



# Maheshwari & Co.

CHARTERED ACCOUNTANTS

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Ref. No.:

Date:

## Certificate on Statement of Possible Special Tax Benefits

**Date: April 19, 2022**

To,

**The Board of Directors**

**Venus Pipes & Tubes Limited**

**(Formerly known as Venus Pipes & Tubes Private Limited)**

Survey No. 233/2 and 234/1,

Dhaneti, Bhuj,

Kachchh, Gujarat - 370020

**SMC Capitals Limited**

A-401/402, Lotus Corporate Park,

Off Western Express Highway, Jai Coach Junction,

Goregaon (East), Mumbai - 400063

Maharashtra, India

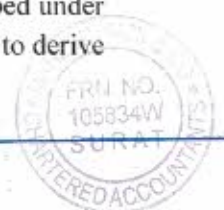
**Sub : Statement of possible special tax benefits(under direct and indirect tax laws) available to Venus Pipes & Tubes Limited ("Company") and its shareholders of the Company prepared in accordance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations")**

**Dear Sir/Madam,**

1. We, Maheshwari & Co., Chartered Accountants, the statutory auditors of the Company, hereby confirm that the enclosed **Annexure A and B**, prepared by the Company and initialled by us for identification purpose ("**Statement**") for the proposed initial public offering of equity shares of the Company ("**Issue**"), provides the possible special tax benefits available to the Company and to its shareholders under direct tax and indirect tax laws presently in force in India, including the Income Tax Act, 1961, , the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962 and the Customs Tariff Act, 1975 each as amended (read with the rules, circulars and notifications issued in connection thereto), ) and as presently in force in India as on the date of this certificate and, as amended by the Finance Act, 2020, i.e. applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22, Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions. Hence, the ability of the Company and/or its shareholders to derive

**Head Office : Mumbai**

**Branches : Delhi - Ahmedabad - Jaipur**



the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

2. This statement of possible special tax benefits is required as per Schedule VI (Part A)(9)(L) of the ICDR Regulations. While the term '*special tax benefits*' has not been defined under the ICDR Regulations, for the purpose of this Statement, it is assumed that with respect to special tax benefits available to the Company, the same would include those benefits as enumerated in the **Annexure A and B**. Any benefits under the taxation laws other than those specified in the **Annexure A and B** 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 mentioned in the **Annexure A and B** have not been examined and covered by this statement.
3. The benefits discussed in the enclosed Statement are not exhaustive. 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 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.
4. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
5. We do not express any opinion or provide any assurance as to whether:
  - the Company or its shareholders will continue to obtain these benefits in the future; or
  - the conditions prescribed for availing of the benefits, where applicable have been/would be met with.
  - the revenue authorities/courts will concur with the views expressed therein.
6. 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.
7. We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' 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.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.





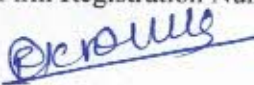
9. This certificate may be relied upon by the Company, the Book Running Lead Manager (“BRLM”) and the legal counsel appointed by the Company and the BRLM in relation to the Issue. We hereby consent to the extracts of, or reference to, this certificate being used in the updated draft red herring prospectus, the red herring prospectus, the prospectus and in any other material used in connection with the Issue and other Issue related materials (collectively, the “Issue Documents”). We also consent to the submission of this certificate as may be necessary, to any regulatory authority and/or for the records to be maintained by the BRLM in connection with the Issue and in accordance with applicable law.

We confirm that we will communicate any changes in writing in the above information that will come to our attention or as made available to us by the management or the BRLM until the date when the Equity Shares allotted in the Issue commence trading on the relevant stock exchanges.

