



talati & talati llp

Chartered Accountants

STATEMENT OF SPECIAL TAX BENEFITS

Date: July 16, 2025

**The Board of Directors,
M & B Engineering Limited**
MB House, 51, Chandrodaya Society
Opposite Golden Triangle Stadium Road
Post Navjivan,
Ahmedabad – 380 014
Gujarat, India

Dear Sirs/ Madams,

Sub: Statement of possible special tax benefit (the “Statement”) available to M & B Engineering Limited (the “Company”), its shareholders and Phenix Building Solutions Private Limited (the “Material Subsidiary”), prepared to comply with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), 2018 as amended (the “SEBI ICDR Regulations)

We, Talati & Talati LLP Statutory Auditors of the Company, hereby confirm that the enclosed **Annexure A**, prepared by the Company and initialled by us for identification purpose (“Statement”) for the proposed initial public offering by the Company (“Offer”), provides the possible special tax benefits available to the Company, its shareholders and the Material Subsidiary under direct tax and indirect tax laws presently in force in India, including the Income-tax Act, 1961 read with Income-tax Rules, 1962, as amended by the Finance Act, 2025, i.e. applicable for the Financial Year 2025-26 relevant to the assessment year 2026-27 (together the “Direct Tax Laws”) the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 read with rules, circulars and notifications (collectively, “GST Act”), Customs Act, 1962 and the Customs Tariff Act, 1975 (read with the rules, circulars and notifications issued in connection thereto) and Foreign Trade (Development and Regulation) Act, 1992 and Foreign Trade Policy 2023 - 2028 (FTP), each as amended and presently in force in India (collectively referred as “Indirect Tax Laws” and along with “Direct Tax Laws”, the “Tax Laws”) Several of these benefits are dependent on the Company, its shareholders or the Material Subsidiary fulfilling the conditions prescribed under the relevant statutory provisions. Hence, the ability of the Company, its shareholders and/or the Material Subsidiary identified as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

This statement of possible special tax benefits is required as per Schedule VI (Part A)(9)(L) of the SEBI ICDR Regulations. While the term ‘special tax benefits’ has not been defined under the SEBI ICDR Regulations, for the purpose of this Statement, it is assumed that with respect to special tax benefits available to the Company, its shareholders and/or the Material Subsidiary the same would include those benefits as enumerated in the **Annexure A**. Any benefits under the taxation laws other than those specified in **Annexure A** are considered to be general tax benefits and therefore not covered within the ambit of this Statement. Further, any benefits available under any other laws within or outside India, except for those mentioned in the **Annexure A** have not been examined and covered by this statement.

The benefits discussed in the enclosed Statement are not exhaustive. The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

Talati & Talati LLP, a Limited Liability Partnership bearing LLP identification NO. AAO-8149

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In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

We do not express any opinion or provide any assurance as to whether:

1. the Company or its shareholders or the Material Subsidiary will continue to obtain these benefits in the future; or
2. the conditions prescribed for availing of the benefits, where applicable have been/would be met with.
3. The revenue authorities/courts will concur with the views expressed herein.

The contents of the enclosed Statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

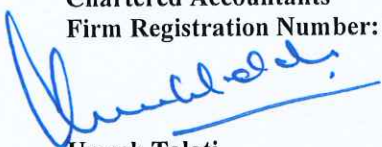
We have conducted our review in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India ("ICAI") which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI. We hereby confirm that while providing this statement we have complied with the Code of Ethics issued by the ICAI. We also consent to the inclusion of this certificate 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 including through physical means at our Registered Office and online means on the website of the Company.

We have 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.

We hereby consent to this Statement being included in the Red Herring Prospectus and Prospectus in relation to the Offer and/or submission of this Statement as may be necessary, to any regulatory/ statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the BRLMs in connection with the Offer and in accordance with applicable law.

Yours faithfully,

For Talati & Talati LLP
Chartered Accountants
Firm Registration Number: 110758W/W100377)


Umesh Talati
Partner

Membership No.: 034834
UDIN: 25034834BMIAUT9120
Place: Ahmedabad



ANNEXURE A

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND THE MATERIAL SUBSIDIARY UNDER THE APPLICABLE DIRECT AND INDIRECT TAX LAWS IN INDIA

This Statement of possible special tax benefits available to the Company, its shareholders and the Material Subsidiary, is required as per Schedule VI (Part A)(9)(L) of the SEBI ICDR Regulations. While the term '*special tax benefits*' has not been defined under the SEBI ICDR Regulations, for the purpose of this Statement, it is assumed that with respect to special tax benefits available to the Company, its shareholders and the Material Subsidiary, the same would include those benefits as enumerated in this Annexure. Any benefits under the taxation laws other than those specified in this Annexure are considered to be general tax benefits and therefore not covered within the ambit of this Statement. Further, any benefits available under any other laws within or outside India, except for those mentioned in this Annexure have not been reviewed and covered by this statement.

