

BEML LIMITED

BANGALORE

ANNUAL REPORT

2012-2013

<i>SCHEDULE OF ANNUAL GENERAL MEETING:</i>		
13.09.2013 (Friday)	10.00 HOURS	API BHAVANA # 16/F, MILLERS TANK BED AREA VASANTHANAGAR BANGALORE – 560052

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BOARD OF DIRECTORS*



P Dwarakanath
Chairman & Managing Director



Shri P K Mishra
Part-time Government Director
Joint Secretary (Electronic Systems)
Dept. of Defence Production, Ministry of Defence



Shri Rajnish Kumar
Part-time Government Director
Addl. Financial Adviser & Joint Secretary
Dept. of Defence Production, Ministry of Defence



Dr. (Smt.) Rekha Bhargava
Director



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



Shri Kanwal Nath
Director



Prof. Ramesh Bhat
Director



Prof. S Sadagopan
Director



Shri C Balakrishnan
Director



Shri N P Gupta
Director



Shri Suhas Anand Bhat
Director



Shri M Pitchiah
Director (Finance)



Shri C N Durgesh
Director (Mining & Construction)



Shri P R Naik
Director (Defence)



Shri D K Hota
Director (HR)

Chairman's Letter...

Dear Shareholders,

I would like to share my views with you on the performance of our Company for the year 2012-13 through this letter. The Annual Report brings you the audited accounts and other related documents for the year 2012-13 for your consideration and adoption at the ensuing Annual General Meeting.

The assessment of the Company's performance for the Financial Year ended 31.03.2013 has been made. The challenges thrown by global and domestic economic conditions are being countered effectively. Your Company achieved the gross sales of ₹3290 Crs as compared to ₹3648 Crs during the previous year. However, the silver-lining is that your Company has recorded a net sales (net of consortium supplies and excise duty) of ₹2809 Crs as against ₹2726 Crs achieved during the previous year. Despite the prevailing recession in the global economy and the unprecedented business environment and conditions prevailed in the capital goods sector, your Company registered a marginal growth of 3.02 % in net sales during the year.

Globally there has been a down trend in mining activities during last year. The domestic front has also witnessed sluggishness in mining as well as in construction sectors. Further there has been acute pressure on margins due to global players dumping their products and undercutting the prices for whatever the little market our country could offer. Facing all these odds, Mining and Construction business of our Company was able to register a turnover of ₹1526 Crs (previous year ₹1803 Crs). However, the International Business Division had done better by exporting Mining and Construction products to the tune of ₹198 Crs, predominantly to developing markets in Africa and Middle East thus registering a growth of 37.5% over the previous year performance of ₹144 Crs.

The performance of Defence Business has not been on the expected level since its turnover this year is only ₹347 Crs as against previous year's turnover ₹455 Crs. This is mainly due to non-availability of components and parts consequent to the extra ordinary situation the Company is facing in this line of business. All possible steps are being taken to improve the performance of Defence Business segment of the Company including tapping the potentials for supplying Mining and Construction equipments to defence forces apart from exploring other /new business opportunities.

Railway and Metro business has achieved a growth of 81 % by achieving a turnover (net of consortium sale) of ₹1097 Crs as against ₹607 Crs during the previous year. Your Company has major orders on hand for SS EMUs, AC EMUs and Rail Coaches for execution during 2013-14 which augurs well for the performance during current year.

The efforts and contributions of the R&D Divisions during the year are quite commendable. The first 150T Electric Drive Rear Dump Truck and 180T Electric Excavator were rolled out during the year. It is a matter of pride that these equipments were indigenously designed, developed and manufactured to meet the growing demands in the Mining & Construction segment. Similarly, the Stainless Steel EMU and Intermediate Cars for Metro Trains, which were fruits of our R&D efforts, have bagged good orders both from Indian Railways and DMRC respectively.

We have started current financial year with a healthy order book of ₹5993 cores and we have set ourselves a sales target of ₹4150 crores for the year 2013-14. While we already have orders on hand for ₹2400 crores, for execution during the current year, our Marketing set up is working in a focussed fashion for securing the balance ₹1950 crores orders well in time to achieve our set targets.

