised. Amortization of the capitalised expenditure is on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences from the month following the month during which the asset is available for use.

Expenditure on fixed assets relating to Research & Development is capitalised.

12. <u>Prior Period Items :</u>

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

13. <u>Under / Over Absorption of Cost :</u>

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

14. <u>Taxes on Income</u>

The tax expense comprises of current tax and deferred tax. The provision for current tax is ascertained on the basis of assessable profits computed in accordance with provisions of the Income Tax Act, 1961. The deferred tax is recognised on all timing differences resulting from the recognition of items in the financial statements and in estimating current income tax provision, subject to consideration of prudence in respect of deferred tax assets. The carrying amount of deferred tax asset/liability is reviewed at each balance sheet date.

15. <u>Leased Assets</u> :

Lease rentals recovered on assets given under operating leases are recognised in the Profit & Loss Account. Initial direct costs are expensed on incurrence.

16. <u>Investments</u>

Long-term investments are carried at cost. Permanent decline in the value of such investments is recognised and provided for. Current investments are carried at lower of cost and fair value.

17. <u>Others:</u>

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

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

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

As per our report of even date attached
For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants

For and on behalf of the Board of Directors

G VIVEKANANTHAN
Partner
Membership No.:28339
Place: Bangalore
Date : 06.08.2012

M PITCHIAH
Director (Finance)

P DWARAKANATH
Chairman & Managing Director (I/c)

M E V SELVAMM
Company Secretary

Consolidated Balance Sheet

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2012	As at 31st March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	**4,177.22**	4,177.22
(b) Reserves and surplus	2	**213,357.39**	210,064.92
(2) Share application money pending allotment			
(3) Non-current liabilities			
(a) Long-term borrowings	3	**24,769.09**	12,969.83
(b) Other Long term liabilities	4	**41,707.40**	8,203.43
(c) Long-term provisions	5	**12,113.14**	7,537.74
(4) Current liabilities			
(a) Short-term borrowings	6	**69,711.70**	67,290.13
(b) Trade payables	7	**47,800.34**	44,397.37
(c) Other current liabilities	8	**61,270.05**	46,983.91
(d) Short-term provisions	9	**19,919.46**	24,518.89
(5) Minority Interest		**30.89**	28.66
TOTAL		**494,856.68**	426,172.10
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	**51,233.34**	37,387.45
(ii) Intangible assets	10	**2,751.98**	2,702.05
(iii) Capital work-in-progress	11	**2,395.27**	7,955.10
(b) Non-current investments	12	**5.04**	542.29
(c) Deferred tax assets (net)	13	**6,186.67**	4,446.63
(d) Long-term loans and advances	14	**28,269.33**	27,363.97
(e) Other non-current assets	15	**522.56**	580.00
(2) Current assets			
(a) Inventories	16	**243,363.40**	189,697.17
(b) Trade receivables	17	**79,249.81**	116,804.03
(c) Cash and cash equivalents	18	**19,433.42**	4,829.64
(d) Short-term loans and advances	19	**39,882.60**	21,824.31
(e) Other current assets	20	**21,563.26**	12,039.46
TOTAL		**494,856.68**	426,172.10

Note nos.1 to 30 and Accounting Policies annexed herewith forms part of this financial statements.

As per our report of even date attached
For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants

For and on behalf of the Board of Directors

G VIVEKANANTHAN
Partner
Membership No.:28339
Place: Bangalore
Date : 06.08.2012

M PITCHIAH
Director (Finance)

P DWARAKANATH
Chairman & Managing Director (I/c)

M E V SELVAMM
Company Secretary

Consolidated Statement of Profit and Loss

(₹ in Lakhs)

Particulars	Note No.	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Revenues:			
Revenue from operations	21	**271,504.40**	264,378.68
Other income	22	**4,521.10**	20,293.86
Total Revenue		**276,025.50**	284,672.54
Expenses:			
Cost of materials consumed	23	**177,080.95**	158,887.72
Purchases of Stock-in-trade	23	**4,591.66**	5,060.58
Changes in inventories of Finished Goods, Work-in-progress and Stock-in-trade	24	**(43,490.07)**	(14,985.54)
Employee benefits expense	25	**72,835.26**	68,879.28
Finance costs	26	**8,909.88**	6,198.10
Depreciation and amortization expense	10	**4,468.57**	3,440.55
Other expenses	27	**48,084.28**	36,339.63
Minority Interest		**2.23**	(5.51)
Total Expenses		**272,482.76**	263,814.81
Profit before exceptional, extraordinary and prior period items and tax		**3,542.74**	20,857.73
Add / (Less) : Exceptional items	28	**2,882.42**	-
Profit before Prior Period Adjustment		**6,425.16**	20,857.73
Add / (Less) Prior Period Adjustment	29	**170.02**	(2,454.36)
Profit before tax		**6,595.18**	18,403.37
Tax expense:			
(1) Current tax		**2,644.25**	5,814.94
(2) Deferred tax		**(1,740.05)**	(1,171.03)
(3) Excess Provision of previous years written back		-	(931.91)
Profit for the period		**5,690.98**	14,691.37
Earnings per equity share (Rs.10/- each) in Rs.			
Basic and diluted	30A	**13.67**	35.28

Note nos.1 to 30 and Accounting Policies annexed herewith forms part of this financial statements.

As per our report of even date attached
For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants

For and on behalf of the Board of Directors

G VIVEKANANTHAN
Partner
Membership No.:28339
Place: Bangalore
Date : 06.08.2012

M PITCHIAH
Director (Finance)

P DWARAKANATH
Chairman & Managing Director (I/c)

M E V SELVAMM
Company Secretary

Consolidated Cash Flow Statement

(₹ in Lakhs)

Particulars	For the Year ended 31st March 2012		Fror the Year ended 31st March 2011	
	Sub items	**Main items**	Sub items	Main items
A. Cash flow from operating activities				
Net profit before tax and extraordinary items		**6,595.18**		18,403.37
Adjustments for				
Depreciation	**4,468.57**		3,440.56	
Amortisation	**627.44**		687.32	
Gain/loss on disposal of fixed assets	**(0.48)**		2.15	
Financing Cost	**8,909.88**		6,198.10	
Interest income	**(2,457.03)**		(3,676.20)	
Minority Interest	**2.23**		(5.51)	
Other Provisions	**6,906.74**		(22,648.41)	
		18,457.35		(16,001.99)
Operating profit / loss before changes in working capital		**25,052.53**		2,401.38
Adjustment for				
Inventories	**(53,250.74)**		(23,659.05)	
Trade & other receivables	**4,902.31**		1,742.37	
Other current assets	**(570.00)**		(594.24)	
Trade payables	**3,402.97**		6,601.70	
Miscellaneous expenses	**–**		145.43	
Other payables	**47,566.80**		3,215.85	
		2,051.34		(12,547.94)
Cash generated from operations		**27,103.87**		(10,146.56)
Direct taxes paid/refunded		**(2,698.64)**		(5,440.33)
Net cash flow from/used in operating activities		**24,405.23**		(15,586.89)
B. Cash flow from investing activities				
Purchase of Fixed Assets	**(12,041.00)**			(16,983.02)
Purchase of intangible fixed assets	**(773.47)**			(2,805.25)
Sale of tangible fixed assets	**10.39**			91.95
Investments in subsidiaries	**(5.00)**			–
Interest Received	**2,329.48**			3,473.89
Net cash flow from/used in investing activities		**(10,479.60)**		(16,222.43)
C. Cash flow from financing activities				
Proceeds from ECB & long-term borrowings	**13,364.86**			–
Proceeds from Packing Credit	**5,163.00**			–
Repayment of Unsecured Loans	**(1,565.60)**			(75.56)
Repayment of short-term borrowings	**(2,741.43)**			(7,787.38)
Financing Cost	**(8,686.57)**			(7,317.93)
Dividend & Tax paid for equity shares	**(4,856.11)**			(4,896.68)
Net cash flow from/used in financing activities		**678.15**		(20,077.55)
Net increase/(decrease) in cash and cash equivalents		**14,603.78**		(51,886.87)
Cash and Cash Equivalents, Beginning Balance		**4,829.64**		56,716.51
Cash and Cash Equivalents, Ending Balance		**19,433.42**		4,829.64

As per our report of even date attached
For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants

For and on behalf of the Board of Directors

G VIVEKANANTHAN
Partner
Membership No.:28339
Place: Bangalore
Date : 06.08.2012

M PITCHIAH
Director (Finance)

P DWARAKANATH
Chairman & Managing Director (I/c)

M E V SELVAMM
Company Secretary

Notes forming part of Financial Statements

Basis of Preparation of Accounts

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 revised Schedule VI to the Companies Act, 1956. 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 as twelve months for the purpose of current/ non current classification of assets and liabilities.

