G. P. Sharma & Co. LLP
Chartered Accountants

Date: March 20, 2024

The Board of Directors,
Jyoti Structures Limited
6th Floor, Valecha Chambers,
New Link Road, Andheri (W),
Mumbai, Maharashtra, India - 400053.

Arihant Capital Markets Limited
1011 Solitaire Corporate Park
Bldg No. -10, 1st Floor,
Guru Hargovindji Road, Chakala,
Andheri (East),
Mumbai - 400093

(Arihant Capital Markets Limited referred to as the **"Lead Manager"**)

Dear Sir/Ma'am,

Re: Proposed rights issue of equity shares of face value of Rs. 2/- each ("Equity Shares") of Jyoti Structures Limited ("Company" and such rights issue, the "Issue").

We report that the enclosed statement in the **Annexure**, states the possible special tax benefits under direct tax laws i.e. Income-tax Act,1961 and Income tax Rules, 1962 including amendments made by the Finance Act, 2023 (hereinafter referred to as "**Income Tax Laws**") , and indirect tax laws i.e. the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 (hereinafter referred to as **"Indirect Tax Laws")** as amended, including the the relevant rules and regulations, circulars and notifications issued there under, available to the Company and its shareholders. Several of these benefits are dependent on the Company, its shareholders as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company, 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 faces in the future, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company and to the shareholders of the Company and are not exhaustive and do not cover any general tax benefits available to the Company or its shareholders. The tax benefits listed herein are only the possible special tax benefits which may be available under the current direct and indirect tax laws presently in force in India. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

The benefits discussed in the enclosed Statement in the **Annexure** are not exhaustive. The preparation of the contents stated in the Annexure is the responsibility of the Company's management. 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. Neither are we suggesting nor advising the investor to invest in the Issue based on this statement.

We have 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 ('ICAI'). The Guidance Note requires that

we comply with ethical requirements of the Code of Ethics issued by the ICAI. We confirm that while providing this certificate, we have complied with the Code of Ethics issued by the Institute of Chartered Accountants of India. We also 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.

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, where applicable, 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. 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 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. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment. We will not be liable to any other person in respect of this Statement.

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 Letter of Offer and the Letter of Offer "(**Offer Documents**") of the Company or in any other documents in connection with the Issue.

We hereby give consent to include this statement of special tax benefits in the Offer Documents and in any other material used in connection with the Issue.

This certificate is issued for the sole purpose of the Issue, and can be used, in full or part, for inclusion in the Offer Documents and any other material used in connection with the Issue, and for the submission of this certificate as may be necessary, to any regulatory/statutory authority, recognized stock exchange, any other authority as may be required and/or for the records to be maintained by the Lead Manager in connection with the Issue and in accordance with applicable law.

This certificate may be relied on by the Company, Lead Manager, their affiliates, and the legal counsel in relation to the Issue.

We undertake to immediately update you, in writing, of any changes in the abovementioned information until the date the Equity Shares issued pursuant to the Issue commence trading on the recognized stock exchange. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date the Equity Shares commence trading on the recognized stock exchange.

Yours faithfully,

For and on behalf of M/s G.P. Sharma
Chartered Accountants
Firm Registration Number: 100957W/W100247

Name: CA Utkarsh Sharma
Partner
ICAI Membership Number: 147906
UDIN: 24147906BKAKPP6114
Date: March 20, 2024
Place: Mumbai

Encl: As above

CC:

M/s Rajani Associates
Krishna Chambers, 204-207,
59 New Marine Lines, Churchgate,
Mumbai, Maharashtra, 400020

ANNEXURE

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO JYOTI STRUCTURES LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (HEREINAFTER REFERRED TO AS "INCOME TAX LAWS")

The law stated below is as per the Income-tax Act, 1961 as amended by Finance Act, 2023.

A. Special tax benefits available to the Company under the Income Tax Laws

1. 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 Financial Year 2019-20, provided such companies do not avail specified exemptions/incentives (e.g. deduction under Section 10AA, 32(1)(iia), 33ABA, 35(2AB), 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 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 not exercised the above option till date.

