



**STATEMENT OF SPECIAL TAX BENEFITS**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO AKME FINTRADE (INDIA) LIMITED ("THE COMPANY") AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA**

To,

**The Board of Directors,**

**Akme Fintrade (India) Limited**

Akme Business Centre, 4-5, Subcity Centre,  
Savina Circle, Udaipur – 313002, Rajasthan

Dear Sirs,

**Re: Proposed initial public offering of equity shares of face value of Rs. 10/- each (the "Equity Shares") of Akme Fintrade (India) Limited (the "Company") (the "Issue")**

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

We refer to the proposed initial public offering of equity shares (the "Issue") of the Company. We enclose herewith the statement (the "Annexure") showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Indian direct and indirect tax laws including the Income-tax Act, 1961, ("Act") 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, as presently in force and applicable to the assessment year 2025-26 relevant to the financial year 2024-25 for inclusion in the Red Herring Prospectus, Prospectus and any other documents or materials in relation to the Issue (such documents or materials collectively with the RHP and Prospectus, the "Issue Documents") 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 ("ICDR Regulations").

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws including the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions.

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 Issue 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. 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 or its Shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met;



**VALAWAT & ASSOCIATES**  
CHARTERED ACCOUNTANTS



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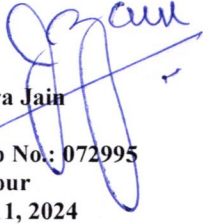
- The revenue authorities/courts will concur with the views expressed herein.

This statement is provided solely for the purpose of assisting the Company in discharging its responsibilities under the ICDR Regulations.

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 Issue Documents for the proposed initial public issue 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 Issue Documents.

All capitalized terms not defined hereinabove shall have the same meaning as defined in the Issue Documents.

**For Valawat & Associates**  
**Chartered Accountants**  
**ICAI Firm Registration Number: 003623C**

  
CA. Jinendra Jain  
Partner  
Membership No.: 072995  
Place: Udaipur  
Date: June 11, 2024  
UDIN: 24072995BKAMRG8128





**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO AKME FINTRADE (INDIA) LIMITED ("COMPANY"), THE SHAREHOLDERS OF THE COMPANY ("SHAREHOLDERS")**

Outlined below are the possible Special Tax Benefits available to the Company and its shareholders under the Income Tax Act, 1961 presently in force in India. 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 different interpretation on the benefits, which an investor can avail.

**Under the Income Tax Act, 1961 ('the Act')**

**1. Special tax benefits available to the company under the Act**

Section 115BAA of the Act: Corporate Tax Rate as per new tax regime

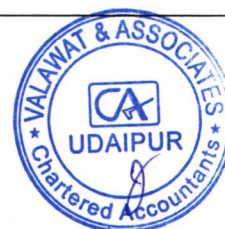
- Section 115BAA, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt for tax rate of 22% plus surcharge @ 10% and health and education cess @ 4% (effective tax rate of 25.168%) for the financial year 2019-20 and onwards, provided the total income of the Company is computed without claiming certain specified deductions and specified brought forward losses and claiming depreciation determined in the prescribed manner.
- In case a company opts for section 115BAA, provisions of Minimum Alternate Tax (MAT) would not be applicable and earlier year MAT credit will not be available for set – off.
- The option needs to be exercised on or before the due date of filing the income tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other subsequent assessment year.
- Further, if the conditions mentioned in section 115BAA are not satisfied in any financial year, the option exercised shall become invalid for assessment year in respect of such financial year and subsequent assessment 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 section 115BAA of the Act for AY 2020-2021 and onwards.

Section 80JJAA of the Act: Deduction in respect of employment of new employees

- In accordance with and subject to the conditions specified under Section 80JJAA of the Act, a company is entitled to a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a financial year, for 3 consecutive assessment years including the assessment year relevant to the financial 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 financial year. The deduction under section 80JJAA would continue to be available to the company even where the company opts for the lower effective tax rate of 25.168% as per the provisions of section 115BAA of the Act (as discussed above).
- The company should be eligible to claim this deduction in case it incurs additional employee cost within the meaning of Explanation (i) to sub-section (2) of section 80JJAA of the Act and satisfies the conditions as mentioned in the said section.

