

**RAMAN S. SHAH & CO**  
**CHARTERED ACCOUNTANTS**

CA Raman S. Shah, B.Com ,F.C.A.



**STATEMENT OF TAX BENEFITS**

Date:- 31<sup>st</sup> August, 2023

To,

**The Board of Directors**  
**VALIANT LABORATORIES LIMITED**  
104, Udyog Kshetra, Mulund Goregoan Link Road,  
Mulund west, Mumbai-400080

And

**UNISTONE CAPITAL PRIVATE LIMITED**  
A/305, Dynasty Business Park,  
Andheri - Kurla Road, Andheri (East),  
Mumbai - 400 059, India

(Unistone Capital Private Limited referred to as the "Book Running Lead Manager")

Dear Sir(s):

**Sub: Proposed initial public offering of equity shares of ₹ 10 each (the "Equity Shares") of Valiant Laboratories Limited (the "Company" and such offering, the "Issue")**

We report that the enclosed statement in **Annexure A**, states the possible special tax benefits available to the Company and to its shareholders under the applicable tax laws presently in force in India including the Income Act, 1961 ('Act'), as amended by the Finance Act, 2023 i.e. applicable for FY 2023-24 (AY 2024-25), and other direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the stated special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure are not exhaustive. 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 individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. We are neither suggesting nor advising the investor to invest money based on this statement.

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

- i) the Company or its shareholders will continue to obtain these benefits in future; or
- ii) the conditions prescribed for availing the benefits have been/would be met with.

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

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. The contents stated in the annexure are based on the information, explanations and representations obtained from the Company.

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We hereby give consent to include this statement of tax benefits in the Red Herring Prospectus, the Prospectus and submission of this certificate as may be necessary to the Stock Exchange(s)/ 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.

Terms capitalised and not defined herein shall have the same meaning as ascribed to them in the Red Herring Prospectus.

Yours sincerely,  
For Raman S Shah & Co,  
Chartered Accountants  
FRN No.: 111919W

CA Raman S Shah  
Proprietor  
Membership No: 033272  
Place: Mumbai  
Date: 31<sup>st</sup> August, 2023



UDIN: - 23033272BGU0BS2304.



**Annexure-A**

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

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholder under the Income Tax Act 1961 (read with the rules, circulars and notifications issued in connection thereto), as amended by the Finance Act, 2021 presently in force in India. 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.

**A. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (THE "ACT")**

Except as mentioned herein below, there are no possible special tax benefits available to the Company under Income Tax Act, 1961 read with the relevant Income Tax Rules, 1962.

As per section 115BAA of the Act, the Company has an option to pay income tax in respect of its total income at a concessional tax rate of 25.168% (including applicable surcharge and cess) subject to satisfaction of certain conditions with effect from Financial Year 2019-20 (i.e. Assessment Year 2020-21). Such option once exercised shall apply to subsequent assessment years. In such a case, the Company will not be allowed to claim any of the following deductions/ exemptions under the Act:

- 1) Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
- 2) Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)
- 3) Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
- 4) Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or subsection (2AB) of section 35 (Expenditure on scientific research)
- 5) Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
- 6) Deduction under section 35CCD (Expenditure on skill development)
- 7) Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or Section 80M
- 8) Deduction under Section 80LA other than deduction applicable to a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA of the Act.
- 9) 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 from clause 1) to 8) above.
- 10) 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 from clause 1) to 8) above.

Further, it was clarified by CBDT vide Circular No. 29/ 2019 dated 2 October 2019 that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding

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Minimum Alternate Tax (MAT) are not applicable. Additionally, such Company will not be entitled to claim tax credit relating to MAT. In this regard, from Assessment Year 2020-21 relevant to Financial Year 2019-20 onwards the Company has opted to be covered under the provisions of Section 115BAA of the Act and would be eligible for a reduced tax rate of 22% (effective rate of 25.168% along with Surcharge and Health and Education Cess) subject to fulfilment of above conditions.

Further, 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 year. Since the Company has investments in India, it can avail the above-mentioned benefit under Section 80M of the Act.

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction, under the provisions of Section 80JJAA of the Act, 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.

**B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (THE "ACT")**

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholder, deduction under Section 80M of the Act would be available on fulfilling the conditions (as discussed above). 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. As per Section 112A, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfilment of prescribed conditions under the Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 01 October 2018. It is worthwhile to note, that tax shall be levied where such capital gains exceed INR 1,00,000/-.

Except for the above, the Shareholders of the Company are not entitled to any other special direct tax benefits under the Act.

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 Tax Laws as on the date of this Certificate on Statement of possible special tax benefits.*
- 3. The above Statement of possible 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 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.*
- 5. These special direct tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the*

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*business imperatives, the Company or its shareholders may or may not choose to fulfil.*

6. *The special direct tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, 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 his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.*
7. *Our Subsidiary company has adopted 15% income tax section 115BAB.*