NOTE 1 : Share Capital (Amount ₹ Lakhs)

Particulars	As at 31st March 2012		As at 31st March 2011	
	Number	Amount	Number	Amount
Authorised :				
Equity Shares of Rs.10 each	**100,000,000**	**10,000.00**	100,000,000	10,000.00
Issued :				
Equity Shares of Rs.10 each	**41,900,000**	**4,190.00**	41,900,000	4,190.00
Subscribed :				
Equity Shares of Rs.10 each	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Paid-up :				
Equity Shares of Rs.10 each	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Forfeited Shares (amount originally paid) :				
Equity Shares of Rs.5 each	**255,500**	**12.77**	255,500	12.77
Total		**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 recomended by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. During the year ended 31st March 2012, per share dividend paid as distribution to equity shareholders was ₹ 10/- (Previous year ₹10/-). In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all external 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	2011-12	2010-11	2009-10	2008-09	2007-08
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

Reconcilation of shares outstanding at the beginning and at the end of the period: (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**		As at 31st March 2011	
	No. of Shares	**Amount**	No. of Shares	Amount
Outstanding as at Opening Date	**41,644,500**	**4,164.45**	41,644,500	4,164.45
Add: Issued during the period	–	–	–	–
Less: Buy-back during the period (if any)	–	–	–	–
Outstanding as at Closing Date	**41,644,500**	**4,164.45**	41,644,500	4,164.45

Equity Shares held by shareholders having 5% or more	**As at 31st March 2012**		As at 31st March 2011	
Name of the shareholder	**No. of Shares**	**% held**	No. of Shares	% held
President of India	**22,500,000**	**54.03**	22,500,000	54.03
LIC of India	**2,777,566**	**6.67**	2,641,922	6.34

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.

NOTE 2 : Reserves & Surplus (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Capital Reserve		
Opening Balance	**105.82**	105.82
Additions during the year	–	–
Deductions during the year	–	–
Closing Balance	***105.82***	*105.82*
Nonimara Excellence Award Reserve		
Opening Balance	**1.44**	1.44
Additions during the year	–	–
Deductions during the year	–	–
Closing Balance	***1.44***	*1.44*
Capital Reserve on Consolidation		
Opening Balance	**26.60**	26.60
Additions during the year	–	–
Deductions during the year	–	–
Closing Balance	***26.60***	*26.60*

(Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Securities Premium Reserve		
Opening Balance	**61,204.09**	61,204.09
Additions during the year	**–**	–
Deductions during the year	**–**	–
Closing Balance	***61,204.09***	*61,204.09*
Capital Redemption Reserve		
Opening Balance	**10.00**	10.00
Additions during the year	**–**	–
Deductions during the year	**–**	–
Closing Balance	***10.00***	*10.00*
General Reserve		
Opening Balance	**114,792.73**	113,295.11
Additions during the year	**572.45**	1,497.62
Deductions during the year	**–**	–
Closing Balance	***115,365.18***	*114,792.73*
Foreign Currency Translation Account		
Opening Balance	**5.61**	5.61
Additions during the year	**21.51**	–
Deductions during the year	**–**	–
Closing Balance	***27.12***	*5.61*
Balance in the Statement of Profit and Loss		
Opening Balance	**33,918.63**	25,580.99
Additions during the year	**5,690.98**	14,691.37
Less: Appropriations		
- Proposed dividend	**2,082.23**	4,164.45
- Tax on Dividend	**337.79**	691.66
- Transfer to General reserve	**572.45**	1,497.62
Closing Balance	***36,617.14***	*33,918.63*
Total	**213,357.39**	210,064.92

NOTE 3 : Long Term Borrowings (Amount ₹ Lakhs)

Particulars	As at 31st March 2012		As at 31st March 2011	
	Non- Current	**Current**	Non- Current	Current
Term Loans				
Secured from Banks				
i. From State Bank of Travancore, Secured on first charge by way of hypothecation of all movable including machinery, spares, tools, acessories present and future (except receivables and current assets) and equitable mortgage of immovable property at Palakkad Complex. Rate of interest 10.75%	**3,209.86**	–	254.72	309.72
ii. From State Bank of Mysore (Rs.190.28 lakhs), Secured on first charge by way of hypothecation of fixed assets and second charge on current assets of the company and corporate guarantee of Rs. 750 lakhs from BEML. Rate of interest 13.75%	**–**	**190.28**	190.28	–
iii. From Standard Chartered Bank, Secured by exclusive first charge on company's assets both movable/ immovable to be acquired out of this facility. Rate of Interest 9.14%	**10,600.00**	**–**	–	–
Unsecured from Other Parties				
Inter corporate loans against company's corporate guarantee	**10,959.23**	**1,565.60**	12,524.83	1,565.60
Total	**24,769.09**	**1,755.88**	12,969.83	1,875.32

Maturity Profile of Term Loans from Banks : (Amount ₹ Lakhs)

Name of the Bank	Interest Rate	Maturity Profile			
		2013-14	2014-15	2015-16	2016-17
State Bank of Travancore	10.75%	715.00	1,430.00	1,064.86	–
State Bank of Mysore	13.75%	190.28	–	–	–
Standard Chartered Bank	9.14%	2,650.00	2,650.00	2,650.00	2,650.00

Maturity Profile of Unsecured Inter Corporate Loan : (Amount ₹ Lakhs)

Rate of Interest	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Bank Rate plus 3.50%, currently 9.50%	1,565.60	1,565.61	1,565.60	1,565.61	1,565.60	1,565.61	1,565.60

NOTE 4 : Other Long Term Liabilities (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Advance received	**40,756.50**	6,235.88
Staff related	**6.67**	–
Deposits & EMD received	**28.40**	135.90
Others	**915.83**	1,831.65
Total	**41,707.40**	8,203.43

NOTE 5 : Long Term Provisions

Particulars	**As at 31st March 2012**	As at 31st March 2011
Provision for employee benefits		
for Leave Salary	**9,722.34**	6,977.28
for Post retirement contributory medical scheme	**2,221.33**	–
Provision-others		
for warranty	**169.47**	560.46
Total	**12,113.14**	7,537.74

NOTE 6 : Short Term Borrowings

Particulars	**As at 31st March 2012**	As at 31st March 2011
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)	**64,548.70**	67,290.13
Unsecured	**5163.00**	–
Total	**69,711.70**	67,290.13

NOTE 7 : Trade Payables

Particulars	**As at 31st March 2012**	As at 31st March 2011
Micro, Small and Medium Enterprises	**126.67**	222.05
Others	**47,673.67**	44,175.32
Total	**47,800.34**	44,397.37

Micro, Small and Medium Enterprises

The information under MSMED Act, has been disclosed to the extent such vendors have been identified by the company based on the certificates produced by them. The details of amounts outstanding to them based on available information with the Company is as under :

Particulars	**As at 31st March 2012**	As at 31st March 2011
Principal amount due and remaining unpaid	–	–
Interest due on above and the unpaid interest	–	–
Interest paid	–	–
Payment made beyond the appointed day during the year	–	–
Interest due and payable for the period of delay	–	–
Interest accrued and remaining unpaid	–	–
Amount of further interest remaining due and payable in succeeding years	–	–

NOTE 8 : Other Current Liabilities (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Current maturities of long term debt (Refer Note No. 3)	**1,755.88**	1,875.32
Interest accrued but not due on Borrowings	**209.34**	4.95
Interest accrued and due on Borrowings	**104.20**	85.28
Unclaimed dividends	**75.58**	75.88
Other payables *	**59,125.05**	44,942.48
Total	**61,270.05**	46,983.91

* Includes staff dues, statutory dues, security deposit and advance from customers.

