



Manufacturing Units :

Bangalore Complex

Tel : 080-25242414
e-mail : bemlbgmr@vsnl.com

KGF Complex

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

Mysore Complex

Tel : 0821-2402422
e-mail : bemlmys@sancharmel.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@td.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

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e-mail : hyderabad@rm.beml.co.in

Kolkata

Tel : 033-22826314
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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-4/184

27.05.2016

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 31.03.2016 together with the results for the Fourth quarter - Reg.

Ref : Our letter No.CS/SE/Q4/179 dt.11.05.2016

Please find enclosed Audited financial results including consolidated financial results, in the detailed format, along with Auditor's Report and Form A / B, for the year ended 31.03.2016 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 332nd Meeting held on 27.05.2016. Arrangements have also been made to publish the extract of the results in a national daily (English) and local daily (Kannada) newspapers.

Further, it may be noted that the Board of Directors of the Company have **recommended a Dividend @ ₹4.00/- per share (40%)** for the year 2015-16. Please bring this to the notice of all concerned.

Yours faithfully
For BEML LIMITED


(M E V Selvam)
Company Secretary

Encl : As above

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





BEML Limited

(CIN: L35202KA1964GOI001530)

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

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

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

Statement of Standalone / Consolidated Audited Results for the Year Ended 31-03-2016

(₹ in lakhs except EPS)

Particulars	Unaudited Results For Three Months Ended			Audited Results For Year Ended		Consolidated Audited Results For Year Ended	
	31-03-2016	31-12-2015	31-03-2015	31-03-2016	31-03-2015	31-03-2016	31-03-2015
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1 Income from operations							
(a) Net Sales / Income from operations (Net of excise duty)	100153	75699	126828	295662	277655	295738	277743
(b) Other operating income	722	653	1105	2710	3264	2033	2466
Total Income from Operations (Net)	100875	76352	127933	298372	280919	297771	280209
2 Expenses							
(a) Cost of Materials consumed	42441	43440	59465	147673	137336	145771	135552
(b) Purchases of stock in trade	51	0	-	51	32	51	32
(c) Changes in Inventories of finished goods, work-in-progress and stock in trade	10878	4332	16778	24371	20926	24501	20843
(d) Employee benefits expense	18593	19322	20453	76789	76912	77323	77497
(e) Depreciation and Amortisation expense	1472	1307	1340	5321	5214	5402	5301
(f) Other expenses	10956	7388	14942	36739	38722	37254	39353
Total Expenses	84391	75789	112978	290944	279142	290302	278578
3 Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	16484	563	14955	7428	1777	7469	1631
4 Other Income	1502	962	3181	3902	5950	3917	5974
5 Profit / (Loss) from ordinary activities before finance cost and exceptional items (3+4)	17986	1525	18136	11330	7727	11386	7605
6 Finance costs	1279	1302	1251	4903	7051	4926	7075
7 Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6)	16707	223	16885	6427	676	6460	530
8 Exceptional items	(87)	87	15	0	15	0	15
9 Profit / (Loss) from ordinary activities before tax (7+8)	16620	310	16900	6427	691	6460	545
10 Tax expense	1162	-	15	1162	15	1149	(47)
11 Net Profit / (Loss) from ordinary activities after tax (9-10)	15458	310	16885	5265	676	5311	592
12 Extraordinary items (net of tax expense)	-	-	-	-	-	-	-
13 Net Profit / (Loss) for the period (11-12)	15458	310	16885	5265	676	5311	592
14 Share of Profit/(Loss) of associates	-	-	-	-	-	-	-
15 Minority interest	-	-	-	-	-	2	(1)
16 Net Profit/ (Loss) after taxes, minority interest and share of profit/ (loss) of associates (13 - 14 - 15)	15458	310	16885	5265	676	5309	593



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(₹ in lakhs except EPS)

Particulars	Unaudited Results For Three Months Ended			Audited Results For Year Ended		Consolidated Audited Results For Year Ended	
	31-03-2016	31-12-2015	31-03-2015	31-03-2016	31-03-2015	31-03-2016	31-03-2015
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
17 Paid-up equity share capital (Face Value ₹10 per share)	4164	4164	4164	4164	4164	4164	4164
18 Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	206759	203498	206796	203497
19 Earnings Per Share (EPS) of ₹10 each (not annualised)							
i) Basic and diluted EPS before extraordinary items (₹)	37.12	0.74	40.55	12.64	1.62	12.75	1.42
ii) Basic and diluted EPS after extraordinary items (₹)	37.12	0.74	40.55	12.64	1.62	12.75	1.42