I. Special Direct tax benefits available to the Company

Income-Tax @22% and applicable Education Cess and Surcharge as per Section 115BAA of Income Tax Act, 1961.

Deductions from Gross Total Income

- Section 80JJAA: Deduction in respect of employment of new employees

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

The deduction u/s 80JJAA of the Act shall be applicable even if the Company avail the benefits of the special rate u/s 115BAA of the Act

- Section 80M of the Act: Deduction in respect of inter-corporate dividends

A new Section 80M had been inserted by the Finance Act, 2020 w.e.f. FY 2020-21 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust to the extent it does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the company availing the benefits of the special rate u/s 115BAA of the Act.

Higher cost of acquisition benefit in relation to long term capital asset being shares of company referred to in section 112A of the Act.

Surcharge on all long-term capital gains capped at 15%

The Finance Act 2022 has capped the surcharge on LTCG on sale of unlisted equity shares to 15% from erstwhile graded surcharge up to 37%.

Surcharge on personal income capped at 25% for individuals opting concessional tax regime under section 115BAC



The Finance Act 2024 has capped surcharge on total income of individual assessee's opting for concessional tax regime under section 115BAC to 25% (instead of earlier surcharge of 37% for individuals having total income exceeding Rs. 5 crores).

II. Special Indirect tax benefits available to the Company

No Special Indirect tax benefits available.

Benefits of Duty Drawback scheme under Section 75 of the Customs Act, 1962:

As per Section 75 of the Customs Act, the Central Government is empowered to allow duty drawback on export of goods. The Company is availing duty drawback under Section 75 of the Customs Act read with Notification No. 77/2023-Cus: (N.T.) dated 20 October 2023.

Benefits under the Central Goods and Services Act, 2017, respective State / Union Territory Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder):

Under the GST regime, supplies of goods or services which qualify as 'export' of goods or services are treated as zero-rated supplies which can be supplied either with or without payment of Integrated Goods and Services Tax (hereinafter referred to as "IGST") subject to fulfilment of conditions prescribed. The exporter has the options as under:

To undertake exports under cover of a Bond/ Letter of Undertaking (hereinafter referred to as "LUT") without payment of IGST and claim refund of accumulated Input Tax Credit subject to fulfilment of conditions prescribed under the provisions of Section 54 of the Central Goods and Services Tax Act, 2017.

To undertake export with payment of IGST and claim refund of IGST paid on such exports as per the provisions of Section 54 of the Central Goods and Services Tax Act, 2017.

Thus, the GST law permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to claim refund of tax paid on exports as IGST (by undertaking exports on payment of tax using ITC) or export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies. The Company undertakes export of goods without payment of IGST basis the LUT as prescribed under the GST law. In such case, it will have the option of claiming refund of unutilized input tax credit, subject to fulfilment of all prescribed conditions. Currently, the Company is able to utilise its input tax credit and is not exercising the option of filing a refund claim.

III. Special Direct tax benefits available to the Material Subsidiary

Income-Tax @22% and applicable Education Cess and Surcharge as per Section 115BAA of Income Tax Act, 1961.

Deductions from Gross Total Income

- Section 80JJAA: Deduction in respect of employment of new employees

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

The deduction u/s 80JJAA of the Act shall be applicable even if the Company avail the benefits of the special rate u/s 115BAA of the Act

- Section 80M of the Act: Deduction in respect of inter-corporate dividends



A new Section 80M had been inserted by the Finance Act, 2020 w.e.f. FY 2020-21 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust to the extent it does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the company availing the benefits of the special rate u/s 115BAA of the Act.

Higher cost of acquisition benefit in relation to long term capital asset being shares of company referred to in section 112A of the Act.

Surcharge on all long-term capital gains capped at 15%

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Surcharge on personal income capped at 25% for individuals opting concessional tax regime under section 115BAC

The Finance Act 2024 has capped surcharge on total income of individual assessee's opting for concessional tax regime under section 115BAC to 25% (instead of earlier surcharge of 37% for individuals having total income exceeding Rs. 5 crores).

IV. Special Indirect tax benefits available to the Material Subsidiary

No Special Indirect tax benefit available.

V. Special tax benefits available to Shareholders

No Special tax benefits available.

Notes:

- i. The above Statement of Tax benefits sets out the special tax benefits available to the Company, its shareholders and the Material Subsidiary, under the tax laws mentioned above.
- ii. The above Statement covers only above-mentioned tax laws benefits and does not cover any general tax benefits under any other law.
- iii. This Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- iv. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.
- v. This statement does not discuss any tax consequences under any law for the time being in force, as applicable of any country outside India. The shareholders / investors are advised to consult their own professional advisors regarding possible tax consequences that apply to them in any country other than India.

