

CERTIFICATE ON SPECIAL TAX BENEFITS FOR THE COMPANY, MATERIAL SUBSIDIARIES AND ITS MATERIAL SHAREHOLDERS

Date: June 10, 2026

To,
The Board of Directors,
Shreedhar Spinners Limited
503, Matharu Arcade,
Subhash Road, Vile Parle East,
Mumbai - 400057, Maharashtra

Marwadi Chandarana Intermediaries Brokers Private Limited
X-Change Plaza, Office No. 1201 to 1205,
12th Floor, Building No. 53E,
Zone-5, Road 5E, Gift City,
Gandhinagar-382355, Gujarat, India

(Marwadi Chandarana Intermediaries Brokers Private Limited is appointed in relation to the Offer referred to as the “Book Running Lead Manager” or the “BRLM”)

Re: Proposed initial public offering of equity shares of face value of Rs. 10 each (the “Equity Shares” and such offering, the “Offer”) of Shreedhar Spinners Limited

We, M R B & Associates, statutory auditors to the Company, ICAI Firm Registration Number 136306W, hereby confirm that the enclosed **Annexure A** provides the special tax benefits available to the Company and its shareholders identified as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, pursuant to [(i) the Income Tax Act, 1961, as amended by the Finance Act, 2023 and read with the rules, circulars and notifications issued in relation thereto; and (ii) applicable indirect taxation laws, as amended and read with the rules, circulars and notifications issued in connection thereto]

Several of these stated tax benefits/consequences are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of the Company or its shareholders to derive the tax benefits is dependent on fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. 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 Offer. Neither are we suggesting nor advising the investor to invest money based on this statement. These statements do not cover any general tax benefits available to the Company and/or its shareholders is neither designed nor intended to be a substitute for professional tax advice.

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; or.
- iii) 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 and on the basis of our understanding of the business activities and operations of the Company.

This certificate, including **Annexure A** herein, is for your information and for inclusion in the red herring prospectus, prospectus and any other material used in connection with the Offer (together the "Offer Documents") with the Securities and Exchange Board of India ("SEBI"), Emerge Platform of National Stock Exchange of India Limited (collectively, the "Stock Exchanges") and subsequently the red herring prospectus and the prospectus with the Registrar of Companies, Mumbai ("RoC"), in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations") may be prepared in connection with the Offer.

The aforesaid information contained herein and in **Annexure A** may be relied upon by the Book Running Lead Manager appointed pursuant to the Offer and may be submitted to the stock exchange, the Securities and Exchange Board of India, and any other regulatory or statutory authority in respect of the Offer and for the records to be maintained by the Book Running Lead Managers.

We hereby confirm that while providing this certificate we have complied with the Code of Ethics and 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 Institute of Chartered Accountants of India. We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (Revised 2016) issued 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 undertake to update you in writing of any changes in the abovementioned position, until the date the Equity Shares issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate.



Capitalized terms used herein, unless otherwise specifically defined, shall have the same meaning as ascribed to them in the Offer Documents.

Yours Sincerely,

For M R B & Associates

Chartered Accountants

ICAI Firm Registration Number: 136306W



Manish R Bohra

Partner

Membership No.: 058431

Place: Mumbai

UDIN: 26058431MBGAWG3610

Annexure - A

The statement of special tax benefits (covering direct and indirect tax) available to the Company and its shareholders

A. Special tax benefits available to the Company

1. **Lower corporate tax rate under Section 115BAB of the Income Tax Act :** The Company has opted to be covered under the provisions of Section 115BAB* of the Income Tax Act, 1961 and is eligible for a reduced tax rate of 15.00% (17.16%) along with surcharge and health and education cess) from Assessment year 2021-22.

