



STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO GEM AROMATICS LLC (HEREAFTER ALSO REFERRED TO AS 'THE COMPANY') UNDER THE DIRECT AND INDIRECT TAX LAWS WHICH APPLY IN THE UNITED STATES

Date: July 15, 2025

To:
The Board of Directors
Gem Aromatics LLC
208 West State Street
Trenton, New Jersey
08608-1002
USA

Dear Sir/Ma'am,

RE: Statement of potential Special Tax Benefits available to the Company under the direct and indirect tax laws which apply in the United States.

Further to the terms of our Statement of Work dated June 12, 2025 and signed June 16, 2025, we enclose the Statement (the "**Annexure**") summarising potential special tax benefits available to the Company in respect of the year ending March 31, 2025, and for the subsequent period from April 1, 2025 to June 30, 2025 based on direct and indirect taxation laws of the United States as of the date of this Statement.

The potential tax benefits available to the Company by reason of the direct and indirect taxation laws of the United States as set out in the Statement, are potentially available to all companies who are tax resident in the United States, provided the conditions referred to in the Statement are met. However, we understand that notwithstanding same, such benefits can be referred to as 'special tax benefits' in the context of the proposed listing of equity shares of Gem Aromatics Limited, (hereafter referred to as the Holding Company) solely in view of the fact that the Indian tax resident parent company has a United States tax resident subsidiary, who can potentially avail of the tax benefits as set out in the Statement.

Several of these benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws of the United States. Hence, the ability of the Company to derive these direct and indirect special tax benefits is dependent upon the fulfilment of certain conditions. It is also dependent on there being no further change to the United States taxation law and practice in respect of the current taxation year ending March 31, 2025, and the period from April 1, 2025, to June 30, 2025.

The potential benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. The contents of the Annexure are based on the information and explanations obtained from the Company. This Statement is only intended to provide general information and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of taxation matters and the changing tax laws which apply both in the United States and each individual investor's state of tax residence, each investor is advised to consult their own tax consultants with respect to the specific tax implications arising out of



their participation in the proposed listing of equity shares which the Company's parent entity, namely Gem Aromatics Limited, as detailed below. We note in particular that investors are not subscribing for shares in the Company itself but rather in its parent entity as detailed below. We are neither suggesting nor are we advising the investors to invest or not to invest money based on this Statement.

The contents of the enclosed Annexure are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company arising therefrom.

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

- The Company will continue to obtain these benefits in future;
- The conditions prescribed for availing of the benefits have been/would be met;
- The Revenue authorities/courts will concur with the views expressed herein.

This Statement is provided solely for the purpose of assisting the Company in discharging its responsibilities under the SEBI ICDR Regulations.

This statement is issued solely in connection with the Proposed Initial Public Offer of the Holding Company. The statement is intended solely for your information and for inclusion in the documents to be filed with the Securities and Exchange Board of India (SEBI) and the Stock Exchanges and the Red Herring Prospectus (RHP) and the Prospectus (Prospectus and together with the RHP, the "Offer Documents") and any other material in connection with the Initial Public Offer. We hereby give our consent to submit this certificate as may be necessary to SEBI, the Registrar of Companies, Maharashtra at Mumbai ("RoC"), the relevant stock exchanges or any other regulatory authority and/or for the records to be maintained by the Book Running Lead Manager appointed by the Holding Company in relation to the Offer ("BRLM") and in accordance with applicable laws in India.

We confirm that we will immediately inform the Holding Company and the BRLM of any changes to the above information in writing until the date when the equity shares of the Holding Company commence trading on the stock exchange(s) where the Equity Shares are proposed to be listed (the "Stock Exchanges"). In the absence of any such communication from us, the BRLM, and the legal counsel to each of the Holding Company and Lead Managers can assume that there is no change to the above information until the date when the Equity Shares are listed and commence trading on the Stock Exchanges pursuant to the Offer.

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 taxation laws in force in the United States 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 and third parties who may or may not invest in the listing of equity shares which the Company's parent entity, namely Gem Aromatics Limited relying on the Statement. This Statement has been prepared solely in connection with the proposed issue of equity shares of Gem Aromatics Limited under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

Signed on behalf of KNAV Advisory Inc



Shishir Lagu

Partner

KNAV Advisory Inc.



