



PAVULURI & Co.

CHARTERED ACCOUNTANTS

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To
Akasam Consulting Private Limited
10-1-17/1/1, Masab Tank,
Hyderabad, Telangana, 500004

Dear Sir,

Ref: Softsol India Limited.

With reference to the above, please find appended below the note on Taxation. The same can be included in the Draft letter of offer & Letter of offer for the purpose of buyback of Softsol India Limited.

THE FOLLOWING SUMMARY OF THE TAX CONSIDERATIONS IS BASED ON THE READING OF THE CURRENT PROVISIONS OF THE TAX LAWS OF INDIA AND THE REGULATIONS THEREUNDER, THE JUDICIAL AND ADMINISTRATIVE INTERPRETATIONS THEREOF, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS. ANY SUCH CHANGES COULD HAVE DIFFERENT IMPLICATIONS ON THESE TAX CONSIDERATIONS.

FINANCE (NO.2) ACT, 2019 HAS AMENDED THE PROVISIONS OF SECTION 115QA OF THE INCOME TAX ACT, 1961 BY OMITTING THE WORDS "NOT BEING SHARES LISTED ON A RECOGNISED STOCK EXCHANGE". THE EFFECT OF THIS OMISSION IS THAT THE PROVISIONS OF SECTION 115QA RELATING TO THE BUY BACK OF THE SHARES, WHICH WERE HITHERTO NOT APPLICABLE TO THE BUY BACK OF SHARES WHICH WERE LISTED ON A RECOGNISED STOCK EXCHANGE, HAVE NOW BECOME APPLICABLE EVEN TO THE BUY BACK OF SHARES LISTED ON A RECOGNISED STOCK EXCHANGE. SECTION 115QA HAS BEEN FURTHER AMENDED BY TAXATION LAWS (AMENDMENT) ACT, 2019 TO STATE THAT THE PROVISIONS OF SECTION 115QA ARE APPLICABLE IN RESPECT OF ALL THE BUY BACK OF SHARES LISTED ON A RECOGNISED STOCK EXCHANGE WHOSE PUBLIC ANNOUNCEMENT HAS BEEN MADE ON OR AFTER 5 JULY 2019.

IN VIEW OF THE COMPLEXITY AND SUBJECTIVITY INVOLVED IN THE TAX CONSEQUENCES OF A BUY BACK TRANSACTION, ELIGIBLE SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE TAX TREATMENT IN THEIR HANDS CONSIDERING THE RELEVANT TAX PROVISIONS, FACTS AND CIRCUMSTANCES OF THEIR CASE.

THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF THIS TAX SUMMARY AND EXPLICITLY DISOWNS ANY LIABILITY ARISING OUT OF ANY ACTION INCLUDING A TAX POSITION TAKEN BY THE ELIGIBLE SHAREHOLDER BY RELYING ON THIS SUMMARY. THE SUMMARY OF TAX





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CONSIDERATIONS RELATING TO BUYBACK OF EQUITY SHARES LISTED ON THE STOCK EXCHANGE SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GENERAL GUIDANCE PURPOSES ONLY.

1. GENERAL

The Indian tax year runs from 1 April to 31 March. The basis of charge of Indian income-tax depends upon the residential status of the taxpayer during a tax year. A person who is a tax resident of India is liable to taxation in India on his worldwide income, subject to certain prescribed tax exemptions provided under the Income Tax Act, 1961 ("Income Tax Act" or "ITA").

A person who is treated as a non-resident for Indian tax purposes is generally liable to tax in India only on his/her India sourced income or income received by such person in India. In case of shares of a company, the source of income from shares would depend on the 'situs' of the shares. As per judicial precedents, generally the "situs" of the shares is where company is "incorporated" and where its shares can be transferred. Accordingly, since the Company is incorporated in India, the shares of the Company would be "situated" in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the ITA subject to any specific exemption in this regard. Further, the non-resident can avail the beneficial tax treatment prescribed under the relevant Double Tax Avoidance Agreement ("DTAA") subject to satisfaction of the relevant conditions including but not limited to conditions (if any) present in the said DTAA read with the relevant provisions of the Multilateral Instrument (MLI) as ratified by India with the respective country of which the said shareholder is a tax resident, non-applicability of General Anti-Avoidance Rule ("GAAR") and providing and maintaining necessary information and documents as prescribed under the ITA.

The summary of tax implications on buyback of equity shares listed on the stock exchanges in India is set out below. All references to equity shares in this note refer to equity shares listed on the stock exchanges in India unless stated otherwise.

2. INCOME TAX PROVISIONS IN RESPECT OF BUYBACK OF EQUITY SHARES LISTED ON THE RECOGNISED STOCK EXCHANGE (BUYBACK WHOSE PUBLIC ANNOUNCEMENT HAS BEEN MADE ON OR AFTER JULY 5, 2019) CONSIDERING RELEVANT AMENDMENTS UNDER THE FINANCE (NO. 2) ACT, 2019) AND TAXATION LAWS (AMENDMENT) ACT, 2019

- (a) Section 115QA of the ITA provides for the levy of additional Income-tax at the rate of twenty per cent (as increased by surcharge and Health and Education cess, as applicable) of the distributed income on account of buyback of shares of all domestic Indian companies including listed companies i.e. companies whose



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shares are listed on a recognised stock exchange. In respect of listed companies, the provisions of section 115QA are applicable in respect of all the buyback of shares whose public announcement has been made on or after July 5, 2019. Accordingly, the Company would be subject to an additional Income-tax at the rate of twenty per cent (as increased by surcharge and Health and Education cess, as applicable) of the distributed income on account of buyback of shares.

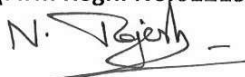
- (b) As additional income-tax has been levied on the company under Section 115QA of the ITA, the consequential income arising in the hands of shareholders has been exempted from tax under sub-clause (34A) of section 10 of the ITA. Accordingly, any income arising in the hands of shareholder on account of buyback of shares shall be exempt from tax under sub-clause (34A) of section 10 of the ITA. The said income will be exempted in the hands of the shareholder irrespective of the class/residential status of the shareholder and purpose for which shares are held (i.e. as "Investments" or "Stock in Trade").
- (c) In absence of any specific provision under the Income Tax Act, the Company is not required to deduct tax at source on the consideration payable to resident shareholders pursuant to the Buyback.

Securities transaction tax

Since the Buyback of shares shall take place through the settlement mechanism of the Stock Exchange, securities transaction tax at 0.1% of the value of the transaction will be applicable.

The above note on taxation sets out the provisions of law in a summary manner only and does not purport to be a complete analysis or listing of all potential tax consequences of the disposal of equity shares. This note is neither binding on any regulator nor can there be any assurance that they will not take a position contrary to the comments mentioned herein.

For Pavuluri & CO
Chartered Accountants
(Firm Regn. No.012194S)



CA N RAJESH
Partner (Membership No.223169)



Date: November 14th, 2022

Place: Hyderabad

UDIN: **23223169BGVJPO3765**