

**STATEMENT OF TAX BENEFITS**  
**STATEMENT OF TAX BENEFITS AVAILABLE TO AFCONS INFRASTRUCTURE LIMITED (“THE COMPANY”) AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT TAX LAWS IN INDIA**

October 15, 2024

To  
The Board of Directors  
**Afcons Infrastructure Limited**  
16 Shah Industrial Estate,  
Veera Desai Road, Andheri (W), Mumbai - 400053,  
Maharashtra, India

**Sub: Statement of possible Tax Benefits available to the Company and its equity shareholders under the direct tax laws**

We refer to the proposed initial public offering of equity shares (the “**Offer**”) of Afcons Infrastructure Limited (the “**Company**”). We enclose herewith the statement (the “**Annexure**”) showing the current position of tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961, including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2025-2026 relevant to the financial year 2024-25 for inclusion in the Red Herring Prospectus (“**RHP**”) for the proposed initial public offering of shares of the Company as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**ICDR Regulations**”). We have been informed by the Company that no benefits under the indirect taxation laws, including 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, 2017 (collectively the “**GST Act**”), the Customs Act, 1962 (“**Customs Act**”) and the Customs Tariff Act, 1975 (“**Tariff Act**”), Foreign Trade Policy 2023 (collectively the “**Indirect taxation laws**”) are available to the Company. We have not independently verified on the said aspect and have not commented on the same.

Several of the direct tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct taxation laws including the Income-tax Act 1961. Hence, the ability of the Company and/or its shareholders to derive these direct tax benefits is dependent upon their fulfilling such conditions which could be dependent on business / other imperatives the Company/ shareholders may face and accordingly, the Company or its shareholders may not choose to fulfill.

The benefits discussed in the enclosed Annexure 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 consultants, with respect to the specific tax implications arising out of their participation in the Offer 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

**Deloitte  
Haskins & Sells LLP**

investor can avail. We are neither suggesting nor are we advising the investors to invest or not to invest money based on this statement.

The contents of the enclosed Annexure are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

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

- The Company and/or its Shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met;
- The revenue authorities/courts will concur with the views expressed herein.

We hereby give our consent to include this report and the enclosed Annexure regarding the tax benefits available to the Company and its shareholders in the RHP for the proposed initial public offer of equity shares which the Company intends to submit to the Securities and Exchange Board of India and the National Stock Exchange of India Limited and BSE Limited (the “**Stock Exchanges**”) where the equity shares of the Company are proposed to be listed, as applicable, provided that the below statement of limitation is included in the RHP.

**LIMITATIONS**

*Our views expressed in the enclosed Annexure are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the existing provisions of taxation laws in force in India 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 the statement is on the express understanding that we do not assume responsibility towards the investors and third parties who may or may not invest in the initial public offer relying on the statement. This statement has been prepared solely for the purpose of assisting the Company in discharging its responsibilities under the ICDR Regulations.*

**For Deloitte Haskins & Sells LLP  
Chartered Accountants**

Firm's Registration No. 117366W/W-100018

Ashesh  
Rajendra Safi

Digitally signed by Ashesh  
Rajendra Safi  
Date: 2024.10.15 18:15:00  
+05'30'

Partner: Mr. Ashesh R Safi  
Membership No. 047890  
UDIN: 24047890BKIBDX6234

Mumbai  
Date: October 15, 2024



## **ANNEXURE TO THE STATEMENT OF TAX BENEFITS AVAILABLE TO AFCONS INFRASTRUCTURE LIMITED (“THE COMPANY”) AND COMPANY’S SHAREHOLDERS (“SHAREHOLDERS”)**

The information provided below sets out the possible direct tax benefits available to Afcons Infrastructure Limited (“the Company”) and the 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 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 fulfill. We do not express any opinion or provide any assurance as to whether the Company or its shareholders 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 direct 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 DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND SHAREHOLDERS OF THE COMPANY**

#### **I. DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE INCOME TAX ACT, 1961**

The statement of tax benefits outlined below is as per the Income-tax Act, 1961 read with Income Tax Rules, circulars, notifications (“Income Tax Law”), as amended from time to time and applicable for financial year 2024-25 relevant to assessment year 2025-26. These tax benefits are dependent on the Company fulfilling the conditions prescribed under the Income Tax Law. Hence, the ability of the

Company to derive the 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.

## **1. Lower corporate tax rate under Section 115BAA of the Income-tax Act, 1961 (“the Act”):**

As per Section 115BAA of the Act as inserted vide the Taxation Laws (Amendment) Act, 2019, with effect from Financial Year 2019-20 (i.e. AY 2020-21), a domestic company has an option to pay income tax in respect of its total income at a concessional tax rate of 22% (plus surcharge of 10% and cess of 4%) provided the company does not avail specified exemptions/incentives/deductions or set-off of losses, unabsorbed depreciation etc. and claiming depreciation in prescribed manner and complies with other conditions specified in 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 qua a particular assessment year in the prescribed manner on or before the due date of filing the tax return in prescribed manner. Option once exercised, shall apply to subsequent AYs and cannot be subsequently withdrawn for the same or any other assessment year. Further, if the conditions mentioned in section 115BAA of the Act are not satisfied in any year, the option exercised shall become invalid in respect of such year and subsequent years, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised.