NOTE 9 : Short-Term Provisions

Particulars	**As at 31st March 2012**	As at 31st March 2011
Provision for employee benefits		
for Gratuity	**8,061.83**	9,173.50
for Leave Salary	**1,949.50**	3,237.60
for Performance Related Pay	**1,430.99**	1,987.43
for Post retirement contributory medical scheme	**123.76**	–
Provision-others		
Proposed dividend	**2,082.23**	4,164.45
Tax on dividend	**337.79**	691.66
Income Tax	**68.33**	122.73
for pending Legal cases	**319.23**	311.37
for warranty	**4,730.60**	3,840.72
for unexpired obligations	**815.20**	989.43
Total	**19,919.46**	24,518.89

Movement in Provisions (Amount ₹ Lakhs)

Particulars	As at 01.04.2011	Additions	Utilization	Reversal	As at 31.03.2012
Gratuity	9,173.50	3,735.98	4,847.65	–	8,061.83
Leave Salary	10,214.88	4,655.65	3,198.68	–	11,671.85
Post retirement contributory medical scheme	–	2,345.09	–	–	2,345.09
Performance Related Pay	1,987.43	132.00	686.76	1.68	1,430.99
Pending legal cases	311.37	9.60	1.60	0.14	319.23
Warranty	4,401.16	4,709.18	3,956.08	254.19	4,900.07
Unexpired Obligation	989.43	880.94	1,055.17	–	815.20
Total	**27,077.77**	**16,468.44**	**13,745.94**	**256.01**	**29,544.26**

NOTE 10 : Consolidated Fixed Assets (Amount ₹ Lakhs)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.11	Additions during the year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 01.04.11	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 31.03.12	As at 31.03.11
Tangible Assets										
Land										
Free Hold	1,396.44	–	–	1,396.44	–	–	–	–	1,396.44	1,396.44
Lease Hold	2,589.39	5,126.00	–	7,715.39	70.64	29.34	0.02	100.00	7,615.39	2,518.75
Roads & Drains	1,637.60	981.12	–	2,618.72	491.63	33.41	0.02	525.06	2,093.66	1,145.97
Water Supply Installations	531.80	176.84	0.01	708.65	327.64	20.74	0.03	348.41	360.24	204.16
Buildings [See note C (i) below]	17,535.99	3,553.90	(0.01)	21,089.88	5,233.29	517.78	(0.01)	5,751.06	15,338.82	12,302.70
Railway sidings	747.72	179.66	–	927.38	211.52	40.59	(0.01)	252.10	675.28	536.20
Plant, Machinery and Equipment	62,675.87	5,916.60	8.45	68,600.92	44,892.61	2,825.06	(73.71)	47,643.96	20,956.96	17,783.26
Electrical Installation	2,830.29	956.33	(4.16)	3,782.46	2,588.56	137.66	(4.17)	2,722.05	1,060.41	241.73
Furniture & Fixtures	1,165.68	254.33	44.13	1,464.14	854.93	59.76	43.58	958.27	505.87	310.75
Vehicles										
Given on Lease	439.50	93.12	(12.98)	519.64	66.20	53.67	(9.58)	110.29	409.35	373.30
Own Use	1,354.92	341.15	(0.42)	1,695.65	848.95	84.55	5.57	939.07	756.58	505.97
Office Equipment	486.39	21.78	(3.91)	504.26	418.17	22.81	(1.06)	439.92	64.34	68.22
Total Tangible Assets	**93,391.59**	**17,600.83**	**31.11**	**111,023.53**	**56,004.14**	**3,825.37**	**(39.32)**	**59,790.19**	**51,233.34**	**37,387.45**
Previous year	81,497.56	12,245.89	(351.86)	93,391.59	52,924.56	3,345.50	(265.92)	56,004.14	37,387.45	28,573.00

Particulars	GROSS BLOCK				AMORTISATION				NET BLOCK	
	As at 01.04.11	Additions during the year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 01.04.11	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 31.03.12	As at 31.03.11
Intangible Assets										
Computer software	522.86	773.47	(99.55)	1,196.78	41.54	262.79	(19.21)	285.12	911.66	481.32
Licenses and franchise	2,282.39	–	–	2,282.39	61.66	380.41	–	442.07	1,840.32	2,220.73
Total Intangible Assets	**2,805.25**	**773.47**	**(99.55)**	**3,479.17**	**103.20**	**643.20**	**(19.21)**	**727.19**	**2,751.98**	**2,702.05**
Previous Year	–	2,805.25	–	2,805.25	–	95.06	8.14	103.20	2,702.05	–
Total Tangible & Intangible Assets	**96,196.84**	**18,374.30**	**(68.44)**	**114,502.70**	**56,107.34**	**4,468.57**	**(58.53)**	**60,517.38**	**53,985.32**	**40,089.50**
Previous Year	81,497.56	15,051.14	(351.86)	96,196.84	52,924.56	3,440.55	(257.77)	56,107.34	40,089.50	28,573.00

A. Depreciation rate adopted by the company in respect of following assets is significantly higher than the statutory minimum rates prescribed under the Companies Act., 1956.

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

B. Accounting Standard 19 (Leases)

i) Office premises taken on lease

The Company's significant leasing arrangements are in respect of operating leases relating to its leased office premises. These lease arrangements, which are cancellable, are generally renewable by mutual consent. The aggregate lease rentals paid is disclosed under rent in Note No. 21.

ii) Cars given on Lease on non cancellable basis

I. a) Gross Carrying amount ₹ 519.64 lakhs (Previous Year ₹ 439.50 lakhs)

b) Accumulated depreciation ₹ 110.29 lakhs (Previous Year ₹ 66.20 lakhs)

c) Accumulated impairment losses NIL

(i) Depreciation recognized in Profit & Loss Account ₹ 53.67 lakhs (Previous Year ₹ 31.37 lakhs)

(ii) Impairment losses recognized in Profit & Loss Account Nil

(iii) Impairment losses reversed in Profit & Loss Account Nil

II. Future minimum lease payments under non-cancellable operating leases – Leased cars

(i) Not later than one year ₹ 52.10 lakhs (Previous Year ₹ 40.98 lakhs)

(ii) Later than one year but not later than five years ₹ 191.20 lakhs (Previous Year ₹ 165.47 lakhs)

(iii) Later than five years ₹ 136.64 lakhs (Previous Year ₹ 126.07 lakhs)

III. Total rents recognized as income in the Profit & Loss Account ₹ 42.49 lakhs (Previous Year ₹ 33.42 lakhs)

C. **Fixed Assets**

i) Includes Cost of building at Kolkata valued at ₹ 26.82 lakhs (Previous Year ₹ 26.82 lakhs) on lease with an option to buy for a nominal sum of ₹ 0.15 lakhs at the end of 99 years from the date of taking possession viz., February'83 / April'84.

ii) Includes cost of building at Mumbai and Ranchi pending registration / khatha transfer valued at ₹ 33.00 lakhs (Previous Year ₹ 33.00 lakhs)

iii) The total amount towards Lease/Sale of facilities comprising mostly land, belonging to Bharat Gold Mines Limited (a Company under orders of winding up by BIFR) is yet to be ascertained. The Company has started utilising the facilities from May 2005 and a sum of ₹ 100 lakhs has been paid, which is included under Loans & Advances (Note No.14). As the nature of transaction is undecided, no amount has been charged to the profit and loss account till date. The company has incurred an expenditure towards creation of fixed assets for a gross value of ₹ 1395.95 lakhs (Previous Year ₹ 1209.01 lakhs) included under Note No.10 & ₹ 15.31 lakhs (Previous Year ₹ 31.90 lakhs) as capital work in progress included under Note No.11 totaling to ₹ 1411.26 lakhs (Previous Year ₹ 1240.91 lakhs).

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

NOTE 11 : Capital Work-in-Progress (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Building	**570.93**	3,756.87
Equipment under inspection and in transit	**94.91**	511.38
Machinery	**1,209.81**	3,686.85
Others	**519.62**	–
Total	**2,395.27**	7,955.10

NOTE 12 : Non-Current Investments (Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Long Term, unquoted at cost		
Trade Investments		
In Equity Shares of Subsidiary Companies :		
In M/s. MAMC Industries Limited, Kolkata, 50,000 fully paid up Equity Shares of Rs.10 each [refer Note 14 (a)]	**5.00**	–
In Equity Shares of Joint Venture Company :		
In M/s. BEML Midwest Ltd., 54,22,500 fully paid up Equity Shares of Rs.10 each, representing 45% share.	**542.25**	542.25
Provision for diminution in value of investment in M/s. BEML Midwest Ltd.	**(542.25)**	–
Total trade investments	**5.00**	542.25
Other Investments		
Investment in Ordinary Shares of Co-operative Societies - Un-quoted, fully paid up		
In BEML Consumer Co-operative Society Ltd, KGF, 250 fully paid up shares of Rs.10 each	**0.03**	0.03
In Gulmohar Mansion Apartments Co-operative Housing Society Limited, Bangalore, 10 fully paid up shares of Rs.100 each.	**0.01**	0.01
In Twin Star Co-Operative Housing Society Ltd, Bombay, 5 fully paid up shares of Rs.50 each.	**–**	–
Total other investments	**0.04**	0.04
Total - Unquoted at cost	**5.04**	542.29

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

Names	Nature	% holding	Country of incorporation
Bangalore Metro Rail Consortium	Jointly Controlled Operation	-	-
BEML Midwest Limited	Jointly Controlled Entity	45.00	India

The Joint Venture Company M/s. BEML Midwest Ltd. has not prepared its financial statements due to litigation pending before Company Law Board as at 31st March, 2012. Hence, disclosure requirements under AS-27 with regard to the Company's share in assets, liabilities, income & expenditure and its share in the contingent liabilities could not be complied with.

