

# DSP & ASSOCIATES

CHARTERED ACCOUNTANTS

783, Desh Bandhu Gupta Road  
Near Faiz Road Crossing  
Karol Bagh, New Delhi-110 005  
☎ 23684423, 23622076  
Telefax : 23622094, 41545550  
E-mail : dspdelhi@dspdelhi.in  
aksinghal@dspdelhi.in  
Website : www.dspdelhi.in

## CERTIFICATE ON STATEMENT OF TAX BENEFITS

Date: November 06, 2023

To

The Board of Directors  
**Indian Renewable Energy Development Agency Limited**  
India Habitat Centre  
East Court, Core 4 'A'  
1<sup>st</sup> Floor, Lodhi Road  
New Delhi – 110 003

**IDBI Capital Markets & Securities Limited**  
6<sup>th</sup> floor, IDBI Tower, WTC Complex,  
Cuffe Parade, Mumbai 400 005,  
Maharashtra, India

**BOB Capital Markets Limited**  
1704, B Wing, 17<sup>th</sup> Floor,  
Parinee Crescenzo, Plot No. C – 38/39,  
G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai-400 051,  
Maharashtra, India

**SBI Capital Markets Limited**  
1501, 15th floor, A&B Wing  
Parinee Crescenzo, G Block, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051,  
Maharashtra, India

(IDBI Capital Markets & Securities Limited, BOB Capital Markets Limited, and SBI Capital Markets Limited are collectively, the “Book Running Lead Managers”)

**Re: Proposed initial public offering of equity shares of ₹ 10 each (the “Equity Shares” and such offering, the “Fresh Issue”) of Indian Renewable Energy Development Agency Limited (the “Company”) and offer for sale of Equity Shares by existing shareholder (Government of India) of the Company (the “Offer for Sale”, together with the Fresh Issue, is referred as the “Offer”).**

1. We, DSP & Associates, Chartered Accountants, statutory auditors of the Company, have received a request from the Company to verify and certify the possible special tax benefits available to the Company and the shareholders of the Company, in connection with possible special tax benefits under direct and indirect tax laws, including under the Income Tax Act, 1961, as amended, Income Tax Rules, 1962, amendments made by Finance Act, 2023 (hereinafter referred to as ‘Income Tax Laws’), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975, as amended, the rules and regulations there under, Foreign Trade Policy presently in force in India, available to the Company and its shareholders, in the enclosed statement at the Annexure.



2. Several of these stated tax benefits/consequences are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Therefore, the ability of the Company or its shareholders to derive the stated tax benefits is dependent on fulfilling such conditions.
3. A statement of possible special tax benefits available to the Company and its shareholders is required as per Schedule VI (Part A) (9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ("SEBI ICDR Regulations"). While the term 'special tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to special tax benefits available to the Company, and its shareholders the same would include those benefits as enumerated in the Statement. The benefits discussed in the enclosed annexure are not exhaustive. The Annexure is for your information and for inclusion in the red herring prospectus (the "RHP"), the prospectus (the "Prospectus") and any other offering material in connection with Offer ("Offer Documents"), as amended or supplemented thereto or any other written material in connection with the proposed Offer 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 Offer. Neither are we suggesting nor advising the investor to invest money based on this statement.
4. 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.
5. We also consent to the references to us as "Experts" under Section 26 of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the RHP and prospectus of the Company or in any other documents in connection with the Offer.
6. We conducted our examination of the information given in this certificate (including the annexures thereto) in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India ("ICAI"), as revised from time to time, to obtain a reasonable assurance that such details are in agreement with the books of accounts and other relevant records provided to us, in all material respects; the aforesaid Guidance Note requires that we comply with the ethical requirements of the 'Code of Ethics' issued by the ICAI, as revised from time to time. Further, we have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements', as revised from time to time. We have also complied with the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time").
7. We confirm that the information herein is true, correct, complete, and accurate, not misleading and does not contain any untrue statement of a material fact nor omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
8. We undertake to inform you promptly, in writing of any changes to the above information until the allotment of Equity shares / Equity Shares commence trading on the relevant stock exchanges where the Equity Shares of the Company are proposed to be listed (the "Stock Exchanges"), pursuant to the Offer. In the absence of any such communication from us, the above information should be considered as updated information until the allotment of Equity shares / Equity Shares commence trading on the Stock Exchanges, pursuant to the Offer.
9. This certificate can be relied on by the Company, BRLMs, their affiliates and the Legal Counsels in relation to the Offer and to assist the BRLMs in conducting and documenting their investigation of the affairs of the Company in connection with the Offer.





