

M S K A & Associates
Chartered Accountants
602, Floor 6 Raheja,
Western Express Railway Colony,
Ram Nagar, Goregaon (East),
Mumbai - 400 063

M. P. Chitale & Co.
Chartered Accountants
1st Floor, Haman House,
Ambalal Doshi Marg, Fort
Mumbai - 400001

Statement of Possible Special Tax Benefits

Date: 16 September 2025

To,
The Board of Directors
Tata Capital Limited
11th Floor, Tower A, Peninsula Business Park
Ganpatrao Kadam Marg,
Lower Parel,
Mumbai 400013

Re: Statement of possible special tax benefits available to Tata Capital Limited ("the Company"), its shareholders and Tata Capital Housing Finance Limited ("Material Subsidiary"), prepared in accordance with the requirements under 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")

1. We, M S K A & Associates, Chartered Accountants, and M.P. Chitale & Co., Chartered Accountants, Joint Statutory Auditors of the Company (collectively, "we" or "us" or "our" or "Firms"), hereby confirm the enclosed Statement in the Annexure prepared and issued by the Company, which provides the possible special tax benefits under Income-tax Act, 1961 presently in force in India viz. the Income-tax Act, 1961, 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 (hereinafter refer to as 'Act'), including the rules, regulations, circulars and notifications issued in connection thereto, as applicable to the assessment year 2026-27 relevant to the financial year 2025-26, available to the Company, its shareholders; and Tata Capital Housing Finance Limited ("Material Subsidiary") identified as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Several of these benefits are dependent on the Company, its shareholders and Material Subsidiary, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company, its shareholders and Material Subsidiary to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company, its shareholders and Material Subsidiary face in the future, the Company, its shareholders and Material Subsidiary may or may not choose to fulfil.
2. 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, 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.



3. 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.
4. The benefits discussed in the enclosed Statement cover the possible special tax benefits available to the Company, its shareholders and its Material Subsidiary and do not cover any general tax benefits available to them.
5. In respect of non-residents, 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.
6. 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.
7. We do not express any opinion or provide any assurance whether:
 - The Company, its shareholders and Material Subsidiary 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.
8. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
9. 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.
10. 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.



11. This Statement is addressed to Board of Directors and issued at specific request of the Company. The enclosed Annexure to this Statement is intended solely for your information and for inclusion in the red herring prospectus ("RHP") and prospectus and any other material in connection with the proposed initial public offering of equity shares of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent. 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 certificate is shown or into whose hands it may come without our prior consent in writing. Any subsequent amendment/modification to provisions of the applicable laws may have an impact on the views contained in our Statement. While reasonable care has been taken in the preparation of this certificate, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

For M S K A & Associates,
Chartered Accountants
ICAI Firm's Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership No.: 117812



UDIN: 25117812BMNUZH4744

Date: 16 September 2025
Mumbai

For M.P. Chitale & Co.,
Chartered Accountants
ICAI Firm's Registration Number: 101851W

Murtuza Vajihi

Murtuza Vajihi
Partner
Membership No.: 112555



UDIN: 25112555BMLYPA5298

Date: 16 September 2025
Mumbai



ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO TATA CAPITAL LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY UNDER APPLICABLE DIRECT (THE INCOME-TAX ACT, 1961) AND INDIRECT TAX LAWS IN INDIA

This statement sets out below the possible tax benefits available to the Company, its material subsidiary and its investors to whom shares may be allotted in terms of proposed issue under the current tax laws presently in force in India. Several of these benefits are dependent on fulfilling various conditions prescribed under the relevant tax laws. Accordingly, the ability of the Company, its material subsidiary and shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on the business imperatives, the Company or its material subsidiary or the shareholders may or may not choose to fulfil.

This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences/ implications of the subscription, ownership and disposal of equity shares pursuant to the proposed Issue. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for professional/legal tax advice. In view of the individual nature of 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.

Special Tax benefit available to the Company under the Income-tax Act, 1961 (the Act):

- **Deduction of provision for bad and doubtful debts incurred by the Company.**

Any bad debt or part thereof which has been written off as irrecoverable in the books of accounts is allowable as a deduction under section 36(1)(vii) of the Act in computing the "Profits and gains of business or profession", subject to fulfilment of the conditions specified in section 36(2) of the Act. The Company should be entitled for such deduction under section 36(1)(vii) of the Act.

