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REPORT ON STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors
Aequs Limited
(formerly known as Aequs Private Limited)

Aequs Tower, No. 55, Whitefield Main Road,
Mahadevapura Post,
Bengaluru – 560 048,
Karnataka, India

Date: 14 November 2025

Subject: Statement of possible special tax benefits ("the Statement") available to Aequs Limited (formerly known as Aequs Private Limited) ("the Company"), its shareholders and its material subsidiaries in India audited by us, prepared in accordance with the requirement under Schedule VI – Part A - Clause (9) (L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the ICDR Regulations")

This report is issued in accordance with the Engagement Letter dated 10 April 2025.

We hereby report that the enclosed Annexure II prepared by the Company, initialed by us for identification purpose, states the possible special tax benefits available to the Company, its shareholders and its material subsidiaries in India audited by us ("Material Subsidiaries"), which are defined in Annexure I (List of Material Subsidiaries Audited by us and considered as part of the Statement), under direct and indirect taxes (together the "Tax Laws"), presently in force in India as on the signing date, which are defined in Annexure III (List of Direct and Indirect Tax Laws ('Tax Laws')) prepared by the Company, initialed by us for identification purpose. These possible special tax benefits are dependent on the Company, its shareholders and its Material Subsidiaries fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company, its shareholders and its Material Subsidiaries to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company and its Material Subsidiaries may face in the future and accordingly, the Company, its shareholders and its Material Subsidiaries may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover the possible special tax benefits available to the Company, its shareholders and its Material Subsidiaries and do not cover any general tax benefits available to the Company, its shareholders and its Material Subsidiaries. Further, the preparation of the enclosed Annexure II and its contents is the responsibility of the management of the Company. We were informed that 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 the 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 proposed initial public offering of equity shares of the Company (the "Proposed Offer") 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 possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) ("Guidance Note") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. Our scope of work did not involve performance of any audit test in this context of our examination. Accordingly, we do not express an audit opinion.

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

i) the Company, its shareholders and its Material Subsidiaries will continue to obtain these possible special tax benefits in future; or
ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of the enclosed Annexures are based on the information, explanation and representations obtained from the Company and its Material Subsidiaries, and on the basis of our understanding of the business activities and operations of the Company and its Material Subsidiaries.

Our views expressed herein are based on the facts and assumptions indicated to us. 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 the Tax Laws 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. We shall not be liable to the Company or Material Subsidiaries for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company or Material Subsidiaries and any other person in respect of this report, except as per applicable law.

We hereby give consent to include this report in the Red Herring Prospectus and Prospectus and in any other material used in connection with the Proposed Offer, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sampad Guha Thakurta
Partner
Membership No:060573
UDIN: 25060573BMOKHN2561

Place: Chennai
Date: 14 November 2025

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ANNEXURE I

LIST OF MATERIAL SUBSIDIARIES AUDITED BY US AND CONSIDERED AS PART OF THE STATEMENT (Note 1)

1. AeroStructures Manufacturing India Private Limited
2. Aequs Engineered Plastics Private Limited

Note 1: Material subsidiaries identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, includes a subsidiary whose turnover or net worth in the immediately preceding year (i.e. 31 March 2025) exceeds 10% of the consolidated turnover or consolidated net worth respectively, of the Company, Aequs Stock Option Plan Trust, its subsidiaries, its associate and its joint ventures in the immediate preceding year.

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ANNEXURE II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO AEQUS LIMITED (FORMERLY KNOWN AS AEQUS PRIVATE LIMITED) ("THE COMPANY"), ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARIES UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAX LAWS")

Outlined below are the Possible Special Tax Benefits available to the Company, its shareholders and its Material Subsidiaries under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company, its shareholders and its Material Subsidiaries fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company, its shareholders and its Material Subsidiaries to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

UNDER THE TAX LAWS

A. ***Possible Special tax benefits available to the Company***

Direct Taxes:

a. **Section 115JB- Special provision for payment of tax by certain companies:**

Notwithstanding anything contained in any other provision of The Income Tax Act, 1961 ("the Act"), where in the case of an assessee, being a company, the income-tax, payable on the total income as computed under the Act in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 2012, is less than 15% of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee on such total income shall be the amount of income-tax at the rate of 15%. The tax payable under Minimum Alternate Tax (MAT) shall be increased by applicable surcharge and education cess.