2. As per section 80JJAA of the IT Act, the Company is allowed to claim a deduction of 30% of additional employee cost paid to additional employees employed or deemed to be employed in the concerned year, for three assessment years beginning from the year in which the employment is provided subject to such conditions specified in the said section.
3. Section 80M intends to eliminate the cascading tax effect in case of inter -corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date. In this case, due date means one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

   The Company would be eligible to claim deduction under section. 80M in respect of dividends received from other domestic or foreign companies and further distributed to its shareholders, subject to satisfaction of the provisions of the section.

B. Special tax benefits available to the shareholders under the Income Tax Laws

The basis of charge of Indian income-tax would depend upon the residential status of the shareholder during a tax year.

The Indian tax year runs from April 1 until March 31.

1. If the shareholder is an Indian tax resident, he is liable to income-tax in India on his worldwide income, subject to certain tax exemptions, which are provided under the IT Act.

2. A shareholder who is treated as a non-resident for Indian income-tax purposes, is generally subject to tax in India only on his India-sourced income (i.e. income which accrues or arises or deemed to accrue or arise in India) and income received by such persons in India. In case of shares of a company, the source of income from shares would depend on the "situs" of such shares. As per judicial precedents, generally the "situs" of the shares is where a company is "incorporated" and where its shares can be transferred.

   Accordingly, since Jyoti Structures Limited is incorporated in India, its shares are deemed to be "situated" in India and any income in respect of Jyoti Structures Limited shares and/or gains arising to a non-resident shareholder on transfer of such shares is taxable in India under the IT Act.

3. In case of non-resident shareholders, the tax rates and the consequent taxation, mentioned in this part shall be further subject to any benefits available under the Double Taxation Avoidance Agreement ("DTAA"), if any, between India and the country of residence of the non-resident, subject to satisfying the relevant conditions including but not limited to:

   a. conditions (if any) present in the said DTAA read with the relevant provisions of the Multilateral Instrument ("MLI") as ratified by India with the respective country of which the said shareholder is a tax resident;

   b. non-applicability of General Anti-Avoidance Rule ("GAAR"); and

   c. providing and maintaining necessary information and documents as prescribed under the IT Act read with applicable rules, circulars and/or notifications.

4. All references to equity shares hereinafter refer to listed equity shares unless stated otherwise.

BI. Resident shareholders:

1. As a consequence of abolition of DDT under section 115-O w.e.f. FY 2020-21, the exemption available under section 10(34) in respect of dividend income has been discontinued. Thus, any dividend declared by the Company in future would be taxable in the hands of the shareholders under the head 'Income from Other Source' under section 56 of the IT Act at normal applicable rates.

   The Company would be under an obligation to deduct tax at source under section 194 at the rate of 10% on payment of dividend to resident shareholders. In the absence of Permanent Account Number ("PAN") of the shareholder, tax would be deductible at the rate of 20% as provided under section 206AA.

   Section 194, further provides no deduction shall be made in the following cases –

   (i) (a) the dividend is paid to a resident individual shareholder by any mode other than cash; and

   (b) the amount of aggregate dividend distributed or paid or likely to be distributed or paid during the financial year to the resident individual shareholder, does not exceed ₹5,000; or

   (ii) The dividend is paid to Life Insurance Corporation of India, General Insurance Corporation of India or any other insurer, etc in respect of any shares owned by them or in which they have full beneficial interest.

   Further, as per section 196, no deduction of tax shall be made by any person from any sums payable to –

   (i) the Government, or
   (ii) the Reserve Bank of India, or
   (iii) a corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income, or
   (iv)a Mutual Fund specified under clause (23D) of section 10

   No deduction of tax is required in case of resident individuals if 15G/15H certificate is furnished as per section 1 97A(1)/(1C). Further, section 197A(1E) provides no deduction of tax shall be made from any payment to any person for, or on behalf of, the New Pension System Trust referred to in clause (44) of section 10.

