



**Pioneering Atmanirbharta
Through
Innovation & Indigenization**



59th ANNUAL REPORT

2022-23



**A Green
Company**



BEML LIMITED

DEFENCE & AEROSPACE | MINING & CONSTRUCTION | RAIL & METRO

www.bemlindia.in

CORPORATE VISION, MISSION AND VALUES

VISION:

Become a market leader, as a diversified Company, supplying quality products and services to Defence & Aerospace, Mining & Construction and Rail & Metro and to emerge as a prominent international player.

MISSION:

- Improve competitiveness through collaboration, strategic alliances and joint ventures.
- Grow profitably by aggressively pursuing business and market opportunities in domestic and international markets.
- Adoption of state-of-the-art technologies and bring in new products through Transfer of Technology and in-house R&D.
- Continue in diversified growth in new products and markets.
- Attract and retain people in a rewarding and inspiring environment by fostering creativity and innovation.
- Offer technology and cost effective solutions.

VALUES

F	Focus on Customer and Stakeholder	<i>Customer Delight by developing products & services is our primary focus. Value creation for all Stakeholders guides all our actions.</i>
I	Innovation & Technology	<i>Being a learning organisation, we leverage Innovation and Technology in all our work</i>
R	Reliability & Quality	<i>We build reliability and quality in our products, processes and people</i>
S	Speed & Responsiveness	<i>We are agile and respond to needs of all Stakeholders promptly</i>
T	Trust & Teamwork	<i>Facilitate through integrity, trust, respect, transparency to become a socially responsible Corporate Citizen</i>

Chairman's Message



Dear Shareholders,

I hope this letter finds you and your loved ones in good health and high spirits. As we approach another significant milestone in the life of our Company, I am filled with both pride and gratitude. It is with great pleasure that I address you today as the Chairman & Managing Director of BEML Limited, reflecting on the remarkable journey we have undertaken together. The past year has brought its share of challenges emerging from a 'polycrisis' encompassing climate change, geopolitical issues and reglobalisation. Yet, through resilience, innovation, and the unwavering support of our shareowners, we have emerged stronger than ever.

Amidst this widespread unpredictability, India stands tall as a beacon of growth and stability. A new global economic demand is being shaped with these crises involving radical new strategies, innovations, and business models. Addressing these challenges and opportunities, BEML Limited is crafting a comprehensive vision to build an innovative, sustainable, future-tech, and inclusive Indian Company, powered by agility, competitiveness, resilience, and customer and people centricity. New avenues for growth have been identified, whilst fortifying existing core capabilities and putting in place higher order structural competitiveness to create new vitality for the enterprise.

These strategic interventions will make a growing contribution to the nation in its journey to the Amrit Kaal.

We have to progress through the process of Transformation based on the principles of TCS where:

- T - stands for Truth,
Trust & Technology
- C - stands for Compassion,
Creativity & Climate
- S - Stands for Speed,
Simplicity & Self- Confidence

Growth drives most organizations. And along with growth comes change. And change is frightening. We have to overcome this fear and not grow with a view that something can't be done and hence should not be done in our quest for a strong, inclusive growth.

I am thrilled to present an overview of our achievements, shed light on our future vision, and reaffirm our commitment to creating enduring value for each one of you. Your unshakeable trust in us remains the driving force behind our pursuit of excellence, and for that, I extend my sincerest appreciation.

I, on behalf of the Board of Directors as well as 5,197 passionate human assets of BEML Limited, present to you the Company's Annual Report for the financial year 2022-23 for your consideration and adoption at the ensuing Annual General Meeting.

The Year Passed

Performance Highlights:

Let me begin with the stellar performance of our Defence Business Group which has achieved highest ever sales during the year. The year was also earmarked as re-entry in exports of Defence products as

your Company became part of Armenia Export deal regarding supply of High Mobility Vehicles (HMV) for Pinaka project. The supplies were commenced and will be completed during current year.

