



VIKRAN ENGINEERING LIMITED

(Formerly Known as VIKRAN ENGINEERING & EXIM PRIVATE LIMITED)

Annexure II

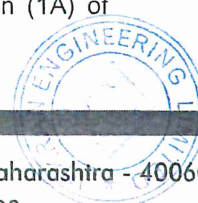
STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO VIKRAN ENGINEERING LIMITED (FORMERLY, VIKRAN ENGINEERING PRIVATE LIMITED) AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT TAX LAWS IN INDIA.

Direct Taxation

Special tax Benefits available to Vikran Engineering Limited ("the Company") [previously known Vikran Engineering Private Limited] and the Shareholders of the Company under the Income-tax Act, 1961 (hereinafter referred to as the "IT Act"), read with the Income-tax Rules, 1962 (hereinafter referred to as the "IT Rules"), circulars, notifications, as amended by the Finance Act 2025 presently in force in India, (hereinafter collectively referred to as the "Direct Tax Laws"). These special direct tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under Direct Tax Laws of India.

1. Special Tax Benefits available to the Company under the Direct Tax Laws in India

- a) The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA of the IT Act wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and education cess) on fulfillment of certain conditions. The option to apply this tax rate is available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21 and the option once exercised through filing of Form 10-IC on the Income tax portal shall apply to subsequent assessment years. The applicability of the concessional tax rate of 22% is not determined on the basis of the turnover of the Company and is applicable once the Company opts for Section 115BAA. Further, the concessional tax rate of 22% is subject to the company not availing any of the following deductions under the provisions of the IT Act:
- (i) Deduction under Section 10AA of the IT Act (deduction for units in Special Economic Zone);
 - (ii) Deduction under clause (iia) of sub-section (1) of Section 32 of the IT Act (Additional depreciation);
 - (iii) Deduction under Section 32AD, Section 33AB, or Section 33ABA of the IT Act (Investment allowance in backward areas, Investment deposit account, site restoration fund);
 - (iv) Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of Section 35 of the IT Act (Expenditure on scientific research);
 - (v) Deduction under Section 35AD or Section 35CCC of the IT Act (Deduction for specified business, agricultural extension project);
 - (vi) Deduction under Section 35CCD of the IT Act (Expenditure on skill development);
 - (vii) Deduction under any provisions of Chapter VI-A other than of Section 80JJAA or Section 80M of the IT Act;
 - (viii) Deduction under Section 80LA of the Act other than deduction applicable to a unit in the International Financial Services Centre, as referred to in sub-section (1A) of



Registered & Corporate Office : 401, Odyssey I.T. Park, Road No. 9, Wagle Industrial Estate, Thane, Maharashtra - 400604.

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www.vikrangroup.com

Section 80LA of the IT Act;

- (ix) No set off of any loss brought forward or unabsorbed depreciation from any earlier assessment year(s), if such loss or depreciation is attributable to any of the deductions referred from clause (i) to (viii) above; and
- (x) No set off of any loss or allowance for unabsorbed depreciation deemed so under Section 72A of the IT Act, if such loss or depreciation is attributable to any of the deductions referred from clause (i) to (viii) above.

Additionally, the provisions of Section 115JB of the IT Act i.e., Minimum Alternate Tax ("MAT") shall not apply to the Company once the option under Section 115BAA of the IT Act, as specified under sub-section (5A) of Section 115JB of the IT Act. Additionally, the Company will not be allowed to carry forward and set off any credit under section 115JAA of the IT Act, if any, commonly referred to as MAT credit. The Company is also required to submit the prescribed Form 10-IC with the Income-tax authorities within the specified due date for filing Income-tax return.

The Company has opted for the lower corporate tax rate under Section 115BAA of the IT Act in AY 2020-21 and has filed form 10-IC on 14 February 2021 which is a pre-requisite for availing the concessional tax rates under Section 115BAA of the IT Act.

- b) As per section 80JJAA of the IT Act, where a Company is subject to tax audit under section 44AB of the IT Act and derives income from business, it shall be allowed to claim a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in a previous year, for 3 consecutive assessment years including the AY relevant to the previous year in which such additional employment cost is incurred.

