

ಬಿಇಎಂಎಲ್ ಲಿಮಿಟೆಡ್
बी ई एम एल लिमिटेड
BEML LIMITED



Schedule 'A' Company under Ministry of Defence, Govt. of India
Defence & Aerospace | Mining & Construction | Rail & Metro

Ref: CS/SE/Q-4/133

18.08.2021

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

Dear Sir / Madam,

Sub: Revised Independent Auditors' Report for the financial year ended 31.03.2021

Ref: Our letter No. CS/SE/Q-4/96 dated 11.06.2021

Company vide its letter cited above, submitted the statement of Standalone and Consolidated Audited Financial Results along with the Independent Auditors' Report on the same and statement on Impact of Audit Qualification and Company's reply thereon for the Financial year ended 31.03.2021. In the said report, the Statutory Auditors had issued "Qualified Opinion" in respect of Standalone Financial Statements & "Adverse Opinion" in respect of Consolidated Financial Statements as on 31.03.2021.

Subsequently, the opinion / observations mentioned in the Independent Auditors' report dated 11.06.2021 was deliberated in the meeting held on 12.08.2021 with Principal Director of Commercial Audit and Member Audit Board (PDCA & MAB) for finalizing MAB's comments on the certified Accounts for FY 2020-21.

Based on the above discussions, the Statutory Auditors have revised the Independent Auditors report and removed the qualifications from the Standalone financial statements and changed the opinion from 'Adverse' to 'Qualified' in Consolidated Financial statements.

In view of the above, the Audit Committee and the Board of Directors of the Company in their respective meetings held on 18.08.2021 noted the revised

ಪ್ರಧಾನಕಛೇರಿCorporate Office:

'ಬೆಂಗಳೂರು', ೨೩/೧, ೪ನೇಮುಖ್ಯರಸ್ತೆ, ಸಂಜೆಗಿರಾಮನಗರ, ಬೆಂಗಳೂರು - ೫೬೦೦೨೭. ದೂರವಾಣಿ ಸಂಖ್ಯೆ: +೯೧೮೦೨೨೯೬೩೨೧೦ / ೨೨೨೨೪೪೫೭

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CIN:L35202KA1964GOI001530, GST NO. 29AAACB8433D1ZU

www.bemlindia.in

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बी ई एम एल लिमिटेड
BEML LIMITED



Schedule 'A' Company under Ministry of Defence, Govt. of India
Defence & Aerospace | Mining & Construction | Rail & Metro

Independent Auditors' Report on Standalone and Consolidated financial statements for the year ended 31.03.2021. Accordingly, the revised Independent Auditors' reports are enclosed at **Annexure I** and **Annexure II** respectively.

Since, clean report on standalone Financial Statements has been issued by the Auditors, the impact on Standalone financials submitted earlier to Stock Exchanges stands withdrawn. Further, the revised report on Impact of Audit qualifications on the Consolidated Financial Statements for the year ended 31.03.2021 is enclosed at **Annexure III** for kind information and records.

Yours faithfully
For BEML LIMITED


18/8/21

(S V Ravisekhar Rao)
Company Secretary & Compliance Officer



Encl : As above

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INDEPENDENT AUDITORS' REPORT

Date

To the members of **BEML LIMITED**

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

Persuant to the observations arising from the Audit by the Comptroller and Audit General of India, our earlier report dated 11th June 2021 2 matters have been revised from Qualified Opinion to Unmodified Opinion and reported under Emphasis of Matter to this Report. This report supersedes our earlier Report.

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, 2021, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, 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").

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, 2021 and its Profit and total comprehensive income, its cash flows and the changes in equity 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 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.

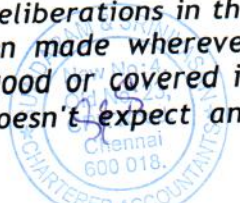




Emphasis of Matter

We draw attention to;

