

Ref: CS/SE/468

03.07.2024

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, 26th Floor, Dalal Street, MUMBAI - 400 001
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Dear Sir / Madam,

**Sub:** Revised Independent Auditors' Report for the FY 2023-24.

**Ref:** Letter no. CS/SE/2024-25/448 dated: 12.05.2024- Outcome of Board Meeting.

This is to inform that Independent Auditors' Report for the FY 2023-24 of BEML Limited is revised based on the observations issued by Comptroller and Auditor General of India and the same is enclosed herewith.

Thanking you,

**For BEML Limited**

Jai Gopal Mahajan  
Digitally signed by  
Jai Gopal Mahajan  
Date: 2024.07.03  
16:46:34 +05'30'

Jai Gopal Mahajan  
Executive Director (Finance) and  
Company Secretary & Compliance Officer  
ICSI Mem No.: 12578

Encl: As above

ಪ್ರಧಾನಕಛೇರಿ Corporate Office:

'ಬೆಂಢಲ್ಸಿಧ್', ೨೩/೧, ೪ನೆಮುಖ್ಯರಸ್ತೆ, ಸಂಪಂಗಿರಾಮನಗರ, ಬೆಂಗಳೂರು - ೫೬೦೦೨೭. ದೂರವಾಣಿ ಸಂಖ್ಯೆ: +೯೧೮೦೨೨೯೬೩೧೪

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## INDEPENDENT AUDITOR'S REPORT

*We are issuing this revised audit report which supersedes our earlier report dated 12.05.2024 concurring to the opinion of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013.*

To the members of  
**BEML LIMITED**

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone Ind AS financial statements of **BEML LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and other explanatory information and a summary of the significant accounting policies and Notes to the standalone Ind AS financial statements (hereinafter referred to as "Standalone Ind AS financial statements").

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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2024, and Profit and Other Comprehensive Income, changes in Equity and its Cash Flows for the 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 SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of this 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 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 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 financial statements.



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**Key Audit Matters**

Key Audit Matters ("KAM") are those matters that, in our professional judgment, were of the most significance in our audit of the standalone Ind AS financial statements of the current period. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue Recognition: Sale and Service Contracts:</b> The principal products of the Company are varied and have usage in various sectors such as defense, mining &amp; construction and metro rail/conventional railways.</p> <p>Recognition of sale contracts vary from "at a point in time" to "over a period of time" and some on "bill and hold" terms. The recognition milestones and Inco Terms differ between contracts. Amendments to original contracts add to the complexity.</p> <p>We identified revenue recognition as a key audit matter because,</p> <p>a. The Company and its external stakeholders focus on revenue as a key performance indicator.</p> <p>b. Such focus creates an incentive for revenue to be overstated or recognised before the company satisfies its contractual performance obligations.</p> <p>c. Certain performance obligations which do not relate to the core activity of the company but form part of the deliverables, make the time and value of recognition a complicated subject.</p> <p>Thus, revenue recognition is a Key Audit Matter.</p> <p>Refer: <i>Note Nos. 30 and Item No.2.2 A of Accounting Policy.</i></p>	<ol style="list-style-type: none"> <li>1. Assessed the appropriateness of the revenue recognition policies of the company and whether its adoption is as per the covenants of the respective sale contracts and applicable accounting standards.</li> <li>2. Evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition, on selected transactions.</li> <li>3. Performed substantive testing by selecting samples of revenue transactions recorded during the year by evaluating the underlying documents.</li> <li>4. Tested the revenue transactions recorded nearer to the financial year end date by verifying the underlying documents to determine whether the revenue had been recognized in the appropriate financial period.</li> <li>5. Tested the assumptions made by the management in determining full or proportionate revenue recognition in respect of contracts completed over a period of time by verifying appropriate evidence.</li> <li>6. Validated the application of input cost method to value the contract assets arising out of metro contracts to conform correctness and completeness of cost booking.</li> <li>7. Validated the "bill and hold" principles adopted by the company with the paper trails available with the company.</li> <li>8. Examined satisfaction of performance obligations and recognition of revenue in respect of recognitions based on milestone achievements in the context of the overall sale contract.</li> </ol>

