



# बी ई एम एल लिमिटेड BEML LIMITED

(CIN: L35202KA1964GOI001530)

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

Winner of



Golden Peacock  
Innovation Management Award

## Manufacturing Units :

**Bangalore Complex**  
Tel : 080-25242414  
e-mail : bemicgmr@vsnl.com

**KGF Complex**  
Tel : 08153-263020  
e-mail : bemiede@vsnl.net.in

**Mysore Complex**  
Tel : 0821-2402422  
e-mail : bemplmys@sancharmet.in

**International Business Division**  
Tel : + 91-80-2222 2730, 2223 3350  
e-mail : office@export.beml.co.in

**Technology Division**  
Tel : + 91-80-2296 3100-109  
e-mail : office@ctd.beml.co.in

**Trading Division**  
Tel : + 91-80-22963113  
e-mail : office@trading.beml.co.in

## Regional Offices :

**Bilaspur**  
Tel : 07752-252082  
e-mail : bilaspur@rm.beml.co.in

**Chennai**  
Tel : 044-28270792  
e-mail : chennai@rm.beml.co.in

**Hyderabad**  
Tel : 040-23227032  
e-mail : hyderabad@rm.beml.co.in

**Kolkata**  
Tel : 033-22826314  
e-mail : kolkatta@rm.beml.co.in

**Mumbai**  
Tel : 022-22049490  
e-mail : mumbai@rm.beml.co.in

**Nagpur**  
Tel : 0712-2248435  
e-mail : nagpur@rm.beml.co.in

**New Delhi**  
Tel : 011-23316500  
e-mail : delhi@rm.beml.co.in

**Ranchi**  
Tel : 0651-2560370  
e-mail : ranchi@rm.beml.co.in

**Sambalpur**  
Tel : 0663-2521604  
e-mail : sambalpur@rm.beml.co.in

**Singrauli**  
Tel : 07805-268260  
e-mail : singrauli@rm.beml.co.in

## BEML Service Centres :

**Moula Ali, Hyderabad**  
Tel : 040-27240873  
e-mail : sh@Zonal.beml.co.in

**Ongole - Service Activity Centre**  
Mobile No. : 9440312607

**Service Activity Centre**  
Katni - 483501 (M. P.)  
Mobile No. : 9425156473

**Service Centre & Stores**  
Kolkata - 700088  
Tel : 033-24010782  
e-mail : storeskolkotte@rm.beml.co.in

Ref: CS/SE/Q-4/16

25.05.2019

National Stock Exchange of India Ltd. Listing Compliance Department Exchange Plaza, Bandra-Kurla Complex, Bandra (East), MUMBAI - 400 051	The BSE Limited Listing Compliance Department P.J.Towers, 26 <sup>th</sup> Floor, Dalal Street, MUMBAI - 400 001
-------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------

Dear Sir/Madam,

**Sub:** Audited Financial Results for the year ended 31.03.2019 together with the results for the Fourth quarter - Reg.

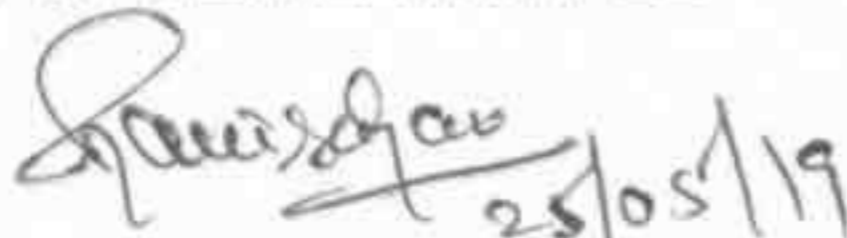
**Ref :** Our letter No. CS/SE/Q-4/014 dt.13.05.2019

Please find enclosed Audited financial results including consolidated financial results, in the detailed format, along with Auditor's Report and Impact of Audit Qualification (for audit report with modified opinion), for the year ended 31.03.2019 together with the results for the Fourth quarter in terms of Regulation 33 of the (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said results have been considered and approved by the Board at its 352<sup>nd</sup> meeting held on 25.05.2019. Arrangements have also been made to publish the extract of the results in a national daily (English) and local daily (Kannada) newspapers.

In terms of Regulation 33(3)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we declare that the Statutory Auditors of the Company have issued Audit Report with unmodified opinion for Standalone financial results for the year ended 31.03.2019.

It may be noted that the Board of Directors had approved an Interim Dividend of Rs.4.50 per equity share on 21.03.2019. Further, the Board of Directors have recommended a final dividend of Rs.2.50/- per equity share for the year ended 31.03.2019. Please bring this to the notice of all concerned.