Notes

- The above results, as duly reviewed by the Audit Committee, were approved by the Board of Directors at their Meeting held on 27-05-2016.
- Sales / Income from operations is considered after deducting the value of consortium supplies and excise duty 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	
	31-03-2016	31-12-2015	31-03-2015	31-03-2016	31-03-2015	31-03-2016	31-03-2015
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales / Income from operations (Gross)	115616	88013	140890	339893	309701	339894	309701
Less: Value of Consortium supply	3936	4326	5605	13859	13048	13859	13048
Less: Excise duty	11527	7988	8457	30372	18998	30297	18910
Net Sales / Income from operations (Net of excise duty)	100153	75699	126828	295662	277655	295738	277743

- 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 upto the third quarter of the current financial year.
- The Statement of Assets and Liabilities as at 31-03-2016 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 ₹4.00 per share for the year ended 31-03-2016.

By order of the Board
for BEML LIMITED

(P. Dwarakanath)
CHAIRMAN AND MANAGING DIRECTOR

Place: Bengaluru
Date : 27-05-2016




BEML Limited

(CIN: L35202KA1964GO1001530)

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

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

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

STANDALONE / CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in Lakhs)

Particulars	Standalone As At		Consolidated As At	
	31-03-2016	31-03-2015	31-03-2016	31-03-2015
A. EQUITY AND LIABILITIES				
1 Shareholders' Funds				
(a) Share Capital	4177	4177	4177	4177
(b) Reserves and Surplus	206759	203499	206796	203497
(c) Money received against share warrants	-	-	-	-
Sub-total - Shareholders' funds	210936	207676	210973	207674
2 Share application money pending allotment	-	-	-	-
3 Minority Interest	-	-	19	18
4 Non-current liabilities				
(a) Long term borrowings	36265	41393	36265	41393
(b) Deferred tax liabilities (net)	-	-	-	-
(c) Other long-term liabilities	36399	31697	36399	31697
(d) Long-term provisions	16064	16436	16064	16436
Sub-total - Non-current liabilities	88728	89526	88728	89526
5 Current liabilities				
(a) Short term borrowings	14542	17823	14721	18017
(b) Trade payables	40822	54329	41165	54586
(c) Other current liabilities	61751	77142	61839	77234
(d) Short-term provisions	15517	12597	15620	12782
Sub-total - Current liabilities	132632	161891	133345	162619
TOTAL - EQUITY AND LIABILITIES	432296	459093	433065	459837
B. ASSETS				
1 Non-current Assets				
(a) Fixed Assets	64410	66041	65695	67385
(b) Goodwill on consolidation	-	-	-	-
(c) Non-current investments	258	258	-	-
(d) Deferred tax assets (net)	10352	10138	10331	10098
(e) Long-term loans and advances	22816	23391	22294	22863
(f) Other non-current assets	434	407	434	407
Sub-total-Non-current assets	98270	100235	98754	100753
2 Current Assets				
(a) Current Investments	62	80	-	-
(b) Inventories	169632	192120	170238	192870
(c) Trade Receivables	120805	99170	120805	99170
(d) Cash and Cash equivalents	6556	14473	6620	14555
(e) Short-term loans and advances	20682	16631	20354	16100
(f) Other current assets	16289	36384	16294	36389
Sub-total-Current assets	334026	358858	334311	359084
TOTAL - ASSETS	432296	459093	433065	459837


 By order of the Board
for BEML LIMITED

(P. Dwarakanath)

CHAIRMAN AND MANAGING DIRECTOR


 Place: Bengaluru
Date : 27-05-2016



INDEPENDENT AUDITOR'S REPORT

To the Members of BEML LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **BEML LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 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 financial statements.



Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

Emphasis of Matter:

We draw our attention to:

- a) Note No.18 (i) in respect of Trade receivables from Ministry of Defence (MOD) Rs.925.87 lakhs towards interest rate difference on advance amount received from MOD. This amount pertains to interest rate difference between deposit rate and interest recovered @ 9.50% by MOD during FY 2006-07, 2007-08, and 2009-10 from various bills. The matter has been taken up with MOD and it is under their consideration. And Note No. 18(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.14 (a) in respect of the amount advanced to MAMC consortium for Rs.5675.68 lakhs, valuation of which depends on approval from Ministry of Defence, viable business plan and consequential assessment of diminution in the value of the investment, if any.
- c) Note No.31 (G) regarding pending review/adjustment of old balances and non receipt of confirmation of balance 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 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 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 Sec 164(2) of the Act, relating to disqualification of directors are not applicable.
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
 - 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 financial statements – Refer Note 31(D)(1)(a)(ii) to the financial statements;
- ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

For S R R K Sharma Associates
Chartered Accountants
Firm's registration No.: 003790S


CA H R RAMASWAMY

Partner
Membership No. : 207116:

Place: Bangalore
Date: 27.05.2016



“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 financial statements of the Company for the year ended March 31, 2016:

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

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and as informed to us, no material discrepancies between the books records and the physical fixed assets have been noticed.

- (c) The title deeds of immovable properties are held in the name of the company except in the following cases.
 - 1) As explained to us, Building costing Rs. 33.00 lakhs situated at Mumbai and Ranchi are pending for registration / khatha transfer .
 - 2) As explained to us, Lease Hold land costing Rs. 129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
 - 3) As explained to us, free hold land measuring 555.37 acres at Mysore costing Rs. 321.23 lakhs (including additional compensation of Rs. 183.57 lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB.
 - 4) Kerala Industrial Infrastructure Development Corporation (KIIDC) has allotted Leased land measuring 374.59 acres for a lease premium of Rs. 2547.21 lakhs for 99 years lease period w.e.f 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and revised lease premium payable is Rs.



2544.29 lakhs only and execution of formal amendment of lease agreement is pending.

- 5) As explained to us, the Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) and a sum of 100 Lakhs was paid as non-refundable deposit, The Company had incurred on the above land a sum of Rs. 1452.95 lakhs (WDV Rs. 1093.18 Lakhs) on Buildings included in Fixed Assets (Note 10) as at the year end. Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expired on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiring of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued.
- 6) As explained to us, the Company has taken action to obtain title documents in respect of the following immovable properties;
- a) Flat at Roshan Complex Madras – Rs. 4.04 lakhs
 - b) Flat at Ashadeep, New Delhi - Rs. 2.80 lakhs
 - c) Office building at Nagpur - Rs. 27.18 lakhs
 - d) Lease Hold land at Singrauli - Rs. 1.75 lakhs.
- ii) The company has conducted the physical verification of the inventory excluding materials lying with third parties and work in progress during the year in accordance with programme designed to cover all items over a phased manner. According to the information and explanation given to us, and in our opinion the frequency of physical verification is reasonable. The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 (iii) (a) (b) and (c) of the Order are not applicable to the Company.



- iv) There are no transactions of loans to directors, and being a Government Company engaged in defence production, provisions of Sec 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security are not applicable.
- v) The Company has not accepted any deposits to which the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under and also the directions issued by the Reserve Bank of India.
- vi) Maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. We are of the opinion that prima facie, the prescribed records have been made and maintained.
- vii) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date they become 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	31043.48	2003-04 to 2007-08	CESTAT, Bangalore
	Excise Duty incl. Interest and Penalty	788.44	2005-06 to 2010-11	Appellate Authority
	National Calamity Contingency Duty	6441.98	2006-07 to 2011-12	CESTAT
Total Excise Duty		38273.90		



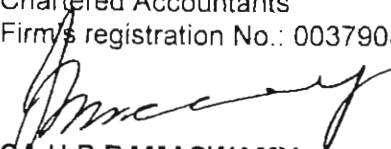
SERVICE TAX ACT, 1994	Service Tax incl. penalty	817.16	2004-05, 2006-07 & 2010-11	CESTAT, Bangalore
	Service Tax	494.07	2006-07 to 2010-11	Appellate Authority
Total Service Tax		1311.23		
The Customs Act, 1962	Customs Duty	7036.07	2006-07	CESTAT, Chennai
Total Customs Duty		7036.07		
The Karnataka Municipal Corporation Act, 1976	Municipality Taxes KGF	754.11	2012	City Municipality council - KGF
	Property Tax	109.11	1995-96 to 2005-06	City Civil Judge, Bangalore
Total ED, Service Tax & CD		47484.42		
Sales Tax Act of Various States	Sales Tax /VAT	9.79	2003-04	Maharashtra Sales Tax tribunal
	Sales Tax /VAT	5500.70	December 2005 to March 2008 & 2008-09, 2009-10, 2010-11	Karnataka Sales Tax tribunal
	Sales Tax /VAT	892.69	1999-00, 2001-02, 2002-03, 2003-04, 2005-06, 2006-07, 2007-08, 2009-10	Revision & Appellate Board of Various States
	Sales Tax /VAT	3158.62	From 1983-84 to 2012-13	Other appellate authorities
Total Sales Tax / VAT		9561.80		
Total		57046.22		