The company has represented to us that they have opted for section 115BAA of the Act from the Assessment Year 2022-23 onwards.

## **2. Deductions from Gross Total Income**

### ***a. Deduction in respect of employment of new employees – Section 80JJAA of the Act:***

As per section 80JJAA of the Act, while computing income under the head business and profession in case of an assessee to whom section 44AB (i.e., tax audit) applies, an additional deduction of an amount equal to thirty per cent of additional employee cost incurred in the course of such business in the previous year, is allowed for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The Company is entitled to claim such deduction subject to fulfilment of conditions specified under section 80JJAA of the Act.

### ***b. Deduction in respect of inter-corporate dividends – Section 80M of the Act:***

With respect to a shareholder which is a domestic company as defined in section 2(22A) of the Income-tax Act, 1961, section 80M inter-alia 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 of the Act.

The Company is entitled to claim such deduction subject to fulfilment of conditions specified under section 80M of the Act.

## II. DIRECT TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

The Company would be required to deduct tax at source on the dividend paid to the shareholders, at applicable rates. In case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend. The shareholders would be eligible to claim the credit of such tax in their return of income. In case of Non resident shareholders the company is required to deduct Tax at Source ("TDS") on the amount of dividend paid/distributed at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any), subject to eligibility.

However, as per the provisions of section 194 of the Act, no deduction of tax at source would be required in case of an individual, where dividend is distributed in modes other than cash and the aggregate amount of such dividends distributed during the year by the company to the shareholder does not exceed Rs. 5,000.

Further, the provisions of section 194 of the Act shall not apply to such income credited or paid to:

- a) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956 (31 of 1956), in respect of any shares owned by it or in which it has full beneficial interest.
- b) the General Insurance Corporation of India (hereafter in this proviso referred to as the Corporation) or to any of the four companies (hereafter in this proviso referred to as such company), formed by virtue of the schemes framed under sub-section (1) of section 16 of the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), in respect of any shares owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest.
- c) any other insurer in respect of any shares owned by it or in which it has full beneficial interest.
- d) a "business trust", as defined in clause (13A) of section 2, by a special purpose vehicle referred to in the Explanation to clause (23FC) of section 10.
- e) any other person as may be notified by the Central Government in the Official Gazette in this behalf.

With respect to a domestic corporate shareholder, deduction shall be available under section 80M of the Act on fulfilling the conditions (as detailed above).

Section 2(42A) of the Act provides that securities listed in a recognized stock exchange in India that are held for not more than 12 months immediately preceding the date of its transfer, shall constitute short-term capital assets.

As per Section 112A of the Act, long-term capital gains exceeding INR 1,25,000 arising from the transfer of equity shares in a company transacted through a recognized stock exchange on which STT has been paid on acquisition (except in certain situations) and on transfer, shall be chargeable to tax at the rate of 10% plus applicable surcharge and cess in case of transfer of shares before 23 July 2024 and at the rate of 12.5% plus applicable surcharge and cess in case of transfer of shares on or after 23 July

2024 (without applying the benefit under the first and second provisos to section 48 of the Act i.e., without applying indexation benefit and foreign exchange conversion benefit.) subject to fulfillment of prescribed conditions under the Act. It is worthwhile to note that tax shall be payable on long-term capital gains exceeding INR 1,25,000 in aggregate.

As per Section 111A of the Act, short term capital gains arising from transfer of equity shares in a company transacted through a recognized stock exchange and chargeable to Securities Transaction Tax (“STT”), shall be taxed at 15% plus applicable surcharge and cess in case of transfer of shares before 23 July 2024 and at the rate of 20% plus applicable surcharge and cess in case of transfer of shares on or after 23 July 2024, subject to fulfillment 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 and subject to entitlement to such treaty benefit.

**Notes:**

1. The benefits in I and II above are as per the current tax law as amended by the Finance (No. 2) Act, 2024.
2. This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.
3. The Company has opted to apply the provisions of Section 115BAA of the Act from the assessment year 2022-23 onwards. In view of this, it may be noted that *inter alia* the below deductions / exemptions which were available to the Company (if any) in earlier assessment years, shall not be available from the assessment year 2022-23 onwards:
  - Deduction under Section 10AA of the Act in respect of unit in Special Economic Zone
  - Deduction under Section 35(2AB) of the Act being claim of capital expenditure for scientific research (not being expenditure in the nature of cost of any land or building) on in-house research and development facility recognized by Department of Scientific and Industrial Research
  - Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 of the Act
  - Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
  - Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
  - Deduction under section 35CCD (Expenditure on skill development)
  - Deduction under Section 32(1)(iia) of the Act in respect of additional depreciation
  - 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
  - A company opting for the lower corporate tax rate under Section 115BAA of the Act shall be subject to levy of surcharge of 10% and Health and Education Cess of 4%
4. Further, it is also clarified in section 115JB(5A) of the Act, that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.

The above statement of possible direct 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.

Yours Faithfully,  
**For Afcons Infrastructure Limited**

**Ramesh  
Kumar Jha**

Digitally signed by  
Ramesh Kumar Jha  
Date: 2024.10.15  
16:57:00 +05'30'

Name: Mr. RAMESH KUMAR JHA  
Designation: Chief Financial Officer

Date: October 15, 2024