



STATEMENT OF SPECIAL TAX BENEFITS (UNDER DIRECT AND INDIRECT TAX LAWS) TOGETHER WITH THE REPORT AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS (IF APPLICABLE)

Dated 13th January 2025

To,

The Board of Directors

Shanti Gold International Limited

Plot No A-51, 2nd Floor To 7th Floor, MIDC, Marol Industrial Area,
Road No.-1, Near Tunga International Hotel, Andheri (E),
Chakala Midc, Mumbai, Maharashtra, India, 400093
(the "Company")

Choice Capital Advisors Private Limited

Sunil Patodia Tower, Plot No. 156-158
J.B. Nagar, Andheri (East),
Mumbai, Maharashtra, India, 400099

(Choice Capital Advisors Private Limited is referred to as the "Book Running Lead Manager" or the "BRLM")

Dear Sir/ Madam,

Sub: Proposed initial public offering of equity shares of face value of ₹ 10 each (the "Equity Shares") of Shanti Gold International Limited ("the Company" and such issue, the "Issue")

Sub.: Statement of possible Special Tax Benefits available to the Company and its equity shareholders, under the direct and indirect tax laws

We, J Kala & Associates, Chartered Accountants (Firm registration number: 118769W), are Statutory Auditors of the Company and as per the engagement letter as on 20th November, 2024, we have been appointed by the management of the Company to state the possible special tax benefits, available to the Company, its shareholders under direct and indirect taxes (together "the Tax Laws"), presently in force in India as on the signing date, which are defined in the Annexure.

We enclose herewith the statement (the "Annexure") showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Indian direct and indirect tax laws including the Income-tax Act, 1961, ("Act") 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 Tax Act, 2017 (collectively the "GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively the "Taxation Laws") including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2025-26 relevant to the fiscal year 2024-25 for inclusion in the Draft Red Herring Prospectus ("DRHP") for the proposed initial public offering of Equity Shares of the Company as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations").



Management's Responsibility

The Company's management's responsibility includes the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Annexure and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The management is also responsible for ensuring that the Company complies with the requirements of the relevant provisions of the Tax laws and to avail the available special tax benefits.

The Company's management is also responsible for providing details pertaining to its returns, records and other relevant documentations and their reflection in the books of accounts/returns of the Company.

Statutory Auditor's Responsibility

In this regard, we have performed the following procedures in relation to the Annexure:

- a) Review of the Company's fiscal statements and tax records to identify eligible tax benefits.
- b) Review of requisite documentation, including tax computation sheets and supporting evidence of qualifying expenditures or investments.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Fiscal information, and Other Assurance and Related Services Engagements.

We hereby confirm that while providing this certificate we have complied with the Code of Ethics issued by the Institute of Chartered Accountants of India.

Conclusion

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws including the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions.

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. 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 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 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.

Other Matters



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

- The Company or its Shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing 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 ICDR Regulations.

We hereby give our consent to include this report and the enclosed Annexure regarding the tax benefits available to the Company and its Shareholders in the DRHP for the proposed initial public offer of equity shares which the Company intends to submit to the Securities and Exchange Board of India and the National Stock Exchange of India Limited and BSE Limited (the "**Stock Exchanges**").

We also consent to the references to us as "Experts" as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Draft Red Herring Prospectus, Prospectus, the Preliminary International Wrap/Offering Memorandum, the Abridged Prospectus and any other addendum thereto of the Company to be submitted/filed with the Securities and Exchange Board of India ("**SEBI**"), the Registrar of Companies, Maharashtra at Mumbai ("**ROC**") and the stock exchanges, or any other material (including in any corporate or investor presentation made by or on behalf of the Company) to be issued in relation to the Issue (together referred as "**Offer Documents**") or in any other documents in connection with the Issue

Our views expressed herein are based on the facts and assumptions indicated to us. 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 the Taxation Laws 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. We will not be liable to the Company and any other person in respect of this certificate, except as per applicable law.

