

Certificate on Statement of Tax Benefits

To,

The Board of Directors

eMudhra Limited

No.56, 3rd Floor, Sai Arcade,

Outer Ring Road, Devarabeesanahalli Bangalore - 560103.

Statement of possible special tax benefits (under direct and indirect tax laws) available to eMudhra 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").

Dear Sirs/Madams,

We, Manohar Chowdhry & Associates, 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 the Income Tax Act, 1961, as amended (the "Act"), presently in force in India, the Finance Act, 2022 and 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") (collectively the "Taxation Laws") including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, each as amended, i.e. 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**.

The material subsidiary of the Company is eMudhra DMCC.

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. 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 fresh issue /offer for sale.

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.

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.
- (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.

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 we will immediately communicate any changes in writing in the above information 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. In the absence of any such communication from us, Book Running Lead Managers and the legal counsels, each to the Company and the Book Running Lead Managers, can assume that there is no change to the above information.

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 Manohar Chowdhry & Associates,
Chartered Accountants
ICAI Firm Registration Number: 001997S**

**Ashok Kumar Doddi
Partner
Membership No. 217909
UDIN: 22217909AISNUX1795**

**Place: Bengaluru
Date: May 10, 2022**

Encl: Annexure I (Statement of tax benefits)

Annexure I

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO EMUDHRA LIMITED, COMPANY'S SHAREHOLDERS ("SHAREHOLDERS") AND IT'S MATERIAL SUBSIDIARY, NAMELY EMUDHRA DMCC

The information provided below sets out the possible special direct and indirect tax benefits available to eMudhra Limited, company's shareholders and it's material subsidiary 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 of the Company, under the current Tax Laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant Tax Laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business / commercial imperatives a shareholder faces, may or may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company or its shareholders or its material subsidiary will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional 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 the 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.

The statement below covers only relevant special direct and indirect tax law benefits and does not cover benefits under any other law.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS OF AN INVESTMENT AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THE SECURITIES, 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 IN THEIR PARTICULAR SITUATION.

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO EMUDHRA LIMITED, COMPANY'S SHAREHOLDERS ("SHAREHOLDERS") AND IT'S MATERIAL SUBSIDIARY, NAMELY EMUDHRA DMCC

The statement of tax benefits enumerated below is as per the Income-tax Act, 1961 ("Act") as amended from time to time and applicable for Financial Year 2022-23 relevant to Assessment Year 2023-24.

A. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY

Lower corporate tax rate under section 115BAA

A new section 115BAA has been inserted in the Act by the Taxation Laws (Amendment)

Act, 2019 (“the Amendment Act, 2019”) w.e.f. April 1, 2020 (A.Y. 2020-21). Section 115BAA grants an option to a domestic company to be governed by the section from a

particular assessment year. If a company opts for section 115BAA of the Act, it can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%) as against the regular effective rate of 25% or 30% as the case may be, plus applicable surcharge (which can be 12% at peak) and cess at the rate of 4%. Section 115BAA of the Act further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their ‘book profits’ under section 115JB of the Act.

However, such a company will no longer be eligible to avail specified exemptions / incentives under the Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

The company has already evaluated and opted for lower corporate tax rate of 25.168% (prescribed under section 115BAA of the Act) with effect from Assessment Year 2020-21.

Reduced tax rate on dividend earned from foreign subsidiary

As per section 115BBD of the Act, any income by way of dividends received from a foreign subsidiary wherein the Company holds at least 26% of the equity share capital is liable to be taxed at a concessional rate of 15% plus applicable surcharge and cess.

Deduction in respect of inter-corporate dividends – Section 80M of the Income-tax Act, 1961

Up to 31st March, 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax (“DDT”), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished, and dividend received by a shareholder on or after 1st April 2020 is liable to be taxed in the hands of the shareholder. The Company is required to deduct Tax at Source (“TDS”) at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, a new section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends. 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 1 month prior to the date for furnishing the return of income under section 139(1) of the Act.

B. SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

Benefits available to the Resident Shareholders: -

- Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the Act would be available on fulfilling the conditions, as discussed above. Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge on tax would be restricted to a maximum of 15% (instead of peak surcharge rate of 37%).
- In case of dividend income earned by domestic shareholders, reported under the head "Income from other sources", shall be computed after making deduction of a sum paid by way of interest on the capital borrowed for the purpose of investment. However, no deduction shall be allowed from the dividend income, other than deduction on account of interest expense, and in any previous year such deduction shall not exceed 20% of the dividend income under section 57 of the Act.
- As per Section 112A of the Act, long-term capital gains arising from transfer of a listed equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfilment of prescribed conditions under the Act. It is worthwhile to note that no tax shall be levied where such capital gains are less than INR 1,00,000.
- As per Section 111A of the Act, short term capital gains arising from transfer of a listed equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfilment of prescribed conditions under the Act.

Benefits available to the Non-resident Shareholders: -

- As per section 115A of the Act, a non-resident (not being a company) or of a foreign company, includes any income by way of Dividend, the amount of income-tax calculated on the amount of income by way of dividends shall be at the rate of 20% subject to fulfilment of prescribed conditions under the Act.

- As per section 115AD read with section 112A of the Act, long-term capital gains arising, to a non-resident specified fund or a non-resident Foreign Institutional Investor, from transfer of a listed equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfilment of prescribed conditions under the Act. It is worthwhile to note that no tax shall be levied where such capital gains are less than INR 1,00,000.
- As per section 115AD read with section 111A of the Act, short term capital gains arising, to a non-resident specified fund or a non-resident a Foreign Institutional Investor, from transfer of a listed equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfilment of prescribed conditions under the Act.
- As per section 115E of the Act, long-term capital gains arising to non-resident Indian from transfer or sale of shares in an Indian company which the assessee has acquired or purchased with, or subscribed to in, convertible foreign exchange shall be taxed at the rate of 10% subject to fulfilment of prescribed conditions under the Act.
- In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

C. SPECIAL TAX BENEFITS AVAILABLE TO MATERIAL SUBSIDIARY, EMUDHRA DMCC

eMudhra DMCC is a Dubai based company and a material subsidiary of the company.

- There are no special tax benefits available to the subsidiary company.

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO EMUDHRA LIMITED, COMPANY'S SHAREHOLDERS ("SHAREHOLDERS") AND ITS MATERIAL SUBSIDIARY, NAMELY EMUDHRA DMCC

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 referred to as "GST Laws") the Customs Act, 1962 and the Customs Tariff Act, 1975 (all collectively referred to as "Indirect tax laws")

A. SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY

- Export of Goods and/or Services or Both is considered as Zero rated supply as per section 16 of the IGST Act, the company would have a benefit to make exports without payment of tax under a LUT and claim refund of unutilized ITC for making such exports in accordance with section 54 subject to fulfilment of prescribed conditions under the GST Laws. Also, the company has an option to make exports with payment of IGST and later claim refund of the tax paid subject to fulfilment of prescribed conditions under the GST Laws.

B. SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS There are no special Indirect Tax benefits available to the shareholders of the Company.

C. SPECIAL TAX BENEFITS AVAILABLE TO MATERIAL SUBSIDIARY, EMUDHRA DMCC

eMudhra DMCC is a Dubai based company and a material subsidiary of the company. There are no special tax benefits available to the subsidiary company.

Note: We have not considered general tax benefits available to the Company or shareholders of the company or to the material subsidiary