

Kirtane & Pandit LLP

Chartered Accountants
Fifth Floor, Gopal House
Opp. Harshal Hall, Above HDFC Ltd.
Karve Road, Pune 411038,
Maharashtra, India

PKF Sridhar & Santhanam LLP

Chartered Accountants
201, 2nd Floor, Center Point Building,
Dr. BR Ambedkar Road,
Parel, Mumbai - 400012
Maharashtra, India

STATEMENT OF SPECIAL TAX BENEFITS

Date: April 29, 2024

To

The Board of Directors
Go Digit General Insurance Limited
1 To 6 Floor, Ananta One
Pride Hotel Lane, Narveer Tanaji Wadi
City Survey No.1579, Shivajinagar
Pune 411 005
Maharashtra, India

ICICI Securities Limited

ICICI Venture House
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Maharashtra, India

Morgan Stanley India Company Private Limited

18F, Tower 2,
One World Centre
Plot-841, Jupiter Textile Mill Compound
Senapati Bapat Marg, Lower Parel
Mumbai 400 013
Maharashtra, India

Axis Capital Limited

1st Floor, C-2, Axis House
Wadia International Centre
Pandurang Budhkar Marg, Worli
Mumbai 400 025
Maharashtra, India

HDFC Bank Limited

Investment Banking Group
Unit No 701, 702 and 702-A, 7th Floor
Tower 2 and 3, One International Centre
Senapati Bapat Marg
Prabhadevi
Mumbai – 400 013
Maharashtra, India

IIFL Securities Limited

24th Floor, One Lodha Place
Senapati Bapat Marg
Lower Parel (West), Mumbai 400 013
Maharashtra, India

Nuvama Wealth Management Limited

(formerly known as Edelweiss Securities Limited)
801 - 804, Wing A, Building No 3
Inspire BKC, G Block
Bandra Kurla Complex
Bandra East
Mumbai – 400051
Maharashtra, India

(ICICI Securities Limited, Morgan Stanley India Company Private Limited, Axis Capital Limited, HDFC Bank Limited, IIFL Securities Limited and Nuvama Wealth Management Limited *(formerly known as Edelweiss Securities Limited)* are collectively referred to as the “**Book Running Lead Managers**” or the “**BRLMs**”)

Re: Proposed initial public offering of equity shares (“Equity Shares”), comprising of a fresh issue of Equity Shares of Go Digit General Insurance Limited (the “Company”) and an offer for sale by certain existing Shareholders of the Company of Rs. 10 each (the “Offer”)

Dear Sirs,

1. We refer to the proposed initial public offering of equity shares (the ‘**Offer**’) of the company. We enclose herewith the statement of tax benefit (“**Statement**”) (refer Annexure A) showing the current position of the possible special tax benefits available to the Company and its Shareholders under the provisions of:
 - a. the Income-tax Act, 1961 (the “**Act**”), as amended by the Finance Act, 2024 read with the Income-tax Rules, 1962, i.e. applicable to the Financial Year 2024-25 relevant to the assessment year 2025-26.
 - b. the Central Goods and Services Tax Act, 2017 (“**CGST**”) / the Integrated Goods and Services Tax Act, 2017 (“**IGST**”) / relevant State Goods and Services Tax Act (“**SGST**”) read with rules, circulars, and notifications (CGST, IGST and SGST together referred as the “**GST law**”, and
 - c. the Customs Act, 1962, the Customs Tariff Act, 1975 (“**Customs law**”), (together referred to as the “**Tax Laws**”).

Several of these benefits are dependent on the Company and 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 special 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 fulfil.

2. The benefits discussed in the enclosed Statement covers only the possible special tax benefits available to the Company and to the Shareholders of the Company and do not cover any general tax benefits available to the Company and its Shareholders.
3. The benefits discussed in the enclosed Statement are neither exhaustive nor conclusive. The contents stated in the Statement are based on the information and explanations obtained from the Company.
4. We are informed that this Statement is only intended to provide general information to the investors/ third parties 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 tax consultant with respect to the specific tax implications arising out of their participation in the initial public offer. We are neither suggesting nor advising the investors to invest in the initial public offer relying on this Statement and do not assume any responsibility towards the investors/ third parties who may or may not invest in the initial public offer relying on the Statement.
5. Our views are based on the existing provisions of the tax laws and its interpretation, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update the Statement in case of any events subsequent to this date, which may have a material effect on the discussion herein.
6. We do not express any opinion or provide any assurance as to whether:
 - the Company or its Shareholders will obtain/ continue to obtain these benefits in future; or
 - the conditions prescribed for availing the benefits have been/ would be met with; or
 - the revenue authorities/ courts will concur with the views expressed herein.