The contents of enclosed Annexures are based on the information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our Scope of work did not involve performance of any audit test in this context of our examination. Accordingly, we do not express an audit opinion.

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.

This certificate is not to be used, referred to or distributed for any other purpose without our prior written consent.

We hereby give consent to include this statement in the Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus and submission of this certificate as may be necessary, to the Stock Exchange/ SEBI/ any regulatory authority and/or for the records to be maintained by the Book Running Lead Manager in connection with the Issue and in accordance with applicable law.



This certificate may be relied on by the Book Running Lead Manager and the legal counsel in relation to the Issue.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

All capitalized terms not defined hereinabove shall have the same meaning as defined in the Offer Documents.

Yours sincerely,

**For J Kala & Associates,
Chartered Accountants**

ICAI Firm Registration No.: 118769W

CA Hiral Mehta

Partner

Membership No: 149085

Place: Mumbai

Date: 13th January 2025

UDIN: 25149085BMJQIY6248



ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SHANTI GOLD INTERNATIONAL LIMITED ("COMPANY") AND THE SHAREHOLDERS OF THE COMPANY ("SHAREHOLDERS")

Outlined below are the special tax benefits available to the Company and its shareholders as per the Income tax Act, 1961 ("IT Act") as amended from time to time and applicable for fiscal year 2024-25 relevant to assessment year 2025-26 (AY 2025-26) and Indirect Tax Laws as amended from time to time and applicable for fiscal year 2024-25. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares 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.

I. Under the IT Act

1. Special Tax Benefits to the Company

- Lower Corporate Tax rate under Section 115BAA

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%) from the Fiscal Year 2019-20, provided such companies do not avail specified exemptions/incentives (e.g. deduction under Section 10AA, 32(1) (ia), 33ABA, 35(2AB), 80-IA etc.) The Amendment Act, 2019 also provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under Section 115JB. The Central Board of Direct Tax (CBDT) has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available. Corresponding amendment has been inserted under Section 115JAA dealing with MAT credit.

The Company has exercised the above option in the Fiscal Year 2023-24.

2. Special Tax Benefits available to Shareholders

There are no Special Tax Benefits available to the Shareholders (other than Resident Corporate Shareholder) of the Company.

With respect to a Resident Corporate Shareholder, a new section 80M is inserted in the Finance Act, 2020, to remove the cascading effect of taxes on inter-corporate dividends during fiscal year 2020-21 and thereafter. The section 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, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends 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.

NOTES:

- The above statement of Special Tax Benefits sets out the provisions of Tax Laws 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.

The above statement covers only certain Special Tax Benefits under Income Tax Act, 1961 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.

- The above statement of Special Tax Benefits is as per the current Direct Tax Laws relevant for the assessment year 2025-26. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
- In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.
- As the Company has opted for concessional corporate income tax rate as prescribed under section 115BAA of Income Tax Act, 1961, it will not be allowed to claim any of the following deductions:
 - a. Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
 - b. Deduction under clause (iia) of sub-section (1) of section 32 (Additional Depreciation)
 - c. Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, Site restoration fund)
 - d. Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section or subsection (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
 - e. Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
 - f. Deduction under section 35CCD (Expenditure on skill development)
 - g. Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M;
 - h. 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
 - i. 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 above

This statement 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 or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

II. Under the Indirect Tax Laws

3. Special Indirect Tax Benefits available to the Company

The Company is not entitled to any special tax benefits under indirect tax laws

4. Special Tax Benefits available to Shareholders

The Shareholders of the Company are not entitled to any Special Tax Benefits under indirect tax laws

Notes:

1. *We have not considered the general tax benefits available to the Company, or shareholders of the Company.*
2. *The above is as per the Taxation Laws as on date.*



3. *The above Statement of possible special tax benefits sets out the provisions of Taxation Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of Equity Shares.*
4. *This Statement does not discuss any tax consequences in any country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income –tax consequences that apply to them.*