Our Mining & Construction (M&C) Business Group which contributes about 50% of our Turnover has excelled and has achieved highest ever sales. The exemplary feat was well supported by Spares & Service group which has contributed more than 50% of M&C sales and achieved its peak sales during the year.

The performance of our Rail & Metro Business Group was reasonable due to various extraordinary events. Nevertheless, on project execution front, supplies commenced for Rail Grinding Machine to Indian Railways which again was the first ever "India manufactured". Also, additional order for 18 Metro cars for Kolkata Metro and 88 of Mainline Electric Multiple Unit from Indian Railways were booked during the year. These orders will be executed during current year.

The supply chain disruptions and project delays beyond our control presented us with its share of challenges, prompting us to adopt a strategic focus on maintaining our financial stability. We recognized the importance of managing costs diligently while continuing to invest in growth areas.

In pursuit of this objective, we undertook several key cost control measures. Our teams diligently analyzed our operations and identified opportunities for efficiency enhancements. We optimized our supply chain processes, introduced streamlined administrative workflows, treasury management and invested in energy-efficient technologies. These measures were not only necessary responses to the prevailing economic conditions but also a

testament to our commitment to prudent financial management.

I am pleased to report that these efforts yielded positive results. Through our cost control initiatives, we achieved significant savings across various aspects of our operations and achieved Profit Before Tax of Rs. 278.60 crore which is highest in the last 12 years. These outcomes underscore our ability to adapt to changing circumstances while safeguarding your investment.

Your company made exports aggregating Rs. 830.14 Crore (which includes physical exports of Rs 178.42 Crore and deemed export of Rs 651.72 Crore) and got export incentive of Rs.1.92 Crore during FY 2022-23 as against exports of Rs 564.74 crore (which includes physical exports of Rs. 48.75 crore and deemed exports of Rs. 515.99 Crore) and export incentive of Rs. 1.11 Crore during the previous year. During the year, we have concluded the supplies to Cameroon and expanded our footprints to 70 countries where BEML equipment have been supplied till date.

Order book is the key driver of our turnaround. During 2023-24, we shall strive to build a healthy order book which will surpass all our previous records and ensure a quantum jump in growth in the coming years. Intense focus on Product Quality, Cash collection, execution as per schedule and controlling costs will continue to remain our priority areas.

The order book position of your Company as on 01.04.2023 stood at Rs. 8,570 crore as against Rs. 9,192 crore in the previous year. Further, Value added per employee was reported Rs. 33 lakhs as against Rs. 31 lakhs in the previous year, a jump of 6.45%.

Competition:

Although your Company is in intense competition across all Business verticals, 74% of sales was achieved on competitive mode. Your Company has sustained and maintained major market share in Dump Trucks, Dozers, and Metro cars.

Research & Development:

Research & Development (R&D) has played a pivotal role in driving innovation, growth, and sustainability. In an ever-evolving business landscape, our dedication to R&D has remained steadfast, propelling us forward and ensuring our position in industry. During the year, we have designed & developed and upgraded products across all three business verticals.

Further, our commitment to R&D is a testament to our belief in investing not only in physical assets but also in intellectual capital. We understand that the knowledge and expertise generated through our R&D endeavours are invaluable assets that contribute to our long-term competitiveness. During the year, your Company has filed 105 Intellectual Property Rights (IPR) as against target of 96. I am happy to share that, we have been granted eleven patents during the year which is the highest since inception.

It gives me immense pleasure to share that over 75% of our business was through In-house R&D Developed products which is a lead indicator of your company's technical prowess and competence.

Further, R&D expenditure for the year as a Percentage (%) of revenue stands at 1.91% and as a Percentage (%) of PBT stands at 26.75%.

Your Company will continue to invest in the brightest minds, the latest technologies, and the most promising ideas, driven by the belief that innovation is the key to Company's sustained success.

Self-Reliance:

In an ever-evolving global landscape, the concept of self-reliance stands as a pillar of strength, shaping our strategies and driving us to achieve greater heights.

