
Walker Chandiook & Co LLP

21st Floor, DLF Square
Jacaranda Marg, DLF Phase II,
Gurugram - 122 002
Haryana, India

T +91 124 462 8099

F +91 124 462 8001

Independent Auditor's Certificate on Statement of Possible Special Indirect Tax Benefits

To
The Board of Directors,
ASK Automotive Limited
(Formerly known as ASK Automotive Private Limited)
Flat No. 104, 929/1, Naiwala,
Faiz Road, Karol Bagh,
New Delhi – 110005.

Statement of Possible Special Indirect Tax Benefits available to the Company and its shareholders under the applicable indirect tax laws in India with respect to proposed initial public offering for equity shares of face value of Rs. 2 each ("the "Equity Shares") of ASK Automotive Limited (formerly known as ASK Automotive Private Limited), (the "Company"/ "Issuer") through offer for sale of equity shares by certain existing shareholders (the "Offer")

1. This report is issued in accordance with the terms of our engagement letter dated 23 January 2023.
2. The accompanying Statement of Possible Special Indirect Tax Benefits available to the Company and its Shareholders (hereinafter referred to as "the Statement"), under the Central Goods and Services Tax Act, 2017 (read with Central Goods and Services Tax Rules, circulars, notifications and schemes), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications and schemes), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications and schemes), Goods and Services Tax (Compensation to States) Act, 2017 (read with Goods and Services Tax (Compensation to States) circulars, notifications and schemes), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications and schemes), Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications and schemes), as amended by Finance Act 2023 (together referred to as "Indirect Tax Regulations has been prepared by the management of the Company in connection with the Offer, which we have initialed for identification purposes. Further, the Company has only one subsidiary, which is not material in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as on the date of signing of this report. Accordingly, possible special indirect tax benefits have not been provided for such subsidiary.

Management's Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Red Herring Prospectus and Prospectus ("**Offer Documents**") is the responsibility of the Management of the Company and has been approved by the Board of Directors of the Company by way of circular resolution dated 17 October 2023. The Management's responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Walker Chandiook & Co LLP

Independent Auditor's Certificate on Statement of Possible Special Indirect Tax Benefits (Cont'd.)

Auditor's Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.
5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the "SEBI ICDR Regulations") and the Companies Act 2013 ('Act'), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special indirect tax benefits available as of 18 October 2023 to the Company and the shareholders of the Company, in accordance with Indirect Tax Regulations as at the date of our report.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements issued by the ICAI.
7. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI ICDR Regulations in connection with the Offer.

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement 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 or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying Statement are not exhaustive and also do not cover any general tax benefits available to the Company.

The Statement is 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 Offer.

Further, we give no assurance that the revenue authorities / courts will concur with our 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.

Opinion

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special indirect tax benefits available as of 18 October 2023, to the Company and its shareholders, in accordance with the Indirect Tax Regulations as at the date of our report.

Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future;
or
- (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

Walker Chandiook & Co LLP

Independent Auditor's Certificate on Statement of Possible Special Indirect Tax Benefits (Cont'd.)

Restriction on Use

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Documents, prepared in connection with the Offer to be filed by the Company with the Registrar of Companies, Delhi and Haryana, Securities and Exchange Board of India and the concerned stock exchanges.

For Walker Chandiook & Co LLP

Chartered Accountants

(Firm Registration No. 001076N/N500013)

eSigned using Aadhaar
(Leegality.com - GLGNEXm)
Sujoy Paul

Sujay Paul

Partner

Membership No.: 096314

Date: Wed Oct 18 19:11:13 IST
2023

UDIN: 23096314BGPWBZ1832

Place: New Delhi

Date: 18 October 2023

Enclosure: Statement of possible special indirect tax benefits available to *ASK Automotive Limited (formerly known as ASK Automotive Private Limited)* and its Shareholders



ASK AUTOMOTIVE LIMITED

(Formerly known as ASK Automotive Private Limited)

Statement of possible special indirect tax benefits available to ASK Automotive Limited (formerly known as ASK Automotive Private Limited) and its Shareholders

Special indirect tax benefits available to ASK Automotive Limited (formerly known as ASK Automotive Private Limited) under the Indirect Tax Regulations in India

Outlined below are the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017 (read with Central Goods and Services Tax Rules, circulars, notifications and schemes), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications and schemes), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications and schemes), Goods and Services Tax (Compensation to States) Act, 2017 (read with Goods and Services Tax (Compensation to States) circulars, notifications and schemes), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications and schemes), Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications and schemes), as amended by Finance Act 2023 (collectively referred as "Indirect Tax Regulations") read with Rules, Circulars, Notifications and Schemes.

