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STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS
STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO QUALIANCE INTERNATIONAL LIMITED (THE "COMPANY") AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA

To,

The Board of Directors,
Qualiance International Limited,
406 - B Wing, Knox Plaza,
Mindspace, Malad West,
Mumbai - 400064

Dear Sirs/ Madam,

Sub: Statement of Possible Tax Benefits ('The Statement') available to Qualiance International Limited ("The Company") and its shareholders prepared in accordance with the requirement in Schedule VIII- Clause (VII) (L) of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2018, as amended ("The Regulation")

This Statement is issued in accordance with the Engagement Letter dated October 6, 2025.

We, R K Jagetiya & Co, Chartered Accountants, statutory auditors of the Company, have received a request from the Company to report the possible special tax benefits, available to the Company, and its shareholders under the direct and indirect tax laws presently in force in India, as on the date of this report. This is for the limited purpose of the red herring prospectus ("RHP") which the Company intends to file with the National Stock Exchange of India Limited ("NSE") where the Equity Shares of the Company are proposed to be listed (the "Stock Exchange") and any other documents or materials in relation to the Offer (collectively, the "Offer Documents").

The preparation of the statement ("**Statement**") attached ("**Annexure I**") to this report is the responsibility of the management of the Company.

We hereby report that the enclosed **Annexure I** provides a statement of the possible special tax benefits available to the Company and its shareholders under direct and indirect tax laws, including the Income Tax Act, 2025, as amended by the Finance Act 2026, *i.e.*, applicable for the tax year 2026-2027, 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 (collectively the "**GST Act**"), the Customs Act, 1962 ("**Customs Act**") and the Customs Tariff Act, 1975 ("**Tariff Act**") each read with the relevant rules, circulars, and notifications issued thereunder and each as amended from time to time, as applicable and in force as at the date of this report (collectively, the "**Tax Laws**").

Several of these benefits are dependent on the Company and/or its shareholders, as the case may be, 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 possible special tax benefits is dependent upon their fulfilling such conditions, if any, which based on business imperatives the Company and/or its shareholders face in the future, the Company and / or its shareholders may or may not choose to fulfil.

While the term 'special tax benefit' has not been defined in the SEBI ICDR Regulations, the benefits discussed in the enclosed Statement cover only the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits (under both direct and indirect tax laws) available to them. The benefits discussed in the enclosed Statement are not exhaustive. Any benefits under the Tax Laws other than those specified in the Statement are considered to be general tax benefits and therefore not covered within the ambit of the Statement.

In respect of shareholders, the enclosed Statement contains only those tax benefits which accrue to the shareholders of the Company by virtue of them being shareholders as on the date of this report. Further in respect of non-residents shareholders, the tax rates and the

R K JAGETIYA & CO. * FRN 146264W * Chartered Accountants 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 shareholder has fiscal domicile.

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 Offer.

We conducted our examination in accordance with the SRS 4400 "Engagements to Perform Agreed-upon Procedures regarding Financial Information" issued by the Institute of Chartered Accountants of India ("**ICAI**"). The standard requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

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.

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

a) the Company, and its shareholders will continue to obtain the benefits as per **Annexure I** in future; or
b) the conditions prescribed for availing the possible special tax benefits as per **Annexure I** have been / would be met with.
c) the revenue authorities/courts will concur with the views expressed therein.

The contents of enclosed Annexures are based on the information, explanation 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. Our views are based on the existing provisions of the Tax Laws 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 report 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 the Company and any other person in respect of this Statement, except as per applicable law.

This report is addressed and provided to the Board of Directors of the Company and we hereby consent to the submission of this report as may be necessary for the purpose of the Offer to the Book Running Lead Managers, the RoC, the Stock Exchange and any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law.

This report may be relied upon by the Book Running Lead Managers and the legal advisors appointed with respect to Offer for documenting and conducting their due-diligence and due-enquiry of the affairs of the Company in connection with the Offer.

We hereby consent to this report being disclosed by the Book Running Lead Managers, if required (i) by reason of any law, regulation order or request of a court or by any governmental or competent regulatory or statutory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation in connection with the Offer and/or the Offer Documents.

Except for the purposes and parties as stated in the preceding paragraphs, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing, which consent will not be unreasonably withheld.

For R K Jagetiya & Co,
Chartered Accountants
FRN: - 146264W

R K JAGETIYA & CO. FRN 146264W Chartered Accountants

Ravi K Jagetiya
Proprietor
M. No. 134691
Place: Mumbai
Date: 14th August, 2026
UDIN: 26134691UGFJDJ6492

Annexure 1

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO QUALIANCE INTERNATIONAL LIMITED AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT TAX LAWS IN INDIA

Outlined below are the benefits available to Qualiance International Limited (the 'Company') and the Shareholders of the Company under the Income-tax Act, 2025 ('the Act') read with Income-tax Rules 2026, circulars, notifications issued thereto, as amended by the Finance Act 2026 (collectively, hereinafter referred to as 'Indian Income-tax Regulations') applicable for Tax Year 2026-2027:

A. Special Tax Benefits available to the Company

a. Lower corporate tax rate on income of domestic companies – Section 200 read with Section 205 of the Act

As per section 200 of the Act (erstwhile Section 115BAA of Income-tax Act, 1961), domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess), subject to the fulfillment of certain conditions specified in Section 200 read with Section 205 of the Act. The option to apply this tax rate is made available while filing return of income under Section 263 for such tax year (erstwhile to be exercised by filing of Form 10-IC) and the option once exercised shall apply to subsequent tax years.