2. Section 206AB provides for a higher withholding rate in case of any person (other than (a) a non-resident who does not have a permanent establishment in India or (b) a person who is not required to furnish the return of income for the assessment year relevant to the concerned previous year and is notified by the Central Government in the Official Gazette in this behalf) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:

   (i) at twice the rate specified in the relevant provision of the IT Act; or

   (ii) at twice the rate or rates in force; or

(iii) at the rate of 5%.

Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall be deducted at higher of the two rates provided in section 206AB and in section 206AA of the IT Act.

3. It is pertinent to note that since the dividend income will not be exempt in the hands of the shareholder, expenses incurred in relation to earning such income would not be liable for disallowance under section 14A of the IT Act.

   Section 57(i) grants deduction of any reasonable sum paid by way of commission or remuneration paid to a banker or any other person for the purpose of realising dividend or interest on securities on behalf of the assessee. Further, under clause (iii) of section 57, deduction is allowable for any other expenditure (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of making or earning the income.

   However, w.e.f. FY 2020-21, Finance Act, 2020 has inserted a proviso to section 57 to restrict deduction in respect interest expenses to 20% of such dividend income. Further, deduction shall not be permissible for any other expense that an assessee may incur wholly and exclusively for earning such income.

4. Section 80M intends to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date. In this case, due date means one month prior to the date for furnishing the return of income under sub- section (1) of section 139 of the Act. Any shareholder being a domestic company may be entitled to the benefit of section 80M.

5. Finance Act, 2021 has amended section 234C of the IT Act w.e.f. FY 2020-21 pursuant to which interest at the rate of 1% shall not apply in respect of shortfall of advance tax payment on account of under estimation or failure to estimate dividend income as defined in section 2(22), excluding sub-clause (e) thereof.

6. The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes ("CBDT") has clarified in Circular No. 6/2016 dated February 29, 2016 that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "Capital Gains" unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

7. Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of Long Term Capital Gains, ("LTCG") i.e. gains from the shares, being transfer of shares of Indian company held for a period exceeding twelve months, the second proviso to section 48 of the IT Act, permits substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index, as prescribed from time to time. The base year for indexation has been shifted from April 1, 1981 to April 1, 2001 and the cost of acquisition of an asset acquired before April 1, 2001 would be allowed to be taken as fair market value as on April 1, 2001.

8. The period of holding for shares subscribed to by the shareholder on the basis of his right to subscribe to such shares or subscribed to by the person in whose favour the shareholder has renounced his right to subscribe to such shares, shall be reckoned from the date of allotment of such shares as provided under clause (d) to Explanation 1 to section 2(42A) of the IT Act.

   The period of holding in the hands of shareholder, for the rights which are renounced in favour of any person, shall be reckoned from the date of the offer of such right shares by the Company as per clause (e) to Explanation 1 to section 2(42A) of the Act.

9. As per section 112A of the IT Act, LTCG arising on sale/transfer of listed shares, it will be subject to tax at the rate of 10% if, Securities Transaction Tax ("STT") has been paid on both, purchase and sale of rights issue (except in certain cases notified by CBDT vide Notification No. 60/2018 dated October 1, 2018) and the aggregate LTCG during the financial year exceeds Rs.1 lakh. The said rate will be increased by applicable surcharge and cess. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112A of the IT Act.

   As per the third proviso to section 48 of the IT Act, LTCG will be computed without considering the indexation benefit.

10. In cases other than those covered under section 112A, the provisions of section 112 will apply. As per the said provision, LTCG arising on transfer of the shares would be subject to tax at the rate of 20% (plus applicable surcharge and cess) after indexation. In case of listed shares, the amount of such tax shall, however, be limited to 10% (plus applicable surcharge and cess) without indexation. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112 of the IT Act.

11. As per section 111A of the IT Act, Short Term Capital Gains ("STCG"), (i.e. gains from shares held for a period not exceeding twelve months) arising on transfer of the equity shares would be taxable at a rate of 15% (plus applicable surcharge and cess) where such transaction of sale is entered on a recognised stock exchange in India and is liable to STT. Further, no deduction under Chapter VI-A would be allowed in computing STCG subject to tax under section 111A of the IT Act.

