



### 3. STATEMENT OF TAX BENEFITS

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO TUNWAL E-MOTORS LIMITED ("THE COMPANY") AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA**

Date: 05/07/2024

To,

**The Board of Directors**

**Tunwal E-Motors Limited**

Rama Icon Commercial Building,

Office No 501, S.No 24/2, C.T.S No. 2164, Plot No. 31/11 Sadashiv Peth,

Pune - 411030, Maharashtra, India.

Dear Sir(s),

**Sub: Proposed initial public offering of equity shares of ₹ 2 each (the "Equity Shares") of Tunwal E-Motors Limited (the "Company" and such offering, the "Issue")**

We refer to the proposed initial public offering of equity shares (the "Offer") of Tunwal E-Motors Limited ("TEML" or the "Company"). We enclose herewith the statement (the "Annexure") showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Indian direct and indirect tax laws including the Income-tax Act, 1961, 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 (collectively the "GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively the "Taxation Laws") including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2024-25 relevant to the financial year 2023-24 for inclusion in the Prospectus ("DP") for the proposed initial public offering of shares of the Company as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations").

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws including the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. 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 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 benefits, which an investor can avail. We are neither suggesting nor are we advising the investors to invest or not to invest money based on this statement.

The contents of the enclosed Annexure are based on the representations obtained from the Company on the basis of our understanding of the business activities and operations of the Company.

We do not express any opinion or provide any assurance whether:

- The Company or its Shareholders will continue to obtain these benefits in future;



- The conditions prescribed for availing the 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 ICDR Regulations.

We hereby give our consent to include this report and the enclosed Annexure regarding the tax benefits available to the Company and its shareholders in the Prospectus for the proposed initial public offer of equity shares which the Company intends to submit to the Securities and Exchange Board of India and SME platform of NSE India limited (NSE Merged) (the “Stock Exchanges”) where the equity shares of the Company are proposed to be listed, as applicable, provided that the below statement of limitation is included in the Prospectus.

We also consent to the references to us as “Experts” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Offer Documents or in any other documents in connection with the Offer.

#### **LIMITATIONS**

Our views expressed in the enclosed Annexure 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 information, explanations and representations obtained from the Company and our independent verification of thereof and on the basis of our understanding of the business activities and operations of the Company and the existing provisions of taxation laws in force in India 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 and third parties who may or may not invest in the initial public offer relying on the statement. This statement has been prepared solely in connection with the proposed initial public offering of equity shares of the Company under the ICDR Regulations.

**For Mittal Agarwal & Company**  
Chartered Accountants  
(Registration No. 131025W)

**Deepesh Mittal**  
Partner  
Membership No. 539486  
Place: Mumbai  
Date: 05/07/2024  
UDIN: 24539486BKFMEO8291



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**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO TUNWAL E-MOTORS LIMITED (“COMPANY”) AND THE SHAREHOLDERS OF THE COMPANY (“SHAREHOLDERS”)**

The information provided below sets out the possible special direct and indirect tax benefits available to Tunwal E-Motors Limited (“TEML” or “the Company”) and the shareholders of the Company (“Shareholders”) in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current Tax Laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives a shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. 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, 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. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

The statement below covers only relevant special direct and indirect tax law benefits and does not cover benefits under any other law.

Investors are advised to consult their own tax consultant with respect to the tax implications of an investment and consequences of purchasing, owning and disposing of equity shares in the securities, 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 benefits, which an investor can avail in their particular situation.



**STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY**

**I. Special direct tax benefits available to the Company**

**Deductions from Gross Total Income**

• **Deduction in respect of employment of new employees**

Subject to the fulfilment of prescribed conditions, the Company is entitled to claim a deduction 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 under section 80JJAA of the Act.

We understand that the Company has opted for concessional tax rate under section 115BAA of the Act. However, the Company will still be eligible to claim the above deduction.

**II. Special direct tax benefits available to Shareholders**

Apart from the tax benefits available to each class of shareholders as such, there are no special tax benefits for shareholders.

**NOTES:**

1. The above benefits are as per the current tax law as amended by the Finance Act, 2023.
2. This statement does not discuss any tax consequences in the country outside India of an investment in the shares. 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.
3. The Company has opted for concessional tax rate under section 115BAA of the Act. Accordingly, the surcharge shall be levied at the rate of 10% irrespective of the amount of total income.
4. Health and Education Cess at 4% on the tax and surcharge is payable by all category of taxpayers.
5. The Company has opted for concessional tax rate under section 115BAA of the Act. Hence, it will not be allowed to claim any of the following deductions/exemptions:
  - Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
  - Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)
  - Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
  - Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or subsection (2AB) of section 35 (Expenditure on scientific research)
  - Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
  - Deduction under section 35CCD (Expenditure on skill development)
  - Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA (Deduction in respect of employment of new employees) and 80M (Deduction in respect of certain inter-corporate dividends);



- No set-off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above. However, if there is a depreciation allowance which has not been given full effect to before AY 2020-21, corresponding adjustment shall be made to the written down value of such block of assets as on the 1 April 2019 in the prescribed manner, if the option is exercised for AY 2020-21;
- No set-off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred to in clause

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.



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**STATEMENT OF SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**

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”)

**I. Special indirect tax benefits available to the Company**

There are no special tax benefits available to the Company under the indirect tax laws.

**II. Special indirect tax benefits available to Shareholders**

There are no special tax benefits applicable in the hands of the shareholders for investing in the shares of the Company under the indirect tax laws.