

Ref: CS/SE/COA/Demerger/253

17.10.2022

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| National Stock Exchange of India Limited Listing Compliance Department Exchange Plaza, Bandra - Kurla Complex, Bandra (East), MUMBAI - 400 051 | The BSE Limited Listing Compliance Department P.J.Towers, 26 th Floor, Dalal Street, MUMBAI - 400 001 |
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Dear Sir/Madam,

Sub: Intimation of Cost of Acquisition ratio as per Income tax Act,1961 to Shareholders on account of Demerger between BEML Limited and BEML Land Assets Limited – Reg.

FOR THE ATTENTION OF SHAREHOLDERS

The Ministry of Corporate Affairs, New Delhi vide an Order passed on 28th July 2022 had approved the Scheme of Arrangement between BEML Limited and BEML Land Assets Limited and their respective shareholders and creditors pursuant to the provisions of Sections 230 and 232 read with Section 66 and other applicable provisions of the Companies Act, 2013.

The said Scheme *inter alia* provides for Demerger, transfer and vesting of the Identified Surplus/ Non-core Assets (as defined in the Scheme) from BEML Limited to BEML Land Assets Limited referred to as the Resulting Company (as defined hereinafter) and the consequent issue of shares by the Resulting Company to the shareholders of BEML Limited in the manner set out in the Scheme with effect from Appointed Date. The Appointed date has been determined to be 25th August 2022.

BEML Limited had announced 9th September 2022 as the Record Date for the purpose of determining its shareholders who would be entitled to issuance of Equity shares by BEML Land Assets Limited pursuant to the Scheme, in the ratio of 1 equity share in BEML Land Assets Limited of face value of INR 10 (Rupees Ten only) for every 1 equity share in BEML Limited held as on the Record Date.

As per the Scheme, the Board of Directors of BEML Land Assets Limited has on 16th September 2022, allotted 416,44,500 Equity shares of INR 10 /- each to the Shareholders of BEML Limited.

This communication is being issued for the general guidance of the shareholders of BEML Limited, who have been issued Equity Shares by BEML Land Assets Limited, for computing the proportionate of Cost of Acquisition of BEML Limited's shares to

ಪ್ರಧಾನ ಕಛೇರಿ Corporate Office:

'ಬೆಮಲ್ಸೌದ್', ೨೩/೧, ೪ನೇ ಮುಖ್ಯರಸ್ತೆ, ಸಂಪಂಗಿರಾಮನಗರ, ಬೆಂಗಳೂರು - ೫೬೦೦೨೭. ದೂರವಾಣಿ ಸಂಖ್ಯೆ : +೯೧ ೮೦ ೨೨೯೬೩೨೧೦ / ೨೨೨೨೪೪೫೨

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be split between BEML Limited and BEML Land Assets Limited as per the provisions of the Income Tax Act, 1961.

Section 49(2C) of the Income Tax Act, 1961 provides that the cost of acquisition of shares of the Resulting Company i.e. BEML Land Assets Limited is to be computed by applying the proportion of the net book value of the assets of the demerged undertaking to the net worth of the Demerged Company i.e. BEML Limited immediately before the demerger, to the cost of acquisition of the equity shares of the Demerged Company i.e. BEML Limited.

Consequently, the cost of acquisition of the equity shares of the Demerged Company post demerger shall be the original cost of acquisition of equity shares of the Demerged Company reduced by the cost of acquisition ascertained for the shares of Resulting Company i.e. BEML Land Assets Limited under Section 49(2D) of the Income Tax Act, 1961.

For the purpose of determining the Post Demerger Cost of Acquisition of Equity Shares of BEML Land Assets Limited under the Income Tax Act, 1961, the pre-demerger cost of acquisition of BEML Limited shares may be apportioned in the following manner

| Name of the Company | % of Cost of Acquisition of BEML Limited's Shares |
|----------------------------|--|
| BEML Limited | 99.54% |
| BEML Land Assets Limited | 0.46% |
| Total | 100.00% |

The Company has been advised that as per Section 47 (vi) (d) of the Income Tax Act, 1961, in a scheme of demerger, the issue of shares by the Resulting Company to the shareholders of the Demerged Company in consideration of Demerger of the undertaking, shall not be regarded as transfer. Accordingly, Date of Acquisition of Shares of BEML Land Assets Limited (the Resulting Company) shall be deemed to be the date when the equity shares of BEML Limited (the Demerged Company) were actually acquired.

Please note that this communication is merely for the general guidance of the shareholders of BEML Limited (the Company) and is not a substitute for any independent opinion that the shareholder(s) may need to obtain. The concerned regulatory, statutory or judicial authority, including any assessing officer / appropriate appellate authority, could take a different view from that set out in this notice. The Company and/or BEML Land Assets Limited take no express or implied liability, in relation to this guidance or arising on account of any contrary position adopted by any authority. Shareholders are advised to consult their legal, financial and tax advisors and accountants independently and use their independent judgment in relation to assessment of their tax liability and the action to be taken by the shareholders on the issues dealt with in this guidance note. The Company and BEML Land Assets Limited are not in a position to quantify the financial or other implications to shareholders of the matters set out in this guidance note. This guidance note should not be considered as advice and shall not result in the creation of any legal or fiduciary obligations between the Company, BEML Land Assets Limited and the Company's shareholders or any of them.

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Further note that if there is any change, including any change having a retrospective effect in the statutory laws and regulations, the comments expressed in this communication would necessarily have to be re-evaluated in the light of changes. The Company and/or BEML Land Assets Limited do not take the responsibility of updating this communication at any time in future.

**Thanking you,
For BEML Limited**

Jai Gopal
Mahajan

Digitally signed by Jai
Gopal Mahajan
Date: 2022.10.17
10:06:03 +05'30'

**Jai Gopal Mahajan
Company Secretary and Compliance Officer**

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