Special tax benefits available to ASK Automotive Limited (formerly known as ASK Automotive Private Limited)

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

i. Remission of duties and taxes on Exported Products (RoDTEP)

Remission of duties and taxes on Exported Products (RoDTEP) scheme has replaced Merchandise Export from India Scheme (MEIS). Under the scheme, rebate of duty and taxes which is not refunded under any other Scheme will be given in the form of duty credit/electronic scrip. The scheme was notified from 1 January 2022 with the intention to boost exports. The rate of duty of remission for the products under RoDTEP scheme has been notified by the Government of India and it ranges from 0.5 percent to 4 percent.

ii. Export Promotion Capital Goods (EPCG)

The objective of the Export Promotion Capital Goods (EPCG) Scheme is to facilitate import of capital goods for producing quality goods and services and enhance manufacturing competitiveness. EPCG Scheme allows import of capital goods that are used in pre-production, production and post-production without the payment of customs duty. The benefit under the scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within 6 years from the date of issuance of the authorization. EPCG license holder is exempted from payment of whole of Basic Customs Duty, Additional Customs Duty and Special Additional Duty In lieu of Value Added Tax/local taxes (non-GST goods), Integrated Goods and Services Tax and Compensation Cess, wherever applicable, subject to certain conditions

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

Under the GST regime, all supplies of goods and services which qualify as export of goods or services are zero-rated supplies.

There are two mechanisms for claiming refund of accumulated ITC against export. Either person can export under Bond/ Letter of Undertaking (LUT) as zero-rated supply and claim refund of accumulated Input Tax Credit or person may export on payment of integrated Goods and Services Tax and claim refund thereof as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017.

Corporate Office :-

Plot No. 13-14, Sector - 5, I.M.T. Manesar,

Distt. Gurgaon. PIN - 122050 (Hr.)

Ph : 0124 - 4396900

e-mail : info@askbrake.com

: roc@askbrake.com

Website : www.askbrake.com



Registered Office :

Flat No. 104, 929/1, Naiwala,

Faiz Road, Karol Bagh,

New Delhi - 110 005

Tel : 011-28758433, 28759605

011-28752694, 43071516

CIN : U34300DL1988PLC030342

Thus, the GST law allows the flexibility to the exporter (which will include the supplier making supplies to SEZ) to claim refund upfront as integrated tax (by making supplies on payment of tax using ITC) or export without payment of tax by executing a Bond/LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.


Special benefits for shareholders of ASK Automotive Limited (formerly known as ASK Automotive Private Limited)

Shareholders of the Company are not eligible to special indirect tax benefits under the provisions of the the Central Goods and Services Act, 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications), Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications).

Notes:

1. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Regulations. 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 a 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.
3. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing equity shares.
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 basis the provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time.

**For and on behalf of
ASK Automotive Limited (formerly known as ASK Automotive Private Limited)**


Kuldip Singh Rathee
Managing Director
Place: Gurugram
Date: 18 October 2023





Walker ChandioK & Co LLP

21st Floor, DLF Square
Jacaranda Marg, DLF Phase II,
Gurugram - 122 002
Haryana, India

T +91 124 462 8099

F +91 124 462 8001

Independent Auditor's Certificate on Statement of Possible Special Direct Tax Benefits

To,

The Board of Directors,
ASK Automotive Limited
(formerly known as ASK Automotive Private Limited),
Flat No. 104, 929/1, Naiwala,
Faiz Road, Karol Bagh,
New Delhi – 110005

