

**STATEMENT OF SPECIAL TAX BENEFITS (UNDER DIRECT AND INDIRECT TAX LAWS) FOR
THE COMPANY AND ITS SHAREHOLDERS**

The Board of Directors

Bonfiglioli Transmissions Limited

(formerly known as Bonfiglioli Transmissions Private Limited)

Plot No. AC 7-AC11, SIDCO Industrial Estate, Thirumudivakkam,

Kancheepuram – 600132, Tamilnadu, India

Dear Sirs,

**Statement of Special Tax Benefits available to Bonfiglioli Transmissions Limited and its
shareholders under the Indian tax laws**

1. We hereby confirm that the enclosed Annexure 1 and Annexure 2, (together, the "Annexures"), prepared by Bonfiglioli Transmissions Limited ('the Company'), provides the special tax benefits available to the Company and to the shareholders of the Company under:

- the Income-tax Act, 2025 ('ITA 2025') as amended by the Finance Act 2026 and where relevant Income-tax Act, 1961 ('ITA 1961'), read with the Income-tax Rules, 2026 and, where relevant, the Income-tax Rules, 1962, together with circulars, and notifications issued thereunder i.e., applicable with effect from April 1, 2026 for Financial Year ('tax year') 2026-27 presently in force in India and,
- the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017, the State/Union Territory Goods and Services Tax Act, 2017 read with rules, circulars and notifications ("GST Act"), the Customs Act, 1962 read with rules, circulars and notifications ("Customs Act") and the Customs Tariff Act, 1975 read with rules, circulars and notifications ("Tariff Act") as amended by the Finance Act 2024, i.e., applicable for the Financial Year 2026-27 and Foreign Trade Policy 2023 ("FTP"), presently in force in India.

The ITA 2025 read with Income-tax Rules, 2026, ITA 1961 read with Income-tax Rules, 1962, the GST Act, Customs Act and Tariff Act, as defined above, are collectively referred to as the "Tax Laws".

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that the Annexures are 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 individual nature of the tax consequences and 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 proposed initial public offering of equity shares of face value Rs. 10 each of the Company (the "Offer").



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

4. We do not express any opinion or provide any assurance as to whether:
 - 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 views expressed herein.
5. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
6. This Statement is issued solely in connection with the Offer and is not to be used, referred to or distributed for any other purpose. We have no responsibility to update this Statement for events and circumstances occurring after the date of this Statement.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Chirag Shah

Partner

Membership Number: 121648

UDIN: 26121648ZCNJOM1909

Place of Signature: Chennai

Date: September 29, 2026



ANNEXURE 1 to the STATEMENT OF SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE TAX LAWS IN INDIA

Under the Income-tax Act, 2025 ('ITA 2025') as amended by the Finance Act 2026 read with the Income-tax Rules, 2026; circulars, and notifications thereunder; applicable with effect from 01 April 2026 for tax year 2026-27 presently in force in India:

The statement of tax benefits enumerated below is as per ITA 2025, as amended by the Finance Act 2026, applicable for tax year 2026-27 presently in force in India. Solely for ease of reference, the corresponding section under the Income-tax Act, 1961 ('ITA 1961') have been indicated in brackets against each section cited below; this does not alter the governing law for the benefits described in this Annexure.

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.

Special tax benefits available to the Company

Lower corporate tax rate under section 200 of ITA 2025 (erstwhile Section 115BAA of ITA 1961)

- Section 200 of ITA 2025 grants an option to a domestic company to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%). The said benefit is available subject to the condition that the Company does not claim the deductions/ incentives as specified under section 200(1)(a) of ITA 2025. In case a company opts for section 200 of ITA 2025, provisions of Minimum Alternate Tax ("MAT") under section 206 of ITA 2025 (erstwhile section 115JB of ITA 1961) would not be applicable. The option once exercised, cannot be subsequently withdrawn for the same or any other tax year. The Company has opted for section 115BAA of ITA 1961 during FY 2019-20 and hence, is eligible for concessional tax rate under section 200 of ITA 2025.

Deductions from Gross Total Income

- Section 146 of ITA 2025 (erstwhile Section 80JJAA of ITA 1961) - Deduction in respect of employment of new employees

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction, under the provisions of the section 146 of ITA 2025, 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 tax year, for three consecutive tax years beginning from the tax year in which the employment is provided.

- Section 148 of ITA 2025 (erstwhile Section 80M of ITA 1961) – Deduction in respect of inter-company dividend

As per provisions of section 148 of ITA 2025 (erstwhile Section 80M of ITA 1961), dividend received by a domestic company from any other domestic company or a foreign company or a business trust shall be eligible for deduction of dividend income under section 148 of ITA 2025 (erstwhile Section



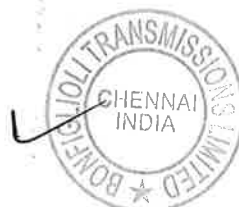
80M of ITA 1961) while computing its total income for the relevant tax year subject to the fulfilment of prescribed conditions. The amount of such deduction would be restricted to the amount of dividend distributed by the shareholder (domestic company) up to 1 month prior to the due date for furnishing the return of income under section 263(1) of ITA 2025 (erstwhile section 139(1) of ITA 1961).