    STCG arising from transfer of the shares, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

12. For the purpose of computation of 'Capital Gains', the 'cost of acquisition' as provided under section 55(2)(aa) of the IT Act would be as under:

    (a) in relation to the original shares, on the basis of which the shareholder becomes entitled to the right shares, the amount actually paid for acquiring the original shares;

    (b) in relation to renouncement of the right by the shareholder in favour of any person, to subscribe the shares, the cost would be taken as *NIL*, in the hands of such shareholder;

    (c) in relation to shares which the shareholder has subscribed on the basis of the said entitlement, the amount actually paid by him for acquiring such asset;

    (d) in relation to any shares purchased by any person in whose favour the right to subscribe to such asset has been renounced, the aggregate of the amount of the purchase price paid by him to the person renouncing such right and the amount paid by him to the Company for acquiring such shares;

    The grandfathering provisions under section 55(2)(ac) would not be applicable for computing cost of acquisition in relation of shares referred to under section 112A as the rights offer is made after the cut-off date of February 1, 2018 provided under the said section.

13. As per the seventh proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

14. Section 54EE of the Act exempts long-term capital gains on transfer of shares if the gains upto Rs. 50 lacs are invested in "long term specified assets" (i.e. units of notified fund) within six months from the date of transfer. The investment in long term specified assets should be held for 3 years.

    Further, if the units of the notified fund are transferred within a period of three years from the date of its acquisition, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such units are transferred.

    For the purposes of section 54EE of the IT Act, "long term specified assets" has been defined as a unit or units issued before April 1, 2019, of such fund as may be notified by the Central Government in this behalf.

15. Under section 54F of the IT Act and subject to the conditions and to the extent provided therein, LTCG arising in the hands of the shareholder, being an Individual or Hindu Undivided Family, on transfer of the shares would be exempt from tax, if the net consideration from such transfer is utilized, for purchase within a period of 1 year before or 2 years after the date on which the transfer took place, or for construction within a period of 3 years after the date of such transfer, of one residential house in India ("new asset").

    However, the said exemption shall not be available, if the shareholder:

    (a) Owns more than one residential house, other than the new asset, on the date of transfer of the shares; or

    (b) Purchases any residential house, other than the new asset, within a period of 1 year after the date of transfer of the shares; or

(c) Constructs any residential house, other than the new asset, within a period of 3 years after the date of transfer of the shares;

and

(d) The income from such residential house, other than the one residential house owned on the date of transfer of the shares is chargeable under the head 'Income from house property'.

Where the cost of new asset exceeds Rs.10 crores, the amount exceeding Rs.10 crores shall not be taken into account for the purpose of section 54F(1). That is to say, the maximum deduction permissible u/s 54F is restricted to Rs.10 crores.

Further, if the new asset is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such residential house is transferred.

16. As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

    Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

17. In terms of section 36(1)(xv) of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession", if the income arising from taxable securities transaction is included in such income.

18. As per section 70 of the IT Act, business loss from one source (other than loss on speculation business) for a given year is allowed to be set off against business income from another source. Further, as per section 71 of the IT Act, business loss (other than loss on speculation business) for a given year is allowed to be set-off against income from other heads (except Salaries).

    Balance business loss (other than loss on speculation business), which is not set-off is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' non-speculative business income, as per section 72.

    By virtue of section 73, loss from a speculative business is allowed to be set-off only against income from a speculative business. The balance loss, which is not set-off is allowed to be carried forward for subsequent four assessment years for being set off only against subsequent years' speculative business income.

    Further, as per Explanation to section 73, in case of a company, if any part of the business consists of the purchase and sale of shares, such company shall, for the purpose of this section, be deemed to be carrying on speculation business to the extent to which the business consists of the purchase and sale of such shares. This rule does not apply to a company –

    (a) whose gross total income consists mainly of income which is chargeable under heads of income other Business income; or

    (b) whose principal business is trading in shares or banking or granting of loans and advances.

19. Section 115QA requires the Company to pay distribution tax at the rate of 20% (plus applicable surcharge as cess) on buy- back of shares on any amount of distributed income (being difference between consideration paid for buy-back and the amount received by the company for issue of shares). As per section 10(34A) of the IT Act, income arising to the shareholders on such buy back of shares is exempt from income-tax in the hands of the shareholders.