**2. Special tax benefits available to the shareholders under the Act**

- Dividend income will be subject to tax in the hands of shareholders at the applicable slab rate / corporate tax rate (plus applicable surcharge and cess) or as per the applicable Double Tax Avoidance Agreements (as shall be relevant).
- 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 financial year such deduction shall not exceed 20% of the dividend income under section 57 of the Act.
- As per section 2(29AA) read with section 2(42A) of the Act, a listed equity share is treated as a long term capital asset if the same is held for more than 12 months immediately preceding the date of its transfer.





- Long term capital gains on transfer on shares on which Securities Transactions Tax has been paid will be subject to tax in the hands of shareholders as per the provisions of Section 112A of the Act at 10% (plus applicable surcharge and cess). The benefit of indexation of costs shall not be available.
- Short term capital gains arising on transfer of shares on which Securities Transactions Tax has been paid will be subject to tax in the hands of shareholders as per the provisions of Section 111A of the Act at 15% (plus applicable surcharge and cess).
- Non-resident shareholders including foreign portfolio investors may choose to be governed by the provisions of Double Taxation Avoidance Agreement, to the extent they are more beneficial and subject to provision of the prescribed documents.

Notes:

- These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
- 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.
- Surcharge rate shall be maximum 15% in case of dividend income and capital gains.
- Health and Education Cess ('cess') @ 4% on the tax and surcharge as shall be applicable, is payable by all category of taxpayers.
- We understand that the Company has opted for concessional income tax rate under section 115BAA of the Act. Accordingly, surcharge shall be levied at the rate of 10% irrespective of the amount of total income.
- We understand that the Company has opted for concessional tax rate under section 115BAA of the Act. Hence, 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 (1) 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 and 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.
- Further, it is also clarified in section 115JB(5A) 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.





**STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND TO THE SHAREHOLDERS OF THE COMPANY**

Outlined below are the possible tax benefits available to the Company and its shareholders under the Indirect tax laws in force in India. This Statement is as per the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("GST Acts"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2021 including the relevant rules, notifications and circulars issued there under, applicable for the Financial Year 2024-25, presently in force in India.

**UNDER THE INDIRECT TAX**

**BENEFITS TO THE COMPANY UNDER VARIOUS INDIRECT TAX LAWS:**

**1. Special tax benefits available to the Company**

- (i) The Company has a total of Four (4) GSTIN's operating in India.
- (ii) We understand that the Company is into a Non-Banking Finance Company Financial Services. In the purview of Sub-Section (4) of Section 17, Non-Banking Financial Companies will benefit credit of tax paid regarding services & inputs.

**2. Special Tax Benefits available to the Shareholders of the Company**

- (i) The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company.

Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017.

- (ii) Apart from above, the shareholders of the Company are not eligible to special tax benefits under the provisions of the Customs Tariff Act, 1975 and / or Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017 respective State Goods and Services Tax Act, 2017, Goods and Services Tax (Compensation to States) Act, 2017 including the relevant rules, notifications and circulars issued there under.

**Notes:**

1. This Statement covers only certain relevant benefits and does not cover any other benefit under any other law.
2. These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indian Indirect Tax Regulation. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
3. The tax benefits discussed in the Statement are not exhaustive and are only intended to provide general information to the investors and hence, 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.
4. The Statement is prepared on the basis of information available with the management of the Company and there is no assurance that:
  - (i) the Company or its shareholders will continue to obtain these benefits in future;
  - (ii) the conditions prescribed for availing the benefits have been/ would be met with; and
  - (iii) the revenue authorities/courts will concur with the view expressed herein.

The above views are based on the existing provisions of 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.

