

ಬಿಇಎಂಎಲ್ ಲಿಮಿಟೆಡ್  
बीईएमएल लिमिटेड  
BEML LIMITED

3A



Schedule 'A' Company under Ministry of Defence, Govt. of India

Defence & Aerospace | Mining & Construction | Rail & Metro

EXTRACT OF MINUTES OF 122<sup>ND</sup> MEETING OF AUDIT COMMITTEE OF BOARD  
OF DIRECTORS OF BEML LIMITED HELD ON 22.07.2021 AT THE REGISTERED  
OFFICE OF THE COMPANY

Wholly Owned Subsidiary of BEML Limited - Scheme of Arrangement for  
Demerger (A.I. No. 2/122)

The Committee reviewed the scheme and its rationale, benefits, impact on the shareholders, cost benefit analysis, Share Entitlement ratio report, Fairness opinion, statutory auditor certificates and other documents and recommended the draft Scheme to the Board of Directors of the Company for its favourable consideration and approval and passed the following resolution in this connection–

“RESOLVED THAT the recommendation be and is hereby accorded to the Board of Directors of the Company for the proposed arrangement in terms of the Scheme, as placed before the Committee, in accordance with the provisions of Sections 230 to 232 read with Section 66 and other applicable provisions, if any, of the Companies Act, 2013 as applicable.”

“RESOLVED FURTHER THAT the Scheme with effect from the date on which the order is filed with Registrar of Companies (i.e. Appointed Date) be and is hereby recommended to the Board of Directors for approval with suitable modifications and amendments as the Board of Directors may deem fit.”

“RESOLVED FURTHER THAT the approval of the Committee be and is hereby accorded for obtaining necessary certificates from the statutory auditors, if any required in this regard, for submission to SEBI, Stock Exchanges or any other appropriate authorities for the purpose of obtaining their approval and giving effect to the Scheme.”

Signature of Company Secretary

Name: SV Ravisekhar Rao

Designation: Company Secretary & Compliance Officer



ಪ್ರಧಾನ ಕಛೇರಿ Corporate Office:

'ಬೆಮಲ್ ಸೌಧ', ೨೩/೧, ೪ನೇ ಮುಖ್ಯರಸ್ತೆ, ಸಂಪಂಗಿರಾಮನಗರ, ಬೆಂಗಳೂರು - ೫೬೦೦೨೭. ದೂರವಾಣಿ ಸಂಖ್ಯೆ : +೯೧೮೦೨೨೯೬೨೧೦ / ೨೨೨೨೪೪೫೭

BEML Soudha, 23/1, 4th. Main, S R Nagar, Bangalore – 560027, Tel. +91 80 22963210 / 22224457

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CIN:L35202KA1964GOI001530, GST NO. 29AAACB8433D1ZU

[www.bemlindia.in](http://www.bemlindia.in)



NEW FRONTIERS. NEW DREAMS

# बी ई एम एल लिमिटेड BEML LIMITED

(CIN: L35202KA1964GOI001530)

(A Govt. of India Mini Ratna Company under Ministry of Defence)

Winner of



Golden Peacock  
Innovation Management Award

## Manufacturing Units :

### Bangalore Complex

Tel : 080-25242414

e-mail : bemlogmr@vsnl.com

### KGF Complex

Tel : 08153-263020

e-mail : bemlede@vsnl.net.in

### Mysore Complex

Tel : 0821-2402422

e-mail : bemimys@sancharmet.in

### International Business Division

Tel : + 91-80-2222 2730, 2223 3350

e-mail : office@export.beml.co.in

### Technology Division

Tel : + 91-80-2296 3100-109

e-mail : office@ctd.beml.co.in

### Trading Division

Tel : + 91-80-22963113

e-mail : office@trading.beml.co.in

## Regional Offices :

### Bilaspur

Tel : 07752-252082

e-mail : bilaspur@rm.beml.co.in

### Chennai

Tel : 044-28270792

e-mail : chennai@rm.beml.co.in

### Hyderabad

Tel : 040-23227032

e-mail : hyderabad@rm.beml.co.in

### Kolkata

Tel : 033-22826314

e-mail : kolkata@rm.beml.co.in

### Mumbai

Tel : 022-22049490

e-mail : mumbai@rm.beml.co.in

### Nagpur

Tel : 0712-2248435

e-mail : nagpur@rm.beml.co.in

### New Delhi

Tel : 011-23316500

e-mail : delhi@rm.beml.co.in

### Ranchi

Tel : 0651-2580370

e-mail : ranchi@rm.beml.co.in

### Sambalpur

Tel : 0663-2521604

e-mail : sambalpur@rm.beml.co.in

### Singrauli

Tel : 07805-268260

e-mail : singrauli@rm.beml.co.in

## BEML Service Centres :

### Moula Ali, Hyderabad

Tel : 040-27240873

e-mail : sh@Zonal.beml.co.in

### Ongole - Service Activity Centre

Mobile No. : 9440312607

### Service Activity Centre

Katni - 483501 (M. P.)

