



VN & ASSOCIATES
COMPANY SECRETARIES IN PRACTICE

Flat 'E', Susheel Chandra Apartments,
17th 'A' Cross, 10th 'A' Main
Malleswaram, Bangalore-560055
E Mail Id: cs_viswanathan@yahoo.com
Tel: 41674875 Mobile: 98452-20950

SECRETARIAL COMPLIANCE REPORT OF BEML LIMITED
(for the financial year ended 31st March, 2023)

I. I have examined: -

- a) All the documents and records made available to us and explanation provided by **BEML LIMITED** ("the Listed Entity") (CIN No: L35202KA1964GOI001530)
- b) The filings/submissions made by the Listed Entity to the Stock Exchanges,
- c) Website of the Listed Entity,
- d) Any other document/filing, as may be relevant, which has been relied upon to make this Certification/Report.

for the year ended 31st March 2023 in respect of compliance with the provisions of:

- a) The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, Circulars, Guidelines issued thereunder; and
- b) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder and the Regulations, Circulars, Guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

II. The specific Regulations, whose provisions and the Circulars/ Guidelines issued thereunder with amendments from time to time have been examined, to the extent applicable, include: -

- a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not Applicable for the period under review**);
- c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (**Not Applicable for the period under review**);



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- e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, erstwhile The SEBI (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable for the period under review)**
- f) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- g) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and the erstwhile The SEBI (Issue and Listing of Debt Securities) Regulations, 2008
- h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 **(Not Applicable for the period under review)**
- i) The Securities and Exchange Board of India (Registrars to the Issue and Share Transfer Agents) Regulations, 2006
- j) The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993
- k) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 1998 **(Not Applicable for the period under review)**
- l) Standard Operating Process under Securities and Exchange Board of India (PIT) Regulations, 2015 for ensuring Compliance with Structured Digital Database ("SDD")
- m) Circular No: NSE/CML/2023/30 dated: 10th April 2023 issued by the National Stock Exchange of India for Additional affirmations by Practicing Company Secretaries (PCS) in Annual Secretarial Compliance Report (ASCR)
- n) Other Regulations as applicable to the Listed Entity and Circular / Guidelines issued thereunder.

III. Based on the above examination, I hereby report that, during the Period under review:

- (a) The listed entity has complied with the provisions of the above Regulations and Circulars/Guidelines issued thereunder, except in respect of matters specified below:-



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1. Sr No. 1

2. Compliance Requirements (Regulations/circular/guidelines including specific clause): SEBI (LODR) Regulations, 2015

3. Regulation/Circular No: Regulation 17(1) (a)

4. Deviations: Regulation 17(1) (a) requires the Listed Entity to have at least One Women Independent Director on the Board of Directors of the Company. Ms. Balmuri Vanitha, who was a Women Independent Director on the Board, ceased to be an Independent Director w.e.f. 21.01.2023 on the expiry of her term of office. As on 31st March 2023, the Listed Entity did not have a Women Independent Director on its Board. Since, BEML Limited is a Government Company, the appointment of Directors including Independent Directors is made by Government of India through Administrative Ministry i.e., Ministry of Defence. The Company is following up with Ministry of Defence on regular intervals for the appointment of a Women Independent Director on its Board. Any order/communication in this regard from Ministry is awaited.

5. Action taken by: Stock Exchanges i.e., NSE and BSE

6. Types of Action: Fines

7. Details of Violation: Details given at Item No.4 (Deviations).

8. Fine Amount: Fine of Rs. 9.44 lakhs (including GST) levied by Stock Exchanges for non-compliance during the period vide email dated 22.05.2023.

9. Observations/Remarks of the Practicing Company Secretary: The Listed Entity is a Government Company under the Administrative control of Ministry of Defence. The appointment of Directors on the Board is made by Government of India through Administrative Ministry. After the Cessation of Ms. Balmuri Vanitha, Women Independent Director w.e.f. 21.01.2023 on the expiry of her term of office, the Listed Entity requested Government of India for issuing necessary orders for appointment of a Women Independent Director. Response from the Government of India is awaited. The delay in appointment of a Women Independent Director is for reasons beyond the control of the Listed Entity. It is submitted that in the case of delay in appointment of Women Independent Director by a Government Company,



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NSE/BSE may consider adopting a practical/ flexible approach, exempt Government Companies and levy no penalty or waive penalty.

10. Management Response: Management is following up with the Ministry on regular intervals for filling the vacancy and also requesting to stock exchanges for non-levy and/or waiver of penalties.

