

STATEMENT OF TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SPECTRUM TALENT MANAGEMENT LIMITED (FORMERLY KNOWN AS SPECTRUM TALENT MANAGEMENT PRIVATE LIMITED)(THE "COMPANY"), THE SHAREHOLDERS OF THE COMPANY (THE "SHAREHOLDERS") UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA

25th May, 2023

To,
The Board of Directors
Spectrum Talent Management Limited
(Formerly known as Spectrum Talent Management Private Limited)
B-46, Retreat Apartments
20 I P Extension, Delhi – 110092

Dear Sirs,

Sub : Statement of possible Special Tax Benefits ("Statement") available to the Company and its shareholders prepared in accordance with the requirement in Schedule VI of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2018 ("The Regulation") under the direct and indirect tax laws

We, B. Chhawchharia & Co., Chartered Accountants, the statutory auditors of Spectrum Talent Management Limited ("Company"), refer to the proposed initial public offering of equity shares of the Company. We enclose herewith the statement ("Annexure") showing the special tax benefits available to the Company and the shareholders of the Company under the Income - Tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the "GST Acts"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively the "Taxation Laws") as applicable to the Assessment Year 2024-25 relevant to the Financial Year 2023-24 for inclusion in the Draft Red Herring Prospectus ("Offer Document") for the proposed issue of shares.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income-Tax Act, 1961 and GST Acts. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits are dependent upon their fulfilling such conditions, which is based on the business imperatives, the company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. This statement is only intended to provide general information to guide 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 their own tax consultant with respect to specific tax implications arising out of participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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 future;
- the conditions prescribed for availing the benefits, where applicable have been/would be met; and
- the revenue authorities/courts will concur with the views expressed herein.



The contents of this annexure 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 and the provisions of the tax laws.


We hereby give our consent to include this report and the enclosed Annexure regarding the tax benefits available to the Company and its Shareholders in the Draft Prospectus and Prospectus of the Company in connection with the issue and/or in any other documents in connection with the issue.

LIMITATIONS

Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume any responsibility to update the views consequent to such changes.

Yours sincerely,

**For M/s B. Chhawchharia & Co.
Chartered Accountants
Firm Registration Number: 305123E**

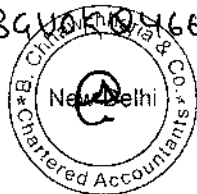


**Abhishek Gupta
Partner
Membership No.: 529082**

Place: New Delhi

Date: 25.05.2023

UDIN: 23529082BCHAWCHHARIA&CO4665



ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO SPECTRUM TALENT MANAGEMENT LIMITED (“COMPANY”) AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The information provided below sets out the special tax benefits available to the Company and the Equity Shareholders under the Income Tax Act, 1961 and GST Acts 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.

I. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (“ACT”):

1. Lower corporate tax rate under Section 115BAA of the Act:

- 1.1 As per Section 115BAA of the Act, with effect from Financial Year 2019-20 [i.e. Assessment Year ('AY') 2020-21], a domestic company has an option to pay income tax in respect of its total income at a concessional tax rate of 22% (plus surcharge of 10% and cess) subject to satisfaction of certain conditions.
- 1.2 In case a company opts for Section 115BAA of the Act, provisions of MAT under Section 115JB of the Act would not be applicable and MAT credit of the earlier year(s) will not be available.
- 1.3. The option needs to be exercised on or before the due date of filing the tax return by filing Form 10-IC on income tax e-filing. Once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.
- 1.4. The Company has opted for the provisions of Section 115BAA of the Act for AY 2020-21 onwards and hence, the beneficial tax rate of 22% (plus surcharge of 10% and education cess of 4%) is applicable.

2. Deduction under Section 80JJAA of the Act, in respect of employment of new employees

Subject to the fulfilment of prescribed conditions as provided in Section, the Company is entitled to claim deduction of an amount equal to 30% 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.

II. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE RESIDENT SHAREHOLDERS:

3. Taxability of Dividend Income:

- 3.1 Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. The maximum surcharge applicable to shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person would be 15% (plus applicable surcharge and education cess), irrespective of the amount of dividend.



3.2 Further, the shareholders would be entitled to take credit of the Tax Deducted at Source by the Company against the taxes payable by them on dividend income.

3.3 The resident shareholder (being domestic company) shall be eligible for deduction under Section 80M of the Act.

4. Tax rate on Capital gains

4.1. As per Section 111A of the Act, short term capital gains arising to the resident shareholder from the sale of equity share or a unit of an equity-oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess). Other short term capital gains shall be taxable at per normal tax rates applicable.

4.2. As per Section 112A of the Act, the long-term capital gains arising from sale of listed equity share, or a unit of an equity-oriented fund or a unit of a business trust (where STT is paid) exceeding INR 1,00,000 shall be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess). Further, as per Section 112 of the Act, other listed securities, units or a zero-coupon bonds shall be taxable either 20% after taking benefit of indexation or 10% without taking benefit of indexation whichever is more beneficial to the company. Other long term capital gains shall be taxable at 20% after taking benefit of indexation benefit.

