

**STATEMENT OF SPECIAL TAX BENEFITS**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO HEALTHCARE GLOBAL ENTERPRISES LIMITED, ITS MATERIAL SUBSIDIARIES AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA**

To

**The Board of Directors**

HealthCare Global Enterprises Limited  
HCG Tower, No. 8, P. Kalinga Rao Road  
Sampangi Rama Nagar, Bangalore – 560027  
Karnataka, India

Dear Sir/Madam,

We have been requested by the Company to issue a report on the special tax benefits available to the HealthCare Global Enterprises Limited (“**HCG**” or the “**Company**”), its material subsidiary, HCG Medi-Surge Hospitals Private Limited (“**Material Subsidiary**”) and shareholders of the Company (“**Shareholders**”), in connection with the proposed rights issue of equity shares of the Company (the ‘**Issue**’), for inclusion in the Draft Letter of Offer and the Letter of Offer and any other documents in relation to the Issue (collectively referred to as “**Issue Documents**”).

We enclose herewith the statement (the “**Annexure I**”) showing the current position of special tax benefits available to the Company, Material Subsidiary and Shareholders as per the provisions of the Income-tax Act 1961 (read with Income Tax Rules, 1962, circulars, notifications) as amended by the Finance Act, 2025, i.e., applicable for the Financial Year 2025-26 relevant to the Assessment Year 2026-27, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017/the Union Territory Goods and Services Tax Act, 2017/Respective State Goods and Services Act, 2017 (“**GST Act**”), the Customs Act, 1962 (“**Customs Act**”), the Customs Tariff Act, 1975 (“**Tariff Act**”), and Foreign Trade Policy, 2023 including the rules, regulations, circulars and notifications issued thereunder (collectively the “**Taxation Laws**”) as amended by the Finance Act 2025 (including the rules, regulations, circulars and notifications issued) as applicable for the financial year 2025-26 relevant to the assessment year 2026-27 presently in force in India for inclusion in the Issue Documents for the proposed rights issue of equity shares (“**Issue**”).

Several of these benefits are dependent on the Company, Material Subsidiary and Shareholders fulfilling the conditions prescribed under the relevant provisions of Taxation Laws. Hence, the ability of the Company, Material Subsidiary and Shareholders to derive the tax benefits is dependent upon their fulfilling such conditions. Further, certain tax benefits may be optional, and it would be at the discretion of the Company, Material Subsidiary and Shareholders to exercise the option by fulfilling the conditions prescribed under the relevant Taxation Laws.

The benefits discussed in the enclosed **Annexure I** are neither exhaustive nor conclusive. The contents stated in **Annexure I** 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. The **Annexure I** covers only possible special direct and indirect tax benefits available and does not cover any general tax benefits available to the Company, Material Subsidiary or Shareholders. 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 Issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement. We do not express any opinion or provide any assurance whether:

- The Company, Material Subsidiary and Shareholders will continue to obtain these special tax benefits in future;
- The conditions prescribed for availing the special tax benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.



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This statement is provided solely for the purpose of assisting the Company in discharging its responsibilities under the Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

We hereby give our consent to include this statement and enclosed **Annexure I** regarding the tax benefits available to the Company, Material Subsidiary and Shareholders in the Issue Documents for the proposed rights issue of equity shares which the Company intends to submit to the Securities and Exchange Board of India, the stock exchanges and any other governmental/ regulatory authority, as applicable, provided that the below statement of limitation is included in the Issue Documents.

### LIMITATIONS

*Our views expressed in the **Annexure I** enclosed 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 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. 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 Issue or to any third party relying on the statement. This statement has been prepared solely in connection with the Issue under the Companies Act, 2013 and Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.*

**For S G M & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: S200058



**Hemant M Kumar**

Partner

Membership No.: 216251

UDIN: 26216251QSPVSF7312



Place: Bengaluru

Date: 17 February 2026

Annexure I

**STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO HEALTHCARE GLOBAL ENTERPRISES LIMITED ("HCG" OR THE "COMPANY"), HCG MEDI-SURGE HOSPITALS PRIVATE LIMITED, ITS MATERIAL SUBSIDIARY AND SHAREHOLDERS OF THE COMPANY ("SHAREHOLDERS"), UNDER THE APPLICABLE LAWS IN INDIA**

The information provided below sets out the possible special tax benefits available to the Company, its material subsidiary and its Shareholders under the Income Tax Act, 1961 ('the Act') presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant provisions of the Act.

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

Unless otherwise stated or the context otherwise requires, all references to sections and other provisions herein are references to the Income-tax Act, 1961, as in force on the date of this Offer Document. With effect from 1 April 2026, the Income-tax Act, 2025 is proposed to be made applicable and, where relevant, references herein shall be construed as references to the corresponding provisions of the Income-tax Act, 2025, insofar as such provisions are analogous and provide similar tax treatment.

**A. BENEFITS TO THE COMPANY AND ITS MATERIAL SUBSIDIARY UNDER THE INCOME TAX ACT, 1961**

**1. Benefit of lower rate of tax under Section 115BAA of the Act and corresponding exemption from applicability of Minimum Alternate tax ('MAT') provisions under section 115JB of the Act**

The Taxation Laws (Amendment) Act, 2019 introduced Section 115BAA in the Act wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfilment of certain conditions. The option to apply this tax rate is available from FY 2019-20 relevant to AY 2020-21 and the option once exercised shall apply to subsequent assessment years.