You are aware, there is aggressive & fierce competition for most of our products, not only in terms of quality & cost but also in offering the equipment with better and advanced technological features. To sustain & improve our market share in domestic market & also to establish & expand our presence globally, there is an urgent need to drastically improve the quality & reliability of all our products & services and cut down the costs. To achieve these objectives, Management have identified the following strategies & action plans :

- The Company has declared the year 2013-14 as "Year of Quality" - "*Quality Control to Quality Assurance*"
- Bench marks have been set to produce and service equipment in line with global standards in respect of Technology, Customer Satisfaction, Quality, etc.
- Road map for R&D has been drawn for up gradation of the existing products, increased indigenisation of all products & introduction of new products / aggregates to enhance business.
- Cost control measures have been stepped up to reduced fixed & material costs.

Your Company takes pride in constantly adopting and maintaining the highest standards of values and principles. A detailed report on compliance of the guidelines on corporate governance under the listing agreement entered into with the stock exchanges and the guidelines issued by the Dept. of Public Enterprises for CPSEs form part of the Directors' Report.

I would like to thank my fellow directors on the board for their invaluable guidance and support rendered by them. I wish to thank investors and shareholders of the Company especially Government of India, the investor holding majority shares, for the opportunity provided to serve the Company better. I gratefully acknowledge the support and encouragement extended by our Administrative Ministry, that is, Ministry of Defence and in particular Department of Defence Production in steering the Company.

I also wish to express my sincere gratitude to all officers and employees of the Company for their dedication and commitment. The inherent strength of your Company has always been raising upto the occasion and facing the challenges. It shall be our continuous endeavour to build on these strengths to face future challenges to continue the journey of success.

With warm regards,

Sd/-

(P Dwarakanath)

Chairman & Managing Director

Corporate Vision, Mission and Objectives

A) Vision

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

B) Mission

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

C) Objectives

- (i) To maintain a dominant position in design, development, manufacture and marketing of Defence, Mining & Construction equipment and Rail & Metro equipment and seize emerging opportunities in Aerospace manufacturing and Dredging equipment business segments.
- (ii) To diversify and grow at a Compound Annual Growth Rate of 12% per annum to achieve a Sales turnover of ₹4500 crores in 2012-13.
- (iii) To provide unique total engineering solutions to its customers.
- (iv) Internationalizing operations by developing markets and enhancing exports by 10% growth.
- (v) To improve profitability at an average annual rate of 8%.
- (vi) To ensure maintenance of state-of-the-art technology for all Company products.
- (vii) Diversification of business operations specially in Dredging and Aerospace to tap emerging markets.
- (viii) Continuous building of skills and competencies to bring about Employee/ Executive effectiveness and for management succession.
- (ix) To strive to become a Navratna Company by 2015.



Financial Highlights

SL NO	PARTICULARS	UNITS	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
A	Our earnings									
	Revenue billed - Domestic	₹ Lakhs	309164	350432	342957	343268	270913	251273	249106	214435
	- Export	₹ Lakhs	19813	14405	21750	15625	30434	20062	11073	6149
	Total Revenue billed	₹ Lakhs	328977	364837	364707	358893	301347	271334	260179	220584
	Less: Value of Consortium supplies	₹ Lakhs	29090	72779	82091	58302	8257	-	-	-
	Revenue billed net of Consortium									
	Supplies	₹ Lakhs	299887	292058	282616	300591	293090	271334	260179	220584
	Less: Excise Duty	₹ Lakhs	18996	19409	17392	13641	13373	17374	17792	14630
	Revenue from operations	₹ Lakhs	280891	272649	265224	286950	279717	253960	242387	205954
	Change in WIP/SIT	₹ Lakhs	6992	42882	14800	15099	28072	11360	(1104)	(2627)
	Value of Production (with Revenue from Operations)	₹ Lakhs	287883	315531	280024	302049	307789	265321	241283	203327
	Value of Production (with Revenue Billed)	₹ Lakhs	335969	407719	379507	373992	329419	282695	259075	217957
B	Our outgoings									
	Cost of materials	₹ Lakhs	172427	184633	165880	180084	185089	160957	148403	127624
	Emp. Rem. & Benefits	₹ Lakhs	73940	72508	68315	55514	56919	44672	36379	33357
	Depreciation	₹ Lakhs	5025	4392	3364	3222	2731	1770	1352	1412
	Other Expenses(net)	₹ Lakhs	45996	45901	37938	36996	31296	31114	28510	35136
	Interest	₹ Lakhs	14099	8843	6127	4893	3925	2309	561	461
C	Our savings									
	PBDIT	₹ Lakhs	6891	19881	28166	40070	45403	38880	33517	30415
	PBIT	₹ Lakhs	1866	15489	24802	36848	42672	37110	32165	29003
	PBT	₹ Lakhs	(12233)	6646	18675	31955	38747	34801	31604	28542
	PAT	₹ Lakhs	(7987)	5725	14976	22285	26884	22565	20493	18693
D	Own capital									
	Equity	₹ Lakhs	4177	4177	4177	4177	4177	4177	3687	3687
	Reserves and surplus	₹ Lakhs	203826	213031	209727	199607	187360	166393	99661	84284
E	Loan capital									
	Loans from GOI	₹ Lakhs	-	-	-	-	-	-	-	-
	Loans from Banks	₹ Lakhs	85181	83335	67419	75305	47091	30327	2557	2488
	Other loans	₹ Lakhs	40959	12525	14091	15550	9673	-	-	-
F	Financial Statistics									
	Net worth	₹ Lakhs	208003	217208	213904	203639	190708	169176	101459	85390
	Gross Block	₹ Lakhs	118377	112845	94543	79871	74951	68028	59643	56512
	Depreciation	₹ Lakhs	65303	59923	55590	52484	49402	46970	45257	43992
	Net Block	₹ Lakhs	53074	52922	38953	27387	25549	21058	14386	12520
	Inventories	₹ Lakhs	245620	242241	188891	165300	162058	92958	72928	64908
	Trade Receivables	₹ Lakhs	122452	100598	128840	136074	154527	149606	90426	77021
	Working capital	₹ Lakhs	206756	205462	162399	259646	218771	174884	86676	73460
	Capital Employed	₹ Lakhs	259830	258384	201352	287033	244320	195942	101062	85980
	Value added	₹ Lakhs	115456	130898	114144	121965	122700	104364	92880	75703
	Dividend-Excl. Tax	₹ Lakhs	1041	2082	4164	4164	4997	4997	4409	3674
	R&D Expenditure	₹ Lakhs	9436	9779	9433	9720	3198	1926	1805	1914
	No. of Employees	Nos	11005	11644	11798	12052	12600	12286	11748	11975
G	Financial Ratios									
	Revenue from operations per Employee	₹ Lakhs	25.52	23.42	22.48	23.81	22.20	20.67	20.63	17.20
	Value Added per Employee	₹ Lakhs	10.49	11.24	9.67	10.12	9.74	8.49	7.91	6.32
	PBT to Revenue from operations	%	(4.36)	2.44	7.04	11.14	13.85	13.70	13.04	13.86
	PBIT to Capital employed	%	0.72	5.99	12.32	12.84	17.47	18.94	31.83	33.73
	PAT to Net worth	%	(3.84)	2.64	7.00	10.94	14.10	13.34	20.20	21.89
	Debt Equity ratio	Times	0.61	0.44	0.38	0.45	0.30	0.18	0.03	0.03
	EPS	₹	(19.18)	13.75	35.96	53.51	64.56	56.19	55.77	50.87
	Dividend	%	25.00	50.00	100.00	100.00	120.00	120.00	120.00	100.00
	Revenue from operations to Capital employed	%	108.11	105.52	131.72	99.97	114.49	129.61	239.84	239.54

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

ii) Trade Receivables includes Unbilled Revenue amounting to ₹ 36301 Lakhs shown under other current assets in the accounts (Pr. Yr. - ₹ 21433 Lakhs)