The Company being a non-banking finance company registered with Reserve Bank of India ('RBI') and its material subsidiary being a housing finance company registered with National Housing Bank ('NHB') are entitled to a deduction under section 36(1)(vii) of the Act in respect of provisions made for bad and doubtful debts in its books of account to the extent of 5% of its total income (computed before making any deduction under this section and Chapter VI-A of the Act), subject to certain conditions, while computing the total income under the head "Profit and gain of business or profession."

The subsequent claim of deduction of actual bad debts under section 36(1)(vii) of the Act should be reduced to the extent of deduction already allowed under section 36(1)(vii) of the Act.

Further, as per section 41(4) of the Act, where any deduction has been allowed to the Company in respect of a bad debt under Section 36(1)(vii) of the Act, then any amount subsequently recovered on any such debt is greater than the difference between such debt and the amount so allowed as a deduction under section 36(1)(vii) of the Act, the excess shall be deemed to be business income of the year in which it is recovered.



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▪ **Transfer to Special Reserve under section 36(1)(viii) of the Act:**

The Company being a finance company providing long-term finance for development of infrastructure facility in India and its material subsidiary being a housing finance company providing long-term finance to certain eligible business specified under section 36(1)(viii) of the Act, is eligible to claim a deduction under section 36(1)(viii) of the Act, to the extent of 20% of the profits derived from an eligible business or an amount transferred to the special reserve, whichever is lower. The said deduction is allowed subject to fulfillment of certain conditions as specified under the section. It is to be noted 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 general reserves, no further deduction shall be allowable in respect of such excess.

Further, as per section 41(4A) of the Act, where any deduction has been allowed in respect of any special reserve created and maintained under section 36(1)(viii) of the Act, then any amount subsequently withdrawn from such reserve shall be deemed to be the business income of the year in which such amount is withdrawn.

▪ **Special provision in case of income under section 43D of the Act:**

As per section 43D of the Act, the income by way of interest in relation to certain categories of bad and doubtful debts as prescribed in Rule 6EA of the Income-tax Rules, 1962, shall be chargeable to tax in the year in which it is credited to profit and loss account for that year or in which it is actually received, whichever is earlier. The Company and its material subsidiary are complying the provision of section 43D of the Act.

General tax benefits available to the Company under the Act:

▪ **Benefit of lower rate of tax under Section 115BAA of the Act**

Section 115BAA of the Act provides an option to a domestic company to pay corporate tax at a reduced rate of 22% (plus surcharge of 10% and education cess of 4%) for financial year 2019-20 and onwards, provided the total income of the company is computed without claiming certain specified deductions, and specified brought forward losses. Deduction for additional depreciation is not permitted and the provisions of section 115JB of the Act regarding Minimum Alternate Tax ('MAT') are not applicable if the Company opts for the concessional income tax rate as prescribed under section 115BAA of the Act. Further, the Company will not be entitled to claim tax credit relating to MAT paid in earlier years.

The option needs to be exercised on or before the due date of filing the income tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other subsequent assessment year. Further, if the conditions mentioned in section 115BAA of the Act are not satisfied in any financial year, the option exercised shall become invalid for assessment year in respect of such financial year and subsequent assessment years, and the other provisions of the Act shall apply as if the option under section 115BAA of the Act had not been exercised.

The Company and its material subsidiary have opted to apply section 115BAA of the Act and pays tax as per rates prescribed under section 115BAA of the Act.



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▪ **Section 80JJAA of the Act - Deduction of additional employee cost**

The Company and its material subsidiary are entitled to claim a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in the previous year, for three consecutive assessment years including the assessment year relevant to the financial year in which such employment is provided (under section 80JJAA of the Act), subject to the fulfilment of prescribed conditions therein.

▪ **Section 80M of the Act - Deduction on inter-corporate dividends**

The Company is entitled to claim a deduction of the dividend paid against the dividend income. Section 80M of the Act has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends from financial year 2020-21 and thereafter. The section inter-alia provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The 'due date' means the date one month prior to the date of furnishing the return of income under sub-section (1) of section 139 of the Act.

▪ **Income Computation Disclosure Standard ('ICDS')**

The Company and its material subsidiary are maintaining its books of account as per IND AS and follows ICDS for computing total income for income-tax purpose. The Company and its material subsidiary will have to make ICDS adjustments to arrive at taxable total income.

