



talati & talati llp
Chartered Accountants

Independent Auditors' Examination Report on the Restated Consolidated Statement of assets and liabilities as at March 31, 2025, 2024 and 2023, Restated Consolidated Statement of profit and loss (including other comprehensive income), the Restated Consolidated Statement of changes in equity and the Restated Consolidated Statement of Cash Flows for each of the financial years ended March 31, 2025, 2024 and 2023, and Notes to Restated Consolidated Financial Statements of M & B Engineering Limited and its subsidiaries (collectively, the "Restated Consolidated Financial Statements")

To
The Board of Directors
M & B Engineering Limited

Dear Sirs,

1. We, Talati & Talati LLP have examined the attached Restated Consolidated Financial Statements of M & B Engineering Limited (the "Company") and its subsidiaries (the Company and its subsidiaries collectively referred to as the "Group"), as at and for each of the financial years ended March 31, 2025, 2024 and 2023 annexed to this report and prepared by the Company for the purpose of inclusion in the Red Herring Prospectus (the "RHP") and Prospectus proposed to be filed with the Registrar of Companies, Ahmedabad at Gujarat, in connection with the proposed initial public offer of equity shares of face value of Rs.10 each of the Company (the "Offering") and submitted with Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited (collectively, the "Stock Exchanges"). The Restated Consolidated Financial Statements, which have been approved by the Board of Directors of the Company at their meeting held on July 14, 2025 have been prepared in accordance with the requirements of:
 - a. section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
 - b. relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"); and
 - c. the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Management's Responsibility for the Restated Consolidated Financial Statements

2. The preparation of the Restated Consolidated Financial Statements, which are to be included in the RHP and Prospectus, is the responsibility of the Board of Directors of the Company for the purpose set out in paragraph 4 below. The Restated Consolidated Financial Statements have been prepared by the management of the Company on the basis of preparation stated in Note 2 of Notes to the Restated Consolidated Financial Statements. The Board of Directors responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Statements. The Board of Directors are also responsible for identifying and ensuring that the Group complies with the Companies Act, 2013 ('the Act'), ICDR Regulations and the Guidance Note.

Auditors' Responsibilities

3. We have examined such Restated Consolidated Financial Statements taking into consideration:
 - a. the terms of reference and terms of our engagement agreed with you vide engagement letter dated January 29, 2024 between the Company and Talati & Talati LLP requesting us to carry out the assignment, in connection with the proposed Offering of the Company;
 - b. The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c. Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Statements; and
 - d. the requirements of Section 26 of the Act and the ICDR Regulations.

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

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Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Offering.

4. The Company proposes to make an initial public offering of its equity shares of face value of Rs.10 each, which comprises of fresh issue of equity shares and an offer for sale by certain existing shareholders of the Company at such premium arrived at by the book building process (referred to as the 'Offer'), as may be decided by the Company's Board of Directors.

Restated Consolidated Financial Statements as per audited consolidated financial statements

5. The Restated Consolidated Financial Statements have been compiled by the management of the Company from the audited consolidated financial statements of the Group as at and for the year ended on March 31, 2025 which have been approved by the Board of Directors at their meeting held on July 14, 2025, audited consolidated financial statements for the financial year ended March 31, 2024 which have been approved by the Board of Directors at their meeting held on June 06, 2024 and audited special purpose consolidated financial statements of the Group as at and for the financial year ended March 31, 2023 which have been approved by the Board of Directors at their meeting held on June 06, 2024 prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (referred to as "Ind AS") specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. (collectively "Consolidated Financial Statements");

For the purpose of our examination, we have relied on Auditors' Report issued by us, dated July 14, 2025, on the Consolidated Financial Statements of the Group as at and for the year ended as on March 31, 2025, report on Consolidated Financial Statements of the Group issued by us dated June 06, 2024 as at and for the year ended March 31, 2024 and report on Special Purpose Consolidated Financial Statements of the Group issued by us dated June 06, 2024 as at and for the financial year ended March 31, 2023, as referred in paragraph 5 above.

6. As indicated in our audit reports referred to in Para 5, we did not audit the financial statements of one domestic subsidiary of the Company (Modtech Machines Private Limited) as at and for the financial years ended March 31, 2024 and 2023 and one foreign subsidiary (Phenix Construction Technologies Inc.) as at and for the financial years ended March 31, 2025, 2024 and 2023, whose financial statements reflect total assets, total revenues and net cash inflows/(outflows) for the relevant year as mentioned below:

(Rs. in Millions)			
Particulars	As at and for the year ended March 31, 2025	As at and for the year ended March 31, 2024	As at and for the year ended March 31, 2023
Total Assets	69.59	134.94	40.69
Total Revenue	615.37	124.20	215.55
Net Cash inflows/(outflows)	7.83	35.50	14.58
Group's share of Net (Loss)/Profit	12.72	(31.33)	(54.59)

The financial statements / financial information of one domestic subsidiary (Modtech Machines Private Limited, which ceased to exist as subsidiary from May 23, 2023) have not been audited by us. The financial statements / financial information have been audited by other auditors whose report has been furnished to us by the management and our opinion on the same so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the reports of the other auditors.

The financial statements / financial information of foreign subsidiary (Phenix Construction Technologies INC) have not been audited by us or any other auditor and the financial information have been furnished to us as certified by the management. Our opinion in so far as it relates to the amounts included in the financial statements referred to in Para 5 above are based solely on the report of Management.



7. Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated Financial Statements:
- a) have been prepared after incorporating adjustments for changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2024 and March 31, 2023 to reflect the same accounting treatment as per the accounting policies and groupings/classifications as at and for the year ended March 31, 2025;
 - b) There was one Qualification in the Audit Report issued by us on the Special Purpose Consolidated Financial Statements for the Financial year ended on March 31, 2023, which required adjustment in the Restated Consolidated Financial Statements which is accounting policy of providing for Long term employee benefits as per the Indian Accounting Standard 19 for subsidiary Modtech Machines Private Limited (which ceased to exist as subsidiary from May 23, 2023). The company has made adjustments of providing long term employee benefits expense for the said subsidiary on accrual basis in the Restated Consolidated Financial Statements. As the said subsidiary is no longer a subsidiary of the Company, said adjustment does not have any impact on the Company's Profitability or Statement of financial statements.
 - c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note
8. The Restated Consolidated Financial Statements do not reflect the effect of events that occurred subsequent to the respective dates of the reports on audited Consolidated Financial Statements mentioned in paragraph 6 above.
9. We have not audited any financial statements of the Group as of any date or for any period subsequent to March 31, 2025. Accordingly, we express no opinion on the financial position, results of operations, cash flows and changes in equity of the Group as of any date or for any period subsequent to March 31, 2025.
10. This report should not be in any way construed as a reissuance or re-dating of any of the previous audit reports issued by us nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. Our report is intended solely for use of the Board of Directors of the Company for inclusion in the RHP and Prospectus to be filed with the Registrar of Companies Ahmedabad at Gujarat in connection with the proposed Offering and submitted with SEBI and the Stock Exchanges. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come

For TALATI & TALATI LLP
Chartered Accountants
Firm Reg. No: 110758W/W100377



(Umesh Talati)
Partner
Membership Number: 034834
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Place of Signature: Ahmedabad
Date: July 14, 2025