***Note**

- a. It will not be allowed to claim any of the following deductions/ exemptions
 - Deduction under the provisions of Section 10AA (deduction for units in Special Economic Zone);
 - Deduction under clause (iia) of sub-section (1) of Section 32 (Additional depreciation);
 - Deduction under Section 32AD or Section 33AB or Section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund);
 - Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of Section 35 (Expenditure on scientific research);
 - Deduction under Section 35AD or Section 35CCC (Deduction for specified business, agricultural extension project);
 - Deduction under Section 35CCD (Expenditure on skill development);
 - Deduction under any provisions of Chapter VI-A other than the provisions of Section 80JJAA (Deduction in respect of employment of new employees) and 80M (Deduction in respect of certain inter-corporate dividends);
 - 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;
 - 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.
 - b. The provisions of Section 115JB regarding Minimum Alternate Tax ("MAT") are not applicable if the Company opts for the concessional income tax rate as prescribed under Section 115BAB of the ITA.
2. **Deduction in respect of employment of new employees under Section 80JJAA of the ITA**

As per Section 80JJAA of the ITA, an assessee subject to tax audit under Section 44AB of the ITA, is entitled to claim a deduction of an amount equal to thirty per cent of additional employee cost 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, subject to the fulfilment of prescribed conditions therein.

The deduction under Section 80JJAA is available even if the Company opts for concessional tax rate under Section 115BAB of the ITA.
 3. **Deduction in respect of certain inter-corporate dividends under Section 80M of the ITA**

As per Section 80M of the ITA, where domestic companies have declared dividend and are also in receipt of the dividend from another domestic company or a foreign company or a business trust,



deduction is allowed with respect to the dividend received as long as the same is distributed as dividend one month prior to the due date of furnishing the return of income under sub-section (1) of Section 139 of the ITA.

The deduction under Section 80M is available even if domestic company opts for concessional tax rate under Section 115BAA of the ITA.

Though the Company is eligible to avail Section 80M of the ITA, it does not own shares of any domestic company, foreign company or business trust (as on year ended 31 March 2026). Hence, the Company has not availed any deduction under Section 80M of ITA for the AY 2026-27.

4. Export of services under the GST law

Under the GST regime, supplies of goods and services which qualify as export of goods or services are zero-rated. On account of zero rating of supplies, the supplier is entitled to claim Input Tax Credit (ITC) in respect of input and input services used for such supplies and can seek refund of accumulated/unutilized ITC.

GST law inter-alia allows export of services at zero rate on fulfilment of certain conditions. Exporters can export services under Letter of Undertaking (LUT) without payment of IGST and claim refund of accumulated ITC. There is also an alternative available to export services with payment of IGST and subsequently claim refund thereof, as per the provisions of section 54 of the CGST Act.

We understand that the Company is not undertaken exports of goods or services during the period covered. However, in case company engages in export of goods or services, it is entitled for above benefits.

5. Incentive under GST Law for sales within Maharashtra State:

The company is entitled to claim benefit of Package Scheme of under New Industrial Policy - 2019 Incentives during the period from 1st April, 2019 to 31 March, 2024 or till the new Package Scheme of Incentives comes into force.

The Company has been classified under Large Scale Industries (LSI) of Package Scheme of Incentives (PSI) and eligible LSI units shall be offered Investment Promotion Subsidy (IPS) on 100 % of Gross SGST payable by the unit on the first sale of eligible product(s) billed and delivered within Maharashtra.

The company has made application for grant of aforesaid incentives with the respective department.

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, 2026 [i.e., Assessment Year 2026-27) subject to conditions. Any long term capital gain, exceeding INR 1,25,000 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 10.00% (12.50% w.e.f. July 23, 2024) without giving effect to indexation.

Section 111A of the Act provides for concessional rate of tax 15.00% (20.00% w.e.f. July 23, 2024) 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, 2024 read with relevant rules, circulars and notifications applicable for the Financial Year 2025-26 relevant to the Assessment Year 2026-27, presently in force in India.
2. The Company does not have any subsidiary.
3. This Annexure covers only certain relevant direct and indirect tax law benefits and does not cover benefit under any other law.
4. 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.
5. 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.
6. 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.
7. 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.

