ashwani & associates
chartered accountants

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CERTIFICATE ON FINANCIAL INDEBTEDNESS

To,

The Board of Directors,
Behari Lal Engineering Limited
Salani-village, Amloh Road,
Mandi Gobindgarh
Punjab-147301, India

Emkay Global Financial Services Limited
7th Floor, The Ruby, Senapati Bapat Marg,
Dadar - West
Mumbai - 400 028,
Maharashtra, India

And

Systematix Corporate Services Limited
The Capital, A wing, No. 603-606, 6th Floor
Plot no. C-70, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai-400051,
Maharashtra, India

(Emkay Global Financial Services Limited and Systematix Corporate Services Limited are individually referred to as '**Book Running Lead Manager/BRLM**' and collectively referred to as '**Book Running Lead Managers/BRLMs'**)

Sub: **Proposed initial public offering of equity shares of face value ₹ 10 each (Equity Shares) by Behari Lal Engineering Limited (Company) through a fresh issue of Equity Shares and an offer for sale of the Equity Shares by the Selling Shareholders (Offer).**

Dear Sir/ Madam,

We, **M/s Ashwani & Associates,** Chartered Accountants, the statutory auditor of the Company, have been informed that the Company has filed the Draft Red Herring Prospectus (**DRHP**) with the Securities and Exchange Board of India (**SEBI**), BSE Limited (**BSE**) and National Stock Exchange of India Limited (**NSE** and together with BSE, **Stock Exchanges**) in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (**SEBI ICDR Regulations**). Further, red herring prospectus (**RHP**) and the prospectus (**Prospectus**, together with the RHP, the **Offer Documents**) to be filed with the Registrar of Companies, Punjab at Chandigarh (**RoC**) and thereafter with SEBI and the Stock Exchanges and any other documents or materials to be issued in relation to the Offer.

We have been requested to verify details of the financial indebtedness of the Company. Accordingly, we have examined the Restated Financial Statements, books of account, relevant filings with the ROC, records and registers maintained by the Company, as well as the document pertaining to the financial indebtedness of the Company including sanction letters, loan agreements, deeds of hypothecations, documents relating to guarantee, bank statements and bank balance confirmations and other letters and correspondence between the lenders and the Company, as the case may be, as we deemed necessary, for the purpose of issuing this certificate.

Based on our examination, we hereby confirm that:

a. The Company has not defaulted, at any point of time, in repayment of any loan/ facility or interest thereon from April 1, 2023 till the date of this certificate including any of the loans outstanding as per the unaudited trial balance dated May 31, 2026 provided by the management.

b. The Company has not delayed or defaulted in repayment of interest or payment of penal interest (if applicable) due for the loans outstanding on its balance sheet as per the unaudited trial balance dated May 31, 2026 provided by the management including any delay in payment;

c. There has been a non-compliance with the financial covenants of the credit facility agreements entered into by the Company with banks/financial institutions, wherein, pursuant to the merger of the Company with another entity, the credit facilities were transferred to the name of the merged company; however, the title deed of a collateral property continues to stand in the name of the erstwhile company. The bank levied a penalty in respect of the said non-compliance, which has since been addressed.

d. There have been no instances of rescheduling, restructuring in relation to the Company's or its borrowings/ loans / debentures and interest thereon, deposits and interest thereon and loan from any bank/ other financial institution or interest thereon;

e. There have been no instances of conversion of loans availed by the Company into equity; and

f. None of the banks or institutions from whom the Company have availed of debt facilities, appearing in the unaudited trial balance dated May 31, 2026 provided by the management, have rolled over, or accelerated payment of the facility in full or in part on account of default in the repayment in any instalment or interest due for any of the outstanding loans/ debt facilities granted to the Company.

