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STATEMENT OF SPECIAL TAX BENEFITS

The Board of Directors
ACME Solar Holdings Limited (formerly known as ACME Solar Holdings Private Limited),
Plot No.152, Sector - 44, Gurugram
Haryana – 122002

Subject: Statement of possible special tax benefits (“the Statement”) available to ACME Solar Holdings Limited (formerly known as ACME Solar Holdings Private Limited) (“the Company”) 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”)

This report is issued in accordance with the Engagement Letter dated 28 May 2024.

We hereby report that the enclosed Annexure II and III prepared by the Company, initialled by us for identification purpose, states in all material respects the possible special tax benefits available to the Company and its shareholders under direct and indirect taxes (together “the Tax Laws”), presently in force in India as on the 21 October 2024, which are defined in Annexure I. These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure II and III cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure II and III and its contents which is to be included in the Red Herring Prospectus and Prospectus is the responsibility of the Management of the Company and has been approved by the IPO Committee of the Board of Directors of the Company at its meeting held on the 21 October 2024. The 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. Further, the benefits discussed in the Annexure II and III are not exhaustive. 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 proposed initial public offering of equity shares of the Company (the “Proposed Offer”) 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 possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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.

We do not express any opinion or provide any assurance as to whether:

- i) the Company and its shareholders will continue to obtain these possible special tax benefits per the Statement in future; or
- ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of the enclosed Annexures are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. 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 the Tax 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. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Red Herring Prospectus and Prospectus, prepared in connection with the Offering to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges where the equity shares of the Company are proposed to be listed. It is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

For S. Tekriwal & Associates
Chartered Accountants
Firm Registration No: 009612N

eSigned using Aadhaar
(Leegality.com - 0M5NLW)
Sujay Paul

Date: Mon Oct 21 17:16:40 IST
2024

Sujay Paul
Partner
Membership Number: 096314
UDIN: 24096314BKETYU9046

Date: 21 October 2024
Place: Noida

SHISHIR
KUMAR
TEKRIWAL

Digitally signed by Shishir Kumar Tekriwal
DN: cn=Shishir Kumar Tekriwal, o=S. Tekriwal & Associates, ou=India, email=shishir@stt.com, c=IN
2.5.4.20=20241021171638.60670

Shishir Tekriwal
Partner
Membership Number: 088262
UDIN: 24088262BKATJF4985

Date: 21 October 2024
Place: New Delhi

Annexure I

List of Direct and Indirect Tax Laws, as amended including any circular and notifications issued thereunder ("TAX LAWS")

S.no	Details of tax laws
1.	Income tax Act, 1961
2.	Income tax Rules, 1962
3.	Central Goods and Services Tax Act, 2017
4.	Integrated Goods and Services Tax Act, 2017
5.	State/ Union Territory Goods and Services Tax Act, 2017
6.	Customs Act, 1962
7.	Customs Tariff Act, 1975
8.	Foreign Trade (<i>Development and Regulation</i>) Act, 1992

STATEMENT OF SPECIAL DIRECT TAX BENEFITS AVAILABLE TO ACME SOLAR HOLDINGS LIMITED (FORMERLY KNOWN AS ACME SOLAR HOLDINGS PRIVATE LIMITED) (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT TAX LAWS IN INDIA

Outlined below are the special tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 ('the ITA') and Income-tax Rules, 1962 ('Income Tax Rules'), circulars, notifications, as amended by the Finance Act (No. 2) 2024 (collectively, hereinafter referred to as the "Income Tax Laws"). These special tax benefits are subject to fulfillment 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

1. Lower corporate tax rate on income of domestic companies – 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 fulfillment 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 10IC on the Income tax portal shall apply to subsequent assessment years. 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)(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 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 10IC 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.

Note: The Company has opted the lower rate under section 115BAA of the ITA in the FY 2019-20 relevant to the AY 2020-21 as mentioned in the Section 115BAA of ITA and have filed form 10IC on 28 December 2020 which is a pre-requisite for availing the concessional tax rates under section 115BAA of the ITA.

2. Deductions in respect of employment of new employees – Section 80JJAA of the ITA

As per section 80JJAA of the ITA, where a company is subject to tax audit under section 44AB of the ITA and derives income from business, it shall be allowed to claim a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred.



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Statement of Special Tax Benefits (cont'd)

The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the ITA. The company is presently not claiming deduction under section 80JJAA of the ITA.

3. Deduction with respect to inter-corporate dividends – 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 multiple 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.

4. Deductions in respect of specified expenditure

In accordance with and subject to the fulfilment of conditions as laid out under section 35D of the ITA, the company may be entitled to amortize preliminary expenditure, being specified expenditure incurred in connection with the issue for public subscription or such other expenditure as prescribed under section 35D of the ITA, subject to the limit specified therein (viz maximum 5% of the cost of the project or 5% of the capital employed in the business of the company).

The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed, or the new unit commences production or operation.

With effect from AY 2024-25, the company shall be required to furnish a statement in Form 3AF containing the particulars of expenditures specified under section 35D of the ITA to such income tax authority prior to one month before the due date of filing Income tax return as per section 139(1) of the ITA.

5. Set-off of Unabsorbed Depreciation under section 32(2) of the ITA

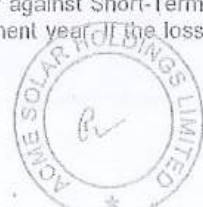
As per the provisions of section 32(2) of the ITA, where a company does not have sufficient profits to cover the depreciation expense for that year, the unabsorbed depreciation shall be carried forward to subsequent assessment years for an indefinite period until it is fully absorbed and set off against future profits of subsequent assessment years. At the time of filing Income tax return for AY 2023-24, the Company has carried forward unabsorbed depreciation to subsequent assessment years.

