

**STATEMENT OF SPECIAL TAX BENEFITS**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO EPACK DURABLE LIMITED (FORMERLY KNOWN AS EPACK DURABLE PRIVATE LIMITED AND EPACK DURABLES SOLUTIONS PRIVATE LIMITED) ("EPACK DURABLE" OR "THE COMPANY"), THE SHAREHOLDERS OF THE COMPANY AND ITS MATERIAL SUBSIDIARY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA**

To

The Board of Directors,  
EPACK Durable Limited (Formerly known as EPACK Durable Private Limited and EPACK Durables Solutions Private Limited)  
61-B, Udyog Vihar,  
Surajpur, Kasna Road,  
Greater Noida, Gautam Budh Nagar,  
Uttar Pradesh - 201306

Dear Sirs,

**Subject: Statement of Possible Special Tax Benefits available to the Company, its shareholders, and its material subsidiary<sup>1</sup> under the direct and indirect tax laws**

We refer to the proposed initial public offering of the equity shares of the Company ("Offer"). We enclose herewith the statement ("Annexure") showing the current position of special tax benefits available to the Company, to its shareholders and its material subsidiary (i.e., Epack Components Private Limited) as per the provisions of the Indian direct and indirect tax laws, including, the Income-tax Act 1961 (read with Income Tax Rules, circulars, notifications), 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, "GST Act"), the Customs Act, 1962 ("Customs Act"), the Customs Tariff Act, 1975 ("Tariff Act") and Foreign Trade Policy 2015-2020 (as extended) including the rules, regulations, circulars and notifications issued thereunder (collectively the "Taxation Laws") as amended by the Finance Act 2023 (including the rules, regulations, circulars and notifications issued) as applicable for the financial year 2023-24 relevant to the assessment year 2024-25 presently in force in India for inclusion in the Red Herring Prospectus ("RHP") and the Prospectus (collectively referred to as the "Offer Documents") for the proposed Offer 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 or its material subsidiary fulfilling the conditions prescribed under the relevant provisions of the Taxations Laws. Hence, the ability of the Company or its shareholders or its material subsidiary to derive the indirect and direct tax benefits is dependent upon their fulfilling such conditions. Further, certain tax benefits may be

<sup>1</sup>As per SEBI (LODR) Regulations, 2015 "material subsidiary" means a subsidiary, whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.



optional, and it would be at the discretion of the Company or its shareholders or its material subsidiary to exercise the option by fulfilling the conditions prescribed under the relevant Taxation Laws.

The benefits discussed in the Annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. This statement and the Annexure are 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. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement and the Annexure.

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

- The Company or its shareholders or its material subsidiary will continue to obtain these special tax benefits in future;
- The conditions prescribed for availing the special tax benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include this statement and the enclosed Annexure regarding the tax benefits available to the Company and to its shareholders and its material subsidiary in the Offer Documents for the Offer which the Company intends to submit to the Registrar of Companies (Uttar Pradesh at Kanpur), Securities and Exchange Board of India and the stock exchanges (National Stock Exchange of India Limited and BSE Limited) where the equity shares of the Company are proposed to be listed provided that the below statement of limitation is included in the Offer Documents.

LIMITATIONS

*Our views expressed in the 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 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. Reliance on the Annexure is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the initial public offer or to any third party relying on the Annexure. This statement and the Annexure are provided solely for the purpose of assisting the Company in discharging its responsibilities under the ICDR Regulations.*

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 015125N)



*Akash Kumar Agarwal*  
**Akash Kumar Agarwal**  
Partner

(Membership No. 063092)  
UDIN: 24063092BKFFZR4369

Place: Gurugram  
Date: January 12, 2024

**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO EPACK DURABLE LIMITED (FORMERLY KNOWN AS EPACK DURABLE PRIVATE LIMITED AND EPACK DURABLES SOLUTIONS PRIVATE LIMITED) ("EPACK DURABLE" OR "THE COMPANY"), THE SHAREHOLDERS OF THE COMPANY AND ITS MATERIAL SUBSIDIARY**

The information provided below sets out the special tax benefits available to the Company, its equity shareholders and its material subsidiary in a summary manner only and is not a complete analysis or listing of all potential tax benefits, under the current Income tax Act, 1961 ("IT Act"), the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act"), the Customs Tariff Act, 1975 ("Tariff Act") and Foreign Trade Policy 2015-2020 (as extended) including the rules, regulations, circulars and notifications issued thereunder (collectively the "Taxation Laws") presently in force in India.

Several of these benefits are dependent on fulfilling the conditions prescribed under the relevant Taxation Laws. Hence, the ability of the Company or its shareholders or its material subsidiary to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives any of them face, they may or may not choose to fulfill. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or its shareholders or its material subsidiary to exercise the option by fulfilling the conditions prescribed under the relevant Taxation Laws. 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 tax implications of an investment 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 investor to invest money or not to invest money based on the Annexure.