Special tax benefits available to Shareholders

- Section 2(101) of ITA, 2025 (erstwhile section 2(42A) of ITA, 1961) provides that securities (other than units) listed in a recognized stock exchange in India that are held for not more than 12 months immediately preceding the date of its transfer, shall constitute short-term capital assets.
- Section 198 of ITA 2025 (erstwhile section 112A of ITA 1961) provides for concessional rate of 12.5% (plus applicable surcharge and cess) on long term capital gains (exceeding INR 1,25,000) arising from equity shares of the Company, if Securities Transaction Tax (STT) has been paid on both acquisition and transfer of such shares.
- As per the provisions of section 196 of ITA 2025 (erstwhile section 111A of ITA 1961), short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 20% (plus applicable surcharge and cess if any).
- In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with section 196(2) of ITA 2025 (erstwhile proviso to section 111A(1) of ITA 1961).
- Section 202 of ITA 2025 (erstwhile section 115BAC of ITA 1961) provides that, Individuals, HUF, Association of Persons (other than a co-operative society), Body of Individuals and Artificial Juridical Person will be taxed on its total income at the reduced tax rates ('New Tax Regime'). The income would however have to be computed without claiming prescribed deductions or exemptions. Such person will however have the option to be taxed on its total income as per the tax rates under the old tax regime. The option to opt for old tax regime is required to be exercised – (i) on or before the due date specified under section 263(1) of ITA 2025 (erstwhile section 139(1) of ITA 1961) for furnishing the income-tax return for such tax year, in case of a person having income from business or profession and such option once exercised shall apply to subsequent tax years; or (ii) along with the income-tax return to be furnished under section 263(1) of ITA 2025 (erstwhile section 139(1) of ITA 1961) for every tax year in case of a person not having income from business or profession.
- In respect of non-resident shareholders, the taxation and tax rates discussed above may be further subject to any benefit available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile. Applicability of DTAA benefit shall be subject to satisfaction of applicable conditions.

NOTES:

1. The above Annexure of special tax benefits sets out the provisions of Tax Laws 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.



2. The above annexure covers only certain special tax benefits under the ITA 2025, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This annexure also does not discuss any tax consequences, in the country outside India.
3. The above annexure of special tax benefits is as per the current direct tax laws relevant for the tax year 2026-27. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
4. 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 or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
5. 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.

For Bonfiglioli Transmissions Limited



Director

Place: Chennai

Date: September 29, 2026



Bonfiglioli Transmissions Limited

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**ANNEXURE 2 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA**

The information outlined below sets out the special tax benefits available to the Company and its shareholders under the Central Goods And Services Tax Act, 2017, Integrated Goods And Services Tax Act, 2017, relevant State Goods and Services Tax Act, 2017 read with rules, circulars, and notifications ("GST law"), the Customs Act, 1962, Customs Tariff Act, 1975 ("Customs law") and Foreign Trade Policy 2023 read with procedures, public/trade notices and notifications ("FTP"), each as amended and presently in force in India (herein collectively referred as "Indirect Tax Laws")

Special indirect tax benefits available to the Company

The Company is availing/ eligible for the following benefits under Indirect Tax Laws:

- With respect to export of goods made from its unit in Tamil Nadu and Maharashtra, the Company is availing the benefit of remission of duties, taxes and other levies at the Central, State and local level which are borne on the exported goods manufactured in India under Remission of Duties and Taxes on Exported Products ('RoDTEP') scheme issued through Notification no. 19/2015-2020 dated 17 August 2021 by Ministry of Commerce & Industry under Department of Commerce.
- The Company is availing the benefit of duty drawback with respect to duty paid on import of materials used in manufacture of export goods as per Duty Drawback scheme under 75 of Custom Act, 1962.
- The Company is availing the benefit of duty-free import of capital goods as per Export Promotion Capital Goods Scheme under the Foreign Trade Policy, 2023, subject to fulfillment of export obligations within time as provided under the scheme.
- The Company has obtained registration under the GST law in eight States. The Company undertakes export of goods from its unit registered in Tamilnadu and Maharashtra. Under the GST regime, supplies of goods which are exported outside India are treated as zero-rated supplies. Such zero-rated supplies of goods are allowed to be made under either of the following options:
 - Without payment of Integrated Goods and Services Tax ("IGST") under Bond/ Letter of Undertaking (LUT). Under this scenario, the exporter is allowed to claim refund of unutilized input tax credit.
 - With payment of IGST. Under this scenario, the exporter is allowed to claim refund of IGST paid on exports.

The company is undertaking export of goods with payment of integrated tax and claim refund of IGST paid on exports. The company also undertakes export of goods without payment of integrated tax under LUT for which refund is not applied.

- The company is availing the benefit of making deferred payment of import duty on a fortnightly basis, which is a trade facilitation measure governed by the Deferred Payment of Import Duty Rules, 2016.
- Preferential duty benefits are available under bilateral and multilateral Foreign Trade Agreements (FTA) entered by India with countries like Vietnam, Japan, Thailand etc. on import of goods into India. These benefits are implemented through the Customs Act, 1962 and the notifications issued thereunder, including Notification No. 69/2011-Customs dated 29.07.2011 (for Japan), Notification No. 46/2011-Customs dated 01.06.2011 (for ASEAN, subject to the fulfilment of prescribed conditions.



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Special tax benefits available to Shareholders

The Shareholders of the Company are not entitled to any special tax benefits under indirect tax laws

NOTES:

1. These benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
2. This Annexure 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 or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
3. 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 changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For **Bonfiglioli Transmissions Limited**

G. Ambal

Director

Place: Chennai

Date: September 29, 2026

