ANNEXURE I

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

Sr. No:	Details of tax laws
1.	Income-tax Act, 1961 and Income-tax Rules, 1962
2.	Central Goods and Services Tax Act, 2017 (CGST Act)
3.	Integrated Goods and Services Tax Act, 2017 (IGST Act)
4.	State Goods and Services Tax Act, 2017 (SGST Act)
5.	Goods and Services Tax (Compensation to States) Act, 2017
6.	Customs Act, 1962 (Customs Act)
7.	Customs Tariff Act, 1975 (Tariff Act)
8.	Foreign Trade Policy 2023 (FTP)
9.	Special Economic Zone Act, 2005 (SEZ Act)

ANNEXURE II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO SAGILITY INDIA LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAX LAWS")

Outlined below are the Possible Special Tax Benefits available to the Company and its shareholders under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders 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

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

   i) **Direct taxes:**

   a. **Lower corporate tax rate under section 115BAA of the Income-tax Act, 1961 ('the Act')**

   Section 115BAA has been inserted in the Act w.e.f. 1 April 2020 (A.Y. 2020-21). Section 115BAA of the Act grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA 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%). Further, it was clarified by CBDT vide Circular No. 29/ 2019 dated 2 October 2019 that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT. However, such a company will no longer be eligible to avail specified exemptions / incentives/deductions under the Act and will also need to comply with the other conditions specified in section 115BAA of the Act. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives. The Company has opted to apply section 115BAA of the Act for Financial Year 2021-22 (from the date of its incorporation on 28 July 2021) and onwards.

   b. **Deductions in respect of eligible employment cost of new employees under section 80JJAA of the Income-tax Act, 1961 ('the Act')**

   Section 80JJAA of the Income Tax Act, 1961 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:

   i. The assessee must be engaged in the business.
   ii. 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.

iii. 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.

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

   a. is in receipt of total emoluments not more than INR 25,000 per month;
   b. 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.
   c. Participates in the recognised provident fund and the entire contribution is not paid by the Government under the Employees' Pension Scheme notified in accordance with the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

v. 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.

c. Deduction on the inter-corporate dividend under section 80M of the Income-tax Act, 1961 ('the Act')

Section 80M is applicable to domestic companies that have declared a dividend and are also receiving a dividend from another domestic company or a foreign company (including wholly owned subsidiaries). A deduction is allowed for dividends received by the Company, provided they are distributed as dividends one month before the date of filing of the income tax return of the Company. This section is applicable to dividends distributed on or after 1 April 2020 (AY 2021-22 onwards). The Company would be eligible for deductions of the amount of the dividend received from its subsidiary companies and the amount of dividend distributed one month prior to the due date of filing income tax return, whichever is less.

ii) <u>Indirect taxes:</u>

The Company operates as Special Economic Zone (SEZ) Unit, Software Technology Parks of India (STPI) units and Domestic Tariff Area (DTA) units across India. The following special tax benefits are available to the Company under Indirect Taxes:

a) Exemption from payment of duties of Customs in terms of the Customs Act or the Customs Tariff Act, 1975, IGST Act or any other law of Central Government in respect of goods or services imported into the SEZ units for carrying out authorized operations as approved by the Development Commissioner, subject to fulfilment of specified conditions and procedures prescribed under the relevant legislations.

b) Exemption from payment of Integrated Goods and Services Tax (IGST) on the procurement of goods or services into SEZ unit from DTA to carry on the authorized operations approved by the Development Commissioner subject to fulfilment of specified conditions and procedures prescribed under the relevant legislations.
c) Exemption from payment of duties of Customs on import of goods by STP Units in terms of Customs Act read with the Foreign Trade Policy 2023 and refund of GST paid on local procurement of goods under Deemed Export route.
d) Exemption from payment of tax on zero rated supplies of services effected against Letter of Undertaking (LUT), in terms of Section 2(6) of the IGST Act. Further, the Company is eligible to claim refund of unutilized input tax credit (ITC) in terms of Section 54 of the CGST Act, 2017 read with Rule 89 of the CGST Rules, 2017 in respect of such zero rated supplies effected without payment of tax subject to fulfilment of the specified conditions and procedures as prescribed under the relevant legislations.

2. Special tax benefits available to the Shareholders of the Company

The present shareholders of the Company who hold the equity shares of the Company are corporate entities incorporated in the Netherlands (i.e., Dutch shareholders). As per the provision of the Income-tax Act, 1961 read with the double taxation avoidance agreement signed between India and Netherlands, the dividends received by the Dutch shareholders will qualify for concessional withholding tax amounting to 10% (as against the full withholding rate under the domestic provisions) if the recipient shareholder is the beneficial owner of the equity shares against which dividends have been received.

Moreover, the capital gains on the sale of equity shares of the Company by the Dutch shareholder may not be chargeable to tax in India, in accordance with the provisions of the double taxation avoidance agreement signed between India and Netherlands, if any of the following conditions are satisfied –

- If the Dutch shareholder holds less than 10% shares in the Indian Company
- If the Dutch shareholder holds more than 10% share in the Indian Company, and
    - such shareholder sells the shares to a non-Indian resident purchaser; or
    - such shareholder sells the shares as a corollary from a group restructuring.

NOTES:

1. The above is as per the current Tax Laws.
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. 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.

For Sagility India Limited

RAMESH GOPALAN
Digitally signed by RAMESH GOPALAN
Date: 2024.06.26 15:43:44 +05'30'

Director

Place: Bengaluru
Date: June 26, 2024