The statement below covers only relevant Taxation Laws benefits and does not cover any benefit under any other law.

**A. SPECIAL TAX BENEFITS UNDER THE INCOME TAX ACT, 1961 IN THE HANDS OF EPACK DURABLE LIMITED (FORMERLY KNOWN AS EPACK DURABLE PRIVATE LIMITED AND EPACK DURABLES SOLUTIONS PRIVATE LIMITED) ("EPACK DURABLE" OR "THE COMPANY"), ITS EQUITY SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY**

The law stated below is as per the Income-tax Act, 1961 as amended from time to time and applicable for financial year 2023-24 relevant to assessment year 2024-25.

**1. Special direct tax benefits available to the Company & its Material subsidiary under IT Act**

**i. Lower corporate tax rate under section 115BAA**

Section 115BAA was inserted in the Income Tax Act by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 (AY 2020-21). Section 115BAA grants an option to a domestic company to be governed by the section from a particular assessment year. The option once exercised, shall apply to subsequent AYs and cannot be subsequently withdrawn for the same or any other tax year. If a company opts for section 115BAA, it can pay corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their 'book profits' under section 115JB of the IT Act. Consequently, the company will



not be eligible to claim the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years.

However, such a company will no longer be eligible to avail specified exemptions/ incentives under the IT Act and will also need to comply with the other conditions specified in section 115BAA. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

The provisions do not specify any limitation / condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

The Company and its material subsidiary have already opted for the benefit of concessional tax rate for the FY 2019-20 relevant to the AY 2020-21 as mentioned in the Section 115BAA for which declaration in Form 10IC has already been filed with the income tax authority.

The tax expenses are recognized in the Statement of Profit and Loss of Company and its material subsidiary for the year ended March 2023 by applying the tax rate as prescribed in section 115BAA of the IT Act.

Company and its material subsidiary that are eligible for lower rate under section 115BAA:

- EPACK Durable Limited
- Epack Components Private Limited

**ii. Deductions in respect of employment of new employees Section 80JJAA of the IT Act**

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 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 additional employment cost is incurred.

The eligibility to claim the deduction is subject to fulfillment of prescribed conditions specified in sub-section (2) of section 80JJAA of the IT Act.

Although, the Company and its material subsidiary are eligible for deduction under section 80JJAA of the IT Act subject to fulfilment of conditions prescribed therein, however, we understand that the said deduction has not been availed by any of the entities in the past years and the same shall be availed for the first time by the Company for FY 2022-23 relevant to the AY 2023-24.

Company and its material subsidiary that are eligible for Section 80JJAA deduction:

- EPACK Durable Limited
- Epack Components Private Limited

**iii. Deduction in respect of certain inter-corporate dividends Section 80M of IT Act**

As per Section 80M of the IT act, where domestic companies have declared dividend and are also in receipt of the dividend from another domestic company or a foreign company or a business trust,



deduction is allowed with respect to the dividend received as long as the same is distributed as dividend one month prior to the due date of furnishing the return of income under sub-section (1) of section 139.

The Company is entitled to claim such deduction subject to fulfilment of conditions specified under section 80M of the Act even under the concessional regime under section 115BAA.

Company and its material subsidiary that are eligible for Section 80M deduction:

- EPACK Durable Limited
- Epack Components Private Limited

## **2. Special direct tax benefits available to the equity shareholders under IT Act**

There is no special direct tax benefit available to the shareholders of Company for investing in the shares of the Company. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the IT Act. Further, it may be noted that these are general tax benefits available to equity shareholders, other shareholders holding any other type of instrument are not covered below.

### **i. Dividend Income**

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 IT Act would be available on fulfilling the conditions (as discussed above).

As per section 194 of the Act, the Company is required to deduct tax at source from the amount of dividend paid to shareholders, except in the case of certain categories of shareholders as specified in the said section which inter alia include individual shareholders receiving dividend not exceeding ₹5,000 (in aggregate during a FY) by any mode other than cash.

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, maximum rate of surcharge is restricted to 15%, irrespective of the amount of dividend.

### **ii. Tax on Capital gains**

As per section 112A of the IT Act, Long Term Capital Gains ('LTCG') arising from the transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) (plus applicable surcharge and cess) of such capital gains subject to fulfillment of prescribed conditions under the IT Act as well as per Notification No. 60/2018/F.No. 370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such long-term capital gains exceed ₹100,000.

Further, the Finance Act 2022 restricts surcharge to 15% in respect of LTCG arising from any capital asset.

As per section 111A of the IT Act, Short-Term Capital Gains ('STCG') arising from the transfer of an equity share shall be taxed at the rate of 15% (plus applicable surcharge and cess) subject to fulfillment of prescribed conditions under the IT Act.