Statement of Possible Special Direct Tax Benefits available to the Company and its shareholders under the applicable direct tax laws in India with respect to proposed initial public offering for equity shares of face value of Rs. 2 each ("the Equity Shares") of ASK Automotive Limited (formerly known as ASK Automotive Private Limited), (the "Company"/ "Issuer") through offer for sale of equity shares by certain existing shareholders (the "Offer")

1. This report is issued in accordance with the terms of our engagement letter dated 23 January 2023.
2. The accompanying Statement of Possible Special Direct Tax Benefits available to the Company and its Shareholders (hereinafter referred to as "the Statement") under the Income-tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2023 (hereinafter referred to as the "Income Tax Regulations"), prepared in connection with the offer, has been prepared by the management of the Company in connection with the Offer, which we have initialed for identification purposes. Further, the Company has only one subsidiary, which is not material in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as on the date of signing of this report. Accordingly, possible special direct tax benefits have not been provided for such subsidiary.

Management's Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Red Herring Prospectus and Prospectus ('Offer documents') is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company by way of circular resolution dated 17 October 2023 for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Walker Chandniok & Co LLP

Independent Auditor's Certificate on Statement of Possible Special Direct Tax Benefits (Cont'd.)

Auditor's Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the "ICAI"). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.
5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the "SEBI ICDR Regulations") and the Companies Act 2013 ("Act"), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special direct tax benefits available as of 18 October 2023 to the Company and shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.
6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI ICDR Regulations in connection with the Offer.
7. Our work has been carried out in compliance with the relevant applicable requirements of the Standard on Quality Control ("SQC") 1, namely, Quality Control for Firms that performs Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements, issued by the ICAI.

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying Statement 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 or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying Statement are not exhaustive i.e., it does not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

The Statement is 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 Offer.

Further, we give no assurance that the revenue authorities/courts will concur with our 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.

Opinion

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special direct tax benefits available as of 18 October 2023, to the Company and its shareholders, in accordance with the Income Tax Regulations as at the date of our report.

Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future;
or

Walker Chandiook & Co LLP

Independent Auditor's Certificate on Statement of Possible Special Direct Tax Benefits (Cont'd.)

- (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

Restriction on Use

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer documents, prepared in connection with the Offer to be filed by the Company with the Registrar of Companies, Delhi and Haryana, Securities and Exchange Board of India, and the concerned stock exchanges.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

eSigned using Aadhaar
(Leegality.com - KeXU5zh)
Sujay Paul

Sujay Paul Date: Wed Oct 18 19:14:29 IST
Partner 2023
Membership No.: 096314

UDIN: 23096314BGPWBY2283

Place: New Delhi
Date: 18 October 2023

Enclosure: Statement of possible special direct tax benefits available to *ASK Automotive Limited (formerly known as ASK Automotive Private Limited)* and its Shareholders



ASK AUTOMOTIVE LIMITED

(Formerly known as ASK Automotive Private Limited)

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO ASK AUTOMOTIVE LIMITED (FORMERLY KNOWN AS ASK AUTOMOTIVE PRIVATE LIMITED) (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT TAX LAWS IN INDIA

Outlined below are the special tax benefits available to the Company and its shareholders (within and outside India) under the Income-tax Act, 1961 and Income-tax rules 1962 ('Income Tax Regulations'). These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant Income Tax Laws.

A. Special tax benefits available to the Company under the Income Tax Regulations

1. Lower corporate tax rate on income of domestic companies – Section 115BAA of the Income-tax Act, 1961 ('the IT Act')

The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and 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 10IC on the Income tax portal shall apply to subsequent assessment years. 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:

- Section 10AA: Tax holiday available to units in a Special Economic Zone.
- Section 32(1)(ia): Additional depreciation;
- Section 32AD: Investment allowance.
- Section 33AB/33ABA: Tea coffee rubber development expenses/site restoration expenses
- Section 35(1)/35(2AA)/ 35(2AB): Expenditure on scientific research.
- Section 35AD: Deduction for capital expenditure incurred on specified businesses.
- Section 35CCC/35CCD: expenditure on agricultural extension /skill development
- Chapter VI-A except for the provisions of section 80JJAA and section 80M.