- 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 31C in the 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.
- xv) The company has not entered into any non-cash transactions with directors or persons connected with him. Hence, the provisions of Sec 192 of the Act are not applicable.
- 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 H R RAMASWAMY
Partner
Membership No. : 2071,16:



Place: Bangalore
Date: 27.05.2016

"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of BEML Limited

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

We have audited the internal financial controls over financial reporting of BEML Limited ("the Company") as of March 31, 2016 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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, 2016, 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 H R RAMASWAMY
Partner

Membership No. : 207116:

Place: Bangalore
Date: 27.05.2016



"Annexure C" to the Independent Auditor's Report of even date on the Standalone Financial Statements of BEML Limited

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

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

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

- i) Free hold land measuring 555.37 acres at Mysore costing Rs. 321.23 lakhs (including additional compensation of Rs. 183.57 lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB.
- ii) Kerala Industrial Infrastructure Development Corporation (KIIDC) has allotted leased land measuring 374.59 acres for a lease premium of Rs. 2547.21 lakhs for 99 years lease period w.e.f 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and revised lease premium payable is Rs. 2544.29 lakhs only and execution of formal amendment of lease agreement is pending.
- iii) The Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s Bharat Gold Mines Limited (BGML) and a sum of 100 Lakhs was paid as non-refundable deposit, The Company had incurred on the above land a sum of Rs. 1452.95 lakhs (WDV Rs. 1093.18 Lakhs) on Buildings included in Fixed Assets (Note 10) 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 situated at Mumbai and Ranchi are pending for registration / Katha transfer.



- v) Lease Hold land costing Rs. 129.41 Lakhs at Hyderabad for which registration will be completed after development of showroom.
- vi) The Company has taken action to obtain title documents in respect of the following immovable properties
- a) Flat at Roshan Complex Madras – Rs. 4.04 lakhs
 - b) Flat at Ashadeep, New Delhi - Rs. 2.80 lakhs
 - c) Office building at Nagpur - Rs. 27.18 lakhs
 - d) Lease Hold land at Singrauli - Rs. 1.75 lakhs.

2) Whether there are any cases of waiver/writeoff 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. 384.95 lakhs were written off during the year with the approval of the Board as it was not realizable with all possible efforts being made.

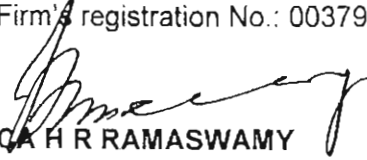
3) Whether proper records are maintained for inventories, lying with third parties and assets received as gift/grant(s) from the Government or other authorities?

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 Fixed Assets – Land (Free hold).

For S R R K Sharma Associates
Chartered Accountants
Firm's registration No.: 003790S




CA H R RAMASWAMY
Partner
Membership No. : 207116:

Place: Bangalore
Date: 27.05.2016





INDEPENDENT AUDITOR'S REPORT

To the Members of BEML LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated 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, 2016, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated 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 financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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; 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 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 Holding Company as aforesaid.





S.R.R.K. Sharma Associates

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 Directors, as well as evaluating the overall presentation of the consolidated 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 financial statements.

Basis for Qualified Opinion

As explained in Note.12, 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.





S.R.R.K. Sharma Associates

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 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, of the consolidated state of affairs of the Group, its associates and jointly controlled entity as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter:

We draw our attention to:

a) Note No.18 (i) in respect of Trade receivables from Ministry of Defence (MOD), Rs.925.87 lakhs towards interest rate difference on advance amount received from MOD. This amount pertains to interest rate difference between deposit rate and interest recovered @ 9.50% by MOD during FY 2006-07, 2007-08, and 2009-10 from various bills. The matter has been taken up with MOD and it is under their consideration. And Note No. 18(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.14 (a) in respect of the amount advanced to MAMC consortium for Rs.5675.68 lakhs, valuation of which depends on approval from Ministry of Defence, viable business plan and consequential assessment of diminution in the value of the investment, if any.

c) Note No.31 (G) regarding pending review/adjustment of old balances and non receipt of confirmation of balance 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.