Yours faithfully  
For BEML LIMITED

  
(S V Ravisekhar Rao)

Company Secretary & Compliance Officer

Encl : As above





**BEML Limited**

(CIN: L35202KA1964GOI001530)

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

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

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

**Statement of Standalone / Consolidated Audited Results for the year ended 31-03-2019**

(₹ in lakhs except EPS)

S. No	Particulars	Unaudited results for three months ended			Audited results for year ended		Consolidated audited results for year ended	
		31-03-2019	31-12-2018	31-03-2018	31-03-2019	31-03-2018	31-03-2019	31-03-2018
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
I	Revenue from operations	1,36,848	92,385	1,25,260	3,48,106	3,30,542	3,47,425	3,29,871
II	Other income	905	520	1,181	2,312	2,490	2,324	2,504
III	<b>Total Income (I+II)</b>	<b>1,37,753</b>	<b>92,905</b>	<b>1,26,441</b>	<b>3,50,418</b>	<b>3,33,032</b>	<b>3,49,749</b>	<b>3,32,375</b>
IV	<b>Expenses:</b>							
	Cost of materials consumed	73,546	56,164	60,434	1,97,062	1,72,544	1,95,063	1,70,764
	Purchase of stock-in-trade	-	-	-	-	-	-	-
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	1,634	(1,660)	5,688	1,423	1,866	1,652	1,683
	Employee benefits expense	22,186	19,295	21,859	80,193	80,850	80,575	81,325
	Finance costs	1,576	1,827	1,272	5,939	4,808	5,961	4,832
	Depreciation and amortization expense	1,731	1,748	1,652	6,958	6,424	7,072	6,539
	Other expenses	14,109	11,061	13,332	45,747	50,160	46,381	50,825
	<b>Total Expenses (IV)</b>	<b>1,14,782</b>	<b>88,435</b>	<b>1,04,237</b>	<b>3,37,322</b>	<b>3,16,652</b>	<b>3,36,704</b>	<b>3,15,968</b>
V	Profit / (Loss) before exceptional items and tax (III-IV)	22,971	4,470	22,204	13,096	16,380	13,045	16,407
VI	Add/ (Less) : Exceptional items	-	-	-	-	-	-	-
VII	<b>Profit / (Loss) before tax (V-VI)</b>	<b>22,971</b>	<b>4,470</b>	<b>22,204</b>	<b>13,096</b>	<b>16,380</b>	<b>13,045</b>	<b>16,407</b>
VIII	Tax expense	6,747	-	3,435	6,747	3,435	6,729	3,439
IX	Profit / (Loss) for the year from continuing operations (VII-VIII)	16,224	4,470	18,769	6,349	12,945	6,316	12,968
X	Profit / (Loss) from discontinuing operations	-	-	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-	-	-
XII	Profit / (Loss) from discontinued operations (after tax) (X-XI)	-	-	-	-	-	-	-
XIII	<b>Profit / (Loss) for the year (IX+XII)</b>	<b>16,224</b>	<b>4,470</b>	<b>18,769</b>	<b>6,349</b>	<b>12,945</b>	<b>6,316</b>	<b>12,968</b>
XIV	Other Comprehensive Income	2,249	(1,190)	(5,567)	(1,321)	(7,067)	(1,344)	(7,084)
XV	<b>Total Comprehensive Income for the year (XIII+XIV)</b>	<b>18,473</b>	<b>3,280</b>	<b>13,202</b>	<b>5,028</b>	<b>5,878</b>	<b>4,972</b>	<b>5,884</b>
XVI	Earnings per equity share: (₹10/- each) in ₹ Basic and diluted	38.96	10.73	45.07	15.24	31.08	15.17	31.14

**Notes**

- The above results as duly reviewed and recommended by Audit Committee were approved by the Board of Directors at the Meeting held on 25.05.2019
- With the introduction of GST, w.e.f. 01.07.2017 Revenue from operations does not include taxes and duties whereas previous year figures included excise duty upto 30.06.2017.
- Effective April 1, 2018, the company has adopted IND AS 115, "Revenue from contracts with customers".
- The previous period's figures have been regrouped and reclassified wherever necessary to make them comparable with the current period's figures.
- Exemption has been granted by SEBI from publishing segment-wise information.
- The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date unaudited figures up to the third quarter of the current financial year.
- The Statement of Assets and Liabilities as at 31-03-2019 is enclosed.
- Financial results of Subsidiaries have been consolidated as indicated in Column no. (6) & (7).
- The Board of Directors had approved an Interim Dividend of Rs. 4.50 per equity share on 21.03.2019 . Further, the Board of Directors have recommended a final dividend of Rs. 2.50/- per equity share for the year ended 31-03-2019.