- a) *Statement of Changes in Equity (SOCE) as on March 31, 2021 relating to Debenture Redemption Reserve (DRR) amounting to Rs. 5,000.00 Lakhs (PY Rs. 7,500.00 Lakhs). As per Companies (Share Capital and Debentures) Rules, 2014 (as amended in 2019, effective from 16 August, 2019) states that listed companies are not required to create Debenture Redemption Reserve (DRR). However, the company has not created any Debenture Redemption Reserve (DRR) during the current year but has transferred to General Reserve / Retained Earnings based on redemption of debenture during the current year.*
- b) *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.*
- c) *Note No. 12 - Inventories includes a provision for shortage of stock of Spares amounting to Rs. 1,012.78 Lakhs, which is pending to be adjustment in the books of accounts and under reconciliation.*
- d) *Note No. 12(e) relating to rectification and revaluation of inventories carried at "Zero Cost" amounting to Rs. 264.88 Lakhs. The management of the company has carried out an one-off exercise to bring back value to the stock which were carried initially at zero cost.*
- e) *We draw attention to Note no. 14 - Trade Receivables amounting to Rs. 1,89,950.91 Lakhs, Note no. 14a - Contract Assets amounting to Rs. 63,430.72 Lakhs, Note no. 18 - Claims Receivable (net) (Other current Assets) amounting to Rs. 6,452.83 Lakhs of the notes forming part of the Financial statement which includes various onerous contract 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.*
- f) *Note No. 14(i) in respect of Trade receivable from MOD Rs. 4929.12 lakhs towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with MOD in 2001. The company has received the requisite amendment to the contract in this regard from MOD towards acceptance of BEML's claim on account of exchange rate variation in Euro and the realization of these receivables depends on the final determination of the amount payable by MOD*
- g) *Note No. 18 with respect to Claims Recievable from railway board amounting to Rs. 3839.12 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. Accordingly, claims valuing Rs. 1616.13 lakhs is considered good or covered in payable to Sub-Contractors on back to back terms. The Company doesn't expect any material impact on the final realization of the above amounts.*





- h) Note No. 28 in respect of Provision for Pending Legal Cases includes an amount of Rs. 2060.64 lakhs relating to payment of Gratuity at the enhanced limit as per DPE Pay Revision for 400 ex-executives and non-unionized employees who are covered by DPE Pay Revision circular dated November 26, 2008, based on order of Hon'ble Karnataka High Court Vide dated March 05, 2021 and on the principle of conservatism. As per Company's Board norms, a Provision amounting to 90% of the Liability has been created in the books of accounts. The Company is in the process of filing an SLP with the Hon'ble Supreme Court of India challenging the Hon'ble Karnataka High Court's order.
- i) Note No. 37 - Provision for doubtful trade receivables & advances includes an amount of Rs. 1500.00 Lakhs relating to recognition of expected credit loss (impairment loss) on financial assets with credit risk exposure which is to be reviewed periodically by the management of the company.
- j) 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.
- k) 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.





- l) *Note No. 39(O) which describes the impact and complications due to the outbreak of second wave of novel coronavirus (COVID-19). The situation continues to remain uncertain and in view of its impact on the Company's financial statements, which is significantly dependent on future developments.*
- m) *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. 1,184.14 Lakhs relating to Investment in Subsidiary M/s. Vignyan Industries Limited (VIL).*

Based on the explanation and information as furnished to us, we were given to understand that one of the Subsidiary company M/s. Vignyan Industries Limited (VIL) has received an "In-Principle" approval vide letter Dt. July 07, 2020 from the Department of Defence Production, Ministry of Defence (MoD) for closure of the company. M/s. Vignyan Industries Limited (VIL) has stopped production activities with effect from October 10, 2020. The Independent Auditors of the Company on their Report dt June 08, 2021 has made an Adverse opinion and raised concerns over the preparation of Financial results of the company on "Going Concern" basis. The matter waits further development and approval from Cabinet Committee on Economic Affairs (CCEA).

- n) *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. 6,487.40 Lakhs (Previous Year - Rs. 6,053.89 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 financial year ended March 31, 2021. 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:

- o Evaluated the effectiveness of control over the preparation of information that are designed to ensure the completeness and accuracy.
- o 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.
- o 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.
- o Reviewed a sample of contracts to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations.
- o Performed analytical procedures and test of details for reasonableness and other related material items.
- o 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. Due to COVID - 19 second wave lockdown and various restrictions imposed by the State / Central Government or local authorities we were not present during physical verification for many / few of the Units / Divisions.

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. On account of COVID - 19 second wave related state-wise lockdowns, we were unable to carry out inventory verification at the year end. Consequently, 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.

