



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 : bemlogmr@vsnl.com

**KGF Complex**

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

**Mysore Complex**

Tel : 0821-2402422  
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**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**

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e-mail : office@trading.beml.co.in

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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-4/17

25.05.2018

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

Dear Sir/Madam,

**Sub:** Audited Financial Results for the year ended 31.03.2018 together with the results for the Fourth quarter - Reg.

**Ref :** Our letter No. CS/SE/Q-4/013 dt.09.05.2018

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 31.03.2018 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 344<sup>th</sup> Meeting held on 25.05.2018. 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 31.03.2018.

Further, it may be noted that the Board of Directors of the Company have **recommended a Dividend @ ₹8.00 per equity share (80%)** for the year 2017-18. 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

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



**BEML Limited**

(CIN: L35202KA1964GOI001530)

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

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

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

**Statement of Standalone / Consolidated Audited Results for the year ended 31-03-2018**

(₹ in lakhs except EPS)

S. No	Particulars	Unaudited results for three months ended			Audited results for year ended		Consolidated audited results for year ended	
		31-03-2018	31-12-2017	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
I	Revenue from operations	1,25,260	73,151	1,31,595	3,30,542	2,83,466	3,29,871	2,82,946
II	Other income	1,181	420	2,972	2,490	6,245	2,504	6,259
III	<b>Total Income (I+II)</b>	<b>1,26,441</b>	<b>73,571</b>	<b>1,34,567</b>	<b>3,33,032</b>	<b>2,89,711</b>	<b>3,32,375</b>	<b>2,89,205</b>
IV	<b>Expenses:</b>							
	Cost of materials consumed	60,434	38,347	62,197	1,72,544	1,34,573	1,70,764	1,32,932
	Purchase of stock-in-trade	-	-	-	-	-	-	-
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	5,688	(489)	2,599	1,866	(12,509)	1,683	(12,418)
	Employee benefits expense	21,859	19,711	23,365	80,850	78,072	81,325	78,511
	Finance costs	1,272	1,266	1,464	4,808	4,780	4,832	4,804
	Depreciation and amortization expense	1,652	1,641	1,438	6,424	6,198	6,539	6,280
	Other expenses	13,332	11,426	23,479	50,160	68,768	50,825	69,268
	<b>Total Expenses (IV)</b>	<b>1,04,237</b>	<b>71,902</b>	<b>1,14,542</b>	<b>3,16,652</b>	<b>2,79,882</b>	<b>3,15,968</b>	<b>2,79,377</b>
V	Profit / (Loss) before exceptional items and tax (III-IV)	22,204	1,669	20,025	16,380	9,829	16,407	9,828
VI	Add/ (Less) : Exceptional items	-	-	-	-	-	-	-
VII	<b>Profit / (Loss) before tax (V-VI)</b>	<b>22,204</b>	<b>1,669</b>	<b>20,025</b>	<b>16,380</b>	<b>9,829</b>	<b>16,407</b>	<b>9,828</b>
VIII	Tax expense	3,435	-	1,385	3,435	1,385	3,439	1,350
IX	Profit / (Loss) for the year from continuing operations (VII-VIII)	18,769	1,669	18,640	12,945	8,444	12,968	8,478
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>18,769</b>	<b>1,669</b>	<b>18,640</b>	<b>12,945</b>	<b>8,444</b>	<b>12,968</b>	<b>8,478</b>
XIV	Other Comprehensive Income	(5,567)	(625)	1,126	(7,067)	(1,189)	(7,084)	(1,176)
XV	<b>Total Comprehensive Income for the year (XIII+XIV)</b>	<b>13,202</b>	<b>1,044</b>	<b>19,766</b>	<b>5,878</b>	<b>7,255</b>	<b>5,884</b>	<b>7,302</b>
XVI	Earnings per equity share: (₹10/- each) in ₹ Basic and diluted	45.07	4.01	44.76	31.08	20.28	31.14	20.36

