

**STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS**

The Board of Directors  
**Innova Captab Limited**  
601, Proxima, Plot No 19,  
Sector 30 A Vashi, Navi Mumbai  
Mumbai- 400705

Date: 14 December 2023

**Subject: Statement of possible special tax benefits (“the Statement”) available to Innova Captab Limited (“the Company”), its shareholders and its material subsidiaries prepared in accordance with the requirement under Schedule VI – Part A - Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“the ICDR Regulations”)**

This report is issued in accordance with the Engagement Letter dated 03 March 2022 and subsequent addendum dated 25 June 2022.

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, which is defined in Annexure I (**List of Material Subsidiaries Considered As Part Of The Statement**), under direct and indirect tax laws (together **“the Tax Laws”**), presently in force in India as on the signing date, which are defined in Annexure I. 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. We wish to highlight that the distinction between ‘general’ and ‘special’ tax benefits is not clear as the said terms have not been defined under the ICDR Regulations. Accordingly, we have provided comments on those tax benefits which are available consequent to undertaking a transaction / approval on the basis of specific facts of the Company. Further, the preparation of the enclosed Annexure II and its contents is the responsibility of the Management of the Company and is not exhaustive. 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 did not verify the special tax benefits available to Sharon Bio-Medicine limited. The Statement of Possible Special Tax Benefits for Sharon Medicine limited has been verified by E A Patil & Associates LLP, Chartered Accountants, whose reports have been furnished to us, and our opinion, insofar as it relates to the special tax benefits included in respect of such subsidiary, is based solely on the reports of such other auditor.

We conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (the **“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.

Registered Office:

## **B S R & Co. LLP**

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 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 and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this Report in the Red Herring Prospectus (“RHP”) and the 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

**Gaurav Mahajan**

*Partner*

Place: Panchkula

Membership No.: 507857

Date: 14 December 2023

UDIN: 23507857BGYNXQ3485

**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, each as amended and read with respective circulars and notifications made thereunder |
| 2.      | Central Goods and Services Tax ('CGST') Act 2017 and CGST Rules, 2017, as amended   |
| 3.      | Integrated Goods and Services Tax ('IGST') Act, 2017 and IGST Rules, 2017, as amended   |
| 4.      | State Goods and Services Tax Act, 2017, as amended  |
| 5.      | Customs Act, 1962, as amended and read with rules, circulars and notifications made thereunder  |
| 6.      | Customs Tariff Act, 1975, as amended and read with rules, circulars and notifications made thereunder                                 |
| 7.      | Foreign Trade Policy (FTP)  |

**LIST OF MATERIAL SUBSIDIARIES CONSIDERED AS PART OF THE STATEMENT (Note 1)**

1. Univentis Medicare Limited
2. Sharon Bio-Medicine Limited

Note 1: Material subsidiary identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, includes a subsidiary whose income or net worth in the immediately preceding year (i.e. 31 March 2023) exceeds 10% of the consolidated income or consolidated net worth respectively, of the holding company and its subsidiary in the immediate preceding year.

**ANNEXURE II**

**STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO INNOVA CAPTAB LIMITED ("THE COMPANY") AND 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. Special tax benefits available to the Company**

**a) Direct Tax Laws**

The Company avails direct tax benefits under the Tax Laws identified supra. The same have been outlined as under :

**1. Deduction under Section 80JJAA of the Act:** Subject to fulfilment of prescribed conditions, the Company claims deduction, under the provisions of Section 80JJAA of the Income-tax Act, 1961, of an amount equal to thirty per cent 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.

**b) Indirect Tax Laws**

The Company avails indirect tax benefits under the Tax Laws identified supra. The same have been outlined as under:

**1. Fiscal incentive in the form of reimbursement of Goods and Services Tax paid through cash and input tax credit:** The fixed capital investment of the Company in the Union territory of Jammu & Kashmir for setting up manufacturing facility is eligible under the New Central Sector Scheme for Industrial Development of Jammu & Kashmir ("Scheme") laid down by the Government of India. The incentive is available in the form of an investment subsidy by way of reimbursement of the Goods and Services Tax paid through cash and input tax credit by the Company. The availability of the said incentive is subject to fulfilment of certain conditions as prescribed in the Scheme.

