

Ref: CS/SE/363

28.07.2023

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

Sub: Revised Independent Auditors' report for the Financial Year 2022-23, based on C&AG observation.

Ref: Letter no. CS/SE/329 dated 26.05.2023- Outcome of Board Meeting.

This is to inform that, Independent Auditors' report for the period ended 31.03.2023 of BEML Limited is revised based on the observation issued by Comptroller and Auditor General of India and the same is enclosed herewith.

Yours faithfully

For BEML LIMITED

Jai Gopal Mahajan
Company Secretary & Compliance Officer

Encl: As above

ಪ್ರಧಾನಕಛೇರಿ Corporate Office:

'ಬೆಮೆಲ್ ಸೌಧ', ೨೩/೧, ೪ನೇ ಮುಖ್ಯರಸ್ತೆ, ಸಂಪಂಗಿರಾಮನಗರ, ಬೆಂಗಳೂರು - ೫೬೦೦೨೭. ದೂರವಾಣಿ ಸಂಖ್ಯೆ: +೯೧ ೮೦ ೨೨೯೬೩೧೪/೨೧೧, ಫಾಕ್ಸ್: +೯೧ ೮೦ ೨೨೯೬೩೧೪

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CIN: L35202KA1964GOI001530, GST NO. 29AAACB8433D1ZU

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INDEPENDENT AUDITORS' REPORT

To the members of **BEML LIMITED**

Report on the Audit of Standalone Indian Accounting Standards (Ind AS) Financial Statements

Pursuant to the observations arising from the Audit by the Comptroller and Audit General of India, our earlier report dated 26-05-2023, Emphasis of matter has been revised by making changes in the Emphasis of matter para c) and adding para i) This report supersedes our earlier report. Our opinion has not been modified in this regard

Opinion

We have audited the accompanying Standalone Quarterly/Annual Ind AS Financial Statements of **BEML LIMITED** ("the Company"), for the quarter & year ending 31st March 2023 which comprise the standalone Balance Sheet as at March 31, 2023, the standalone Statement of Profit and Loss (including Other Comprehensive Income) for Quarter/Year ending 31st March 2023, the standalone Cash Flow Statement for quarter/year ending 31st March 2023, the standalone Statement of Changes in Equity for the quarter/year ended 31st March 2023, and notes to the Standalone Indian Accounting Standards ("Ind AS") Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements") for the quarter/year ended 31st March 2023

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Ind AS prescribed under section 133 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023 and its Profit and total comprehensive income, its cash flows and the changes in equity for the quarter & year ended on that date.

Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone Ind AS financial statements.



Emphasis of Matter

We draw attention to;

- a) Accounting policy 2.1.E - Current/Non-current classification, the company has different operating cycles for 3 Business Verticals viz Mining & Construction, Defence & Aerospace and Rail & Metro. For the purpose of current/non-current classification of assets and liabilities, the Company has evaluated and considering the operating cycle as twelve months in accordance with IND AS 1 - Presentation of Financial Statements.
- b) Note No. 12 - Inventories includes a provision for shortage of stock of Spares amounting to Rs. 5.9 Lakhs, which is pending to be adjustment in the books of accounts and under reconciliation.
- c) We draw attention to Note no. 14 - Trade Receivables amounting to Rs. 1,23,670.02 Lakhs, Note no. 14a - Contract Assets amounting to Rs. 61,265.72 Lakhs, Note no. 18 - Claims Receivable (net) (Other current Assets) amounting to Rs. 3,488.79 Lakhs of the notes forming part of the Financial statement which includes various contracts which could be onerous and regular contracts which are in various stages of completion, pending to be renewed, expired contracts or contracts pending to be executed for which finality and outcome are to be arrived at in the future.

Hence, no provision for onerous contracts has been created in respect of these contracts.

- d) Note No. 18 with respect to Claims Recievable from railway board amounting to Rs. 3,839.12 Lakhs an Inter- Ministerial Committee has been formed by MOD to resolve the issues. Pending final recommendations of the Committee, based on the deliberations in the committee and based on Company's assessment, provisions have been made wherever required excluding a sum of Rs.177.22 lakhs which is covered in payable to Sub-Contractors on back to back terms.
- e) Note No. 39(F) regarding Ind AS 108 (Operating Segments) - Vide Notification No. S.O.802(E) dated 23-02-2018 issued by Ministry of Corporate Affairs, companies engaged in Defence Production are exempted from segmental disclosure as required under Ind AS 108, accordingly the disclosure requirements under Ind AS 108 have not been made.
- f) Note No. 39(G) regarding pending confirmation, reconciliation, review/ adjustment of balances in respect of advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits
- g) We draw attention to Note No.7 - Non-current Investments amounting to Rs. 252.60 Lakhs and Note No. 16 - Current Loans amounting to Rs. 1,250,76 Lakhs relating to Investment in Subsidiary M/s. Vignyan Industries Limited (VIL) and Rs. 103.54 lakhs relating to inter corporate loan to BLAL.

