

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA**

The Board of Directors  
Interarch Building Products Limited (formerly known as Interarch Building Products Private Limited),  
B-30, Sector 57,  
Noida 201301, Uttar Pradesh,  
India.

Dear Sir/Madam,

**Statement of Special Tax Benefits available to Interarch Building Products Limited (formerly known as Interarch Building Products Private Limited) and its shareholders under the Indian tax laws**

1. We hereby confirm that the enclosed Annexures 1 and 2 (together the "Annexures"), prepared by Interarch Building Products Limited (formerly known as Interarch Building Products Private Limited) ('the Company') provides the special tax benefits available to the Company and its shareholders, under the provisions of the Income-tax Act, 1961 ('the Act') read with the Income-tax Rules, 1962, as amended by the Finance Act, 2024 and proposed to be amended by Finance (No.2) Bill, 2024 i.e. applicable for the Financial Year 2024-25 relevant to the assessment year 2025-26 (together, the "Direct Tax Laws"), the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, relevant State Goods and Services Tax Act, 2017 read with rules, circulars, and notifications ("GST law"), the Customs Act, 1962, the Customs Tariff Act, 1975 read with rules, circulars, and notifications ("Customs law"), each as amended by the Finance Act, 2024 and proposed to be amended by Finance (No.2) Bill, 2024 applicable for the Financial Year 2024-25 and Foreign Trade (Development and Regulation) Act, 1992 and Foreign Trade Policy 2023 - 2028 (FTP), each as amended and presently in force in India (collectively referred as "Indirect Tax Laws" and along with "Direct Tax Laws", the "Tax Laws"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil. The provisions of the Income Tax Act, 1961 are proposed to be amended by the Finance (No.2) Bill, 2024 which has been approved by the Lok Sabha and the same would be finalised on receiving the assent of Honourable President of India.
2. The benefits discussed in the enclosed Annexures cover only special tax benefits available to the Company and to the shareholders of the Company and do not cover any general tax benefits available to the Company and to the shareholders of the Company.
3. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the Company's management. We are informed that 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 tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of the equity shares of the Company ("Offer").
4. We do not express any opinion or provide any assurance as to whether:
  - the Company or its shareholders will obtain/ continue to obtain these special tax benefits in the future;
  - the conditions prescribed for availing the special tax benefits have been / would be met with; or
  - the revenue authorities/courts will concur with the views expressed herein.
5. The contents of the enclosed Annexures 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.



# **S.R. BATLIBOI & Co. LLP**

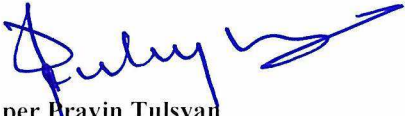
Chartered Accountants

6. This statement is prepared solely in connection with the Offer and is not to be used, referred to or distributed for any other purpose.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005



per Pravin Tulsyan

Partner

Membership No.: 108044

UDIN: 24108044BKFLZD8134

Place: Gurugram

Date: August 12, 2024





**Annexure 1 Statement of Special Tax Benefits available to Interarch Building Products Limited (Formerly known as Interarch Building Products Private Limited), ('The Company') and its Shareholders**

Outlined below are the special tax benefits available to the Company and its Shareholders under the Income Tax Act, 1961 read with the Income-tax Rules, 1962 (hereinafter referred to as 'the Act'), as amended by the Finance (No. 2) Bill, 2024 applicable for the Financial Year ('FY') 2024-25 relevant to Assessment Year ('AY') 2025-26

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

**A. Lower corporate tax rate under Section 115BAA of the Act**

A new Section 115BAA had been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. FY 2019-20 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/ incentives.

The Amendment Act, 2019 further provided that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") under Section 115JB. The CBDT had further issued Circular 29/2019 dated October 02, 2019 clarifying that since the MAT provisions under Section 115 JB itself would not apply where a domestic company exercises option of lower tax rate under Section 115BAA, MAT credit would not be available.

The Company has opted for the beneficial tax rate under section 115BAA of the Act from FY 2019-20 onwards. As the Company has opted for the beneficial tax rate introduced by the ordinance, they are not eligible to avail the exemptions/ incentives as specified under Section 115BAA of the Act. Further, the option once exercised by the Company cannot be subsequently withdrawn for the same or any other FY.

**B. Deductions from Gross Total Income**

• **Section 80JJAA: Deduction in respect of employment of new employees**

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction under the provisions of Section 80JJAA of the Act, 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 deduction u/s 80JJAA of the Act shall be applicable even if the Company avail the benefits of the special rate u/s 115BAA of the Act.

• **Section 80M of the Act: Deduction in respect of inter-corporate dividends**

A new Section 80M had been inserted by the Finance Act, 2020 w.e.f. FY 2020-21 providing for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust to the extent it does not exceed the amount of dividend distributed by it on or before one month prior to the date of filing its tax return as prescribed under Section 139(1) of the Act.



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Where the company receives any such dividend during a FY and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said FY, it shall be entitled to the deduction under Section 80M of the Act. The deduction u/s 80M of the Act shall be applicable for the company availing the benefits of the special rate u/s 115BAA of the Act.

