



MEMORANDUM OF UNDERSTANDING

between

**Department of Defence Production
Ministry of Defence, Govt. of India**

and

**BEML Limited
Bengaluru**

**For the year
2020-21**





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**BEML LIMITED
Bengaluru**

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This Memorandum of Understanding has been structured as under:

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Form-I

Brief about the CPSE

Annexure-I

1	Name of the CPSE	BEML LIMITED
2	Status (Maharatna/ Navratna/ Miniratna-I/ Miniratna-II/ Others)	Miniratna-I
3	Schedule of the CPSE	A
4	Purpose for which CPSE has been setup and the main business now	For manufacturing of Rail Coaches. BEML deals with manufacturing of Metro Cars, EMUs, Mining & Construction equipments and Defence products.
5	Any capital restructuring during 2018-19, i.e., buy-back of shares, issue of bonus shares, issue of fresh shares, splitting of shares and percentage of PAT given as dividend	No capital restructuring done during 2018-19. 45.91% of PAT given as dividend for the year 2018-19. (i.e. 29.15 Crs. of PAT 63.49 Crs.)
6	Whether shares are listed (if yes, name of Stock Exchange and price of the share as on date)	Yes. BSE & NSE (Rs.1013.35 as on 29th March 2019)
7	Any change in Capacity during the year or next year (MoU Year)	No
8	Any business unit hived off or to be hived off or Added or to be Added during the year or next year (MoU Year)	No
9	Brief about the Sector in which the CPSE is operating and national and international environment, regulatory environment etc	<p>"BEML Limited, is engaged in the design, development, manufacturing and after-sales service of a wide range of products for core sectors of economy such as Coal, Mining, Steel, Cement, Power, Irrigation, Construction, Road Building, Defence, Railway, Metro Transportation System and Aerospace.</p> <p>BEML operates in three business segments - Mining & Construction, Defence & Aerospace, Rail & Metro and has a International Business Division for export activities. The Company has four manufacturing complexes located at Bengaluru, Kolar Gold Fields (KGF), Mysuru and Palakkad and a subsidiary steel foundry functioning in Tarikere. BEML has its own world class composite R&D establishment for Design & Development of products.</p> <p>BEML manufactures construction machinery like Wheel loaders, Back-hoe loaders, Motor Graders which are regulated as per CMVR norms set by MoRTH (Ministry of Road Transport and Highways). Mining machineries are regulated according to DGMS standards. Rail products meets the norms set by RDSO."</p> <p>BEML is giving major thrust for Aatma Nirbhar Bharat to enhance indigenization by publishing EoI for manufacturing and technology partnership with reputed OEM through JVs, ToT, Joint Manufacturing, Technology licencing and Contract Manufacturing.</p>

Brief about the CPSE

Annexure-I

10	Details of revival plan approved		Not Applicable	
11	Any adverse comment by statutory auditors and comment wise impact on Revenue/ Profit/ Loss/Assets/ Liabilities.		No	
12	Whether C&AG Supplemented the comments of Statutory auditor. If not, give details along with impact.		Yes. C&AG has commented that for FY 2018-19 the CPSE has overstated its Profit and Trade Receivables by Rs.18.79 crore by not making provision for doubtful claims on account of Liquidated Damages for delayed supplies during the year 2015-16 and 2016-17.	
13	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years			
	Year	Name of subsidiary	Amount invested (₹ Crs)	Share in its profit (₹ Crs)
	2014-15	M/s. Vignyan Industries Limited (VIL), Tarikere (BEML took over on 12.10.1984)	2.53	NIL
	2015-16			0.43
	2016-17			0.55
	2017-18			0.24
	2018-19			-0.56
	Year	Name of subsidiary	Amount invested (₹ Crs)	Share in its profit (₹ Crs)
	2014-15	M/s. MAMC Industries Limited	0.05	NIL
	2015-16			NIL
	2016-17			NIL
	2017-18			NIL
	2018-19			NIL
14	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years			
	Year	Name of subsidiary	Amount invested (₹ Crs)	Share in its profit (₹ Crs)
	2014-15	M/s. BEML Midwest Limited, Hyderabad.	5.42	NIL
	2015-16			NIL
	2016-17			NIL
	2017-18			NIL
	2018-19			NIL

