



Statement of possible special tax benefits available to the company, its material subsidiary and shareholders of the company under the applicable tax laws in India

Dated: 06 November, 2024

To,

The Board of Directors
NTPC Green Energy Limited
NTPC Bhawan, Core -7,
SCOPE Complex 7 Institutional Area,
Lodhi Road, New Delhi,
Delhi, India, 110003

Sub: Statement of possible special tax benefits (“the Statement”) available to NTPC Green Energy Limited (“the Company”), its material subsidiary and its shareholders prepared in accordance with the requirement under Schedule VI –Part A -Clause (9) (L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“the SEBI ICDR Regulations”)

1. We, **P R Mehra & Co**, Chartered Accountants, are statutory auditors of the Company, have been informed that the Company proposes to file the Red Herring Prospectus (the “**RHP**”) and Prospectus (“**Prospectus**”) with respect to the Issue, with the Registrar of Companies, Delhi and Haryana at New Delhi (“**RoC**”) and subsequently with the Securities and Exchange Board of India (“**SEBI**”), BSE Limited and National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”) in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”) and applicable laws, and any other documents or materials to be issued in relation to the Issue (collectively with the RHP and Prospectus, the “**Issue Documents**”).
2. We have received a request from the Company to issue a certificate for onward submission to the Book Running Lead Managers to assist them in conducting and documenting their due diligence of the affairs of the Company in connection with the Issue in respect of special tax benefits (under direct and indirect tax laws in India) together with the report available to the Company, its shareholders and material subsidiary.
3. We hereby confirm the enclosed statement (“**Statement**”) in the Annexures I & II (together, the “**Annexures**”) prepared and issued by the Company, which provides the possible special tax benefits under Income-tax Act, 1961 (“**Act**”) presently in force in India viz. the Income-tax Act, 1961, (“**Act**”), the Income-tax Rules, 1962, (“**Rules**”), regulations, circulars and notifications issued thereon, as applicable to the assessment year 2025-26 relevant to the financial year 2024-25, possible special tax benefits under 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 2024 including the relevant rules, notifications and circulars issued there under, applicable for the Financial Year 2024-25, available to the Company, its material subsidiary and its shareholders. Several of these benefits are dependent on the Company, its material subsidiary and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company, its material subsidiary and its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company, its material subsidiary and its shareholders face in the future, the Company and its shareholders may or may not choose to fulfil.
4. This statement of possible special tax benefits 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, its material subsidiary and its shareholders, the same would include those benefits as enumerated in the statement. Any benefits under the Taxation Laws other than those specified in the statement are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in the statement, have not been examined and covered by this statement.

5. Our views are based on the existing provisions of law 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.
6. The benefits discussed in the enclosed Statement cover the possible special tax benefits available to the Company, its material subsidiary and its shareholders and do not cover any general tax benefits available to them.
7. In respect of non-residents if any, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
8. With respect to the special tax benefits in case of One Material Subsidiary listed below, we have relied upon the Management Representation Letter and confirmation received from the statutory auditors of the Material Subsidiary of the Company as the case may be as listed in **Annexures**

Material Subsidiary

NTPC Renewable Energy Limited

9. The benefits stated in the enclosed Statement are not exhaustive and the preparation of the contents stated 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 distinct 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 and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.
10. We do not express any opinion or provide any assurance whether:
 - The Company, its material subsidiary and 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.
11. 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. We have relied upon the information and documents of the Company being true, correct, and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.
12. This Statement is addressed to Board of Directors and BRLMs and issued at specific request of the Company for submission to the BRLMs to assist them in conducting their due-diligence and documenting their investigations of the affairs of the company in connection with the proposed Issue. This report may be delivered to SEBI, the stock exchanges, to the Registrar of Companies, Delhi and Haryana at New Delhi or to any other regulatory and statutory authorities by the BRLMs only when called upon by SEBI or the stock exchanges in connection with any inspection, enquiry or investigation, as the case may be, to evidence BRLMs due diligence obligations pertaining to subject matter of this report or for any defence that the



BRLMs may wish to advance in any claim or proceeding with SEBI or stock exchanges in connection with due diligence obligations of the BRLMs in the Issue pertaining to subject matter of this report. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For P R Mehra & Co,
Chartered Accountants
Firm Registration Number: 000051N**

Ashok Malhotra

**Ashok Malhotra
Partner
Membership No.: 082648
Place: New Delhi
UDIN: 24082648BKGEJV2708**



CC:

Book Running Lead Managers:

IDBI Capital Markets & Securities Limited
6th Floor, IDBI Tower,
WTC Complex,
Cuffe Parade, Mumbai – 400 005
Maharashtra, India