Further, we confirm the following:

a. The summary of the borrowings sanctioned to the Company outstanding, as of May 31, 2026 is stated at **Annexure A**. On the basis of the examination carried out by us and the information, explanations and representations provided to us by the management of the Company, we confirm that the loan facilities as mentioned in Annexure A are being utilized for the purpose for which they were raised.

b. The principal terms of the borrowings and assets charged as security by the Company are stated at **Annexure B**.

c. Except as stated at **Annexure C**, the Company has not provided any guarantees for the repayment of any loans availed by other entities.

d. Except as stated in **Annexure D**, none of the promoters and directors of the Company has provided any guarantees for the repayment of any loans availed by the Company.

We certify that the loans set out in Annexure A have been utilised for the respective purposes for which these loans have been availed and that the details set out at Annexures A, B C and D to this letter are true and correct.

Except as provided in Annexures, there are no other outstanding loans or facilities availed by the Company or any guarantee extended by the Company.

We hereby consent to the extracts of this certificate being used in Offer Documents and in any other material used in connection with the Offer, and submission of this certificate as may be necessary, to any regulatory authority statutory, judicial or governmental authorities, Stock Exchanges, any other authority as may be required and/or for disclosure on the website of the Company in connection with the Offer and/or for the records to be maintained by the Book Running Lead Managers in connection with the Offer and in accordance with applicable law. We also consent to this certificate to be uploaded on the website of the Company, repository and, or, the database of the Stock Exchanges.

We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes' (Revised 2016) issued by the Institute of Chartered Accountants of India (**ICAI**) which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI and in accordance with 'Guidance Note on Reports in Company Prospectuses' (Revised 2019). We hereby confirm that while providing this certificate we have complied with the Code of Ethics issued by the ICAI.

We have also complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements issued by ICAI.

We confirm that the information in this certificate is true, fair, complete, accurate, not misleading and correct and there is no untrue statement of a material fact or omission which could render the contents of this certificate misleading in its form or context.

We also consent to the inclusion of this letter as a part of "*Material Contracts and Documents for Inspection*" in connection with this Offer, which will be available for public for inspection from date of the filing of the RHP until the Bid/ Offer Closing Date.

We hereby consent to this certificate being disclosed by the Book Running Lead Managers, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authorities or (ii) in seeking to establish a defence in connection with, or to avoid any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation related to any matter regarding issuance and listing of the equity shares of the Company.

We undertake to update you, in writing, of any change in the above-mentioned disclosures which we are aware of until the Equity Shares allotted, pursuant to the Offer, are listed and commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the Stock Exchanges, pursuant to the Offer.

This certificate may be relied on by the Book Running Lead Managers, their respective affiliates and the legal counsel in relation to the Offer and to assist the Book Running Lead Managers in the context of due diligence procedures that the Book Running Lead Managers have to conduct and the documents in relation of their investigation of the affairs of the Company in connection with the Offer.

All capitalized terms not defined herein bear the meaning ascribed to them in the Offer Documents.

Yours sincerely,

For M/s Ashwani & Associates

Chartered Accountants

Firm Registration No: 000497N

ADITYA KUMAR Digitally signed by ADITYA KUMAR Date: 2026.08.06 03:58:52 +05'30'

Aditya Kumar

Partner

Membership No.: 506955

Date: 06.08.2026

Place: Ludhiana

UDIN: 26506955BVLEPN4333

Cc:

Legal Counsel to the Offer

Bharucha & Partners
13th Floor, Free Press House,
Free Press Journal Marg,
Nariman Point,
Mumbai, Maharashtra 400021

Annexure A

I. Details of the financial indebtedness of the Company, as on May 31, 2026

A. Fund based and non-fund based borrowing of the Company

(in ₹ million, unless stated otherwise)