By order of the Board  
for BEML Limited

(D K HOTA)

Chairman and Managing Director

दीपक कुमार होता

DEEPAK KUMAR HOTA

अध्यक्ष एवं प्रबंध निदेशक Chairman & Managing Director

बीईएमएल लिमिटेड BEML LIMITED

'बेमल सौधा', 23/1, चौथा मैन, एस.आर. नगर

BEML Soudha, 23/1, 4th Main, S.R.Nagar

बंगलूर BANGALORE - 560 027.

Place: Bengaluru

Date : 25.05.2019





# BEML Limited

(CIN: L35202KA1964GOI001530)

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

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

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

## Standalone / Consolidated Statement of Assets and Liabilities

(₹ in Lakhs)

Particulars	Standalone as at		Consolidated as at	
	31-03-2019	31-03-2018	31-03-2019	31-03-2018
	Unaudited	Unaudited	Unaudited	Unaudited
<b>I. Assets</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	57,306	53,084	58,407	54,255
(b) Capital work-in-progress	2,528	6,802	2,545	6,810
(c) Intangible assets	4,681	5,201	4,681	5,201
(d) Intangible assets under development	-	-	-	-
(e) Financial assets				
(i) Investments	258	258	-	-
(ii) Loans	9	859	9	859
(iii) Other financial assets	51	38	51	38
(f) Deferred tax assets (net)	11,748	13,827	11,788	13,849
(g) Other non-current assets	6,877	8,330	6,275	7,728
<b>Total non-current assets</b>	<b>83,458</b>	<b>88,399</b>	<b>83,756</b>	<b>88,740</b>
<b>(2) Current assets</b>				
(a) Inventories	1,70,227	1,79,951	1,70,952	1,80,721
(b) Financial Assets				
(i) Investments	-	44	-	-
(ii) Trade receivables	1,61,305	1,65,081	1,61,396	1,65,083
(iii) Contract Assets	48,916	-	48,917	-
(iv) Cash and cash equivalents	2,237	164	2,237	209
(v) Bank Balance Other than (iv) above	906	34	906	34
(vi) Loans	817	818	817	818
(vii) Other financial assets	641	652	644	652
(viii) Current tax assets (Net)	7,559	4,304	7,569	4,309
(c) Other current assets	23,984	27,976	24,045	27,945
<b>Total current assets</b>	<b>4,16,592</b>	<b>3,79,024</b>	<b>4,17,483</b>	<b>3,79,771</b>
<b>Total Assets</b>	<b>5,00,050</b>	<b>4,67,423</b>	<b>5,01,239</b>	<b>4,68,511</b>
<b>II. Equity and Liabilities</b>				
<b>Equity</b>				
(a) Equity share capital	4,177	4,177	4,177	4,177
(b) Other Equity	2,14,548	2,15,846	2,14,560	2,15,934
<b>Equity attributable to equity holders of the parent</b>	<b>2,18,725</b>	<b>2,20,023</b>	<b>2,18,737</b>	<b>2,20,111</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>22</b>
<b>Total Equity</b>	<b>2,18,725</b>	<b>2,20,023</b>	<b>2,18,757</b>	<b>2,20,133</b>
<b>Liabilities</b>				
<b>(1) Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	30,297	30,449	30,297	30,449
(ii) Other financial liabilities	42	42	42	42
(b) Provisions	17,571	16,637	17,571	16,637
(c) Other non-current liabilities	33,346	33,333	33,346	33,333
<b>Total non-current liabilities</b>	<b>81,256</b>	<b>80,461</b>	<b>81,256</b>	<b>80,461</b>
<b>(2) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	9,751	13,467	9,917	13,536
(ii) Trade payables				
(A) Micro & Small Enterprises	2,550	2,329	2,575	2,386
(B) Other than Micro & Small Enterprises	73,659	51,178	74,123	51,619
(iii) Other financial liabilities	3,850	2,683	3,882	2,712
(b) Other current liabilities	75,755	62,056	75,836	62,109
(c) Provisions	30,545	33,669	30,925	33,988
(d) Current tax liabilities (Net)	3,959	1,557	3,968	1,567
<b>Total current liabilities</b>	<b>2,00,069</b>	<b>1,66,939</b>	<b>2,01,226</b>	<b>1,67,917</b>
<b>Total Equity and Liabilities</b>	<b>5,00,050</b>	<b>4,67,423</b>	<b>5,01,239</b>	<b>4,68,511</b>



By order of the Board  
for BEML Limited

(D K HOTA)

Chairman and Managing Director

दीपक कुमार होता  
DEEPAK KUMAR HOTA  
अध्यक्ष एवं प्रबंध निदेशक Chairman & Managing Director  
बीईएमएल लिमिटेड BEML LIMITED  
'बेमल सौधा', 23/1, चौथा मैन, एस.आर.  
BEML Soudha, 23/1, 4th Main, S.R.

