

**STATEMENT OF SPECIAL TAX BENEFITS**Date: 23<sup>rd</sup> June 2025

Ref No: SK 08/2025-26

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ASTEC LIFESCIENCES LIMITED AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA**

To  
The Board of Directors  
Astec LifeSciences Limited  
“Godrej One”, 3rd Floor,  
Pirojshanagar, Eastern Express Highway,  
Vikhroli (East), Mumbai – 400 079

Dear Sirs,

We have been requested by the Company to issue a report on the special tax benefits available to the Company and shareholders of the Company for inclusion in the draft letter of offer and letter of offer (collectively referred to as “Issue Documents”) prepared in connection with the proposed rights issue of equity shares of Astec LifeSciences Limited (“Astec” or “the Company”).

We enclose herewith the statement (the “Annexure I”) showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act 1961 (read with Income Tax Rules, 1962, circulars, notifications) as amended by the Finance Act, 2025, i.e., applicable for the Financial Year (“FY”) 2025-26 relevant to the Assessment Year (“AY”) 2026-27, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”), the Customs Act, 1962 (“Customs Act”), the Customs Tariff Act, 1975 (“Tariff Act”), and Foreign Trade Policy 2015-2020 (as extended) including the rules, regulations, circulars and notifications issued thereunder (collectively the “Taxation Laws”) as amended by the Finance Act 2025 (including the rules, regulations, circulars and notifications issued) as applicable for the financial year 2025-26 relevant to the assessment year 2026-27 presently in force in India for inclusion in the Issue Documents for the proposed rights issue of equity shares (“Issue”).

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of Taxations Laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon their fulfilling of such conditions. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or its shareholders to exercise the option by fulfilling the conditions prescribed under the relevant Taxation Laws.

The benefits discussed in the enclosed Annexure I are neither exhaustive nor conclusive. The contents stated in Annexure I are based on the information and explanations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. The Annexure I covers only possible special direct and indirect tax benefits available and does not cover any general tax benefits available to the Company or its shareholders. 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 consultants, 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 whether:

- The Company or its Shareholders will continue to obtain these special tax benefits in future;
- The conditions prescribed for availing the special tax benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.

This statement is provided solely for the purpose of assisting the Company in discharging its responsibilities under the Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

We hereby give our consent to include this statement and enclosed Annexure I regarding the tax benefits available to the Company and to its shareholders in the Issue Documents for the proposed rights issue of equity shares which the Company intends to submit to the Securities and Exchange Board of India, the Registrar of Companies, Maharashtra at Mumbai and the stock exchange(s) provided that the below statement of limitation is included in the Issue Documents.

#### LIMITATIONS

*Our views expressed in the Annexure I 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 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. 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 Issue or to any third party relying on the statement. This statement has been prepared solely in connection with the Issue under the Companies Act, 2013 and Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.*

#### **For Shah & Kathariya**

Chartered Accountants

ICAI Firm Registration No. 115171W

#### **P.M.Kathariya**

(Partner)

Membership No. 031315

UDIN NO- 25031315BMIBWT3307

Place: Mumbai

Date: 23<sup>rd</sup> June 2025

## **Annexure I**

### **STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ASTEC LIFESCIENCES LIMITED (“THE COMPANY”) AND ITS SHAREHOLDERS**

The information provided below sets out the possible direct tax benefits in the hands of Astec LifeSciences Limited (“Astec” or “the Company”) and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax benefits, under the current Income-tax Act, 1961 (“IT Act”), the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”), the Customs Act, 1962 (“Customs Act”), the Customs Tariff Act, 1975 (“Tariff Act”) and Foreign Trade Policy 2015-2020 (as extended) including the rules, regulations, circulars and notifications issued thereunder (collectively the “Taxation Laws”) presently in force in India.

Several of these benefits are dependent on fulfilling the conditions prescribed under the relevant Taxation Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives any of them face, they may or may not choose to fulfill. Further, certain tax benefits may be optional and it would be at the discretion of the Company or its shareholders to exercise the option by fulfilling the conditions prescribed under the relevant Taxation Laws. 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, investors are 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 investors to invest money or not to invest money based on this statement.

The statement below covers only relevant Taxation Laws benefits and does not cover any benefit under any other law.

#### **1. SPECIAL TAX BENEFITS UNDER THE INCOME TAX ACT, 1961 IN THE HANDS OF ASTEC LIFESCIENCES LIMITED AND THE SHAREHOLDERS OF THE COMPANY**

The law stated below is as per the Income-tax Act, 1961 as amended from time to time and applicable for financial year 2025-26 relevant to assessment year 2026-27

##### **A. Special tax benefits available to Company under Income Tax Act, 1961 (“IT Act”)**

###### **i) Lower corporate tax rate under section 115BAA**

As per section 115BAA of the IT Act as inserted vide the Taxation Laws (Amendment) Act, 2019 with effect from FY 2019-20 relevant to AY 2020-21, a domestic company has an option to pay income tax in respect of its total income at a concessional tax rate of 25.17% (22% plus surcharge of 10% and cess of 4%) provided the company does not avail of specified exemptions, incentives, deductions or set-off of certain losses / certain unabsorbed depreciation, etc., claims depreciation in the prescribed manner and complies with the other conditions specified in section 115BAA of the IT Act.