11. Remarks of the Practicing Company Secretary: No further Remarks

1. Sr No. 2

2. Compliance Requirements (Regulations/circular/guidelines including specific clause): SEBI (LODR) Regulations, 2015

3. Regulation/Circular No: Regulation 17(1) (b)

4. Deviations: Regulation 17(1) (b) stipulates that where the Listed Entity does not have a regular non-executive chairperson, at least half of the Board of Directors shall comprise of Independent Directors. As on 31st March 2023, the Board of Directors of the Listed Entity consisted of 10 Directors, out of whom: -

(a) 5 were Executive Directors, including CMD

(b) 5 were Non-Executive Directors (4 Independent Director and 1 Nominee Director)

During the FY 2022-23, following directors appointed or ceased from the Board of BEML Limited:

S. No.	Name	Designation	Status	Effective Date
1.	Shri Arvind Kumar Arora	Independent Director	Cessation	10.07.2022



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2.	Shri. M.V. Rajasekhar	Director (Mining & Construction)	Cessation	31.10.2022
3.	Shri. G Jawahar	Director (Human Resource)	Appointment	11.01.2023
4.	Smt. Balmuri Vanitha	Independent Director	Cessation	21.01.2023
5.	Shri. Bipin Kumar Gupta	Independent Director	Appointment	10.02.2023
6.	Shri. Shantanu Roy	Director (Mining & Construction)	Appointment	17.02.2023

According to the above details, the composition of the Board was not in compliance with the provisions of Regulation 17(1) (b) of SEBI (LODR) Regulations, 2015 for the period from 10.10.2023 to 31.10.2023 and 11.01.2023 to 31.03.2023.

Since the Listed Entity is a Government Company and appointment of Directors are made based on Government Orders, it has requested the Government of India for appointment of requisite Independent Directors including Woman Independent Director on its Board.

5. Action taken by: Stock Exchanges i.e., NSE and BSE

6. Types of Action: Fines

7. Details of Violation: Details given at Item No.4 (Deviations).

8. Fine Amount: Total fine levied of Rs. 12.03 Lakhs (including GST) i.e., fine of Rs. 2.59 Lakhs (including GST) levied by stock exchanges for non-compliance during period 10.10.2022 to 31.10.2022 vide email dated 21.02.2023. Further, fine of Rs. 9.44 lakhs (including GST) levied by stock exchanges for non-compliance during period 11.01.2023 to 31.03.2023 vide email dated 22.05.2023.

9. Observations/Remarks of the Practicing Company Secretary: The



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Listed Entity is a Government Company under the Administrative control of Ministry of Defence. The appointment of Directors on the Board is made by Government of India through Administrative Ministry. The Listed Entity requested Government of India for issuing necessary orders for the appointment of requisite Independent Director on its Board. Response from the Government of India is awaited. The delay in appointment of Independent Directors is for reasons beyond the control of the Listed Entity. It is submitted that in the case of delay in appointment of Independent Directors by a Government Company, NSE/BSE may consider adopting a practical/ flexible approach, exempt Government Companies and levy no penalty or waive the penalty.

10. Management Response: Management is following up with the Ministry on regular intervals for filling the vacancy and also requesting to stock exchanges for non-levy and/ or waiver of penalties.

11. Remarks: No further Remarks

(b) The Listed Entity has taken the following actions to comply with the observations made in **previous reports**:

1. Sr No. 1

2. Compliance Requirements (Regulations/circular/guidelines including specific clause): SEBI (LODR) Regulations, 2015

3. Regulation/Circular No: 17(1)(a) and 17(1)(b)

4. Deviations: During the Financial year 2021-22 till 23rd December, 2021, the Listed Entity could not comply with Regulations 17(1)(a) and 17(1)(b) regarding composition of the Board of Directors with adequate numbers of Independent Directors and adequate balance between Executive Directors and Non- Executive Directors.

5. Action taken by: The stock exchanges are levying penalties on the Company due to non-compliance with Regulation 17(1). NSE levied a fine of Rs. 75.28 Lakhs (including GST) for the above two non-compliance from quarter ended 30.09.2018 up to 23.12.2021. **Based on Company's request and continuous follow up, NSE vide letter dated 21.09.2022 has waived**



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off entire fine of ₹75.28 lakhs (including GST).

BSE levied a fine of Rs. 75.28 Lakhs (including GST) for the above two non-compliance from quarter ended 30.09.2018 up to 23.12.2021. **BSE has waived off the fine for ₹48.55 lakhs (including GST) upto quarter ended December, 2020.** For balance fine of ₹26.73 lakhs (including GST) pertaining to FY 2020-22, further follow up is being made with BSE.

6. Types of Action: Levy of fine

7. Details of Violation: Between 1st April 2021 and 23rd Dec 2021, the strength of the Independent Directors as well as non-executive Directors was less than 50% of the total strength of the Board of Directors.

8. Fine Amount: Total fine of Rs. 150.56 Lakhs is levied by NSE and BSE as on date, out of which fine of Rs. 123.83 lakhs were waived off by NSE and BSE.

