

STATEMENT OF POSSIBLE TAX BENEFITS

To,
The Board of Directors
HOLMARC OPTO-MECHATRONICS LIMITED
H.M.T. INDUSTRIAL ESTATE KALAMASSEREY, COCHIN -683503.

Dear Sirs,

Sub: Statement of possible Special tax benefit ("the Statement") available to Holmarc Opto-Mechatronics Limited and its shareholders prepared in accordance with the requirements under Schedule VI Part A -Clause (9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("SEBI ICDR Regulations").

We hereby confirm that the enclosed annexure, prepared by Holmarc Opto-Mechatronics Limited ("the Company") states the possible special tax benefits available to the Company and the shareholders of the Company under the Income – tax Act, 1961 ('Act') as amended time to time, the Gift Tax Act, 1958, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and its Shareholders and do not cover any general tax benefits. Further, these benefits are neither exhaustive nor conclusive 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 hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, 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 issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

Our views are based on the existing provisions of the Act and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retroactive, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein.

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; or
- the conditions prescribed for availing the benefits, where applicable have been/would be met.

The contents of this annexure 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 and the provisions of the tax laws.

No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change.

We shall not be liable to 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 of intentional misconduct.



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Chartered Accountants

The enclosed Annexure is intended solely for your information and for inclusion in the Draft Prospectus/Prospectus or any other issue related material in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Signed in terms of our separate report of even date.

**For G Joseph & Associates
Chartered Accountants
Firm Reg. No: (FRN 006310S)**



**Allen Joseph
Partner
M No. 228498**

**Place: Kochi
Date: August 2, 2023**

UDIN: 23228498BGXRAU2993



Annexure to the statement of possible Tax Benefits

Outlined below are the possible Special tax benefits available to the Company and its shareholders under the Income Tax Act, 1961 presently forced in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have different interpretation on the benefits, which an investor can avail.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

1. Special Direct Tax Benefits available to the Company under the Act:

The Company is not entitled to any Special tax benefits under the Act.

2. Special Direct Tax Benefits available to the shareholders of the Company

Benefits available to the Resident Shareholders:

- a) 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 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 on tax would be restricted to a maximum of 15% (instead of peak surcharge rate of 37%).
- b) In case of dividend income earned by domestic shareholders, reported under the head "Income from other sources", shall be computed after making deduction of a sum paid by way of interest on the capital borrowed for the purpose of investment. However, no deduction shall be allowed from the dividend income, other than deduction on account of interest expense, and in any previous year such deduction shall not exceed 20% of the dividend income under section 57 of the Act.
- c) As per Section 112A of the Act, long-term capital gains arising from transfer of a listed equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfilment of prescribed conditions under the Act. It is worthwhile to note that no tax shall be levied where such capital gains are less than INR 1,00,000 .
- d) As per Section 111A of the Act, short term capital gains arising from transfer of a listed equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfilment of prescribed conditions under the Act.

Notes:

- i) All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
- ii) The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. Special Indirect Tax Benefits available to the Company under the Act:



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Export of Goods and/or Services or Both is considered as Zero rated supply as per section 16 of the IGST Act, the company would have a benefit to make exports without payment of tax under a LUT and claim refund of unutilized ITC for making such exports in accordance with section 54 subject to fulfilment of prescribed conditions under the GST Laws. Also, the company has an option to make exports with payment of IGST and later claim refund of the tax paid subject to fulfilment of prescribed conditions under the GST Laws.


4. Special Indirect Tax Benefits available to the shareholders of the Company :

The shareholders of the Company are not entitled to any Special tax benefits under the Act.

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. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to 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 any other person in respect of this statement.

Signed in terms of our separate report of even date.

For G Joseph & Associates
Chartered Accountants
Firm Reg. No: (FRN 006310S)



Allen Joseph
Partner
M No. 228498



Place: Kochi
Date: August 2, 2023

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