6. Set-off & Carry forward of business loss under section 72 of the ITA

As per the provisions of section 72 of the ITA, if the Company has incurred loss under the head "Profits and gains of business or profession", and such loss has not been set-off against income under any other head of income, then such loss as has not been set-off shall be carried forward to set-off against the income in the following eight assessment years. The Company has carried forward business losses to subsequent assessment years.

7. Set-off & Carry forward of Losses under the head capital gains

As per the provisions of section 70 of the ITA, if the Company has incurred loss under the head capital gains in relation to a short-term capital asset, it can be set-off either against Short-Term Capital Gain ('STCG') or Long-Term Capital Gain ('LTCG') for that assessment year. If the loss





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Statement of Special Tax Benefits (cont'd)

has been incurred in relation to a long-term capital asset, it can be set-off only against LTCG for that assessment year.

However, if the losses are not wholly set-off, the same shall be carried forward to set-off against the income in the following eight assessment years as per section 74 of the ITA. If the loss carried forward relates to short-term capital asset, it shall be set-off either against LTCG or STCG. However, if the loss carried forward relates to long-term capital asset, it shall be set-off only against LTCG.

At the time of filing Income tax return for AY 2023-24, the Company has carried forward losses under the head capital gains to subsequent assessment years.

8. Tax on Capital Gains

As per Finance (No. 2) Act, 2024, the tax rate on LTCG arising from the transfer of long-term capital assets under section 112 of the ITA has been regularized to 12.5% (without the benefit of Indexation) instead of the erstwhile rate of 20% / 10% with effect from 23 July 2024.

Further, STCG arising from the transfer of short-term capital assets (other than listed equity shares, unit of an equity-oriented fund or unit of a business trust covered under section 111A of the ITA), shall be taxed at the normal tax rate of the Company.

B. Special tax benefits available to the shareholders of the Company under the Income Tax Regulations

1. Dividend Income

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in the case of domestic corporate shareholder, benefit of deduction under section 80M of the ITA would be available on fulfilling the conditions. Further, Finance Act 2021 restricted surcharge to 15% in respect of dividend income.

2. Tax on Capital Gains

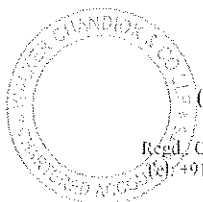
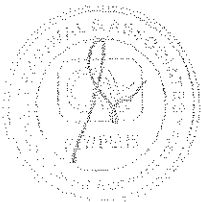
As per Finance (No. 2) Act, 2024, LTCG under section 112A of the ITA arising from the transfer of equity shares on which Securities Transaction Tax ("STT") is paid at the time of acquisition and sale, shall be taxed at the rate of 12.5% (without Indexation) (plus applicable surcharge and cess) of such capital gains with effect from 23 July 2024. The threshold for applicability of tax under section 112A of the ITA has been increased from INR 1,00,000 to INR 1,25,000.

Further, Finance Act 2020 restricted surcharge to 15% in respect of capital gains under section 111A and 112A of the ITA which was extended to capital gains under section 112 of the Act vide Finance Act 2023.

As per section 111A of the ITA, STCG arising from the transfer of equity shares on which STT has been paid at the time of acquisition and sale shall be taxed at the rate of 20% (plus applicable surcharge and cess) instead of the erstwhile rate of 15%.

3. Special Provisions for Non-resident shareholders

As per section 90(2) of the ITA, non-resident shareholders will be entitled to be governed by the beneficial provisions under the respective Double Taxation Avoidance Agreement ("DTAA"), if any, applicable to such non-residents. This is subject to fulfilment of conditions prescribed to avail treaty benefits.



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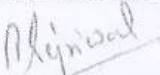
Statement of Special Tax Benefits (cont'd)

Further, any income by way of capital gains accruing to non-residents, may be subject to withholding tax as per the provisions of the ITA or under the relevant DTAA, whichever is beneficial. However, where such non-resident has obtained a lower withholding tax certificate from the tax authorities, the withholding tax rate would be as per the said certificate. The non-resident shareholders may be able to avail credit for any taxes paid by them in India, subject to local laws of the country in which such shareholder is resident.

Notes:

1. These special tax benefits are dependent on the Company 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 fulfill.
2. 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.
3. 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.
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.
5. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.
6. The above Statement of 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.

For and on behalf of
ACME Solar Holdings Limited (formerly known as ACME Solar Holdings Private Limited)


Purushottam Kejriwal
Chief Finance Officer
Place: Gurugram
Date: 21 October 2024



STATEMENT OF SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE ACME SOLAR HOLDINGS LIMITED (FORMERLY KNOWN AS ACME SOLAR HOLDINGS PRIVATE LIMITED) AND ITS SHAREHOLDERS UNDER THE APPLICABLE INDIRECT TAX REGULATIONS IN INDIA

Outlined below are the special tax benefits available to ACME Solar Holdings Limited (the "Company") 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.

i. Special indirect tax benefits available to the Company

The Company is engaged in the activity of developing, building, owning, operating and maintaining utility scale grid connected solar power projects (through in-house engineering and O&M operations). The goods and services supplied by the Company are neither exempt/ nil rated as per the relevant notifications issued 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.

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

ii. Special indirect tax benefits available to the Shareholders of the Company

a. 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 under Section 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined under Section 2(102) of the Central Goods and Services Tax Act, 2017.

b. Apart from above, the shareholders of the Company are not eligible to special tax benefits under the Indirect Tax Regulations.

Notes:

1. This Annexure sets out only the special indirect tax benefits available to the Company and its Shareholders under the Indirect Tax Regulations, presently in force in India.
2. These special tax benefits may be 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 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.



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