Financial Highlights

SL NO	PARTICULARS	UNITS	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
A	Our earnings									
	Revenue billed - Domestic	₹ Lakhs	179745	171316	165972	130872	119760	99469	120210	118782
	- Export	₹ Lakhs	5856	5259	2145	11543	14980	32240	1052	7189
	Total Revenue billed	₹ Lakhs	185601	176575	168117	142415	134740	131709	121262	125971
	Less: Value of Consortium supplies	₹ Lakhs	-	-	-	-	-	-	-	-
	Revenue billed net of Consortium Supplies	₹ Lakhs	185601	176575	168117	142415	134740	131709	121262	125971
	Less: Excise Duty	₹ Lakhs	12322	9354	11005	9170	9608	7497	8081	10636
	Revenue from operations	₹ Lakhs	173279	167221	157112	133245	125132	124212	113181	115335
	Change in WIP/SIT	₹ Lakhs	2994	(7388)	5899	1195	(423)	(2324)	3153	2626
	Value of Production (with Revenue from Operations)	₹ Lakhs	176273	159833	163011	134440	124709	121888	116334	117961
	Value of Production (with Revenue Billed)	₹ Lakhs	188595	169187	174016	143610	134317	129385	124415	128597
B	Our outgoings									
	Cost of materials	₹ Lakhs	103505	105319	111449	90318	79540	77685	73738	74787
	Emp. Rem. & Benefits	₹ Lakhs	35616	34678	33407	32562	36662	26349	24132	21808
	Depreciation	₹ Lakhs	2299	1829	1930	2214	2340	2679	2572	2458
	Other Expenses(net)	₹ Lakhs	27052	29191	31231	19171	15946	16897	17552	19945
	Interest	₹ Lakhs	179	148	300	2226	3120	6399	8878	10074
C	Our savings									
	PBDIT	₹ Lakhs	29758	6995	6017	5741	6525	11438	11722	14137
	PBIT	₹ Lakhs	27459	5166	4087	3527	4185	8759	9150	11679
	PBT	₹ Lakhs	27280	5018	3787	1301	1065	2360	272	1605
	PAT	₹ Lakhs	17528	2417	2610	535	600	1460	62	1065
D	Own capital									
	Equity	₹ Lakhs	3687	3687	3687	3687	3687	3687	3687	3687
	Reserves and surplus	₹ Lakhs	69781	56437	54827	55978	55689	55497	54937	54877
E	Loan capital									
	Loans from GOI	₹ Lakhs	-	-	-	-	-	-	1440	2525
	Loans from Banks	₹ Lakhs	7491	3148	3130	27255	23471	37537	47305	41466
	Other loans	₹ Lakhs	-	180	220	2778	6288	10855	22951	27247
F	Financial Statistics									
	Net worth	₹ Lakhs	69439	56888	53219	55559	55700	57774	57752	56922
	Gross Block	₹ Lakhs	54395	54334	53425	52851	52695	52199	50618	49708
	Depreciation	₹ Lakhs	42738	40949	39213	37648	35805	33509	31058	28613
	Net Block	₹ Lakhs	11657	13385	14212	15203	16890	18690	19560	21095
	Inventories	₹ Lakhs	62080	57327	74850	63886	63868	61079	67961	65732
	Trade Receivables	₹ Lakhs	60820	44356	49418	56730	52067	52016	60665	61882
	Working capital	₹ Lakhs	64658	47933	43454	69190	67512	86838	108655	106510
	Capital Employed	₹ Lakhs	76315	61318	57666	84393	84402	105528	128215	127605
	Value added	₹ Lakhs	72768	54514	51562	44122	45169	44203	42596	43174
	Dividend-Excl. Tax	₹ Lakhs	3674	735	735	441	368	735	0	0
	R&D Expenditure	₹ Lakhs	1687	1498	1754	1823	1550	1372	1194	1230
	No. of Employees	Nos	12189	12922	13116	13838	14357	15117	15471	15349
G	Financial Ratios									
	Revenue from operations per Employee	₹ Lakhs	14.22	12.94	11.98	9.63	8.72	8.22	7.32	7.51
	Value Added per Employee	₹ Lakhs	5.97	4.22	3.93	3.19	3.15	2.92	2.75	2.81
	PBT to Revenue from operations	%	15.74	3.00	2.41	0.98	0.85	1.90	0.24	1.39
	PBIT to Capital employed	%	35.98	8.42	7.09	4.18	4.96	8.30	7.14	9.15
	PAT to Net worth	%	25.24	4.25	4.90	0.96	1.08	2.53	0.11	1.87
	Debt Equity ratio	Times	0.11	0.06	0.06	0.54	0.53	0.84	1.24	1.25
	EPS	₹	47.70	6.58	7.10	1.46	1.63	3.97	0.17	2.88
	Dividend	%	100.00	20.00	20.00	12.00	10.00	20.00	0.00	20.00
	Revenue from operations to Capital employed	%	227.06	272.71	272.45	157.89	148.26	117.71	88.27	90.38



Notice

NOTICE is hereby given that the 49th Annual General Meeting of BEML Limited will be held on **Friday, the 13th September, 2013** at **10.00 hours** at **API Bhavana, #16/F, Millers Tank Bed Area, Vasanthanagar, Bangalore - 560052**, to transact the following business:

I. ORDINARY BUSINESS

1. To receive, consider, approve, and adopt the Audited Statement of Profit and Loss and Cash Flow Statement for the year ended 31.03.2013, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year 2012-13.
3. To elect a Director in place of Shri Kanwal Nath, who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in place of Prof. Ramesh Bhat, who retires by rotation and being eligible, offers himself for re-appointment.
5. To elect a Director in place of Prof. S. Sadagopan, who retires by rotation and being eligible, offers himself for re-appointment.
6. To elect a Director in place of Shri C. N. Durgesh, who retires by rotation and being eligible, offers himself for re-appointment.
7. To fix the remuneration of the Auditors for the year 2013-14.