Book profit means the net profit as shown in the profit & loss account for the year as increased and decreased by some items as prescribed under the Act. When any amount of tax is paid as MAT by the Company, then it can claim the credit of such tax paid in accordance with the provision of Section 115JAA ('MAT Credit')

MAT Credit will be difference of Tax paid as per MAT calculation and Income tax payable under normal provision of the Act. Such MAT Credit shall be eligible to be carried forward and set off for 15 Assessment Years immediately succeeding the Assessment Year (AY) in which such credit has become allowable. Set-off of MAT Credit shall be allowed for any AY to the extent of the difference between tax payable as per the normal provisions of the Act and MAT calculated as per Section 115JB of the Act.

We understand that the Company has opted for the normal provision of tax @25% for Financial Year (FY) 2024-25, subject to provisions of Section 115JB of the Act.

b. **Section 32 (1)(iia) (Additional Depreciation) of the Act :**

As per Section 32(1)(iia) of the Act, in the case of any new machinery or plant (other than ships and aircraft), which has been acquired and installed after the 31st day of March, 2005, by an assessee engaged in the business of manufacture or production of any article or thing or in the business of generation, transmission or distribution of power, a further sum equal to twenty per cent of the actual cost of such machinery or plant shall be allowed as deduction under clause (ii) : the Company being Manufacturing company is eligible to claim deduction under the aforesaid section.

The Company is claiming additional depreciation on new plant or machinery acquired and installed during FY 2024-25 (AY 2025-26).

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c. **Deductions in respect of eligible employment cost of new employees under Section 80JJAA of the Act:**

Section 80JJAA of the Act provides tax incentives for employment generation and provides for deduction from income from business of an assessee for the employment of new employees by the assessee. The employment cost eligible for these deductions should meet the following conditions:

a) The gross total income of an assessee includes profits and gains derived from business to which section 44AB applies.

b) The business is not formed by splitting up / reconstruction of an existing business or acquired by transfer from any other person or as a result of any business reorganization.

c) In the case of an existing business, there must be an increase in the number of employees from the total number of the employees employed as on the last day of the preceding year

d) Deduction under the aforementioned section shall be available in respect of total emoluments paid/payable to all additional employees in the aggregate provided that each additional employee –

- is in receipt of total emoluments not more than INR 25,000 per month;
- has been in the employment for a period not less than 240 days during the previous year (subject to the condition that where an employee is in the employment for less than 240 days but is employed for the period of 240 days of more in the immediately succeeding year, he shall be deemed to be employed in the succeeding year and the provisions of Section 80JJAA shall apply accordingly.
- Participates in the recognised provident fund and the entire contribution is not paid by the Government under EPF scheme
- Emoluments are not paid to the additional employees otherwise than by an account-payee cheque or account payee bank or by use of electronic clearing system through bank account.

This deduction is provided in order to promote employment generation in the country. This deduction, if claimed, can provide a deduction of 90% of the expenses incurred towards emoluments paid to the additional employees (such deduction of 90% is in addition to deductions of business expenses). Such deduction is available for three consecutive assessment years including the assessment year relevant to the previous year in which such additional employment was provided.

The Company has not availed the benefit of Section 80JJAA for the FY 2024-25 (AY 2025-26).

d. **Deduction in respect of inter-corporate dividends – Section 80M of the Act :**

Up to 31st March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax ("DDT"), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished, and dividend received by a shareholder on or after 1st April, 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct Tax Deducted at Source ("TDS") at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, a new Section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month

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prior to the date for furnishing the return of income under sub-section (1) of Section 139 of the Act.

The Company has not availed the benefit of Section 80M for the FY 2024-25 (AY 2025-26).