**2. Export incentives under FTP and Customs laws:** The Company is availing export incentives under following schemes as prescribed in the FTP and Customs laws:

- Duty Drawback (DBK) scheme which allows refund of import duty of inputs directly used in manufacturing of exported goods. Remissions of Duties and Taxes on Exported Products (RoDTEP) scheme which provides for rebate of all Central, State, and Local duties/taxes/levies on the goods exported which have not been refunded under any other existing scheme.
- Export incentives under Foreign Trade Policy 2023 with respect to duty free (including IGST) import of inputs under Advance Authorization scheme and duty free import of capital goods in FY 23-24 under Export Promotion Capital Goods scheme, subject to fulfilment of Export Obligation and other conditions prescribed in the relevant Customs and FTP policy/notifications.
- The Company has opted to export the goods without payment of Integrated GST under a Letter of Undertaking for FY 23-24 and is entitled to claim refund of accumulated ITC on such exports in terms of GST law.
- The availability of above incentives is subject to fulfilment of prescribed conditions, procedure and limitation under the FTP /Customs, relevant rules and notifications.

## **B S R & Co. LLP**

### **3. Other incentives under GST law:**

- The Company is availing the benefit of refund of input tax credit due to inverted duty structure in terms of GST law.

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

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

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

#### **1. Univentis Medicare Limited**

##### **a) Direct Tax Laws**

The Material Subsidiary avails direct tax benefits under the Tax Laws identified supra. The same have been outlined as under:

**1. Deduction under Section 80JJAA of the Act:** Subject to fulfilment of prescribed conditions, the Material Subsidiary claims deduction, under the provisions of Section 80JJAA of the Income-tax Act, 1961, of an amount equal to thirty per cent 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.

##### **b) Indirect Tax Laws**

The Material Subsidiary avails indirect tax benefits under the Tax Laws identified supra. The same have been outlined as under:

**1. Export incentives under FTP:** The Material Subsidiary is availing export incentives under following schemes as prescribed in the FTP :

- Duty Drawback (DBK) scheme which allows refund of import duty of inputs directly used for export of products.
- Remissions of Duties and Taxes on Exported Products (RoDTEP) scheme which provides for rebate of all Central, State, and Local duties/taxes/levies on the goods exported which have not been refunded under any other existing scheme.
- The Material Subsidiary has opted to export the goods without payment of Integrated GST under a Letter of Undertaking on such exports in terms of GST law.
- The availability of above incentives is subject to fulfillment of prescribed criteria under the FTP.

#### **2. Sharon Bio-Medicine Limited**

##### **a) Indirect Tax Laws**

The Material Subsidiary avails indirect tax benefits under the Tax Laws identified supra. The same have been outlined as under:

- The Material Subsidiary is availing the benefit on import of goods under Advance Authorization Scheme in terms of Foreign Trade Policy 2023, getting duty exemption and complying conditions as per applicable provisions.
- The Material Subsidiary has opted to export the goods without payment of Integrated GST under a Letter of Undertaking on such exports in terms of GST law.
- Remissions of Duties and Taxes on Exported Products (RoDTEP) scheme which provides for rebate of all Central, State, and Local duties/taxes/levies on the goods exported which have not been refunded under any other existing scheme.
- The Material Subsidiary is claiming duty drawback of duty paid on import of materials used in manufacture of exported goods under Section 75 of the Customs Act 1962.

### **NOTES:**

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

## **B S R & Co. LLP**

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.
4. The possible special tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.

**For INNOVA CAPTAB LIMITED**

**Manoj Kumar Lohariwala**

*Chairman & Whole time Director*

Place: Panchkula

Date: 14 December 2023