Mandatory Parameters

Annexure-II

PART-A

(Applicable to all CPSEs except CPSEs Distributing Government grant)

Sl. No.	MoU Sl. No.	Financial Performance Criteria	Unit	Marks	2019-20 Estimated	Best in 5 years	MoU Targets For The Year 2020-21					% Improvement
							EX.	V.GOOD	GOOD	FAIR	POOR	
1	1	Turnover										
		Revenue from operations (Net)	₹ Crs	10	3029	3481	3850	3300	3200	3100	3000	8.95%
2	2	Operating Profit/ Loss										
		CPSEs with operating profit (Profit/ Surplus before Tax excluding other Income, Extraordinary and Exceptional Items):-										
		Operating profit/ surplus as a percentage of Revenue from operations (Net)	%	20	0.00	4.28	3.00	1.50	1.30	1.20	1.00	
3	3	Return on Investment:										
		Profit Earning CPSEs with no accumulated losses:										
		PAT or Surplus/ Average Net Worth	%	20	2.91	5.76	5.00	3.00	2.60	2.50	2.30	3.09%
		Sub total		50								

*Improvement would be worked out on Very Good Target for MoU year over Current year expected actuals

1. In working out achievements for the year, quantified qualifications of CAG / Statutory Auditors would be adjusted in case of overstatement of Revenue/ Profit/ Surplus or understatement of Loss/ Deficit in addition to the negative marks prescribed in MoU guidelines.

2. Adjustment would be made in the targets in case of improvement in actual performance over the estimated performance in the base year (2019-20) as per MoU Guidelines.

3. It was agreed that targets decided are unconditional and no offset will be allowed on any ground. Further evaluation would be subject to compliance of Additional Eligibility criteria as contained in MoU guidelines.

Other Parameters

Annexure-II

PART-B

Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	MoU Sl. No.	Performance Criteria	Unit	Marks	2019-20 Estimated	Best in 5 years	MoU Targets For The Year 2020-21					% Improvement
							EX.	V.GOOD	GOOD	FAIR	POOR	
4	1	Production										
(a) Defence & Aerospace Business												
i		Supply of 10M Short Span Bridging System (SSBS)	Nos.	2	—	—	60	55	50	45	40	
ii		Supply of Sarvatra Bridging System	No. of sets	2	—	—	4	3	2	1	—	
(b) Mining & Construction Business												
i		Supply of High End Dumpers	Nos.	2	—	—	4	3	2	1	—	
ii		Supply of High End Excavators	Nos.	2	—	—	4	3	2	1	—	
(c) Rail & Metro Business												
i		Supply of RS-15 Metro Coaches	No. of Units	2	—	—	13	12	11	10	9	
ii		Supply of MRS-1 Metro Coaches	No. of Train sets	2	—	—	6	5	4	3	2	
5	3	Export as a percentage of Revenue from Operations (Net)	%	5	0.48	3.81	4.00	1.50	1.25	1.00	0.75	212.50%
		Sub total		17								

*Improvement would be worked out on Very Good Target for MoU year over Current year expected actuals
It was clarified that for calculation of the ratio, Revenue from Operation means Sales of Products

Other Parameters

Annexure-II

PART-B

Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	MoU Sl. No.	Performance Criteria	Unit	Marks	2019-20 Estimated	Best in 5 years	MoU Targets For The Year 2020-21					% Improvement *
							EX.	V.GOOD	GOOD	FAIR	POOR	
6	6	Completion of milestone of client's orders / agreements without time overrun. (all orders over Rs.10 Cr)	%	9	—	—	100	95	90	85	80	—
7	7	Technology Up-gradation Design, Development of Mobile Standby Command Post (MSCP) 4x4 vehicle and first billing	Date	3	—	—	31-12-20	15-01-21	31-01-21	15-02-21	28-02-21	
8	13	Trade Receivables (Net) as number of days of Revenue from Operations (gross)	Days	5	150	138	90	100	120	140	160	
9	14	Reduction in Claims against the Company not acknowledged as debt over previous year (overall)**	%	5	14	34.53	20	18	16	14	12	28.57%
10	19	Other sector specific result oriented measurable parameters										
a		MoU parameters related to GeM: Percentage of procurement of goods and services through GeM portal to total procurement of goods and services during the previous year i.e FY 2019-20	%	5	—	—	25	20	15	10	5	
b		Reduction in Import consumption as a percentage of Revenue from Operations over Previous Year	%	3	—	—	6	5	4	3	2	—
		Sub total		30								