Indirect Taxes:

1. **The Special Economic Zone ("SEZ") Unit of the Company is entitled to the following indirect tax benefits under the Special Economic Zones Act, 2005 ("the SEZ Act") for authorized operations subject to fulfilment of prescribed conditions and procedures:**
   a) Exemption from payment of Customs duty on import of goods under the Customs Act, 1962.
   b) Exemption from payment of Integrated Goods and Service Tax ("IGST") on services imported by a unit in the SEZ for authorized operations.
   c) Procurement of goods/services by SEZ Unit for authorized operations from Domestic Tariff Area is treated as zero rated supplies under IGST Act, 2017.

2. **Foreign Trade Policy 2023: Remission of Duties and Taxes on Export Products Scheme (RoDTEP):**
   a) The Company is entitled for rebate of taxes / duties borne on exported products including goods and services used in the production of such exported products under the 'Remission of Duties and Taxes on Exported Products' scheme as notified by ***Notification no. 70/2023 dated 8th March 2024*** further amended by ***Notification No. 32/2024-25, dated 30th September 2024*** from the date of IT integration of SEZs with Customs Automated System (ICEGATE), i.e., 1st July 2024 till 31st December 2024. The said benefit has been extended to SEZ units for the period upto 5 February 2025 vide Notification No. 64/2024-25 dated 20 March 2025. After these periodic extensions, vide Notification No. 11/2025-26 dated 26 May 2025, Government of India has restored the benefit of RoDTEP with effect from 1 June 2025 with no end date.
   b) The rebate is granted in the form of a transferable duty credit/ electronic scrip at a notified rate which is a percentage of Free on Board (FOB) value, subject to realization of sale proceeds within the period prescribed by Reserve Bank of India.

B. ***Possible Special tax benefits available to Shareholders***

Direct Taxes:

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 under Section 80M of the Act would be available on fulfilling the conditions (as discussed above in case of Holding company's paragraph d). Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.

b) As per Section 112A of the Act, long-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 10% (without indexation) of such capital gains subject to fulfilment of prescribed conditions under the Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 01 October 2018. It is relevant to note that tax shall be levied only where such capital gains exceed INR 1,25,000 (AY 2025-26 onward). With effective from 23 July 2024, long-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 12.5% (without indexation).

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c) As per Section 111A of the Act, 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 15% subject to fulfilment of prescribed conditions under the IT Act. With effective from 23rd July 2024, the taxation of Short-Term Capital Gain for listed equity shares, a unit of an equity-oriented fund, and a unit of a business trust has been increased to 20% from 15%.

d) In respect of non-resident shareholders, 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.

e) 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 Security Transaction Tax ("STT"), then such STT shall be a deductible expense from the business income as per the provisions of Section 36(1)(xv) of the Act.

f) As regards the shareholders that are Mutual Funds, under Section 10(23D) of the Act, 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 authorized 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.

g) Resident as well as non-resident buyers should independently evaluate their obligations to withhold tax on transaction involving sale of shares by the shareholders of the Company in light of the provisions of Section 195 and other provisions of the Act.

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

Indirect Taxes:

There are no special tax benefits available to the Shareholders under the Indirect Tax Laws.

C. *Possible Special tax benefits available to Material Subsidiaries*

I. Special tax benefits available to AeroStructures Manufacturing India Private Limited (ASMIPL)

Direct Taxes:

a) **Section 115JB- Special provision for payment of tax by certain companies:**

Notwithstanding anything contained in any other provision of The Income Tax Act, 1961 ("the Act"), where in the case of an assessee, being a company, the income-tax, payable on the total income as computed under the Act in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 2012, is less than 15% of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee on such total income shall be the amount of income-tax at the rate of 15%. The tax payable under Minimum Alternate Tax (MAT) shall be increased by applicable surcharge and education cess.

Book profit means the net profit as shown in the profit & loss account for the year as increased and decreased by some items as prescribed under the Act. When any amount of tax is paid as MAT

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by the Company, then it can claim the credit of such tax paid in accordance with the provision of Section 115JAA ('MAT Credit')

MAT Credit will be difference of Tax paid as per MAT calculation and Income tax payable under normal provision of the Act. Such MAT Credit shall be eligible to be carried forward and set off for 15 Assessment Years immediately succeeding the Assessment Year (AY) in which such credit has become allowable. Set-off of MAT Credit shall be allowed for any AY to the extent of the difference between tax payable as per the normal provisions of the Act and MAT calculated as per Section 115JB of the Act.

