ashwani & associates
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STATEMENT OF SPECIAL TAX BENEFITS

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 received a request from the Company to verify the possible special tax benefits available to the Company and its shareholders, under the applicable tax laws in India, in connection with the Offer.

We hereby confirm that the enclosed statement in **Annexure A** (the "**Statement**"), which has been prepared by the Company and initialed by the Company and us, states the possible special direct tax and indirect tax benefits available to the Company and its shareholders under the provisions of:

- The Income-tax Act, 2025 ('ITA, 2025') as amended by Finance Act, 2026 and to the extent applicable the Income-tax Act, 1961('ITA, 1961'); read with the Income-tax Rules, 2026 and to the extent applicable the Income-tax Rules, 1962; circulars, and notifications thereunder; applicable with effect from April 1, 2026 for tax year 2026-27, presently in force in India (collectively referred as **"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, and respective State Goods and Services Tax Acts, 2017 (collectively, the "**GST Laws**"), read with the rules, circulars and notifications issued thereunder;
- The Customs Act, 1962 and the Customs Tariff Act, 1975; and
- The Foreign Trade Policy 2023, issued by the Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, Government of India, as amended and supplemented or modified from time to time is applicable for FY 2026–27 (collectively, the "**Taxation Laws**").

Several of these benefits are dependent on the Company, its Shareholder, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company, its Shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its Shareholders face in the future, the Company, its Shareholders 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 Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (**SEBI ICDR Regulations**). While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company, its Shareholders the same would include those benefits as enumerated in the statement. Any benefits under the Taxation Laws other than those specified in the statement 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 specifically mentioned in the statement, have not been examined and covered by this statement.

Our views are based on the existing provisions of law 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.

The benefits discussed in the enclosed statement cover the possible special tax benefits available to the Company, its Shareholders, and do not cover any general tax benefits available to them. 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.

The benefits stated in **Annexure A** of this certificate, for possible special tax benefits available to the Company, its Shareholders are not exhaustive, and the preparation of the contents stated is the responsibility of the Company. We are informed that this 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 distinct 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 Offer and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.

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

a. The Company, its Shareholders, will continue to obtain these benefits in the future;

b. The conditions prescribed for availing of the benefits have been/would be met with; and

c. 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 on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law.

No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of 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 the ICAI

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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: 2026.06.28 17:12:13 +05'30'

Aditya Kumar

Partner

Membership No.: 506955

Date: 28.06.2026

Place: Ludhiana
UDIN: 26506955ZPJYUF1107

Cc:

Legal Counsel to the Offer

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

Annexure A

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS UNDER INCOME TAX ACT, 2025 (ACT), THE CENTRAL GOODS AND SERVICES TAX ACT, 2017, THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017 AND THE APPLICABLE STATES' GOODS AND SERVICES TAX ACTS (hereinafter referred to as the "TAX LAWS").

The information provided below sets out the possible special direct tax benefits available to the Company and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current Tax Laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives a shareholder faces, may or may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional 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 Offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THE SECURITIES, PARTICULARLY IN VIEW OF THE FACT THAT CERTAIN RECENTLY ENACTED LEGISLATION MAY NOT HAVE A DIRECT LEGAL PRECEDENT OR MAY HAVE A DIFFERENT INTERPRETATION ON THE BENEFITS, WHICH AN INVESTOR CAN AVAIL IN THEIR PARTICULAR SITUATION.

Benefits under Direct Tax Laws available to the Company

Benefits under Income Tax Act, 2025("the Act"):

1. ***Special tax benefits available to the Company***

   (i) Lower Corporate Tax Rate under Section 200 of the Income Tax Act

   Pursuant to enactment of Income Tax Act, 2025 w.e.f. April 1, 2026, section 115BAA of earlier Income Tax Act, 1961 has been replaced by Section 200 under Income Tax Act, 2025. Section 200 grants an option to a domestic company to be governed by the section from a particular tax year. If a company opts for Section 200 of the Act, it can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%) . The concessional rate of 22% is subject to the company not availing any of the following specified tax exemptions/incentives under the Act:

   • Section 144 of ITA, 2025(erstwhile Section 10AA of the ITA, 1961): Tax holiday available to units in a Special Economic Zone.
   • Section 33 of ITA, 2025 (erstwhile Section 32(1)(iia) of the ITA, 1961): Additional depreciation.
   • Section 48 of ITA,2025 (erstwhile Section 33AB of the ITA, 1961): Tea coffee rubber development expenses
   • Section 49 of ITA,2025 (erstwhile Section 33ABA of the ITA, 1961): site restoration expenses.
   • Section 45 of ITA, 2025 (erstwhile Section 35(1)/35(2AA)/ 35(2AB) of the ITA, 1961): Expenditure on scientific research.
   • Section 46 of ITA, 2025 (erstwhile Section 35AD of the ITA, 1961): Deduction for capital expenditure incurred on specified businesses.

