

STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors
Unimech Aerospace and Manufacturing Limited
(Formerly known as Unimech Aerospace and Manufacturing Private Limited)
538, 539, 542, & 543
7th Main of Peenya IV Phase
Industrial Area
Yeshwanthpur Hobli
Bangalore - 560 058
Karnataka, India

Sub: Statement of possible special tax benefits available to Unimech Aerospace and Manufacturing Limited (Formerly known as Unimech Aerospace and Manufacturing Private Limited) ('the Company'), its shareholders and its material Indian subsidiary, Innomech Aerospace Toolings Private Limited ('Material Subsidiary') under the direct and indirect tax laws, prepared in accordance with the requirements under 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")

1. We, MSKA & Associates ("the Firm"), Chartered Accountants, the statutory auditors of the Company hereby confirm the enclosed statement in the Annexure prepared and issued by the Company, which provides the possible special tax benefits under direct tax and indirect tax laws presently in force in India, including the Income-tax Act, 1961, the Income-tax Rules, 1962, 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, The Customs Tariff Act, 1975 and the Foreign Trade Policy (collectively the "Taxation Laws"), the rules, regulations, circulars and notifications issued thereon, as amended by the Finance Act, 2024 & Finance (No.2) Act, 2024, and as applicable to the assessment year 2025-26 relevant to the financial year 2024-25, available to the Company, its shareholders, and Material Subsidiary identified as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Several of these benefits are dependent on the Company, its shareholders and Material Subsidiary, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company, its shareholders and Material Subsidiary to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company, its shareholders and Material Subsidiary face in the future. The Company, its shareholders and Material Subsidiary may or may not choose to fulfil such conditions for availing special tax benefits.
2. 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, 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.

3. The benefits discussed in the enclosed statement cover the possible special tax benefits available to the Company, its shareholders and its Material Subsidiary and do not cover any general tax benefits available to them.
4. The benefits stated in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. 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 issue 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.
5. 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.
6. 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.
7. We do not express any opinion or provide any assurance whether:
 - The Company, its shareholders and Material Subsidiary will continue to obtain these benefits in future;
 - The conditions prescribed for availing the benefits have been/would be met; and
 - The revenue authorities/courts will concur with the views expressed herein.
8. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and 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.
9. 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.

10. This Statement is addressed to Board of Directors and issued at specific request of the Company. The enclosed Annexure to this Statement is intended solely for your information and for inclusion in the red herring prospectus, the prospectus and any other material in connection with the proposed initial public offering of equity shares of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. Any subsequent amendment / modification to provisions of the applicable laws may have an impact on the views contained in our statement. While reasonable care has been taken in the preparation of this certificate, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For **M S K A & Associates**
Chartered Accountants
Firm Registration Number:105047W

Jiger Saiya

Partner
Membership No: 116349
UDIN: 24116349BKFZJC1398

Place: Mumbai
Date: **04-Dec-24**
Enclosure: Annexure A



UNIMECH AEROSPACE AND MANUFACTURING LIMITED

538, 539, 542 & 543, 14th Cross, 7th Main, 4th Phase, Peenya Industrial Area, Bangalore-560058, Karnataka, India.

ISO 9001-2015 & AS9100 Rev D Certified

GSTIN NO.: 29AABCU9719Q1ZC | CIN NO.: U30305KA2016PLC095712

ANNEXURE A

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 Service Tax Act, 2017
3	State Goods and Service Tax Act, 2017
4	Integrated Goods and Service Tax Act, 2017
5	Union Territory Goods and Services Tax Act, 2017
6	Customs Act, 1962
7	Customs Tariff Act, 1975
8	Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2023)
9	Special Economic Zones Act, 2005

Sr. No. 2 to 9 : As amended by the Finance Act, 2024 & Finance (No.2) Act, 2024 applicable for the Financial Year 2024-25, read with relevant Rules, Notifications and Circulars, each as amended and presently in force in India (collectively referred as "Indirect Tax Laws")

LIST OF MATERIAL SUBSIDIARY CONSIDERED AS PART OF THE STATEMENT (NOTE 1)

1) INNOMECH AEROSPACE TOOLINGS PRIVATE 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 turnover, profit before tax or net worth in the immediately preceding year (i.e. 31 March 2024) exceeds 10% of the consolidated turnover, consolidated profit before tax or consolidated net worth respectively, of the Group in the immediately preceding year.



ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND MATERIAL SUBSIDIARY UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES (“TAX LAWS”) IN INDIA

This statement of possible special direct tax benefits available to the Company, its shareholders and its Material Subsidiary under the direct tax laws in force in India. This statement is required as per paragraph (9)(L) of Part A of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (“SEBI ICDR Regulations”). This statement is as per the Income-tax Act, 1961 as amended by the Finance Act, 2024 & Finance (No.2) Act, 2024 read with the relevant rules, circulars and notifications applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force.