Self-reliance is more than a strategic choice; it is a mindset that empowers us to be masters of our own destiny. We have consistently sought to reduce dependencies, enabling us to chart our course even in the face of uncertainty. By harnessing our internal capabilities and resources, we have cultivated an environment of resilience and adaptability, positioning us to navigate challenges and seize opportunities with confidence.

Srijan Portal, a GoI initiative is being utilized for indigenization of items by uploading imported items. Under Defence equipment, we have achieved more than 96% of Indigenisation level in High Mobility Vehicles (HMV) 8x8 and further efforts are on for High Mobility Vehicles (HMV) 6x6 and High Mobility Vehicles (HMV) 12x12. For other Defence Products, the present level of Indigenisation is more than 95%.

On Mining & Construction and Rail equipment front, we have already attained indigenisation level of over 90%. On Metro cars, the present indigenisation level is 65% and further efforts are on to increase these levels.

Digital Transformation Initiatives:

Your Company has embarked to implement the Digital Transformation (DT)

initiatives for the business processes covering all the 3 business verticals.

DT initiatives in the areas of Infrastructure, Cyber Security, Business Applications & Systemic Improvements have been fully implemented and all the projects have positive impact on business in both top-line and bottom-line while aligning people and processes.

Some of the initiatives implemented during 2022-23 are Industry 4.0 at H&P Division, KGF Complex, Improvements in File Lifecycle Management System, HCI Server for Non-SAP Applications, IT Tools deployed for managing IT Assets like Network & Desktop monitoring, EPS Applications for declaration and display, Monthly Cyber Security awareness training sessions and Daily Cyber Security Tips.

Human Resources:

Our Human Resources department plays an invaluable role in driving our Company's success. The dedication, talent, and passion of our workforce are at the heart of our achievements, and our Human Resources initiatives stand as a testament to our commitment to their growth and well-being.

It is often said that a company's true strength lies in its people, and I wholeheartedly believe in this sentiment. Our employees are not just workers; they are innovators, collaborators, and ambassadors of our values.

Your Company recognizes that employees' growth is intrinsically linked to company's growth. During 2022-23, Human Resources initiatives were centered around providing opportunities for skill development, career advancement, and continuous learning. Through training programs,

mentorship, and leadership development, your Company empowered team members to excel in their roles, foster innovation, and contribute to Company's success.

Vigilance Initiatives:

During the year 2022-23, Vigilance Activities were carried out in a holistic manner and covered prevention, detection and enforcement.

Surprise checks, periodic checks, scrutiny of purchase orders/ contracts, Scrutiny of TA/DA & Medical reimbursement claims, scrutiny of Annual Property Returns, ten (10) CTE type of in-house inspections and fifteen (15) system studies were conducted.

The year ahead:

The year 2023-24, started with a positive note and your Company has booked more than Rs. 5000 crore worth of orders till date. Going ahead, orders to the tune of over Rs. 10,000 crore are in the pipeline across all three business verticals. Your Company has fixed an aspirational target for current year and planned to grow over 25% w.r.t previous year's achievements. On sustaining & further improvement in bottom-line and creating value to stakeholders, your Company is committed to an intense focus on quality, cash collection, execution as per schedule and controlling costs. We are actively exploring new ways to enhance our operational efficiency, innovate our processes, and seize opportunities that align with our core competencies.

Our cost control measures are not only about achieving short-term gains but also about reinforcing our long-term strategic objectives. By aligning our cost manage-

ment strategies with our broader vision, we ensure that every step we take contributes to the sustainable growth of BEML Limited.

Defence & Aerospace:

In Defence & Aerospace, major orders are available for execution for current year. Further, orders worth Rs. 4000 crore are in the pipeline which will improve our order book position and will be a game changer in subsequent years. Your Company is optimistic that share of its Defence Business in total Company's revenue will improve and reach around 30% during current year.

The policy initiatives taken by the Government of India with regard to boosting indigenous design, development, and manufacture of defence equipment in the country and make a sustainable defence industrial ecosystem has undoubtedly opened various opportunities for the domestic sector. The call for Atmanirbhar Bharat has provided further impetus to realise the goal of self-reliance.

