

STATEMENT OF SPECIAL TAX BENEFITS

To,
The Board of Directors
Sai Life Sciences Limited

Plot no. DS-7, IKP Knowledge Park,
Turkapally, Shameerpet Mandal, Medchal-Malkajgiri, ST, Rangareddi
Hyderabad, Telangana, India, 500078

Dear Sirs,

Sub: Statement of possible special tax benefits available to Sai Life Sciences Limited ("the Company") and its shareholders under direct and indirect tax laws.

We refer to the proposed initial public offering of the equity shares (the "Offer") of Sai Life Sciences Limited ("the Company"). We enclose herewith the statement (the "Annexure") showing the current position of special tax benefits available to the Company and its shareholders as per the provisions of the Indian direct and indirect tax laws, including the Income-tax Act, 1961, The Central Goods and Services Tax Act, 2017, The Integrated Goods and Services Tax Act, 2017, The Union Territory Goods and Services Act, 2017, The State Goods and Services Tax Act as passed by respective State Governments, Customs Act, 1962 and Foreign Trade Policy 2023, including the rules, regulations, circulars and notifications issued in connection with such tax laws (the "Tax laws"), relevant to the financial year 2024-25 for inclusion in the Red Herring Prospectus ("RHP") and Prospectus for the proposed Offer by the Company, 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 fulfilling the conditions prescribed under the relevant provisions of the Tax laws. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company or its shareholders may face in the near future and accordingly, the Company or its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed 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 is 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 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 investors to invest money or not to invest money based on this statement.

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



Deloitte Haskins & Sells LLP

- The Company or its shareholders will continue to obtain these possible special tax benefits in future;
- The conditions prescribed for availing the possible 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 special tax benefits available to the Company and its shareholders in the RHP and Prospectus in relation to the Offer, which the Company intends to file with the Securities and Exchange Board of India, the stock exchange(s) and the Registrar of Companies, Telangana at Hyderabad, provided that the below statement of limitation is included in the RHP and Prospectus.

LIMITATIONS

Our views expressed in the enclosed 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 information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the existing provisions of tax laws in force in India 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 statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed Offer and to any third party relying on the statement.

This statement has been prepared solely in connection with the proposed Offer by the Company, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

Yours faithfully,

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm Registration Number: 117366W/W-100018)



Sathya P. Koushik

Partner

(Membership No. 206920)

UDIN: 24206920BKAOEB6067

Place: Bengaluru

Date: November 26, 2024

ANNEXURE

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SAI LIFE SCIENCES LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

The information provided below sets out the possible special direct tax benefits available to Sai Life Sciences Limited ("the Company") and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current Tax Laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives a shareholder faces, may or may not choose to fulfill. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. 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 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.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THE SECURITIES, 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 IN THEIR PARTICULAR SITUATION.

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS.

I. Special Direct tax benefits available to the Company

The statement outlined below is based on the provisions of the Income-tax Act, 1961 ('the Act') presently in force in India as amended by the Finance Act (No. 2), 2024.

a) Lower corporate tax rate under section 115BAA of the Act

- The section 115BAA of the Act provides an option to a domestic company to pay corporate tax at a reduced rate of 22% (plus applicable surcharge and education cess¹).
- In case the Company opts for the concessional income tax rate as prescribed under section 115BAA of the Act, it will not be allowed to claim any of the following deductions/exemptions:
 - Deduction under the provisions of section 10AA of the Act (deduction for units in Special Economic Zone).
 - Deduction under clause (iia) of sub-section (1) of section 32 of the Act (Additional depreciation).

¹ Surcharge at 10% on the tax liability and further, enhanced by an education cess at 4% of the total tax liability and surcharge

Deloitte Haskins & Sells LLP

- Deduction under section 32AD or section 33AB or section 33ABA of the Act (Investment allowance in backward areas, Investment deposit account, site restoration fund).
 - 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 of the Act (Expenditure on scientific research).
 - Deduction under section 35AD or section 35CCC of the Act (Deduction for specified business, agricultural extension project).
 - Deduction under section 35CCD of the Act (Expenditure on skill development).
 - Deduction under any provisions of Chapter VI-A other than the deductions under section 80JJAA of the Act (Deduction in respect of employment of new employees) and section 80M of the Act (Deduction in respect of certain inter-corporate dividends).
 - 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.
 - No set-off of any loss or allowance for unabsorbed depreciation deemed so under section 72A of the Act, if such loss or depreciation is attributable to any of the deductions referred to in clause.
- The provisions of section 115JB of the Act regarding Minimum Alternate Tax (MAT) are not applicable if the Company opts for the concessional income tax rate as prescribed under section 115BAA of the Act. Further, the Company will not be entitled to claim tax credit relating to MAT.
 - The option needs to be exercised qua a particular financial year (FY) in the prescribed manner on or before the due date of filing the income-tax return. The option once exercised, shall apply to subsequent FYs and cannot be subsequently withdrawn for the same or any other financial year. If the conditions mentioned in section 115BAA of the Act are not satisfied in any FY, the option exercised shall become invalid in respect of such FY and subsequent FYs, and the other provisions of the Act shall apply as if the option under section 115BAA of the Act had not been exercised.
 - The Company has opted for the concessional rate of tax in the return of income filed for the previous year ended 31st March 2021 relevant to assessment year 2021-22 and onwards.

b) Deduction from Gross Total Income

- Deduction under section 80JJAA of the Act:

The Company is entitled to claim a deduction of an amount equal to thirty per cent of additional employee cost 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 employment is provided under section 80JJAA of the Act, subject to the fulfilment of prescribed conditions therein.