**Notes**

- The above results as duly reviewed and recommended by Audit Committee were approved by the Board of Directors at the Meeting held on 25.05.2018.
- Revenue from operations is considered after deducting the value of consortium supplies from the Gross Revenue from Operations as indicated below:

(₹ in Lakhs)

Particulars	Unaudited results for three months ended			Audited results for year ended		Consolidated audited results for year ended	
	31-03-2018	31-12-2017	31-03-2017	31-03-2018	31-03-2017	31-03-2018	31-03-2017
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue from operations (Gross)	1,25,260	73,151	1,31,595	3,30,576	2,83,698	3,29,905	2,83,178
Less: Value of Consortium supply	-	-	-	(34)	(232)	(34)	(232)
<b>Revenue from operations</b>	<b>1,25,260</b>	<b>73,151</b>	<b>1,31,595</b>	<b>3,30,542</b>	<b>2,83,466</b>	<b>3,29,871</b>	<b>2,82,946</b>

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.

- 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 31-03-2018 is enclosed.
- Financial results of Subsidiaries have been consolidated as indicated in Column no. (6) & (7).
- The Board of Directors have recommended a dividend of ₹8.00/- per equity share for the year ended 31-03-2018.

Place: Bengaluru  
Date: 25.05.2018

दीपक कुमार होता  
**DEEPAK KUMAR HOTA**  
अध्यक्ष एवं परबय निदेशक Chairman & Managing Director  
बीईएमएल लिमिटेड BEML LIMITED  
'बेमल सोधा' 23/1 चौथा मेन. एस.आर. नगर

By order of the Board  
for BEML Limited  
*(Signature)*  
(D K HOTA)



# 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	
	31-03-2018	31-03-2017	31-03-2018	31-03-2017
<b>I. Assets</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	53,084	51,844	54,255	53,095
(b) Capital work-in-progress	6,802	7,942	6,810	7,942
(c) Intangible assets	5,201	5,242	5,201	5,242
(d) Intangible assets under development	-	-	-	-
(e) Financial assets				
(i) Investments	258	258	-	-
(ii) Loans	859	1,680	859	1,680
(iii) Other financial assets	38	157	38	157
(f) Deferred tax assets (net)	13,827	11,118	13,849	11,134
(g) Other non-current assets	12,634	10,026	12,037	9,425
<b>Total non-current assets</b>	<b>92,703</b>	<b>88,267</b>	<b>93,049</b>	<b>88,675</b>
<b>(2) Current assets</b>				
(a) Inventories	1,79,951	1,97,446	1,80,721	1,97,942
(b) Financial Assets				
(i) Investments	44	52	-	-
(ii) Trade receivables	1,64,223	1,43,037	1,64,226	1,43,104
(iii) Cash and cash equivalents	234	1,401	278	1,454
(iv) Loans	818	821	818	821
(v) Other financial assets	652	510	652	515
(c) Other current assets	28,842	37,906	28,810	38,047
<b>Total current assets</b>	<b>3,74,764</b>	<b>3,81,173</b>	<b>3,75,505</b>	<b>3,81,883</b>
<b>Total Assets</b>	<b>4,67,467</b>	<b>4,69,440</b>	<b>4,68,554</b>	<b>4,70,558</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	2,15,847	2,13,978	2,15,934	2,14,061
<b>Equity attributable to equity holders of the parent</b>	<b>2,20,024</b>	<b>2,18,155</b>	<b>2,20,111</b>	<b>2,18,238</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>21</b>
<b>Total Equity</b>	<b>2,20,024</b>	<b>2,18,155</b>	<b>2,20,133</b>	<b>2,18,259</b>
<b>Liabilities</b>				
<b>(1) Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	30,449	31,052	30,448	31,052
(ii) Other financial liabilities	42	42	42	42
(b) Provisions	16,637	17,494	16,637	17,496
(c) Other non-current liabilities	33,333	34,190	33,333	34,190
<b>Total non-current liabilities</b>	<b>80,461</b>	<b>82,778</b>	<b>80,460</b>	<b>82,780</b>
<b>(2) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	13,502	11,285	13,571	11,467
(ii) Trade payables				
(A) Micro & Small Enterprises	2,329	1,820	2,386	1,916
(B) Other than Micro & Small Enterprises	51,186	47,865	51,628	48,199
(iii) Other financial liabilities	2,683	3,217	2,712	3,257
(b) Other current liabilities	62,056	88,077	62,109	88,183
(c) Provisions	33,669	14,940	33,988	15,190
(d) Current tax liabilities (Net)	1,557	1,303	1,567	1,307
<b>Total current liabilities</b>	<b>1,66,982</b>	<b>1,68,507</b>	<b>1,67,961</b>	<b>1,69,519</b>
<b>Total Equity and Liabilities</b>	<b>4,67,467</b>	<b>4,69,440</b>	<b>4,68,554</b>	<b>4,70,558</b>