Based on the explanation and information as furnished to us, we were given to understand that As per the approval of the CCEA dtd 8th September 2021, Vignyan Industries limited (VIL), a subsidiary of BEML Ltd, is under Voluntary Liquidation and official Liquidator has been appointed on 12.10.2021 based on EGM dtd 11.10.2021.

Movable assets of VIL have been disposed off and disposal of immovable assets (land) is under process.

Land (factory, helipad, guest house) have been revalued at fair value amounting to Rs.4266.47 lakhs in line with latest reserve price fixed by NBCC India Limited and a sum of Rs. 2,285.97 lakhs had been given credit in Property, Plant and Equipment with suitable adjustment in other equity.

There are no employees under the rolls of VIL. Hence, no actuarial valuation under IND AS 19 (employee benefits) has been done.

- h) We draw attention to note no 11 (a) - Other Non-current Assets forming part of Financial statements relating to Advance to MAMC Consortium amounting to Rs. 7,197.70 Lakhs (Previous Year - Rs. 6,827.18 Lakhs)
- i) During the year the Company has transferred the following assets at book value to M/s BEML Land Assets Ltd(BLAL) under the MCA approved Scheme of Arrangement for demerger filed with ROC on 25th August 2022. The same has been disclosed under Note- 3 B(i) -PPE of the Financial Statements

Land = Rs 636.58 lakhs
Buildings = Rs 327.89 lakhs

Our Opinion is not qualified in respect of these matters.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the Quarter & financial year ended March 31, 2023. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. ***In addition to the matters described in the Emphasis of Matter sections***, we have determined the matters described below to be the key audit matters to be communicated in our report:

- I. Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers":
Refer Note 30 to the Standalone Ind AS Financial Statements

Key Audit Matters

The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period, and disclosures including presentations of balances in the financial statements. Additionally, revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the Balance Sheet date.

Auditor's Response to Key Audit Matters

We understood and evaluated the Company's process, procedure and designed our audit approach consisted testing of the design and operating effectiveness of the internal controls and procedures as follows:

- Evaluated the effectiveness of control over the preparation of information that are designed to ensure the completeness and accuracy.
- Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- Tested the relevant information, accounting systems and change relating to contracts and related information used in recording and disclosing revenue in accordance with Ind AS 115.
- Reviewed a sample of contracts to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations.
- Performed analytical procedures and test of details for reasonableness and other related material items.
- Selected a sample of continuing and new contracts and performed the following procedures:
 - Read, analysed and identified the distinct performance obligations in these contracts.
 - Compared these performance obligations with that identified and recorded by the Company.
 - Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.
 - In respect of samples relating to metro contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual cost incurred up to that stage with estimation. We also tested the access and change management controls relating to these systems.
 - Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
 - Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
 - We reviewed the collation of information from the budgeted information of the management used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the Balance Sheet date.

II. Inventory

Refer Note 12 to the Standalone Ind AS Financial Statements



Key Audit Matters

Inventories with reference to Note No. 12 includes Raw Material, Work-In-Progress and Finished Goods which have been physically verified by the management based on physical verification instructions.

Auditor's Response to Key Audit Matters

We have carried out following procedures with respect to the existence of Inventory as at the year-end

- Evaluated the design and implementation of the controls over physical verification of inventory and tested the operating effectiveness of these controls during the interim periods.
- Management had carried out the physical verification of inventory at the year end. We have performed the following alternate procedures to audit the existence of inventory:
 - The physical verification of inventory of inventory conducted by the management and we performed roll back procedures.
 - As explained in Note No. 12(a) in case of Inventory held at third party locations, obtained direct confirmation of the inventory held by third party locations subsequent to the year end and performed roll back procedures.
 - Obtained physical verification reports of the Management of the company based on inventory verification process. We verified the instructions provided by the management and examined the basis of valuation on a test check basis.

III. Disputes and potential litigations:

Refer to Note 39.D.I.a.i. in the standalone financial statements

Key Audit Matters

The Company is subject to a number of legal, regulatory and tax cases for which final outcome cannot be easily predicted and which could potentially result in significant liabilities.

The assessment of the risks associated with the litigations is based on complex assumptions. This requires use of judgment to establish the level of provisioning, increases the risk that provisions and contingent liabilities may not be appropriately provided against or adequately disclosed. Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.

Accordingly, this matter is considered to be a key audit matter.