9. Observations/Remarks of the Practicing Company Secretary: The Listed Entity is a Government Company under the Administrative control of Government of India. Appointments of Directors on the Board are made based on Orders of Government of India. After the Cessation of term of office of Independent and Non-Executive Directors, the Listed Entity requested Government of India for passing necessary orders for appointment of Independent/Non-Executive Directors and the Listed Entity is unable to take necessary action for compliance until Government Orders are received. It is submitted that in the case of delay in appointment of Independent/Non-Executive Director by a Government Company, NSE/BSE may consider adopting a practical/ flexible approach, exempt Government Companies and levy no penalty.

10. Management Response: Management has represented to NSE and BSE to waive of penalty.

11. Remarks of the Practicing Company Secretary: No Remarks

1. Sr. No. 2

2. Compliance Requirements (Regulations/circular/guidelines including specific clause): Certificate by Chief Finance Officer: -



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(a) To certify quarterly financial results for the quarters ended 30.06.2021, 30.09.2021 and 31.12.2021 and

(b) Compliance Certificate.

After the Cessation of the previous CFO w.e.f. 09.04.2021, the above two certificates were signed by the Executive who held additional charge of the post of Director Finance.

3. Regulation/Circular No: Regulation 33(2) and 17(8) of SEBI (LODR) Regulations 2015

4. Deviations: The above two certificates were signed by the Executive who held additional charge of the post of Director Finance instead of Chief Finance Officer

5. Action taken by: No action was taken by BSE or NSE. However, after the appointment of CFO w.e.f. 22.04.2022 the said certificate is being signed by the CFO

6. Types of Action: Not Applicable

7. Details of Violation: Given in Item No.4 above

8. Fine Amount: NIL as on date

9. Observations/Remarks of the Practicing Company Secretary: It is a minor deviation due to procedural delay in appointment of CFO against the vacancy caused by cessation of the previous CFO.

10. Management Response: Management agrees with the observations/remarks of the Practicing Company Secretary.

11. Remarks of the Practicing Company Secretary: No further remarks

IV. Additional Affirmation: -

Sr. No.	Particulars	Compliance Status (Yes/No/NA)	Observations/Remarks by PCS*



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1.	<u>Secretarial Standards:</u> The Compliances of the Listed Entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI)	Yes	NIL
2.	<u>Adoption and timely updation of the Policies:</u> <ul style="list-style-type: none">• All applicable policies under SEBI Regulations are adopted with the approval of Board of Directors of the Listed Entities.• All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the Regulations/Circulars/Guidelines issued by SEBI	Yes	NIL
3.	<u>Maintenance and disclosures on Website:</u> <ul style="list-style-type: none">• The Listed entity is maintaining a functional website.• Timely dissemination of the documents/ information under a separate section on the website.• Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which re-directs to the relevant document(s)/ section of the website.	Yes	NIL
4.	<u>Disqualification of Director:</u> None of the Director of the Company are disqualified under	Yes	NIL



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	Section 164 of Companies Act, 2013.		
5.	<u>To examine details related to Subsidiaries of Listed Entities:</u> (a) Identification of material Subsidiary Companies.	NA	NIL
	(b) Requirements with respect to disclosure of material as well as other subsidiaries.	Yes	NIL
6.	<u>Preservation of Documents:</u> The Listed Entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015	Yes	NIL
7.	<u>Performance Evaluation:</u> The Listed Entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations.	The Listed Entity, being a Government Company, is exempted from conducting performance evaluation of the Board, Independent Directors and the Committee, as per Notification No. GSR 463 (E) dated: 05.06.2015 issue by the Ministry of Corporate affairs. The performance of Functional Directors and Government Directors is evaluated by the Administrative Ministry every year based on its own evaluation methodology.	
8.	<u>Related Party Transactions:</u>		



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	(a) The listed entity has obtained prior approval of Audit Committee for all Related Party transactions. (b) In case no prior approval obtained, the Listed Entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee	Yes	NIL
9.	<u>Disclosure of events or information:</u> The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	NIL
10.	<u>Prohibition of Insider Trading:</u> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	NIL
11.	<u>Actions taken by SEBI or Stock Exchange(s), if any:</u> No Actions taken against the listed entity/ its Promoters/ Directors/Subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various Circulars) under SEBI Regulations and Circulars/ Guidelines issued Thereunder.	Yes	NIL
12.	<u>Additional Non-compliances, if any:</u>		No additional non-



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	Any additional non-compliance observed for all SEBI Regulation/Circular/Guidance note etc.	NO	compliance was observed other than mentioned at point III above.
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For VN & Associates

SWAYAMBHU
VISWANATHAN

Digitally signed by
SWAYAMBHU VISWANATHAN
Date: 2023.06.07 17:59:03
+05'30'

Place: Bengaluru
Date: 07.06.2023

SWAYAMBHU VISWANATHAN
Senior Partner and Company Secretary
C.O.P No. 5284
Membership No: F12190
UDIN No: A005284E000302966