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	Our audit approach did not reveal any non-compliance with the company's declared accounting policies, GAAP and Ind AS.
<p><b>Inventories:</b> Audit of Inventories comprise:</p> <ol style="list-style-type: none"> <li>Physical verification</li> <li>Confirmation of third-party holdings</li> <li>Valuation</li> <li>Obsolescence</li> </ol> <p>Some of the inventories held by the company are custom-made and of high value. The raw materials pass through different processes and evolve as Components, Semi-finished goods, Work-in-Progress and reach the stage of Finished Goods.</p> <p>Certain processes are outsourced where materials are given to third parties for processing and return.</p> <p>The company's products have evolved over the years due to design changes, market requirements and technological advancements. Therefore, the marketability of materials, spares and components of discontinued models required to be validated for obsolescence.</p> <p>The valuation of inventories in accordance with IND AS considering all relevant costs required a detailed audit process, including the charging of overheads.</p>	<p>Principal Audit procedures performed include:</p> <ol style="list-style-type: none"> <li>System and internal controls are evaluated to ensure that there are no recording delinquencies with respect to time, quantity and item.</li> <li>The variances between planned and actual consumption, both in value and quantity, were flagged for high values and explanations were obtained.</li> <li>Applied audit procedures to validate the physical availability of the inventories as supported by physical verification reports of the management teams.</li> <li>Perused third party confirmations and physical verification reports, and matched with the company's records. Variances if any, are reduced from inventory values.</li> <li>Sample checking of valuation methodology by the system was done through manual validation for the material portion of the inventory.</li> <li>Methodology of loading actual overheads to the inventory values were validated and confirmed to be in tune with costing principles.</li> <li>The policy of recognizing redundancy of materials (Accounting policy No. M) and Management's override of such policy was tested with appropriate evidences to conform that such policies as well as the override are reasonable and in tune with technical assessments market conditions.</li> </ol> <p>Our audit approach did not reveal any non-compliance with the company's declared accounting policies, GAAP and Ind AS.</p>
<p>The application of the declared policy on obsolescence and its appropriateness also needed to be validated.</p> <p>Inventories form a major portion of the total of the Balance Sheet. The focus on inventories is thus significant in the audit process and a Key Audit Matter.</p> <p><i>Please refer Note No.12 and Accounting Policy No.M. The total inventories held as at 31.03.2024 is Rs 2,25,590.38 lakhs</i></p>	

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<p><b>New Product Development:</b> The company is involved in development of a new product under a customer contract where different milestones have been prescribed for revenue recognition.</p> <p>The development process is spread over different financial years and consequently revenue recognition.</p> <p>Design and product specifications are sourced from a foreign vendor and materials are majorly sourced from local vendors.</p> <p>The development involves creation of PPE, though part of the deliverables, is expected to be used by the company for future operations and cannot be physically removed from the place of installation.</p> <p>There is a time lag between the date of the contract and actual time of its execution leading to costs variances, without any variation in price. This leads to assessment of profitability of the contract as a whole.</p> <p>The development is in progress where part of the costs is incurred and part of the costs are estimated.</p> <p>The factors</p> <ol style="list-style-type: none"><li>the process of ascertaining overall cost of the project vis-à-vis the contract price,</li><li>The ongoing nature of the project</li><li>the nature of PPE being created whether to be classified as a capital asset or revenue expenditure,</li><li>ascertaining whether the overall project requires recognition of any onerous provision.</li></ol> <p>make this product development activity a Key Audit Matter.</p>	<p>Principal Audit procedures performed include:</p> <ol style="list-style-type: none"><li>Understanding the basic covenants of the customer contract customer vis-à-vis the milestones specified for revenue recognition.</li><li>Ascertaining the various cost components of the development process.</li><li>Understanding the covenants with the foreign vendor and the specified milestones for recognition of expenditure and liability.</li><li>Applied audit procedures to validate that material issues and other direct expenditure of the development project are appropriately charged to the project.</li><li>Ascertained the total cost of the project, validated the costs that are actually incurred and costs that are contracted to be incurred through issue of purchase contracts.</li><li>Applied appropriate audit procedures and obtained technical certification and explanations about the nature of costs to be incurred and estimated values.</li><li>Obtained technical explanations and justification for the proposed future use of the PPE being created for future use of the company.</li></ol> <p>Our audit procedures as detailed above has not revealed any.</p> <ol style="list-style-type: none"><li>incorrect revenue recognition,</li><li>deficiency in cost booking and</li><li>incorrect capitalisation</li></ol>
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### **Emphasis of Matter**

We draw attention to Note No. 11 to the standalone financial statements regarding the company's outlay on the MAMC Consortium.

Our opinion is not modified in respect of the above matter.

### **Information other than the Standalone Financial Statements and Auditor's Report thereon**

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report 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 financial statements, or our knowledge obtained in the 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.

We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone 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, including other comprehensive income, 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) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 the estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of Directors are responsible for overseeing the Company's financial reporting process.

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### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 of 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 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 standalone 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 controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control with reference to standalone 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 in preparation of Standalone Financial Statements 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.

