

**CERTIFICATE ON SPECIAL TAX BENEFITS**

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

To,

**The Board of Directors,  
Esprit Stones Limited**  
SP1, Udyog Vihar,  
Sukher Industrial Area,  
Udaipur- 313004,  
Rajasthan, India

**Choice Capital Advisors Private Limited**  
Sunil Patodia Tower,  
Plot No. 156-158, JB Nagar,  
Andheri (East), Mumbai 400 099,  
Maharashtra, India.

and

**Srujan Alpha Capital Advisors LLP**  
824 & 825, Corporate Avenue  
Sonawala Road, Opposite Atlanta Centre  
Sonwala Industry Estate  
Goregaon, Mumbai  
Maharashtra – 400 064

**Choice Capital Advisors Private Limited and Srujan Alpha Capital Advisors LLP** referred to as  
the “**Book Running Lead Managers**”

Dear Sirs,

**Re: Proposed initial public offering of Equity shares of face value of Rs. 10 each (the “Equity Shares” and such initial public offer, an “IPO” or “Issue”) of Esprit Stones Limited (the “Company”).**

We hereby report that this certificate along with the annexure states the special tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961 (‘IT Act’) (read with Income Tax Rules, Circulars and Notifications) as amended by the Finance Act, 2023 (i.e. applicable to F.Y. 2023-24 relevant to A.Y. 2024-25) (hereinafter referred to as the “IT Regulations”) and under the Goods And Service Tax Act, 2017 (read with Goods And Service Tax[GST] Rules, Circulars and Notifications), presently in force in India. The Statement has been prepared by the management of the Company in connection with the proposed Public Issue, which we have initialed for identification purposes only.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the said relevant provisions of the tax laws and regulations applicable to the Company. Hence, the ability of the Company or its shareholders to derive the special tax benefits, if any, is dependent upon fulfilling such conditions, which based on business imperatives, which the



Company may or may not choose to fulfill or face in the future.

The benefits discussed in the enclosed Annexure cover the special tax benefits available to the Company and its shareholders but does not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure and its contents is the responsibility of the management of the Company and is not exhaustive. We were informed that 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 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 of equity shares of the Company comprising a fresh issue of the Equity Shares by the Company. Neither we are suggesting nor advising the investors to invest money based on this Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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:

- i) the Company and its shareholders will continue to obtain these special tax benefits in future; or
- ii) the conditions prescribed for availing the special tax benefits where applicable, have been/ would be met with.

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. 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 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 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 the Company and any other person in respect of this Statement, except as per applicable law.

We hereby consent for inclusion of this certificate or any extracts or annexures thereof, in full or part, in the Draft Red Herring Prospectus (DRHP), Red Herring Prospectus (RHP), and the Prospectus (Prospectus and together with DRHP and RHP, the "Offer Documents"), to be filed with the Registrar of Companies, Jaipur at Rajasthan (ROC) and submitted with Emerge platform of National Stock Exchange of India where the equity shares of the Company are proposed to be listed (the "**Stock Exchange**") with respect to the Issue, and in any other material used in connection with the Issue and may be relied upon by the Company, the Book Running Lead Managers and legal advisor appointed in relation to the Issue by the BRLMs and the legal advisor in relation to the Issue.



Yours faithfully,

**For and on behalf of**

**M/s A P Sanzgiri & Co.,  
Chartered Accountants,  
Firm Registration No. : 116293W**

*P Agrawal*

**Palak Agrawal**

Partner

Membership No.: 431130

UDIN *24431130BKGRCS2736*

Place: Mumbai

Date: February 14, 2024



CC:

**Legal Counsel to Issue**

**Vidhigya Associates, Advocates**

501, 5<sup>th</sup> Floor, Jeevan Sahakar Building

Sir P M Road, Homji Street

Fort, Mumbai -400 001

**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ESPRIT STONES LIMITED (“THE COMPANY”) AND IT’S SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA**

Outlined below are the special tax benefits available to the Company and its shareholders as per the Income tax Act, 1961 (“IT Act”) as amended from time to time and applicable for financial year 2023-24 relevant to assessment year 2024-25 (AY 2024-25) and Indirect Tax Laws as amended from time to time and applicable for financial year 2023-24. 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. Under the IT Act**

**1. Special Tax Benefits to the Company**

- Lower Corporate Tax rate under Section 115BAA

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 (“the Amendment Act, 2019”) granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%) from the Financial Year 2019-20, provided such companies do not avail specified exemptions/incentives (e.g. deduction under Section 10AA, 32(1) (iia), 33ABA, 35(2AB), 80-IA etc.) The Amendment Act, 2019 also provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax (“MAT”) under Section 115JB. The CBDT has further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available. Corresponding amendment has been inserted under Section 115JAA dealing with MAT credit.

The company has exercised the above option in the Financial Year 2021-22.

**2. Special Tax Benefits available to Shareholders**

There are no Special Tax Benefits available to the Shareholders (other than Resident Corporate Shareholder) of the Company.

With respect to a Resident Corporate Shareholder, a new section 80M is inserted in the Finance Act, 2020, to remove the cascading effect of taxes on inter-corporate dividends during financial year 2020-21 and thereafter. The section provides that 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, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, 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. The “due date” means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139.

**NOTES:**

- The above statement of Special Tax Benefits sets out the provisions of Tax Laws 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.



- The above statement covers only certain Special 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. 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 above statement of Special Tax Benefits is as per the current Direct Tax Laws relevant for the assessment year 2024-25. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
- 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 Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.
- As the Company has opted for concessional corporate income tax rate as prescribed under section 115BAA of the Act, it will not be allowed to claim any of the following deductions:
  - Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
  - Deduction under clause (iia) of sub-section (1) of section 32 (Additional Depreciation)
  - Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, Site restoration fund)
  - Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section or subsection (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
  - Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
  - Deduction under section 35CCD (Expenditure on skill development)
  - Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or section 80M;
  - No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above
  - No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred above
- This statement 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 or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

## **II. Under the Indirect Tax Laws**

### **3. Special Indirect Tax Benefits available to the Company**

The Company is not entitled to any special tax benefits under indirect tax laws

### **4. Special Tax Benefits available to Shareholders**

The Shareholders of the Company are not entitled to any Special Tax Benefits under indirect tax laws

#### **NOTE:**

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 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.