S.R.R.K. Sharma Associates

Other Matters

a) We did not audit the financial statements of the subsidiary Vignyan Industries Limited, whose financial statements reflect total assets of Rs.1543.16 lakhs as at 31.03.2016 and profit of Rs.44.67 lakhs and net cash outflow amounting to Rs. 0.29 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.494.13 lakhs as at 31.03.2016 and loss of Rs.9.45 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.62.83 lakhs as at 31.03.2016 and loss of Rs.13.76 lakhs and net cash out flow amounting to Rs.17.89 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 Group.

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.





S.R.R.K. Sharma Associates

Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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 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 and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant statements 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 paragraph above, 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 Sec 164(2) of the Act, relating to disqualification of directors are not applicable.
 - f. the qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion paragraph above.
 - g. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".





S.R.R.K. Sharma Associates

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and Jointly Controlled Entities – Refer Note 31(D)(1)(a)(ii) to the consolidated financial statements;
- ii. Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. Except for the possible effect of the matter described in paragraph of the Basis for Qualified Opinion above, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its Subsidiary Companies, and Jointly Controlled Entity incorporated in India.

For S R R K Sharma Associates

Chartered Accountants

Firm's registration No.: 003790S

CA H R RAMASWAMY

Partner

Membership No. : 207116:

Place: Bangalore

Date :27.05.2016





S.R.R.K. Sharma Associates

"Annexure A" to the Independent Auditor's Report of even date on the Consolidated Financial Statements of BEML Limited

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

We have audited the internal financial controls over financial reporting of BEML Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (Holding company and its subsidiaries together referred to as "the Group") and its Jointly Controlled Entity as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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





S.R.R.K. Sharma Associates

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.





S.R.R.K. Sharma Associates

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, 2016, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R R K Sharma Associates

Chartered Accountants

Firm's registration No.: 003790S



CA H R RAMASWAMY

Partner

Membership No. : 207116:

Place: Bangalore


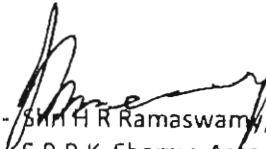


Date :27.05.2016



FORM A

(Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)
Format of covering letter of the Standalone annual audit report to be filed with the stock exchanges

1.	Name of the Company	M/s BEML Limited		
2.	Annual financial statements for the year ended	31 st March 2016		
3.	Type of Audit observation	SI No	Emphasis of Matter in the Statutory Auditors Report	Reference of the Notes in the Accounts
		(i)	<p>Point no. (a) under the section Emphasis of Matter:</p> <p>Note No.18 (i) in respect of Trade receivables from Ministry of Defence (MOD) ₹925.87 lakhs towards interest rate difference on advance amount received from MOD. This amount pertains to interest rate difference between deposit rate and interest recovered @ 9.50% by MOD during FY 2006-07, 2007-08, and 2009-10 from various bills. The matter has been taken up with MOD and it is under their consideration. And Note No. 18(ii) in respect of Trade receivable from MOD ₹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.</p>	<p>Facts have been elaborated in the Accounts under Note no. 18(i), 18(ii)</p>
		(ii)	<p>Point no. (b) under the section Emphasis of Matter:</p> <p>Note No.14 (a) in respect of the amount advanced to MAMC consortium for ₹5675.68 lakhs, valuation of which depends on approval from Ministry of Defence, viable business plan and consequential assessment of diminution in the value of the investment, if any.</p>	<p>Facts have been elaborated in the Accounts under Note no. 14(a).</p>
		(iii)	<p>Point no. (c) under the section Emphasis of Matter:</p>	

		<p>Note No.31 (G) regarding pending review / adjustment of old balances and non-receipt of confirmation of balance in respect of advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits.</p>	<p>Facts have been elaborated in the Accounts under Note no. 31(G).</p>
4.	<p>Frequency of observation</p>	<p>Point no. (i) - Relating to Note no. 18(i) repeated from 2010-11 Relating to Note no. 18(ii) repeated from 2013-14 Point no. (ii) - Repeated since year 2013-14 Point no. (iii) - Repeated since year 2008-09</p>	
5.	<p>To be signed by</p>	<ul style="list-style-type: none"> <p>• CMD  - Shri P. Dwarakanath</p> <p>• Auditor of the company  - Shri H R Ramaswamy, S.R.R.K. Sharma Associates</p> <p> • Audit Committee Chairman – Shri B.P. Rao</p> <div style="text-align: right;">  </div>	