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Materiality is the magnitude of misstatements in the standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors (i) in 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 financial statements.

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 in terms of sub-section (11) of Section 143 of the Act, we give in **Annexure A**, a statement on the matters specified in Paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required under 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 it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, including Other Comprehensive Income, the Statement of Changes in Equity and Cash Flow Statement dealt with 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 prescribed under Section 133 of the Act and the Rules made thereunder.
  - e) In terms of Notification no. G.S.R.463(E)dt. 05.06.2015 issued by Ministry of Corporate Affairs, the provision of Section 164(2) of the Companies Act, 2013 in respect of disqualification of Director are not applicable to the Company.
  - f) With respect to adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure B**;

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- g) With respect to Directions issued by the Comptroller and Auditor General of India under Section 143 (5) we give our report in **Annexure C**:
- h) The provisions of Section 197 are not applicable to this government company (in terms of MCA Notification NO.GSR 463 (E) dated 05th June 2015) as the managerial remuneration is paid as per the appointment letter from the Government of India, and
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 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 has made provision as required under Ind AS for material foreseeable losses on long term contracts-Rs 2,314.04 lakhs ( Previous Year-Nil). The company does not have any derivative contracts.
- iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund
- iv) The management has represented that, to the best of its knowledge and belief that no funds have been advanced to or in any other persons or entities, 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.
- v) The management has represented that, to the best of its knowledge and belief that the company has not received any funds from any persons or entities, 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 other than those disclosed in the notes to accounts
- vi) Based on the audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that that has caused us to believe that the representations under sub clause(iv) and (v) contain any material mis-statement.
- vii) a. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.
- b. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013.
- 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 dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.



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viii) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023. Based on our examination which included test checks, the company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

For G Natesan & Co,  
Chartered Accountants  
FRN : 002424S

  


K Murali

Partner, M. No : 024842

UDIN: 24024842 BKDAQC8228

01.07.2024, Bengaluru

**ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT**

Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of BEML Limited

- i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company is maintaining proper records showing full particulars of intangible assets.  
(b) The Company has a regular program of physical verification of its Property, Plant and Equipment by which all Property, Plant and Equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its business. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.  
(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, the title deeds of immovable properties disclosed in the financial statements are held in the name of the Company, except in respect of the following properties

(Values in Rs Lakhs)

Description of property	Gross carrying value	Whether promoter, director or their relative or employee	Period held— indicate range, where appropriate	Reason for not being held in name of company*
Flat @ Sarovar Enclave, Ranchi	10.12	No	23.12.1987	Under dispute with state authorities
Flat @ Ashadeep, Delhi	2.80	No	01.05.1977	Obtaining Title deeds in the name company is under progress.
Land @ Mysore	144.34	No	01.03.1985	Possession certificate is in the name of BEML, execution of sale deed is under process.

(d) In our opinion and according to the information and explanations given to us, the company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) In our opinion and according to the information and explanations given to us, 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 there under.





- ii) (a) The inventory has been physically verified by the management during the year excluding inventories that are in the possession of sub-contractors and other third parties. In our opinion the frequency of such verification is reasonable, the coverage and procedure of such verification by the management is appropriate. The company has maintained proper records of inventory.  
The discrepancies noticed on such physical verification between physical stock and book records have been properly dealt with in the books of accounts.
- (b) According to the information and explanation given to us, the company has been sanctioned funded working capital limits of Rs 1,500 crores and non-funded working capital limits of Rs 3,000 crores from the banking sector. The audited/ Limited Review Financial Statements are submitted to the banks as and when sought for by them. Such statements are in agreement with the books of accounts.
- iii) According to the information and explanations given to us, the company has not provided any security and stood guarantee during the year to any of its subsidiaries, joint ventures, and associates.  
The Company has provided advance in the nature of loans during the year totalling to Rs 96.13 lakhs (Previous year-0.31 lakhs) to its subsidiaries. The balance outstanding as at 31.03.2024 in respect of loans to these subsidiaries is Rs 1,950.86 lakhs (Previous year Rs 1,854.73 lakhs).  
The company has provided an advance in the nature of loan during the year to BEM LAND ASSETS LIMITED (BLAL) amounting to Rs 326.80lakhs and the balance outstanding as at 31.03.2024 is Rs 430.34 lakhs (Previous year Rs 103.54 lakhs), specifying the rate of interest applicable on such advance.  
The terms and conditions of the grant of all the advance in the nature of loans given during the year and outstanding as at 31.03.2024 are not prejudicial to the interest of the company.  
The company has not stipulated the schedule of repayment of principal and payment of interest in respect of the above advance in the nature of loans and therefore the reporting under clauses (c), (d) and (e) are not applicable.  
The company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- iv) The company being a Government company, the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security, are not applicable.
- v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and hence compliance with the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended with regard to acceptance of deposits are not applicable to the Company.
- vi) According to the information and explanations given to us, the Central Government has specified maintenance of Cost Records by the Company under Section 148 (1) (d) of the Companies Act, 2013. We have broadly reviewed these records and are of the opinion that prima facie, the prescribed accounts and records are made and maintained. However, we have not carried out any detailed examination of the cost records with a view to determine whether they are accurate or complete.