**iii. Simplified tax regime**

As per section 115BAC of the IT Act, a new / simplified tax regime has been introduced wherein income-tax shall be computed at the rates specified in sub-section 1 of section 115BAC of the IT Act, subject to the assessee not availing specified exemptions and deductions. The said regime is applicable for individuals and Hindu Undivided Family.

In order to make the simplified tax regime more attractive, certain additional benefits have been provided vide Finance Act, 2023 with effect from FY 2023-24 relevant to the AY 2024-25 which are listed as under:

- Basic exemption limit has increased from ₹250,000 to ₹ 300,000;
- Highest applicable surcharge on income above ₹ 50,000,000 has been reduced from 37% to 25% (lowering the highest marginal tax rate from 42.74% to 39%);
- Income threshold for the tax rebate available for resident individuals has been increased from INR ₹ 500,000 to ₹ 700,000;
- Benefit of standard deduction up to INR 50,000 has now been made available on salary / pension income.

It may be noted that the shareholders have the discretion to exercise the simplified tax regime.

**iv. Double Taxation Avoidance Agreement benefit**

In respect of non-resident shareholders, 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.

**3. Special indirect tax benefits available to the Company and Material Subsidiary**

***i. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20)***

**Remission of Duties and Taxes on Exported Products (RoDTEP)**

The objective of RoDTEP scheme is to refund various duties and taxes incurred on the export of goods. Under the scheme, rebate of taxes will be given in the form of electronic scrip which could be utilised for payment of Basic Customs Duty.

RoDTEP was implemented with effect from January 1, 2021. The Company is availing benefit under RoDTEP Scheme.

**Export Promotion Capital Goods (EPCG)**

The objective of the EPCG Scheme is to facilitate import of capital goods to be used for producing goods thereby enhancing India's manufacturing and export competitiveness. EPCG Scheme facilitates



import of capital goods at zero customs duty subject to fulfilling an export obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years from date of authorization. EPCG license holder is exempted from payment of whole of Basic Customs Duty, Additional Customs Duty and Special Additional Duty of Customs in lieu of Value Added Tax/ local taxes (non-GST goods), Integrated Goods and Services Tax and Compensation Cess (GST goods), wherever applicable, subject to certain conditions. The Company is availing benefits under EPCG Scheme.

**ii. Benefits under Customs Act (read with Tariff Act and related rules and regulations)**

**Benefits of Duty Drawback scheme under Section 75 of Customs Act**

As per section 75 of the Customs Act, Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such exported goods. The main principle is that the Government fixes a rate per unit of final article to be exported out of the country as the drawback amount payable on such goods. The Company is availing such duty drawback benefit.

**Manufacturing & Other Operations in Warehouse (MOOWR)**

The Government has launched MOOWR scheme to defer the Customs duties on imported goods that are intended to be used for the purpose of manufacturing or carrying out other activities in warehouse in terms of Section 65 of Customs Act. The scheme has clear and transparent procedures, simplified compliance requirements and digital account keeping.

MOOWR scheme entails significant cash-flow advantage as it does not mandate upfront payment of duty at the time of import, but only when finished goods are sold in the domestic market. Further, the duty is not at all required to be paid, if the finished goods (manufactured using the imported inputs and capital goods) are directly exported from warehouse.

The Company and its material subsidiary is availing the benefit under MOOWR scheme in respect of import of both capital goods and inputs.

**iii. Benefits under the Central Goods and Services Act, 2017 (CGST Act), respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (IGST) (read with relevant Rules prescribed thereunder)**

**Export of goods under the GST law**

Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated. On account of zero rating of supplies, the supplier will be entitled to claim Input Tax Credit (ITC) in respect of input and input services used for such supplies and can seek refund of accumulated/ unutilized ITC.

GST law inter-alia allows export of goods at zero rate on fulfilment of certain conditions. Exporters can export goods under Bond / Letter of Undertaking (LUT) without payment of IGST and claim refund of accumulated ITC. There is also an alternative available to export goods with payment of IGST and subsequently claim refund thereof, as per the provisions of Section 54 of CGST Act. We understand that the Company is undertaking exports without payment of tax under the cover of LUT. However,



refund under zero rated supply is not applied since ITC is fully utilized against domestic supplies liability.

**4. Special indirect tax benefits available to the equity shareholders of the Company**

There are no special indirect tax benefits available to the Equity Shareholders of Company under the GST Act.

**Note:**

*Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. 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. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.*

*The above statement of possible direct tax & indirect 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 shares.*

*All the above benefits are as per the current tax law and any change or amendment in the laws/regulation, which when implemented would impact the same.*

*This statement has been prepared solely in connection with the proposed issue under the Companies Act, 2013 and Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended.*