20. In case, where total income of any individual, HUF, AOP, BOI, Artificial Juridical Person includes any income by way of dividend or capital gains under sections 111A, 112 and 112A, the rate of surcharge on the amount of income- tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

Total Income	**Income other than Dividend & Capital gains covered u/s 111A, 112 and 112A**	**Dividend & Capital gains covered u/s 111A, 112 and 112A**
Upto ₹50 lakh	Nil	Nil
Income exceeds ₹ 50 lakhs	10%	10%
Income exceeds ₹1 crore	15%	15%
Income exceeds ₹2 crore	25%	15%
Income exceeds ₹5 crores	37%#	15%

#In case of any individual, HUF, AOP (other than a co-operative society), BOI, Artificial Juridical Person, Finance Act, 2023 w.e.f. AY 2024-25 has made section 115BAC as the default tax regime. Under this regime the highest rate of surcharge is restricted to 25%. There is an option to opt out of section 115BAC, in which case, the surcharge rate of 37% would be applicable.

BII. Non-resident Shareholders (other than Foreign Institutional Investors ("FIIs") or Foreign Portfolio Investors ("FPIs"):

1. As a consequence of abolition of DDT under section 115-O w.e.f. FY 2020-21, the exemption available under section 10(34) in respect of dividend income has been discontinued. Thus, any dividend declared by the Company in future would be taxable in the hands of the shareholders. As per section 115A, gross amount of dividend would be taxable at the rate of 20% (plus applicable surcharge and cess). The non-resident shareholder may avail treaty benefit (if any), subject to satisfaction of certain conditions.

   The Company would be under an obligation to deduct tax at source under section 195 at applicable rates in force. In the absence of PAN of the shareholder, tax would be deductible at higher of, the applicable rate or 20% as per section 206AA of the IT Act. The provisions of section 206AA will, however not apply if the non-resident shareholder provides to the payer the following details as listed in Rule 37BC:

   (i) Name, e-mail id, contact number;

   (ii) Address in the country or specified territory outside India of which the shareholder is a resident;

   (iii) Tax Residency Certificate;

   (iv) Tax Identification Number/ Unique Identification Number of the shareholder.

2. Section 206AB provides for a higher withholding rate in case of any person ((a) other than a non-resident who does not have a permanent establishment in India or (b) a person who is not required to furnish the return of income for the assessment year relevant to the concerned previous year and is notified by the Central Government in the Official Gazette in this behalf)) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:

(i) at twice the rate specified in the relevant provision of the IT Act; or

(ii) at twice the rate or rates in force; or

(iii) at the rate of 5%.

Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall be deducted at higher of the two rates provided in section 206AB and in section 206AA of the IT Act.

3. Finance Act, 2021 has amended section 234C of the IT Act w.e.f. FY 2020-21 pursuant to which interest at the rate of 1% shall not apply in respect of shortfall of advance tax payment on account of under estimation or failure to estimate dividend income as defined in section 2(22), excluding sub-clause (e) thereof.

4. The characterization of gains/losses, arising from sale of shares, as Capital Gains or Business Income would depend on the nature of holding in the hands of the shareholder and various other factors. The Central Board of Direct Taxes ("CBDT") has clarified in Circular No. 6/2016 dated February 29, 2016 that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "Capital Gains" unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

5. The period of holding for shares subscribed by the shareholder on the basis of his right to subscribe to such shares or subscribed to by the person in whose favour the shareholder has renounced his right to subscribe to such shares, shall be reckoned from the date of allotment of such shares as provided under clause (d) to Explanation 1 to section 2(42A) of the IT Act.

   The period of holding in the hands of shareholder, for the rights which are renounced in favour of any person, shall be reckoned from the date of the offer of such right shares by the Company as per clause (e) to Explanation 1 to section 2(42A) of the Act.