**Statement of Impact of Audit Qualifications on the Consolidated Accounts  
for the Financial Year ended March 31, 2019**

[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications) *
	1.	Turnover / Total Income (₹ in Lakhs)	349749	349749
	2.	Total Expenditure (₹ in Lakhs)	336704	336704
	3.	Net Profit/(Loss) (₹ in Lakhs)	6316	6316
	4.	Earnings Per Share (in ₹)	15.17	15.17
	5.	Total Assets (₹ in Lakhs)	501239	501239
	6.	Total Liabilities (₹ in Lakhs)	282482	282482
	7.	Net Worth (₹ in Lakhs)	218757	218757
	8.	Any other financial item(s) (as felt appropriate by the management)	--	--

\* Impact of audit qualification cannot be quantified as explained at Sl.No. II e below.

**II. Audit Qualification (each audit qualification separately) :**

**a. Details of Audit Qualification :**

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

**b. Type of Audit Qualification :** Qualified opinion

**c. Frequency of qualification :** Repeated since year 2009-10

**d. For Audit Qualification(s) where the impact is quantified by the auditors, Management's views :**

**e. For Audit Qualification(s) where the impact is not quantified by the auditor :**

**(i) Management's estimation on the impact of audit qualification:**

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. Provision for diminution in the value of investment in the JV company is already made. The impact, if any, on account of non-consolidation is not expected to be material.

**(ii) If management is unable to estimate the impact, reasons for the same:**

As explained at Sl. No. II e (i) since the JV company has not prepared its accounts and BEML Limited has already made a provision for diminution in value of investment in the JV company; BEML is not in a position to estimate the impact, if any. However, the impact is not expected to be material.

**(iii) Auditors' Comments on (i) or (ii) above:**

**III. Signatories :**

• Managing Director



• Audit Committee Chairman



• Statutory Auditor



Place : Bengaluru

Date : 25.05.2019

दीपक कुमार शर्मा  
DEEPAK KUMAR HOTA  
अध्यक्ष एवं प्रबंध निदेशक Chairman & Managing Director  
बीईएमएल लिमिटेड BEML LIMITED  
'बेमल सौधा', 23/1, चौथा मेन, एस.आर. नगर  
BEML Soudha, 23/1, 4th Main, S.R. Nagar  
बेंगलूर BANGALORE - 560 027





INDEPENDENT AUDITOR'S REPORT  
To the members of **BEML LIMITED**

**Report on the Standalone Financial Statements**

**Opinion**

1. We have audited the accompanying standalone financial statements of **BEML LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under section 133 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2019 and its **PROFIT**, change in equity and its cash flows for the year ended on that date.

**Basis for Opinion:**

3. We conducted our audit in accordance with the Standards on Auditing [SAs] specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the audit of financial statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter:**

4. We draw our attention to:
  - a) Note No.14 in respect of Trade receivable from MOD Rs. 4,899.99 lakhs towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with MOD in 2001. The realization of these receivables depends on the final determination of the amount payable by MOD.
  - b) Note No.11 (a) in respect of the amount advanced to MAMC consortium for Rs.5,851.03 lakhs, realization/settlement of which depends on approval from Ministry of Defence and viable business plan.
  - c) Note No. 39(G) regarding pending confirmation, reconciliation, review/adjustment of balances in respect of advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits.





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

**Key Audit Matters:**

5. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sl.No	Key Audit Matters	Auditor's Response
a.	<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard):</b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p><i>Refer Note 30 to the Standalone Financial Statements</i></p>	<p><b>Principal Audit Procedures</b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>○ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>○ Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>○ Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>▪ Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>▪ Compared these performance obligations with that identified and recorded by the Company.</li> <li>▪ Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis</li> </ul> </li> </ul>





		<p>of estimation of the variable consideration.</p> <ul style="list-style-type: none"> <li>▪ In respect of samples relating to metro contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual cost incurred up to that stage with estimation. We also tested the access and change management controls relating to these systems.</li> <li>▪ Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>▪ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>▪ We reviewed the collation of information from the budgeted information of the management used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> </ul>
<p>b.</p>	<p><b>Recoverability and assessment of Trade Receivables, advances, balances with government departments</b></p> <p>The Company has net trade receivable (Note No.14) of Rs. 161,304.66 lakhs after providing for impairment of Rs. 19,003.07 lakhs and net Advances &amp; balances with Government Departments (Note No. 18) of Rs. 12,827.27 lakhs after providing for impairment of Rs. 9,575.30 lakhs</p> <p>Trade receivables, advances, balances with government departments of the company comprise mainly receivables in relation to the manufacturing and sale of (i) Earth Moving equipment (ii) Rail &amp; Metro Products (iii) Defence products (iv) spares and services (v) Advance to Vendors and (vi) Duties and taxes etc.</p> <p>These balances are recognised at their</p>	<p><b>Principal Audit Procedures</b></p> <p>We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>○ Tested the accuracy of aging of trade receivables, advances, balances with government departments at year end on a sample basis.</li> <li>○ Obtained a list of outstanding receivables and identified any debtors wherever there is delay in payment over the terms agreed.</li> <li>○ Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers and latest correspondence with customers and to consider if any additional provision should be made; and</li> <li>○ Tested subsequent settlement of trade</li> </ul>