दीपक कुमार होता

DEEPAK KUMAR HOTA

अध्यक्ष एवं प्रबंध निदेशक Chairman & Managing Director

बीईएमएल लिमिटेड BEML LIMITED

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

By order of the Board  
for BEML Limited

(D.K.HOTA)



**Statement of Impact of Audit Qualifications on the Consolidated Accounts  
for the Financial Year ended March 31, 2018**

[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)	332375	332375
	2.	Total Expenditure (₹ in Lakhs)	315968	315968
	3.	Net Profit/(Loss) (₹ in Lakhs)	12968	12968
	4.	Earnings Per Share (in ₹)	31.14	31.14
	5.	Total Assets (₹ in Lakhs)	468554	468554
	6.	Total Liabilities (₹ in Lakhs)	248421	248421
	7.	Net Worth (₹ in Lakhs)	220133	220133
	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



दीपक कुमार होता  
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.

Place : Bengaluru

Date : 25.05.2018





**S R R K SHARMA ASSOCIATES**  
CHARTERED ACCOUNTANTS

Pranava Complex, Mazzaine Floor,  
V Cross, Malleswaram,  
Bengaluru - 550003  
Ph: 080-23366990, 080-23521218  
9845129825, 9845699894  
E Mail: casrrksharma@yahoo.com  
Sak.ca1988@gmail.com

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of BEML LIMITED**

**Report on the Standalone Ind AS Financial Statements**

1. We have audited the accompanying standalone Ind AS financial statements of **BEML LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, (including other comprehensive income) Statement, the Statement of Cash Flow and Statement of Changes in Equity for the year then ended and a summary of the Significant Accounting Policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements")

**Management's Responsibility for the Standalone Ind AS Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity of the Company and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



### **Auditor's Responsibility**

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

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

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

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

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



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at March 31, 2018 and its financial performance including other comprehensive income, changes in equity and its Cash Flows for the year ended on that date.

## Emphasis of Matter:

We draw our attention to:

- a) Note No. 14(ii) in respect of Trade receivable from MOD Rs.4899.99 lakhs towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with MOD in 2001. The realisation of these receivables depends on the final determination of the amount payable by the MOD.
- b) Note No.11 (a) in respect of the amount advanced to MAMC consortium for Rs.5800.61 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.

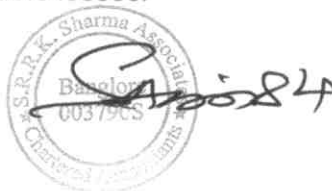
Our opinion is not qualified in respect of the above matters.

## Report on Other Legal and Regulatory Requirements

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



2. As required by section 143 (3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant Rule issued there under .
  - e. being a Government Company provisions of Sec 164(2) of the Act, relating to disqualification of directors are not applicable.
  - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company's financial statements and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" : and
  - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 39(D)(1)(ii) to the standalone Ind AS financial statements;
    - ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.