Date – 15th July, 2025

ANNEXURE TO THE STATEMENT OF TAX BENEFITS POTENTIALLY AVAILABLE TO GEM AROMATICS LLC (HEREAFTER REFERRED TO AS ‘THE COMPANY’)

The information provided below sets out the potential direct and indirect tax benefits available to Gem Aromatics LLC. (or hereafter referred to as ‘the Company’) in a summary manner only and is not a complete analysis or listing of all potential tax benefits which may apply to the Company under the current tax laws presently in force in the United States. The Statement reflects only the current position of tax benefits available to the Company as presently in force and applicable as of the date of this Statement and applying to the current taxation year of the Company being the financial year ending 31 March 2025, and the period from April 1, 2025 to June 30, 2025.

Several of these benefits are dependent on the Company fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives the Company, may or may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company will continue to obtain these benefits in future.

The overview provided in this Statement is neither exhaustive nor conclusive and is not intended to be a substitute for professional advice. It only covers potential Direct and Indirect tax benefits under the relevant tax laws as defined below and does not cover benefits under any other law or any tax jurisdiction other than the United States. The Statement as outlined below does not constitute tax advice and is intended only as a guide to certain tax benefits under tax laws and the practice and/or application of same by the Taxing Authorities in the United States as of the date of this Statement. The commentary as set out in this Statement is limited only to the relevant aspect of the tax laws as defined below which are set out as part of this Statement.

This Statement deals with direct and indirect tax benefits available to the Company. It does not deal with direct or indirect tax benefits available to the parent of the Company, Gem Aromatics Limited, and does not deal with tax implications for investors in Gem Aromatics Limited, even to the extent that any such investors may be tax resident in the United States. In view of the individual nature of taxation matters and the changing tax laws which apply both in the United States and each individual investor’s state of tax residence, 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. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this Statement.



Statement of special direct and indirect tax benefit available to the Company under the corporate tax laws of the United States

A. Direct Tax

The legislation relevant to corporate tax is contained primarily in the Internal Revenue Code of 1986 ('IRC'), as amended by the treasury regulations and the other official tax guidance published by the Internal Revenue Service, and the tax laws of the various states.

(i) Corporate Tax rate on business profits

A company, being a resident of the US, is subject to tax on its worldwide income, including any capital gains, at the regular corporate tax rate. or tax years 2022 (FY 2022-23), 2023 (FY 2023-24), and 2024 (FY 2024-25), as well as for the period from April 1, 2025 to June 30, 2025, US resident companies are subject to tax at a corporate federal income tax rate of 21 percent.

(ii) Taxation of Capital Gains

The capital gains are a part of business income for the purpose of taxability in the hands of the Company and chargeable to tax at the regular corporate tax rate. The capital loss, if any, can be set off against the capital gains. The unutilized capital losses can be carried back to each of the 3 taxable years preceding the loss year and can be carried over to each of the 5 taxable years succeeding the loss year.

During the tax year 2024 (FY 2024-25) and for the period from April 1, 2025 to June 30, 2025, the Company had not generated any capital gain income nor incurred any capital loss.

(iii) Taxation of business losses

Any operating loss incurred by the company is allowed to be set off against the taxable profits (including capital gains) of the same year. The remaining loss can be carried forward and can be adjusted against the taxable profits of the future years. The net operating loss generated from the tax year 2018 onwards can be carried forward indefinitely but can be utilized to the extent of 80% of taxable income for the year, against which the losses will be utilized.

An additional restriction may be imposed on the utilization of the losses if the ownership of the company undergoes a change. The restriction is imposed on the losses generated, prior to the date of change of ownership of the company.

During the tax year 2024 (FY 2024-25) and for the period from April 1, 2025 to June 30, 2025, the Company had generated operating income and no operating losses were generated. Additionally, we do not have any accumulated losses from the previous years as well.

(iv) **Capital Allowances available in respect of capital expenditure on qualifying plant and machinery**

The federal tax laws provided for special depreciation allowance (deduction for expenditure on capital assets) equal to the applicable percentage of the unadjusted depreciable basis of certain qualified property acquired after September 27, 2017, and placed in service after September 27, 2017, and before January 1, 2027. The applicable percentage is 100% for property placed in service between September 28, 2017, and December 31, 2022, with annual 20% reductions in the applicable percentage scheduled between the tax years 2023 and 2027. In order to be eligible to special depreciation allowance, the property must be placed in service in the USA.

