

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

The Board of Directors
Cyient DLM Limited (formerly known as Cyient DLM Private Limited),
3rd floor, Plot No. 11,
Software Units Layout,
Infocity, Hyderabad
Telangana - 500081

Dear Sirs,

**Statement of Special Tax Benefits available to Cyient DLM Limited (formerly known as Cyient
DLM Private Limited) and its shareholders under the Indian tax laws**

1. We hereby confirm that the enclosed Annexure, prepared by Cyient DLM Limited (Formerly known as Cyient DLM Private Limited) ('the Company'), provides the special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2023, i.e. applicable for the Financial Year 2023-24 relevant to the Assessment Year 2024-25, as amended and presently in force in India (together, the "Direct Tax Laws"), 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 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2023 applicable for the Financial Year 2023-24, Special Economic Zones Act, 2005 ('SEZ Act). Foreign Trade Policy 2023 as notified vide Notification No. 01/2023 dated March 31, 2023 (unless otherwise specified), read with relevant Rules, Notifications and Circulars, each as amended and presently in force in India (collectively referred as "Indirect Tax Laws" and along with Direct Tax Laws, the "Tax Laws"). Several of these 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 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.
2. The benefits discussed in the enclosed annexure are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this 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 proposed Initial Public Offer ("IPO") of equity shares of face value of Rs. 10 each of the Company (the "Issue").



3. 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.
4. The contents of the enclosed annexure 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.
5. This Statement is issued solely in connection with the proposed issue of the Company and is not to be used, referred to or distributed for any other purpose.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Shankar Srinivasan

Partner

UDIN: 23213271BGSEIO7990

Membership Number: 213271

Place of Signature: Hyderabad

Date: May 24, 2023



STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – THE INCOME TAX ACT, 1961

Outlined below are the special tax benefits available to Cyient DLM Limited ('the Company') and its Shareholders under the Income Tax Act, 1961 ('the Act') as amended by the Finance Act, 2023 applicable for the Financial Year 2023-24 relevant to the Assessment Year 2024-25, as amended and presently in force in India (together, the "Direct Tax Laws").

I. Special tax benefits available to the Company

As per section 115BAA of the Act, the Company has an option to pay income tax in respect of its total income at a concessional tax rate of 25.168% (including applicable surcharge and cess) subject to satisfaction of certain conditions with effect from Financial Year 2020-21 (i.e. Assessment Year 2021-22). Such option once exercised shall apply to subsequent assessment years. In such a case, the Company may not be allowed to claim any of the following deductions/exemptions:

- 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 or 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 from clause i) to vii) 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 from clause i) to vii) above

Further, it was clarified by CBDT vide Circular No. 29/ 2019 dated 2 October 2019 that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.

In this regard, the Company has opted to be covered under the provisions of Section 115BAA of the Act and would be eligible for a reduced tax rate of 22% (25.168% along with surcharge and health and education cess) from Assessment year 2021-22.

Further, as per the provisions of section 80JJAA of the Act, a company subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

Cyient DLM Limited

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II. Special tax benefits available to the Shareholders of the Company

There are no special tax benefits available to the Shareholders of the Company for investing in the shares of the Company.

Notes:

1. This Annexure is as per the Income-tax Act, 1961 as amended by the Finance Act, 2023 read with relevant rules, circulars and notifications applicable for the Financial Year 2023-24 relevant to the Assessment Year 2024-25, presently in force in India.
2. 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.
3. 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/her own tax advisor with respect to specific tax arising out of their participation in the Issue.
4. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.
5. No assurance is provided 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 Cyient DLM Limited

Authorised Signatory
Place: Hyderabad
Date: May 24, 2023



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**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER
THE APPLICABLE LAWS IN INDIA – INDIRECT TAXES**

Outlined below are the possible special tax benefits available to the Company and its Shareholders under 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 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2023 applicable for the Financial Year 2023-24, Special Economic Zones Act, 2005 ('SEZ Act), Foreign Trade Policy 2023 as notified vide Notification 01/2023 dated March 31, 2023 (unless otherwise specified), read with relevant Rules, Notifications and Circulars, each as amended and presently in force in India (collectively referred as "Indirect Tax Laws").

Special tax benefits available to the Company

- Refund under Section 54(3) of the CGST Act, 2017 which provides for claim of input tax credit paid on inputs and input services used in manufacture of goods exported without payment of tax.
- Refund under Section 54(1) of the CGST Act, 2017 read with Rule 89 of the Central Goods and Services Tax Rules, 2017 ("CGST Rules, 2017") for deemed export supplies made or received under Notification No. 48/2017 dated 18 October 2017 as amended from time to time
- The SEZ unit of the Company has availed exemption from the payment of Custom duties under relevant Customs notification and has also availed zero-rated benefit for procurement made under Section 16 of IGST Act respectively.
- The Export Oriented Unit ("EOU") of the Company has availed exemption from payment of Custom duties and IGST on imports made under Notification no. 52/2003 dated 31st March 2003 as amended from time to time.
- Duty drawback of duty paid on import of materials used in manufacture of export goods under Section 75 of the Customs Act.
- The Company used to obtain duty credit scrips under Merchandise Export from India Scheme ("MEIS") covered in Chapter 3 - Exports from India Scheme in Foreign Trade Policy 2015-20 until 31st December 2020. The Government has introduced Duty Credit under Remission of Duty and Taxes on Exported Products ("RODTEP") with effect from 1st January 2021 vide Notification No. 19/2015-2020 dated 17 August 2021. Presently, exports made from SEZ unit and EOU unit have been excluded from purview of the scheme. However, in accordance with system notice vide NDML/SEZ Online/2021/48, the declaration for availment of RODTEP scheme on export made from SEZ unit is being made on shipping bills while the final decision on extension of RODTEP to SEZ and EOU units is under deliberation.
- Customs duty exemption or abatements under various exemption notification under Section 25 of the Customs Act in case of import of goods by the DTA unit.

Other than as indicated above, basis our understanding the Company has not claimed any exemption or concession on any transaction, inter-alia including import transactions, under the Customs law, FTP or any other Indirect Tax Laws

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Special tax benefits available to the Shareholders of the Company

There are no special indirect tax benefits available to the shareholders of the Company.

Notes:

- This Annexure sets out only the possible special tax benefits available to the Company and its Shareholders under Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2023 applicable for the Financial Year 2023-24, Special Economic Zones Act, 2005 ('SEZ Act), Foreign Trade Policy 2023 as notified vide Notification No. 01/2023 dated March 31, 2023 (unless otherwise specified), read with relevant Rules, Notifications and Circulars, each as amended and presently in force in India (collectively referred as "Indirect Tax Laws".
- This Annexure 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, 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 IPO.
- Our comments are based on our understanding of the specific activities carried out by the Company till the date of this Annexure as per the information provided to us. Any variation in the understanding could require our comments to be suitably modified.

We have been given to understand that during the period from 1 April 2022 to the date of this Annexure, the Company intends to -

- avail above mentioned exemption, benefits and incentives under indirect tax laws
- export goods and services outside India
- import goods and services from outside India
- This annexure covers only indirect tax laws benefits and does not cover any special tax benefits under direct tax law or benefit under any other law.
- These comments are based upon the provisions of the specified indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure

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 Cyient DLM Limited

Authorized Signatory
Place: Hyderabad
Date: May 24, 2023



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