Tax benefits/implications to Shareholder/ Investors of the Company

Resident shareholder

- Dividend income earned by the shareholders is taxable in their hands at the applicable rates in accordance with the provisions of the Act. A domestic company receiving dividend is eligible to claim deduction under section 80M of the Act on fulfilling certain conditions. (The Company paying dividend will withhold tax at applicable rates on payment of dividend to shareholders.)
- Where shares are held as capital assets for more than 12 months immediately preceding its date of transfer, then as per section 112A of the Act, long-term capital gains arising from transfer of an equity share through the recognized stock exchange, should be taxed at 12.5% (plus applicable surcharge and cess), without indexation benefit, subject to fulfillment of prescribed conditions under the Act. Tax shall be levied on capital gains exceeding INR 1,25,000. Further, any capital gain realized on sale of shares held for more than 12 months, which are sold without payment of STT, will also be subject to tax at 12.5% (plus applicable surcharge and cess) without indexation benefit and threshold of INR 1,25,000.



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- Where shares are held as capital assets for 12 months or less, (as per Section 111A of the Act), short term capital gains arising inter alia from transfer of an equity share through the recognized stock exchange, should be taxed at 20% (plus applicable surcharge and cess) subject to fulfillment of prescribed conditions under the Act.
- Short term capital gains other than those covered by Section 111A of the Act and on which Securities Transaction Tax is not paid at the time of transfer would be subject to tax as calculated under normal provisions of the Act.
- The new tax regime under section 115BAC of the Act is applicable to individual, Hindu undivided family, association of persons (other than a co-operative society), body of individuals and an artificial juridical person.

Non-resident shareholder

- In respect of non-resident shareholders, the tax rates and the consequent taxation shall be as per the provisions of the Act and it is further subject to any benefits available under the applicable DTAA, if any, between India and the country of which the non-resident is a tax resident, as read with the MLI and subject to furnishing of tax residence certificate, electronic Form No. 10F and any other document as may be required. The Company will withhold tax at applicable rates on payment of dividend to shareholders.

UNDER THE INDIRECT TAX LAWS

Outlined below are the special indirect tax benefits available to 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, the Union Territory Goods and Services Tax Act, 2017, including the rules, regulations, circulars and notifications issued in connection thereto.

Indirect tax benefits available to the Company

- **Availment of GST Input credit**

The Company is a NBFC registered with the RBI. As per the provision of section 17(4) of the Central Goods and Service Tax Act, 2017, banking company or a financial institution including a non-banking financial company, engaged in supplying services by way of accepting deposits, extending loans or advances shall have the option to avail an amount equal to fifty per cent of the eligible input tax as Input tax credit on inputs, capital goods and input services.

- **Exemption for interest charged earned on loans granted by the Company**

The Company is engaged in the business of supplying financial services inter alia includes providing loans and advances and earns consideration in the form of interest. As per entry 27 of the Notification No. 12/2017- Central Tax (Rate) dated 28 June 2017, services by way of extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount (other than interest involved in credit card services), is exempted from GST.



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- **Zero rated supplies of services**

As per Section 16 of the Integrated Goods and Services Tax Act, 2017, the following supplies qualifies as zero-rated supply:

- a) export of goods or services or both; or
- b) supply of goods or services or both for authorized operations to a Special Economic Zone developer or a Special Economic Zone unit

Where the Company is providing supply of services to SEZ unit or SEZ developer, the supply shall qualify as 'zero-rated' if the same is for authorized operations of the SEZ and fulfills the other prescribed conditions.

Further, supply of service undertaken by the Company would qualify as 'export of services' if the Company has complied with the specified conditions mentioned in the definition of term 'export of services' as defined under Section 2(6) of the IGST Act and also fulfills other relevant conditions/requirements.

Indirect Tax benefits/implications to Shareholder/ Investors of the Company

- There are no special indirect tax benefits available to the shareholders of the Company and its material subsidiary.



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Disclaimer:

1. The above statement of possible special tax benefits sets out the provisions of 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.
2. This above 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 consultant with respect to the specific tax implications arising out of their participation in the proposed offer.
3. This Statement is prepared on the basis of information available with the management of the Company and there is no assurance that:
 - the Company, its material subsidiary or its Shareholders will continue to obtain these benefits in future; and
 - the conditions prescribed for availing the benefits have been/ would be met with.
4. 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.
5. The Statement is as per the current direct tax and indirect tax laws of India and other provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time. Several of these benefits are dependent on the Company or its material subsidiary or its Shareholders fulfilling the conditions prescribed under the relevant provisions of the current direct tax and indirect tax laws of India. This Statement also does not discuss any tax consequences, in any country outside India, of an investment in the shares of an Indian company.

For and on behalf of
Tata Capital Limited

Name: Rakesh Bhatia
Designation: Chief Financial Officer

Place: Mumbai
Date: September 16, 2025



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