As a result of the One Big Beautiful Bill Act (OBBBA), effective January 19, 2025, the special depreciation allowance is permanently restored at 100% for qualifying property placed in service in the U.S., eliminating the prior phase-down schedule. This change enables businesses to immediately expense the full unadjusted depreciable basis of eligible assets, significantly accelerating deductions and improving cash flow in the acquisition year.

During the tax year 2024 (FY 2024-25) and for the period from April 1, 2025 to June 30, 2025, the Company had neither purchased any fixed asset nor claimed any depreciation.

(v) **Tax treatment of interest incurred for the purposes of business activities**

The federal tax law provided that interest incurred in respect of monies borrowed wholly and exclusively for the purposes of a trade carried on a company shall be deductible, to the extent of 30% of the adjusted taxable income, of the company. Adjusted taxable income means the taxable income of the taxpayer computed without regard to any business interest or business interest income, net operating loss deduction, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion.

As a result of the One Big Beautiful Bill Act (OBBBA), effective for tax years beginning January 1, 2025, the definition of adjusted taxable income under IRC § 163(j) is modified to include depreciation, amortization, and depletion, resulting in significantly higher interest deductions for capital-intensive businesses. The statutory cap remains 30% of ATI, but shifting to an EBITDA basis increases the deductible interest ceiling. .

During the tax year 2024 (FY 2024-25) and for the period from April 1, 2025 to June 30, 2025, the Company is not subject to section 163j interest limitation.

(vi) **Capital Allowances available in respect of capital expenditure on qualifying specified intangible assets**

The federal tax law provides for tax relief for capital expenditure incurred on the acquisition of specified intangible assets for the purposes of trade. Capital allowances are available in respect of expenditure in respect of qualifying specified intangible assets which are acquired and put to use during the taxable year. Such specified intangible allowances are generally available over the useful life of the asset or a period of fifteen years and allowed as a deduction in arriving at the taxable business profits of a company



for corporate tax purposes in the tax period of assessment. Qualifying specified intangibles are defined under the Tax Laws and can include, patents, copyright, computer software, goodwill, etc. acquired separately or as part of the asset acquisition transaction.

During the tax year 2024 (FY 2024-25) and for the period from April 1, 2025 to June 30, 2025, the Company had neither acquired any intangible property nor claimed any amortization.



B. Other Taxes

(i) Sales Tax

A lot of states in the US levy sales and use tax. Also, few states allow cities to levy sales and use tax in addition to state level tax. Since the company's sales in U.S for FY 24-25 and period April 1, 2025 to June 30, 2025 are limited to entire sales being to wholesalers and distributors, the company had no sales tax exposure hence no sales tax registrations were taken.

(ii) Property Tax

A company owning real or personal property in a state or locality is generally subject to property tax. However, in New Jersey, business inventory is exempt from property tax, provided it is held for sale, lease, or use in the normal course of business. As a result, inventory maintained in New Jersey is not subject to property tax under this exemption.

The company-maintained business inventory in the state of NJ for FY 24-25 and for the period April 1, 2025 to June 30, 2025. Since business inventory is exempt from Property tax, there was no property tax return filed.

(iii) Unclaimed Property

Generally Unclaimed Property Law requires banks, insurance companies, corporations, and certain other entities to report and submit their customers' property to the respective State Controller's Office when there has been no activity for a period time (generally three years).

Common types of unclaimed property are bank accounts, stocks, bonds, uncashed checks, insurance benefits, wages, and safe deposit box contents. Property does not include Real Estate.

Since the company does not have any unclaimed property in FY 24-25 and for the period April 1, 2025 to June 30, 2025, it is not required to file unclaimed property tax returns.

(iv) Payroll Tax

Employers are required by law to withhold employment taxes from their employees.

The Company had Yash Parekh as a Manager from 19th November 2019, but he was not getting salary; therefore, there was no obligation to file payroll tax returns with the Internal Revenue Service or any state authorities for that period.

However, during the period from April 1, 2025, to June 30, 2025, the Company hired one employee effective May 1st, 2025 and accordingly will be required to comply with applicable federal and state payroll taxes.