NOTE 13 : Deferred Tax Assets (Net)

(Amount ₹ Lakhs)

Particulars	As at 31st March 2012	As at 31st March 2011
Deferred Tax Liabilities (DTL)		
Related to Fixed Assets	**4,477.00**	3,730.59
Special Tools & Jigs	**166.44**	189.45
Others	**–**	3.41
Total DTL (A)	**4,643.44**	3,923.45
Deferred Tax Assets (DTA)		
Disallowances under the Income Tax Act,1961	**10,830.11**	8,370.08
Total DTA (B)	**10,830.11**	8,370.08
Net Total (B-A)	**6,186.67**	4,446.63

NOTE 14 : Long-Term Loans and Advances

Particulars	As at 31st March 2012	As at 31st March 2011
Unsecured, considered good		
Capital Advances	**1,105.45**	145.39
Security Deposits	**521.72**	504.51
Inter Corporate Loan	**11,495.21**	13,137.38
Other Loans and Advances [see note (a) below]	**6,701.48**	6,505.59
Advance Payment of Taxes (net of provision)	**8,230.93**	6,761.19
Pre paid expenses & Other advances	**214.54**	309.91
Sub-total	**28,269.33**	27,363.97
Doubtful		
Other Loans and Advances	**139.94**	138.69
Less : Provision for doubtful advances	**139.94**	138.69
Sub-total	**–**	–
Total	**28,269.33**	27,363.97
Due by officers of the company	**34.99**	10.36

a. The company has entered into a Consortium Agreement with Coal India Limited (CIL) and Damodar Valley Corporation (DVC) on 08.06.2010 for acquiring specified assets of M/s. Mining and Allied Machinery Corporation Limited (under liquidation) through Hon'ble High Court auction. Accordingly, a company in the name of 'MAMC Industries Limited' was formed and incorporated on 25.08.2010. Terms of shareholders' agreement is under negotiation. Upon finalisation, the said new company will be converted into a Joint Venture Company by allotting shares in the proportion 48:26:26 to BEML, CIL and DVC respectively. In this connection the company has incurred a sum of ₹ 5980.86 lakhs (Previous year ₹ 5208.12 lakhs) (net of amount received from M/s. CIL & M/s. DVC as on 31st March, 2012). The other venturers have also incurred expenditure on behalf of the Joint Venture, the details of which are not known. The control in this company is intended to be temporary till the finalisation of Joint Venture agreement. Pending negotiation as above, this sum is included in 'other loans and advances', under Note no. 14. In the absence of extent of expenses incurred by other joint venture partners, the exact share in the assets and liabilities, income and expenditure from this Joint Venture is not known and hence the financial statement of this Joint Venture is not consolidated.

NOTE 15 : Other Non-Current Assets

(Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Others		
Gold coins on Hand	**9.57**	9.65
Special Tools & Jigs	**512.99**	570.35
Total	**522.56**	580.00

The identification of the value of Jigs (presently shown under Other Non-Current Assets) to be disclosed under Fixed Assets as per the opinion of the Expert Advisory Committee of Institute of Chartered Accountants of India is pending. These special tools and jigs are amortised based on technical assessement in terms of Accounting Policy No: 17(i), and such amortisation charge is not less than depreciation otherwise chargeable under plant and machinery. Hence the present treatment by the company results in more appropriate recognition and presentation in the financial statement. The value of special tools and jigs is not material.

NOTE 16 : Inventories

(Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Raw materials & Components	**55,568.59**	45,890.39
Raw materials & Components in Transit	**10,205.03**	9,613.83
Stores and Spares	**2,765.59**	2,806.58
Work-in-Progress	**61,679.58**	47,895.77
Finished Goods	**71,601.22**	44,439.34
Finished Goods in Transit	**2,293.47**	–
Finished Stock - Spares	**35,631.70**	35,926.32
Finished Stock - Spares in Transit	**817.49**	399.49
Patterns & Other Materials	**9.57**	8.35
Hand tools	**1,681.66**	1,744.08
Scrap	**1,312.71**	1,061.80
Unrealised Profit on Stock	**(203.21)**	(88.78)
Total	**243,363.40**	189,697.17

a. Negative work orders amounting to ₹ 817.13 lakhs (Previous Year ₹ 2025.88 lakhs) were reduced to arrive at the closing value of Work in progress and the company does not expect to have any material impact on cost of production on this account for the financial year 2011-12.

b. Raw materials & Components includes materials lying with sub contractors ₹ 3463.00 lakhs (Previous Year ₹ 2033.40 lakhs) and with customers for trials etc ₹ Nil Lakhs (Previous Year ₹ 33.62 lakhs). Of these, confirmation from the parties is awaited for ₹ 1798.61 lakhs (Previous Year ₹ 1137.32 lakhs).

c. 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.

d. 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.

e. Provision towards obsolescence is made as per provisioning norms consistently followed and is based on ageing of inventory.

f. The inventory does not include the value of materials received free of cost from customers and held in trust for utilisation in manufacture of their products.

NOTE 17 : Trade Receivables (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Unsecured, considered good		
Outstanding for period exceeding six months	**46,103.26**	57,557.99
Others	**33,146.55**	59,246.04
Unsecured, considered doubtful		
Outstanding for period exceeding six months	**7,119.76**	2,796.69
Allowance for bad and doubtful debts	**(7,119.76)**	(2,796.69)
Total	**79,249.81**	116,804.03

i. Trade Receivables include ₹ 7618.19 lakhs (Previous Year ₹ 6631.38 lakhs) on account of additional provisional price accounted based on recommendation by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Railway Board.

ii. Trade Receivables includes an amount of ₹ 1480.60 lakhs (Previous Year ₹ 1480.60 lakhs) being the differential amount claimed as reimbursement and the amount allowed by Railway Board on the wheel sets procured as per their terms of contract, in respect of contracts executed during the period from 2007-08 to 2009-10. Normally the Wheel Sets were supplied by the Railway Board as a free supply item till then and the Railway Board changed supply policy due to severe capacity constraints. The disallowed amount relates to freight, sales tax and part of cost incurred. The Company has taken up this matter with the Railway Board to appoint an arbitrator as per contract. Railway Board sought information from ICF to resolve the issue.

iii. Trade Receivables include ₹ 14855.74 lakhs (Previous Year ₹ 13563.53 lakhs) in respect of escalation claims as per the contracts, is under consideration by Ministry of Defence (MoD).

iv. The company is having factoring arrangement with banks. Trade receivables amounting to ₹ 20412.91 lakhs (Previous year ₹ 13370.43 lakhs) has been sold to the banks. This amount has been reduced from trade receivables 'others' as on 31st March, 2012. [The factoring cost incurred is Rs. 1506.07 lakhs. (Previous year ₹ 180.75 lakhs)].

v. Trade Receivables (including a sum of ₹ 37219.00 lakhs) (Previous Year ₹ 35570.24 lakhs) outstanding for more than one year which in the opinion of management is realisable.

vi. Trade Receivables is net of unbilled receivables of ₹ 21432.71 lakhs (Previous year ₹ 12036.46 lakhs) disclosed under Note No. 20 Other Current Assets.

vii. Trade receivables include ₹ 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 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 the amount in the opinion of the management is realisable.

NOTE 18 : Cash and Cash Equivalents (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Balances with Banks*	**18,744.89**	2,347.00
Cheques, drafts on hand	**491.20**	2,470.51
Cash on hand	**197.33**	12.13
Total	**19,433.42**	4,829.64

* Balances with banks include unclaimed dividend account balances of ₹ 75.58 lakhs (Previous year ₹ 75.54 lakhs)

NOTE 19 : Short-Term Loans and Advances (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Unsecured, considered good		
Balances with Public Utility concern	**0.01**	0.60
Loans and Advances to Related Parties [refer Note No.30 (C)(iii)]	**130.78**	108.65
Inter Corporate Loan	**1,642.17**	1,642.17
Balances with Govt. departments for Customs Duty, Excise Duty etc including receivables	**17,850.99**	5,526.17
Other Loans and advances	**18,846.67**	13,629.64
Pre paid expenses & Other advances	**1,411.98**	917.08
Sub-total	**39,882.60**	21,824.31

(Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Doubtful		
Other Loans and advances	**567.63**	578.43
Less : Provision for doubtful advances	**567.63**	578.43
Sub-total	**–**	–
Total	**39,882.60**	21,824.31
Due by Officers of the Company	**146.29**	95.00

a. On account of the trading business carried out during the year, out of the amount paid towards procurement and other recoverables, a sum of ₹ 3358.40 lakhs is outstanding as the intended export was held up on account of various reasons including change in policy by Government of Goa and the need to obtain fresh licenses. This amount is included in "Other Loans and Advances" above and will be recovered / adjusted during the Financial Year 2012-13.