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

Yours Sincerely,

For **MAHESHWARI & CO.**  
Chartered Accountants  
(Firm Registration Number: 105834W)





**Ramesh Totla**  
(Partner)  
Membership Number: 416169  
UDIN: 22416169AHTRZO4583  
Place of Signature: Surat

## Annexure A

### Statement of Tax Benefits

#### ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO VENUS PIPES & TUBES LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

#### DIRECT TAXATION

This statement of possible special direct tax benefits is required as per Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ('SEBI ICDR Regulations'). The term 'special tax benefit' has not been defined under the 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 tax laws, are enumerated below.:

**A) Under the Income-tax Act, 1961 (hereinafter referred to as 'the Act'), as amended by the Finance Act, 2021, applicable for Financial Year 2021-22 relevant to Assessment Year 2022- 23 ('Year').**

This Annexure sets out only the possible special direct tax benefits available to the Company and its shareholders under the Income Tax Act, 1961 (the "Act") as amended by the Finance Act, 2021 i.e. applicable to Financial Year 2021-22 relevant to Assessment Year 2022-2023, presently in force in India.

**I. Special direct tax benefits available to the Company under the Act**

**Lower Corporate Tax Rate under section 115BAA**

A new section 115BAA was inserted by the Taxation Laws (Amendment) Act, 2019 ( 'The Amendment Act, 2019) with effect from 1 April 2020 (Assessment Year 2020-21) granting an option to domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%), subject to the condition that going forward it does not claim specified deductions/ exemptions as specified in section 115BAA(2) of the Act and computes total income as per the provisions of section 115BAA(2) of the Act. Proviso to section 115BAA (5) provides that once the company opts for paying tax as per section 115BAA of the Act, such option cannot be subsequently withdrawn for the same or any other previous year. Further, the provisions of Section 115JB i.e. MAT provisions shall not apply to the company on exercise of the option under section 115BAA, as specified under sub-section (5A) of Section 115JB of the Act.

The Company has evaluated and decided to opt for the lower corporate tax rate of 25.168% with effect from the Financial Year 2019-20. Such option has been exercised by the Company while filing its return for the Financial Year 2019-20 within the due date prescribed under sub-section (1) of section 139 of the Act. Once the Company exercises such option, the MAT tax credit (under section 115JAA) which it is entitled to on account of MAT paid in earlier years, will no longer be available for set-off or carry forward in future years.





## II. Special tax benefits available to Shareholders

There are no special tax benefits available to the shareholders of the Company from investment in the equity shares of the Company. However, such shareholders shall be liable to tax at concessional tax rates on certain incomes (arising from sale of equity shares of the Company) under the extant provisions of the Act.

Section 112A of the Act provides for concessional rate of tax with at the rate of 10% in respect of specified long-term capital gains gain exceeding Rs.1,00,000 arising from the transfer of a long-term capital asset (i.e., capital asset held for the period of 12 months or more) being an equity share in an Indian company or a unit of an equity-oriented fund wherein Securities Transaction Tax ('STT') is paid on both acquisition and transfer. Further, the benefit of lower rate is extended in case STT is not paid on acquisition / allotment of equity shares through Initial Public Offering.

Section 111A of the Act provides for concessional rate of tax @ 15% in respect of short-term capital gains (provided the short term capital gains exceed the basic threshold limit of 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 a unit of an equity-oriented fund wherein STT is paid on transfer.

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under section 80M of the Act would be available on fulfilling the conditions. Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of individuals, whether incorporated or not and every artificial judicial person, surcharge would be restricted to 15% irrespective of the amount of dividend.

In respect of non-residents shareholder, 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 such non-resident shareholder has fiscal domicile.

### NOTES:

1. The above benefits are as per the current tax law as amended by the Finance Act, 2021 and Taxation Laws (Amendment) Act, 2020 applicable for Financial year 2021-22 relevant to the Assessment year 2022-23, presently in force in India.
2. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company. 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. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing equity shares.
4. The benefits discussed above cover only possible special tax benefits available to the Company and to its shareholders and do not cover general tax benefits. The above statement 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.