• Section 47 of ITA, 2025 (erstwhile Section 35CCC/35CCD of the ITA, 1961): expenditure on agricultural extension / skill development.
• Deduction under any provisions of Chapter VI-A other than the provisions of Section 146 of ITA, 2025 or section 148 of ITA, 2025 (erstwhile Section 80JJAA or Section 80M of the ITA, 1961).

The total income of a company availing of the concessional rate of 25.168% (i.e., 22% along with surcharge and health and education cess) is required to be computed without set off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/ incentives. A company can exercise the option to apply for the concessional tax rate in its return of income filed under Section 263(1) of ITA, 2025 (erstwhile section 139(1) of the ITA, 1961).

Further, provisions of Minimum Alternate Tax ('MAT') under Section 206 of ITA, 2025 (erstwhile Section 115JB of the ITA, 1961) shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

The provisions do not specify any limitation/ condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail themselves of this concessional rate of tax.

The Company has opted to apply section 200 of ITA, 2025 (erstwhile section 115BAA of the Income Tax Act, 1961) for the Financial Year 2019-20 (Assessment Year 2020-21) onwards.

(ii) Deduction in respect of additional employee cost incurred – Section 146 of ITA, 2025 (erstwhile Section 80JJAA of ITA, 1961).

The Company is entitled to claim deduction under section 146 of ITA, 2025 subject to the fulfilment of the prescribed conditions, of an amount equal to 30% 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.

However, the Company has not availed any benefit under the above section.

(iii) Deduction in respect of certain preliminary expenses – Section 44 of ITA, 2025 (erstwhile Section 35D of the ITA, 1961)

In accordance with and subject to the fulfilment of conditions as laid out under Section 44 of ITA, 2025 (erstwhile Section 35D of the ITA, 1961), The company may be entitled to amortize preliminary expenditure, being specified expenditure incurred in connection with the issue for public subscription or such expenditure as prescribed under section 44 of the ITA, 2025, subject to the limit specified therein (viz maximum 5% of the cost of the project or 5% of the capital employed in the business of the company).

The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed, or the new unit commences production or operation.

The company shall be required to furnish a statement in Form No 5 as per ITA, 2025 (erstwhile Form 3AF of the ITA, 1961) containing the particulars of expenditure specified under section 44 of ITA, 2025 to such income tax authority prior to one month before the due date of filing income tax return as per section 263(1) of ITA, 2025.

However, the Company has not availed any benefit under the above section.

Benefits under Direct Tax Laws available to the Shareholders

2. ***Special tax benefits available to the Shareholders***

a) Dividend income, earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction section 148 of ITA, 2025 would be available on fulfilling the conditions (as discussed above). Further, in case of shareholders who are individuals, hindu undivided family, association of persons, body of individuals, whether incorporated or not, surcharge would be restricted to 15%, irrespective of the amount of dividend income.

b) As per Section 198 of ITA, 2025 (erstwhile section 112A of the ITA, 1961), long-term capital gains arising from transfer of equity shares, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at the rate of 12.5% (without indexation) subject to prescribed conditions. However, no tax under the said section shall be levied where such capital gains does not exceed INR 1,25,000 during the year.

c) As per Section 196 of ITA, 2025 (erstwhile section 111A of the ITA, 1961), short-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 20%. This is subject to fulfilment of prescribed conditions under Direct Tax Laws.

d) Where the gains arising on transfer of shares of the company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of Section 32(k) of ITA, 2025 (erstwhile section 36(1)(xv) of the ITA, 1961).

e) As regards the shareholders that are Mutual Funds, under Schedule VII of the ITA, 2025 (erstwhile section 10(23D) of the IT Act,1961) any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

f) As per Section 159 of ITA, 2025 (erstwhile Section 90(2) of the IT Act,1961) non-resident shareholders will be eligible to take the beneficial provisions under the respective Double Taxation Avoidance Agreement ("DTAA"), if any applicable to such non-residents. This is subject to fulfilment of conditions prescribed to avail treaty benefits.

Further, any income by way of capital gains or dividend accruing to non-residents may be subject to withholding tax per the provisions of Direct Tax Laws or under the relevant DTAA, whichever is beneficial to such non-residents. However, where such non-residents have obtained a lower withholding tax certificate from the tax authorities, the withholding tax rate would be as per the said certificate. The non-resident shareholders can also avail credit of any taxes paid by them, subject to local laws of the country in which such a shareholder is resident.

g) Resident as well as non-resident buyers should independently evaluate their obligations to withhold tax on transactions involving sale of shares by the shareholders of the company in light of the provisions of section 393 of ITA, 2025(erstwhile section 194Q/ section 195 and other provisions of the ITA, 1961).