Auditor's Response to Key Audit Matters

In order to get a sufficient understanding of litigations and contingent liabilities, we have discussed the process of identification implemented by the Management for such provisions through various discussions with Company's legal and finance departments.

We read the summary of litigation matters provided by the Company's/ Unit's Legal and Finance Team. We read, where applicable, external legal or regulatory advice sought by the Company.

We discussed with the Company's/ Unit's Legal and Finance Team certain material cases noted in the report to determine the Company's assessment of the likelihood, magnitude and accounting of any liability that may arise.

In light of the above, we reviewed the amount of provisions recorded and exercised our professional judgment to assess the adequacy of disclosures in the Standalone Ind AS financial statements.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting



Standards) Rules, 2015 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosure, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or cease operations or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure-A, a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.



- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.
- e) As per notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of Section 164(2) of the Companies Act, 2013 relating to disqualification of directors are not applicable to the Company, being a Government Company.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company in place 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 Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended, we are informed that the provisions of Section 197 read with Schedule V of the Act relating to managerial remuneration are not applicable to the Company, being a Government Company in terms of notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India.
- h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. [Refer Note No. 39(D)(I)(a)(ii)]
 - ii. The Company did not have any derivative contracts but have provided a sum of Rs.NIL lakhs for Onerous contract (PY Rs.20.85 Lakhs) (*Refer Note 37*).
 - iii. There are no amounts which are required to be transferred by the Company to the Investor Education and Protection Fund.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. As stated in the Ind AS financial statements

- (a) The final dividend proposed in the previous year, declared, and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
- (c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

vi. As proviso to Rule 3(1) of Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

2. As required by Section 143(5) of the Act, we have given in "Annexure-C", a statement on the matters specified in the directions and additional directions issued by the Comptroller and Auditor General of India for the company.

For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No: 004207S



MENAKSHI SUNDARAM
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Date: 2023.07.17
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P Menakshi Sundaram
Partner
Membership No. 217914

Place : Chennai
Date : 17-07-2023
UDIN : 23217914BGWPGB5598

**Annexure - A to the Independent Auditors' Report
 (Referred to in Paragraph 1 of our Report on Other Legal and Regulatory
 Requirements relevant to paragraph 3&4 of "the order")**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the Indian Accounting Standards (Ind AS) financial statements for the Quarter & year ended 31 March 2023, we report that,

- i) In respect of its Property, Plant and Equipment:
- According to the information given to us, the company is maintaining proper records showing full particulars, including quantitative details and situation of property, Plant and Equipment;
 - The company is maintaining proper records showing full particulars of intangible assets;
 - The Property, Plant and Equipment of the Company have been physically verified by the management at reasonable intervals in a phased manner so as to generally cover all the assets once in three years. As informed, no material discrepancies have been noticed on such verification. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets.
 - According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except in the following cases:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (Rs in lakhs)	Whether title deed holder is a promoter, director or relative# of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property, Plant & Equipment	Building				
	Flat at Sarovar Enclave, Ranchi	10.87	No	23-12-87	Under dispute with state authorities.
	Flat at Ashadeep, Delhi	2.80	No	01-05-77	Obtaining Title deeds in the name company is under progress.
	Land				
	Land at Mysore	144.34	No	01-03-85	Possession certificate is in the name of BEML, execution of sale deed is under process.

- e. The company has not revalued its Property, Plant and Equipment(including Right of use assets) or intangible assets.
- f. According to the information and explanations given to us and on the basis of our examination of the records of the Company, No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii)
- a. According to the information and explanations given to us, physical verification of inventory excluding materials lying with third parties and work in progress has been conducted at reasonable intervals by the management and in our opinion, the coverage and procedure of such verification by the management is appropriate, no discrepancies of 10% or more in the aggregate for each class of inventory were noticed. According to the information and explanation given to us and in our opinion the frequency of physical verification is reasonable.
- In our opinion and according to the information and explanations given to us, discrepancies noticed on physical verification of inventories, which were material, have been properly dealt with in the books of account **Except for the effects of the matter described in the Emphasis of Matter (b) section in our Independent Auditors Report.**
- b. During the year, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. Quarterly returns or statements filed by the company with banks are in agreement with books of account of the company.
- iii) (a) According to the information and explanations given to us, during the year the company had granted secured loans to one of its subsidiary companies under liquidation.

During the year, a net sum of Rs. 418.03 lakhs has been repaid and interest amounting Rs. Rs 88.56 lakhs had been accounted. Balance outstanding as at the end of March 2023 was Rs.1,250.76 lakhs (PY 1679.77 lakhs)including interest of Rs.88.56 lakhs(PY Rs 99.54 lakhs) Refer Note: 16

(b) The Investment made & the loans and Advances in the nature of loan provided to the subsidiary companies are not prejudicial to the company's interest.