## Annexure B

### Statement of Tax Benefits

#### ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO VENUS PIPES & TUBES LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

##### INDIRECT TAXATION

This statement of possible special indirect tax benefits is required as per Schedule VI (Part A)(9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ('SEBI ICDR Regulations'). The term 'special tax benefit' has not been defined under the SEBI ICDR Regulations; for the purpose of this statement possible special tax benefits which could be available dependent on the Company or its shareholders or its material subsidiary fulfilling the conditions prescribed under the tax laws, are enumerated below.

##### I. Special tax benefits available to the Company under the GST Laws, Customs Act, Customs Tariff Act and FTP

###### *Refund of tax paid on Export of goods or refund of tax paid on inputs/input services used in export of goods/services*

Under the GST laws, export of goods or services has been treated as a 'zero rated supply' i.e. the goods or services exported shall be exempted or refunded of GST levied upon them. Thus, in case of export of goods or services the Company has an option to either pay GST on the supply and claim refund of the same or it can export goods or services without payment of GST and claim refund of the GST paid on inputs and input services used in such export. Going forward, with effect from a date to be notified, the refund of tax paid on export of goods/ services would be available only to notified taxpayers. However, refund of tax paid on inputs and input services used in export would continue to be available as before.

###### *Advance authorization*

Advance Authorisation is a scheme under FTP that allows duty free import of inputs, which are physically incorporated in an export product. In addition to any inputs, packaging material, fuel, oil, catalyst which is consumed / utilized in the process of production of export product, is also allowed to be imported duty free.

The quantity of inputs allowed for a given product is based on specific norms defined for that export product. The Directorate General of Foreign Trade (DGFT) provides a sector-wise list of Standard Input-Output Norms (SION) under which the exporters may choose to apply. Alternatively, exporters may apply for their own ad-hoc norms in cases where the SION does not suit the exporter.





The inputs imported are exempt from duties like Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-dumping duty, Safeguard Duty and Transition Product-Specific Safeguard duty, Integrated tax, and Compensation Cess, wherever applicable, subject to certain conditions.

Advance Authorisation covers manufacturer exporters or merchant exporters tied to supporting manufacturer(s).

### ***Export Promotion Capital Goods (EPCG) Scheme***

The objective of the Export Promotion Capital Goods (EPCG) Scheme is to facilitate import of capital goods for producing quality goods and services and enhance manufacturing competitiveness. EPCG Scheme allows import of capital goods that are used in pre-production, production and post-production without the payment of customs duty.

The benefit under the scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within 6 years from the date of issuance of the authorization.

EPCG scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers.

### ***Merchandise Export from India Scheme (MEIS) and Remission of Duties and Taxes on Exported Products (RoDTEP)***

Under the MEIS Scheme, certain rewards and incentives are given to exporters. Such incentives are given to exporters at a specified rate which varies from product to product and from country to country. The incentives are given at a specified rate on the Free on Board value. The percentage of rewards varies from product to product and are in the range of 2% to 5% for most items. The incentives awarded to exporters under this scheme are issued in the form of Duty Credit Scrips. These Duty Credit Scrips are freely transferable and can be used for the payment of Customs Duty.

The MEIS incentives are applicable from 1 April 2015 to 31 December 2020.

The end of MEIS (2015-20) gave birth to the RoDTEP scheme which came into effect on 01 January 2021. RoDTEP entitles exporters to a certain percentage of an export price as a scrip which however gets limited to the embedded taxes. The benefits under the scheme range between 0.5% to 4.3% of the FOB value of exported products, subject to a cap at a certain sum per unit of the export commodity. As of now, Company product is not yet covered in RoDTEP.

## **II. Special tax benefits available to the Shareholders of the Company**

- (i) The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company. Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017.
- (ii) Apart from above, the shareholders of the Company are not eligible to special tax benefits under the provisions of the Customs Tariff Act, 1975 and / or Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax



Act, 2017 respective State Goods and Services Tax Act, 2017, the Goods and Services Tax (Compensation to States) Act, 2017 including the relevant rules, notifications and circulars issued there under.

