



**Certificate on Statement of Tax Benefits**

**Date: November 18, 2022**

To,

**The Board of Directors**  
**Elin Electronics Limited**  
4771, Bharat Ram Road  
23, Daryaganj  
New Delhi - 110002

**Statement of possible special tax benefits (under direct and indirect tax laws) available to Elin Electronics Limited (the "Company") and its shareholders and its material subsidiary in accordance with the requirements under Schedule VI Part A- Clause (9) (L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations").**

This Certificate is issued in accordance with the Engagement Letter dated September 30, 2021.

We, Oswal Sunil & Company, Chartered Accountants, the statutory auditors of the Company, hereby confirm that the enclosed statement is in connection with the special tax benefits available to the Company, the shareholders and material subsidiary (*as defined under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015*) of the Company under direct and indirect tax laws, including the Income-tax Act 1961 (the "Act"), Goods and Service Tax Act, 2017, Custom Act, 1962 and Foreign Trade Policy 2015-2020, each as amended, presently in force in India and applicable for financial year 2022-23, relevant to the assessment year 2023-24 presently in force in India as on the date of this certificate in the enclosed statement at **Annexure I** being prepared by the Company and initialled by us for identification purpose.

Following is the material subsidiary of the Company:

**(a) Elin Appliances Private Limited**

Limitations:

Several of these benefits are dependent on the Company or its shareholders or material subsidiary fulfilling the conditions prescribed under the relevant provisions of the Act which are based on business imperatives the Company may face in the future and accordingly, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed **Annexure I** are not exhaustive nor conclusive. We were informed that this statement covers only special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and is only intended to provide general information to the investors for the Offer 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 Offer.

We confirm that **Annexure I** provide in all material respects the tax benefits available to the Company or its shareholders or material subsidiary in accordance with the applicable tax laws as on the date of this certificate. Further, the preparation of the enclosed Annexure I and its contents is the responsibility of the Management of the Company.

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

- (1) The Company or its shareholders or material subsidiary will continue to obtain these benefits in future; or
- (2) The conditions prescribed for availing the benefits have been/ would be met with; or
- (3) The revenue authorities/courts will concur with the views expressed therein.



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.

We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India ("ICAI") which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI. We hereby confirm that while providing this certificate we have complied with the Code of Ethics issued by the ICAI.

We confirm that the information in this certificate is true and correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context. 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.

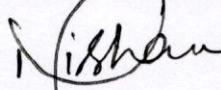
This certificate may be relied upon by the Company, the Book Running Lead Managers, and the legal counsels appointed by the Company and the Book Running Lead Managers in relation to the Offer. We hereby consent to extracts of, or reference to, this certificate being used in the red herring prospectus and prospectus or any other documents in connection with the Offer (collectively, the "Offer Documents"). We also consent to the submission of this certificate as may be necessary, to any regulatory authority and/or for the records to be maintained by the Book Running Lead Managers in connection with the Offer and in accordance with applicable law.

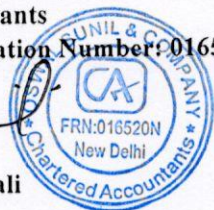
We confirm that if the information made available to us by the Company subsequent to issue of this certificate results in change in the information stated above, we will immediately communicate such changes to the Book Running Lead Managers until the date when the Equity Shares allotted and transferred in the offer commence trading on the relevant stock exchanges.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

Yours faithfully

For Oswal Sunil & Company  
Chartered Accountants  
ICAI Firm Registration Number: 016520N





CA Nishant Bhansali  
Partner  
Membership No.: 532900  
Place: New Delhi  
UDIN: 22532900BDNVTB2371

Encl: Annexure I (Statement of tax benefits)

## Annexure I

### STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO ELIN ELECTRONICS LIMITED ( "THE COMPANY" ) AND ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ( "TAX LAWS" )

Outlined below are the Possible Special Tax Benefits available to the Company, its shareholders and its Material Subsidiary under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company, its shareholders and its Material Subsidiary fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders and its Material Subsidiary to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. 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 their 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.

Our views expressed in this statement are based on the facts and assumptions as indicated above and in the statement. 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 change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue or to any third party relying on this statement.

#### I. TAXABILITY UNDER THE INCOME-TAX ACT, 1961 (HEREINAFTER REFERRED TO AS 'THE ACT')

##### 1. *Special tax benefits available to the Company and Material Subsidiary*

There are no special tax benefits available to the Company under the Tax Laws.