	<p>anticipated realisable value, which is the original invoiced amount/payments less provision (estimated for) for non-realizable value.</p> <p>Valuation of trade receivables, advances, and balances with government departments is a key audit matter in the audit due to the size of its holding and the high level of management judgement used in determining the impairment provision.</p>	<p>receivables after the balance sheet date on a sample basis, if any.</p> <p>We found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence.</p> <p>We have drawn attention in Emphasis of Matters on trade receivables, advances and balances with government departments which, in our judgement, are fundamental to the users' understanding of the financial statements.</p>
<p>c.</p>	<p><b>Disputes and potential litigations:</b> <i>Refer to Note 39.D.I.a.i. in the standalone financial statements</i></p> <p>The Company is involved in legal proceedings on disputed tax demands. The company's management has assessed that the probability of success of the demand is Remote and accordingly has not provided for the disputed demands.</p> <p>Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we discussed the cases with management, and reviewed correspondence and other documents exchanged between company and advocates/legal practitioners parties involved in the disputes. We verified the demands with extracts of concerned web-portals produced on, sample basis.</p> <p>We tested provisions recorded in the accounting records and reviewed the disclosures for completeness based on our procedures detailed above.</p>

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements:**

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial







statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements:**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Report on other Legal and Regulatory Requirements**

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure-A** a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.

12. As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.





- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) Being a Government Company provisions of section 164(2) of the Act relating to disqualification of directors are not applicable.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company's financial statements and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**.
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 39(D)(I)(a)(ii) of standalone financial statements.
  - The Company did not have any derivative contracts but have provided material foreseeable losses of Rs.1,123.57 Lakhs for onerous contracts (Refer Note 37).
  - There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.
13. As required by Section 143(5) of the Act, which is applicable to the Company, we give our separate report in **Annexure – C**

Place: Bengaluru (camp)  
Date: 25.05.2019



For V. KRISHNAN & CO.,  
Chartered Accountants  
Firm Regn No: 001541S

**M.GOPINATH-Partner,**  
Membership No. 023819



ANNEXURE-A

Referred in paragraph 11 of the INDEPENDENT AUDITOR'S REPORT of even date on the standalone financial statements of M/s. BEML LIMITED for the year ended 31.03.2019

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

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and as informed to us, no material discrepancies have been noticed between the book records and physical verification of fixed assets.
- (c) The title deeds of immovable properties are held in the name of the company except in the following cases.
  - 1) As explained to us, Building costing Rs. 33.00 lakhs (carrying value Rs.15.86 lakhs) situated at Mumbai and Ranchi are pending for registration / khatha transfer .
  - 2) As explained to us, Lease Hold land costing Rs. 129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
  - 3) As explained to us, free hold land measuring 560 acres at Mysore costing Rs. 307.58 lakhs (including additional compensation of Rs. 183.57 lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB.
  - 4) Kerala Industrial Infrastructure Development Corporation (KIIDC) has allotted Leased land measuring 374.59 acres for a lease premium of Rs. 2547.21 lakhs for 99 years lease period w.e.f 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and revised lease premium payable is Rs. 2544.29 lakhs only and execution of formal amendment of lease agreement is pending.
  - 5) As explained to us, the Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s.Bharat Gold Mines Limited (BGML) and a sum of 100 Lakhs was paid as non-refundable deposit, The Company had incurred on the above land a sum of Rs. 1452.95 lakhs ( with carrying value of Rs.948.61 Lakhs) on Buildings included in Property, Plant and Equipment (Note 3) as at the year end. Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expired on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiring of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued.





- 6) As explained to us, the Company has taken action to obtain title documents in respect of the following immovable properties;
- Flat at Roshan Complex Madras – Rs. 4.04 lakhs
  - Flat at Ashadeep, New Delhi - Rs. 2.80 lakhs
  - Office building at Nagpur - Rs. 27.18 lakhs
  - Lease Hold Land at Singrauli - Rs. 1.75 lakhs.
- 7) The Company has initiated legal action to obtain possession of 1.88 acres of land out of 5 acres at Tatisileai, Arra Village, Ranchi.
- ii) The company has conducted the physical verification of the inventory excluding materials lying with third parties and work in progress during the year in accordance with programme designed to cover all items over a phased manner. According to the information and explanation given to us and in our opinion the frequency of physical verification is reasonable. The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 (iii) (a) (b) and (c) of the Order are not applicable to the Company.
- iv) There are no transactions of loans to directors, and being a Government Company engaged in defence production, provisions of Sec 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security are not applicable.
- v) The Company has not accepted any deposits to which the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under and also the directions issued by the Reserve Bank of India.
- vi) Maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. We are of the opinion that prima facie, the prescribed records have been made and maintained.
- vii) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (b) The details of dues of income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute, is furnished below :-