6. Under the first proviso to section 48 of the IT Act, in case of a non-resident shareholder, while computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares, and the capital gains so computed shall be reconverted into Indian currency

7. As per section 112A of the IT Act, LTCG arising on sale/transfer of listed equity shares will be subject to tax at the rate of 10% if, STT has been paid on both, purchase and sale of shares (except in certain cases notified by CBDT vide Notification No. 60/2018 dated October 1, 2018) and the aggregate LTCG during the financial year exceeds Rs.1 lakh. The said rate will be increased by applicable surcharge and health & education cess. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112A of the IT Act.

   As per the third proviso to section 48 of the IT Act, LTCG will be computed without considering the indexation benefit.

8. In cases other than those covered u/s 112A, the provisions of section 112 of the IT Act will apply. As per the said provision, LTCG arising on transfer of the shares would be subject to tax at a rate of 20% (plus applicable surcharge and health & education cess), with indexation. Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112 of the IT Act.

9. As per section 111A of the IT Act, Short Term Capital Gains ("STCG"), (i.e. gains from shares held for a period not exceeding twelve months) arising on transfer of the equity shares would be taxable at a rate of 15% (plus applicable surcharge and health & education cess) where such transaction of sale is entered on a recognized stock exchange in India and is liable to STT. Further, no deduction under Chapter VI-A would be allowed in computing STCG subject to tax under section 111A of the IT Act. STCG arising from transfer of the shares, other than those covered by section 111A of the IT Act, would be subject to tax as calculated under the normal provisions of the IT Act.

10. For the purpose of computation of 'Capital Gains', the 'cost of acquisition' as provided under section 55(2)(aa) of the IT Act would be as under:

    (a) in relation to the original shares, on the basis of which the shareholder becomes entitled to the right shares, the amount actually paid for acquiring the original shares;

    (b) in relation to renouncement of the right by the shareholder in favour of any person, to subscribe the shares, the cost would be taken as *NIL*, in the hands of such shareholder;

    (c) in relation to shares which the shareholder has subscribed on the basis of the said entitlement, the amount actually paid by him for acquiring such asset;

    (d) in relation to any shares purchased by any person in whose favour the right to subscribe to such asset has been renounced, the aggregate of the amount of the purchase price paid by him to the person renouncing such right and the amount paid by him to the Company for acquiring such shares;

    The grandfathering provisions under section 55(2)(ac) would not be applicable for computing cost of acquisition in relation of shares referred to under section 112A as the rights offer is made after the cut-off date of February 1, 2018 provided under the said section.

11. As per the seventh proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

12. Section 54EE of the Act exempts long-term capital gains on transfer of shares if the gains upto Rs. 50 lacs are invested in "long term specified assets" (i.e. units of notified fund) within six months from the date of transfer. The investment in long term specified assets should be held for 3 years.

    Further, if the units of the notified fund are transferred within a period of three years from the date of its acquisition, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such units are transferred.

    For the purposes of section 54EE of the IT Act, "long term specified assets" has been defined as a unit or units issued before April 1, 2019, of such fund as may be notified by the Central Government in this behalf.

13. Under section 54F of the IT Act and subject to the conditions and to the extent provided therein, LTCG arising in the hands of the shareholder, being an Individual or Hindu Undivided Family, on transfer of the shares would be exempt from tax, if the net consideration from such transfer is utilized, for purchase within a period of 1 year before or 2 years after the date on which the transfer took place, or for construction within a period of 3 years after the date of such transfer, of one residential house in India ("new asset").

    However, the said exemption shall not be available, if the shareholder:

    (a) Owns more than one residential house, other than the new asset, on the date of transfer of the shares; or

    (b) Purchases any residential house, other than the new asset, within a period of 1 year after the date of transfer of the shares; or

    (c) Constructs any residential house, other than the new asset, within a period of 3 years after the date of transfer of the shares; and

    (d) The income from such residential house, other than the one residential house owned on the date of transfer of the shares is chargeable under the head 'Income from house property'.

    Where the cost of new asset exceeds Rs. 10 crores, the amount exceeding Rs. 10 crores shall not be taken into account for the purpose of section 54F(1). That is to say, the maximum deduction permissible u/s 54F is restricted to Rs. 10 crores.