The concessional rate of 22% is subject to the company not availing any of the following specified tax exemptions/incentives under the Act:

- ❖ Deduction under Section 10AA of the Act
- ❖ Deductions available under the Chapter VI-A except under Section 80JJAA and Section 80M of the Act
- ❖ Deduction under Section 32(1)(iia) of the Act
- ❖ Deduction under Section 32AD of the Act
- ❖ Deduction under Section 35AD of the Act
- ❖ Deduction under certain sub-sections/ clauses of Section 35 of the Act

The total income of a company availing the concessional tax rate of 22% is required to be computed without set-off of any brought forward losses and depreciation attributable to any of the aforesaid deductions/incentives. A company can exercise the option to apply for the concessional tax rate on or before the due date of filing the return of income under section 139(1) of the Act.

Further, the provisions of MAT under Section 115JB of the 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.

**2. Section 80JJAA of the Act – Deduction in respect of employment of new employees**

Subject to the fulfilment of prescribed conditions, the Company and its material subsidiary are entitled to claim deduction 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 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.



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Additional employee cost means the total emoluments paid or payable to additional employees employed in the previous year through an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed. The deduction under Section 80JJAA of the Act 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 of the Act.

### **3. Section 80M of the Act – Deduction on inter-corporate dividends**

The Dividend Distribution Tax ('DDT') applicable on companies on declaration of dividend has been abolished by the Finance Act 2020 with effect from 1st April 2020. Dividend income shall be taxable in the hands of shareholders with effect from AY 2021-22. The Finance Act, 2020 has inserted Section 80M effective 01 April 2021 to eliminate the cascading tax effect in case of inter-corporate dividends.

As per the provisions of Section 80M of the Act, dividend received by the Company from any other domestic company or a foreign company shall be eligible for deduction while computing its total income for the relevant year. The amount of such deduction would be restricted to the amount of dividend distributed by the Company to its shareholders on or before one month prior to due date of filing of its Income-tax return for the relevant assessment year.

### **4. Section 35DD of the Act – Amortisation of expenditure in case of amalgamation or demerger**

In accordance with the provisions of Section 35DD of the Act, where a company incurs any expenditure wholly and exclusively for the purposes of amalgamation or demerger of an undertaking, the company shall be allowed a deduction of an amount equal to one-fifth of such expenditure for each of the five successive years beginning with the year in which amalgamation or demerger takes place.

### **5. Deduction in respect of specified expenditure under section 35D (Public issue expenses)**

Specified expenses incurred with respect to share issue are allowable under section 35D of the Act.

### **6. Under Section 72A of the Income-tax Act**

Under Section 72A of the Act, the accumulated loss and the allowance for unabsorbed depreciation directly attributable to the undertakings of the demerged company shall be allowed to be carried forward and set off in the hands of the resulting company. In cases where these losses and allowances are not directly relatable to undertakings, the same shall be apportioned between demerged company and resulting company in the same proportion in which the assets of the undertaking have been retained by the demerged company and transferred to the resulting company and be allowed to be carried forward and set off in the hands of the demerged company or the resulting company as the case may be for the balance years.

Accordingly, on the Scheme becoming effective, the losses pertaining to the Demerged Undertakings would be transferred to the Company and be allowed to be carried forward and set off in the hands of the Company.

## **B. BENEFITS TO THE SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961**

1. 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 would also be available on fulfilling the conditions (as discussed above).
2. Section 112A of the Act provides for concessional tax rate of 12.5% (plus applicable surcharge and cess) on long-term capital gains (exceeding Rs. 1,25,000) arising from the transfer of equity shares of the company if Security Transaction Tax ("STT") is paid on acquisition and transfer of equity shares and subject to fulfilment of other prescribed conditions. The provisions of section 112A shall be applicable once the shares of the Company are listed on the Indian stock exchanges.
3. As per the provisions of section 111A of the Act, short-term capital gains arising from transfer of equity shares in the Company which is chargeable to STT shall be taxable at a rate of 20% (plus applicable surcharge and cess, if any). These provisions shall be applicable once the shares of the Company are listed on the Indian stock exchanges.



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4. In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to benefits, if any, available under the applicable Double Taxation Avoidance Agreement ('DTAA') read with the provisions of Multilateral Instruments, if any, between India and the country in which the non-resident is a resident. Beneficial provisions of the DTAA are subject to satisfying applicable conditions specified in the relevant DTAA as well as the provisions specified in the Income-tax Act, 1961.

### **C. BENEFITS TO THE COMPANY UNDER THE INDIRECT TAX LAWS**

1. The Company's core healthcare services, including diagnosis, treatment, and medical care provided by its clinical establishments and authorized medical practitioners, are exempt from Goods and Services Tax (GST) as per Notification No. 12/2017-Central Tax (Rate) dated 28-06-2017.
2. Income from Surgeries, Income from Consultation, Treatment and Investigations which are income for provision of healthcare services by the company are exempt from GST.
3. Services provided by doctors/ consultants/ technicians hired by the company, whether employees or not, are healthcare services which are exempt from GST.
4. Medicines sold through the hospital pharmacy to inpatients are considered as part of healthcare services and are exempt from GST.
5. Exemption from basic customs duty or a beneficial rate of customs duty is available on import of specified drugs and medicines for cancer care or specified rare diseases, which are used by the Company in providing healthcare services.
6. The Company is entitled to beneficial rate of customs duty on import of specified goods which are used by the Company in providing healthcare services.
7. Capital goods are allowed to be imported without payment of customs duty subject to fulfilment of export obligations as per Export Promotion Capital Goods (EPCG) scheme under Foreign Trade Policy.