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- vii) (a) According to the information and explanations given to us and on the basis of examination of books of accounts and records the company has been generally regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and all other statutory dues to the appropriate authorities except the following. The demands relating to TDS credit mismatch under Income Tax Act, 1961 outstanding as at the last date of the financial year 2023-24 and provided in table below are due for more than six months from the date, they became due.

Name of the Statute	Nature of Dues	Amount in Rs Lakhs	Period to which the amount relates Asst. Year	Due date	Date of Payment
Income Tax Act, 1961	Demands arising out of defaults in TDS provisions	84.15	2007-08 to 2022-23	NA	Not paid

- (b) The following table provides the statutory dues referred to in sub-clause (a) which have not been paid on account of disputes, the amounts involved and the forum where dispute is pending:

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	5,102.10	Aug 2007 to Feb 2013	CESTAT
	National Calamity Contingency Duty (NCCD)	2,315.85	Apr 2013 to Jun 2017	CESTAT
Service Tax Act, 1944	Service Tax Cases	3,637.95	Apr 2009 to Jun 2017	Commissioner & CESTAT
CGST Act, 2017	GST	303.73	2017-18 & 2020-21	Appellate Authority
The Customs Act, 1962	Customs Duty	3,161.66	Jan 2004 to Mar 2020	Commissioner & CESTAT
The Customs Act, 1962	Customs Duty	1,025.93	Mar 2016 to Mar 2020	CESTAT
<b>Sub Total - Excise, Service Tax, GST &amp; Customs</b>		<b>15,547.22</b>		
The Karnataka Municipal	Municipality Taxes KGF	2,630.20	2002-03 to 2021-2022	City Municipality Council - KGF

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Corporation Act, 1976	Property Tax	109.11	1995-96 to 2004-05	City Civil Judge, Bangalore
<b>Sub Total - Municipal Taxes</b>		<b>2,739.31</b>		
Sales Tax Act of Various States	Sales Tax / CST / VAT	643.19	2010-11 to 2015-16	Karnataka Commercial Tax
	Sales Tax / CST / VAT	286.32	2007-08 to 2008-09	Maharashtra Commercial Tax
	Sales Tax / CST / VAT	425.37	2008-09 to 2009-10	West Bengal Commercial Tax
	Sales Tax / CST / VAT	302.75	2006-07 to 2016-17	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
<b>Sub Total - Sales Taxes</b>		<b>1,812.01</b>		
<b>Income Tax Act, 1961</b>	Defaults under TDS Provisions	<b>95.32</b>	2010-11	National Faceless Appeal Centre
<b>Income Tax Act, 1961</b>	Defaults under TDS Provisions	<b>37.53</b>	2012-13	National Faceless Appeal Centre
Amount Deposited Under Protest	<b>Excise, Service Tax, GST &amp; Customs</b>	223.07		
	<b>Sales Tax / VAT</b>	2,270.77		
<b>Total</b>	<b>Total</b>	<b>2,493.84</b>		

- viii) In our opinion and according to the explanations given to us, no transactions that are not recorded in the books of accounts 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) According to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans to banks. There are no other borrowings.  
(b) According to the information and explanations given to us, the company has not been declared as a wilful defaulter by any bank or financial institution or other lender.  
(c) The company has not received any term loans during the financial year under report.  
(d) The funds raised on short term basis have not been utilized for long term purposes;  
(e) According to the information and explanations given to us 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,

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- x) (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, paragraph 3(x)(a) of the order is not applicable to the company.  
(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures (fully, partially, or optionally convertible) during the year. Accordingly, paragraph 3(x)(b) of the order is not applicable to the company.
- xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.  
(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.  
(c) In our opinion and according to the explanation given to us, no whistle-blower complaints were received by the company during the year.
- xii) (a) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, paragraph 3(xii) (a), (b) and (c) of the Order is not applicable to the Company.
- xiii) According to the information and explanations furnished to us, and based on our examination of books and records, we are of the opinion that all transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and details have been disclosed in the standalone financial statements as per applicable Accounting Standards.
- xiv) (a) The company has an internal audit system commensurate with the size and nature of its business.  
(b) All the reports of the Internal Auditors relating to the financial year 2023-24 and received up to the date of this report, were considered by the Statutory Auditor:
- xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- xvi) (a) The Company is not required to be registered under Section 45-1 A of the Reserve Bank of India Act 1934 (2 of 1934).  
(b) The company has not conducted any Non-Banking Financial or Housing Finance activities;  
(c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India;  
(d) The company does not belong to any group.
- 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 auditor during the year.

