



Certificate No. -75/2020-21

STATEMENT OF SPECIAL TAX BENEFITS

Date: 11th September 2020

To,

The Board of Directors

Deepak Fertilisers and Petrochemicals Corporation Limited

Sai Hira,
Survey No. 93,
Mundhwa,
Pune-411 036

Statement of possible special Tax Benefits available to Deepak Fertilisers and Petrochemicals Corporation Limited (“the Company”) and its shareholders and it’s material subsidiaries, Smartchem Technologies Limited and Performance Chemiserve Limited (“Material Subsidiaries”) in connection with the proposed rights issue of equity shares (No.) of face value of Rs. 10 each (the ‘Issue’)

This certificate is issued in accordance with the terms of our engagement letter 27th August 2020.

We hereby confirm that there is no special direct tax benefits available to the Company under the provisions of the Income-tax Act, 1961 (“the Act”) as amended by the Finance Act 2020 read with Income-tax Rules, 1962.

The special direct tax benefits available to its Material Subsidiaries and its shareholders under the provisions of the Income-tax Act, 1961 (“the Act”) as amended by the Finance Act 2020 read with the Income-tax Rules, 1962 is with respect to 150% deduction of capital



expenditure made of Rs.53,664 Lakhs for specified business (NPK plant - Fertiliser business) under section 35AD amounting to Rs.80,496 Lakhs.

We also like to confirm that following are the indirect tax benefits available to the Company and it's Material Subsidiaries and its shareholders which are laid down below as per the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 / relevant State Goods and Services Tax Act (SGST) read with rules, circulars, and notifications (“**GST law**”), the Customs Act, 1962, the Customs Tariff Act, 1975 (“**Customs law**”) and Foreign Trade Policy 2015-2020 (“**FTP**”) as amended by the Finance Act 2020, presently in force in India(together referred to as “**the Tax Laws**”).

Indirect Tax Benefits to the Company & its shareholders –

- Duty drawback benefits on Import of Iso propyl Alcohol & Nitric Acid – Duty drawback depends on the value of import and export. For FY 2020-21 the application is under process, for FY 2019-20 1.5% of FOB value for Iso propyl Alcohol and 1.1% of FOB for Nitric Acid has been approved.
- State incentive for GST paid in Cash for Dahej plant – Provisional eligibility certificate received for Rs.38,599 Lakhs, actual claim may change based on revenue generated and GST paid in Cash.
- State incentive for electricity for Dahej plant – Initial application made for production capacity used, final claim to be filed.
- MEIS Licenses – MEIS licenses issued by DGFT are purchased upon export, these are transferable instruments.

Indirect Tax Benefits to the Material Subsidiaries & its shareholders –

- Duty drawback benefits on Import of Technical ammonium nitrate – Duty drawback depends on the value of import and export. For FY 2020-21 the application is under process, for FY 2019-20 brand rate of Rs.577 per MT has been approved.
- MEIS Licenses – MEIS licenses purchased.



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Several of these benefits are dependent on the Company, its Material Subsidiaries or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company, its Material Subsidiaries and / or its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company, its Material Subsidiaries faces in the future, the Company, its Material Subsidiaries or its shareholders may or may not choose to fulfil.

The benefits discussed above cover only special tax benefits available to the Company, its Material Subsidiaries and to the shareholders of the Company and do not cover any general tax benefits available to the Company, its Material Subsidiaries and its shareholders.

The benefits discussed above are not exhaustive and the preparation of the contents 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 individual nature of the tax consequences and the changing Tax Laws, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the rights issue. We are neither suggesting nor advising the investors to invest in the rights issue relying on this statement.

Our views are based on the existing provisions of the tax laws and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update the tax benefits on any events subsequent to this date, which may have a material effect on the discussions herein.

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

- i) the Company, its Material Subsidiaries or its shareholders will obtain/continue to obtain these special tax benefits in future; or
- ii) the conditions prescribed for availing the special tax benefits have been / would be met with; or



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iii) the revenue authorities/courts will concur with the views expressed herein.

The contents of the tax benefits are based on information, explanations and representations obtained from the Company and its Material Subsidiaries and on the basis of our understanding of the business activities and operations of the Company and its Material Subsidiaries.

We confirm that the information in this certificate is true and correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

We will immediately communicate any changes to the above information to the Company and the Lead Manager, in writing, until the date when the Equity Shares issued through the Issue commence trading on the relevant stock exchanges (“**Stock Exchanges**”). In the absence of any such communication from us, the Lead Manager and the legal counsel to the Issue, can assume that there is no change to the above information.

We hereby consent to (a) this certificate, or its parts being used in the Letter of Offer of the Company or any other material in connection with the Issue; and/ or (b) submission of this certificate as may be necessary, to the Stock Exchanges, Securities and Exchange Board of India or to any regulatory authority; and/or (c) this certificate being used for the records maintained by the Lead Manager in connection with the Issue and in accordance with applicable law.

Unless the context requires otherwise, all capitalised terms used but not defined will have the same meaning assigned to them in the Letter of Offer.

This certificate may be relied on by the Lead Manager and the legal counsel to the Issue and for the purpose of any defence, the Lead Manager may wish to advance in any claim or actual/ potential proceeding before any statutory/ regulatory authority/ stock exchanges in



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connection with the contents of the Letter of Offer or actual/potential dispute relating to or connected with the Letter of Offer.

The certificate has been prepared on the specific request by the Company. Other than as mentioned in this certificate 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 or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing other than as mentioned in the certificate.

Yours faithfully

For HMA and Associates
Chartered Accountants
Firm Registration No.: 100537W

CA Anand D. Joshi
Partner
Membership No.: 113805
UDIN: 20113805AAAADZ4997
Place: Pune
Date : 11th September 2020



cc:

Khaitan & Co
One World Centre
10th & 13th Floor, Tower 1C
841 Senapati Bapat Marg
Mumbai 400 013
Enclosed: As above