Category of Borrowing	Sanctioned Amount	Amount outstanding as on May 31, 2026
Secured		
Fund Based Borrowings		
OD Against Fixed Deposit	226.03	2.09
Cash Credit	310.00	7.08
PCFC	10.00	NIL
BBG- Working capital Term loan	6.51	3.87
BBG- Working capital Term loan	5.77	2.93
OD Against Fixed Deposit	145.00	85.19
Total fund based borrowings (A)	**703.31**	**101.16**
Non-Fund Based Borrowings		
Retail Bank Guarantee	0.28	NIL
Bank Guarantee	44.20	40.61
Letter of Credit	10.00	NIL
Total Non Fund Based Borrowings (B)	**54.48**	**40.61**
Total Secured Borrowings (A+B=C)	**757.79**	**141.77**
Unsecured Borrowings		
Non-Fund Based Borrowings		
DRUL (Drop Line Overdraft)	60.00	NIL
Pre Settlement Risk	3.00	NIL
Derivative	20.00	6.88
Total Non Fund Based Borrowings (D)	**83.00**	**6.88**
Total Unsecured Borrowings (E)	**83.00**	**6.88**
Total Borrowings (C+ E)	**840.79**	**148.65**

B. Repayment details of each loan, as on May 31, 2026.

Sr. No.	Nature of borrowing	Purpose of Borrowing	Amount Sanctioned (in ₹ million)	Amount outstanding as on May 31, 2026 (in ₹ million)	Rate of interest / Commission (p.a. in %)	Tenure	Repayment
HDFC BANK LTD.							
1	DRUL (Drop Line Overdraft)	Business Use	60.00	NIL	7.35% (the spread will be modified basis the REPO RATE	12 Months	On Demand

					applicable on the loan booking date))		
2	Pre Settlement Risk	Business Use	3.00	NIL	Not Available	12 Months	Not Utilised
3	OD Against Fixed Deposit	Business Use	226.03	2.09	+FD Rate	12 Months	On Demand
4	Cash Credit	Business Use	310.00	7.08	7.35% (the spread will be modified basis the REPO RATE applicable on the loan booking date))	12 Months	On Demand
5	PCFC	Business Use	10.00	NIL	7.35% (the spread will be modified basis the REPO RATE applicable on the loan booking date))	12 Months	On Demand
6	BBG- Working capital Term loan	Business Use	6.51	3.87	7.42% (the spread will be modified basis the REPO RATE applicable on the loan booking date))	36 Months	Monthly instalments
7	Capex LC	Business Use	5.77	2.93	7.42% (the spread will be modified basis the REPO RATE applicable on the loan booking date))	36 Months	Monthly instalments
8	Retail Bank Guarantee	Business Use	0.28	NIL	NA	365 days	Expiry as per tenor
9	Bank Guarantee	Business Use	44.20	40.61	NA	365 days	Expiry as per tenor
10	Letter of Credit	Business Use	10.00	NIL	NA	90 days	Not utilised
ICICI BANK LTD.							
11	Derivative	Business Use	20.00	6.88	NA	12 months	On Demand
12	OD Against Fixed Deposit	Business Use	145.00	85.19	Repo rate + 1.55%	18 months	On Demand
Overall Security	(a) For Working capital – Sharing of Pari passu with ICICI Bank Ltd						

	(b) First pari-passu charge by way of hypothecation of entire current assets including book debts and inventory of the Company, both present and future, Fixed Deposits and LC's issued by other banks are also covered. (c) Further they are collaterally secured by first pari-passu charge over the entire Plant & machinery both present and future, of the Company (d) Equitable mortgage created on Company's Immoveable Properties situated at (i) 357/1,357/2, Village Salani, Amloh Road, 147301, Mandi Gobindgarh. (ii) Main Amloh Road Vill Turan Jalalpur Chowk Near Jawahar Lal Nehru Govt College Mandi Gobindgarh Punjab 147301 (e) Further, secured by personal guarantee of directors of the Company and property owners..

C. Unsecured loans Which may be recalled by lender at any time:

Nil

D. Bridge loan(s)

Nil

E. Debentures:

Nil

Annexure B

Principal terms of the borrowings availed by the Company:

1. **Interest/ Commission:** The interest rate for our overdraft / cash credit / working capital facilities is typically the base rate of a specified lender plus a specified spread per annum. The spread varies amongst different facilities and typically ranges from 1.55% per annum to 2.17% per annum.