We understand that ASMIPL has opted for the normal provision of tax @25% for Financial Year (FY) 2024-25, subject to provisions of Section 115JB of the Act.

b) **Section 10AA of the Act :**

As per Section 10AA of the Act, a unit set up in a Special Economic Zone (SEZ), which begins to manufacture or produce articles or things or provide any services during the previous year relevant to any assessment year commencing on or after the 1st day of April 2006, will be entitled to deduction as follows:

- 100 per cent of the profits and gains derived from export of articles or things manufactured or produced or any services provided from its unit set up in a SEZ for a period of 5 consecutive assessment years beginning with the assessment year relevant to the previous year in which such unit begins to manufacture or produce such articles or things or provide services, as the case may be;
- 50 per cent of such profits and gains for further 5 assessment years; and
- thereafter for another 5 consecutive assessment years, the deduction of such amount not exceeding 50% of the profit as is debited to Profit & Loss Account of the previous year in respect of which the deduction is to be allowed and credited to a special reserve viz. "Special Economic Zone Reinvestment Reserve Account" to be created and utilized for the purpose of the business in the manner laid down in Section 10AA (2) of the Act.
- The benefit for all 15 years will be available subject to fulfilment of conditions prescribed by the section. Further, the tax holiday u/s 10AA of the Act has already been discontinued for new SEZ units who start commercial production from 1st April 2021.

  Note: However, the aforesaid deduction is not available while computing tax liability of the Company under Section 115JB of the Act i.e. Minimum Alternative Tax ('MAT') provisions. Nonetheless, such MAT paid/ payable on the book profits computed in terms of the provisions of the Act would be eligible for credit against tax liability arising under normal provisions of the Act

  Further, such credit would not be allowed to be carried forward and set off beyond 15th A.Y. immediately succeeding the assessment year in which such credit becomes allowable.

- Unit 2 and Unit 3 of ASMIPL (being SEZ unit) is eligible to claim deduction u/s 10AA on 50% of the profits earned from business of manufacture and export up to FY 2024-25(10th A.Y.) and FY 2027-28 (10th A.Y.) respectively.

c) **Deductions in respect of eligible employment cost of new employees under Section 80JJAA of the Act:**

Section 80JJAA of the Act provides tax incentives for employment generation and provides for deduction from income from business of an assessee for the employment of new employees by the assessee. The employment cost eligible for these deductions should meet the following conditions:

a) The gross total income of an assessee includes profits and gains derived from business to which section 44AB applies.
b) The business is not formed by splitting up / reconstruction of an existing business or acquired

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by transfer from any other person or as a result of any business reorganization.

c) In the case of an existing business, there must be an increase in the number of employees from the total number of the employees employed as on the last day of the preceding year

d) Deduction under the aforementioned section shall be available in respect of total emoluments paid/payable to all additional employees in the aggregate provided that each additional employee –

- is in receipt of total emoluments not more than INR 25,000 per month;
- has been in the employment for a period not less than 240 days during the previous year (subject to the condition that where an employee is in the employment for less than 240 days but is employed for the period of 240 days of more in the immediately succeeding year, he shall be deemed to be employed in the succeeding year and the provisions of Section 80JJAA shall apply accordingly.
- Participates in the recognised provident fund and the entire contribution is not paid by the Government under EPF scheme
- Emoluments are not paid to the additional employees otherwise than by an account-payee cheque or account payee bank or by use of electronic clearing system through bank account.

This deduction is provided in order to promote employment generation in the country. This deduction, if claimed, can provide a deduction of 90% of the expenses incurred towards emoluments paid to the additional employees (such deduction of 90% is in addition to deductions of business expenses). Such deduction is available for three consecutive assessment years including the assessment year relevant to the previous year in which such additional employment was provided.