In respect of loan provided to the subsidiary company, Clause (c) to Clause (e) of Paragraph 3 are not applicable since there is no agreement or repayment schedule between the companies.

(f) The company has granted loan without specifying any terms or period of repayment to its subsidiary company amounting to Rs. 1250.76 lakhs including interest receivable of Rs.88.56 lakhs (Total value of loan provided is Rs. 1250.76

lakhs - Refer Note : 16) (100%). Inter-corporate loan to BEM Land Assets Ltd was Rs 103.54 lakhs)

- iv) In respect of loan and investments, provisions of sections of 185 and 186 of the companies Act are not applicable for the company. Accordingly paragraph 3(iv) of the order is not applicable to the Company.
- v) The Company has not accepted any deposits from public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under during the year and also the directions issued by the Reserve Bank of India. Accordingly paragraph 3(v) of the order is not applicable to the Company.
- vi) Pursuant to the rules made by the central government of India, the Company is required to maintain Cost Records as specified u/s 148(1) of the Act in respect of its products and services.

We have broadly reviewed the same and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether these are accurate and complete. Cost Audit Report is yet to be obtained for the current year.

- vii) According to the information and explanations given to us in respect of statutory dues:
- a. The Company has been generally regular in depositing undisputed statutory dues including GST, 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 statutory dues were outstanding for a period of more than six months from the date they became payable, as per the books of account as at March 31, 2023.
- b. According to the information and explanations given to us, there are disputed statutory dues, which are outstanding on account of dispute as on March 31, 2023 as given here in below:





Name of the Statute	Nature of Disputed Tax	Amount including interest & penalty (in Rs. Lakhs)	Period to which the amount relates	Forum where Dispute is Pending
Central Excise Act 1944	Excise Cases other than NCCD	21901.55	Aug 2007 to Feb 2013	CESTAT
	National Calamity Contingency Duty (NCCD)	11,977.90	Apr 2006 to Jun 2017	CESTAT
Sub Total		33879.45		
Service Tax Act, 1944	Service Tax Cases	3,508.14	Apr 2009 to Jun 2017	Commissioner & CESTAT
The Customs Act, 1962	Customs Duty	3050.30	Jan 2004 to Aug 2016	Commissioner & CESTAT
The Customs Act, 1962	Customs Duty	1025.93	Mar 2016 to Mar 2020	CESTAT
CGST Act, 2017	GST	64.36	2020-21	Appeallate Authority
Sub Total		7648.73		
Sub Total - Excise, Service Tax & Customs		41528.18		
The Karnataka Municipal Corporation Act, 1976	Municipality Taxes KGF	2618.45	2002-03 to 2021-2022	City Municipality Council - KGF
	Property Tax	109.11	1995-96 to 2005-06	City Civil Judge, Bangalore
Sub Total - Municipal Taxes		2727.56		
Sales Tax Act of Various States	Sales Tax / CST / VAT	5821.46	2010-11 to 2017-18	Karnataka Commercial Tax
	Sales Tax / CST / VAT	34.54	2010-11 to 2017-18	Kerala Commercial Tax
	Sales Tax / CST / VAT	286.32	2007-08 to 2008-09	Maharashtra Commercial Tax
	Sales Tax / CST / VAT	473.66	2008-09 to 2010-11	West Bengal Commercial Tax
	Sales Tax / CST / VAT	406.25	2006-07 to 2017-18	Jharkhand Commercial Tax
	Sales Tax / CST / VAT	53.26	2005-06 to 2006-07	Odisha Commercial Tax
	Sales Tax / CST / VAT	101.12	2014-15 to 2017-18	Madhya Pradesh Commercial Tax
Sub Total - Sales Taxes		7176.61		
Grand Total		51432.35		
Amount paid under protest	Central Excise/ Customs	208.19		
	Sales Tax/ VAT	2326.54		
Total		2534.73		

- viii) In our opinion and according to the information and explanations given to us, there are no transactions not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The company is not a declared wilful defaulter by any bank.
- (c) Terms loans were applied for the purpose for which the loans were obtained.
- (d) The funds raised on short terms basis have not been utilised for long term purposes.
- (e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.





- x)
- a. According to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.
 - b. According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.
- xi)
- a. According to the information and explanations given to us by the management and based on audit procedures performed, no fraud by the company or any fraud on the company has been noticed or reported during the year.
 - b. We have not filed any report under sub-section (12) of section 143 of the Companies Act in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) rules, 2014 with the Central Government.
 - c. According to the information and explanations given to us, there were no whistle blower complaints received during the year by the Company.
- xii) the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed under Note 39C in the Standalone Ind AS Financial Statements as required under Ind AS 24 'Related Party Disclosures' specified under Section 133 of the Act read with relevant rules.
- xiv)
- a. In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
 - b. We have considered the Internal Auditors reports issued till date, for the period under audit.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934). Hence, the provisions of clause 3(xvi) of the Order are not applicable.

