

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO ZAGGLE PREPAID OCEAN SERVICES LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

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.

Under the Income Tax Act, 1961 ('the Act')

1. Special tax benefits available to the company under the Act

Section 115BAA of the Act: Corporate Tax Rate of 22%

- Section 115BAA, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt for a rate of 22% (plus applicable surcharge and cess) for the financial year 2019-20 onwards, provided the total income of the company is computed without claiming certain specified deductions or set-off of losses, depreciation etc., and claiming depreciation determined in the prescribed manner.
- In case a company opts for section 115BAA, provisions of Minimum Alternate Tax would not be applicable and earlier year MAT credit will not be available for set - off.
- The options needs to be exercised on or before the due date of filing the income tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.

Further, if the conditions mentioned in section 115BAA are not satisfied in any year, the option exercised shall become invalid in respect of such year and subsequent years, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised.

The Company has represented to us that they have opted section 115BAA of the Act from AY 2021-22.

Section 80JJAA of the Act: Deduction in respect of employment of new employees

- In accordance with and subject to the conditions specified under Section 80JJAA of the Act, a company is entitled to a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred.
- Additional employee cost means the total emoluments paid or payable to additional employees employed in the previous year. The deduction under section 80JJAA would continue to be available to the company even where the company opts for the lower tax rate of 22% under the provisions of section 115BAA (as discussed above).
- The company should be eligible to claim this deduction in case it incurs additional employee cost within the meaning of Explanation (i) to sub-section (2) of Section 80JJAA of the Act and satisfies the conditions mentioned in the section.



2. Special tax benefits available to the shareholders under the Act

- Section 112A of the Act provides for concessional rate of tax of 10% (plus applicable surcharge and cess) in respect of specified long-term capital gains exceeding INR 1,00,000 arising from the transfer of long-term capital assets being an equity shares (i.e., listed equity shares held for more than 12 months) wherein Securities Transaction Tax ("STT") is paid on both acquisition and transfer of equity shares.
- Section 111A of the Act provides for concessional rate of tax @ 15% (plus applicable surcharge and cess) in respect of specified short-term capital gains arising from transfer of short-term capital assets being an equity shares (i.e., listed equity shares held for equal or less than 12 months) wherein STT is paid on transfer of such assets.
- Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. In case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial judicial person, surcharge on dividend income & capital gains under section 111A & 112A shall not exceed 15%.
- Non-resident shareholders including foreign portfolio investors may choose to be governed by the provisions of Double Taxation Avoidance Agreement, to the extent they are more beneficial.

Notes:

- These 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.
- 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.
- We understand that the Company has opted for concessional income tax rate under section 115BAA of the Act. Accordingly, surcharge shall be levied at the rate of 10% irrespective of the amount of total income. Health and Education Cess @ 4% on the tax and surcharge is payable by all categories of taxpayers. The company will not be allowed to claim any of the following deductions:
 - (i) Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
 - (ii) Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)
 - (iii) Deduction under section 32AD or section 33AB or section 33ABA (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 (Expenditure on scientific research)
 - (v) Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
 - (vi) Deduction under section 35CCD (Expenditure on skill development)



- (vii) Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA and section 80M;
- (viii) 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;
- (ix) 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 above
- The above statement of direct 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.
 - This statement is 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 tax consequences, each investor is advised to consult with his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

For Zagle Prepaid Ocean Services Limited



Raj P Narayanam
Executive Chairman

Place: Hyderabad
Date: August 30, 2023



ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO THE SHAREHOLDERS OF THE COMPANY

Outlined below are the tax benefits available to the Company and its shareholders under the Indirect tax laws in force in India. This Statement is as per the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 (the "GST Acts"), the Customs Act, 1962 (the "Customs Act") and the Customs Tariff Act, 1975 (the "Tariff Act"), Foreign Trade Policy 2015-20 effective till March 31, 2023, Foreign Trade Policy, 2023 (the "FTP") effective from April 01, 2023 as amended by the Finance Act 2023 including the relevant rules, notifications and circulars issued there under, applicable for the Financial Year 2023-24, presently in force in India.

Special Benefits to The Company under various Indirect Tax Laws:

1. Special tax benefits available to the Company

- (i) The Company has a One GSTIN operating across India.
- (ii) GST is not applicable on Sale of Prepaid Card and Sale of gift cards / vouchers.
- (iii) Export of Services 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.
- (iv) Apart from the above, no other special Indirect tax benefits are available to the Company under the Indirect Tax Regulations in India.

2. Special Tax Benefits available to the Shareholders of the Company

- (i) The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company.

Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017.

- (ii) Apart from above, the shareholders of the Company are not eligible to special tax benefits under the provisions of the Customs Tariff Act, 1975 and / or Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017 respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017 including the relevant rules, notifications and circulars issued there under.

Notes:

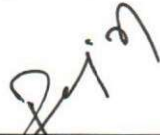
1. This Statement covers only certain relevant Indirect tax law benefits and does not cover any other benefit under any other law.
2. These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indian Indirect Tax Regulation. 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.
3. The 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. 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 issue.

4. The Statement is prepared on the basis of 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. The above views are based on the existing provisions of laws 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.

For Zagle Prepaid Ocean Services Limited



Raj P Narayanam
Executive Chairman



Place: Hyderabad
Date: August 30, 2023