7. 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.
8. This Statement is prepared solely for inclusion in the Red Herring Prospectus in connection with the initial public offer of equity shares of the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and is not to be used, referred to or distributed for any other purpose.

Yours Sincerely,

For Kirtane & Pandit LLP

Chartered Accountants

ICAI Firm Registration No: 105215W/W100057

For PKF Sridhar & Santhanam LLP

Chartered Accountants

ICAI Firm Registration No: 003990S / S200018

Parag Pansare
Partner
Membership No. 117309
UDIN: 24117309BKCAZG6142

Dhiraj Kumar Birla
Partner
Membership No. 131178
UDIN: 24131178BKFIYO3117

Date: April 29, 2024
Place: Pune, India.

Date: April 29, 2024
Place: Mumbai, India.

CC:

**Domestic Legal Counsel to the Book Running
Lead Managers**

Cyril Amarchand Mangaldas
Peninsula Chambers, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Maharashtra, India

**International Legal Counsel to the Book
Running Lead Managers**

Latham & Watkins LLP
9 Raffles Place
#42-02 Republic Plaza
Singapore 048619

Domestic Legal Counsel to the Company

AZB & Partners
AZB House, Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai – 400 013
Maharashtra, India

International Legal Counsel to the Company

Shearman and Sterling LLP
21st Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

ANNEXURE A

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

The information outlined below sets out the possible tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the direct tax laws in force in India (*i.e.*, applicable for the Financial Year 2024-25 relevant to the assessment year 2025-26) as amended by the Finance Act, 2024. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the possible tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may or may not choose to fulfil.

1. UNDER THE INCOME TAX ACT, 1961 (“THE ACT”)

1.1. BENEFITS TO THE COMPANY UNDER THE ACT:

1.1.1. Special tax benefits available to Company

a) Taxability of General insurance companies

Taxability of General insurance company is governed by the provisions of Section 44 read with paragraph 5 of the Part B of First Schedule of the Act. As per Section 44 of the Act, the normal computational provisions i.e., “Interest on securities”, “Income from House property”, “Capital gains” or “Income from other sources”, or Sections 28 to 43B of “Profits or Gains from Business and Profession” are not applicable to the Company, rather the income from business/profession is to be computed in accordance with the paragraph 5 of the Part B of First Schedule of the Act.

1.1.2. General tax benefit available to the Company

a) Interest Income Section 10(15):

As per the provisions of Section 10(15)(i) following income is exempt from tax:

Income by way of interest, premium on redemption or other payment on such securities, bonds, annuity certificates, savings certificates, other certificates issued by the Central Government and deposits as the Central Government may, by notification in the Official Gazette, specify in this behalf, subject to such conditions and limits as may be specified in the said notification.

b) Carry forward and set off of Business losses

As per the provisions of Section 72(1) of the Act, if the net result of the computation of income from business is a loss to the Company, not being a loss sustained in a speculation business, such loss can be set off against any other income and the balance loss, if any, can be carried forward for eight consecutive assessment years immediately succeeding the assessment year for which the loss was first computed and shall be set off against business income.

As per the provisions of Section 72A of the Act, pursuant to business re-organization's such as amalgamation, demerger, etc., the amalgamated, resulting company etc, shall be allowed to carry forward any accumulated tax losses/ unabsorbed depreciation of the amalgamating, demerged company, subject to fulfilment of prescribed conditions.

c) Deductions from the Gross Total Income – Section 80JJAA of the Act – Deduction in respect of employment of new employees

As per the provisions of section 80JJAA of the Act, a company subject to tax audit under section 44AB of the Act and whose gross total income includes any profit and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

d) Deductions from the Gross Total Income – Deduction under Section 80M of the Act

As per the provisions of Section 80M of the Act, dividend received by the Company from any other domestic company or a foreign company or a business trust shall be eligible for deduction while computing its total income for the relevant year. 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 date one month prior to the due date of filing return of income under sub-section (1) of section 139.

e) Concessional tax rate under Section 115BAA of the Act

The Company is eligible to opt for the beneficial tax rate of 22% (plus applicable surcharge and cess) as provided under Section 115BAA of the Act, subject to the condition that going forward it does not claim the deductions 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. The Company has opted for a concessional rate under Section 115BAA from the assessment year 2023-24 onwards.

1.1.3. Buy-back of shares by the Company

If Company decides to buy-back its shares from its shareholders Section 115QA provides for tax at 20% (to be increased by applicable surcharge and cess) on the distributed income which is nothing but the consideration paid by the company on buyback of shares, as reduced by the amount received by the company on the issue of such shares, determined in the manner prescribed under Rule 40BB of the Income Tax Rules, 1962. Also, such Buy Back Tax has to be paid by the company over and above the tax paid by it, if any, on its total income.