- xvii) The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, along with details provided in Notes to the Ind AS Financial statements which describe the maturity analysis of assets & liabilities other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.
- xx)
- a. According to the information and explanations given to us and based on our examination of the records of the Company, the company is not required to transfer any unspent amount as at the end of the financial year to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act.
- b. According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing Corporate Social Responsibility (CSR) project.
- xxi) There is a qualification to report in the consolidated audit report.

Place : Chennai
Date : 17-07-2023
UDIN : 23217914BGWPG5598



For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No: 004207S

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P Menakshi Sundaram
Partner
Membership No. 217914

Annexure - B to the Independent Auditors' Report

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

Opinion

We have audited the internal financial controls over financial reporting of **BEML LIMITED** (hereinafter referred as "**the Company**") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the company for the Quarter & year ended on that date.

In our opinion, the Company has, in all material respects, an internal financial controls with reference to Financial Statements and were operating effectively as at March 31, 2023, based on the internal control with reference to Financial Statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note 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 was 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 control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of 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.

For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No: 004207S



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P Menakshi Sundaram
Partner
Membership No. 217914

Place: Chennai
Date: 17-07-2023
UDIN :23217914BGWPGB5598

Annexure - C to the Independent Auditors' Report (to be confirmed)
Revised Directions under Section 143(5) of the Companies Act, 2013 ("the Act")

On the directions issued by the Comptroller and Auditor General of India under sub section 5 of section 143 of the Companies Act, 2013, based on the verification of records of the Company and information and explanations given to us, we report that:

A	Revised Directions under Section 143(5) of Companies Act, 2013	
	DIRECTIONS	AUDITOR'S COMMENTS
1	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company uses SAP software for processing accounting transactions at Manufacturing Divisions / Units, Central Marketing Office, Branches and Head Office. As per information and explanations given to us, and based on our audit on test basis, there are no accounting transactions processed outside the IT system, no instances of lack of integrity of accounts and no financial implications has been noted/ reported.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	As per information and explanations given to us, there was no restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc., made by a lender to the company due to the company's inability to repay the loan.
3	Whether funds (grants/subsidary etc.) received / receivable for specific schemes from Central / State Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	As per information and explanations given to us, the Company, during the year of audit, has not received/receivable of funds for specific schemes from Central/State agencies.

For Sundaram & Srinivasan
 Chartered Accountants
 Firm Regn No: 0042075



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P Menakshi Sundaram
 Partner
 Membership No. 217914

Place: Chennai
 Date: 17-07-2023
 UDIN: 23217914BGWPGB5598

INDEPENDENT AUDITORS' REPORT

To the members of **BEML LIMITED**

Report on the Audit of Consolidated Ind AS Financial Statements

Pursuant to the observations arising from the Audit by the Comptroller and Audit General of India, our earlier report dated 26-05-2023, Emphasis of matter has been revised by making changes in the Emphasis of matter para c) and adding para h) This report supersedes our earlier report. Our opinion has not been modified in this regard.

Qualified Opinion

We have audited the accompanying consolidated Quarterly/Annual Ind AS financial statements of **BEML LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities which comprise consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss (including Other Comprehensive Income) for Quarterly/year ending 31st March 2023, the consolidated Statement of Changes in Equity for the quarter/year ended 31st march 2023, and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements") for the quarter/year ended 31st March 2023.

In our opinion and to the best of our information and according to the explanations given to us, subject to the significance of the matter discussed in the Basis for Qualified Opinion section of our report, the accompanying consolidated Ind AS financial statements gives a true and fair view in conformity with the accounting principles generally accepted in India, the information required by the Companies Act, 2013 ("the Act"), of their consolidated state of affairs of the Group, its associates and jointly controlled entities, as at March 31, 2023, of its Consolidated Profit and consolidated total comprehensive income, Consolidated position of change in equity and the consolidated cash flows for the Quarter and year ended on that date.

Basis for Qualified Opinion

BEML MIDWEST LIMITED

1. We draw attention to Note No.7 Non-current Investments forming part of the Consolidated Ind AS financial statements relating to 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.