NOTE 20 : Other Current Assets

(Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Interest Accrued on bank deposits	**130.55**	3.00
Unbilled Receivables net of advances	**21,432.71**	12,036.46
Total	**21,563.26**	12,039.46

NOTE 21 : Revenue from Operations (Amount ₹ Lakhs)

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
(a) sale of products;		
Castings	**115.08**	1.01
Earth Moving Equipment	**127,201.62**	101,855.87
Rail & Metro Products	**55,676.47**	44,011.14
Defence Products	**39,280.72**	64,351.44
Traded Goods	**4,756.97**	5,132.28
Spare Parts	**54,149.56**	56,083.00
Wind Energy	**320.04**	295.47
Sub-total	**281,500.46**	271,730.21
(b) sale of services;		
Design / IT Services	**392.09**	360.05
Equipment Servicing	**6,927.92**	7,932.76
Sub-total	**7,320.01**	8,292.81
(c) other operating revenues		
Export incentives	**218.26**	239.25
Sale of Scrap	**1,776.90**	1,509.13
Sub-total	**1,995.16**	1,748.38
Revenue including Excise Duty	**290,815.63**	281,771.40
Less : Excise Duty	**19,311.23**	17,392.72
Revenue from operations	**271,504.40**	264,378.68

i. Revenue from operations include ₹ 7258.70 lakhs (Previous Year ₹ 2814.60 lakhs) recognised as additional provisional price in terms of accounting policy No. 7(iv) based on the price recommended for Rail coaches by the Chief Advisor (Cost), Ministry of Finance. The recommended price is under consideration by the Railway Board. The difference, if any, is accounted in the year of finalisation of price.

ii. Company has recognised sale from joint venture operation in respect of sale of metro cars only to the extent of its share in the revenue as required under Accounting Standard 27 ‘ Financial reporting of interest in joint ventures’, though as per accounting policy 7(ix) requires recognising / presenting such revenue at full value and deducting there from cost of items supplied by other members of the consortium .

NOTE 21A :

The company has entered into a consortium agreement with three international partners for the supply of metro coaches to Bangalore Metro Rail Corporation Ltd,(BMRCL). As per the agreement, the company is responsible to raise the bills at the full value of the contract including consortium scope on BMRCL and terminal excise duty and VAT thereon is discharged by the company. Accordingly the total amount invoiced including the value of consortium scope of supply is as under:

(Amount ₹ Lakhs)

Particulars	**For the Year ended 31st March 2012**	For the Year ended 31st March 2011
Rail & Metro Products	**128,455.60**	126,101.55
Other products, services and other operating revenue	**235,139.16**	237,760.26
Sub-total	**363,594.76**	363,861.81
Less: Value of Consortium Supplies	**72,779.13**	82,090.41
Revenue including Excise Duty	**290,815.63**	281,771.40

NOTE 22 : Other Income

Particulars	**For the Year ended 31st March 2012**	For the Year ended 31st March 2011
Interest Income		
- From Banks	**178.01**	1,793.01
- From Inter Corporate Loans	**1,723.35**	1,578.87
- From Other Advances	**31.09**	38.61
- Others	**524.58**	269.03
Dividend Income		
- Dividend Received	**–**	20.20
Net gain on sale of Fixed Assets	**1.26**	0.26
Income from Commission	**5.48**	4.88
Provisions written back		
- Doubtful debts & Advances	**–**	3.27
- Others	**77.17**	14,100.52
Other non-operating income	**1,980.16**	2,485.21
TOTAL	**4,521.10**	20,293.86

a. Tax Deducted at Source on Income

Particulars	**For the Year ended 31st March 2012**	For the Year ended 31st March 2011
a) Interest on Call and Term Deposit from Banks	**14.17**	189.40
b) Inter Corporate Loans	**172.34**	157.89
c) Others	**–**	1.58

NOTE 23 : Cost of Materials Consumed

Particulars	**For the Year ended 31st March 2012**	For the Year ended 31st March 2011
Cost of Material for manufactured products	**176,966.52**	158,798.94
Unrealised profit on stock	**114.43**	88.78
Cost of Material consumed for manufactured products	**177,080.95**	158,887.72
Purchase of Stock in Trade	**4,591.66**	5,060.58

NOTE 24 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-trade (Amount ₹ Lakhs)

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Opening Stock		
Work-in-progress	**47,895.77**	54,857.67
Finished Stock	**44,439.34**	23,164.76
Scrap	**1,061.80**	388.94
	93,396.91	78,411.37
Closing Stock		
Work-in-progress	**61,679.58**	47,895.77
Finished Stock	**73,894.69**	44,439.34
Scrap	**1,312.71**	1,061.80
	136,886.98	93,396.91
(Increase) / Decrease		
Work-in-progress	**(13,783.81)**	6,961.90
Finished Stock	**(29,455.35)**	(21,274.58)
Scrap	**(250.91)**	(672.86)
TOTAL	**(43,490.07)**	(14,985.54)

NOTE 25 : Employee Benefits Expense

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Salaries, Wages & Bonus	**49,762.74**	54,058.69
Leave Salary	**4,655.65**	2,108.93
Contribution to:		
- Gratuity Fund	**3,735.98**	1,348.68
- Provident Fund and Other Funds	**5,451.05**	5,337.45
Voluntary Retirement Scheme	**31.17**	180.46
Staff welfare expenses	**9,605.95**	6,191.74
-Less receipts	**407.28**	346.67
Net staff welfare expenses	**9,198.67**	5,845.07
TOTAL	**72,835.26**	68,879.28

A. Accounting Standard 15 (Employee Benefits)

a. **Leave Salary**

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

b. **Post Retirement Contributory Medical Scheme**

The company has a post retirement contributory medical scheme where an insurance policy is taken by the company for providing mediclaim benefits to the superannuated officers / workers who opt for the scheme. Company pays 2/3rd insurance premium and the balance is paid by the superannuated officers / workers. The scheme was actuarially valued during the year and liability has been provided for.

c. **Gratuity**

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

(Amount ₹ Lakhs)

Changes in the Present value of obligation	**Current Year**	Previous Year
Present value of obligation at 1.4.2011	**33722.72**	32785.94
Interest Cost	**2568.77**	2515.53
Current Service Cost	**1179.37**	1248.18
Benefits Paid	**5590.20**	2702.69
Actuarial (gain)/loss on obligations	**2138.93**	(124.24)
Present value of obligation at 31.3.2012	**34019.59**	33722.72
Changes in the Fair value of Plan assets	**Current Year**	Previous Year
Fair value of plan assets at 1.4.2011	**24549.23**	23329.13
Expected return on plan assets	**2297.03**	2219.41
Contributions	**4847.64**	1710.18
Benefits paid	**5590.20**	2702.69
Actuarial (gain)/loss on plan assets	**(145.94)**	(6.80)
Fair value of plan assets at 31.3.2012	**25957.76**	24549.23
Reconciliation of obligations and fair value of plan assets	**Current Year**	Previous Year
Present value of obligation at 31.3.2012	**34019.59**	33722.72
Fair value of plan assets at 31.3.2012	**25957.76**	24549.23
Funded Status	**8061.83**	9173.49
Liability Existing	**4326.60**	7826.61
Liability recognized during the year	**3735.23**	1346.88
Expenses recognized during the year	**Current Year**	Previous Year
Current Service Cost	**1179.37**	1248.18
Interest Cost	**2568.77**	2515.53
Expected return on plan assets	**2297.03**	2219.41
Actuarial (gain)/loss on obligation	**2138.93**	(124.24)
Actuarial (gain)/loss on plan assets	**(145.94)**	(6.80)
Net Cost	**3735.98**	1426.86
Investment Details	**%**	%
GOI Bonds	**1**	1
Others	**2**	2
Investment with LIC	**97**	97
Actuarial Assumptions	**Current Year**	Previous Year
a. Gratuity	**(Funded)**	(Funded)
Mortality Table (LIC)	**1994-96**	1994-96
	(Ultimate)	(Ultimate)
Discount rate	**8.60%**	8.30%
Rate of return on plan assets	**9.00%**	9.51%
Rate of escalation salary	**5.00%**	5.00%

b. Leave Salary	Current year	Previous year
	(Unfunded)	(Unfunded)
Mortality Table (LIC)	**1994-96**	1994-96
	(Ultimate)	(Ultimate)
Discount rate	**8.60%**	8.30%
Rate of escalation salary	**5.00%**	5.00%
c. Post Retirement Contributory Medical Scheme	**(Unfunded)**	(Unfunded)
Expected proportion of the existing employees who will opt for the scheme at the time of retirement	**40.00%**	NA
Discount rate	**8.60%**	NA
Long term Medical inflation	**2.50%**	NA

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

NOTE 26 : Finance Costs

(Amount ₹ Lakhs)

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Interest expense		
On Cash Credit & Short term Loans	**7,016.42**	4,808.17
On Long Term Loans	**192.59**	94.17
On ECB	**209.34**	–
On Inter Corporate Loans	**1,410.18**	1,295.45
Others	**81.35**	0.31
TOTAL	**8,909.88**	6,198.10

Accounting Standard 16 (Borrowing Cost)

The amount of interest capitalized during the year is ₹ 53.17 Lakhs (Previous Year ₹ 95.66 lakhs). Out of this a sum of ₹ 1.88 lakhs (previous year ₹ 6.56 lakhs) relates to previous years.