The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the IT Act. Further, to claim the aforesaid deduction, it is required to furnish the report of an accountant electronically in Form 10DA containing the particulars of deduction prior to the due date of filing tax audit report as per section 44AB of the IT Act.

At the time of filing of Income tax return ('ITR') for AY 2024-25, the Company has claimed the deduction under Section 80JJAA of the IT Act and has filed Form 10DA which is a pre-requisite for claiming the deduction under Section 80JJAA of the IT Act.

- c) As per the provisions of section 80M of the IT Act, inserted with effect from AY 2021-22, a domestic company, shall be allowed to claim a deduction of dividend income earned from any other domestic company or a foreign company or a business trust. However, such deduction shall be restricted to the amount of dividend distributed by it to its shareholders on or before the due date i.e., one month prior to the date of furnishing the return of income under sub-section (1) of section 139 of the IT Act.

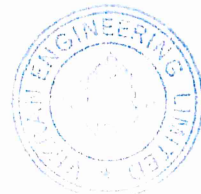
The Company has not earned any dividend income during FY 2024-25. Accordingly, the Company is not eligible to claim deduction under section 80M of the IT Act in the ITR for AY 2025-26 (FY 2024-25).

The Company may claim the deduction under section 80M of the IT Act against dividend income (if any) in future subject to fulfilment of prescribed conditions.

- d) As per the provisions of Section 35D of the IT Act, the Company may be entitled to amortize preliminary expenditure, being specific expenditure incurred in connection with the issue for public subscription or being other expenditure as prescribed under this Section. This is subject to the specified limit under the Act i.e., maximum 5% of the cost of the project or 5% of the capital employed in the business of the company.



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The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed, or the new unit commences production or operation.

In order to claim deduction under section 35D of the IT Act, the Company shall be required to furnish a statement in Form 3AF containing the particulars of specified expenditure under section 35D of the IT Act to income tax authority prior to one month before the due date of filing income tax return as per section 139(1) of the IT Act.

The Company should be eligible to claim the deduction under Section 35D of the IT Act subject to fulfilment of prescribed conditions.

- e) As per the provisions of the Section 35DD of the IT Act, an assessee, being an Indian company, is eligible to claim deduction of any expenditure incurred wholly and exclusively for the purposes of amalgamation or demerger of an undertaking. The deduction under section 35DD of the IT Act is allowable for an amount equal to one-fifth of such expenditure for each of the five successive previous years beginning with the previous year in which the amalgamation or demerger takes place.

We understand that during FY 2024-25, Farista Financial Consultants Private Limited and Deb Suppliers and Traders Private Limited (erstwhile shareholders of the Company) have amalgamated with the Company through a scheme of amalgamation. The scheme of amalgamation has been approved by the National Company Law Tribunal ("NCLT") vide the order dated 14 August 2024 with Appointed Date being 01 April 2023. However, the amalgamation is effective from 23 August 2024.

In view of the above, the Company should be eligible to claim deduction under section 35DD of the IT Act subject to fulfilment of prescribed conditions under section 2(1B) and section 35DD of the IT Act.

- f) As per the provisions of section 70 of the IT Act, if the Company has incurred loss under the head capital gains in relation to a short-term capital asset, it can be set-off either against Short-Term Capital Gain ("STCG") or Long-Term Capital Gain ("LTCG") for that assessment year. If the loss has been incurred in relation to a long-term capital asset, it can be set-off only against LTCG for that assessment year.

However, if the losses are not wholly set-off, the same shall be carried forward to set-off against the income in the following eight assessment years as per section 74 of the Act. If the loss carried forward relates to short-term capital asset, it shall be set-off either against LTCG or STCG. However, if the loss carried forward relates to long-term capital asset, it shall be set-off only against LTCG.

At the time of filing of ITR for AY 2024-25, the Company has carried forward losses of INR 21,784/- under the head Long Term Capital Losses to subsequent assessment years. However, due to the amalgamation of Farista Financial Consultants Private Limited and Deb Suppliers and Traders Private Limited with the Company, the conditions specified under Section 79 of the IT Act are not satisfied. Accordingly, the Company shall not be eligible to carry forward and set off loss to subsequent years..

- g) As per section 72A of the IT Act, brought forward business losses and unabsorbed depreciation are allowed to be carried forward in case of amalgamation subject to the satisfaction of certain conditions.