*Improvement would be worked out on Very Good Target for MoU year over Current year expected actuals

**Claims will be total of Central Government Departments, State Governments/ Local Authorities, CPSEs and others, and also include legal duties and taxes. Evaluation would be done for reduction in claims from the opening balance (closing balance of previous year)

Other Parameters


PART-B

Annexure-II

Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	MoU Sl. No.	Performance Criteria	Unit	Marks	2019-20 Estimated	Best in 5 years	MoU Targets For The Year 2020-21					% Improvement
							EX.	V.GOOD	GOOD	FAIR	POOR	
11		Parameter on Asset Monetization										
a		Preparation of asset monetization plan(AMP)	Date	1	—	—	15-11-20	22-11-20	28-11-20	05-12-20	12-12-20	
b		Approval of Asset Monetization plan from DIPAM	Date	1	—	—	01-01-21	07-01-21	14-01-21	21-01-21	28-01-21	
c		Achievement of Milestone approved for the year 20-21 by DIPAM in approved assets monetization plan	Date	1	—	—	31-03-21	—	—	—	—	
		Sub total		3								
		Total		100								

* Improvement would be worked out on Very Good Target for MoU year over Current year expected actuals


Dr. D. K. Hota
 Chairman and Managing Director
 BEML Limited


Shri Raj Kumar
 Secretary (DP)
 Ministry of Defence
 Government of India

PART - A

Annexure-III

Trend Analysis

Sl. No	Financial Performance Criteria	Unit	Target V/s Actual	2014-15	2015-16	2016-17	2017-18	2018-19	Estimate 2019-20	Actuals 2019-20
1	Revenue from Operations - Gross	₹ Crs		2,999.17	3,284.33	2,834.66	3,828.29	3,961.06	3,500.00	3,028.82
	Revenue from Operations - Net		Actual	2,809.19	2,980.61	2,498.81	3,245.54	3,481.06	3,500.00	3,028.82
			MoU	3,600.00	3,800.00	3,150.00	2,900.00	3,000.00	—	3,500.00
2	a. Profit before Tax	₹ Crs		6.91	77.92	98.29	163.79	130.96	84.02	24.06
	b. Other Incomes			59.50	42.16	62.45	24.90	23.12	31.52	48.55
	c. Extraordinary & Exceptional items			0.14	—	—	—	—	—	—
	d. Prior Period Items			(0.27)	—	—	—	—	—	—
	e. Operating Profit/ Loss (a-b+/-c+/-d)		Actual	(53.00)	35.76	35.84	138.89	107.84	52.60	(24.49)
			MoU	81.22	141.50	35.00	23.20	36.00	—	52.50
3	a. PAT	₹ Crs		6.76	63.66	84.45	129.45	63.49	54.73	68.38
	b. Net Worth at year end Exclusive OCI			2,080.91	2,139.56	2,203.96	2,293.30	2,293.52	2,343.16	2,407.00
	c. Average Net Worth Exclusive OCI			2,080.38	2,110.24	2,171.76	2,248.63	2,293.41	2,257.31	2,350.26
	d. PAT / Avg Net Worth	%	Actual	0.32%	3.02%	3.89%	5.76%	2.77%	2.42%	2.91%
			MoU	4.30%	6.31%	2.59%	2.80%	3.00%	—	2.70%
	e. Paid-up Share Capital	₹ Crs		41.77	41.77	41.77	41.77	41.77	41.77	41.77
	f. Gol Share			22.50	22.50	22.50	22.50	22.50	22.50	22.50
	g. Reserves and Surplus			2,039.14	2,087.28	2,139.78	2,158.46	2,145.47	2,166.20	2,215.38
4	Total Expenses	₹ Crs		3,052.17	3,248.57	2,798.82	3,689.40	3,853.22	3,447.40	3,053.30
5	Total Incomes	₹ Crs		3,058.67	3,326.49	2,897.11	3,853.54	3,984.18	3,531.52	3,077.36
6	Total expenses / Total Incomes	%		99.79%	97.66%	6.61%	95.74%	96.71%	97.62%	99.22%
7	Detail of other incomes									
	a. Interest	₹ Crs		9.46	7.50	14.44	3.80	2.37	3.58	1.79
	b. Dividend	₹ Crs		-	-	-	-	-	-	-
	c. Other Incomes	₹ Crs		50.04	34.66	48.01	21.10	20.62	27.94	46.76
	d. Total	₹ Crs		59.50	42.16	62.45	24.90	23.12	31.52	48.55
8	a. Cash and Bank Balance and equivalent	₹ Crs		144.87	65.79	14.01	1.99	31.42	5.00	27.85
	b. Investment in mutual funds	₹ Crs		-	-	-	-	-	-	-
	c. Investment in shares other than subsidiary/ JVs)	₹ Crs		-	-	-	-	-	-	-
	d. Total (a+b+c)	₹ Crs		144.87	65.79	14.01	1.99	31.42	5.00	27.85
	e. Cash credit/ Over draft loan/ Short-Term loan	₹ Crs		175.31	153.67	112.85	134.67	97.51	150.00	36.20
	f. Balance in Current account	₹ Crs								
9	Dividend excluding Dividend Tax									
	Paid during the year	₹ Crs		4.16	4.16	16.66	33.32	52.06	—	20.82
	Declared for the year	₹ Crs		4.16	16.66	33.32	33.32	29.15	—	24.99*