In case a company opts for section 115BAA of the IT Act, the provisions of Minimum Alternate Tax (“MAT”) under section 115JB of the IT Act would not be applicable and MAT credit of the earlier year(s) will not be available for set-off.

The option needs to be exercised in the prescribed manner qua a particular AY on or before the due date of filing the income-tax return for such AY. The option once exercised shall apply to subsequent AYs and cannot be subsequently withdrawn for the same or any other AY. Further, if the conditions mentioned in section 115BAA of the IT Act are not satisfied in any AY, the option exercised shall become invalid in respect of such AY and subsequent AYs, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised.

The Company pays corporate tax as per rates prescribed under section 115BAA of the IT Act for AY 2024-25 relevant for FY 2023-24.

###### **ii) Deduction from Gross Total Income**

The Company is eligible for the following deductions from its Gross Total Income, even though it has opted for the concessional tax rate under section 115BAA of the IT Act.

###### **(a) Deduction under section 80JJAA of the IT Act - Deduction in respect of employment of new employees**

As per section 80JJAA of the IT Act, while computing income under the head business and profession in case of an assessee to whom section 44AB (i.e., tax audit) applies, a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in the FY, shall be allowed for three AYs including the AY relevant to the FY in which such employment is provided.

**(b) Deduction under 35 (1)(iv) of the IT Act- Expenditure on scientific research**

*The Company is entitled to claim deduction under subclause (iv) of sub-section (1) of section 35 of the IT Act in respect of any expenditure of a capital nature on scientific research related to the business carried on by the company.*

*The relevant extract of subclause (iv) of sub-section (1) of section 35 of the IT Act is reproduced as below -*

*“in respect of any expenditure of a capital nature on scientific research related to the business carried on by the assessee, such deduction as may be admissible under the provisions of sub-section (2) of section 35 of the IT Act:*

**(c) Deduction under 80M of the IT Act - Deduction in respect of inter-corporate dividends**

Up to 31 March 2020, any dividend paid to a shareholder by a company was liable to payment of Dividend Distribution Tax (“DDT”) by such company, and the dividend was exempt from tax in the hands of the recipient shareholder. Pursuant to the amendment made by the Finance Act, 2020, DDT was abolished, and dividend received by a shareholder on or after 1 April 2020 is liable to tax in the hands of the shareholder, other than dividend on which tax under section 115-O has been paid.

With respect to a shareholder which is a domestic company as defined in section 2(22A) of the Act, section 80M inter alia provides that where the gross total income of a domestic company in any FY 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 the said 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”. For the purposes of the section, “due date” means the date one month prior to the date for furnishing the income-tax return under section 139(1) of the IT Act.

The Company is entitled to claim such deduction subject to fulfilment of conditions specified under section 80M of the IT Act even under the concessional regime under section 115BAA.

**B. Special tax benefits available to the shareholders under IT Act**

There are no special tax benefit available to the shareholders of Company for investing in the shares of the Company. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the IT Act.

- 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 IT Act 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 and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.
- Section 2(42A) of the Act provides that securities listed in a recognized stock exchange in India that are held for not more than 12 months immediately preceding the date of its transfer, shall constitute short- term capital assets.
- As per Section 111A of the Act, short term capital gains arising from the transfer of an equity share or a unit of an equity-oriented fund or a unit of a business trust in a company transacted through a recognized stock exchange on or after July 23, 2024 and chargeable to Securities Transaction Tax (‘STT’) shall be taxed at 20% (plus applicable surcharge and cess) (provided the short-term capital gains exceed the basic threshold limit of exemption, where applicable) subject to fulfilment of prescribed conditions under the Act.
- Further, as per section 112A of the Act, long-term capital gains exceeding INR 1,25,000 arising from the transfer of equity shares, or a unit of an equity-oriented fund or a unit of a business trust in a company transacted through a recognized stock exchange on or after July 23, 2024 on which STT has been paid on acquisition (except in certain situations) and on transfer, shall be chargeable to tax at the rate of 12.5% (plus applicable surcharge and cess) without applying the benefit under the first and second provisos to section 48 of the Act.
- The condition of STT shall not apply to a transfer undertaken on a recognized stock exchange located in any IFSC and where the consideration for such transaction is received or receivable in foreign currency.

- 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.

## **2. STATEMENT OF POSSIBLE INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND SHAREHOLDERS OF THE COMPANY**

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, the Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively referred to as "Indirect tax").

### **A. SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY**

The Company has exercised the option to avail benefit of Advance Authorization scheme which allows duty-free import of inputs (raw materials, components, etc.) under the Customs Act. Similar exemption has been granted in GST Act exempting the IGST payable on imports made under Advance Authorization Scheme in terms of Notification No. 79/2017 dated 13.10.2017.

The Company has exercised the option to export under bond/Letter of Undertaking without payment of tax and claim refund of accumulated ITC as per the provisions of GST Act read with Rule 96A of CGST rules and section 54 of the GST Act.

Apart from the above, there is no special Indirect tax benefits available to the Company under the Indirect Tax Regulations in India.

### **B. SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS**

- There are no possible special Indirect tax benefits available to the shareholders of the Company.

#### **Note:**

*Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. 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. Reliance on this 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 this statement.*

*This statement has been prepared solely in connection with the proposed issue under the Companies Act, 2013 and Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.*

**For Shah & Kathariya**

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