    Further, if the new asset is transferred within a period of three years from the date of its purchase or construction, the amount of capital the exemption was availed earlier would be taxed as LTCG in the year in which such residential house is transferred.

14. The provisions of section 115JB of the IT Act do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under section 90/90A of the IT Act and the Assessee does not have a Permanent Establishment in India or

such company is a resident of a country with which India does not have such agreement and the Assessee is not required to seek registration under any law for the time being in force, relating to companies.

Further, section 115JB expressly provides that the amount of income from (i) capital gains arising on transactions in securities; or (ii) interest, royalty or fees for technical services chargeable to tax at the rates specified in Chapter XII, accruing or arising to a foreign company shall not be liable to MAT if such income is credited to the profit and loss account and the income-tax payable in accordance with the other provisions of the Income-tax Act, is less than the rate specified in section 115JB. The expenditures, if any, debited to the profit loss account, corresponding to such income (which is to be excluded from the MAT liability) shall also be added back to the book profit for the purpose of computation of MAT.

W.e.f. FY 2020-21, Finance Act, 2021 extends the above relief from applicability of MAT provisions to dividend income accruing or arising to a foreign company and correspondingly, adding back of expenditure related to such dividend income.

15. As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

    Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

16. Where the shares have been subscribed in convertible foreign exchange, Non-Resident Indians ("NRI"), i.e. an individual being a citizen of India or person of Indian origin who is not a resident, have the option of being governed by the provisions of Chapter XII-A of the IT Act, which *inter alia* entitles them to the following benefits:

    (i) Under section 115E of the IT Act, the LTCG arising to the NRI shall be taxable at the rate of 10 % (plus applicable surcharge and health & education cess). While computing the LTCG, the benefit of indexation of cost would not be available.

    (ii) Under section 115F of the IT Act, LTCG arising to an NRI from the transfer of the shares subscribed to in convertible foreign exchange shall be exempt from income-tax, if the net consideration is reinvested in specified assets or in any saving certificates referred to in section 10(4B) of the IT Act, within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets or saving certificate are transferred or converted into money within three years from the date of their acquisition.

    (iii) Under section 115G of the IT Act, it shall not be necessary for an NRI to furnish his return of income under section 139(1) of the IT Act if his income chargeable under the IT Act consists of only investment income or LTCG or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from as per the provisions of Chapter XVII-B of the IT Act.

    (iv) In accordance with the provisions of Section 115H of the IT Act, where an NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of Chapter XII-A of the IT Act shall continue to apply to him in relation to such investment income derived from the specified assets (which do not include shares in an Indian company) for that year and subsequent assessment years until such assets are converted into money.

    (v) As per provisions of Section 115-I of the IT Act, an NRI may elect not to be governed by provisions of Chapter XII-A and compute his total income as per other provisions of the IT Act.

17. In terms of section 36(1)(xv) of the IT Act, the STT paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head "Profit and gains of business or profession", if the income arising from taxable securities transaction is included in such income.

18. As per section 70 of the IT Act, business loss from one source (other than loss on speculation business) for a given year is allowed to be set of against business income from another source. Further, as per section 71 of the IT Act, business loss (other than loss on speculation business) for a given year is allowed to be set-off against income from other heads (except Salaries).

    Balance business loss (other than loss on speculation business), which is not set-off is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' non-speculative business income, as per section 72.

    By virtue of section 73, loss from a speculative business is allowed to be set-off only against income from a speculative business. The balance loss, which is not set-off is allowed to be carried forward for subsequent four assessment years for being set off only against subsequent years' speculative business income.

    Further, as per Explanation to section 73, in case of a company, if any part of the business consists of the purchase and sale of shares, such company shall, for the purpose of this section, be deemed to be carrying on speculation business to the extent to which the business consists of the purchase and sale of such shares. This rule does not apply to a company –

    (a) whose gross total income consists mainly of income which is chargeable under heads of income other than business income; or

    (b) whose principal business is trading in shares or banking or granting of loans and advances.