Further, for the purpose of opting the concessional tax rate of 22% under section 200 of the Act, the income is to be computed without taking into consideration the following deductions as provided in sub-section (1) of Section 200 of the Act read with Section 205:

1. Deduction under section 45(2) of the Act (Expenditure on scientific research);
2. Deduction under section 47(1)(b) of the Act (Expenditure on skill development);
3. Deduction under any provisions of Chapter VIII other than of section 146 or section 148 of the Act;
4. Deduction under section 33(8) of the Act (Additional depreciation);
5. Deduction under section 45(3)(a) or (b) or (c) of the Act (Expenditure on scientific research);
6. Deduction under section 46 of the Act (Deduction for capital expenditure of specified business);
7. Deduction under section 47(1)(a) of the Act (Deduction for agricultural extension project);
8. Deduction under section 48 of the Act (Deposit in tea development account, coffee development account and rubber development account);
9. Deduction under section 49 of the Act (Site restoration fund);
10. Deduction under section 144 of the Act (Deduction for units in Special Economic Zone);
11. No set-off of any loss carried forward or unabsorbed depreciation from any earlier tax year, if such loss or depreciation is attributable to any of the deductions referred from clause (1) to (10) above; and
12. No set-off of any loss or allowance for unabsorbed depreciation deemed so under section 116 of the Act, if such loss or depreciation is attributable to any of the deductions referred from clause (1) to (10) above.

Additionally, the provisions of section 206 of the Act i.e., Minimum Alternate Tax ('MAT') shall not apply to the Company once the option has been exercised under section 200 of the Act, as specified under sub-section (1) clause (q) of section 206 of the Act. Further, the Company will not be allowed to carry forward and set off any credit under section 206 of the Act, if any, commonly referred to as MAT credit.

The Company has opted for the lower corporate tax rate under section 115BAA of the erstwhile Income-tax Act, 1961 in Assessment Year 2020-2021 and has filed Form 10-IC with the Income-tax authorities on 02nd February,2021, i.e., within the specified due date for filing Income-tax return.

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b. Deduction under Section 148 of the Act

Dividend income earned by the Company would be taxable in their hands at the 22% plus surcharge and cess.

Further, as per Section 148 of the Act, in case where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date (i.e. the date one month prior to the date for furnishing the return of income under sub-section (1) of Section 263 of the Act) shall be allowed.

c. Deductions in respect of employment of new employees – Section 146 of the Act

As per Section 146 of the Act, the Company to whom Section 63 of the Act applies and where total income includes profits and gains derived from business, is entitled to a deduction of an amount equal to thirty percent in respect of additional employee cost (relating to specified category of employees) incurred during the previous year. Such deduction is available for a period of three assessment years effective from the year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in Section 146 of the Act. The Company is also required to submit the prescribed form with the Income-tax authorities within the specified due date.

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

a. Capital gains

Characterization of gains from transfer of shares

- The characterization of the gains/losses, arising from sale/transfer of shares as business income or capital gains would depend on the nature of holding and various other factors. The Central Board of Direct Taxes (CBDT) has clarified in a circular 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.

Taxability on transfer of listed shares held as capital asset

- As per Section 198 of the Act, long-term capital gains arising from the transfer of equity shares are taxed at the rate of 12.5% (without indexation). Further, the surcharge on such long term capital gains is restricted to 15%.

  Section 198 of the Act stipulates that Securities Transaction Tax (STT) must be paid both at the time of acquisition and sale of equity shares, subject to the fulfilment of additional conditions prescribed under Notification No. 60/2018/F. No. 370142/9/2017-TPL dated 1 October 2018. It is important to note that tax under Section 198 will be levied only if the aggregate capital gains in a financial year exceed INR 1,25,000.

- As per Section 196 of the Act, short-term capital gains arising from transfer of equity shares on which STT is paid at the time of sale (also subject to the conditions of circular mentioned above), shall be taxed at the rate of 20%. Further, surcharge on such short-term capital gains under Section 196 of the Act is restricted to 15%

Deductions in computing capital gains

In terms of Section 72 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of the consideration:

a) Cost of acquisition of shares; and

b) Expenditure incurred wholly and exclusively in connection with transfer of shares

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b. <u>Other provisions</u>

Treaty benefits

As per Section 159(4) of the Act, non-resident shareholders will be entitled to be governed by the beneficial provisions under the respective Double Taxation Avoidance Agreement (DTAA), if any, applicable to such non-residents. This is subject to fulfilment of conditions prescribed to avail treaty benefits

Set-off and carry forward of losses

As per Section 111 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 losses, if any may be carried forward for eight tax years for claiming set-off against subsequent years' 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, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

Notes:

1. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indian Income-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. The special tax benefits discussed in the Statement are not exhaustive and are only intended to provide general information to the investors and hence, it is neither designed nor intended to be a substitute for professional tax advice, which the investors may wish to take before making any investments. In view of the individual nature of the tax consequences accompanied by 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.

3. The Statement is prepared based on information available with the management of the Company and there is no assurance that:
   i. the Company or its shareholders will continue to obtain these benefits in future;
   ii. the conditions prescribed for availing the benefits have been/ would be met with; and
   iii. the revenue authorities/courts will concur with the view expressed herein.

4. The above views are based on the existing provisions of law and our interpretation of the law, which are subject to change from time to time. The new Income-tax Act, 2025 is effective from 1st April 2026. We do not assume responsibility to update the views consequent to any changes. No assurance is provided that the revenue authorities/courts will concur with the views expressed herein.

5. The Statement has been prepared on the basis that the shares of the Company are proposed to be listed on a recognized stock exchange in India and the Company will be offering equity shares.

For and on behalf of Qualiance International Limited

Saira Tabrez Khan
Chief Financial Officer
Place: Mumbai
Date:14th August, 2026

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