On perusal of the ITR of Farista Financial Consultants Private Limited and Deb Suppliers



and Traders Private Limited for AY 2024-25, it is observed that they have carried forward business loss amounting to INR 52,063/- and INR 1,05,189/- respectively.

Since the conditions of section 72A of the IT Act are not satisfied, post amalgamation, the Company shall not be eligible to carry forward the above-mentioned losses to subsequent years.

- h) Post the amendment made by Finance (No. 2) Act, 2024, capital gains arising from transfer of long-term capital assets under section 112/ 112A of the IT Act is to be taxed at 12.5% plus applicable surcharge and cess, with effect from 23 July 2024 (without the benefit of Indexation). Further, it is worthwhile to note that tax shall be levied where such aggregate capital gains exceed INR 1,25,000 in a FY.

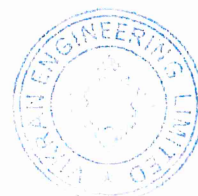
Please note that gains arising from sale of units of Specified Mutual Funds acquired on or after the 1 April 2023 are always considered as short-term irrespective of the period of holding in accordance with section 50AA of the IT Act.

STCG arising from the transfer of listed equity shares, unit of an equity-oriented fund or unit of a business trust covered under section 111A of the IT Act is to be taxed @ 20% (plus applicable surcharge and cess). However, STCG arising from short-term capital assets (other than listed equity shares, unit of an equity-oriented fund or unit of a business trust covered under section 111A of the IT Act), is to be taxed at the normal tax rate of the Company.

2. Special Tax Benefits available to the Shareholders of the Company under the Direct Tax Laws in India

Following are the special tax benefits available to shareholders of the Company.

- Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in the case of a domestic corporate shareholder, benefit of deduction under Section 80M of the Act would be available. As per 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 up to one month prior to the date of filing of its Income-tax return for the relevant year.
- As per section 115A of the IT Act, dividend income earned by a non-resident (not being a Company) or by a foreign Company, shall be taxed at the rate of 20% (plus applicable surcharge and cess) subject to fulfilment of prescribed conditions under the IT Act.
- As per section 111A of the IT Act, STCG arising from transfer of equity shares on which securities transaction tax ("STT") is paid at the time of acquisition and sale, shall be taxed at the rate of 20% (plus applicable surcharge and cess). This is subject to fulfilment of prescribed conditions under the IT Act.
- As per Section 112A of the Act, LTCG arising from the transfer of an equity share on which STT is paid at the time of acquisition and sale, shall be taxed at the rate of 12.5% (plus applicable surcharge and cess). It is worthwhile to note that tax shall be levied where such aggregate capital gains exceed INR 1,25,000/- in a year.



- Where the shareholders are Individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, and Artificial Juridical Person, surcharge would be restricted to 15% in respect of dividend income, LTCG and STCG under section 111A of the IT Act.
- As per section 36(1)(xv) of the IT Act, the STT paid in respect to the taxable securities transactions entered during the course of business can be deducted in computing the total income provided the income arising from such taxable securities transactions is included under the head "Profits and gains of business or profession".
- As per Section 90(2) of the IT Act, non-resident shareholders will be entitled to be governed by the beneficial provisions under the respective Double Taxation Avoidance Agreement ("DTAA"), if any, applicable to such non-residents. This is subject to fulfilment of conditions prescribed to avail treaty benefits.

Further, any income by way of capital gains accruing to non-residents may be subject to withholding tax per the provisions of the Act or under the relevant DTAA, whichever is beneficial. However, where such non-resident has obtained a lower withholding tax certificate from the tax authorities, the withholding tax rate would be as per the said certificate. The non-resident shareholders can also avail credit for any taxes paid by them in India, subject to local laws of the country in which such shareholder is resident.