S R R K SHARMA ASSOCIATES  
CHARTERED ACCOUNTANTS

- iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by section 143 (5) of the Act, which is applicable to the Company, we give our separate Report in "**Annexure C**"

**For S R R K Sharma Associates**  
Chartered Accountants  
Firm's Registration No. 003790S



**(CA S ANANDA KRISHNA)**  
**Partner**  
Membership No. 027986



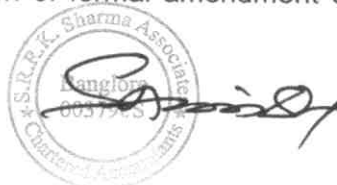
Place: Bangalore  
Date : 25.05.2018

**“Annexure A” to the Independent Auditors’ Report**

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirements of our report of even date to the members on the standalone Ind AS financial statements of the Company for the year ended March 31, 2018.

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.16.40 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.

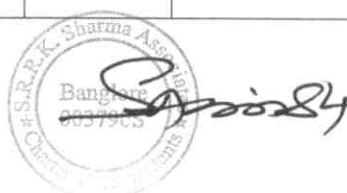


- 5) As explained to us, the Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) and a sum of 100 Lakhs was paid as non-refundable deposit, The Company had incurred on the above land a sum of Rs. 1452.95 lakhs ( with carrying value of Rs. 995.71 Lakhs) on Buildings included in Property, Plant and Equipment (Note 3) as at the year end. Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expired on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiring of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued.
- 6) As explained to us, the Company has taken action to obtain title documents in respect of the following immovable properties;
- a) Flat at Roshan Complex Madras – Rs. 4.04 lakhs
  - b) Flat at Ashadeep, New Delhi - Rs. 2.80 lakhs
  - c) Office building at Nagpur - Rs. 27.18 lakhs
  - d) Lease Hold Land at Singrauli - Rs. 1.75 lakhs.
- 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, 2018 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	27,965.40	2003-04 to 2007-08	CESTAT, Bangalore
	Excise Duty incl. Interest and Penalty	1,232.57	2005-06 to 2010-11	Appellate Authority
	National Calamity Contingency Duty	13,804.08	2006-07 to 2011-12	CESTAT
	<b>Total Excise Duty</b>	<b>43,002.05</b>		
SERVICE TAX ACT, 1994	Service Tax incl. penalty	892.91	2004-05, 2006-07 & 2010-11	CESTAT, Bangalore
	Service Tax	494.07	2006-07 to 2010-11	Appellate Authority



	<b>Total Service Tax</b>	<b>1,386.74</b>		
The Customs Act, 1962	Customs Duty	7215.21	2006-07	CESTAT, Chennai
The Karnataka Municipal Corporation Act, 1976	Municipality Taxes KGF	722.11	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>52,435.22</b>		
Sales Tax Act of Various States	Sales Tax /VAT	10.24	2003-04	Maharashtra Sales Tax tribunal
	Sales Tax /VAT	7,858.15	December 2005 to March 2008 & 2008-09, 2009-10, 2010-11	Karnataka Sales Tax tribunal
	Sales Tax /VAT	1,065.56	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	4,534.00	From 1983-84 to 2012-13	Other appellate authorities
	<b>Total Sales Tax / VAT</b>	<b>13,467.95</b>		
	<b>Grand Total</b>	<b>65,903.17</b>		
Amount Deposited under Protest	Central Excise/Customs	146.57		
Amount Deposited under Protest	Sales Tax VAT	4,439.79		
	<b>TOTAL</b>	<b>4,586.36</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 138 of Companies Act, 2013 and the details have been disclosed under Note 39C in the standalone Ind AS financial Statements as required by the applicable Accounting Standards.
- xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and accordingly paragraph 3 (xiv) of the Order is not applicable to the Company.
- xv) The company has not entered into any non-cash transactions with directors or persons connected with him and accordingly paragraph 3 (xv) of the Order is not applicable to the Company.
- xvi) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly paragraph 3 (xvi) of the Order is not applicable to the Company.

**For S R R K Sharma Associates**  
Chartered Accountants  
Firm's Registration No. 003790S

  
**(CA S. ANANDA KRISHNA)**  
**Partner**  
Membership No. 027986  
Place: Bangalore  
Date :25.05.2018



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

**Report on the Internal Financial Controls with reference to 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 **BEML Limited** (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone Ind As financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (‘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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.