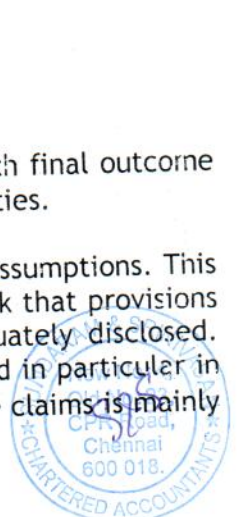
III. Disputes and potential litigations:

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. Date

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.





iv. Modified Audit Procedures carried out in light of COVID-19 second wave outbreak

Key Audit Matters

Due to COVID-19 pandemic second wave, state-wise lockdown and travel restrictions imposed by Central / State Government / Local Authorities during the period of our audit and carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of some units of the Company.

As we could not gather audit evidence in person or physically or through discussions and personal interactions with the officials at these units, we have identified such modified audit procedures as a Key Audit Matter.

Accordingly, our audit procedures were modified to carry out the audit remotely.

Auditor's Response to Key Audit Matters

Due to the outbreak of COVID-19 pandemic second wave that caused state-wise lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to some of the units and carry out the audit processes physically at the respective divisions / units.

Wherever physical access was not possible, necessary records, reports, documents and certificates were made available to us by the unit through digital medium and emails. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.

Such restrictions in performing audit procedures have enhanced the risk in effectively carrying out the audit and the quality of audit evidence gathered by us.

Accordingly, we modified our audit procedures as follows:

- Conducted verification of necessary records and documents electronically through remote access vide emails in respect of some of the divisions / units wherever physical access was not possible.
- Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails.
- Making enquiries and gathering necessary audit evidence through dialogues and discussions over phone calls/conference calls, emails and similar communication channels.
- Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials.





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

Date

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. Date

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.

Other Matters

- The Standalone Ind AS Financial Statements of the Company for the corresponding year ended March 31, 2020, were audited by the predecessor auditor of the Company, and they had expressed a unmodified opinion vide their report dated June 27, 2020 on such Standalone Ind AS Financial Statements.
- Due to the outbreak of COVID-19 pandemic second wave that caused state-wise lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, the audit finalization process, for the year under report, was carried out from remote locations, based on data/ details made available and based on financial information/ records remitted by the management through digital medium.

Our opinion is not modified in respect of these matters.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the 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.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of accounts 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.





- Date
- 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 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 material foreseeable losses of Rs.5.36 Lakhs (PY Rs.120.18 Lakhs) for onerous contracts (Refer Note 37).
 - iii. There were no amounts which required to be transferred by the Company to the Investor Education and Protection Fund.





Sundaram & Srinivasan
CHARTERED ACCOUNTANTS

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yessendes@sundaramandsrinivasan.com

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Date

3. 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.

Place : Chennai
Date : 13th August 2021
UDIN : 21217914AAAALN1949



For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No: 0042075


P Menakshi Sundaram
Partner
Membership No. 217914



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")

Date

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

- i) In respect of its Fixed Assets;
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b. The fixed assets 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.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title/lease deeds of immovable properties are held in the name of the Company **except in the following cases:**

We draw attention to Note No. 3 (B) to the Standalone Ind AS Financial Statements

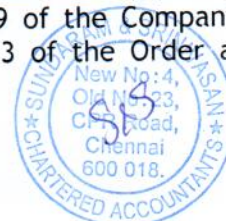
- i. *As explained to us, Building costing Rs. 33.00 lakhs (carrying value Rs. 11.25 lakhs) situated at Mumbai and Ranchi are pending for registration / khatha transfer .*
- ii. *Lease Hold Land includes Land at cost Rs. 129.41 Lakhs at Hyderabad which was due for registration on completion of development of showroom. However, showroom could not be developed and commercial activity did not commence within the stipulated time of 24 months. The TSIC vide letter dated 22.09.2020 has cancelled the said allotment. The Company has requested TSIC vide letter dated: 20.02.2021 to review the decision of cancellation of allotment and take necessary steps to register the sale deed in favour of the Company, alternatively Market Price or the rate at which TSIC is allotting the similar Land may be paid to the Company. Reply awaited.*
- iii. *As explained to us, free hold land measuring 560 acres at Mysore costing Rs. 307.58 lakhs (including additional compensation of Rs. 183.57 lakhs demanded by KIADB) for which title deeds have to be obtained from KIADB.*
- iv. *Kerala Industrial Infrastructure Development Corporation (KIIDC) has allotted Leased land measuring 374.59 acres for a lease premium of Rs. 2547.21 lakhs for 99 years lease period w.e.f 01.07.2009. The actual land handed over by KIIDC was measuring 374.16 acres and revised lease premium payable is Rs. 2544.29 lakhs only and execution of formal amendment of lease agreement is pending.*