##### 2. *General tax benefits available to the Company and Material Subsidiary*

The following benefits are available to the Company after fulfilling conditions as per the applicable provisions of the Act:

##### a) **Benefit of lower rate of tax under Section 115BAA of the Act**

Section 115BAA has been inserted in the Act by the Finance Act, w.e.f. AY 2020-21, which grants an option to all domestic companies to compute corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and cess of 4%). The said benefit is available subject to the condition that the Company does not claim the deductions/incentives as specified in sub-clause 2(i) of section 115BAA of the Act.

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 for set-off.



The option needs to be exercised on or before the due date of filing the tax return of a specific year. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year. The Company have opted for the lower tax regime under section 115BAA from FY 2020-21.

In view of the same, the tax rate for the company for FY 2022-23 shall be 25.168% as per the provisions of section 115BAA of the Act and MAT provisions specified in section 115JB of the Act would not apply to the Company.

**b) Deduction for additional employee cost**

As per the provisions of section 80JJAA of the Act, the Company is entitled to claim deduction of an amount equal to thirty per cent 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. The eligibility to claim the deduction is subject to fulfilment of conditions prescribed in the Act.

**c) Taxation on dividend income**

According to the Finance Act, 2020 any income by way of dividends or income from equity shares are now taxable in the hands of shareholder at the applicable rate and the domestic company or specified company are not required to pay any dividend distribution tax ("DDT") w.e.f. 01.04.2020.

**d) Taxability of income from capital gains**

As per section 2(42A) of the Act, if the period of holding of a security (other than a unit) listed on a recognised stock exchange in India or a unit of the Unit Trust of India or a unit of an equity oriented fund or a zero coupon bond is more than 12 months, it will be considered a long term capital asset as per section 2(29A) of the Act. With respect to immovable property (being land or building or both) and shares of a company not being listed on a recognized stock exchange, the determinative period of holding shall be more than 24 months for it to be regarded as long-term capital asset. With respect to other assets including a unit of a mutual fund other than equity oriented mutual fund or unit of a business trust, the determinative period of holding is more than 36 months for it to be regarded as long-term capital asset. Asset not considered as long-term capital asset shall be regarded as short-term capital assets

As per the provisions of section 112(1)(d) of the Act, gains arising on the transfer of long-term capital assets shall be chargeable to tax at the rate of 20% (plus applicable surcharge and cess). However, as per the proviso to section 112 of the Act, the tax on long term capital gains resulting on transfer of listed securities (other than those covered under section 112A) and Zero Coupon Bonds shall be the lower of the following:

- a. 20% (plus applicable surcharge and cess) with indexation benefit; or
- b. 10% (plus applicable surcharge and cess) without indexation benefit

The short-term capital gains are chargeable to tax at a normal tax rate (plus applicable surcharge and cess).

As per section 70 read with section 74 of the Act, short term capital loss arising during an year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.

**3. Special tax benefits available to the Shareholders**

There are no special tax benefits available to the shareholders under the Tax Laws.



#### 4. General tax benefits available to the Shareholders

The following tax benefits are generally available to the shareholders of all companies subject to the fulfilment of the conditions specified in the Act:

##### 4A. For resident shareholders

###### a) Exemption on Dividend Income received from Indian Company

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received.

Further, in case of a shareholder being a company, deduction in respect of dividends received from the Company shall be available under section 80M of the Act, to the extent such dividend is distributed by it on or before the specified due date.

###### b) Taxability of gain/ loss arising from sale of shares of the Company:

The characterisation of gains/ losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

###### i. Taxability under the head 'capital gains'

Income arising from transfer of shares of the Company held for more than 12 months and subject to securities transaction tax, shall be considered as long-term capital assets. The shares which are not considered as long-term capital assets shall be considered as short-term capital assets.

Section 112A of the Act provides for concessional rate of 10% (plus applicable surcharge and cess) on long term capital gains (exceeding Rs. 1,00,000) arising from equity shares of the Company, if STT has been paid on both acquisition and transfer of such shares. The benefit of indexation under the second proviso to section 48 of the Act shall not be applicable for computing long term capital gains taxable under section 112A of the Act.

As per section 112 of the Act, the tax on long term capital gains resulting on transfer of listed shares of the Company (other than those covered under section 112A) shall be the lower of the following:

- a. 20% (plus applicable surcharge and cess) with indexation benefit; or
- b. 10% (plus applicable surcharge and cess) without indexation benefit

As per the provisions of section 111A of the Act, short term capital gain arising from transfer of equity share in the Company through a recognized stock exchange and subject to STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess if any).

As per section 70 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term capital gains as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent eight assessment years.



ii. Taxability under the head 'income from business and profession':

Where the gains arising on the transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and on such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the Act.