ASMIPL has not availed the benefit of Section 80JJAA for the FY 2024-25 (AY 2025-26).

d) **Deduction in respect of inter-corporate dividends – Section 80M of the Act :**

Up to 31st March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax ("DDT"), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished, and dividend received by a shareholder on or after 1st April, 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct Tax Deducted at Source ("TDS") at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, a new Section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of Section 139 of the Act.

ASMIPL has not availed the benefit of Section 80M for the FY 2024-25 (AY 2025-26).

e) **Section 32 (1)(iia) of the Act :**

As per Section 32(1)(iia) of the Act, in the case of any new machinery or plant (other than ships and aircraft), which has been acquired and installed after the 31st day of March, 2005, by an assessee engaged in the business of manufacture or production of any article or thing or in the business of generation, transmission or distribution of power, a further sum equal to twenty per cent of the actual cost of such machinery or plant shall be allowed as deduction under clause (ii) ;

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the Company being Manufacturing company is eligible to claim deduction under the aforesaid section.

ASMIPL is claiming additional depreciation on new plant or machinery acquired and installed during FY 2024-25 (AY 2025-26).

Indirect Taxes:

1. **The Special Economic Zone ("SEZ") Unit of the Company is entitled to the following indirect tax benefits under the Special Economic Zones Act, 2005 ("the SEZ Act") for authorized operations subject to fulfilment of prescribed conditions and procedures:**

a) Exemption from payment of Customs duty on import of goods under the Customs Act, 1962.

b) Exemption from payment of Integrated Goods and Service Tax ("IGST") on services imported by a unit in the SEZ for authorized operations.

c) Procurement of goods/services by SEZ Unit for authorized operations from Domestic Tariff Area is treated as zero rated supplies under IGST Act 2017.

2. **Foreign Trade Policy 2023: Remission of Duties and Taxes on Export Products Scheme (RoDTEP):**

a) The Company is entitled for rebate of taxes / duties borne on exported products including goods and services used in the production of such exported products under the 'Remission of Duties and Taxes on Exported Products' scheme as notified by ***Notification no. 70/2023 dated 8th March 2024*** further amended by ***Notification No. 32/2024-25, dated 30th September 2024*** from the date of IT integration of SEZs with Customs Automated System (ICEGATE), i.e., 1st July 2024 till 31st December 2024. The said benefit has been extended to SEZ units for the period upto 5 February 2025 vide Notification No. 64/2024-25 dated 20 March 2025. After these periodic extensions, vide Notification No. 11/2025-26 dated 26 May 2025, Government of India has restored the benefit of RoDTEP with effect from 1 June 2025 with no end date.

b) The rebate is granted in the form of a transferable duty credit/ electronic scrip at a notified rate which is a percentage of Free on Board (FOB) value, subject to realization of sale proceeds within the period prescribed by Reserve Bank of India.

II. Special Tax Benefits available to Aequs Engineered Plastics Private Limited (AEPPL)

Direct Taxes:

a) **<u>Section 115JB- Special provision for payment of tax by certain companies:</u>**

Notwithstanding anything contained in any other provision of The Income Tax Act, 1961 ("the Act"), where in the case of an assessee, being a company, the income-tax, payable on the total income as computed under the Act in respect of any previous year relevant to the assessment year commencing on or after the 1st day of April, 2012, is less than 15% of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee on such total income shall be the amount of income-tax at the rate of 15%. The tax payable under Minimum Alternate Tax (MAT) shall be increased by applicable surcharge and education cess.

Book profit means the net profit as shown in the profit & loss account for the year as increased and decreased by some items as prescribed under the Act. When any amount of tax is paid as MAT by the Company, then it can claim the credit of such tax paid in accordance with the provision of Section 115JAA ('MAT Credit')

MAT Credit will be difference of Tax paid as per MAT calculation and Income tax payable under normal provision of the Act. Such MAT Credit shall be eligible to be carried forward and set off for 15 Assessment Years immediately succeeding the Assessment Year (AY) in which such credit has become allowable. Set-off of MAT Credit shall be allowed for any AY to the extent of the

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difference between tax payable as per the normal provisions of the Act and MAT calculated as per Section 115JB of the Act.

