



MEENAKSHI GUJRAL & CO.
(CHARTERED ACCOUNTANTS)
107, CHANDERLOK ENCLAVE
PITAMPURA, DELHI- 110034
TEL:9899057743,011-27353413

Email-meenakshi_gujral@rediffmail.com
cameenakshigujral1209@gmail.com

STATEMENT OF SPECIAL TAX BENEFITS

To,
The Board of Directors,
Bhagya Machine Tools Limited (Formerly known as Bhagya Steels Limited)
VPO Paddi, Hadbast No. 254, Near Radhe Sham Pataka Factory,
Dehlon Road, Sub Tehsil Dehlon, Ludhiana, Punjab – 141206

Sub: Statement of Possible Special Tax Benefits Available to Bhagya Machine Tools Limited and its shareholders under direct and indirect tax laws

Dear Sirs,

We refer to the proposed initial public offering of equity shares (the “Issue”) of the Company. We enclose herewith the annexure showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the direct and indirect tax laws, including the Income-tax Act, 1961, 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 (collectively the “GST Act”), the Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively the “Taxation Laws”) including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2025-2026 relevant to the financial year 2024-25 for inclusion in the Draft Red-Herring Prospectus / Red-Herring Prospectus / Prospectus (“**Offer Document**”) for the proposed offer of equity shares, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”).

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of taxation laws. Hence, the ability of the Company or its shareholders to derive these tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide 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 the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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

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

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholders in the offer document for the proposed public offer of equity shares which the Company intends





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to submit to the Securities and Exchange Board of India provided that the below statement of limitation is included in the offer document.

LIMITATIONS

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the existing tax laws in force in India and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on the statement.

This statement has been prepared solely in connection with the offering of Equity shares by the Company under the Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the Issue).

Yours sincerely,

For Meenakshi Gujral & Co
Chartered Accountants
Firm Registration No: 015133N

Meenakshi Gujral
Partner



Membership No: 092171
Peer Review No: 015002

UDIN: 26092171BUVLFC1943
Date: 08-08-2026
Place: New Delhi



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ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

Direct Taxation

Outlined below are the special tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 ('the Act'), as amended by the Finance Act, 2025, i.e., applicable for Financial Year 2025-26 relevant to the Assessment Year 2026-27, presently in force in India.

A. SPECIAL TAX BENEFITS TO THE COMPANY

Section 115BAB, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that a domestic company set up and registered on or after October 1, 2019 and engaged in the business of manufacture or production of any article or thing may, at its option, be taxed at the rate of 15% (plus applicable surcharge and cess), provided that it has commenced manufacture or production on or before March 31, 2024 and satisfies the other conditions specified in that section, including that it is not formed by splitting up, or the reconstruction, of a business already in existence, that it does not use any machinery or plant previously used for any purpose (save to the extent permitted therein) or any building previously used as a hotel or a convention centre, and that its total income is computed without claiming the specified incentives or deductions or any set-off of loss or unabsorbed depreciation attributable thereto. Where a company opts for section 115BAB, the provisions of Minimum Alternate Tax under section 115JB would not be applicable and brought forward MAT credit will not be available for set-off. The option is required to be exercised in Form 10-ID on or before the due date for furnishing the first return of income and, once exercised, cannot be subsequently withdrawn for the same or any other tax year.

The Company has represented to us that it is a domestic company set up and registered on December 08, 2021, that it is engaged in the business of manufacture and production of power press machines, machinery parts and castings and has commenced manufacture or production on or before March 31, 2024, and that it has exercised the option available under sub-section (7) of section 115BAB of the Act. Accordingly, the Company has been assessed at the concessional rate of tax prescribed under section 115BAB of the Act for the assessment years 2024-25, 2025-26 and 2026-27, the provisions of section 115JB of the Act are not applicable to it, and it has not opted for section 115BAA of the Act. Save as stated above, the Company is not entitled to any special tax benefits under the Act.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS

The Shareholders of the Company are not entitled to any special tax benefits under the Act.

Indirect Taxation

Outlined below are the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017 / Integrated Goods and Services Tax Act, 2017 read with Rules, Circulars and Notifications ("GST law"), the Customs Act, 1962, the Customs Tariff Act, 1975 ("Customs law") and Foreign Trade Policy 2023 ("FTP") (collectively referred to as "Indirect Tax").

A. SPECIAL TAX BENEFITS TO THE COMPANY

There are no special tax benefits available to the Company under GST law.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS

The Shareholders of the Company are not entitled to any special tax benefits under the Indirect Tax.