2. **Tenor**: The tenor of our working capital facilities is typically for 90 days or 12 months. In case of term loans, the remaining period ranges from 2.5 years to 3 years.

3. **Re-payment**: The working capital facilities availed by us are typically repayable on demand or on their respective due dates within the maximum tenure. The term loans availed by us are typically repayable in structured installments, as per the repayment schedule stipulated in the relevant loan documentation.

4. **Pre-payment:** Upto 4% of loan Principal outstanding for Term loan and 4% of the sanctioned amount for Working Capital Facility (plus taxes). Micro and Small Enterprises, as per BCSBI guidelines, prepayment charges will not be levied if the said borrower is prepaying the floating rate loans and for fixed rates loans upto a cap of 50 lakhs to reduce the business liabilities. Bank reserves the right to enquire or ask the documentary proof of source of funds for closure request of loans.

5. **Restrictive Covenants:** Certain of our borrowing arrangements provide for covenants restricting certain corporate actions, and we are required to take the prior approval of the lender before carrying out such activities. For instance, certain corporate actions for which we require the prior written consent from the relevant lender include but not limited to:

   a. effecting changes in the Company's capital structure or constitution;
   b. effecting changes in the management, the board composition or the operating structure of the Company including changes to the remuneration or commission or fees, or appointment of key managerial personnel;
   c. effecting changes in the shareholding pattern of the Company, including shareholding of principal shareholders, promoters, promoter group, directors, other associate firms and group companies in the Company;
   d. identification / reclassification of promoters in terms of the Companies Act and the SEBI ICDR Regulations
   e. effecting lock-in of shares by the promoters / directors / sponsors or other shareholders of the company, or any change thereof, in relation to or for the purposes of the Offer,
   f. undertaking an offer for sale of Equity Shares in the Offer by the existing shareholders of the Company including the promoters/ sponsors or dilution of the current shareholding of the promoters / sponsors through the Offer;
   g. amending the memorandum of association and articles of association of the Company;
   h. using the Offer proceeds to repay/pre-pay in part or full the existing borrowings of the Company under the Loan documentation, and from other lenders, as determined by the Company or to undertake any expansion of the business of the Company including by acquiring fixed assets or undertaking any project;

i. opening of new bank accounts in connection with the Offer (such as the escrow collection accounts, public offer accounts) and refund account(s)) and deposit of the proceeds of the Offer in such accounts including any current accounts, maintained with other banks, with respect to the Offer

j. appointment of various intermediaries, including merchant bankers, syndicate members, registrars, public offer banks; escrow bank, refund banks and sponsor banks, as may be required in relation to the Offer, or opening any bank accounts in relation to the Offer, at the discretion of the Company; and

k. undertaking any other activities as may be required in relation to the Offer or pursuant to the objects of the Offer.

This is an indicative list and there may be additional restrictive covenants under the various borrowing arrangements entered into by us.

6. **Events of Default:** The borrowing arrangements entered into by us with the lenders contain certain instances, occurrence of which may result into 'event of default', including:

   a. failure or delay in making payment/repayment of any principal amount or interest on the relevant due dates;

   b. failure to observe or comply with the terms and conditions, breach of ownership, management, financial or other covenants, breach of representations and warranties under the borrowing arrangements;

   c. utilisation of the facilities or any part thereof for purposes other than as sanctioned by the lender;

   d. change in ownership, management or control of our Company without prior consent of the lender;

   e. any notice or action in relation to actual or threatened liquidation or dissolution or bankruptcy or insolvency against our Company;

   f. any change or threat to change the general nature or scope of the business of our Company;

   g. change in constitutional documents without prior consent of the lender, which is prejudicial to the interests of the lender;

   h. failure to create security within the specified time period under the borrowing arrangements;

   i. breach or default under any other agreement involving borrowing of money by our Company; and

   j. any circumstance or event which would or is likely to prejudicially or have a material adverse effect in any manner the capacity of our Company to repay any loans or any part thereof.