NOTE 27 : Other Expenses

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Consumption of stores and spare parts	**1,036.38**	763.28
Consumable Tools	**1,314.07**	889.15
Power and fuel	**3,929.81**	3,375.34
Machining & Fettling Charges	**170.30**	127.39
Moulding Charges	**165.69**	184.40
Rent	**259.49**	253.26
Hire Charges	**556.28**	474.45
Repairs & Maintenance		
Machinery & Equipment	**877.40**	782.34
Buildings	**536.30**	494.03
Others	**630.81**	730.79

(Amount ₹ Lakhs)

Particulars	**For the Year ended 31st March 2012**	For the Year ended 31st March 2011
Amortisation of Special tools & Jigs	**627.44**	687.32
Stationary	**133.74**	113.57
Insurance	**351.65**	318.78
Rates & Taxes	**437.87**	775.57
Bank Charges	**2,220.24**	866.39
Postage, Telegram, Telephones and Telex	**365.71**	314.07
Commision on sales	**48.21**	84.95
Remuneration to Auditors (refer note 'b' below)	**32.74**	19.76
Legal & Professional Charges	**151.01**	118.67
Travelling Expenses	**1,790.68**	1,614.08
Publicity & Public Relations	**906.23**	602.78
Loss on Sale of Fixed Asset	**0.78**	2.41
Obsolescence	**614.89**	481.40
Bad Debts Written off	**62.66**	133.67
Defects & Spoilages	**88.59**	114.28
Excise duty on increase / (decrease) in Stock	**4,440.79**	2,480.50
Provision for Doubtful Debts and Advances	**4,372.67**	1,711.35
Provision for diminution in value of investment	**542.25**	–
Warranty & Unexpired Obligations	**2,220.80**	2,552.75
Liquidated damages on sales	**2,718.38**	1,828.89
Miscellaneous expenses [refer note 27(a)]	**16,480.42**	13,444.01
Total	**48,084.28**	36,339.63

a. Accounting Standard 11 (Foreign Exchange Fluctuations)

Effect of Foreign Currency Fluctuation included in the Miscellaneous Expenses for the year is ₹1345.61 lakhs. (Previous Year ₹ 295.22 lakhs included in Miscellaneous income).

b. Break up of Remuneration to Auditors :

(Amount ₹ Lakhs)

Particulars	**For the Year ended 31st March 2012**	For the Year ended 31st March 2011
(a) As Auditor	**9.00**	7.00
(b) Half yearly Audit fee	**3.83**	3.00
(c) for taxation matter	**2.40**	2.10
(d) Other Services	**6.70**	4.34
(e) Reimbursement of Expenses	**10.81**	2.48
TOTAL	**32.74**	18.92

NOTE 28 : Exceptional Items

(Amount ₹ Lakhs)

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Income		
Liability Written back	**2,882.42**	–
	2,882.42	–
Expenditure		
Expenditure	**–**	–
Net Income / (Expenditure)	**2,882.42**	–

NOTE 29 : Prior Period Items

Particulars	For the Year ended 31st March 2012	For the Year ended 31st March 2011
Income		
Sales	**–**	–
CD Refund Claim	**–**	260.62
Provision write back	**452.39**	–
	452.39	260.62
Expenditure		
Material Consumption	**291.63**	143.00
Contribution towards Officers Pension	**–**	1346.00
Depreciation	**2.65**	–
Liquidated damages	**–**	1092.00
Freight Charges	**(114.41)**	–
Interest	**45.28**	(6.56)
Others	**57.22**	140.54
	282.37	2,714.98
Net income / (Expenditure)	**170.02**	**(2,454.36)**

NOTE 30 : Other Disclosures

A. Basic/ Diluted Earnings Per Equity Share

	Current Year	Previous Year
Net Profit after Tax (Rs. Lakhs)	**5,690.98**	14,691.37
Average Number of Shares	**41,644,500**	41,644,500
Earnings Per Share (Basic and Diluted) – Face Value Rs. 10/- Per Share (Rs.)	**13.67**	35.28

B. In terms of the Notification No.S.O. 301 (E) dt.08.02.2011 of the Ministry of Corporate Affairs, the Board at its meeting held on 18..05.2012 had given consent with regard to non-disclosure of quantitative information relating to purchases, sales, consumption of raw materials, gross income from services rendered, work-in-progress etc, to be shown under Broad heads, as required under paragraphs 5(ii) (d); 5 (iii); and 5 (viii) (a) to (e) except (d) of Part-II of Schedule VI of the Companies Act, 1956, in the Annual accounts for the Financial Year 2011-12 and onwards.

C. Related Party Transactions

1. Accounting Standard 18 (Related Party Transactions)

i. Name of the Subsidiary - M/s. MAMC Industries Limited.

Details of Transactions (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Equity Contribution	**5.00**	–

ii. Name of the Joint Venture Company – M/s. BEML Midwest Limited, Hyderabad. Shareholding 45%.

Details of Transactions (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Sales	**–**	–
Purchases	**–**	–
Advances recoverable	**130.78**	108.65
Corporate Guarantee given to Bankers	**1,912.50**	1,912.50
Amount payable towards supplies	**231.88**	230.50

iii. Summary of transactions with Subsidiary and Joint Venture companies (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Corporate Guarantee given to Bankers	**1,912.50**	1,912.50
Amount payable towards supplies	**231.88**	230.50
Amount recoverable	**130.78**	108.65
Equity Contribution	**5.00**	–

iv. Remuneration to key management personnel

Name	**Amount (Rs.)**	**Designation**
Shri.V.RS. Natarajan	5884864	Chairman and Managing Director
Shri P. Dwarakanath	3910057	Director (Metro & Rail)
Shri. M. Pitchiah	3510053	Director (Finance)
Dr. M. Nellaiappan	3163242	Director (HR)
Shri. C.N. Durgesh	2293792	Director (Mining & Construction)
Shri. P.R. Naik*	1987790	Director (Defence)
Shri. V. Mohan*	1740822	Director (Defence)

* For part of the year.

D. Commitments & Contingent Liabilities

a. Commitments, Guarantees etc. (Amount ₹ Lakhs)

Particulars	**Current Year**	Previous Year
Estimated amount of contracts remaining to be executed on capital account and not provided for	**12,934.25**	5,233.10

b. Counter guarantees given to banks for guarantees issued on behalf of the company is ₹108249.25 lakhs. (Previous Year ₹ 65465.44 lakhs)

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

i Disputed statutory demands (Customs Duty, Central Excise, Service Tax, Sales Tax/VAT) ₹ 2459.40 lakhs (Previous Year ₹ 6592.06 lakhs)

ii Other claims- legal cases etc. ₹ 3205.03 lakhs (Previous Year ₹ 3433.01 lakhs)

d. Corporate Guarantee issued to bankers on behalf of M/s. BEML Midwest Ltd (Joint Venture company) ₹ 1912.50 lakhs (Previous Year ₹ 1912.50 lakhs)

NOTES

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

E. Pending completion of legal formalities as per foreign laws, in respect of foreign offices/ companies, the expenditure incurred thereof has been recorded in the company's books of accounts.

F. Aggregate amount of Research & Development Expenses: (Amount ₹ Lakhs)

Particulars	**As at 31st March 2012**	As at 31st March 2011
Revenue Expenditure*	**8,382.03**	6,746.31
Capital Expenditure**	**1,396.67**	2,687.42

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

a. Research & Development Revenue Expenditure : (Amount ₹ Lakhs)

Expenditure in R&D included in	**As at 31st March 2012**	As at 31st March 2011
Material Cost	**432.15**	20.30
Employee Remuneration	**3,381.95**	2,771.81
Depreciation	**843.61**	180.87
Power and Fuel	**216.62**	72.28

(Amount ₹ Lakhs)

Expenditure in R&D included in	**As at 31st March 2012**	As at 31st March 2011
Repairs and Maintenance	**146.66**	30.59
Consumable Tools	**0.55**	2.77
Travelling	**151.83**	92.66
Other Expenses	**459.43**	990.68
Payment for PLM Software	**438.77**	–
Payment to Technology Providers	**1,422.92**	–
Prototype held in WIP	**48.97**	378.20
Prototype held in FGI	**257.39**	246.37
Cost of Sales of Prototype sold	**1,424.79**	2,140.65
Total R&D Revenue Expenditure	**9,225.64**	6,927.18
Less: Depreciation	**843.61**	180.87
Net R & D Expenditure	**8,382.03**	6,746.31
Sale value of prototype sold - included in net Sales	**2,455.77**	5,062.31

** The aggregate amount of Research & Development expenditure recognised as Capital Expenditure till 31st March 2012 is as below.

