

2. **Statement of special tax benefits**

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Statement of special tax benefits

To,

The Board of Directors,

Saraswati Saree Depot Limited

SR No. 144/1 Manade mala

Gandhinagar Road, Nigadewadi,

Kolhapur – 416005

Maharashtra, India

Unistone Capital Private Limited

305, A Wing, Dynasty Business Park,

Andheri Kurla Road, Andheri East,

Mumbai 400059,

Maharashtra, India.

(Unistone Capital Private Limited is hereinafter referred to as the **Book Running Lead Manager**)

Sub: Proposed initial public offering of its equity shares of ₹ 10 each (the “Equity Shares”) of Saraswati Saree Depot Limited (the “Company”) and such offering (the “Offer”)

Dear Sirs,

We, Sanjay Vhanbatte & Co., the statutory auditors of the Company, hereby confirm that the enclosed statement in the **Annexure** prepared by the Company and initialled by us and the Company for identification purpose (**Statement**) is true and correct and sets out the possible special tax benefits available to the



Company and its shareholders under direct tax and indirect tax laws presently in force in India, including the Income Tax Act, 1961, as amended by the Finance Act, 2023, read with rules, circulars and notifications issued thereunder (**Act**) i.e., applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25, 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, (**GST Act**) read with rules, circulars and notifications, the Customs Act, 1962 (**Customs Act**) and the Customs Tariff Act, 1975 (**Tariff Act**) and the Foreign Trade Policy 2015-2020 (**FTP**) as amended by the Finance Act, 2023, i.e., applicable for the year 2023-24 relevant to the assessment year 2024-25, presently in force in India (collectively the **Taxation Laws**) read with the rules, regulations, circulars and notifications issued thereon, as applicable to the assessment year 2024-2025 and relevant to the financial year 2023-2024.

Several of these benefits are dependent on the Company and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company and its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its shareholders face in the future, the Company and its shareholders may or may not choose to fulfill.

This statement of possible special tax benefits is required as per Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (**SEBI ICDR Regulations**). While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company and its shareholders, the same would include those benefits as enumerated in the statement. Any benefits under the Taxation Laws other than those specified in the statement are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in the statement, have not been examined and covered by this statement.



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.

In respect of non-residents, 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 country in which the non-resident has fiscal domicile.

The benefits stated in **Annexure A** of this certificate, for possible special tax benefits available to the Company and its shareholders are not exhaustive and the preparation of the contents stated is the responsibility of the Company. 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 distinct 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 and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.

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

1. The Company and its shareholders will continue to obtain these benefits in the future.
2. The conditions prescribed for availing of the benefits have been / would be met with.
3. The revenue authorities / courts will concur with the views expressed herein.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct and complete and have not audited or tested them. Our view, under no



circumstances, is to be considered as an audit opinion under any regulation or law.

Our Firm shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.

We hereby consent to the extracts of this certificate being used in the Red Herring Prospectus and Prospectus to be filed with the Securities and Exchange Board of India (**SEBI**), the BSE Limited (**BSE**) and the National Stock Exchange of India Limited (**NSE** and together with the BSE, the **Stock Exchanges**), Registrar of Companies, Maharashtra at Pune (**RoC**) in connection with the Offer, and submission of this certificate as may be necessary, to any regulatory authority statutory, judicial or governmental authorities, and in any other material used in connection with the Issue and for disclosure on the website of the Company and the Book Running Lead Manager in connection with the Issue and/or for the records to be maintained by the Book Running Lead Manager in connection with the Offer and in accordance with applicable law.

We confirm that the information herein is true, fair, correct, complete, accurate, not misleading and does not contain any untrue statement of a material fact nor omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. We hereby consent to this certificate being disclosed by the Book Running Lead Manager, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authorities with prior intimation to us except as required in relation to the Offer or (ii) to be produced in connection with any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation related to any matter regarding issuance and listing of the Equity Shares of the Company.

We undertake to update you of any change in the above-mentioned disclosures which we are aware of until the Equity Shares allotted, pursuant to the Offer, are listed and commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be considered as updated



information until the Equity Shares commence trading on the Stock Exchanges, pursuant to the Offer.

We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' Offered by the Institute of Chartered Accountants of India (**ICAI**) which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI. We hereby confirm that while providing this certificate we have complied with the Code of Ethics issued by the ICAI.

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 Financial Information, and Other Assurance and Related Services Engagements,' issued by the ICAI.

This certificate may be relied on by the Issuer, Book Running Lead Manager, their affiliates and the legal counsel in relation to the Offer and to assist the Book Running Lead Manager in the context of due diligence procedures that the Book Running Lead Manager has to conduct and the documents in relation of their investigation of the affairs of the Company in connection with the Offer.

All capitalized terms not defined herein bear the meaning ascribed to them in the Offer Documents.

SANJAY VHANBATTE AND CO

Chartered Accountants

FRN NO.112996W

CA. S. M. VHANBATTE

PROPREITOR

M.No.44808

Place: Kolhapur

Date: 05/08/2024

UDIN: 24044808BKEFYW7461



ANNEXURE A

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

A. Special tax benefits available to the Company

1. The Company has opted to be covered under the provisions of Section 115BAA of the Act and is eligible for a reduced tax rate of 22% (25.168% along with surcharge and health and education cess) from Assessment year 2021-22.
2. 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.

B. 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. However, such shareholders shall be liable to concessional tax rates on certain incomes under the extant provisions of the Act.

Section 112A of the Act provides for concessional rate of tax on long term capital gain arising on transfer of equity shares with effect from April 1, 2019 (i.e., Assessment Year 2019-20) subject to conditions. Any long term capital gain, exceeding INR 1,00,000 arising from the transfer of a long-term capital asset (i.e., capital asset held for the period of 12 months or more) being an Equity Share in a company wherein Securities Transaction Tax ('STT') is paid on both acquisition and transfer, income tax is charged at a rate of 10% without giving effect to indexation.

Section 111A of the Act provides for concessional rate of tax @ 15% in respect of short-term capital gains (provided the short-term capital gains exceed the



basic threshold limit of income exemption, where applicable) arising from the transfer of a short term capital asset (i.e., capital asset held for the period of less than 12 months) being an Equity Share in a company or wherein STT is paid on both acquisition and transfer.

In respect of non-residents, 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 country in which the non-resident shareholder has fiscal domicile.

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 2024-25 relevant to the Assessment Year 2025-26, 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 Offer.
4. 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.
5. This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.
6. The above statement of possible direct tax benefits sets out the provisions of law 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.