Mobile No. : 9425156473

### Service Centre & Stores

Kolkata - 700088

Tel : 033-24010782

e-mail : storeskolkata@rm.beml.co.in

## REPORT OF THE AUDIT COMMITTEE OF BEML LIMITED ('COMPANY') (RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN BEML LIMITED AND BEML LAND ASSETS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS, AT ITS MEETING HELD ON 22 JULY 2021 AT 12:00 HOURS AT BEML SOUDHA, 23/1, 4TH MAIN, S.R. NAGAR, BENGALURU 560027

### MEMBERS:

1. Dr. Gurmohinder Singh
2. Shri. Arvind Kumar Arora
3. Shri. MV Rajasekhar

### 1. Background:

1.1 A meeting of Audit Committee of the Company was held on 22 July 2021 to inter-alia, consider and recommend the draft Scheme of Arrangement between BEML Limited ('BEML') and BEML Land Assets Limited ('BLAL') and their respective shareholders and creditors ('Scheme') under Section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 which provides for, inter alia:

- Part B – Transfer of "Identified Surplus/ Non-core Assets" from BEML and its vesting in BEML Land Assets Limited, reduction and cancellation of share capital of BEML Land Assets Limited and matters incidental thereto;

1.2 This report of Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India ('SEBI') (Listing Obligation and Disclosure Requirements) Regulations, 2015 and SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22 December 2020 on Schemes of Arrangement by Listed Entities, and shall include any modifications or amendments thereof ('SEBI Circular').

1.3 The following documents were placed before the Audit Committee –

- a) Draft Scheme, duly initialed by the Chairman for the purpose of identification;
- b) Share Entitlement Report dated 22.07.2021 issued by CA Harsh Chandrakant Ruparelia registered valuer, describing the methodology adopted by them in arriving at the share entitlement ratio for the aforementioned demerger; and
- c) Fairness opinion dated 22.07.2021 issued by Fedex Securities Private Limited, SEBI Registered (Category I) Merchant Banker on the share entitlement ratio.

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- d) Certificate of M/s Sundaram & Srinivasan, Chartered Accountants, statutory auditors of the Company, confirming that the accounting treatment prescribed outlined in the Scheme is in compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and other generally accepted accounting principles and also certificate on non-applicability of conditions under Para I(A) Para 10(c) of SEBI Master Circular No. SEBI/HO/CFD/DIL1/P/2020/249 dated 22 December 2020.

**2. Salient features of the Scheme are as under:**

- 2.1 The Scheme provides for transfer/ demerger of "Identified Surplus/ Non-core Assets" from BEML Limited and its vesting in BEML Land Assets Limited, reduction and cancellation of share capital of BEML Land Assets Limited in accordance with provisions of Section 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013.
- 2.2 The Audit Committee reviewed the Valuation Report, Share Entitlement Report and noted the recommendations made therein. Further, Fairness Opinion confirmed that share entitlement ratio in the valuation report is fair to the shareholders of the Company.
- 2.3 The Audit Committee noted the **rationale and benefits or synergies or needs** of the Scheme, inter-alia, are as follows:
- (i) Presently the President of India through the Ministry of Defense ('MoD') holds 54.03% of the equity share capital of BEML as on date.
  - (ii) The Government of India ("GoI") had '*in-principle*' decided to disinvest 26.00% of the equity share capital of BEML Limited through strategic disinvestment along with transfer of management control ("Strategic Disinvestment").
  - (iii) BEML has land parcels and building spread across India, at its various manufacturing facilities, corporate office, marketing and regional offices out of which there are certain land parcels and buildings which can be categorized as surplus/ non-core assets. The surplus/ non-core land and building details of BEML is hereinafter referred to as "Identified Surplus/ Non-core assets".
  - (iv) The Board of Directors of BEML has agreed, based on the decision of Government of India, to hive-off of Identified Surplus/ Non-core assets separately and exclude it from the process of strategic disinvestment. In order to achieve the above objectives, Identified Surplus/ Non-core Assets are being demerged into BEML Land Assets Limited.
  - (v) With a view to facilitate reconstruction and splitting up of public sector companies into separate companies, the Central Government vide Finance Act 2021, has inserted Explanation 6 to Section 2(19AA) of the Income Tax Act, 1961 with effect from 1 April 2021. Explanation 6 clarifies that the reconstruction or splitting up of a public sector company into separate

companies shall be deemed to be a demerger, if such reconstruction or splitting up has been made to transfer any asset of the demerged company to the resulting company and such resulting company-

- i. is a public sector company on the appointed date indicated in such scheme as may be approved by the Central Government or any other body authorized under the provisions of the Companies Act, 2013 or any other law for the time being in force governing such public sector companies in this behalf; and
- ii. fulfills such other conditions as may be notified by the Central Government in the Official Gazette in this behalf.

The reconstruction and splitting up, by way of transfer of the Identified Surplus/ Non-core assets to BEML Land Assets Limited, is to be undertaken in terms of Explanation 6 to Section 2(19AA) of the Income Tax Act, 1961.

(vi) The proposed corporate restructuring mechanism by way of a Scheme under the provisions of the Act is beneficial, advantageous and not prejudicial to the interests of the shareholders, creditors, general public at large and other stakeholders of the companies involved.

(vii) The Scheme also provides for various matters consequential or otherwise integrally connected herewith.

2.4 The proposed restructuring is in the interest of the shareholders, creditors, employees and other stakeholders in each of the companies.

2.5 Cost benefit analysis of the Scheme

Though the scheme would lead to some cost for implementation of scheme, however, the benefit of Scheme of Arrangement would enable the strategic disinvestment plan initiated by Government of India.

### 3. Recommendation of the Audit Committee:

The Audit Committee after perusal of the proposed scheme and its rationale, benefits, impact on the shareholders, cost benefit analysis, Share Entitlement ratio report, Fairness opinion and other documents, as placed above, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for its favorable consideration and approval.

**By order of Audit Committee  
For and on behalf of BEML Limited**

GURMOHI SINGH  
NDR  
SINGH

Digitally signed by  
GURMOHINDER  
SINGH  
Date: 2021.07.22  
14:30:02 +05'30'

**Chairman - Audit Committee**

**Date - 22.07.2021**

**Place - Bengaluru**