UNDER THE DIRECT TAX LAWS

1. Special tax benefits available to the Company and its Material Subsidiary

The Company and the Material Subsidiary avail the direct tax benefit under the Tax Laws identified *supra*. The same has been outlined as under:

a) Special tax benefit available to Unimech Aerospace And Manufacturing Limited (Formerly known as Unimech Aerospace and Manufacturing Private Limited)

i. Section 115BAA- Tax on income of certain domestic companies.

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 shall pay corporate tax at a reduced rate of 22% (plus surcharge and education cess).

Section 115BAA of the Act further provides that domestic companies availing the said option will not be required to pay Minimum Alternate Tax (‘MAT’) on their ‘book profits’ under section 115JB of the Act and unutilized MAT credit, if any, will not be available for set-off. The option needs to be exercised on or before the due date of filing the tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other assessment year.

However, while computing the total income such a company will no longer be eligible to avail certain specified incentives/deductions or specified brought forward losses and depreciation/ unabsorbed depreciation and the depreciation can be claimed as determined in the prescribed manner.

The Company has evaluated and decided to opt for the lower corporate tax rate of 22 percent (plus applicable surcharge and cess) with effect from the Financial Year 2020-21 relevant to the Assessment Year 2021-22 under section 115BAA of the Act. Such option has been exercised by the Company while filing its return for the Financial Year 2020-21 relevant to the Assessment Year 2021-22 within the due date prescribed under sub-section (1) of section 139 of the Act. Since the Company has opted for lower corporate tax rate, MAT tax credit (if any) is no longer available for set-off or carry forward in future years.



ii. Section 80M - Deduction in respect of Inter-Corporate Dividends

As per the provisions of Section 80M of the Act, dividend received by the Company from any other domestic company, or a foreign company shall be eligible for deduction while computing its total income for the relevant year. The amount of such deduction would be restricted to the amount of dividend distributed by the Company to its shareholders on or before one month prior to due date of filing of its Income-tax return for the relevant year. Since the Company has investments in Indian subsidiary, it may avail the above-mentioned benefit under Section 80M of the Act.

b) Special tax benefit available to Material Indian subsidiary, Innomech Aerospace Toolings Private Limited

i. Section 10AA - Deductions in respect of in respect of newly established Units in SEZ.

Section 10AA has been inserted by the Finance Act, 2006 w.e.f., 1 April 2006 for providing deductions from Gross Total Income for the units established in SEZ and 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, but before the first day of April, 2021, the following deduction shall be allowed:-

- 100% of export profit is eligible for the deduction for the first five years.
- 50% of export profit is eligible for the deduction for the next five years.
- Amount not exceeding 50% of export profit is eligible for the deduction for the next five years subject to fulfillment of prescribed conditions specified in subsection (2).

The deduction is available for units that begin operations before 01.04.2020, which has been extended to 31.03.2021 through the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 but the unit should have received letter of approval, required to be issued in accordance with the provisions of the Special Economic Zones Act, 2005, on or before the 31st day of March 2020,

There are other conditions required to be satisfied as prescribed under the Act for the purpose of claiming deduction under section 10AA of the Act like filing return on time, filing report of an accountant, receiving export proceeds in convertible foreign exchange etc.

Innomech Aerospace Toolings Private Limited has represented to us that it has satisfied all the conditions applicable for availing deduction under section 10AA of the Act along with conditions specified in the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 and it has been claiming deduction under section 10AA of the Act from AY 2021-22 onwards.



ii. Section 115JB- Special provision for payment of tax by certain companies.

Notwithstanding anything contained in any other provision of this 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, 2020, is less than fifteen per cent 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 than fifteen per cent. The tax payable under 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 Income-tax Act. Such MAT Credit shall be eligible to be carried forward and set off for 15 Assessment Years immediately succeeding the assessment year in which such credit has become allowable. Set off of MAT Credit shall be allowed for any assessment year 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.

c) Special tax benefit available to both Unimech Aerospace And Manufacturing Limited (Formerly known as Unimech Aerospace and Manufacturing Private Limited) and its material Indian subsidiary, Innomech Aerospace Toolings Private Limited

i. Deductions from the Gross Total Income - Section 80JJAA of the Act - Deduction in respect of employment of new employees

Subject to the fulfilment of prescribed conditions, for the year, the Company and its Material Subsidiary is entitled to claim deduction under section 80JJAA of the Act with respect to 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. Further, where the Company and its Material Subsidiary wishes to claim possible tax benefit, it shall obtain necessary certification from Chartered Accountant on fulfilment of the conditions under the extant provisions of the Act.