Except for the above, the Shareholders of the Company are not entitled to any other special tax benefits under Direct Tax Laws.

Benefits under Indirect Tax Laws available to the Company

The Statement of possible tax benefits enumerated below is per the Central Goods and Services Tax Act, 2017 ("CGST Act"), the Integrated Goods and Services Tax Act, 2017 ("IGST Act"), the Union Territory Goods and Services Tax Act, 2017 ("UTGST Act"), respective State Goods and Services Tax Act, 2017 ("SGST Act") (All these legislations collectively referred to as "GST Legislation"), the Customs Act, 1962, the Customs Tariff Act, 1975 ("Customs Tariff Act") and Foreign Trade Policy (collectively referred to as "Indirect Tax") as amended from time to time and as applicable for financial year 2026-27.

1. ***Special tax benefits available to the Company***

Benefit of Zero-Rated Supplies under the GST Regime for Exports

The Company has obtained registration under the GST law in the State of Punjab. The Company undertakes export of goods from Punjab. Under the GST regime, supplies of goods which are exported outside India are treated as zero-rated supplies. Such zero-rated supplies of goods are allowed to be made under either of the following options:

- Without payment of Integrated Goods and Services Tax ("IGST") under Bond/ Letter of Undertaking (LUT). Under this scenario, the exporter is allowed to claim refund of unutilized input tax credit.

- With payment of IGST. Under this scenario, the exporter is allowed to claim refund of IGST paid on exports.

The Company is undertaking export of goods without payment of integrated tax under LUT. However, no refund is applied since the Company is able to utilize input tax credit for payment of domestic output tax liability.

Merchant Export Concession under GST

The Company is eligible to procure goods for export at a concessional GST rate of 0.1% under the applicable provisions of the GST laws, subject to compliance with the prescribed conditions and procedures. This concession reduces the GST incidence on procurement of export goods and supports the Company's working capital requirements. The benefit is available as long as the Company continues to satisfy the applicable statutory and regulatory requirements.

Benefits Available under the Foreign Trade Policy and Customs Laws

With respect to export of goods, the Company is availing the benefit of remission of duties, taxes and other levies at the Central, State and local level which are borne on the exported goods manufactured in India under Remission of Duties and Taxes on Exported Products ('RODTEP') scheme issued through Notification no. 19/2015-2020 dated 17 August 2021 by Ministry of Commerce & Industry under Department of Commerce.
The Company is availing the benefit of duty drawback with respect to duty paid on import of materials used in manufacture of export goods as per Duty Drawback scheme under 75 of Custom Act, 1962.

The Company is entitled to avail the benefit of duty-free import of input as per Advance Authorization Scheme under the Foreign Trade Policy, 2023, subject to export obligations. However, the Company has not applied for such scheme due to commercial viability.
The Company is entitled to avail the benefit of duty-free import of capital goods as per Export Promotion Capital Goods Scheme under the Foreign Trade Policy, 2023, subject to export obligations. However, the Company has not applied for such scheme due to commercial viability.

Benefit of Industrial and Business Development Policy 2017

The Company under the Industrial and Business Development Policy 2017 as an alloy steel manufacturer, is eligible for several tax benefits and incentives which include the following

S. No.	Nature of Incentive	Extent of Incentive
1.	**Investment subsidy by way of reimbursement of net SGST on intra-state sales**	**100% of net SGST for 10 years with a cap of 125% of FCI.**

2.	**Exemption from Electricity Duty**	**100% exemption for 10 years**
3.	**Exemption/ reimbursement from Stamp Duty**	**100% exemption/ reimbursement from Stamp Duty on purchase or lease of land and building**
4.	**Exemption from CLU/EDC**	**100% exemption from CLU/EDC**
5.	**Exemption from Property Tax**	**100% exemption for 10 years**

2. Special tax benefits available to the shareholders

The shareholders of the Company are not entitled to any special tax benefits under indirect tax laws.

Notes

i. We have not considered the general tax benefits available to the Company and its shareholders of the Company.

ii. The above statement of special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.

iii. In respect of non-residents, the tax rates and the consequent taxation mentioned above 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.

iv. This statement does not discuss any tax consequences in any country outside India of an investment in the shares of the Company. The shareholders/investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

v. The tax benefits discussed in this statement are not exhaustive and are only intended to provide general information to the investors and hence, 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 his or her own tax advisor with respect to the specific tax implications arising out of their participation in the issue.

vi. 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. We will not be liable to any other person in respect of this statement.