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- xix) In our opinion, and according to the explanation 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, other information accompanying the financial statements, our knowledge of the Board of Directors' and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report and that the company is 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.
- xx) (a) In our opinion and according to the explanation given to us, the company does not have any unspent CSR amount in respect of other than ongoing projects at the end of the year. Hence no amount is transferred to Fund specified under schedule VII in respect of other than ongoing projects.  
(b) In our opinion and according to the explanation given to us, the company does not have any unspent CSR amount in respect of ongoing projects at the end of the year. Hence no amount is transferred to Fund specified under schedule VII in respect of ongoing projects.
- xxi) There have been no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) report of the subsidiary company (to which this order is applicable) included in the consolidated financial statements.

For G Natesan & Co,  
Chartered Accountants,  
FRN: 002424S

K Murali

Partner, M No: 024842

UDIN: 24029842BKDAQC 8228

01.07.2024, Bengaluru.







**ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT**

*Referred to in Paragraph 2 (f) under "Report on Other Legal and Regulatory Requirements"*  
**section of our report to the Members of BEML Limited**

**Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the Internal Financial Controls with reference to Financial Statements of BEML Limited (the Company) as at March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility:**

The Company's Management is responsible for establishing and maintaining Internal Financial Controls with reference to Financial Statements based on the internal financial control over financial reporting criteria established by the Company considering the essential components of control stated in the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate Internal Financial Controls with reference to Financial Statements 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, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility:**

Our responsibility is to express an opinion on the Company's Internal Financial Controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the "Guidance Note on Audit of Internal Financial Controls over Financial Reporting" (Guidance Note) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls with reference to Financial Statements. 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 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 with reference to Financial Statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Financial Statements included obtaining an understanding of Internal Financial Controls with reference to Financial Statements, assessing the risk that material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement 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 with reference to Financial Statements.





**Meaning of Internal Financial Controls with reference to Financial Statements:**

A company's internal financial control with reference to financial statements 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 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 expenditure of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements:**

Because of the inherent limitations of Internal Financial Controls with reference to 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 Financial Statements to future periods are subject to the risk that the Internal Financial Controls with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion and to the best of our information and explanations given to us, the Company has, in all material respects, adequate Internal Financial Controls with reference to Financial Statements and such Internal Financial Controls with reference to Financial Statements were operating effectively as at March 31, 2024, based on Internal Financial Controls with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in "Guidance Note on Audit of Internal Financial Controls over Financial Reporting " issued by the Institute of Chartered Accountants of India.

For G Natesan & Co,  
Chartered Accountants  
FRN : 002424S

K Murali

Partner, M. No : 024842

UDIN: 24024842BKDAQC 8228

01.07.2024, Bengaluru



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**ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT**

*Referred to in Paragraph 2 (g) under "Report on Other Legal and Regulatory Requirements"*  
**section of our report to the Members of BEML Limited**

**Report on the directions under sub-section 5 of Section 143 of the Companies Act, 2013**

According to the information and explanations furnished to us and based on audit of the accounts of BEML Limited for the year ended 31.03.2024, we report hereunder on the directions given by the Comptroller and Auditor General of India.

Direction	Report	Impact
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	According to the information and explanations furnished to us and based on our examination of books of accounts, we are of the opinion that the company has necessary system in place to process all the accounting transactions through IT System. We have not come across any instance where any accounting transactions were processed outside the IT System during the year	Nil
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.	Based on our examination of books of accounts, we are of the opinion that there are no such cases of 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 during the year.	Nil





Direction	Report	Impact
Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/used as per its term and conditions? List the cases of deviation.	Based on the examination of the books of accounts and records of the Company, the company has not received any funds from Government Agencies for specific schemes during the financial year 2023-24.	Nil

For G Natesan & Co,  
Chartered Accountants  
FRN : 002424S



K Murali

Partner, M. No : 024842

UDIN: 24024842BKDAQC 8228

01.07.2024, Bengaluru

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**INDEPENDENT AUDITOR'S REPORT**

