

Shah Gupta & Co.

Chartered Accountants

Statement of possible tax benefits available to Shiva Cement Limited and its shareholders under the applicable direct and indirect taxation laws in India

March 13, 2024

To,
The Board of Directors
Shiva Cement Limited
Telighana
PO: Birangatoli, Tehsil- Kutra,
District-Sundargarh, Odisha-770018
(the "Company")

Dear Sir/Madam,

Sub: Statement of possible special tax benefits available to Shiva Cement Limited and its shareholders under the applicable direct and indirect taxation laws in India ("the Statement")

Re: Proposed rights issue of equity shares of face value of ₹ 2 each ("Equity Shares") by Shiva Cement Limited (the "Company" and such offering, the "Issue")

We, Shah Gupta & Co., Chartered Accountants, Statutory Auditors of the Company, hereby confirm the enclosed statement in the Annexure prepared and issued by the Company, which provides the possible special tax benefits under direct tax and indirect taxation laws presently in force in India, including the Income-tax Act, 1961 as amended under the Finance Act, 2023 i.e., applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25, presently in force in India, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, State Goods and Services Tax Act, 2017, Customs Act, 1962, the Customs Tariff Act, 1975 as amended by the Finance Act 2023, i.e., applicable for the Financial Year 2023-24, Foreign Trade Policy 2023 (collectively the "Taxation Laws"), the amendments, rules, regulations, circulars and notifications issued thereon, as applicable to the assessment year 2024-25 relevant to the financial year 2023-24, available to the Company and its shareholders. 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 fulfil.

The benefits discussed in the enclosed annexure cover the possible special tax benefits available to the Company and its shareholders and the preparation of the contents stated is the responsibility of the Company's management. While the term 'special tax benefits' has not been defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ('SEBI ICDR Regulations'), for the purpose of this statement, possible special tax benefits which could be available dependent on the Company or its shareholders fulfilling the conditions prescribed under the taxation laws are 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.

We were informed that 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. In view of the individual nature of the tax consequences and the changing taxation 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, 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 possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

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

- i) the Company and its shareholders will continue to obtain these benefits in future;
- ii) the conditions prescribed for availing the benefits have been/would be met with; and
- 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. 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. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, 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 arising from the supply of incorrect or incomplete information of the Company.

We consent to the references to us as "Experts" as defined under Section 2(38) and Section 26 and any other applicable provisions of the Companies Act, 2013 to the extent and in our capacity as the Statutory Auditors of the Company and in respect of this Statement to be included in the in letter of offer and any other material in connection with the Issue. We consent to the inclusion of this Statement, as part of the material contracts and documents for inspection in the Letter of Offer and any other Issue-related material, and which will be available for public for inspection.

This Statement is addressed to Board of Directors and issued at specific request of the Company. The enclosed Annexure to this Statement is intended solely for your information and for inclusion in the letter of offer, and any other material in connection with the Issue. We hereby consent to the submission of this Statement as may be necessary to SEBI, the Registrar of Companies, Odisha at Cuttack ("RoC"), the relevant stock exchanges, any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law.

We have conducted our examination in accordance with the 'Guidance Note on Audit Reports and Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We confirm that we will immediately communicate any changes in writing in the above information to the Lead Manager until the date when the Equity Shares commence trading on the relevant stock exchange(s) pursuant to the Offer. In the absence of receipt of any such communication from us, the Lead Manager and the legal counsels to each of the Company and the Lead Manager can assume that there is no change to the above information.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Letter of Offer.

Shah Gupta & Co.

Chartered Accountants
Firm Registration No.: 109574W



Heneel K Patel
Partner

Membership No.: 114103

ICAI Firm Registration No: 109574W

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Place: Mumbai

Date: March 13, 2024

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO SHIVA CEMENT LIMITED AND ITS SHAREHOLDERS

Outlined below are the possible special tax benefits available to the Company and its shareholders under the Taxation Laws. These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Taxation Laws. Hence, the ability of the Company and its shareholders to derive the possible special tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfil.

A. Special tax benefits available to the Company

1. Claim for Additional Depreciation

Under Section 32 (1) (iia) of the Income-tax Act, 1961 (the 'Act'), the Company (being a company engaged in the business of manufacture of Clinker and Cement) is entitled to claim additional depreciation of a sum equal to 20% of the actual cost of any new machinery or plant that is acquired and installed after March 31, 2005, by the Company (other than ships and aircrafts) subject to conditions specified in said section of the Act.

However, if the Company exercises the option of the concessional income tax rate as prescribed under section 115BAA of the Act, the above benefit shall not be available to the Company.

2. Deductions from Gross Total Income

Deduction in respect of employment of new employees

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

B. Special tax benefits available to Shareholders

Apart from the tax benefits available to each class of shareholders as such, there are no special tax benefits for shareholders.

NOTES:

1. The above benefits are as per the current Taxation Laws as amended by the Finance Act, 2023.
2. 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.
3. At present, since the Company's turnover is less than Rs.400 Cr, the applicable Income Tax slab rate is 25% (else applicable tax rate is 30%). In case the Company opts for concessional tax under section 115BAA, the applicable tax rate will be 22% irrespective of turnover.
4. Surcharge is to be levied on domestic companies at the rate of 7% where the income exceeds INR one crore but does not exceed INR ten crores and at the rate of 12% where the income exceeds INR ten crores. If the Company opts for concessional income tax rate under section 115BAA of the Act, the surcharge shall be levied at the rate of 10% irrespective of the amount of total income.
5. Health and Education Cess at 4% on the tax and surcharge is payable by all category of taxpayers.
6. If the Company opts for the concessional income tax rate as prescribed under section 115BAA of the Act, it will not be allowed to claim any of the following deductions/ exemptions:
 - Deduction under the provisions of section 10AA (deduction for newly established 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 subsection (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 to in clause.

Further, if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT and available MAT credit will be lapsed if the company opts for new tax regime u/s.115BAA.

7. The above statement of possible tax benefits sets out the provisions of the 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.



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

Based on the various documents and the evidences produced before us, we would like to certify that the Company is not availing any special tax benefit under the provisions of the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, State Goods and Services Tax Act, 2017, Customs Act, 1962, the Customs Tariff Act, 1975 and Foreign Trade Policy 2015-2020, including the amendments, rules, regulations, circulars and notifications issued thereon, as applicable, such as concessional tax rate or exemption from tax which is contingent upon fulfilment of conditions nor any other similar special tax benefits.

The shareholders of the Company are also not eligible to any special tax benefits under the provisions of the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, State Goods and Services Tax Act, 2017, Customs Act, 1962, the Customs Tariff Act, 1975 and Foreign Trade Policy 2015-2020, including the amendments, rules, regulations, circulars and notifications issued thereon, as applicable.

NOTES:

1. The above is as per the current Taxation Laws in force in India.
2. 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 of the Company.
3. The possible special tax benefits are subject to conditions and eligibility which need to be examined for tax implications.

This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