Name Of The Statute	Nature Of Disputed Tax	Amount (Rs. Lakhs)	Period To Which The Amount Relates	Forum Where The Dispute Is Pending
Central Excise Act, 1944	Excise Duty incl. Interest and Penalty	28,761.75	2003-04 to June 2017	CESTAT, Bangalore





	Excise Duty incl. Interest and Penalty	735.55	2005-06 to 2006-07	Appellate Authority
	National Calamity Contingency Duty	1,193.30	2014-15	CESTAT
	<b>Total Excise Duty</b>	<b>30,690.60</b>		
Service Tax Act, 1994	Service Tax including penalty	1,352.25	2004-05, 2006-07, 2010-11 & Feb 2014 to March 2015	CESTAT, Bangalore
	Service Tax	2,112.24	2006-07 to 2016-17	Appellate Authority
	<b>Total Service Tax</b>	<b>3,464.49</b>		
The Customs Act, 1962	Customs Duty	2,126.30	2006-07	CESTAT, Chennai
The Karnataka Municipal Corporation Act, 1976	Municipality Taxes KGF	706.11	2012	City Municipality council – KGF
	Property Tax	109.11	1995-96 to 2005-06	City Civil Judge, Bangalore
	<b>Total ED, Service Tax, CD &amp; Property tax</b>	<b>37,096.61</b>		
Sales Tax Act of Various States	Sales Tax /VAT	10.24	2003-04	Maharashtra Sales Tax tribunal
	Sales Tax /VAT	6,631.33	December 2005 to March 2008 & 2008-09, 2009-10, 2010-11	Karnataka Sales Tax tribunal
	Sales Tax /VAT	604.32	1999-00, 2001-02, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08, 2009-10	Revision & Appellate Board of Various States
	Sales Tax /VAT	2,041.73	From 1983-84 to 2012-13	Other appellate authorities
	<b>Total Sales Tax / VAT</b>	<b>9,287.62</b>		
	<b>Grand Total</b>	<b>46,384.23</b>		






Amount Deposited under Protest	Central Excise/Customs	146.57		
Amount Deposited under Protest	Sales Tax VAT	2,867.60		
	<b>TOTAL</b>	<b>3,014.17</b>		

- viii) The Company has not defaulted in repayment of loans or borrowings due to financial institutions, banks, Government and to debenture holders.
- ix) The company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans during the year.
- x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) Being a Government company, the provisions of sec 197 read with schedule V to the Act, relating to the managerial remuneration are not applicable.
- xii) The Company is not a Nidhi Company and accordingly paragraph 3 (xii) of the Order is not applicable to the Company.
- xiii) All transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed under Note 39C in the standalone financial Statements as required by the applicable Accounting Standards.
- xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and accordingly paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv) The company has not entered into any non-cash transactions with directors or persons connected with him and accordingly paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly paragraph 3 (xvi) of the Order is not applicable to the Company.

Place: Bengaluru (camp)  
Date: 25.05.2019



For V. KRISHNAN & CO.,  
Chartered Accountants  
Firm Regn No: 001541S

  
**M.GOPINATH-Partner,**  
Membership No. 023819



ANNEXURE -B

Referred in clause (f), paragraph 12 of the INDEPENDENT AUDITOR'S REPORT of even date on the standalone financial statements of M/s. BEML LIMITED for the year ended 31.03.2019

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

We have audited the internal financial controls over financial reporting of M/s. BEML LIMITED (hereinafter referred as "the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

Independent Auditor's Report on the Standalone Financial Statements of BEML LIMITED for the a/c year 2018-19:Page-11

"Lalith Mahal", # 135, Registrar Periyasamy Street, Sankaranpalayam, Vellore – 632001, Tamilnadu.

Phone: 0416-2222760. E-mail: admin@vkandco.com; kusancar@gmail.com.





Page -2 (Annexure-B)

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

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion:**

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Place: Bengaluru (camp)  
Date: 25.05.2019



For V. KRISHNAN & CO.,  
Chartered Accountants  
Firm Regn No: 0015415

M.GOPINATH-Partner,  
Membership No. 023819





ANNEXURE -C

Referred in paragraph 13 of the INDEPENDENT AUDITOR'S REPORT of even date on the standalone financial statements of M/s. BEML LIMITED for the year ended 31.03.2019

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

- I. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Comment: Yes, the company has system in place to process all the accounting transactions through IT system. We observed that no accounting transactions are processed outside IT system on the integrity of the accounts.

