



STATEMENT OF POSSIBLE TAX BENEFITS

To,
The Board of Directors
Royal Arc Electrodes Limited
72 B, Bombay Talkies Compound, S.V. Road Malad West,
Mumbai, Maharashtra-400064.

Dear Sir,

Subject: Statement of possible tax benefits ('the Statement') available Royal Arc Electrodes Limited ('the Company') and its shareholders prepared in accordance with Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2018, as amended ('the Regulation')

We hereby confirm that the enclosed Annexures 1 and 2 (together "the Annexures"), prepared by the Company, provide the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2024, circular and notifications issued from time to time, i.e. applicable for the Financial Year 2024-25 (1 and 2) relevant to the assessment year 2025-26, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), as amended by the Finance Act 2024 (1 and 2) circular and notifications issued from time to time, i.e., applicable for the Financial Year 2024-25 relevant to the assessment year 2025-26, presently in force in India (together, the "Tax Laws"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and/or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfill.

1. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide information to the investors and are 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 proposed initial public offering.
2. 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 the future;
 - ii) the conditions prescribed for availing the benefits have been / would be met; and
 - iii) the revenue authorities/courts will concur with the views expressed herein.
3. The contents of the enclosed Annexures are based on information, explanations, and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

We hereby give our consent to include our above-referenced opinion regarding the tax benefits available to the Company and to its shareholders in the Draft Red Herring Prospectus /Red Herring Prospectus/ Prospectus.

For and on behalf of,
For J. H. Gandhi & Co,

Chartered Accountants

FRN: 0116513W



Jasmit H. Gandhi

(Proprietor)

M. No. 044844

UDIN: 25044844BMLMIJ6588

Date: 08/01/2025

Place: Mumbai



Cc:

Fedex Securities Private Limited (the "BRLM")
3rd Floor, B Wing, Jay Chambers, Dayaldas Road,
Vile Parle East, Mumbai – 400057

ANNEXURE TO THE STATEMENT OF TAX BENEFITS

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the Income Tax Act presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

A. Special Tax Benefits available to the Company under the Act:

Outlined below are the special tax benefits available to the "Company and its Shareholders under the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2024 (1 and 2) applicable for Financial Year 2024-25 relevant to the Assessment Year 2025-26.

Lower corporate tax rate under section 115BAA

Section 115BAA has been inserted in the Act w.e.f. FY 2019-20. It gives an option to domestic company to be governed by this section from a particular assessment year. If a company opts for section 115BAA of the Act, the company can pay corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and education cess of 4%). However, once opted for reduced rate of taxation under the said section, it cannot be subsequently withdrawn.

Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their 'book profits' under section 115JB of the Act. However, such a company will no longer be eligible to avail of any specified exemptions/incentives under the Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available.

Further, it shall not be allowed to claim set-off of any brought forward losses arising to it on account of additional depreciation and other specified incentive.

The Company has already evaluated and opted for the lower corporate tax rate of 25.17% (prescribed under section 115BAA of the Act) with effect from AY 2020-21.

B. Special Tax Benefits available to the shareholders of the Company

The Shareholders of the company are not entitled to any Special tax benefits under the Act.

Notes:

1. All the above benefits are as per the current tax laws and will be available only to the sole/first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.

4. No assurance is given that the revenue authorities/ Courts will concur with the view expressed herein. Our views are based on existing provisions of law and its implementation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.
5. We shall not be liable for any claims, liabilities, or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.
6. This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibility under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 for inclusion in the Draft Red Herring Prospectus /Red Herring Prospectus/ Prospectus in connection with the proposed issue of equity shares and is not be used, referred to or distributed for any other purpose without our written consent.

For and on behalf of,
For **J. H. Gandhi & Co.,**
Chartered Accountants
FRN: 0116513W



Jasmit H. Gandhi
(Proprietor)
M. No. 044844

UDIN: 25044844BMLMIJ6588

Date: 08/01/2025

Place: Mumbai



Cc:

Fedex Securities Private Limited (the "BRLM")

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