The total income of a company availing the concessional rate of 25.168% (i.e., 22% along with surcharge of 10% and health and education cess of 4%) is required to be computed without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives. A company can exercise the option to apply for the concessional tax rate in its return of income filed under section 139(1) of the IT Act. Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of the IT Act shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

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.

Note: The Company has opted the lower rate under section 115BAA of the IT Act in the FY 2019-20 relevant to the AY 2020-21 as mentioned in the Section 115BAA for which declaration (Form 10IC) has already been filed with the tax authorities.

2. 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 30% of additional employee cost incurred in the course of such 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.

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.

The company is presently not claiming deduction under section 80JJAA of the IT Act. However, this deduction could be claimed in the future subject to fulfillment of the conditions discussed above.

Corporate Office :-

Plot No. 13-14, Sector - 5, I.M.T. Manesar,

Distt. Gurgaon. PIN - 122050 (Hr.)

Ph : 0124 - 4396900

e-mail : info@askbrake.com

roc@askbrake.com

Website : www.askbrake.com



Registered Office :

Flat No. 104, 929/1, Naiwala,

Faiz Road, Karol Bagh,

New Delhi - 110 005

Tel : 011-28758433, 28759605

011-28752694, 43071516

CIN : U34300DL1988PLC030342

3. Deduction with respect to inter-corporate dividends – Section 80M of the IT Act

As per the provisions of section 80M of the IT Act, inserted with effect from 01 April 2020, 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. The amount of deduction so claimed should not exceed the amount of dividend distributed by it on or before the due date. In this case, due date means one month prior to the due date of furnishing return of income under sub section (1) of section 139 of the IT Act.

The company has a wholly owned subsidiary viz. ASK Automobiles Private Limited and thus, the company should be eligible to claim deduction u/s 80M of the IT Act in respect of dividends received (if any) from its subsidiary and further distributed to its shareholders subject to fulfillment of other conditions.

4. Deductions in respect of specified expenditure

In accordance with and subject to the fulfillment of conditions as laid out under section 35D of the IT Act, the company may be entitled to amortize preliminary expenditure, being specified expenditure incurred in connection with the issue for public subscription or such other expenditure as prescribed under section 35D of the IT Act, subject to the limit specified therein (viz maximum 5% of the cost of the project or 5% of the capital employed in the business of the company).

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.

With effect from AY 2024-25, the company shall be required to furnish a statement in Form 3AF containing the particulars of expenditures specified u/s 35D of the IT Act to such 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.

B. Special tax benefits available to the shareholders of the Company under the Income Tax Regulations

1. Dividend Income

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in the case of domestic corporate shareholder, benefit of deduction under section 80M of the IT Act would be available on fulfilling the conditions.

In case of the shareholders who are individuals, Hindu Undivided Family, Association of person, Body of Individuals whether incorporated or not and every artificial juridical person, the surcharge would be restricted to 15% irrespective of the amount of dividend.

2. Tax on Capital Gains

As per section 112A of the IT Act, Long Term Capital Gains ('LTCG') arising from the 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 10% (without indexation) (plus applicable surcharge and cess) of such capital gains. This is subject to fulfillment of prescribed additional conditions as per Notification No. 60/2018/F.No 370142/9/2017 dated 1 October 2018. It is worthwhile to note that tax u/s 112A of the IT Act shall only be levied where such aggregate capital gains exceed INR 1,00,000/- in a year.

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 equity shares on which STT has been paid at the time of sale shall be taxed at the rate of 15%

(plus applicable surcharge and cess).

3. Special Provisions for Non-resident shareholders


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 as per the provisions of the IT 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 may be able to avail credit for any taxes paid by them in India, subject to local laws of the country in which such shareholder is resident.

Notes:

1. These special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Income tax regulations. 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. 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.
3. The Statement has been prepared on the basis that the Company is in the process of getting shares of the company listed on a recognized stock exchange in India and the Company will be issuing shares.
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 law and its interpretation, which are subject to change from time to time.
6. The above Statement of Possible Special 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.

For and on behalf of
ASK Automotive Limited (formerly known as ASK Automotive Private Limited)


Kuldip Singh Rathee
Managing Director
Place: Gurugram
Date: 18 October 2023