- v. *Based on explanation and information furnished to us, the Company has taken land measuring 1109 acres and two workshops on lease for a period of 10 years vide Lease Agreement dated 5th May 2004, w.e.f. 28.04.2004 from M/s. Bharat Gold Mines Limited (BGML) and a sum of Rs. 100 Lakhs was paid as non-refundable deposit, The Company had incurred on the above land a sum of Rs. 1452.95 lakhs (with carrying value of Rs.859.05 Lakhs) on Buildings included in Property, Plant and Equipment (Note 3 (B) (ii)) as at the year end. Vide order dated 09.07.2013, the Hon'ble Supreme Court of India upheld the decision of the Union Government to float a global tender of BGML assets with an observation about the existence of sub-lease of a portion of the land to BEML Ltd expired on 28.04.2014 to be included in the tender documents. The Company filed an Interlocutory application before the Hon'ble Supreme Court of India, praying for exclusion of land leased to BEML from the purview of global tender, which was dismissed. Since the lease agreement provides for the continuation of the lease even after the expiring of lease period on 28.04.2014 till the final decision of the Company / Government in this regard, the operations of the company on the above land is continued.*
- vi. *As explained to us, the Company has taken action to obtain title documents in respect of the following immovable properties;*
- a) *Flat at Roshan Complex Madras - Rs. 4.04 lakhs*
 - b) *Flat at Ashadeep, New Delhi - Rs. 2.80 lakhs*
 - c) *Office building at Nagpur - Rs. 27.18 lakhs*
- vii. *The Company has initiated legal action to obtain possession of 1.88 acres of land out of 5 acres at Tatisileai, Arra Village, Ranchi.*
- viii. *Based on explanation and information furnished to us, Out of 1870.30 Acres of Land allotted to BEML Limited- KGF by Government of Karnataka (under Government Grant order - free of cost), 114 Acres are under reconciliation with DC, Kolar. 967.20 Acres (294.00 acres in survey no.3 and 673.20 acres in survey no.2) of unutilized land have been taken back by state government vide letter no. LND/CR/-64/2020-21, Dated 12.11.2020 (free of cost)*
- ii) The company has conducted the physical verification of the inventory excluding materials lying with third parties and work in progress during the year in accordance with programme designed to cover all items over a phased manner. According to the information and explanation given to us and in our opinion the frequency of physical verification is reasonable.

In our opinion and according to the information and explanations given to us, discrepancies noticed on physical verification of inventories, which were not material, have been properly dealt with in the books of accounts **Except for the effects of the matter described in the Emphasis of Matter (c) section in our Independent Auditors Report.**

- iii) In our opinion, and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Companies Act 2013. Hence, the clause (iii)(a), (iii)(b) and (iii)(c) of the Paragraph 3 of the Order are not applicable to the Company.



- iv) In our opinion, and according to the information and explanations given to us, there are no transactions of loans to directors, and being a Government Company engaged in defence production, provisions of Sec 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security are not applicable.
- v) The Company has not accepted any deposits 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 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 outstanding for a period of more than six months from the date they became payable, as per the books of accounts as at March 31, 2021.
- b. According to the information and explanations given to us, there are disputed statutory dues, which are outstanding on account of any dispute as on March 31, 2021 as given herein below:

Name Of The Statute	Nature Of Disputed Tax	Amount (Rs. Lakhs)	Period To Which The Amount Relates	Forum Where The Dispute Is Pending
Central Excise Act, 1944	Excise Duty incl. Interest and Penalty	20,593.35	2007-08 to June 2017	CESTAT, Bangalore
	Excise Duty incl. Interest and Penalty	393.15	2013-14	Appellate Authority
	National Calamity Contingency Duty	10,706.92	2014-15	CESTAT
	Total Excise Duty	31,693.42		
Service Tax Act, 1994	Service Tax including penalty	2,660.54	2009-10 to 2016-17	Appellate Authority