**4B. For non-resident shareholders**

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

**NOTES:**

1. The above is as per the current Tax Laws.
2. The above Statement of possible 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 the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

For **ELIN ELECTRONICS LIMITED**  
For Elin Electronics Limited

*Kamaldeep*  
Authorized Signatory/ Director

Place: New Delhi

Date: 10 NOV 2022



## II. TAXABILITY UNDER THE INDIRECT TAXATION

Based on the various documents and the evidences produced before us and discussion with the Management, we would like to certify that the Company and its material subsidiary are not availing any special tax benefit or exemption from tax which is contingent upon fulfilment of conditions nor any other similar special tax benefits, other than stated below:

### (i) Concession Custom Duty on Import

The Company is eligible for concessional import duty on import of certain components for use in manufacture of LED Lighting or fixture including LED lamps under the Customs (Import of Goods at Concessional Rate of Duty for manufacture of goods) Rules, 2017 read with Notification No 50/2017 – Customs dated 30-06-2017 substituted with Notification No 2/2021-Customs dated 01-02-2021.

S. No	Chapter or Heading	Description of Goods	Standard Rate	Integrated GST	Condition No.
471.	Any Chapter	All parts for use in the manufacture of LED lights or fixtures including LED Lamps	10%	-	9
472.	Any Chapter	All inputs for use in the manufacture of LED (Light Emitting Diode) driver or MCPCB (Metal Core Printed Circuit Board) for LED lights and fixtures or LED Lamps	10%	-	9

*Vide Notification No 50/2017 – Customs dated 30-06-2017 substituted with Notification No 2/2021-CUSTOMS dated 01-02-2021*

Condition No.	Condition
9.	If the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

*Vide Notification No 50/2017 – Customs dated 30-06-2017*

Procedure to be followed prescribed under Customs (Import of Goods at Concessional Rate of Duty for manufacture of goods) Rules, 2017:

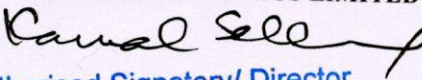
- 1) The importer who intends to avail the benefit of an exemption notification shall provide information –
  - a) in duplicate, to the Deputy Commissioner of Customs or, as the case may be, Assistant Commissioner of Customs having jurisdiction over the premises where the imported goods shall be put to use for manufacture of goods or for rendering output service, the estimated quantity and value of the goods to be imported, particulars of the exemption notification applicable on such import and the port of import in respect of a particular consignment for a period not exceeding one year; and
  - b) in one set, to the Deputy Commissioner of Customs or, as the case may be, Assistant Commissioner of Customs at the Custom Station of importation.
- 2) The importer who intends to avail the benefit of an exemption notification shall submit a continuity bond with such surety or security as deemed appropriate by the Deputy Commissioner of Customs or Assistant Commissioner of Customs having jurisdiction over the premises where the imported goods shall be put to use for manufacture of goods or for rendering output service, with an undertaking to pay the amount equal to the difference between the duty leviable on inputs but for the exemption and that already paid, if any, at the time of importation, along with interest, at the rate fixed by notification issued under section 28AA of the Act, for the period starting from the date of importation of the goods on which the exemption was availed and ending with the date of actual payment of the entire amount of the difference of duty that he is liable to pay.



- 3) The Deputy Commissioner of Customs or, as the case may be, Assistant Commissioner of Customs having jurisdiction over the premises where the imported goods shall be put to use for manufacture of goods or for rendering output service, shall forward one copy of information received from the importer to the Deputy Commissioner of Customs, or as the case may be, Assistant Commissioner of Customs at the Custom Station of importation.
- 4) On receipt of the copy of the information under clause (b) of sub-rule (1), the Deputy Commissioner of Customs or, as the case may be, Assistant Commissioner of Customs at the Custom Station of importation shall allow the benefit of the exemption notification to the importer who intends to avail the benefit of exemption notification.
- 5) Importer who intends to avail the benefit of an exemption notification to give information regarding receipt of imported goods and maintain records. - (1) The importer who intends to avail the benefit of an exemption notification shall provide the information of the receipt of the imported goods in his premises where goods shall be put to use for manufacture, within two days (excluding holidays, if any) of such receipt to the jurisdictional Customs Officer.

**NOTES:**

1. The above is as per the current indirect tax laws.
2. The above Statement of possible 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 the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
3. This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

For Elin Electronics Limited  
FOR ELIN ELECTRONICS LIMITED  
  
Authorised Signatory/ Director  
Director

Place: New Delhi  
Date: 10 NOV 2022