To the Members M/s BEML Limited

**Report on the Audit of the Consolidated Ind AS Financial Statements**

*We are issuing this revised audit report which supersedes our earlier report dated 12.05.2024 concurring to the opinion of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013.*

**Qualified Opinion**

We have audited the accompanying consolidated Ind AS financial statements of M/s.BEML Limited ("the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at 31st March 2024, and the consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and notes to the Consolidated Ind AS financial statements, including a summary of Significant Accounting Policy Information and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

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 aforesaid consolidated 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, of consolidated profit including other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

**Basis for Qualified Opinion**

We draw attention to Note. No:7 of the consolidated Ind AS financial statements relating to the investment of the holding company in BEML Mid-West Ltd., a joint venture company (Associate). The financial information of the said joint venture company has not been consolidated due to non-availability of financial statements. Liquidation process has been initiated by NCLT.

The impact of the liquidation on the holding company is presently indeterminate. The holding company has made 100% provision for the diminution in the value of its investment in the associate.



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As per the accounting principles, the financial statements of this joint venture should have been consolidated using proportionate consolidation method. The effects on the consolidated Ind AS financial statements, of the failure to consolidate this Joint Venture Company, net of provision for diminution already made in the value of the investment, has not been determined.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the 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 and its associate 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 consolidated 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the consolidated financial statements.

#### **Emphasis of Matter**

We draw attention to Note No. 11 to the consolidated Ind AS financial statements regarding the holding company's outlay on the MAMC Consortium.

We draw attention to of Note 3B(ix)(a) to the consolidated Ind AS financial statements regarding possibility of surrender of the leased land due to non-compliance by the subsidiary company MAMC Industries Ltd to the terms of allotment by the Government of West Bengal.

Our opinion is not modified 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 financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



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Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue Recognition: Sale and Service Contracts:</b></p> <p>The principal products of the Holding Company are varied and have usage in various sectors such as defense, mining &amp; construction and metro rail/conventional railways.</p> <p>Recognition of sale contracts vary from “at a point in time” to “over a period of time” and some on “bill and hold” terms. The recognition milestones and Inco Terms differ between contracts. Amendments to original contracts add to the complexity.</p> <p>We identified revenue recognition as a key audit matter because,</p> <ol style="list-style-type: none"> <li>The Holding Company and its external stakeholders focus on revenue as a key performance indicator.</li> <li>Such focus creates an incentive for revenue to be overstated or recognised before the holding company satisfies its contractual performance obligations.</li> <li>Certain performance obligations which do not relate to the core activity of the holding company but form part of the deliverables, make the time and value of recognition a complicated subject.</li> </ol> <p>Thus, revenue recognition is a Key Audit Matter. Refer: <i>Note Nos. 30 and Item No.2.2 A of Accounting Policy.</i></p>	<ol style="list-style-type: none"> <li>Assessed the appropriateness of the revenue recognition policies of the holding company and whether its adoption is as per the covenants of the respective sale contracts and applicable accounting standards.</li> <li>Evaluated the design of key controls and operating effectiveness of the relevant key controls with respect to revenue recognition, on selected transactions.</li> <li>Performed substantive testing by selecting samples of revenue transactions recorded during the year by evaluating the underlying documents.</li> <li>Tested the revenue transactions recorded nearer to the financial year end date by verifying the underlying documents to determine whether the revenue had been recognized in the appropriate financial period.</li> <li>Tested the assumptions made by the management in determining full or proportionate revenue recognition in respect of contracts completed over a period of time by verifying appropriate evidence.</li> <li>Validated the application of input cost method to value the contract assets arising out of metro contracts to conform correctness and completeness of cost booking.</li> <li>Validated the “bill and hold” principles adopted by the holding company with the paper trails available with the company.</li> <li>Examined satisfaction of performance obligations and recognition of revenue in respect of recognitions based on milestone achievements in the context of the overall sale contract.</li> </ol> <p>Our audit approach did not reveal any non-compliance with the company’s declared accounting policies, GAAP and Ind AS.</p>