b. Research & Development Capital Expenditure : (Amount ₹ Lakhs)

Particulars	**GROSS BLOCK**				**DEPRECIATION**				**NET BLOCK**	
	As at 01.04.11	Additions During the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 01.04.11	For the Year	Deduction / Re-classification & Adjustments During the Year	As at 31.03.12	As at 31.03.12	As at 31.03.11
Tangible Assets										
Land										
Free Hold	3.29	–	–	3.29	–	–	–	–	3.29	3.29
Roads & Drains	51.39	–	–	51.39	27.99	0.83	–	28.82	22.57	23.40
Water Supply Installations	12.60	–	–	12.60	12.35	0.04	–	12.39	0.21	0.25
Buildings	508.92	–	–	508.92	328.81	12.77	–	341.58	167.34	180.11
Plant, Machinery and Equipment	3,948.25	602.60	97.26	4,648.11	3,360.72	181.82	87.76	3,630.30	1,017.81	587.53
Electrical Installation	153.31	-	3.63	156.94	140.04	3.96	2.13	146.13	10.81	13.27
Furniture & Fixtures	150.27	17.54	18.67	186.48	121.56	10.20	3.73	135.49	50.99	28.71
Transport Vehicles	36.20	5.00	–	41.20	23.38	2.66	–	26.04	15.16	12.82
Intangible assets										
Software	365.16	771.53	–	1,136.69	17.29	250.93	–	268.22	868.47	–
Technical Knowhow	2,282.38	–	–	2,282.38	61.66	380.40	–	442.06	1,840.32	2,568.59
Total Tangible & Intangible Assets	**7,511.77**	**1,396.67**	**119.56**	**9,028.00**	**4,093.80**	**843.61**	**93.62**	**5,031.03**	**3,996.97**	**3,417.97**
Previous Year	4,822.92	2,687.42	1.43	7,511.77	3,915.20	180.87	(2.27)	4,093.80	3,417.97	907.72

G. Accounting Standard 17 (Segment Reporting)

a. Primary Reporting – Business Segment Customers (Amount ₹ Lakhs)

	Railway Customers		Defence Customers		Earth Moving / Equipment Customers		Other Customers		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue* External Revenue	55119	45040	44857	71675	166072	141877	5456	5787	271504	264379
Results :										
Segment Results	(1513)	(6131)	4370	8927	13489	24806	417	659	16763	28261
Unallocated Corporate Expenses									6765	4883
Operating Profit									9998	23378
Interest Expense									8909	6198
Interest Income									2454	3677
Exceptional items									2882	–
Income Taxes									904	3712
Prior Period Adjustments									(170)	2454
Net Profit									**5691**	**14691**

* The above segments include spares sold to customers in respective business segments.

*The company does not have any inter segment sales.

Revenue under Railway customer does not include ₹ 72779 lakhs (Previous year ₹ 82091 lakhs) biiled on behalf of the consortium by the company.

b. Segmental Capital Employed:

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

c. Secondary Reporting

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

H. Advances, balances with government departments, Trade Payables and receivables, other loans and advances and deposits classified under non curent and current are subject to confirmation. There are certain old balances pending review/ adjustment. The management does not expect any significant impact upon such reconciliation.

I. The Accounts for the year approved by the Board of Directors and certified by the Statutory Auditors on 31.05.2012 were revised in the light of the C&AG's observations under section 619(4) of the Companies Act, 1956. Pursuant to the revision the profit after tax is increased by ₹ 17.01 lakhs and Note No. 19.a. has been added.

J. Figures of previous year have been regrouped/ reclassified/ recast wherever necessary to conform to current year's presentation.

Auditor's Report on Consolidated Financial Statements

To The Board of Directors
BEML Limited,

1. We have audited the attached Consolidated Balance Sheet of BEML Limited (hereinafter referred to as "Company") and its subsidiaries (hereinafter referred to as "Group") as at 31st March 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Company's management on the basis of separate financial statements and other financial information relating to the components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have issued an audit report dated 31st May 2012 at Bangalore on the consolidated financial statements, as adopted by the Board of Directors on that date. Pursuant to the observations of Comptroller and Auditor General of India under section 619(4) of the Companies Act 1956, the company and its subsidiary, Vignyan Industries Limited have incorporated, certain modifications in their Financial Statements, and their respective auditors have issued their audit report. Hence the revised audit report is issued considering the modifications as stated above in the Consolidated Financial Statements of the Company.

3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. We did not audit the financial statements of the subsidiary Vignyan Industries Limited, whose financial statements reflect total assets of Rs. 2804.14 lakhs as at 31st March 2012 and total revenue of Rs. 3541.51 lakhs and net cash inflows amounting to Rs. 1.13 lakhs for the year then 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 report of the other auditor.

5. We have relied on the financial statements certified by the management in respect of BEML Brazil Industrial Ltda, whose financial statements reflect total assets of Rs. 185.64 lakhs as at 31st March 2012 and total revenue of Rs. 2.62 lakhs and net cash inflows amounting to Rs. 183.62 lakhs for the period then ended so far as it relates to the amounts included in respect if this subsidiary is based solely on the such un- audited financial statements certified by the management.

6. **As explained in Note 14(a) the control in MAMC Industries Limited is considered as temporary till it is converted to a joint venture company upon finalization of Joint Venture Agreement. As per the accounting principles, the financial statements should have been consolidated either as a subsidiary or as a joint venture. The effects on the financial statements of the failure to consolidate this company have not been determined.**

7. **As explained in Note 12 the financial statements of the BEML Midwest Limited, a Joint Venture company, has not been consolidated in absence of its financial statements. As per the accounting principles, the financial statements this joint venture should have been consolidated using proportionate consolidation method. The effects on the financial statements of the failure to consolidate this company, net of provision for the diminution already made in the value of investment, have not been determined.**

8. a. We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirement of the Accounting Standard (AS) 21 as notified by the Companies (Accounting Standards) Rules, 2006 **except for matters referred to in paragraph 6 and 7 above.**

   b. Without qualifying our opinion reference is invited to:

      1. **Note No.17(ii) in respect of claim from Railway Board in respect of wheel sets for 1480.60 lakhs and note no 17(vii) in respect of claim from Ministry of Defence in respect of deduction made by them on account of interest deducted Rs. 925.87 Lakhs. The realisation of these claims depends on the outcome of the representations which cannot presently be determined;**
      2. **Note No 30(H) regarding pending review/ adjustment of old balances and non obtention of confirmation of balances in respect of trade payables and receivables, other loans and advances, deposits;**

   c. Based on our audit as aforesaid, and on consideration of report of the other auditor on the separate financial statement referred to in Paragraph 4 above and on the management certified financial statements of a subsidiary referred to in Paragraph 5 above and to the best of our information and according to the explanations given to us, we are of the opinion that the consolidated financial statements, **except for the effects of matters referred to Paragraph 6 and 7 above,** give a true and fair view in conformity with accounting principles generally accepted in India.

      (A) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;

      (B) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

      (C) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For PADMANABHAN RAMANI & RAMANUJAM
Chartered Accountants
Firm Registration Number: 002510S

(G VIVEKANANTHAN)
PARTNER
Membership No.28339

Place : Chennai
Dated : 06.08.2012

Addendum to the Directors' Report

Company replies to observations of Statutory Auditors in their Consolidated Audit Report

Para No.	Auditors' Observations	Company's Reply
6	**As explained in Note 14(a) the control in MAMC Industries Limited is considered as temporary till it is converted to a joint venture company upon finalization of Joint Venture Agreement. As per the accounting principles, the financial statements should have been consolidated either as a subsidiary or as a joint venture. The effects on the financial statements of the failure to consolidate this company have not been determined.**	Since MAMC Industries Ltd, is intended to be only a subsidiary company temporarily, till the finalization of Joint Venture Agreement and no significant activity in the company, MAMC Industries Ltd has not prepared its accounts for FY 2011-12 and hence could not be consolidated. The impact, if any, on account of non-consolidation is not expected to be material.
7	**As explained in Note 12 the financial statements of the BEML Midwest Limited, a Joint Venture company, has not been consolidated in absence of its financial statements. As per the accounting principles, the financial statements this joint venture should have been consolidated using proportionate consolidation method. The effects on the financial statements of the failure to consolidate this company, net of provision for the diminution already made in the value of investment, have not been determined.**	There was complete cessation of activities in M/s. BEML Midwest Ltd., the JV company since Sept. 2008 and the matters relating to the JV company are subjudice. In view of the above, the JV company has not prepared its accounts and thus the same could not be consolidated. The impact, if any, on account of non-consolidation is not expected to be material.
8(b)	**1. Note No.17(ii) in respect of claim from Railway Board in respect of wheel sets for ₹ 1480.60 lakhs and note no 17(vii) in respect of claim from Ministry of Defence in respect of deduction made by them on account of interest deducted ₹ 925.87 Lakhs. The realisation of these claims depends on the outcome of the representations which cannot presently be determined;**	The subject matters are disclosed in detail in the notes referred and the company is confident of realizing the amounts
	2. Note No. 30(H) regarding pending review/ adjustment of old balances and non obtention of confirmation of balances in respect of trade payables and receivables, other loans and advances, deposits;	While the company has sought confirmation of balances, the same has been received in few cases. The realization and payment of dues subsequent to Balance Sheet date are in support of financial statements in majority of cases subject to timing differences in accounting by customers and vendors.