II. SPECIAL BUSINESS

8. Appointment of Directors:

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

“RESOLVED that Shri P. Dwarakanath, be and is hereby appointed as Chairman & Managing Director of the Company with effect from 09.10.2012 on the terms and conditions as stipulated by the Government.”

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

“RESOLVED that Shri C. Balakrishnan, be and is hereby appointed as Non-official (Independent) Director of the Company with effect from 15.10.2012 on the terms and conditions as stipulated by the Government.”

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

“RESOLVED that Shri N.P. Gupta, be and is hereby appointed as Non-official (Independent) Director of the Company with effect from 15.10.2012 on the terms and conditions as stipulated by the Government.”

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

“RESOLVED that Shri Suhas Anand Bhat, be and is hereby appointed as Non-official (Independent) Director of the Company with effect from 15.10.2012 on the terms

and conditions as stipulated by the Government.”

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

“RESOLVED that Shri P.K. Mishra, be and is hereby appointed as Part-time Government Director of the Company with effect from 02.11.2012 on the terms and conditions as stipulated by the Government.”

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

“RESOLVED that Shri D K Hota, be and is hereby appointed as Director (HR) of the Company with effect from 01.07.2013 on the terms and conditions as stipulated by the Government.”

9. Alteration of Articles of Association – Buy-back of Shares :

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

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company, be and is hereby amended by inserting the following paragraph as Article 7(a) after Article 7 as under :

Buy-back of Shares:

7(a)The Company may, subject to the applicable provisions of the Companies Act and SEBI Regulations, purchase its fully paid shares or other specified securities (hereinafter referred to 'Buy Back') out of its free reserves or the securities premium account or the proceeds of any shares or other specified securities issued specially for the purpose of buy back or any other mode as may be permitted from time to time.”

By order of the Board
For BEML Limited

Sd/-

M E V Selvam
Company Secretary

Bangalore
07.08.2013

Notes

1. A Member entitled to attend and vote at the Meeting is entitled to appoint proxy / proxies to attend and vote instead of himself and proxy need not be a member of the Company.
2. Proxy form is attached. The Proxy form should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.



3. *Member / Proxy holder must bring the Attendance Slip to the Meeting and hand it over at the entrance duly signed and executed.*
4. *Shareholders are requested to address all correspondence in relation to share matters to the Company's Share Transfer Agent (STA), M/s Karvy Computershare Private Limited at the following address :*

M/s. Karvy Computershare Private Limited
*Plot No.17-24, Vittalrao Nagar
Madhapur, Hyderabad - 500 081
Andhra Pradesh State
Ph : 040-44655000, Fax : 040-23420814
Toll Free No. : 1800-3454-001*

*E-mail : nageswara.raop@karvy.com,
einward.ris@karvy.com
Website : www.karvy.com*
5. *Investor Grievance Redressal :*

The Company has designated an exclusive e-mail id: investorgrievance@beml.co.in to enable investors to register their complaints, if not adequately addressed by the STA.
6. *Members who are holding shares in more than one folio are requested to intimate to the STA the details of all their folio numbers for consolidation into a single folio. Members must quote their Folio Number / Demat Account No. and contact details such as email address, contact no. etc in all correspondence with the Company/STA.*
7. *Members are requested to bring their copies of the Annual Report to the meeting.*
8. *Members may visit the website of the Company www.bemlindia.com for more information on the Company.*
9. *An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.*
10. *In terms of Clause 16 of the Listing Agreement, the Register of Members and Share Transfer Book will remain closed from 10.09.2013 to 13.09.2013 (both days inclusive) for the purpose of the Annual General Meeting.*
11. *Pursuant to Clause 49 of the Listing Agreement, the brief resume/profile of the Directors eligible for re-appointment vide Item Nos.3 to 6 are attached hereto.*
12. *The dividend declared at the meeting will be made available on or after 18.09.2013, in respect of shares held in physical form to those members who are entitled to the same and whose names appear in the Register of Members of the Company after giving effect to all valid share transfers lodged with the Company at the end of business hours on 09.09.2013 and in respect of shares held in the electronic form to those "Deemed Members" whose names appear in the Statement of Beneficial Ownership furnished by the National Securities Depository Limited and the Central Depository Services (India) Limited.*
13. *Pursuant to Section 205A(5) of the Companies Act, 1956 the unpaid dividends that are due for transfer to the Investor*