With the increased defence modernization plans for 2023-24, procurement of High Mobility Vehicles for various projects is under pipeline by MoD. BEML Limited has also entered into MoUs with strategic partners for emerging Defence & Aerospace procurement opportunities. Also, new areas of Business viz. overhauling of Recovery/ High Mobility Vehicles, De-mining equipment, Vehicles for gun systems, etc. will also boost the revenue numbers.

On the export front, supply of High Mobility Vehicles to Armenia is under progress and will be completed during current year. Also, supply of High Mobility Vehicles for Brahmos missile will be

commenced during current year. Further, prospects of Defence equipment from SAARC and African countries are being explored and expected to fructify during current year.

On R&D front, design & development of first of its kind 1500hp engine which shall power armoured fighting vehicles of future is under progress and 1st engine will be fired in due course. Further, development of variants of High Mobility Vehicles, engines and hydraulic aggregates for other applications are under progress which will open up further opportunities for your Company.

In Aerospace segment, your Company has partnered with M/s. ISRO and realized First off Structure for Launch Vehicle Mark 3 Program of Strap on Base Shroud (SBS) Assembly. Additionally, orders for Aerospace components and parts from other DPSUs are in the pipeline which will help in propelling its growth.

Rail & Metro:

For Rail & Metro Business vertical, orders are available for meeting the sales revenue targets for the current year. Also, orders worth Rs. 10,000 crore are in the pipeline which is expected to be awarded during current and next year. The anticipated robust order book will certainly increase our share in Metro cars.

Under Rail segment, your Company has received an order for supply of 10 rakes of Vande Bharat Sleeper trains from M/s. Integral Coach Factory. The supplies will commence in the financial year from 2023-24.

Further, supplies for Main Line Electric Multiple Unit (MEMU) & Rail Grinding Machines is under progress and will be

completed during current year. Further, orders for Maintenance Vehicles are also expected during the current financial year.

For Metro cars, supplies for Driverless Metro cars for Mumbai Line 2A and 7 is under progress. Further, supplies for Kolkata East-West metro corridor will be completed during current year.

On exports front, I am happy to share that, we have tied-up with an SPV lead by Delhi Metro Rail Corporation (DMRC) for supply of Metro Cars to Bahrain Metro. The tender is expected during current year. With this opportunity, your Company will leverage its manufacturing expertise and technology to optimize business operations for urban transportation Metro Rolling Stock and expand on a global level.

The R&D team has already taken up design & development of Vande Bharat Sleeper Coaches. Also, possible tie-ups with renowned partners for Bogie Design of Medium / High Speed Trains and Aluminium Coaches are being explored.

Mining & Construction:

Your Company's top performer Business Group has set another exemplary target for current year with major thrust on exports. With GoI impetus on promoting indigenous high-end mining equipment and increase in annual output to 1 billion tonnes by 2024 from 893 million tonnes currently, the demand for 'Made in India' Heavy Mining equipment is on the rise. The construction equipment market outlook is prospering. Your Company has drawn strategies to further consolidate our share and supply the equipment within its portfolio.

In order to navigate the ever-changing landscape of technology and business, our

R&D Team has taken up a number of projects viz. design & development of 21 Cum. Rope Shovel, higher capacity Motor Grader & Tyre handler, upgradation of engines to meet emission norms, etc. Inhouse developed Construction Equipment Vehicle (CEV) Stage IV Engine has been certified by International Centre for Automotive Technology (ICAT).

Also, Artificial Intelligence based features are being introduced on equipment which will certainly benefit / safety of customers.

Exports:

For Current year, Exports is expected to play a key role in growth of your Company. As we continue to expand our global footprint, exports have emerged as a strategic avenue for value creation, and market diversification.

We have received orders from Russia and Indonesia for Mining & Construction equipment. Supplies have been commenced and will be executed during current year. Additional orders worth Rs. 300 crore comprising all three-business vertical is expected during current year.

Corporate Governance:

Your Company acknowledges the importance of strong corporate governance and its profound impact on company's performance, integrity, and sustainability. The Board of the Company hold itself accountable to the highest standards of governance, ensuring that your trust is upheld and company's future remains bright.

A report on Corporate Governance compliances has been made part of the Board's report. Your Company has been getting "Excellent" rating from DPE for complying various norms of Corporate Governance.

Your Board of Directors regularly review and update the policies, procedures, and structures to align with best practices and emerging trends. This commitment to evolution ensures that our governance framework remains relevant, responsive, and effective.

Corporate Social Responsibility (CSR) & Sustainable Development:

Your company's journey is not solely defined by financial achievements; it is guided by a broader purpose to make a positive impact on society and the environment. Our commitment to CSR reflects our understanding that our responsibilities extend beyond our balance sheets, encompassing the well-being of communities, the preservation of natural resources, and the empowerment of future generations.

Your Company consistently spends more than 2% of average PAT of last 3 years exceeding the target as stipulated in guidelines.

Under CSR, your Company undertakes initiatives such as Promoting Education, Skill Development, Health Care, Community Development, Rehabilitation of Specially Abled persons, Eradication of Hunger & Malnutrition, Afforestation, adoption of villages, Sanitation, Drinking Water facilities and also includes commitment to Swachh Bharat Mission.

Regarding sustainability, we feel that it is not just remain a buzzword but it is a way of life. Our initiatives in sustainable development are designed to ensure that our growth is responsible and enduring. By integrating sustainable practices into our operations, we are minimizing our environmental footprint, reducing waste,

and conserving resources. This approach is not only environmentally responsible, but it also contributes to long-term cost savings and operational efficiency.

Your Company intends to become a complete Green Company and towards this power generated through "Green Energy" projects viz. 23MW Windmill Projects & 250KWp Solar Power, has met 91% of your Company's energy requirements. Additionally, the green projects has mitigated approx 24,823 tons of carbon during 2022-23. Further, approx. 46.83 Lakh Tons of carbon is being saved yearly for the nation through our contribution to the clean urban mobility solutions being provided.

As we look to the future, our commitment to CSR and sustainable development remains unshaken. We understand that our actions today shape the world of tomorrow. With the support of our dedicated teams and the trust of our shareholders, we are committed to forging ahead on a path that not only ensures our business's success but also contributes to the greater good.

Customer Satisfaction:

In order to truly serve its customers, your Company has formed dedicated teams who engage with customers on various platforms, solicit their opinions and use these insights to refine our product offerings. Through surveys, focus groups and direct interactions, we gain valuable knowledge that guides our efforts to continuously improve and innovate.

Your Company recognizes that the world of business is dynamic, and customers' expectations will continue to evolve. By staying attuned to their changing needs, valuing their feedback, and investing in

continuous improvement, your company is confident in its ability to navigate the future with resilience and success.

Awards:

Your Company has received many accolades and awards and significant of them are:

- Received Raksha 'Srijan Ratn' award for indigenisation during Def Expo 2022.
- Received Engineering Export Promotion Council of India (EEPC) 'Quality Award' for Outstanding Performance under PSU Category.
- Conferred with Governance Now 9th PSU Awards in 2 categories a) Leadership Award and b) Research & Innovation.
- Bagged Equipment India Award 2022 for the Category 'Bestseller in Crawler Dozers'.
- Company received Awards for the categories;
 - o Diamond' - Corporate Film,
 - o Gold' – a) Best Book Production – BEML's Journey since 1964
b) Most creative ad and
 - o Silver'- In-house Journal Corporate Note Book from Public Relations Council of India (PRCI).

Acknowledgements:

Let me express my deep gratitude to Government of India, Administrative Ministry, the Ministry of Defence and in particular, the Department of Defence Production, MoUHA, MoR, PMO, CIL, DPSUs, Indian Railways and other allied Administrative Departments of the