Name Of The Statute	Nature Of Disputed Tax	Amount (Rs. Lakhs)	Period To Which The Amount Relates	Forum Where The Dispute Is Pending
	Total Service Tax	2,660.54		
The Customs Act, 1962	Customs Duty	2,327.64	2008-09 TO 2016-17	CESTAT, Chennai
The Karnataka Municipal Corporation Act, 1976	Municipality Taxes KGF	674.11	2020	City Municipality council - KGF
	Property Tax	109.11	1995-96 to 2005-06	City Civil Judge, Bangalore
	Total ED, Service Tax, CD & Property tax	37,464.82		
Sales Tax Act of Various States	Sales Tax /VAT	296.56	2003-04, 2007-08, 2008-09	Maharashtra Sales Tax tribunal, Mumbai and JCCT (Appeals) Nagpur
	Sales Tax /VAT	6,927.66	January 2008 to 2017-18	Karnataka Sales Tax tribunal
	Sales Tax /VAT	647.53	2008-09 & 2009-10	WB Commercial Taxes Appellate and Revision Board, Kolkata and Sr. JCCT, Kolkata
	Sales Tax /VAT	1,147.70	From 2006-07 to 2016-17	Jharkhand VAT Act, 2005 and Jharkhand Commercial Tax
	Sales Tax /VAT	173.98	From 2004-05 to 2017-18	Other appellate authorities
	Sales Tax /VAT	34.54	From 2011-12	Kerala Sales Tax & VAT
	Total Sales Tax / VAT	9,227.98		
	Grand Total	46,692.80		
Amount Deposited under Protest	Central Excise/Customs	208.07		
Amount Deposited under Protest	Sales Tax VAT	3,196.87		
	TOTAL	3,404.93		



- viii) The Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government or dues to debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.
- ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument) during the financial year. Secured Redeemable Non-convertible Debentures, Term loans from banks and financial institutions have been applied for the purpose for which they were obtained.
- x) To the best of our knowledge, belief and according to the information and explanations given to us and based on the audit procedures performed, we report that no case of material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) As per notification no.GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 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) 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 during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- 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 him. 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. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

Place : Chennai
Date : 13th August 2021
UDIN : 21217914AAAALN1949



For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No: 0042075

P Menakshi Sundaram
Partner
Membership No. 217914



Annexure - B to the Independent Auditors' Report

Date

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, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the company for the year ended on that date.

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2021, 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").

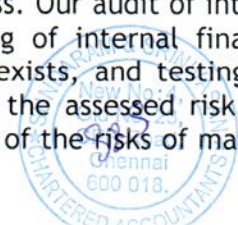
Management's Responsibility for Internal Financial Controls

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: 0042075



P Menakshi Sundaram
Partner
Membership No. 217914

Place: Chennai
Date: 13th August 2021
UDIN : 21217914AAAALN1949



Annexure - C to the Independent Auditors' Report

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



P Menakshi Sundaram
Partner
Membership No. 217914

Date: 13th August 2021
Place: Chennai
UDIN : 21217914AAAALN1949



Sundaram & Srinivasan
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Date

To the members of BEML LIMITED

Report on the Audit of Consolidated Ind AS Financial Statements

Persuant to the observations arising from the Audit by the Comptroller and Audit General of India, our earlier report dated 11th June 2021 2 matters have been revised from Adverse Opinion to Qualified Opinion and 1 matter from Adverse Opinion to Emphasis of Matter to this Report. This report supersedes our earlier Report.

Qualified Opinion

We have audited the accompanying consolidated 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, 2021, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity 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").

In our opinion and to the best of our information and according to the explanations given to us, *because of 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, 2021, of its Consolidated Profit and consolidated total comprehensive income, Consolidated position of change in equity and the consolidated cash flows for the year ended on that date.*

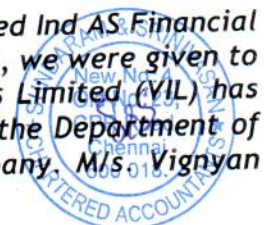
Basis for Qualified Opinion

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.

VIGNYAN INDUSTRIES LIMITED [VIL]

2. We draw attention to Note No. 39(3), additional notes to the Consolidated Ind AS Financial Statements, based on the explanation and information as furnished to us, we were given to understand that one of the Subsidiary company M/s. Vignyan Industries Limited (VIL) has received an "In-Principle" approval vide letter Dt. July 07, 2020 from the Department of Defence Production, Ministry of Defence (MoD) for closure of the company. M/s Vignyan





Sundaram & Srinivasan

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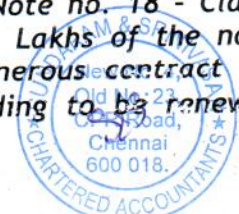
Industries Limited (VIL) has stopped production activities with effect from October 10, 2020. The Independent Auditors of the Company on their Report dated June 08, 2021 has... made an "Adverse opinion" and raised concerns over the preparation of financial statements of the company on "Going Concern" basis. The matter waits further development and approval from Cabinet Committee on Economic Affairs (CCEA).