- II. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.

Comment: There are no instances of restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc made by a lender to the company due to company's inability to repay the loan.

- III. Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

Comment: The company, during the year of audit, has not received/receivable of funds for specific schemes from Central/State agencies.

Place: Bengaluru (camp)  
Date: 25.05.2019



For V. KRISHNAN & CO.,  
Chartered Accountants  
Firm Regn No: 001541S

M.GOPINATH-Partner,  
Membership No. 023819



INDEPENDENT AUDITOR'S REPORT  
To the members of BEML LIMITED

Report on the Consolidated Financial Statements

**Qualified Opinion**

1. We have audited the accompanying consolidated financial statements of **BEML LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities which comprise consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matters described under the "Basis for Qualified Opinion" section of our report**, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under section 133 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the company as at March 31, 2019 and its consolidated **PROFIT**, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Qualified Opinion:**

3. As explained in *Note.7*, the financial statements of BEML Midwest Limited, a joint venture Company, has not been consolidated in the absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated financial statements, of the failure to consolidate this Joint Venture Company, net of provision for diminution already made in the value of the investment, has not been determined.
4. We conducted our audit in accordance with the Standards on Auditing [SAs] specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the audit of consolidated financial statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





**Emphasis of Matter:**

5. We draw our attention to:

- a) Note No.14 in respect of Trade receivable from MOD Rs. 4,899.99 lakhs towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with MOD in 2001. The realization of these receivables depends on the final determination of the amount payable by MOD.
- b) Note No.11 (a) in respect of the amount advanced to MAMC consortium for Rs.5,851.03 lakhs, realization/settlement of which depends on approval from Ministry of Defence and viable business plan.
- c) Note No. 39(G) regarding pending confirmation, reconciliation, review/adjustment of balances in respect of advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits.
- d) In the books of MAMC Industries Limited, company is holding lease hold land taken from Urban Development Dept, Govt of West Bengal on 7<sup>h</sup> March 2011 and the said land is lying without erection of factory and as per the term No.25 of said lease deed, the Govt. of West Bengal has right to re-enter and take back the possession of the said land if no factory is erected within two years from the date of lease and also have to right to cancel the lease deed. Further, the lease rentals remain unpaid since the date of lease, see Note No.3, Property, Plant and Equipment attached to the Balance Sheet, which is in non observance of point no 23 of the said lease deed.

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

**Key Audit Matters:**

6. Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sl.No	Key Audit Matters	Auditor's Response
a.	<p><b>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers" (new revenue accounting standard):</b></p> <p>The application of the new revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the</p>	<p><b>Principal Audit Procedures</b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>○ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>○ Selected a sample of continuing and new</li> </ul>





<p>identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p><i>Refer Note No.30 to the Consolidated Financial Statements</i></p>	<p>contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</p> <ul style="list-style-type: none"> <li>○ Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>▪ Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>▪ Compared these performance obligations with that identified and recorded by the Company.</li> <li>▪ Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> <li>▪ In respect of samples relating to metro contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual cost incurred up to that stage with estimation. We also tested the access and change management controls relating to these systems.</li> <li>▪ Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>▪ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>▪ We reviewed the collation of information from the budgeted information of the management used to prepare the disclosure relating to</li> </ul> </li> </ul>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------





		the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.
b.	<p><b>Recoverability and assessment of Trade Receivables, advances, balances with government departments</b></p> <p>Trade receivables, advances, balances with government departments of the company comprise mainly receivables in relation to the manufacturing and sale of (i) Earth Moving equipment (ii) Rail &amp; Metro Products (iii) Defence products (iv) spares and services (v) Advance to Vendors and (vi) Duties and taxes etc.</p> <p>These balances are recognised at their anticipated realisable value, which is the original invoiced amount/payments less provision (estimated for) for non-realizable value.</p> <p>Valuation of trade receivables, advances, and balances with government departments is a key audit matter in the audit due to the size of its holding and the high level of management judgement used in determining the impairment provision.</p>	<p><b>Principal Audit Procedures</b></p> <p>We have performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>○ Tested the accuracy of aging of trade receivables, advances, balances with government departments at year end on a sample basis.</li> <li>○ Obtained a list of outstanding receivables and identified any debtors wherever there is delay in payment over the terms agreed.</li> <li>○ Assessed the recoverability of the unsettled receivables on a sample basis through our evaluation of management's assessment with reference to the credit profile of the customers, historical payment pattern of customers and latest correspondence with customers and to consider if any additional provision should be made; and</li> <li>○ Tested subsequent settlement of trade receivables after the balance sheet date on a sample basis, if any.</li> </ul> <p>We found the key judgements and assumptions used by management in the recoverability assessment of trade receivables to be supportable based on the available evidence.</p> <p>We have drawn attention in Emphasis of Matters on trade receivables, advances and balances with government departments which, in our judgement, are fundamental to the users' understanding of the financial statements.</p>
c.	<p><b>Disputes and potential litigations:</b> <i>Refer to Note 39.D.I.a.i. in the consolidated financial statements</i></p> <p>The Company is involved in legal proceedings on disputed tax demands. The company's management has assessed that the probability of success of the demand is Remote and accordingly has</p>	<p><b>Principal Audit Procedures</b></p> <p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we discussed the cases with management, and reviewed correspondence and other documents exchanged between company and advocates/legal practitioners parties involved in the disputes. We verified the demands with extracts of concerned web-portals produced</p>





<p>not provided for the disputed demands.</p> <p>Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p>on, sample basis.</p> <p>We tested provisions recorded in the accounting records and reviewed the disclosures for completeness based on our procedures detailed above.</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements:**

7. The Holding Company's Board of Directors is responsible for preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group including its Associates and Jointly Controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid..
8. In preparing the consolidated financial statements the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and its associates and jointly controlled entities.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements:**

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's





report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

**Other Matters:**

11. We did not audit the financial statements/financial information of the subsidiary VIGNYAN INDUSTRIES LIMITED, whose financial statements/financial information reflect total assets of Rs. 1,577.06 lakhs as at 31.03.2019 and loss of Rs. 56.52 lakhs and net cash outflow amounting to Rs.0.12 lakhs for the then year ended on that date as considered in the consolidated financial statements. The financial statements/financial information has been audited by other auditors and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act is based solely on the report of the other auditors.
12. We did not audit the financial statements of the subsidiary MAMC Industries Limited, whose financial statements reflect total assets of Rs. 467.08 lakhs as at 31.03.2019 and loss of Rs. 9.52 lakhs and net cash outflow amounting to Rs. NIL for the then year ended on that date as considered in the consolidated financial statements. The financial statements/financial information have been audited by other auditors whose report has been furnished to us by the Management and our opinion, on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act is based solely on the report of the other auditors.
13. We did not audit the financial statements of the subsidiary BEML BRAZIL INDUSTRIAL LTDA, whose financial statements reflect total assets of Rs. NIL as at 31.03.2019 and loss of Rs. 0.66 lakhs and net cash out flow amounting to Rs. NIL for the then year ended. The financial statements have been audited by other auditor under local laws of Brazil. The financial information as on the date of consolidation has been furnished by the Management, by adopting average exchange rate of conversion for the year in respect of Statement of profit and loss and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosure of the subsidiary and our report in terms of sub-sections (3) and (11) of section 143 of the Act is based solely on the report of the other auditors.
14. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

**Report on other Legal and Regulatory Requirements**

15. As required by section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.



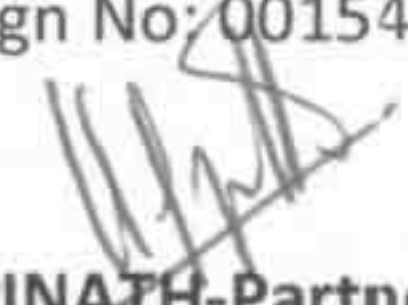


- b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports or the other auditors.
- c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) Being a Government Company provisions of section 164(2) of the Act relating to disqualification of directors are not applicable.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **Annexure A**.
- g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities. *Refer Note 39(D)(I)(a)(ii) of consolidated financial statements.*
- ii. The Group its associates and jointly controlled entities did not have any derivative contracts but have provided material foreseeable losses of Rs.1123.57 lakhs for onerous contracts (*Refer Note 37*).
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India.

Place: Bengaluru (camp)  
Date: 25.05.2019



For V. KRISHNAN & CO.,  
Chartered Accountants  
Firm Regn No: 001541S

  
**M.GOPINATH-Partner,**  
Membership No. 023819





ANNEXURE-A

Referred in clause (f), paragraph 15 of the INDEPENDENT AUDITOR'S REPORT of even date on the consolidated financial statements of M/s. BEML LIMITED for the year ended 31.03.2019

**Report on the Internal Financial Controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of M/s. BEML LIMITED (hereinafter referred as "the Holding Company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group") and its jointly controlled entity as of March 31, 2019 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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





Page -2 (Annexure-A)

**Meaning of Internal Financial Controls over Financial Reporting**

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorisations of management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Group's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion:**

In our opinion, the Group (except BEML MIDWEST JOINT VENTURE ENTITY which has not maintained books of accounts and BMEL BRAZIL INDUSTRIAL LTDA, which has been registered outside India) has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2019, based on "the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Place: Bengaluru (camp)  
Date: 25.05.2019



For V. KRISHNAN & CO.,  
Chartered Accountants  
Firm Regn No: 001541S

**M.GOPINATH-Partner,**  
Membership No. 023819