HDFC Bank Limited
Investment Banking Group
Unit No. 701, 702 and 702-A
7th floor, Tower 2 and 3,
One International Centre, Senapati Bapat Marg,
Prabhadevi, Mumbai – 400013,
Maharashtra, India

IIFL Securities Limited
24th Floor, One Lodha Place
Senapati Bapat Marg
Lower Parel (W)
Mumbai 400 013
Maharashtra, India

Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)
801 - 804, Wing A,
Building No 3, Inspire BKC,
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Legal Counsels:

Legal Counsel to the Company as to Indian Law
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ANNEXURE I

THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO NTPC GREEN ENERGY LIMITED (THE "COMPANY"), ITS MATERIAL SUBSIDIARY AND ITS SHAREHOLDERS

Outlined below are the special tax benefits available to NTPC Green Energy Limited (the "Company"), its material subsidiary and its shareholders under the Income-tax Act, 1961 (the "Act") and Income-Rules, 1962 ("Income Tax Rules"), circulars, notifications, as amended by the Finance Act 2024 (collectively, hereinafter referred to as "Income Tax Laws"). The possible special tax benefits are subject to fulfilment of conditions prescribed under the relevant Income Tax Laws by the Company or its shareholders.

A. Special tax benefits available to the Company under the ITA and Income Tax Rules

I. Lower Corporate tax rate under Section 115BAA of the ITA

The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein 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 is available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21 and the option once exercised through filing of Form 10-IC on the Income tax portal shall apply to subsequent assessment years. The Company has exercised such option from Financial Year ("FY") 2022-23 relevant to Assessment Year ("AY") 2023-24 and have filed form 10-IC on 6th September, 2023. The concessional tax rate of 22% is subject to the company not availing any of the following deductions under the provisions of the ITA:

- Section 10AA: Tax holiday available to units in a Special Economic Zone.
- Section 32(1)(ia): Additional depreciation;
- Section 32AD: Investment allowance.
- Section 33AB/3ABA: 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 of 10% and health and education cess of 4%) 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 by filing Form 10-IC on or before the due date of filing return of income under section 139(1) of the ITA. Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of the ITA 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.

II. Deduction in respect of certain inter-corporate dividends under Section 80M of the ITA.

As per the provisions of section 80M of the ITA, inserted with effect from 01 April 2020 i.e., AY 2021-22, a domestic company shall be allowed to claim a deduction of dividend income earned from any other domestic company or a foreign company or a business trust. The amount of deduction so claimed should not exceed the amount of dividend distributed by it on or before the due date. In this case, due date means one month prior to the due date of furnishing return of income under sub section (1) of section 139 of the ITA.

The company has two subsidiaries and thus, the company should be eligible to claim deduction under section 80M of the ITA in respect of dividends received (if any) from its subsidiaries and further distributed to its shareholders



subject to fulfilment of other conditions. The deduction under Section 80M is available even if domestic company opts for concessional tax rate under Section 115BAA of ITA.

The Company neither received any dividend income nor paid any dividends in FY 2022-23 and FY 2023-24. Accordingly, no deduction under section 80M of ITA for the AY 2023-24, and AY 2024-2025 was claimed by the Company.

B. Special Tax Benefits available to the Material Subsidiary of the Company

The Taxation Laws (Amendment) Act, 2019 introduced section 115BAB wherein domestic companies are entitled to avail a concessional tax rate of 15% (plus applicable surcharge and cess) on fulfilment of certain conditions. The option to apply this tax rate is available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21 and the option once exercised through filing of Form 10-ID on the Income tax portal shall apply to subsequent assessment years. The Company has exercised such option from Financial Year ("FY") 2020-21 relevant to Assessment Year ("AY") 2021-22 and have filed form 10-ID on 24th February, 2022. The concessional tax rate of 15% is subject to the company not availing any of the following deductions under the provisions of the ITA:

- Section 10AA: Tax holiday available to units in a Special Economic Zone.
- Section 32(1)(iia): Additional depreciation;
- Section 32AD: Investment allowance.
- Section 33AB/3ABA: 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 17.16% (i.e., 15% along with surcharge of 10% and health and education cess of 4%) 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 by filing Form 10-ID on or before the due date of filing return of income under section 139(1) of the ITA. Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of the ITA shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

The provisions specify certain limitation/condition on account of nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, the Company is eligible to avail this concessional rate of tax.

C. Special Tax Benefits available to the shareholders of the Company

There are no special tax benefits available to the shareholders of the Company for investing in the equity shares of the Company. However, such shareholders shall be liable to concessional tax rates on certain incomes under the provisions of ITA. Further, it may be noted that these are general tax benefits available to equity shareholders, other shareholders holding any other type of instrument are not covered below.