## 2. Special tax benefits available to the Shareholders

### A. Higher cost of acquisition benefit in relation to long term capital asset being shares of company referred to in section 112A of the Act

A new section 55(2)(ac) of the Act has been inserted to provide grandfathering of gains on the specified assets (as defined u/s 112A of the Act) acquired prior to 1 February 2018. The Cost of acquisition would be higher of:-

a) Cost of acquisition and

b) Lower of

- Fair market value\* of such shares
- Full value of consideration received or accruing as result of transfer of capital Asset

\*'fair market value' means —

In a case where the capital asset is an equity share in a company which is not listed on a recognised stock exchange as on the 31st day of January, 2018 but listed on such exchange on the date of transfer, an amount which bears to the cost of acquisition the same proportion as Cost Inflation Index for the financial year 2017-18 bears to the Cost Inflation Index for the first year in which the asset was held by the assessee or for the year beginning on the first day of April, 2001, whichever is later.

### B. Changes proposed vide Finance (No. 2) Bill, 2024 with respect to capital gains chargeable under section 111A/112A

Section 112A of the Act provides for concessional rate of tax at the rate of 10% in respect of long- term capital gains gain exceeding Rs.1,00,000 [proposed to be increased to Rs. 1,25,000 by the Finance (No.2) Bill, 2024] arising from the transfer of a long-term capital asset (i.e., capital asset held for the period of 12 months or more)] being an Equity Share in a company or a unit of an equity- oriented fund wherein Securities Transaction Tax ('STT') is paid on both acquisition and transfer, without giving effect to indexation. However, the Finance (No. 2) Bill, 2024 proposes that the rate of 10% be applicable with respect to transfer done prior to 23 July 2024. For transfer done on or after 23 July 2024, the Finance (No.2) Bill, 2024, proposes that the long-term capital gain would be taxed at the rate of 12.5% without any indexation benefits. Further, the benefit of lower rate is extended in case STT is not paid on acquisition / allotment of equity shares through Initial Public Offering.

Further, section 111A of the Act provides for concessional rate of tax @ 15% [proposed to be increased to 20% by Finance (No. 2) Bill 2024 for transfer made on or after 23 July 2024] in respect of short-term capital gains (provided the short-term capital gains exceed the basic threshold limit of exemption, where applicable) arising from the transfer of a short-term capital asset [i.e. capital asset held for the period of less than 12 months as per section 2(42A) of the Act] being an Equity Share in a company or a unit of an equity-oriented fund wherein STT is paid on transfer.

### C. Changes proposed vide Finance (No. 2) Bill, 2024 with respect to indexation benefit on sale of land and building or both acquired before 23 July 2024 in case of individual and Hindu Undivided Family ('HUF')

Hitherto, at the time of presenting Finance (No. 2) Bill, 2024, indexation benefit was removed in entirety. Subsequently, necessary amendments have been brought in by the Lok Sabha to provide that indexation benefit has been restored for the limited purpose of computing long term capital gains tax liability on sale of immovable property acquired before 23 July 2024 by resident individual or HUF.



D. Changes proposed vide Finance (No. 2) Bill, 2024 with respect to certain taxpayers opting for concessional tax regime under section 115BAC

Finance Act, 2023 had amended section 115BAC of the Act to provide that with effect from FY 2023- 24 relevant to AY 2024-25, Individuals, HUF, Association of Persons (other than a co-operative society), Body of Individuals and Artificial Juridical Person will be taxed on its total income at the reduced tax rates ('New Tax Regime') [proposed to be reduced further by Finance (No. 2) Bill 2024 with some additional deductions with effect from AY 2025-26]. The income would however have to be computed without claiming prescribed deductions or exemptions.

E. No interest on deferment of advance tax instalment with respect to dividend income

The Finance Act 2020 amended the manner of taxation of dividend income by abolishing dividend distribution tax and restoring classical system of dividend taxation (i.e., taxation of dividend income in the hands of the shareholders). Considering the nature of income, it is not possible for taxpayer to accurately determine the advance tax liability on dividend income and therefore, the proviso to section 234C(1) of the Act provides that no interest shall be levied under section 234C of the Act, if the shortfall in payment of advance tax instalment is on account of underestimation or failure to estimate dividend income. The amendment was introduced by Finance Act 2021 and is applicable from 1 April 2021.

F. Surcharge on all long-term capital gains capped at 15%

The Finance Act 2022 has capped the surcharge on LTCG on sale of unlisted equity shares to 15% from erstwhile graded surcharge up to 37%.

G. Surcharge on personal income capped at 25% for individuals opting concessional tax regime under section 115BAC

The Finance Act 2023 has capped surcharge on total income of individual assessee's opting for concessional tax regime under section 115BAC to 25% (instead of earlier surcharge of 37% for individuals having total income exceeding Rs. 5 crores).