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<p><b>Inventories:</b> Audit of Inventories comprise:</p> <ol style="list-style-type: none"> <li>Physical verification</li> <li>Confirmation of third-party holdings</li> <li>Valuation</li> <li>Obsolescence</li> </ol> <p>Some of the inventories held by the holding company are custom-made and of high value. The raw materials pass through different processes and evolve as Components, Semi-finished goods, Work-in-Progress and reach the stage of Finished Goods.</p> <p>Certain processes are outsourced where materials are given to third parties for processing and return.</p> <p>The holding company's products have evolved over the years due to design changes, market requirements and technological advancements. Therefore, the marketability of materials, spares and components of discontinued models required to be validated for obsolescence.</p> <p>The valuation of inventories in accordance with IND AS considering all relevant costs required a detailed audit process, including the charging of overheads.</p>	<p>Principal Audit procedures performed include:</p> <ol style="list-style-type: none"> <li>System and internal controls are evaluated to ensure that there are no recording delinquencies with respect to time, quantity and item.</li> <li>The variances between planned and actual consumption, both in value and quantity, were flagged for high values and explanations were obtained.</li> <li>Applied audit procedures to validate the physical availability of the inventories as supported by physical verification reports of the management teams.</li> <li>Perused third party confirmations and physical verification reports, and matched with the company's records. Variances if any, are reduced from inventory values.</li> <li>Sample checking of valuation methodology by the system was done through manual validation for the material portion of the inventory.</li> <li>Methodology of loading actual overheads to the inventory values were validated and confirmed to be in tune with costing principles.</li> <li>The policy of recognizing redundancy of materials (Accounting policy No. M) and Management's override of such policy was tested with appropriate evidences to conform that such policies as well as the override are reasonable and in tune with technical assessments market conditions.</li> </ol>
<p>The application of the declared policy on obsolescence and its appropriateness also needed to be validated.</p> <p>Inventories form a major portion of the total of the Consolidated Balance Sheet. The focus on inventories is thus significant in the audit process and a Key Audit Matter.</p>	<p>Our audit approach did not reveal any non-compliance with the holding company's declared accounting policies, GAAP and Ind AS.</p>

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<p><i>Please refer Note No.12 and Accounting Policy No.M. The total inventories held as at 31.03.2024 is Rs 2,25,590.38 lakhs</i></p>	
<p><b>New Product Development:</b></p> <p>The holding company is involved in development of a new product under a customer contract where different milestones have been prescribed for revenue recognition.</p> <p>The development process is spread over different financial years and consequently revenue recognition.</p> <p>Design and product specifications are sourced from a foreign vendor and materials are majorly sourced from local vendors.</p> <p>The development involves creation of PPE, though part of the deliverables, is expected to be used by the company for future operations and cannot be physically removed from the place of installation.</p> <p>There is a time lag between the date of the contract and actual time of its execution leading to costs variances, without any variation in price. This leads to assessment of profitability of the contract as a whole.</p>	<p>Principal Audit procedures performed include:</p> <ol style="list-style-type: none"> <li>1. Understanding the basic covenants of the customer contract customer vis-à-vis the milestones specified for revenue recognition.</li> <li>2. Ascertaining the various cost components of the development process.</li> <li>3. Understanding the covenants with the foreign vendor and the specified milestones for recognition of expenditure and liability.</li> <li>4. Applied audit procedures to validate that material issues and other direct expenditure of the development project are appropriately charged to the project.</li> <li>5. Ascertained the total cost of the project, validated the costs that are actually incurred and costs that are contracted to be incurred through issue of purchase contracts.</li> <li>6. Applied appropriate audit procedures and obtained technical certification and explanations about the nature of costs to be incurred and estimated values.</li> <li>7. Obtained technical explanations and justification for the proposed future use of the PPE being created for future use of the company.</li> </ol>
<p>The development is in progress where part of the costs is incurred and part of the costs are estimated.</p> <p>The factors</p> <ol style="list-style-type: none"> <li>a. the process of ascertaining overall cost of the project vis-à-vis the contract price,</li> <li>b. The ongoing nature of the project</li> <li>c. the nature of PPE being created whether to be classified as a capital asset or revenue expenditure,</li> </ol>	<p>Our audit procedures as detailed above has not revealed any.</p> <ol style="list-style-type: none"> <li>a. incorrect revenue recognition,</li> <li>b. deficiency in cost booking and</li> <li>c. incorrect capitalisation</li> </ol>





d. ascertaining whether the overall project requires recognition of any onerous provision. make this product development activity a Key Audit Matter.	
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**Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information, but does not include the consolidated Ind AS financial statements, standalone 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.

We have nothing to report in this regard.

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

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the 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 cash flows and consolidated changes in equity of the Group and its associate, in accordance with the IND AS specified under section 133 of the Act and accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud

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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 Board of Directors of the companies included in the Group and its associate are responsible for assessing the ability of the group and its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and its associate are responsible for overseeing the financial reporting process of the Group and its associate.