10. This certificate is issued for the sole purpose of the Offer and relevant extracts can be used in part or full as and where applicable, in connection **RHP, Prospectus** and any other material used in connection with the Offer and consent to the submission of this certificate as may be necessary (**collectively “Offer Documents”**), to the Securities and Exchange Board of India, any regulatory/ statutory authorities , stock exchanges where the Equity Shares are proposed to be listed, Registrar of Companies, NCT of Delhi and Haryana at New Delhi or any other authority as may be required and/or for the records to be maintained by the BRLMs in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the BRLMs may wish to advance in any claim or proceeding in connection with the contents of the RHP and Prospectus, as the case may be.
11. All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents

Sincerely,

**For: DSP & Associates**

Statutory Auditor

Firm Registration No: 006791N

**Utkarsh Singhal**

Partner (Membership No. 565593)

UDIN: **23565593BHA0008466**

Place: New Delhi

Date: November 06, 2023

Encl: Statement of Tax Benefits

CC:

**Domestic Legal Counsel to the Company**

**Saraf and Partners Law Offices**

2402, Tower 2,

One International Centre,

Senapati Bapat Marg, Prabhadevi West,

Mumbai – 400 013

**Legal Counsel to the BRLMs**

**Dentons Link Legal**

Aiwan-e-Ghalib Complex

Mata Sundari Lane

New Delhi-110002

**International Legal Counsel to the Company**

**Hogan Lovells Lee & Lee**

50 Collyer Quay

#10-01 OUE Bayfront

Singapore 049 321

(“Saraf and Partners Law Offices”, “Dentons Link Legal” and “Hogan Lovells Lee & Lee” collectively, referred to as “Legal Counsels”)



## ANNEXURE A

### POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS OF THE COMPANY UNDER DIRECT TAX LAWS

#### A) TO THE COMPANY

1. **Concessional corporate tax rates** – In terms of section 115BAA, now 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 was available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21 and the option once exercised shall apply to subsequent AYs. The concessional rate is subject to a company not availing any of the following deductions under the provisions of the Act:

- Section 10AA: Tax holiday available to units in a Special Economic Zone.
- Section 32(1) (iia): Additional depreciation;
- Section 32AD: Investment allowance.
- Section 33AB/33ABA: Tea coffee rubber development expenses/site restoration expenses
- Section 35(1)/35(2AA)/ 35(2AB): Expenditure on scientific research.
- Section 35AD: Deduction for capital expenditure incurred on specified businesses.
- Section 35CCC/35CCD: expenditure on agricultural extension /skill development.
- Chapter VI-A except for the provisions of section 80JJAA and section 80M.

The total income of a company availing the concessional rate of 25.168% (i.e., 22% along with surcharge and health and education Cess) 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 IT 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 already opted for the concessional tax rate benefit for the FY 2019-20 relevant to the AY 2020-21 as mentioned in the Section 115BAA for which declaration in form 10IC has already been filed with the income tax authority.

#### 2. In respect of Company's Financing Activities

- (a) **Deduction Under Section 36(1)(vii)(c)**, is available to a public financial institution or a State financial corporation or a State industrial investment corporation, an amount not exceeding five per cent of the total income (computed before making any deduction under this clause and Chapter VI-A) in respect of any provision for bad and doubtful debts made while computing income under head Profit & Gains from Business or Profession. The company being Public Financial Institution as per the provision of the Act, the company is entitled to the stated deduction.

Alternatively, the Company, being a non-banking financial company, is also eligible to claim deduction under Section 36(1)(vii)(d) for an amount not exceeding five per cent of the total income (computed before making any deduction under this clause and Chapter VI-A) in respect of any provision for bad and doubtful debts made while computing income under head Profit & Gains from Business or Profession.

- (b) **Deduction Under Section 36(1)(viii)** is available to in respect of any special reserve created and maintained for an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction



under this clause) carried to such reserve account, provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under this clause shall be made in respect of such excess.

The company is a 'financial corporation' as per the provisions of the Act and is in the business of development of infrastructure facility in India, the company is entitled to the stated deduction.

**B) TO THE SHAREHOLDERS**

There are no special tax benefits available to the shareholders of the Company under the Act.

**POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS UNDER INDIRECT TAX LAWS**

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, the Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively referred to as "Indirect tax laws").

**A) TO THE COMPANY**

- As per the GST law (vide GST notification no 12/2017- Central Tax (Rate) dated 28 June 2017), income earned out of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount is exempted from payment of GST. Thus, interest income earned by the company is exempted from payment of GST.
- Further, in accordance to the provisions of the GST law, every registered person is required to reverse input tax credit attributable to the exempt income (arrived by determining the ratio of exempt income over total income). However, the company is given an option to reverse merely 50% of their total eligible input tax credit.

**B) TO THE SHAREHOLDERS**

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