NOTES:

1. The above statement is based on the provisions of the Act presently in force in India. The provisions of the Income Tax Act, 1961 are proposed to be amended by the Finance (No. 2) Bill, 2024 which has been approved by the Lok Sabha and the same would be finalised on receiving the assent of Honourable President of India. Considering the Finance (No. 2) Bill, 2024 has been substantively enacted, the Company has elected to provide special tax benefits as above.
2. The above statement of possible special tax benefits sets out the provisions of Direct Tax Laws 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.
3. The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company. The above are based on the existing provisions of the Direct Tax Laws and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which also be retrospective, could have an effect on the validity of the above. We do not assume responsibility to update the views consequent to such changes.
4. The above statement of possible special tax benefits is as per the current Direct Tax Laws [as proposed in Finance (No. 2) Bill, 2024] relevant for the assessment year 2025-26. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Direct Tax Laws.
5. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement, if any, entered into between India and the country in which the non-resident has fiscal domicile.



6. 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 or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
7. No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

**For Interarch Building Products Limited**

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Arvind Nanda  
Managing Director

**For Interarch Building Products Limited**

  
Pushpendra Kumar Bansal  
Chief Financial Officer

**For Interarch Building Products Limited**



Manish Kumar Garg  
Chief Executive Officer



Date: August 12, 2024  
Place: Noida





## ANNEXURE 2 TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO INTERARCH BUILDING PRODUCTS LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

Outlined below are the special tax benefits available to the Company and its Shareholders under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and relevant State Goods and Services Tax Act, 2017 read with rules, circulars, and notifications (*hereinafter collectively referred to as "GST law"*), the Customs Act, 1962 and the Customs Tariff Act, 1975 read with rules, circulars, and notifications (*hereinafter collectively referred to as "Customs law"*), each as amended by the Finance (No. 2) Bill, 2024 which has been approved by the Lok Sabha and the same would be finalised on receiving the assent of Honourable President of India, applicable for the Financial Year 2024 - 25 and Foreign Trade (Development and Regulation) Act, 1992 and Foreign Trade Policy 2023-2028 (*hereinafter referred to as "FTP"*), each as amended and presently in force in India (*herein collectively referred to as "Indirect Tax Laws"*).

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

- A. **Benefits of Duty Drawback scheme under Section 75 of the Customs Act, 1962:** As per Section 75 of the Customs Act, the Central Government is empowered to allow duty drawback on export of goods.

The Company is availing duty drawback under Section 75 of the Customs Act read with Notification No. 77/2023-Cus. (N.T.) dated 20 October 2023.

- B. **Benefits under the Central Goods and Services Act, 2017, respective State / Union Territory Goods and Services Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017 (read with relevant rules prescribed thereunder):** Under the GST regime, supplies of goods or services which qualify as 'export' of goods or services are treated as zero-rated supplies which can be supplied either with or without payment of Integrated Goods and Services Tax (*hereinafter referred to as "IGST"*) subject to fulfilment of conditions prescribed. The exporter has the options as under:
- To undertake exports under cover of a Bond/ Letter of Undertaking (*hereinafter referred to as "LUT"*) without payment of IGST and claim refund of accumulated Input Tax Credit subject to fulfilment of conditions prescribed under the provisions of Section 54 of the Central Goods and Services Tax Act, 2017.
  - To undertake export with payment of IGST and claim refund of IGST paid on such exports as per the provisions of Section 54 of the Central Goods and Services Tax Act, 2017.

Thus, the GST law permits a supplier undertaking zero rated supplies (which will include the supplier making supplies to SEZ) to claim refund of tax paid on exports as IGST (by undertaking exports on payment of tax using ITC) or export without payment of tax by executing a Bond/ LUT and claim refund of related ITC of taxes paid on inputs and input services used in making zero rated supplies.

The Company undertakes export of goods without payment of IGST basis the LUT as prescribed under the GST law. In such case, it will have the option of claiming refund of unutilized input tax credit, subject to fulfilment of all prescribed conditions. Currently, the Company is able to utilise its input tax credit and is not exercising the option of filing a refund claim.



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2. Special tax benefits available to the Shareholders of the Company

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

**Notes:**

1. The above statement of special tax benefits is based on the best understanding of the Company's business landscape and tax benefits available to the Company and its shareholders under the current Indirect Tax Laws presently in force in India.
2. 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, the changing tax laws, each investor is advised to consult his or her own tax advisor with respect to the specific tax implications arising out of their participation in the Offer.
3. This statement does not discuss any tax consequences in a country outside India of an investment in the equity shares of the Company ("Equity Shares"). The subscribers of the Equity Shares in a country other than India are urged to consult their own professional advisers regarding possible indirect-tax consequences that apply to them.
4. The above statement covers only special tax benefits under Indirect Tax Laws and does not cover any income tax law benefits or benefit under any other law.
5. 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.

For **Interarch Building Products Limited**

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NANDA Date: 2024.08.12  
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Arvind Nanda  
Managing Director

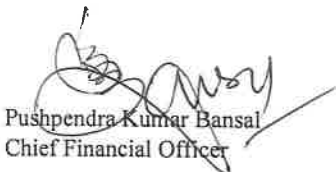
For **Interarch Building Products Limited**



Manish Kumar Garg  
Chief Executive Officer



For **Interarch Building Products Limited**



Pushpendra Kumar Bansal  
Chief Financial Officer



Date: August 12, 2024  
Place: Noida