We understand that AEPPL has opted for the normal provision of tax @25% for Financial Year (FY) 2024-25, subject to provisions of Section 115JB of the Act.

b) **Section 32 (1)(iia) (Additional Depreciation) of the Act :**

As per Section 32(1)(iia) of the Act, in the case of any new machinery or plant (other than ships and aircraft), which has been acquired and installed after the 31st day of March, 2005, by an assessee engaged in the business of manufacture or production of any article or thing or in the business of generation, transmission or distribution of power, a further sum equal to twenty per cent of the actual cost of such machinery or plant shall be allowed as deduction under clause (ii) : the Company being Manufacturing company is eligible to claim deduction under the aforesaid section.

AEPPL is claiming additional depreciation on new plant or machinery acquired and installed during FY 2024-25 (AY 2025-26).

c) **Deductions in respect of eligible employment cost of new employees under Section 80JJAA of the Act:**

Section 80JJAA of the Act provides tax incentives for employment generation and provides for deduction from income from business of an assessee for the employment of new employees by the assessee. The employment cost eligible for these deductions should meet the following conditions:

a) The gross total income of an assessee includes profits and gains derived from business to which section 44AB applies.

b) The business is not formed by splitting up / reconstruction of an existing business or acquired by transfer from any other person or as a result of any business reorganization.

c) In the case of an existing business, there must be an increase in the number of employees from the total number of the employees employed as on the last day of the preceding year

d) Deduction under the aforementioned section shall be available in respect of total emoluments paid/payable to all additional employees in the aggregate provided that each additional employee –

- is in receipt of total emoluments not more than INR 25,000 per month:
- has been in the employment for a period not less than 240 days during the previous year (subject to the condition that where an employee is in the employment for less than 240 days but is employed for the period of 240 days of more in the immediately succeeding year, he shall be deemed to be employed in the succeeding year and the provisions of Section 80JJAA shall apply accordingly.
- Participates in the recognised provident fund and the entire contribution is not paid by the Government under EPF scheme
- Emoluments are not paid to the additional employees otherwise than by an account-payee cheque or account payee bank or by use of electronic clearing system through bank account.

This deduction is provided in order to promote employment generation in the country. This deduction, if claimed, can provide a deduction of 90% of the expenses incurred towards emoluments paid to the additional employees (such deduction of 90% is in addition to deductions of business expenses). Such deduction is available for three consecutive assessment years including the assessment year relevant to the previous year in which such additional employment was provided.

AEPPL has not availed the benefit of Section 80JJAA for the FY 2024-25 (AY 2025-26).

d) **Deduction in respect of inter-corporate dividends – Section 80M of the Act :**

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Up to 31st March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax ("DDT"), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished, and dividend received by a shareholder on or after 1st April, 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct Tax Deducted at Source ("TDS") at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, a new Section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of Section 139 of the Act.

AEPPL has not availed the benefit of Section 80M for the FY 2024-25 (AY 2025-26).

e) **Section 10AA of the Act :**

As per Section 10AA of the Act, a unit set up in a Special Economic Zone (SEZ), which begins to manufacture or produce articles or things or provide any services during the previous year relevant to any assessment year commencing on or after the 1st day of April 2006, will be entitled to deduction as follows:

- 100 per cent of the profits and gains derived from export of articles or things manufactured or produced or any services provided from its unit set up in a SEZ for a period of 5 consecutive assessment years beginning with the assessment year relevant to the previous year in which such unit begins to manufacture or produce such articles or things or provide services, as the case may be;
- 50 per cent of such profits and gains for further 5 assessment years; and
- thereafter for another 5 consecutive assessment years, the deduction of such amount not exceeding 50% of the profit as is debited to Profit & Loss Account of the previous year in respect of which the deduction is to be allowed and credited to a special reserve viz. "Special Economic Zone Reinvestment Reserve Account" to be created and utilized for the purpose of the business in the manner laid down in Section 10AA (2) of the Act.
- The benefit for all 15 years will be available subject to fulfilment of conditions prescribed by the section. Further, the tax holiday u/s 10AA of the Act has already been discontinued for new SEZ units who start commercial production from 1st April 2021.