I. Dividend Income

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, maximum rate of surcharge would be restricted to 15%, irrespective of the amount of dividend. Further in case shareholder is a domestic company, deduction under Section 80M of the ITA would be available on fulfilling the conditions as mentioned above. Further, if the shareholder is a tax resident of foreign country with which India has a Double taxation Avoidance Agreement ("DTAA"), it may claim benefit of applicable rate as stated in the DTAA, if more beneficial over rate in ITA.

II. Double Taxation Avoidance Agreement Benefit

In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any 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 fulfilment of other conditions to avail the treaty benefit.



Notes forming part of Certificate and Annexure I:

1. This Annexure sets out only the special direct tax benefits available to the Company, its material subsidiary and its shareholders under Direct Tax Regulations, presently force in India.
2. These special tax benefits are dependent on the Company, its material subsidiary and its shareholders fulfilling the conditions prescribed under the Income tax regulations. 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 special tax benefits discussed in the Statement are not exhaustive and is 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 has been prepared on the basis that the Company is in the process of getting shares of the company listed on a recognized stock exchange in India and the Company will be issuing shares.
5. This annexure covers only direct tax regulations benefits and does not cover any indirect tax law benefits or benefit under any other law,
6. 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.
7. These comments are based upon the existing provisions of the specified direct tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
8. 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 from time to time. We do not assume responsibility to update the views consequent to such changes.
9. The above statement of Possible Special 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.
10. We have relied upon the certificate issued by the statutory auditor of the material subsidiary i.e. NREL on "special tax benefits available to the material subsidiary of the Company" while including Para B in Annexure I attached to this certificate.



Annexure II

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, ITS MATERIAL SUBSIDIARY AND TO THE SHAREHOLDERS

Outlined below are the special tax benefits available to NTPC Green Energy Limited (**the "Company"**), its **material subsidiary** and its Shareholders under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, applicable State/ Union Territory Goods and Services Tax Act, 2017, the Customs Act, 1962, the Customs Tariff Act, 1975, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2023) (collectively referred as "**Indirect Tax Regulations**"), presently in force in India.

A. Special indirect tax benefits available to the Company

The Company is mainly engaged in the activity of developing, building, owning, operating and maintaining utility scale grid connected solar and wind power projects (through O&M operations and in-house engineering). The electrical energy supplied by the Company is exempt from goods and services tax as per the relevant notifications 02/2017 issued under the Central Goods and Services Tax Act, dated June 2017/ the Integrated Goods and Services Tax Act, 2017/ applicable State/ Union Territory Goods and Services Tax Act, 2017.

There are no special indirect tax benefits available to the Company under Indirect Tax Regulations.

B. Special indirect tax benefits available to the Material Subsidiary of the Company

The Material Subsidiary is engaged in the activity of developing, building, owning, operating and maintaining utility scale grid connected solar and wind power projects (through O&M operations and in-house engineering). The electrical energy supplied by the Company is exempt from goods and services tax as per the relevant notifications 02/2017 issued under the Central Goods and Services Tax Act, dated June 2017/ the Integrated Goods and Services Tax Act, 2017/ applicable State/ Union Territory Goods and Services Tax Act, 2017.

There are no special indirect tax benefits available to the Material Subsidiary under Indirect Tax Regulations.

C. Special indirect tax Benefits available to the shareholders of the Company

There are no special indirect tax benefits available to the shareholders of the Company under Indirect Tax Regulations.

Notes forming part of Certificate and Annexure II:

1. This Annexure sets out only the special indirect tax benefits available to the Company, its material subsidiary and its Shareholders under the Indirect Tax Regulations, presently in force in India.
2. These special tax benefits may be dependent on the Company, its material subsidiary 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 indirect 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 Statement has been prepared on the basis that the Company is in the process of getting shares of the company listed on recognized stock exchange in India and the Company will be issuing shares.
4. This special indirect tax benefits discussed in this Annexure is not exhaustive. It 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 consultant with respect to the specific tax implications arising out of their participation in the proposed IPO.



5. This annexure covers only indirect tax regulations benefits and does not cover any income tax law benefits or benefit under any other law.

6. The Statement is prepared on the basis of information available to 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; and
- ii. the conditions prescribed for availing the benefits have been/ would be met with.

7. These comments are based upon the existing provisions of the specified indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

8. 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 from time to time. We do not assume responsibility to update the views consequent to such changes.

9. The above statement of possible special tax benefits sets out the provision 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.

10. We have relied upon the certificate issued by the statutory auditor of the material subsidiary i.e. NREL on "special tax benefits available to the material subsidiary of the Company" while including Para B in Annexure II attached to this certificate.