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

Emphasis of Matter:

We draw attention to the following in respect of the Holding Company:

- a) Accounting policy 2.1.E - Current/Non-current classification, the company has different operating cycles for 3 Business Verticals viz Mining & Construction, Defence & Aerospace and Rail & Metro. For the purpose of current/non-current classification of assets and liabilities, the Company has evaluated and considering the operating cycle as twelve months in accordance with IND AS 1 - Presentation of Financial Statements.
- b) Note No. 12 - Inventories includes a provision for shortage of stock of Spares amounting to Rs. 5.9 Lakhs, which is pending to be adjusted in the books of accounts and under reconciliation.
- c) We draw attention to Note no. 14 - Trade Receivables amounting to Rs. 1,23,670.02 Lakhs, Note no. 14a - Contract Assets amounting to Rs. 61,265.72 Lakhs, Note no. 18 - Claims Receivable (net) (Other current Assets) amounting to Rs. 3488.78 Lakhs of the notes forming part of the Financial statement which includes various contracts which could be onerous and regular contracts which are in various stages of completion, pending to be renewed, expired contracts or contracts pending to be executed for which finality and outcome to be arrived at in the future.

Hence, no provision for onerous contracts has been created in respect of these contracts.

- d) Note No. 18 with respect to Claims Recievable from railway board amounting to Rs. 3,839.12 Lakhs an Inter- Ministerial Committee has been formed by MOD to resolve the issues. Pending final recommendations of the Committee, based on the deliberations in the committee and based on Company's assessment, provisions have been made wherever required excluding a sum of Rs.177.22 lakhs which is covered in payable to Sub-Contractors on back to back terms.
- e) Note No. 39(F) regarding Ind AS 108 (Operating Segments) - Vide Notification No. S.O.802(E) dated 23-02-2018 issued by Ministry of Corporate Affairs, exempted companies engaged in Defence Production from segmental disclosure as required under Ind AS 108, accordingly the disclosure requirements under Ind AS 108 has not been made.

Date

- f) Note No. 39(G) regarding pending confirmation, reconciliation, review/ adjustment of balances in respect of advances, balances with government departments, trade payable, trade receivable, other loans and advances and deposits.
- g) We draw attention to note no 11 (a) - Other Non-current Assets forming part of Financial statements relating to Advance to MAMC Consortium amounting to Rs. 7197.70 Lakhs (Previous Year - Rs. 6827.18 Lakhs
- h) During the year the Group has transferred the following assets at book value to M/s BEML Land Assets Ltd(BLAL) under the MCA approved Scheme of Arrangement for demerger filed with ROC on 25th August 2022. The same has been disclosed under Note-3 B(i)-PPE of the Financial Statements.

Land = Rs 636.58 lakhs
Buildings = Rs 327.89 lakhs

Our Opinion is not qualified in respect of these matters.

We draw attention to the following in respect of the Subsidiary Companies:

- i) In the books of MAMC Industries Limited, The Company has taken the land on lease from Urban development dept. Govt of West Bengal for a period of 60 (sixty) years on 7th March 2011. This has been capitalised in the books of company. As per the stipulations mentioned in the said lease deed in point no.25 and subsequent clauses, the company has not started the factory within two years w.e.f. 07th march 2011, it is liable to return the possession of leased land back to U D Dept. Govt of West Bengal and there is open right of the Govt of West bengal to cancel the lease and re-enter the premises so leased to the company. If the objection is raised from the Government regarding the starting of the factory, then the company will have to surrender the Land, since it has already been more than 2 years of taking the possession. However there is no demand from Govt of West Bengal in this regard till date.
- j) In the books of Vignyan Industries limited, Land (factory, helipad, guest house)l have been revalued at fair value amounting to Rs.4266.47 lakhs in line with latest reserve price fixed by NBCC India Limited and a sum of Rs. 2,285.97 lakhs had been given credit in Property, Plant and Equipment with suitable adjustment in other equity.

In respect of Guest House Land, one bidder viz, M/s Gold Brick Realty LLP who had submitted a bid, (rejejected by company), have filed a Writ Petition in High Court of Karnataka against M/s BEML to execute the registered sale deed in their favour by receiving the auctioned amount from them. Hon'ble High Court vide order dated 02.02.2023 directed the parties to maintain the status quo. Once the writ petition is disposed off, further action for disposal of Guest House Land will be taken up in line with the directives of the High Court of Karnataka.

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

Key Audit Matters:

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the Quarter and year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for qualified Opinion and Emphasis of Matter sections, we have determined the matters described below to be the key audit matters to be communicated in our report in respect of the Holding Company:

I. Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers”:

Refer Note 30 to the Consolidated Ind AS Financial Statements

Key Audit Matters

The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period, and disclosures including presentations of balances in the financial statements. Additionally, revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

Auditor’s Response to Key Audit Matters

We understood and evaluated the Holding Company’s process, procedure and designed our audit approach consisted testing of the design and operating effectiveness of the internal controls and procedures as follows:

- Evaluated the effectiveness of control over the preparation of information that are designed to ensure the completeness and accuracy.
- Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- Tested the relevant information, accounting systems and change relating to contracts and related information used in recording and disclosing revenue in accordance with Ind AS 115.
- Reviewed a sample of contracts to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations.
- Performed analytical procedures and test of details for reasonableness and other related material items.