   This is an indicative list and there may be additional instances that may amount to an event of default under the various borrowing arrangements entered into by us.

7. **Consequences of Events of Default**: In terms of our borrowing arrangements, as a consequence of occurrence of events of default, our lenders may:

a. demand immediate repayment and withdraw/cancel the undrawn facility suspend further access/drawdowns, either in whole or in part, of the facility;

b. impose penal interest;

c. invoke the corporate guarantees;

d. appoint a nominee director/observer on the board of directors;

e. issue a notice for conversion of outstanding loan obligations into equity or other securities;

f. enforce their security interest; and

g. disclose details of borrowings and default to regulators/third parties.

The above is an indicative list and there may be additional consequences of an event of default under the various borrowing arrangements entered into by us.

Details of security in relation to the credit facilities of the Company:

a) For Working capital – Sharing of Pari passu with ICICI bank Ltd
b) First pari-passu charge by way of hypothecation of entire current assets including book debts and inventory of the Company, both present and future, Fixed Deposits and LC's issued by other banks are also covered.
c) Further they are collaterally secured by first pari-passu charge over the entire Plant & machinery both present and future, of the Company
d) Equitable mortgage created on Company's Immoveable Properties situated at
    I. 357/1,357/2, Village Salani, Amloh Road, 147301, Mandi Gobindgarh.
    II. Main Amloh Road Vill Turan Jalalpur Chowk Near Jawahar Lal Nehru Govt College Mandi Gobindgarh Punjab 147301
e) Further, secured by personal guarantee of directors of the Company and property owners.

Details of Category of Borrowing:

Category of borrowing	**Sanctioned / Loaned amount (₹ in million)**	**Outstanding amount (₹ in million) as on May 31, 2026**
Working Capital Facility	691.03	94.36
Term Loans	12.28	6.80
Total	**703.31**	**101.16**

Annexure C

NIL

ANNEXURE D

Details of Personal Guarantees:

Name	Designation	Name of the Lender	Type of borrowing	Sanctioned amount (in ₹ million)
Dinesh Garg	Director	HDFC Bank Limited	DRUL (Drop Line Overdraft)	60.00
			Pre Settlement Risk	3.00
			OD Against Fixed Deposit	226.03
			Cash Credit	310.00
			PCFC	10.00
			BBG- Working capital Term loan	6.51
			Capex LC	5.77
			Retail Bank Guarantee	0.28
			Bank Guarantee	44.2
			Letter of Credit	10.00
		ICICI Bank Ltd	OD Against Fixed Deposit	145.00
			Derivative	20.00
Parkash Chand Garg	Director	HDFC Bank Limited	DRUL (Drop Line Overdraft)	60.00
			Pre Settlement Risk	3.00
			OD Against Fixed Deposit	226.03
			Cash Credit	310.00
			PCFC	10.00
			BBG- Working capital Term loan	6.51
			Capex LC	5.77
			Retail Bank Guarantee	0.28
			Bank Guarantee	44.2
			Letter of Credit	10.00
		ICICI Bank Ltd	OD Against Fixed Deposit	145.00
			Derivative	20.00
Lovlish Garg	Director	HDFC Bank Limited	DRUL (Drop Line Overdraft)	60.00
			Pre Settlement Risk	3.00
			OD Against Fixed Deposit	226.03
			Cash Credit	310.00
			PCFC	10.00
			BBG- Working capital Term loan	6.51
			Capex LC	5.77
			Retail Bank Guarantee	0.28
			Bank Guarantee	44.2
			Letter of Credit	10.00

Name	Designation	Name of the Lender	Type of borrowing	Sanctioned amount (in ₹ million)
		ICICI Bank Ltd	OD Against Fixed Deposit	145.00
			Derivative	20.00
Rajesh Garg	Director	ICICI Bank Ltd	OD Against Fixed Deposit	145.00
			Derivative	20.00