**Auditor's Responsibility 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 of 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 of the Group and its Associate, 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 Group and its Associate has adequate internal financial controls system 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 the 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 ability of the Group and its associate 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

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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 auditor's report. However, future events or conditions may cause the Holding Company and its Associate to cease to continue as a going concern.

- 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 financial information of the entities or business activities within the Group and its Associate to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements 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 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 Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 Ind AS financial statements.

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 consolidated 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.

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### Other Matters

The consolidated Ind As financial statements include the audited financial statements of two subsidiaries whose financial information reflect total assets of Rs 4,693.74 lakhs as at March 31, 2024, total revenues of Rs 12.43 lakhs, net loss of Rs 124.62 lakhs for the year ended March 31, 2024. The financial statements of the two subsidiaries have not been audited by us. The financial statements of these subsidiaries have been audited by other auditors whose reports have been furnished to us by the management of the Holding Company and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

The comparative financial information of the holding company for the year ended 31st March 2023 have been audited by another auditor. The report of the predecessor auditor on the comparative financial information dated 17<sup>th</sup> July 2023 expressed a modified opinion.

In respect of an erstwhile associate company M/s. BEML BRAZIL INDUSTRIAL LTDA ("BBIL") which was dissolved in accordance with laws of Brazil in May 2019, the procedure for closure of Unique Identification Number (UIN) issued by RBI has been initiated and pending with RBI.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and regarding BBIL.

### Report on Other Legal and Regulatory Requirement

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 of the aforesaid consolidated Ind AS financial statements.

b) 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;

c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Cash Flow and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) 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;



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e) As per notification No. GSR 463(E) dated 5<sup>th</sup> 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 and Associate.

f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate Report in the "Annexure A".

g) The provisions of Section 197 are not applicable to the holding company (in terms of MCA Notification NO.GSR 463 (E) dated 05th June 2015) as the managerial remuneration is paid as per the appointment letter from the Government of India, and no director remuneration was paid by the subsidiary companies, and

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

i. Except for the effects of the matters described in the Basis for Qualified Opinion section above, the Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements - [Refer Note 39(D)(1)(a)(ii)].

ii. The Group has made provisions as required under Ind AS for material foreseeable losses on long-term contracts-Rs 2,314.04 lakhs ( Previous Year -Nil). The company did not have any derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company.

iv. (a) The respective managements of the Holding Company and its Subsidiaries have represented that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company and its Subsidiaries to or in any other person(s) or entity(ies), 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 respective managements of the Holding Company and its Subsidiary have represented that, to the best of their knowledge and belief, no funds have been received by the Holding Company and its Subsidiary and Associate from any person(s) or entity(ies), 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 such audit procedures performed by us that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that

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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. (a) The final dividend paid by the Holding Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Act as applicable to the extent it applies to payment of dividend. No dividend has been declared by the subsidiary companies.

(b) The interim dividend declared and paid by the holding Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013.

(c) The Board of Directors of the holding 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 to the extent it applies to declaration of dividend.

vi. Based on our examination which included test checks and that performed by the respective auditors of the subsidiary and its associate which are companies incorporated in India whose financial statements have been audited under the Act, the company, subsidiary and its associate have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of the above referred subsidiary and its associate did not come across any instance of audit trail feature being tampered with.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and issued by auditors of the companies included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

Place: Bengaluru

Date: 01.07.2024

For G.Natesan and Co

Chartered Accountants

FRN 002424S

CA K Murali

Partner

M.No :024842

UDIN : 24024842BKDAQD6734



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**Annexure A to the Independent Auditors' report**

(Referred to in our report of even date)

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

We have audited the internal financial controls with reference to consolidated financial statements of M/s BEML Limited ("the Holding Company") and its subsidiary (Holding Company and its subsidiaries together referred to as "the Group") and its Associate as of March 31, 2024 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Group Company's and Associate's internal financial controls with reference to consolidated financial statements 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 issued by the Institute of Chartered Accountancy 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 financial statements were established and maintained and if such controls operated effectively in all material respects.







Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 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, and the audit evidence obtained by the other Auditors in terms of their Reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system with reference to Financial Statements of the Group and its Associate.

**Meaning of Internal Financial Controls with reference to consolidated financial statements**

A Company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to consolidated 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 Consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company;
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated financial statements.



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**Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements**

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

**Opinion**

In our opinion, the Group and its Associate has, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to consolidated 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.

**Other Matters**

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 financial statements in so far as it Subsidiary and Associate as at 31-03 2024 which are companies incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

Place: Bengaluru

Date: 01.07.2024

For G.Natesan and Co

Chartered Accountants

FRN 002424S

CA K Murali

Partner

M.No :024842

UDIN : 29024842 BKDAQD6734



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