2. Special tax benefits available to Shareholders of the Company

- Apart from the tax benefits available to each class of shareholders as such, there are no special tax benefits available to the shareholders of the Company under the Tax Laws identified supra



UNDER THE INDIRECT TAX LAWS

1. Special tax benefits available to the Company and its Material Subsidiary

The Company and the Material Subsidiary avail the indirect tax benefit under the Tax Laws identified *supra*. The same has been outlined as under:

a) **Special tax benefit available to Unimech Aerospace And Manufacturing Limited (Formerly known as Unimech Aerospace and Manufacturing Private Limited)**

i. **Benefits of Duty Drawback scheme under Section 75 of the Customs Act, 1962:**
As per Section 75 of the Customs Act, the Central Government is empowered to allow duty drawback on goods manufactured in India and exported. The Company avails duty drawback benefit as per the All Industry Rate (AIR) in the duty drawback schedule.

ii. **Benefits of Remission of Duties and Taxes on Export Products ("RoDTEP") Scheme under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2023):**

This scheme provides rebate of duties/ taxes / levies (which are not refunded under any other existing schemes), at the Central, State and local level, borne on the exported product, including prior stage cumulative indirect taxes on goods and services used in the production of the exported product and such indirect duties/ taxes / levies in respect of distribution of exported product. The Company avails RoDTEP benefit as notified, on exported products. Under the Scheme, a rebate would be granted to eligible exporters at a notified rate as a percentage of FOB value with a value cap per unit of the exported product, wherever required, on export of items which are categorized under the notified 8 digit HS Code. However, for certain export items, a fixed quantum of rebate amount per unit may also be notified.

iii. **Benefits under the Central Goods and Services Act, 2017, respective State / Union Territory Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder):**

Under GST regime, the exporter has the option to either undertake exports under cover of a Bond/ Letter of Undertaking ("LUT") without payment of IGST and claim refund of accumulated input tax credit subject to fulfilment of conditions prescribed for export or the exporter may export with payment of IGST and claim refund of IGST paid on such exports as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017. Thus, the Integrated Goods and Service Tax Act, 2017 permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to claim refund of tax paid on exports as IGST (by undertaking exports on payment of tax using ITC) or export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies. The Company is availing both these benefits.



b) Special tax benefit available to Material Indian subsidiary, Innomech Aerospace Toolings Private Limited

i. Benefits under the Special Economic Zones Act, 2005 read with relevant rules prescribed thereunder):

As per Section 7 of the Special Economic Zones Act, 2005 (“SEZ Act”) any goods or services exported out of, or imported into, or procured from the Domestic Tariff Area by a Unit in a Special Economic Zone or a Developer shall, subject to such terms, conditions and limitations, as may be prescribed, be exempt from payment of specified taxes, duties or cess. Further, in terms of Section 26 of the SEZ Act, import of goods and services by a SEZ unit or developer is exempt from the applicable duties of Customs under Customs Act, 1962 or Customs Tariff Act, 1975. We understand that Innomech Aerospace Toolings Private Limited is a unit located in SEZ and is availing the benefit of duty/tax free procurement of goods and services from within/outside India.

ii. Benefits under the Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder):

As per Section 16 of the Integrated Goods and Services Tax Act, 2017, supply of goods or services or both for authorised operations to a Special Economic Zone developer or a Special Economic Zone unit is considered as a “Zero rated supply” and hence GST is not levied on the supply made by the supplier to SEZ unit.

iii. Benefits under the Central Goods and Services Act, 2017, respective State / Union Territory Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder):

Under GST regime, the exporter has the option to undertake exports under cover of a Bond/ Letter of Undertaking (“LUT”) without payment of IGST and claim refund of accumulated input tax credit subject to fulfilment of conditions prescribed for export as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017. Thus, the Integrated Goods and Service Tax Act, 2017 permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to undertake export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

The Company is undertaking the exports without payment of tax by executing a LUT and then availing refund of unutilized ITC under Section 54 of the CGST Act, 2017.

2. Special tax benefits available to Shareholders of the Company and its Material Subsidiary

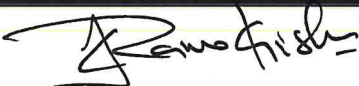
There are no special tax benefits available to the shareholders of the Company and its Material Subsidiary under the Tax Laws identified supra.



NOTES:

- i. The above is as per the current Tax Laws.
- ii. The above Statement of possible special tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership, and disposal of equity shares of the Company.
- iii. The above statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of the Company. The shareholders/ investors in the country outside India are advised to consult their own professional advisors regarding possible income-tax consequences that apply to them.
- iv. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement (“DTAA”), if any, between India and the country in which the non-resident has fiscal domicile.
- v. This statement is intended only 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 tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/ her investment in the shares of the Company.
- 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.
- vii. No assurance is given that the conditions stipulated with respect to the special tax benefits provided above will be complied by the Company and Innomech Aerospace Toolings Private Limited in the subsequent years.

**For Unimech Aerospace And Manufacturing Limited
(Formerly known as Unimech Aerospace and Manufacturing Private Limited)**



Name: Ramakrishna Kamojhala
Designation: Chief Financial Officer



Place: Bengaluru
Date: December 4, 2024