Note : Trend would be given for actual figures for preceding five years (audited) and estimates of current year i.e. previous year to the year in respect of which targets are being negotiated. * Subject to the approval of shareholders at the Annual General Meeting

PART - B

Annexure-III

Trend Analysis

Sl. No	Financial Performance Criteria	Unit	Target V/s Actual	2014-15	2015-16	2016-17	2017-18	2018-19	Estimate 2019-20	Actuals 2019-20
1	R&D Expenditure	₹ Crs	Actual	82.92	66.63	78.08	102.04	70.72	75.50	103.54
2	Export as a percentage of Revenue from Operation (Net)	%	Actual	3.81%	1.16%	1.11%	0.88%	0.56%	0.48%	0.48%
			MoU	Not Monitored				0.86%	—	8.00%
3	Completion of milestone of client's orders / agreements without time overrun.	%	Actual			83.33%	93.55%	98.50%	95.00%	96.41%
			MoU			90.00%	95.00%	95.00%	—	95.00%
4	Trade Receivables (net)	₹ Crs	Actual	1,242.07	1,241.31	1,430.37	1,650.81	1,613.05	1,590.00	1,510.37
5	Trade receivables (Net) as number of days of Revenue from Operations (gross)	%	Actual	151	138	184	157	149	150	154
			MoU	111	117	111	110	145	—	143
6	Claims against the Company not acknowledged raised by :	₹ Crs								
	Central Government Departments	₹ Crs		370.92	466.21	495.53	516.04	362.81	—	349.26
	State Governments/ Local Authorities	₹ Crs		101.07	95.62	89.07	134.68	92.88	—	90.36
	CPSEs	₹ Crs		5.99	8.63	8.47	8.31	8.15	—	7.99
	Others	₹ Crs		504.10	526.30	154.31	207.95	172.62	—	189.02
	Total	₹ Crs	Actual	982.08	1,096.76	747.38	866.98	636.46	—	636.63
7	Reduction in Claims	%	Actual			34.53%	9.56%	23.16%	14.00%	19.67%
			MoU			9.0%	4.5%	10%	—	12%

Note: Trend would be given for actual figures for preceding five years (audited) and estimates of current year i.e. previous year to the year in respect of which targets are being negotiated.