We conducted our audit in accordance with Standards on Auditing (SAs) specific 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:

- Statement of Changes in Equity (SOCE) as on March 31, 2021 relating to Debenture Redemption Reserve (DRR) amounting to Rs. 5,000.00 Lakhs (PY Rs. 7,500.00 Lakhs). As per Companies (Share Capital and Debentures) Rules, 2014 (as amended in 2019, effective from 16 August, 2019) states that listed companies are not required to create Debenture Redemption Reserve (DRR). However, the company has not created any Debenture Redemption Reserve (DRR) during the current year but has transferred to General Reserve / Retained Earnings based on redemption of debenture during the current year.
- 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.
- Note No. 12 - Inventories includes a provision for shortage of stock of Spares amounting to Rs. 1,012.78 Lakhs, which is pending to be adjustment in the books of accounts and under reconciliation.
- Note No. 12(e) relating to rectification and revaluation of inventories carried at "Zero Cost" amounting to Rs. 264.83 Lakhs. The management of the company has carried out an one-off exercise to bring back value to the stock which were carried initially at zero cost.
- We draw attention to Note no. 14 - Trade Receivables amounting to Rs. 1,39,950.91 Lakhs, Note no. 14a - Contract Assets amounting to Rs. 63,430.72 Lakhs, Note no. 18 - Claims Receivable (net) (Other current Assets) amounting to Rs. 6,452.83 Lakhs of the notes forming part of the Financial statement which includes various onerous contract 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. Date

- f) Note No. 14(i) in respect of Trade receivable from MOD Rs. 4929.12 lakhs towards exchange rate difference and escalation for import of components in respect of a long term contract for Design, Development and Supply, entered into with MOD in 2001. The company has received the requisite amendment to the contract in this regard from MOD towards acceptance of BEML's claim on account of exchange rate variation in Euro and the realization of these receivables depends on the final determination of the amount payable by MOD
- g) Note No. 18 with respect to Claims Recievable from railway board amounting to Rs. 3839.12 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. Accordingly, claims valuing Rs. 1616.13 lakhs is considered good or covered in payable to Sub-Contractors on back to back terms. The Company doesn't expect any material impact on the final realization of the above amounts.
- h) Note No. 28 in respect of Provision for Pending Legal Cases includes an amount of Rs. 2060.64 lakhs relating to payment of Gratuity at the enhanced limit as per DPE Pay Revision for 400 ex-executives and non-unionized employees who are covered by DPE Pay Revision circular dated November 26, 2008, based on order of Hon'ble Karnataka High Court Vide dated March 05, 2021 and on the principle of conservatism. As per Company's Board norms, a Provision amounting to 90% of the Liability has been created in the books of accounts. The Company is in the process of filing an SLP with the Hon'ble Supreme Court of India challenging the Hon'ble Karnataka High Court's order.
- i) Note No. 37 - Provision for doubtful trade receivables & advances includes an amount of Rs. 1500.00 Lakhs relating to recognition of expected credit loss (impairment loss) on financial assets with credit risk exposure which is to be reviewed periodically by the management of the company.
- j) 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.
- k) 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.
- l) Note No. 39(O) which describes the impact and complications due to the outbreak of second wave of novel coronavirus (COVID-19). The situation continues to remain uncertain and in view of its impact on the Company's financial statements, which is significantly dependent on future developments.
- m) 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. 6,487.40 Lakhs (Previous Year - Rs. 6,053.89 Lakhs)





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

- n) *In the books of MAMC Industries Limited, company is holding lease hold land taken from Urban Development Dept, Govt of West Bengal on March 07, 2011 and the said land is lying without erection of factory and as per the term No.25 of said lease deed, the Govt. of West Bengal has right to re-enter and take back the possession of the said land if no factory is erected within two years from the date of lease-and also have to right to cancel the lease deed. Further, the lease rentals remain unpaid since the date of lease, see Note No.3, Property, Plant and Equipment attached to the Balance Sheet, which is in non observance of point no 23 of the said lease deed.*

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 financial year ended March 31, 2021. 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:

- o Evaluated the effectiveness of control over the preparation of information that are designed to ensure the completeness and accuracy.





- o 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.
- o 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.
- o Reviewed a sample of contracts to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations.
- o Performed analytical procedures and test of details for reasonableness and other related material items.
- o 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. Due to COVID - 19 second wave lockdown and various restrictions imposed by the State / Central Government or local authorities we were not present during physical verification for many / few of the Holding Company's Units / Divisions.