  Note: However, the aforesaid deduction is not available while computing tax liability of the Company under Section 115JB of the Act i.e. Minimum Alternative Tax ('MAT') provisions. Nonetheless, such MAT paid/ payable on the book profits computed in terms of the provisions of the Act would be eligible for credit against tax liability arising under normal provisions of the Act

Further, such credit would not be allowed to be carried forward and set off beyond 15th A.Y. immediately succeeding the assessment year in which such credit becomes allowable

AEPPL being a SEZ unit is eligible to claim deduction u/s 10AA on 50% of the profits earned from business of manufacture and export up to FY 2025-26(10th A.Y.). However, the Company has substantial amount of accumulated tax losses. It may also be noted that, deduction u/s 10AA can be claimed only after utilisation of brought forward tax losses. Accordingly, no such benefit is availed by the Company.

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Indirect Taxes:

1. **The Special Economic Zone ("SEZ") Unit of the Company is entitled to the following indirect tax benefits under the Special Economic Zones Act, 2005 ("the SEZ Act") for authorized operations subject to fulfilment of prescribed conditions and procedures:**

    a) Exemption from payment of Customs duty on import of goods under the Customs Act, 1962.

    b) Exemption from payment of Integrated Goods and Service Tax ("IGST") on services imported by a unit in the SEZ for authorized operations.

    c) Procurement of goods/services by SEZ Unit for authorized operations from Domestic Tariff Area is treated as zero rated supplies under IGST Act 2017.

2. **Foreign Trade Policy 2023: Remission of Duties and Taxes on Export Products Scheme (RoDTEP):**

    a) The Company is entitled for rebate of taxes / duties borne on exported products including goods and services used in the production of such exported products under the 'Remission of Duties and Taxes on Exported Products' scheme as notified by ***Notification no. 70/2023 dated 8th March 2024*** further amended by ***Notification No. 32/2024-25, dated 30th September 2024*** from the date of IT integration of SEZs with Customs Automated System (ICEGATE), i.e., 1st July 2024 till 31st December 2024. The said benefit has been extended to SEZ units for the period upto 5 February 2025 vide Notification No. 64/2024-25 dated 20 March 2025. After these periodic extensions, vide Notification No. 11/2025-26 dated 26 May 2025, Government of India has restored the benefit of RoDTEP with effect from 1 June 2025 with no end date.

    b) The rebate is granted in the form of a transferable duty credit/ electronic scrip at a notified rate which is a percentage of Free on Board (FOB) value, subject to realization of sale proceeds within the period prescribed by Reserve Bank of India.

NOTES:

1. The above is as per the current tax laws in force in India.

2. The above Statement of possible 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.

3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company and Material Subsidiaries. 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.

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ANNEXURE III
LIST OF DIRECT AND INDIRECT TAX LAWS ('TAX LAWS')

Sr. No:	Details of Tax Laws
Direct Tax	
1.	Income-tax Act, 1961 and Income-tax Rules, 1962 ('IT Act')
Indirect Taxes	
1.	Central Goods and Services Tax Act, 2017, as amended read with Central Goods and Services Tax Rules, 2017, respective Circulars and Notifications made thereunder ('CGST Act')
2.	Integrated Goods and Services Tax Act, 2017, as amended read with Integrated Goods and Services Tax Rules, 2017, respective Circulars and Notifications made thereunder ('IGST Act')
3.	Relevant State Goods and Services Tax Act, 2017, as amended read with State Goods and Services Tax Rules, 2017, respective Circulars and Notifications made thereunder ('SGST Act')
4.	Goods and Services Tax (Compensation to States) Act, 2017
5.	Foreign Trade Policy, 2023 read with Handbook of Procedures made thereunder (FTP)
6.	Special Economic Zones Act, 2005 and Rules 2006 ('SEZ Act')
7.	Customs Act, 1962 and Customs Tariff Act, 1975 read with respective Rules, Circulars and Notifications made thereunder ('Customs Act')

For Aequs Limited (formerly known as Aequs Private Limited)

Rajeev Kaul
Managing Director
Place: Belegavi
Date : 14 November 2025

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