Buy Back Tax is levied at the level of the company, the consequential income arising in the hands of shareholders is exempt from tax, as per Section 10(34A) of the Act.

1.2. BENEFITS TO THE SHAREHOLDERS OF THE COMPANY UNDER THE ACT

1.2.1. General tax benefit available to the Shareholders

a) Dividend paid by the Company to its shareholders:

Taxability of Dividend in the hands of Shareholders:

The Finance Act, 2020 has abolished the DDT and moved to the classical system of taxation wherein dividends are taxed in the hands of the investors. So now, dividend income will become taxable in the hands of taxpayers irrespective of the amount received at applicable income tax slab rates. The Company paying the dividend has to deduct tax at source (TDS), as applicable, from the aforesaid dividend. Applicable provisions of TDS on dividend are as follows;

I. Resident Shareholders

TDS will be deducted @ 10% on the amount of dividend payable where a valid Permanent Account Number (PAN) has been furnished by the resident shareholders. TDS will be deducted @ 20% i.e. at twice the applicable rate on the amount of dividend payable where the resident shareholders who: (i) did not furnish valid PAN; or (ii) considered to be 'Specified Person' under Section 206AB of the Income Tax Act, 1961.

No TDS, however, will be deducted from dividend payable to:

(A) Individual Shareholders, if:- the amount of dividend payable by the Company during a financial year in the aggregate does not exceed 5,000/-, or their income is below the taxable limit and declaration is received by the Company from the shareholders in Form 15G (for individuals up to age of 60 years) or in Form 15H (for individuals above the age of 60 years).

(B) Insurance Companies (viz. LIC, GIC etc.), Mutual Funds and domestic Alternative Investment Funds, where documents complete in all respects are received by the Company from them.

II. Non-Resident Shareholders

TDS will be deducted @ 20% (plus applicable surcharge and cess) or the Tax Treaty Rate, whichever is lower, on the amount of dividend payable to Foreign Portfolio Investors, Foreign Institutional Investors and other non-resident shareholders. For availing the benefit of Tax Treaty Rate, the shareholders will be required to submit necessary documents to the Company complete in all respects.

b) Capital gains – General

i. Classification of capital gains

Capital assets are to be categorized into short-term capital assets and long-term capital assets based on the period of holding. Equity Shares listed on a recognized stock exchange in India held by an assessee for more than 12 months, immediately preceding the date of transfer, are considered to be long-term capital assets. Capital gains arising from the transfer of such long-term capital assets are termed as Long-Term Capital Gains (LTCG).

Short Term Capital Gains (STCG) means capital gains arising from the transfer of equity shares listed on a recognized stock exchange in India held for 12 months or less, immediately preceding the date of transfer.

ii. Computation of Capital Gain

As per Section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of consideration:

- Cost of acquisition/ improvement of the shares
- Expenditure incurred wholly and exclusively in connection with the transfer of shares.

iii. Exemption of Capital Gain

Exemptions may be claimed from taxation of LTCG if investments in certain specified securities/assets is made subject to fulfilment of certain conditions. The following exemptions may be available to the shareholders:

- Section 54F of the Act exempts long-term capital gains on transfer of shares, held by an individual or HUF, if the net consideration is utilized to purchase/ construct a residential house within specified timelines. The term "net consideration", in relation to the transfer of a capital asset, means the full value of the consideration received or accruing as a result

of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

iv. Carry forward and set off of capital gain losses.

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 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, may be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

c) Capital gains – Resident Shareholders

Section 111A – Tax on Short Term Capital Gain (STCG):

Capital gains arising from the transfer of a short-term capital asset, being an equity share in a company, which are chargeable to Securities Transaction Tax (STT) is taxable at the rate of 15 percent (plus surcharge and cess if applicable).

In the case of resident individuals/HUF, if the basic exemption limit is not fully exhausted by other income, then short-term capital gain will be reduced by unexhausted basic exemption limit and the balance would be taxed at 15 percent.

Where the gross total income of an assessee includes any short-term capital gains as referred to in sub-section (1) of Section 111A, the deduction under Chapter VI-A and rebate under Section 87A shall be allowed from the gross total income as reduced by such capital gains.

Tax on Long Term Capital Gain (LTCG):

Section 112A – Tax on Long Term Capital Gain on certain cases

Long-term capital gains arising from transfer of listed equity share as referred to in Section 112A shall be chargeable to tax at the rate of 10% in excess of Rs. 1 Lakh.