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. On account of COVID - 19 second wave related state-wise lockdowns, we were unable to carry out inventory verification at the year end for the holding company. Consequently, we have performed the following alternate procedures to audit the existence of inventory for the Holding Company:
 - 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 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 standalone 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 ^{Date} 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.

IV. Modified Audit Procedures carried out in light of COVID-19 second wave outbreak

Key Audit Matters

Due to COVID-19 pandemic second wave, state-wise lockdown and travel restrictions imposed by Central / State Government / Local Authorities during the period of our audit and carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of some units of the Holding Company.

As we could not gather audit evidence in person or physically or through discussions and personal interactions with the officials at these units, we have identified such modified audit procedures as a Key Audit Matter.

Accordingly, our audit procedures were modified to carry out the audit remotely.

Auditor's Response to Key Audit Matters

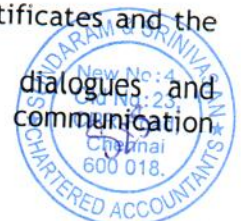
Due to the outbreak of COVID-19 pandemic second wave that caused state-wise lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to some of the units and carry out the audit processes physically at the respective divisions / units.

Wherever physical access was not possible, necessary records, reports, documents and certificates were made available to us by the unit through digital medium and emails. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.

Such restrictions in performing audit procedures have enhanced the risk in effectively carrying out the audit and the quality of audit evidence gathered by us.

Accordingly, we modified our audit procedures as follows:

- Conducted verification of necessary records and documents electronically through remote access vide emails in respect of some of the divisions / units wherever physical access was not possible.
- Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails.
- Making enquiries and gathering necessary audit evidence through dialogues and communication channels over phone calls/conference calls, emails and similar channels.





- o Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials. Date

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.

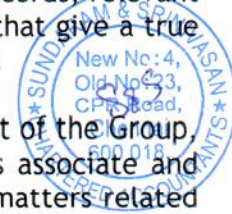
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. ***We have concluded that such material misstatement of the other information exists in respect of matters described in the Basis for Qualified Opinion section above.***

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.

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 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.

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.
- 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 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

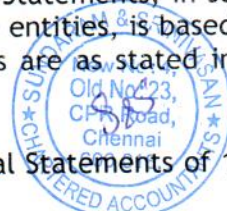
We communicate with those charged with governance of the Holding Company of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during 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 2 (two) subsidiaries M/s. VIGNYAN INDUSTRIES LIMITED [VIL] and M/s. MAMC INDUSTRIES LTD, whose Financial Statements reflect Group's share of total assets of Rs. 1490.31 Lakhs as at March 31, 2021, Group's share of total revenue of Rs. 144.72 Lakhs and Rs. 0.00 (Nil) lakhs and Group's share of total net profit/(loss) after tax of Rs. (612.42) Lakhs and Rs. (9.84) Lakhs for the year ended March 31, 2021, 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 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.

- III. The Consolidated Ind AS Financial Statements of the Company for the corresponding year ended March 31, 2020, were audited by the predecessor auditor of the Company, and they had expressed a Qualified opinion vide their report dated August 18, 2020 on such Consolidated Ind AS Financial Statements.
- IV. Due to the outbreak of COVID-19 pandemic second wave that caused state-wise lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, the audit finalization process, for the year under report, was carried out from remote locations of the Holding Company, based on data/ details made available and based on financial information/ records remitted by the management through digital medium.

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:
- 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 accounts 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 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;
- d) 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 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 the internal financial controls over financial reporting 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 company, associate and jointly controlled entities incorporated in India. Our report expresses an Qualified opinion on the adequacy internal financial controls over financial reporting and operating effectiveness 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. 5.36 Lakhs (PY Rs. 120.18 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.

Place: Chennai
Date: 13th August 2021
UDIN : 21217914AAAALO4309

For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No: 0042075

P. Menakshi Sundaram
Partner

Membership No. 217914





Annexure - A to the Independent Auditors' Report

Date

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

Qualified 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, 2021 in conjunction with our audit of the Consolidated Ind AS Financial Statements of the Group for the year ended on that date.

In our opinion, the Group, its associate and jointly controlled entities, Except for the effects of the matters described in the Basis for Qualified Opinion section above, and wherever reported by the auditors of those entities have, in all material respects, does not have a internal financial controls with reference to financial statements with reference to Consolidated Ind AS Financial Statements and such internal financial controls with reference to Consolidated Ind AS Financial Statements were not operating effectively as at March 31, 2021, 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").