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

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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





### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For S R R K Sharma Associates**  
Chartered Accountants  
Firm's Registration No. 003790S



**(CA S. ANANDA KRISHNA)**  
**Partner**  
Membership No. 027986



Place: Bangalore  
Date : 25.05.2018

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

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

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

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

- i) Free hold land measuring 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.
- ii) Kerala Industrial Infrastructure Development Corporation (KIIDC) has allotted leased land measuring 374.59 acres for a lease premium of Rs. 2547.21 lakhs for 99 years lease period w.e.f 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and revised lease premium payable is Rs. 2544.29 lakhs only and execution of formal amendment of lease agreement is pending.
- iii) The Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) and a sum of 100 Lakhs was paid as non-refundable deposit, The Company had incurred on the above land a sum of Rs. 1452.95 lakhs (with carrying value of Rs. 995.71 Lakhs) on Buildings included in Property, Plant & Equipment (Note 3) as at the year end. Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expired on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiring of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued.
- iv) Building costing Rs. 33.00 Lakhs (carrying value of Rs.16.40 Lakhs) situated at Mumbai and Ranchi are pending for registration/Katha transfer.



- v) Lease Hold land costing Rs. 129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
- vi) The Company has taken action to obtain title documents in respect of the following immovable properties
- a) Flat at Roshan Complex Madras – Rs. 4.04 lakhs
  - b) Flat at Ashadeep, New Delhi - Rs. 2.80 lakhs
  - c) Office building at Nagpur - Rs. 27.18 lakhs
  - d) Lease Hold land at Singrauli - Rs. 1.75 lakhs.
- vii) The Company has initiated legal action to obtain possession of 1.88 acres of land out of 5 acres at Tatisileai, Arra Village, Ranchi
- 2) Whether there are any cases of waiver/write-off of debts/loans/interest etc? if yes, the reasons there for and amount involved ?

*Comment:* There are no instances of waiver of debts/loans/interest etc., However, Bad debt of Rs. 119.91 Lakhs were written off during the year with the approval of the Appropriate Authority as it was not realizable with all possible efforts being made.

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

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

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

**For S R R K Sharma Associates**  
Chartered Accountants  
Firm's Registration No. 003790S



**(CA S.ANANDA KRISHNA)**  
**Partner**  
Membership No. 027986  
Place: Bangalore  
Date : 25.05.2018





## INDEPENDENT AUDITOR'S REPORT

**To the Members of BEML LIMITED**

### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of **BEML LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its Jointly Controlled Entity, comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Cash Flow and Consolidated Statement of Changes in Equity and the for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated Cash flows and consolidated changes in equity of the Group including its jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective board of directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement,



whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

### **Basis for Qualified Opinion**

As explained in Note.7, the financial statements of BEML Midwest Limited, a joint venture Company, has not been consolidated in the absence of its financial statements. As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated Ind AS



financial statements, of the failure to consolidate this Joint Venture Company, net of provision for diminution already made in the value of the investment, has not been determined.

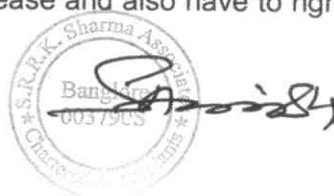
### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including Ind AS , of the consolidated financial position of the Group as at March 31, 2018, and its consolidated financial performance including other comprehensive income, its consolidated Statement of Cash Flow, and changes in equity, for the year then ended.

### Emphasis of Matter:

We draw our attention to:

- a) Note No. 14(ii) in respect of Trade receivable from MOD Rs.4899.99 lakhs towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with MOD in 2001. The realisation of these receivables depends on the final determination of the amount payable by the MOD.
- b) Note No.11 (a) in respect of the amount advanced to MAMC consortium for Rs.5800.61 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>th</sup> March 2011 and the said land is laying without starting of factory and as per the terms of lease, the Govt. of West Bengal has right to re-enter and take back the possession of the said land if no factory is started within two years from the date of lease and also have to right to cancel the lease



deed. Further, the lease rentals remains unpaid since the date of lease, (see Note No. 3, Property, Plant and Equipment) which is non observance of point no 23 of the said lease deed.

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

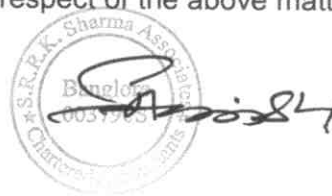
**Other Matters**

a) We did not audit the financial statements of the subsidiary Vignyan Industries Limited, whose financial statements reflect total assets of Rs.1614.69 lakhs as at 31.03.2018 and profit of Rs.23.95 lakhs and net cash outflow amounting to Rs.0.47 lakhs for the then year ended. The financial statements have been audited by other auditor whose report has been furnished to us and our opinion, so far as it relates to the amounts included in respect of the subsidiary is solely based on the report of the other auditor.

b) We did not audit the financial statements of the subsidiary MAMC Industries Limited, whose financial statements reflect total assets of Rs.476.09 lakhs as at 31.03.2018 and loss of Rs.9.54 lakhs and net cash outflow amounting to Rs.0.01 lakhs for the then year ended. The financial statements have been audited by other auditor whose report has been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the subsidiary is solely based on the report of the other auditor.

c) We did not audit the financial statements of the subsidiary BEML Brazil Industrial Ltda, whose financial statements reflect total assets of Rs.43.67 lakhs as at 31.03.2018 and loss of Rs.6.83 lakhs and net cash out flow amounting to Rs.8.15 lakhs for the then year ended. The financial statements have been audited by other auditor under local laws of Brazil whose report has been furnished to us, and our opinion, so far as it relates to the amounts, included in respect of the subsidiary is solely based on the report of the other auditor, converted into Indian Rupees by the Group on the basis of average exchange rate for the year in respect of Statement of Profit and Loss and closing exchange rate as on the last day of the financial year in respect of Balance Sheet items except Share Capital which is considered on actual investments made in Indian Rupees by the Holding Company.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to



our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

### **Report on Other Legal and Regulatory Requirements**

1. As required by section 143 (3) of the Act, based on our audit we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements.
  - b. in our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law relating to the preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
  - c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, (including other comprehensive income), Consolidated Cash Flow and Changes in Equity dealt with by this Report are in agreement with the relevant statements maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - d. in our opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with relevant Rules issued there under.
  - e. being a Government Company, provisions of Sec 164(2) of the Act, relating to disqualification of directors are not applicable.
  - f. the qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion paragraph above.
  - g. with respect to the adequacy of the internal financial controls over financial reporting of the Group Company's financial statements and the operating effectiveness of such





controls, refer to our separate Report in “**Annexure A**”, which is based on the auditors reports of the Company and its subsidiary companies and

h. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- 1) Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above,
  - i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and Jointly Controlled Entities – Refer Note 39(D)(1)(a)(ii) to the consolidated financial statements;
  - ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its Subsidiary Companies, and Jointly Controlled Entity incorporated in India.

**For S R R K Sharma Associates**  
Chartered Accountants  
Firm’s Registration No. 003790S

  
**(CA S.ANANDA KRISHNA)**  
**Partner**  
Membership No. 027986



Place: Bangalore  
Date : 25.05.2018

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

**Report on the Internal Financial Controls 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 BEML Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (Holding company and its subsidiaries together referred to as “the Group”) and its Jointly Controlled Entity as of March 31, 2018 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

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

The Group’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ the 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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material



misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Group (except BEML Midwest Joint Venture entity which has not maintained books of accounts and BEML Brazil Industrial Ltda, which has been registered outside India) has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 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 ICAI.

**For S R R K Sharma Associates**  
Chartered Accountants  
Firm's Registration No. 003790S



**(CA S.ANANDA KRISHNA)**  
**Partner**  
Membership No. 027986



Place: Bangalore  
Date : 25.05.2018