No withholding tax/tax deduction at source is applicable on income arising by way of capital gains to a resident shareholder on transfer of shares of an Indian company.

d) Capital Gains - Foreign Portfolio Investors (FPI) (earlier known as 'Foreign Institutional Investor')

As per section 2(14) of the Act, securities held by a FPI registered in accordance with the SEBI Regulations for FPIs would be the nature of "capital asset". Consequently, the income arising to a FPI from transactions in securities are treated as capital gains

As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities would be taxable as follows:

Nature	Tax rate (%)
LTCG on sale of equity shares referred to in Section 112A (Refer Note below)	10
STCG on sale of equity shares referred to in Section 111A	15

Note: LTCG exceeding one lakh rupees to the extent arising on transfer of these securities is

taxable at 10 percent, provided such transfer is chargeable to STT. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition, unless the securities have been acquired through a mode, notified as not requiring to fulfil the pre-condition of chargeability to STT.

As per section 196D of the Act, no deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Portfolio Investor.

e) Capital Gains - Special provisions for NRIs

A special scheme of taxation applies in case of Non-Resident Indian ('NRI') in respect of income/LTCG from investment in "specified foreign exchange assets" as defined under Chapter XIIA (Special provisions relating to certain incomes of non- resident) of the Act. Key provisions of the scheme are as under:

NRI is defined to mean an individual being a citizen of India or a person of Indian origin who is not a resident as per the Act. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

Key tax implications are:

Section	Provision
115E	Where the total income of an assessee, being a non-resident Indian, includes— (a) any income from investment or income from long-term capital gains of an asset other than a specified asset; (b) income by way of long-term capital gains, the tax payable by him shall be the aggregate of— (i) the amount of income-tax calculated on the income in respect of investment income referred to in clause (a), if any, included in the total income, at the rate of twenty per cent; (ii) the amount of income-tax calculated on the income by way of long-term capital gains referred to in clause (b), if any, included in the total income, at the rate of ten per cent; and (iii) the amount of income-tax with which he would have been chargeable had his total income been reduced by the amount of income referred to in clauses (a) and (b)
115F	LTCG arising on transfer of a foreign exchange asset is tax exempt if the net consideration from such transfer is reinvested in specified assets or in savings certificates referred to in section 10(4B) of the Act subject to the conditions prescribed therein.

In terms of section 115G of the Act, NRIs 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 investments or long-term capital gains or both, provided adequate tax has been deducted at source from such income as per Chapter XVII-B of the Act.

Section 115-I of the Act allows NRIs to elect not to be governed by the scheme (Chapter XIIA - Special provisions relating to certain incomes of non-resident) for any assessment year by furnishing their return of income for that year under section 139 of the Act and declaring the choice made in such return and accordingly they would be taxed in that assessment year in accordance with the regular tax provisions.

f) Capital Gains - Special provisions for Non-resident shareholder:

Mode of computation of capital gain in foreign currency in the case of non-resident (specified by the first proviso to section 48) is not applicable when tax is payable under section 112A.

g) Additional tax benefits/consequences for non-resident shareholders Treaty Benefit

Section 90(2) of the Act allows non-resident shareholders to opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement ('DTAA') or tax treaty entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial subject to fulfilment of conditions.

Further, any income by way of dividend / capital gains payable to non-residents may be subject to withholding tax in accordance with the provisions of the Act or under the relevant DTAA, whichever is beneficial to such non-resident unless such non-resident has obtained a lower withholding tax certificate from the tax authorities. In order to avail Treaty benefit TAX RESIDENCY CERTIFICATE is required to be obtained.

h) Buy-back of shares by the Company

Buy Back Tax is levied at the level of the company in accordance with section 115QA, the consequential income arising in the hands of shareholders is exempt from tax, as per Section 10(34A) of the Act.

2. UNDER THE GOODS AND SERVICE TAX ACT, 2017 (GST)

2.1. BENEFITS TO THE COMPANY UNDER GST:

There are no special tax benefits available to the Company under the provisions of GST.

2.2. BENEFITS TO THE SHAREHOLDERS OF THE COMPANY UNDER GST:

There are no special tax benefits available for the shareholders of the Company under the provisions of GST.

Notes:

- (i) This Annexure sets out the tax benefits available to the Company and the shareholders under the Income-tax Act, 1961 i.e., the Act as amended by the Finance Act, 2024 applicable for the Financial Year 2024-25 relevant to the Assessment Year 2025-26, presently in force in India.
- (ii) The above statement covers certain tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India.
- (iii) This statement does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company, by the person residing in the country outside India
- (iv) The possible tax benefits are subject to conditions and eligibility criteria which need to be examined for tax implications.
- (v) This Annexure 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 arising out of their participation in the Proposed IPO.
- (vi) The above Statement of Tax Benefits 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.

- (vii) The stated benefits will be available only to the sole/ first named holder in case the shares are held by joint holders.
- (viii) In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.
- (ix) No assurance is provided 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, up to the date of report. We do not assume responsibility to update the views consequent to such changes. We will not be liable to any other person in respect of this statement.