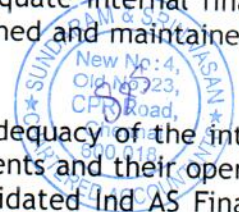
Management's Responsibility for Internal Financial Controls

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.

For Sundaram & Srinivasan
Chartered Accountants
Firm Regn No: 0042075



P Menakshi Sundaram
Partner
Membership No. 217914

**Revised Statement of Impact of Audit Qualifications on the Consolidated Financial Statement
for the Financial Year ended March 31, 2021**

[See Regulation 33/52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications) *
	1.	Turnover / Total Income (₹ in Lakhs)	361680	361680
	2.	Total Expenditure (₹ in Lakhs)	352969	352969
	3.	Net Profit/(Loss) (₹ in Lakhs)	6870	6870
	4.	Earnings Per Share (in ₹)	16.50	16.50
	5.	Total Assets (₹ in Lakhs)	573383	573383
	6.	Total Liabilities (₹ in Lakhs)	351959	351959
	7.	Net Worth (₹ in Lakhs)	221424	221424
	8.	Any other financial item(s) (as felt appropriate by the management)	--	--

* Impact of audit qualification cannot be quantified as explained at Sl. No. II e below.

II. 1. Audit Qualification (each audit qualification separately) :

a. Details of Audit Qualification :

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.

b. Type of Audit Qualification : Qualified opinion

c. Frequency of qualification : Repeated since year 2009-10

d. For Audit Qualification(s) where the impact is quantified by the auditors, Management's views : NIL

e. For Audit Qualification(s) where the impact is not quantified by the auditor :

(i) Management's estimation on the impact of audit qualification:

There was complete cessation of activities in M/s. BEML Midwest Ltd., the JV company since Sept. 2008 and the matters relating to the JV company are subjudice. In view of the above, the JV company has not prepared its accounts and thus the same could not be consolidated. Provision for diminution in the value of investment in the JV company is already made. The impact, if any, on account of non-consolidation is not expected to be material.

(ii) If management is unable to estimate the impact, reasons for the same:

As explained at Sl. No. II e (i) since the JV company has not prepared its accounts and BEML Limited has already made a provision for diminution in value of investment in the JV company; BEML is not in a position to estimate the impact, if any. However, the impact is not expected to be material.

(iii) Auditors' Comments on (i) or (ii) above:


2. Audit Qualification (each audit qualification separately) :

a. Details of Audit Qualification :

Note No. 39(3), additional notes to the Consolidated Ind AS Financial Statements, based on the explanation and information as furnished to us, we were given to understand that one of the Subsidiary company M/s. Vignyan Industries Limited (VIL) has received an "In-Principle" approval vide letter Dt. July 07, 2020 from the Department of Defence Production, Ministry of Defence (MoD) for closure of the company. M/s. Vignyan Industries Limited (VIL) has stopped production activities with effect from October 10, 2020. The Independent Auditors of the Company on their Report dated June 08, 2021 has made an "Adverse opinion" and raised concerns over the preparation of financial statements of the company on "Going Concern" basis. The matter waits further development and approval from Cabinet Committee on Economic Affairs (CCEA).

b. Type of Audit Qualification : Qualified opinion

c. Frequency of qualification : First Time

	d. For Audit Qualification(s) where the impact is quantified by the auditors, Management's views : NIL
	e. For Audit Qualification(s) where the impact is not quantified by the auditor: As per Sl. No. II 2 (a)
	(i) Management's estimation on the impact of audit qualification: Impact due to the above is not expected to be material.
	(ii) If management is unable to estimate the impact, reasons for the same: NA
	(iii) Auditors' Comments on (i) or (ii) above:
III.	<p>Signatories :</p> <ul style="list-style-type: none"> • Managing Director  एम. वी. राजशेखर / M. V. Rajasekhar अध्यक्ष एवं प्रबंध निदेशक (प्र.) Chairman & Managing Director (I/C) • Audit Committee Chairman arvind kumar arora Digitally signed by arvind kumar arora Date: 2021.08.18 17:52:47 +05'30' • Statutory Auditor PADHMANABH AN MENAKSHISUN DARAM Digitally signed by PADHMANABHAN MENAKSHISUNDARAM Date: 2021.08.18 18:33:25 +05'30' <p>Place : Bengaluru Date : 18.08.2021</p> 