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STATEMENT OF SPECIAL TAX BENEFITS

Statement of special tax benefits available to the Company and its Shareholders

To,
The Board of Directors
Rushil Decor Limited
S. No. 125, Near Kalyanpura Patia,
Gandhinagar Mansa Road, Kalol,
Village Iftla, Gandhinagar – 382 845,
Gujarat, India.

Dear Sirs,

Subject: Statement of Special Tax Benefits available to Rushil Décor Limited and its Shareholders

We report that the enclosed statement in the Annexure, states the special tax benefits under direct tax laws i.e. Income tax Rules, 1962 including amendments made by the Finance Act, 2021 (hereinafter referred to as “**Income Tax Laws**”), and indirect tax laws i.e. the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations, circulars and notifications issued there under, Foreign Trade Policy presently in force in India, available to the Company and its shareholders as per the Finance Act 2022 and other amendments. Several of these benefits are dependent on the Company, its shareholders as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company, its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its shareholders faces in the future, the Company and its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company, and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

The benefits discussed in the enclosed **Annexure** are not exhaustive. This 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 Issue. Neither are we suggesting nor advising the investor to invest in the Issue based on this statement.

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

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

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.

Yours Faithfully,

M/s. Pankaj R. Shah & Associates,
Chartered Accountants
FRNO: 107361W

N. R. Shah

Name: CA Nilesh Shah (Partner)

M No: 107414

UDIN: 22107414BGDTCI8256

Date: 26-12-2022

Place: Ahmedabad



Annexure A

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, AND THE SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE DIRECT TAX LAWS IN INDIA AND IN RESPECTIVE COUNTRIES (IN CASE OF MATERIAL SUBSIDIARIES)**A. Special tax benefits available to the Company under the Income Tax Act, 1961 (hereinafter referred to as 'the Act'), as amended by the Finance Act 2021.**

1. Lower corporate tax rates on income of domestic companies - Section 115BAA of the Act
2. The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfilment of certain conditions. The option to apply this tax rate is available from FY 2019-20 relevant to AY 2020-21 and the option once exercised shall apply to subsequent assessment years. The concessional rate of 22% is subject to the company not availing any of the following specified tax exemptions/incentives under the Act:
 - Deduction u/s 10AA: Tax holiday available to units in a Special Economic Zone;
 - Deductions available under the Chapter VI-A except under section 80JJAA and section 80M;
 - Deduction u/s 32(1)(ia): Additional Depreciation;
 - Deduction u/s 32AD: Investment allowance;
 - Deduction u/s 35AD: Deduction for capital expenditure incurred on specified businesses;
 - Deduction under certain sub-sections/clauses of Section 35: Expenditure on scientific research.

The total income of a company availing the concessional rate of 22% is required to be computed without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives. A company can exercise the option to apply for the concessional tax rate in its return of income filed under section 139(1) of the Act. Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of the Act shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

The provisions do not specify any limitation/condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

Note: The company has opted the lower rate benefit for the financial year 2019-20 relevant to the assessment year 2020-21 as mentioned in the Section 115BAA for which declaration for the same has already been filed with the tax authority.

3. Deductions in respect of employment of new employees - Section 80JJAA of the Act

As per section 80JJAA, where a company is subject to tax audit under section 44AB of the Act and derives income from business, shall be allowed deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred.

Additional employee cost means the total emoluments paid or payable to additional employees employed in the previous year through an account payee cheque or account payee bank draft or by use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed. These employees should also have total salary not more than Rs. 25,000/- per month and should also be member of a recognised provident fund.

The deduction under section 80JJAA would continue to be available to the company even where the company opts for the lower tax rate of 22% under the provisions of section 115BAA of the Act (as discussed above).

4. Deduction in respect of inter-corporate dividends – Section 80M of the Act

The Dividend Distribution Tax ('DDT') applicable on companies on declaration of dividend has been deleted by the Finance Act 2020 with effect from April 1, 2020. Dividend income shall be taxable in the hands of shareholders with effect from AY 2021-22.

The Finance Act, 2020 has inserted section 80M effective April 2020 to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date. In this case, due date means one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

B. Special Tax Benefits available to the Shareholders under the Act

There are no special tax benefits available to the Shareholders of the Company.

Notes:

1. We have not considered the general tax benefits available to the Company, or shareholders of the Company.
2. The above is as per the prevalent Tax Laws as on date.
3. 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.

4. This Statement does not discuss any tax consequences in any country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.
5. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
6. 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.

ANNEXURE 2

STATEMENT OF INDIRECT TAX BENEFITS AVAILABLE TO RUSHIL DECOR LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

I. **The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively referred to as "indirect tax")**

1) *Special indirect tax benefits available to the Company under the Act*

There are no special indirect tax benefits available to the Company.

2) *Special indirect tax benefits available to the shareholders under the Act*

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the Shares of the Company.

Notes:

- a) The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- b) The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.
- c) 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/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- d) 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.