- Selected a sample of continuing and new contracts and performed the following procedures:
 - Read, analysed and identified the distinct performance obligations in these contracts.
 - Compared these performance obligations with that identified and recorded by the Company.
 - Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.
 - In respect of samples relating to metro contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual cost incurred up to that stage with estimation. We also tested the access and change management controls relating to these systems.
 - Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
 - Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
 - We reviewed the collation of information from the budgeted information of the management used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

II. Inventory

Refer Note 12 to the Consolidated Ind AS Financial Statements

Key Audit Matters

Inventories with reference to Note No. 12 includes Raw Material, Work-In-Progress and Finished Goods which have been physically verified by the management based on physical verification instructions.

Auditor's Response to Key Audit Matters

We understood and evaluated the Holding Company's process, we have carried out following procedures with respect to the existence of Inventory as at the year-end

- Evaluated the design and implementation of the controls over physical verification of inventory and tested the operating effectiveness of these controls during the interim periods for the Holding Company.
- Management had carried out the physical verification of inventory at the year end. We have performed the following alternate procedures to audit the existence of inventory:
 - The physical verification of inventory of inventory conducted by the management and we performed roll back procedures.





Date

- As explained in Note No. 12(a) in case of Inventory held at third party locations, obtained direct confirmation of the inventory held by third party locations subsequent to the year end and performed roll back procedures.
- Obtained physical verification reports of the Management of the holding company based on inventory verification process. We Verified the instructions provided by the management and examined the basis of valuation on a test check basis.

III. Disputes and potential litigations:

Refer to Note 39.D.I.a.i. in the Consolidated financial statements.

Key Audit Matters

The Holding Company is subject to a number of legal, regulatory and tax cases for which final outcome cannot be easily predicted and which could potentially result in significant liabilities.

The assessment of the risks associated with the litigations is based on complex assumptions. This requires use of judgment to establish the level of provisioning, increases the risk that provisions and contingent liabilities may not be appropriately provided against or adequately disclosed. Management judgement is involved in assessing the accounting for demands, and in particular in considering the probability of a demand being successful. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.

Accordingly, this matter is considered to be a key audit matter.

Auditor's Response to Key Audit Matters

In order to get a sufficient understanding of litigations and contingent liabilities, we have discussed the process of identification implemented by the Management for such provisions through various discussions with Holding Company's legal and finance departments.

We read the summary of litigation matters provided by the Holding Company's/ Unit's Legal and Finance Team. We read, where applicable, external legal or regulatory advice sought by the Company.

We discussed with the Holding Company's/ Unit's Legal and Finance Team certain material cases noted in the report to determine the Holding Company's assessment of the likelihood, magnitude and accounting of any liability that may arise.

In light of the above, we reviewed the amount of provisions recorded and exercised our professional judgment to assess the adequacy of disclosures in the Consolidated Ind AS financial statements.



Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group, its associate and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associate and jointly controlled entities 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 Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Management of the Group, its associate and jointly controlled entities included in the ability of the Group, its associate and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting



Date

unless the respective Management either intends to liquidate the companies under the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Holding Company and its associate are responsible for overseeing the financial reporting process of the Holding Company and its associate.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company and its subsidiary companies which are companies incorporated in India has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Holding Company.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group, its associate and jointly controlled entities ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group, its associate and jointly controlled entities to cease to continue as a going concern.





Date

- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Consolidated Ind AS Financial Statements of the entities within the Group, its associate and jointly controlled entities to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements

We communicate with those charged with governance of the Holding Company of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- I. Consolidated Ind AS Financial Statements include the audited Financial Statements of 3 (three) subsidiaries M/s. VIGNYAN INDUSTRIES LIMITED [VIL], M/s. BEM LAND ASSETS LIMITED [BLAL] (up to August 24th, 2022) and M/s. MAMC INDUSTRIES LTD, whose Financial Statements reflect Group's share of total assets of Rs. 4,718.81 Lakhs as at March 31, 2023, Group's share of total revenue of Rs. 69.69 Lakhs, Rs. 0.00 (Nil) and Rs. 0.00 (Nil) lakhs and Group's share of total net profit/(loss) after tax of Rs. (79.38) Lakhs, Rs. (0.24)





Date

Lakhs and Rs. (9.49) Lakhs for the Quarter and year ended March 31, 2023, which have been audited by their respective independent auditors. The independent auditors' reports on Financial Statements of these entities have been furnished to us and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these entities, is based solely on the report of such auditors and the procedures performed by us are as stated in paragraph above.