5. Carry forward and set off of capital gain losses

5.1. As per section 74 of the Act, short-term capital losses incurred during the year are allowed to be set-off against short-term or long-term capital gains of the said year. Balance short-term capital losses, if any may be carried forward for eight years for claiming set-off against subsequent year short term or long-term capital gains. Long-term capital losses incurred during the year are allowed to be set-off only against long-term capital gains. Balance loss, if any, may be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

III. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE NON-RESIDENT INDIANS/NON-RESIDENT SHAREHOLDERS (OTHER THAN FIIS AND VENTURE CAPITAL COMPANIES/FUND):

Same as implications for resident shareholders subject to the additional points mentioned below.

6. Taxability of Capital gains:

6.1. As per first proviso to Section 48 of the Act, in case of a non-resident shareholder, in computing 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 original investment was made. Cost Indexation benefits will not be available in such a case. The capital gain / loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was utilized in the purchase of shares.

6.2. Long-term capital gains arising from the transfer of unlisted securities shall be taxable at the rate of 10% (plus applicable surcharge and education cess) without providing indexation benefit.



- 6.3. Chapter XII-A of the Income Tax Act was inserted by Finance Act 1983 with an object to provide concessional rate of taxation to encourage them to invest their foreign exchange earnings in assets and source of Income in India. It deals with the situations where the gross total income of a non-residents includes income from investment or income by way of long-term capital gain or both. The following sections are covered under this chapter:
- 6.4. Section 115D of the Act covers the situation or transaction in which this section can be invoked. It also says that no deduction in respect of any expenditure or allowance shall be allowed under any provision of this Act in computing the investment income of a non-resident Indian.
- 6.5. Section 115E of the Act is about rate of tax which is to be applied on the gross total income of a non-resident Indian when the total income includes any income from Investment or income from long term capital gain of an assets other than a specified assets; or income by way of long term capital gains, the tax payable by him shall be at the rate of 20% if the income is from Long Term Capital Assets other than a specified assets and at the rate of 10% if the income is by way of long term capital gain from specified assets (as per Section 115C of the Act, specified assets includes shares in an Indian company).
- 6.6. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long-term capital asset being shares of the Company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then such gains would not be chargeable to tax on a proportionate basis. Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long-term capital gains in the year in which such specified asset or savings certificates are transferred.
- 6.7. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
- 6.8. As per section 115H of the Act, where the Non-Resident Indian 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 Act to the effect that the provisions of the Chapter XIIA shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- 6.9. As per section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

7. Taxability of Dividend Income:

As per Section 115A of the Act, tax on dividend income earned by a non-resident or a foreign company shall be taxable at rate of 20% on gross basis.



8. Provisions of the Act vis-à-vis provisions of the Tax Treaty

In respect of non-residents, the tax rates and consequent taxation mentioned above shall be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

Notes:

1. All the above benefits are as per the current tax laws as amended by the Finance Act, 2022 and will be available only to the sole/first name holder where the shares are held by joint holder.
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. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis.
4. 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. We shall not be liable to 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.

You should consult your own Tax Advisors concerning the Indian Tax implications and consequences of purchasing, owning and disposing of equity shares in your particular situation



STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

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, the Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively referred to as "Indirect tax").

I. Benefits under the Central Goods and Services Act, 2017, respective State Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017 (read with relevant Rules prescribed thereunder)

1. Export of Goods and services under the Goods and Services Tax ('GST') law

GST law inter-alia allows export of goods and services at zero rate on fulfilment of certain conditions. Exporter can either export goods and services without payment of IGST under Bond/ Letter of Undertaking (LUT) and claim refund of accumulated Input tax credit ('ITC'), export goods and services with payment of IGST and subsequently claim refund thereof of the IGST paid as per the provisions of Section 54 of Central Goods and Services Tax Act, 2017. The Finance Bill, 2021 however has inserted suitable provisions stating that the said benefit of exporters to pay IGST on exports and subsequently claiming refund thereof would be available only to notified persons, though the relevant notification in this regard is awaited. We understand that the Companies are following export of goods and services without payment of GST.

2. Supply of services to SEZ under the GST law

Similarly, the GST law also considers supply to SEZ as zero-rated supply whereby the person supplying the service has an option to supply services without payment of GST under Bond/ Letter of Undertaking and subsequently avail refund of accumulated ITC.

3. The Company exports goods without payment of GST under a Letter of Undertaking and no Customs duty is applicable on such exports.
4. The Company also avails Duty drawback benefits on Export of Electronic Goods.
5. Given that the Company is engaged in exports of Electronic Goods, the Company will apply for benefit under the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme under Foreign Trade Policy.
6. Apart from the above, no other special Indirect tax benefits are available to the Company under the Indirect Tax Regulations in India.

II. Special indirect tax benefits for shareholders of the Companies

Shareholders of the Company are not eligible to special indirect tax benefits under the provisions of the CGST Act (read with CGST Rules, circulars, notifications), respective State GST Act, 2017 (read with respective State GST Rules, circulars, notifications), Integrated GST Act, 2017 (read with Integrated GST Rules, circulars, notifications), The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Customs Act, 1962 (read with Custom Rules, circulars, notifications) and Customs Tariff Act, 1975 (read with Custom Tariff Rules, circulars, notifications).



Notes:

1. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Regulations. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
2. 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. We shall not be liable to 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.

You should consult your own Tax Advisors concerning the Indian Tax implications and consequences of purchasing, owning and disposing of equity shares in your particular situation.

For **M/s B. Chhawchharia & Co.**
Chartered Accountants
Firm Registration Number: 305123E



Abhishek Gupta
Partner
Membership No.: 529082

Place: New Delhi
Date: 25.05.2023
UDIN:

