

CA Harsh Chandrakant Ruparelia

Registered Valuer – Securities or Financial Assets

(IBBI Registration No. IBBI/RV/05/2019/11106 and

Membership No. ICMAI RVO/S&FA/00054)

To,

The Board of Directors,

BEML Limited

"BEML Soudha",

No. 23/1, 4th Main,

Sampangirama Nagara,

Bengaluru, Karnataka – 560 027; and

The Board of Directors,

BEML Land Assets Limited

"BEML Soudha",

No. 23/1, 4th Main,

Sampangirama Nagara,

Bengaluru, Karnataka – 560 027.

Sub: Clarifications on Share Entitlement Ratio for the proposed demerger of the Identified Surplus / Non-core Assets (as defined in the Scheme) of BEML Limited into BEML Land Assets Limited pursuant to the Scheme of Arrangement ("Scheme")

Dear Sirs,

I refer to my report dated 22nd July 2021 on recommendation of the Share Entitlement Ratio in relation to the Scheme and email from BSE received by BEML Limited requesting for clarifications on the following, which is reproduced hereinbelow:

*Valuation report from Independent Chartered Accountant as applicable as per Para I(A)(4) of Annexure I of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017. The valuation report shall be as per the format given in Annexure I: **In case***

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valuation report not applicable kindly clarify in detail on the separate letter head of the Company. Why various approach not used in the Computation of Fair Share Exchange Ratio by CA Harsh Ruparelia and also financials used are as on 31.03.2020.

This is with reference to your request for providing my responses through Deloitte Haskins & Sells LLP ("DHS"), advisors to the management of BEML Limited on the Share Entitlement Ratio for the proposed demerger of the Identified Surplus / Non-core Assets (as defined in the Scheme) of BEML Limited into BEML Land Assets Limited pursuant to the Scheme for submission to the Stock Exchanges in the prescribed format. Please find below the details in the prescribed format, which was provided for in Para 5.4 of the report dated 22nd July 2021 and reproduced hereinbelow:

Valuation Approach	BEML Limited / (Identified Surplus / Non-Core Assets of BEML Limited)		BEML Land Assets Limited	
	<i>Value per Share</i>	<i>Weight</i>	<i>Value per Share</i>	<i>Weight</i>
Asset Approach	NA	NA	NA	NA
Income Approach	NA	NA	NA	NA
Market Approach	NA	NA	NA	NA
Relative Value Per Share	NA – Refer Note I below			
Share Entitlement Ratio (rounded-off)	NA – Refer Note II below			

NA : Not Adopted / Not Applicable

Note I - Relative Value per Share

I refer to Para 4 of the Share Entitlement Ratio Report and in my opinion, relative valuation of Identified Surplus / Non-core Assets of BEML Limited and BEML Land Assets Limited with respect to the Proposed Scheme is not required to be carried out. Accordingly, Valuation Approaches as indicated in the format (as shown below) as prescribed by circular number NSE/CML/2017/12 of NSE and LIST/COMP/02/2017-18 of BSE have not been undertaken as they are not relevant

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with respect to the Proposed Scheme. I believe that Share Entitlement Ratio mentioned therein my report dated 22nd July 2021 is fair and the factors considered for the valuation exercise are summarised hereinbelow:

- (a) BEML Land Assets Limited is a wholly owned subsidiary of BEML Limited;
- (b) As per the Scheme, in consideration of transfer and vesting of Identified Surplus / Non-core Assets (as defined in the Scheme) of BEML Limited into BEML Land Assets Limited (a wholly owned subsidiary of BEML Limited), BEML Land Assets Limited shall issue and allot equity shares to the equity shareholders of BEML Limited based on the ratio of allotment of shares.
- (c) Upon the issue of shares by the BEML Land Assets Limited, the entire existing capital of the BEML Land Assets Limited held by BEML Limited and its nominees as on the Effective Date shall stand cancelled without any payment. Accordingly, the share capital of BEML Land Assets Limited shall stand reduced by the face value of shares held by BEML Limited prior to the issue of shares by BEML Land Assets Limited.
- (d) All the shareholders of BEML Limited would also become shareholders of BEML Land Assets Limited, and their percentage shareholding and no. of shares in BEML Land Assets Limited would mirror their percentage shareholding and no. of shares in BEML Limited and therefore upon the Scheme becoming effective, the business of BEML Limited and BEML Land Assets Limited would continue to be owned by the shareholders of BEML Limited in the same proportion as their shareholdings in BEML Limited in the manner provided under the Scheme. Thereby the interest of the shareholders in BEML Limited will effectively remain unchanged and shareholders interest would not be prejudicially affected;
- (e) I understand that as an effect of Demerger, each shareholder of BEML Limited would become owner of shares in two companies instead of one. Post Demerger, the percentage shareholding and no. of shares of a shareholder in BEML Limited would remain unchanged from the proportion of capital and no. of shares held by such shareholder in BEML Limited.
- (f) Further, it has been indicated that the shareholding of BEML Land Assets Limited pursuant to the Proposed demerger of the Identified Surplus / Non-Core Assets of BEML Limited into BEML Land Assets Limited would be, effectively, same as the shareholding of BEML Limited (pre-Demerger) as the same no. of new shares of BEML Land Assets Limited would be issued to the shareholders of BEML Limited in proportion to their shareholding in BEML Limited (pre-Demerger). Thus, I understand that the interest of the

shareholders in BEML Limited will effectively remain unchanged and therefore from that perspective shareholders interest would not be prejudicially affected. The Scheme does not envisage dilution of the holding of any one or more shareholders as a result of the Scheme.

(g) Accordingly, no relative valuation of Identified Surplus / Non-core Assets of BEML Limited and that of BEML Land Assets Limited is required to be undertaken for the Scheme. Therefore, valuation approaches, as prescribed by circular number NSE/CML/2017/12 of NSE and LIST/COMP/02/2017-18 of BSE, have not been undertaken as they are not relevant in the instant case.

Note II- Share Entitlement Ratio / Share Exchange Ratio

For equity shareholders of BEML with respect to the Proposed Demerger of Identified Surplus / Non-Core Assets of BEML into BEML Land:

1 (One) Equity Share in BEML Land Assets Limited having face value of INR 10/- (Rupees Ten) each credited as fully paid-up for every 1 (One) Equity Share of INR 10/- (Rupee Ten) each fully paid-up, held by such member in BEML Limited as on the Record Date.

In relation to the query in relation to financial statements relied upon, I would like to state that the latest available Audited Financial Statements for BEML Limited was for 31st March 2020, I have considered the same and specifically mentioned in Sources of Information. I have also considered the audited financial results of BEML Limited for the year ended 31 March 2021 as available in public domain under the head "Such other information and explanations as required and which have been provided by the Management". Further, as no reference to financial statements of BEML Land Assets Limited is provided since, it was newly incorporated on 15th July 2021.

Without prejudice to the above, as clarified above, the valuation approach and methodologies are not applicable for purpose of arriving at Share Entitlement Ratio for the Proposed Scheme in view of the factors highlighted herein above and, in my report, dated 22nd July 2021 and hence, the financials used shall not have relevance for the share entitlement ratio report, they have been relied upon for the purpose of extracting factual details for the preparation of the share entitlement ratio report. I have also perused the limited review financials of BEML Limited as on 31st March 2021, available as on the date of the report. Further, I would like to reiterate that since the valuation of Identified Surplus / Non-core Assets of BEML Limited and BEML Land Assets Limited

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is not required to be carried out, the financials were not used for carrying out any valuation exercise for the Scheme.

This letter is in furtherance to the report dated 22nd July 2021 and shall be read in conjunction with the report. All parts of the report including terms and scope limitations thereof shall be applicable to this letter.

Thanking you,
Yours faithfully,

CA HARSH CHANDRAKANT RUPARELIA

REGISTERED VALUER – Securities or Financial Assets

IBBI Registration No. IBBI/RV/05/2019/11106

Membership No. ICMAI RVO/S&FA/00054

ICAI Membership No. 160171

Date: 17th August 2021

Place: Mumbai

UDIN: 21160171AAAAIR9254