- II. The Consolidated Ind AS Financial Statements does not include the Financial Statements of 1 (one) associate company M/s. **BEML BRAZIL INDUSTRIAL LTDA ("BBIL")** whose Financial Statements are not available as these as there was no operation in BBIL, capital repatriation has been completed and the amount has been repatriated from BBIL Account to Account of BEML Limited, India. Cancellation of company registration number has been completed and closure certificate was issued by Brazilian Authorities in May, 2019. Further, BEML Limited has written to RBI through authorized dealer SBI, Overseas Branch, Bangalore for closure of Unique Identification Number (UIN) issued in respect of BBIL.

Our opinion on the Consolidated Ind AS Financial Statements 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 certified by the Management.

Report on other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of joint operations, subsidiaries, associates and jointly controlled companies incorporated in India referred to in other matters above, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;
 - Except for the effects of the matter described in the Basis for Qualified Opinion section above, in our opinion proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as appears from our examination of those books and the report of the other auditors;
 - The reports on the accounts of the Holding Company, Subsidiaries, Associate and Jointly Controlled Companies incorporated in India, audited under Section 143(8) of the Act by other auditors have been sent to us/ other auditors as applicable and have been properly dealt with in preparing this report;
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in



Date

agreement with the relevant books of account maintained for the purpose of preparation of Consolidated Ind AS Financial Statements;

- e) Except for the effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under;
- f) The matters described in the Basis for Qualified Opinion section above, in our opinion, may have an adverse effect on the functioning of one of the Subsidiary Company of the Group;
- g) As per notification No. GSR 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 164(2) of the Companies Act, 2013 is not applicable to the Holding Company and other Subsidiaries, Jointly Controlled Entities and Associate.
- h) With respect to the adequacy of internal financial controls with reference to financial statements in place and the operating effectiveness of such controls refer to our separate Report in **Annexure - A**, which is based on the auditors' reports of the Holding Company, subsidiary companies, associate and jointly controlled entities incorporated in India. Our report expresses an Unqualified opinion on the adequacy of (internal financial controls with reference to financial statements) in place and operating effectiveness of such controls of the Holding Company/ subsidiary companies / associate company/ jointly controlled companies incorporated in India;
- i) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - a. Except for the possible effect of the matter described in paragraph on the basis of Qualified Opinion above, the Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its subsidiary, its associate company and jointly controlled entities [Refer Note No. 39 (D)(I)(a)(ii)];
 - b. The Group its associates and jointly controlled entities did not have any derivative contracts but have provided material foreseeable losses of Rs. NIL (PY Rs. 20.85 Lakhs) for onerous contracts (*Refer Note 37*).
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India.
 - d.
 - (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in



Date

other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

e.

As stated in the Ind AS financial statements

(a) The final dividend proposed in the previous year, declared, and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.

(c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.

(d) As proviso to Rule 3(1) of Companies (Accounts) Rules, 2014 is applicable for the holding company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

Place: Chennai
Date: 17-07-2023
UDIN: 23217914BGWPGC7248

For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No: 004207S



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P Menakshi Sundaram
Partner
Membership No. 217914

Annexure - A to the Independent Auditors' Report

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

Opinion

We have audited the internal financial controls with reference to Consolidated Ind AS Financial Statements of **M/s. BEML LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associate and its jointly controlled entities as of March 31, 2023 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Group for the Quarter and year ended on that date.

In our opinion, the Group, its associate and jointly controlled entities, have, in all material respects, an adequate internal financial controls with reference to Consolidated Ind AS Financial Statements and such internal financial controls with reference to Consolidated Ind AS Financial Statements were operating effectively as at March 31, 2023, based on the internal control with reference to Consolidated Ind AS Financial Statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Statements issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Boards of Directors of the Group, its associate and its jointly controlled entities are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Consolidated Ind AS Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Group, its associate and jointly controlled entities internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, 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 with reference to Consolidated Ind AS Financial Statements was 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 with reference to Consolidated Ind AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Ind AS Financial Statements included obtaining an understanding of internal financial controls with reference to Financial Statements, 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 auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group, its associate and jointly controlled entities internal financial controls system with reference to Financial Statements.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control with reference to Consolidated Ind AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Financial Statements 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 Consolidated Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to Consolidated Ind AS Financial Statements, 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 with reference to Consolidated Ind AS Financial Statements to future periods are subject to the risk that the internal financial control with reference to Consolidated Ind AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Ind AS Financial Statements in so far as it relates to subsidiary companies, associate and Jointly Controlled Entities which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

Place: Chennai
Date : 17-07-2023
UDIN : 23217914BGWPGC7248

For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No: 004207S



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P Menakshi Sundaram
Partner
Membership No. 217914