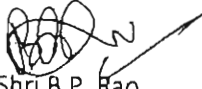

FORM A

(Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Format of covering letter of the Consolidated annual audit report to be filed with the stock exchanges

1.	Name of the Company	M/s BEML Limited		
2.	Annual financial statements for the year ended	31 st March 2016		
3.	Type of Audit observation	Sl No	Emphasis of Matter in the Statutory Auditors Report	Reference of the Notes in the Accounts
		(i)	<p>Point no. (a) under the section Emphasis of Matter:</p> <p>Note No.18 (i) in respect of Trade receivables from Ministry of Defence (MOD) ₹925.87 lakhs towards interest rate difference on advance amount received from MOD. This amount pertains to interest rate difference between deposit rate and interest recovered @ 9.50% by MOD during FY 2006-07, 2007-08, and 2009-10 from various bills. The matter has been taken up with MOD and it is under their consideration. And Note No. 18(ii) in respect of Trade receivable from MOD ₹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.</p>	<p>Facts have been elaborated in the Accounts under Note no. 18(i), 18(ii)</p>
		(ii)	<p>Point no. (b) under the section Emphasis of Matter:</p> <p>Note No.14 (a) in respect of the amount advanced to MAMC consortium for ₹5675.68 lakhs, valuation of which depends on approval from Ministry of Defence, viable business plan and consequential assessment of diminution in the value of the investment, if any.</p>	<p>Facts have been elaborated in the Accounts under Note no. 14(a).</p>
		(iii)	<p>Point no. (c) under the section Emphasis of Matter:</p> <p>Note No.31 (G) regarding pending review / adjustment of old balances and non-receipt of confirmation of balance in respect of advances,</p>	<p>Facts have been elaborated in the Accounts under</p>



		balances with government departments, trade payable, trade receivable, other loans and advances and deposits.	Note no. 31(G).
4.	Frequency of observation	Point no. (i) - Relating to Note no. 18(i) repeated from 2010-11 Relating to Note no. 18(ii) repeated from 2013-14 Point no. (ii) - Repeated since year 2013-14 Point no. (iii) - Repeated since year 2008-09	
5.	To be signed by	<ul style="list-style-type: none"> • CMD  - Shri P. Dwarakanath • Auditor of the company  - Shri H R Ramaswamy S.R.R.K. Sharma Associates • Audit Committee Chairman –  Shri B.P. Rao 	

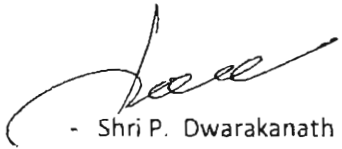
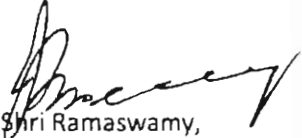
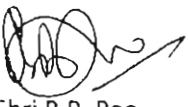


FORM B

(Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)
Format of covering letter of the Consolidated annual audit report to be filed with the stock exchanges

1.	Name of the Company	M/s BEML Limited	
2.	Annual financial statements for the year ended	31 st March 2016	
3.	Type of Audit observation	Qualified	
4.	Frequency of observation	Repeated since year 2009-10	
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Sl No	Basis for Qualified Opinion in the Consolidated Statutory Auditors Report
			Management's response
		(i)	As explained in Note 12, 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.
			There was complete cessation of activities in M/s. BEML Midwest Ltd., the JV company since Sept. 2008 and the matters relating to the JV company are subjudice. In view of the above the JV company has not prepared its accounts and thus the same could not be consolidated. The impact, if any, on account of non-consolidation is not expected to be material.
			Point no. (i) - Facts have been elaborated in the Accounts under Note no. 12 of Consolidated financial statements and management responses at page no. ____ of Annual Report 2015-16.
6	Additional comments from the board / audit	The Consolidation of Accounts can be done only after the JV prepares its accounts after the legal issues are settled. However, the full amount of	



	committee chair:	investment in the JV (₹5.42 crores) is already provided for in the books of BEML Ltd.
7.	To be signed by	<ul style="list-style-type: none"> • CMD  - Shri P. Dwarakanath • Auditor of the company  - Shri Ramaswamy, S.R.R.K. Sharma Associates • Audit Committee Chairman –  Shri B.P. Rao