- Deduction under section 80M of the Act:

Section 80M of the Act inter-alia provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, then such domestic company (subject to the provisions of this section) be allowed in computing the total income, a

Deloitte Haskins & Sells LLP

deduction of an amount equal to dividend received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date.

The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

II. Special Direct tax benefits available to Shareholders

- a) 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 Act (as discussed above) would be available on fulfilling the conditions.
- b) 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, surcharge would be restricted to 15%, irrespective of the amount of dividend.
- c) As per section 112A of the Act, long-term capital gains arising from transfer of an equity share shall be taxed at 12.5% plus applicable surcharge² and cess (without benefit of indexation) of such capital gains subject to fulfillment of prescribed conditions under the 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 capital gains exceed Rs. 1,25,000. Further, in respect of non-resident shareholder foreign exchange rate fluctuation as per first proviso to section 48 of the Act shall not be available if capital gains are taxable under section 112 or 112A of the Act.
- d) As per section 111A of the Act, short term capital gains arising from transfer of an equity share shall be taxed at 20% plus applicable surcharge³ and cess subject to fulfillment of prescribed conditions under the Act.
- e) 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 relevant country subject to entitlement.

Except the above and apart from the tax benefits available to each class of shareholders as such, there are no special tax benefits for the shareholders.

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

The statement outlined below is based on Indirect tax regulations as amended from time to time and applicable for the financial year 2024-25.

I. Special Indirect tax benefits available to the Company

² The rate of surcharge on income taxable under section 112A of the Act 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, would be restricted to 15%, irrespective of the amount of capital gains.

³ The rate of surcharge on income taxable under section 111A of the Act 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, would be restricted to 15%, irrespective of the amount of Capital gains.

Deloitte Haskins & Sells LLP

a. 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 and The Union Territory Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder)

- i. Under the Goods and Services Tax ("GST") regime, all supplies of goods and services which qualify as exports are classified as Zero-rated supplies. Zero rated supplies are eligible for claim of GST refund under any of the two mechanisms, at the option of the Company.

The Company can either effect zero-rated supplies under Bond/ Letter of Undertaking (LUT) without payment of GST and claim refund of accumulated Input Tax Credit or effect zero-rated supplies on payment of Integrated Goods and Services Tax and claim refund of the tax paid thereof as per provisions of section 54 of Central Goods and Services Tax Act, 2017. Thus, the option of claiming refund of GST on zero rated supplies is available to the Company.

- ii. The Company is also eligible to claim the benefit of refund of tax on the supply of goods regarded as deemed exports under section 54 of Central Goods and Services Tax Act, 2017, subject to certain conditions.

b. Benefits under Customs Act, 1962 in conjunction with the Customs and Central Excise Duties Drawback Rules, 2017 ("Duty Drawback Rules")

Duty Drawback is a scheme administered by Central Board of Indirect Taxes & Customs ("CBIC") to promote exports by providing rebates on the incidence of Customs duties, chargeable on imported material that are used as inputs for goods to be exported.

This scheme ensures that exports are zero-rated and do not carry the burden of taxes. The product exported is eligible for rebate at a percentage mentioned in duty drawback schedule. Exporters can avail of duty drawback only if they meet the procedural requirements outlined in the Duty Drawback Rules, unless exceptions are granted.

The duty drawback rates may be expressed as percentage of free on board ("FOB") value or fixed rate on value or rate per unit quantity of export goods (weight/volume basis)

c. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2023-28)

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

Remission of duties and taxes on Exported Products (RoDTEP) scheme incentives are given at a specified rate, ranging between 0.5 percent to 4 percent, on the free on board value of the exported goods. The incentives awarded to exporters are issued in the form of duty credit/electronic scrip. These duty credit scrips are freely transferable and can be used for the payment of Custom Duty. The Company is entitled to avail the benefits 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 RoDTEP scheme.

Deloitte Haskins & Sells LLP

ii. Benefits for Export oriented units (EOU)

Export Oriented Units of the Company are eligible to avail upfront exemption of BCD and IGST on import of notified goods. Further, these EOUs are also eligible for refund of taxes paid on domestically manufactured goods under deemed export scheme, subject to fulfilment of conditions prescribed under section 147 of the Central Goods and Services Tax Act, 2017 and Chapter 7 of the Foreign Trade Policy.

iii. Refund of Terminal Excise duty

The Company is entitled to avail the refund of terminal excise duty on fuel procurements viz., High Speed Diesel (HSD), from domestic oil Public Sector Undertakings from as per Para 7.03 (c) of Foreign Trade Policy, 2023 read with Handbook of Procedures, provided, there is no exemption.

II. Special Indirect tax benefits available to Shareholders

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

NOTES:

1. We have not considered general tax benefits available to the Company or its shareholders. The above Statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This Statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
2. This statement does not discuss any tax consequences in the hands of the Company on account of holding shares, securities, interest, outside India.