• **Section 115BAC of the Act:**

Section 115BAC of the Act provides for the concessional tax regime to the Person being an Individual or Hindu Undivided Family or Association of Persons (other than a co-operative society), or Body of Individuals, whether incorporated or not, or an artificial juridical person. As per the said Section, income tax shall be computed as per rates mentioned in below table:

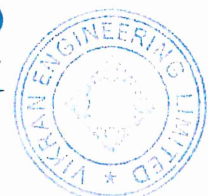
Sr. No	Total income	Rate of tax
1	Up to INR 4,00,000/-	Nil
2	INR 4,00,001/- to INR 8,00,000/-	5%
3	INR 8,00,001/- to INR 12,00,000/-	10%
4	INR 12,00,001/- to INR 16,00,000/-	15%
5	INR 16,00,001/- to INR 20,00,000/-	20%
6	INR 20,00,001/- to INR 24,00,000/-	25%
7	Above INR 24,00,000/-	30%

The concessional tax regime is default tax regime for the abovementioned persons. However, the option to opt out of concessional tax regime and opt for old tax regime is available to the above class of taxpayers. The person willing to opt out shall exercise such option-

- by filing form no. 10 - IEA on or before the due date specified under sub-section (1) of Section 139 of the Act for furnishing the return of income for the relevant assessment year in case of a person having income from business or profession, and such option once exercised shall apply to subsequent assessment years; However, option of old tax regime exercised can be withdrawn only once during a previous year other than the year in which it was exercised. Once withdrawn, the person shall never be eligible to exercise the option of old tax regime except where such person ceases to have any income from business or profession or;
- along with the return of income to be furnished under sub-section (1) of Section 139 of the Act for the relevant assessment year, in case of a person not having



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income from business or profession.

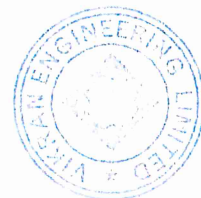
Under the concessional tax regime, the Person shall not be allowed to claim any of the following deductions/exemptions:

- (i). exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32), of Section 10 of the Act;
- (ii). deduction under Section 10AA of the Act (deduction for units in Special Economic Zone);
- (iii). deduction under clause (ii) or clause (iii) of Section 16 of the Act;
- (iv). deduction under clause (b) of Section 24 [in respect of the property referred to in sub-section (2) of Section 23 of the Act]
- (v). deduction under clause (iia) of sub-section (1) of Section 32 of the Act (Additional depreciation);
- (vi). deduction under Section 32AD, Section 33AB, or Section 33ABA of the Act (Investment allowance in backward areas, Investment deposit account, site restoration fund);
- (vii). deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of Section 35 of the Act (Expenditure on scientific research);
- (viii). deduction under Section 35AD or Section 35CCC of the Act (Deduction for specified business, agricultural extension project);
- (ix). deduction under any provisions of Chapter VI-A other than the provisions of sub-section (2) of Section 80CCD or sub-section (2) of Section 80CCH or section 80JJAA of the Act;
- (x). no set off, of any loss brought forward or unabsorbed depreciation from any earlier assessment year(s), if such loss or depreciation is attributable to any of the deductions referred from clause (i) to (ix) above and;
- (xi). Offset off any loss under the head "Income from house property" with any other head of income.

In the case of salaried individuals who are opting to compute their income under the above-mentioned concessional tax regime under Section 115BAC, the limit of standard deduction u/s 16(ia) has been proposed to be increased from 50,000 to 75,000 in the Finance (No.2) Bill, 2024.

Notes:

1. These special tax 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 or its shareholders may or may not choose to fulfil.
2. The special tax benefits discussed in the Statement are not exhaustive and 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. Given the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her tax consultant for the specific tax implications arising out of their participation in the issue.
3. The Statement has been prepared on the basis that the shares of the Company are proposed to be listed on a recognized stock exchange in India and the Company will be issuing equity shares.



4. The Statement is prepared based on information available with the Management of the Company and there is no assurance that:
 - i. the Company or its shareholders will continue to obtain these benefits in future;
 - ii. the conditions prescribed for availing the benefits have been/ would be met with; and
 - iii. the revenue authorities/courts will concur with the view expressed herein.
5. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
6. In respect of non-resident Shareholders, the tax rates and consequent taxation will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreements(s), if any, between India and the Country in which the non-resident has fiscal domicile.
7. No assurance is provided that the revenue authorises/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.

For and on behalf of M/s. Vikran Engineering Limited
[previously known as Vikran Engineering Private Limited]



Authorised Signatory

Place: Mumbai
Date: 1 August 2025