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

Name of the Subsidiary Company	:	Vignyan Industries Limited
The 'Financial Year' of the Subsidiary ended on	:	31st March, 2012
Number of shares in the subsidiary held by BEML Limited and its nominees at the above date	:	2,69,376 equity shares of the face value of Rs.100/- each

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

1) Dealt within the accounts of BEML amounted to

   a) For the subsidiary's financial year ended 31st March, 2012 : Nil

   b) Up to previous financial year of the subsidiary since it became subsidiary of BEML : Nil

2) Not dealt within the accounts of BEML amounted to

   a) For the subsidiary's financial year ended 31st March, 2012 : ₹ 64.64 lakhs

   b) Up to previous financial year of the subsidiary since it became subsidiary of BEML : ₹ 1301.98 lakhs (Profit)

Place : Bangalore	**M E V Selvamm**	**M Pitchiah**	**P Dwarakanath**
Dated : 09.07.2012	Company Secretary	Director (Finance)	Chairman & Managing Director (I/c)

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

Information related to M/s Vignyan Industries Limited, Subsidiary Company of BEML Limited for the Financial Year ended 31.03.2012:

(Amount ₹ Lakhs)

(a)	Capital	278.97	(f)	Turnover (Gross)	3920.77
(b)	Reserves & Surplus	533.67	(g)	Profit Before Taxation	64.64
(c)	Total Assets (Gross Block)	1655.34	(h)	Tax expense	(17.13)
(d)	Total Liabilities	1991.50	(i)	Profit After Tax	81.77
(e)	Details of Investment	NIL	(j)	Proposed Dividend (%)	—

Corporate Data*

BOARD OF DIRECTORS :

Shri P Dwarakanath
Chairman & Managing Director (I/c) &
Director (Metro & Rail Business)

Shri M. Pitchiah
Director (Finance)

Dr M. Nellaiappan
Director (HR)

Shri C.N. Durgesh
Director (Mining & Constructon Business)

Shri P. R. Naik
Director (Defence Business)

Smt. Rashmi Verma
Joint Secretary (Land Systems)
Department of Defence Production
Ministry of Defence

Shri Rajnish Kumar
Addl. Financial Adviser & Joint Secretary
Department of Defence Production
Ministry of Defence

Dr. (Smt.) Rekha Bhargava
Non-Executive Director

Lt. Gen. (Retd.) Noble Thamburaj
Non-Executive Director

Shri Kanwal Nath
Non-Executive Director

Shri Ramesh Bhat
Non-Executive Director

Prof. S. Sadagopan
Non-Executive Director

COMPANY SECRETARY :

Shri M E V Selvamm

CHIEF VIGILANCE OFFICER :

Smt Kavita Kestur

EXECUTIVE DIRECTORS :

Shri Krishna Reddy, AR
Shri Umesh Chandra
Shri Ganesh Natarajan
Shri Pradeep Swaminathan

CHIEF GENERAL MANAGERS :

Shri Mulla, MA
Shri Prakash, HS
Shri Haldar, AK
Shri Narasimha Rao, P
Shri Prasad, S
Shri Ravi, S
Shri Vishwanatha, BR
Shri Namperumal, L
Shri Nagaraj Kumar, PV
Shri Ashokan, D
Shri Panneer Selvam, R
Shri Ramachandra Rao, C
Shri Rajendran, S

GENERAL MANAGERS :

Shri Lokhande, SS
Shri Nageshwara Rao, C
Shri Ravishankar, N
Shri Ashok Kumar
Shri Kalidhas Majhi
Shri Manjunath, BL
Shri Sastry, NVS
Shri Shivakumar, P
Shri Huddar, SB
Shri Venkatesan, S
Shri Krishna Murthy, KV
Shri Ravi Chander, G
Shri Joe Pulickel
Shri Chowdhury, RD
Shri Deshmanya, MD
Shri Muralidhara, RH
Shri Prasanna Kumar, TS
Shri Suresh S Vastrad
Shri Satheesha, NV
Shri Amit Banerjee
Shri Hasainabba, UK
Shri Vinod Kumar Pareek
Shri Sreekumar Varma, TK
Shri Ravi Kumar, KS
Shri Mohanan, KP
Shri Kumaresan, S
Shri Krishna, BS
Shri Asit Kumar Nanda
Shri Piramanayagam, S
Shri Gurunatha Naik, HR
Shri Radhakrishna, KR
Shri Shankar, B
Brig. (Retd.) Ashwan Kumar Suri
Shri Sharadkumar, K. Kalagi
Shri Narayana Bhat, K
Shri Narayanayya Hasanadka
Shri Srinivasulu Reddy, S
Shri Raja Sekhar, MV
Shri Visweswara Rao, M
Shri Nagaraja Rao, SR
Shri Ranganath, HS
Shri Muthuvalavan, R

BANKERS :

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

LEGAL ADVISORS :

M/s JustLaw
Bangalore

M/s Sundaraswamy & Ramdas
Bangalore

TAX CONSULTANTS :

M/s King & Patridge
Bangalore

AUDITORS :

M/s Padmanabhab Ramani & Ramanujam
Chartered Accountants
Chennai

OFFICES :

**Registered, Corporate Office,
International Business Division
& Technology Division :**
"BEML SOUDHA", 23/1
IV Main, Sampangiramanagar
Bangalore - 560 027

Trading & Marketing Division :
5th Floor, Unity Buildings
J.C. Road
Bangalore - 560 002

UNITS :

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

KGF Complex :
BEML Nagar
Kolar Gold Fields - 563 115

Mysore Complex :
Belvadi Post
Mysore - 570 018

Palakkad Complex :
KINFRA Park
Menon Para Road
Kanjikode East
Palakkad - 678 621

Subsidiary Company :
Vignyan Industries Limited
PB No.4, BH Road,
Tarikere - 577 228

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

Zonal Offices :

Bilaspur
Hyderabad
Kolkata
Singrauli

Regional Offices :

Bilaspur
Chennai
Dhanbad
Hyderabad
Kolkata
Mumbai
Nagpur
New Delhi
Ranchi
Sambalpur
Singrauli

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

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

Overseas Offices :

Brazil
China
Indonesia
Malaysia

*As on 09.08.2012

BEML Limited

Registered Office :
BEML Soudha, 23/1, 4th Main, S.R. Nagar, Bangalore – 560 027

ADMISSION SLIP

48TH ANNUAL GENERAL MEETING – 14.09.2012 AT API BHAVANA, 16/F, MILLERS TANK BED AREA, VASANTHANAGAR, BANGALORE – 560 052 AT 10.30 HRS.

Regd. Folio No……………. No. of shares held ………………

DP ID ……………………..….. Client ID …………..……….……..

I / We certify that I / we / am are a registered Shareholder / Proxy for the registered Shareholder of the Company. I / We hereby record my / our presence at the meeting.

____
Member / Proxy's signature

Note : Shareholder / Proxyholder must bring the Admission Slip to the meeting and hand it over at the entrance duly signed.

BEML Limited

PROXY FORM

I/We …………………………..………………………………………………………………….. of …………………………………………………….. being a Member / Members of BEML Limited hereby appoint…………………………………………………………………………………………. of …………………………………………………………………......................……… or failing him / her ……………………………. of ……………………………………………………………………………... as my / our proxy to attend and vote for me / us on my / our behalf at the 48th Annual General Meeting of the Company to be held on 14.09.2012 and / or any adjournment thereof.

Signed by the said..

Folio No. ....

DP ID. ....

Client ID. ....

No. of shares held ....

Affix
Revenue
Stamp

Note : The proxy form must be returned so as to reach the Regd. Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

A view of Parliamentary Standing Committee on Defence during its visit to Mysore Complex on 16th March, 2012.

An artistic view of upcoming BEML Aerospace Manufacturing Complex at Devanahalli SEZ, Bangalore.

Roll-out of indigenously designed and developed Intermediate Metro Car for DMRCL.

A view of BEML Stall in India Aviation-2012 Exhibition held from 14-18 March, 2012 at Hyderabad.

BEML Equipment in Excon-2011 exhibition held at Bangalore Exhibition Centre from 23-27 November, 2011.

A view of BEML Stall in IME-2012 held at Kolkata Salt Lake Stadium from 28-31 January, 2012.