19. Section 115QA requires the Company to pay distribution tax at the rate of 20% (plus applicable surcharge as cess) on buy- back of shares on any amount of distributed income (being difference between consideration paid for buy-back and the amount received by the company for issue of shares). As per section 10(34A) of the IT Act, income arising to the shareholders on such buy back of shares is exempt from income-tax in the hands of the shareholders.

20. In case, where total income of any individual, AOP, BOI, Artificial Juridical Person includes any income by way of dividend or capital gains referred under sections 111A, 112 and 112A, the rate of surcharge on the amount of income- tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

Total Income	Income other than Dividend & Capital gains covered u/s 111A, 112 and 112A	Dividend & Capital gains covered u/s 111A, 112 and 112A
Upto ₹50 lakh	Nil	Nil
Income exceeds ₹ 50 lakhs	10%	10%
Income exceeds ₹1 crore	15%	15%
Income exceeds ₹2 crore	25%	15%*
Income exceeds ₹5 crores	37%	15%*

* The capping of surcharge at 15% would not be available in case the income is taxable under section 115A.

#In case of any individual, HUF, AOP (other than a co-operative society), BOI, Artificial Juridical Person, Finance Act, 2023 w.e.f. AY 2024-25 has made section 115BAC as the default tax regime. Under this regime the highest rate of surcharge is restricted to 25%. There is an option to opt out of section 115BAC, in which case, the surcharge rate of 37% would be applicable.

21. As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the DTAA entered between India and the country of residence of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-

resident can opt to be governed by the provisions of the IT Act or the applicable tax treaty (read with MLI, if applicable), whichever is more beneficial. The treaty and MLI provide for various anti-abuse provisions (*viz*. beneficial ownership, Limitation on Benefit, Principal Purpose Test, etc.) which have to be examined for claiming treaty benefit. In order to avail treaty benefit, the non-resident will also have to furnish a Tax Residency Certificate of his being a resident in a country outside India, along with Form No. 10F as prescribed under section 90(5) of the IT Act.

BIII. INCOME TAX ON GIFTS

Under section 56(2)(x) of the IT Act and subject to exception provided therein, if any person receives from any person, any property, including, *inter alia*, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

(i) where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds Rs.50,000/-, the whole FMV

(ii) where the shares are received for a consideration less than FMV but exceeding Rs. 50,000/, aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 ("the Rules") provides for the method for determination of the FMV various properties (including shares).

BIV. GENERAL ANTI AVOIDANCE RULES ("GAAR"):

Having regard to Chapter X-A of the IT Act, GAAR may be invoked notwithstanding anything contained in the IT Act. Thus, any arrangement entered into by a taxpayer may be declared to be impermissible avoidance arrangement, as defined in that Chapter and the consequence would inter alia include denial of tax benefit. Further, as per section 90(2A), the benefit of the DTAA will not be available to a non-resident investor, if the concerned tax authorities declare any arrangement to be an impermissible avoidance arrangement. The GAAR provisions are applicable with effect from the Financial Year 2017-18.

Notes:

a. The above Statement 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.

b. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

c. The above statement of possible special tax benefits is as per the current direct tax laws relevant for the assessment year 2025-26.

d. 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/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

e. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

f. 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 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.

ANNEXURE II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO JYOTI STRUCTURES LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE CENTRAL GOODS AND SERVICES TAX ACT, 2017, INTEGRATED GOODS AND SERVICES TAX ACT, 2017, RESPECTIVE STATE GOODS AND SERVICES TAX ACT, 2017 ('GST ACT), CUSTOMS ACT, 1962 ('CUSTOM ACT'), CUSTOMS TARIFF ACT, 1975 ('TARRIF ACT') (HEREINAFTER REFERRED TO AS "INDIRECT TAX LAWS")

1. **Special tax benefits available to the Company under the Indirect Tax Laws**

   There are no special indirect tax benefits available to the Company.

2. **Special tax benefits available to the shareholders under the Indirect Tax Laws**

   There are no special indirect tax benefits applicable in the hands of shareholders for investing in the shares of the Company.

Notes:

a. The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

b. The above statement covers only above-mentioned indirect tax laws benefits and does not cover any direct tax law benefits or benefit under any other law.

c. 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.

d. 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 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.