

S. V. SHAH & ASSOCIATES

CHARTERED ACCOUNTANTS

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To,
Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, C-27, G Block,
Bandra Kurla Complex
Mumbai – 400 051
India

Kind Attention: Mr. Sourav Mallik/ Mr. Ajay Vaidya

Dear Sir(s),

Subject: Certificate for Note on Taxation to be included in the Draft Letter of Offer and Letter of Offer for the Buyback of up to 7,800,000 (seven million eight hundred thousand only) fully paid-up Equity shares of face value of INR 2/- (Indian Rupee Two only) each ("Equity Shares") of Birlasoft Limited ("the Company") at a price of INR 500/- (Indian Rupees Five Hundred only) per Equity share, payable in cash, on a proportionate basis through the tender offer route using the Stock Exchange mechanism

1. We have reviewed the attached Note on Taxation, proposed to be included in the Draft Letter of Offer/ Letter of Offer as prepared by the Company and initialed by us for identification purposes only, with respect to the for buyback of Equity shares by the Company through the tender offer route, using the Stock Exchange mechanism in accordance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 ("SEBI Buyback Regulations").
2. The purpose of our examination was to determine whether the Note on Taxation, providing the tax implications on buyback of Equity shares by the Company through the tender offer route, is in accordance with the Income-tax Act, 1961 and the relevant Rules, Notifications, etc.
3. In this connection, we have verified the provisions of the Income-tax Act, 1961, the relevant Rules, Notifications etc., to the extent applicable, and reviewed the same with the tax implications, as stated under the Note on Taxation referred to hereinabove.
4. Based on the procedures performed as stated in Paragraph 3 above, information and explanations provided to us and as represented by the Company, we certify that the tax implications on Buy-Back of Equity shares by the Company through the tender offer route, using the Stock Exchange, as per the accompanying Note on Taxation, prepared by the Company for inclusion in the Draft Letter of Offer and Letter of Offer, is in accordance with the existing provisions of the Income-tax Act, 1961, the relevant Rules, Notifications etc. to the extent applicable.



5. The accompanying statement is the responsibility of the Company. Our responsibility is to perform the procedures mentioned in Paragraph 3 above, on the Note on Taxation. We performed these procedures in accordance with the requirements of the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). In addition to the foregoing, our scope of work did not include verification of compliances with requirements, other than the ones mentioned above, other circulars, notifications etc. as issued by the relevant Statutory authorities from time to time and any other laws and regulations applicable to the Company.
6. We make no representations regarding compliance with Income Tax Laws or any other Statutory requirements, other than certifying the tax implications on Buy-Back of Equity shares by the Company through the tender offer route, in accordance with the provisions of Income Tax Law set out in a summary manner in the Note on Taxation, representations regarding questions of legal interpretations nor do we provide any assurance as to reviewing all potential tax consequences of the disposal of Equity Shares, neither providing complete analysis on all matters relating to the taxation towards Buy-Back of Equity shares by the Company through the tender offer route. We are not responsible to any person/ party including any shareholders of the Company who may take any decision based on our Certificate.
7. This certificate will be intended solely for use of the management for inclusion in the Draft Letter of Offer and Letter of Offer to be filed with Securities and Exchange Board of India and the relevant stock exchanges in connection with the Buy-Back of Equity shares by the Company and should not be used or referred to for any other purpose.
8. We have no responsibility to update this certificate for events and circumstances occurring after the date of this certificate.

For S.V. Shah & Associates
Chartered Accountants
Firm Registration No. 139517W



Sheetal V. Shah
Partner
Membership No. 102140
UDIN: 22102140AMRCBS5438
Place: Mumbai
Date: July 12, 2022.



NOTE ON TAXATION

THE SUMMARY OF THE INCOME-TAX CONSIDERATIONS IN THIS SECTION ARE BASED ON THE CURRENT PROVISIONS OF THE TAX LAWS OF INDIA AND THE REGULATIONS THEREUNDER. THE LEGISLATIONS, THEIR JUDICIAL INTERPRETATION AND THE POLICIES OF THE REGULATORY AUTHORITIES ARE SUBJECT TO CHANGE FROM TIME TO TIME, AND THESE MAY HAVE A BEARING ON THE IMPLICATIONS LISTED BELOW. ACCORDINGLY, ANY CHANGE(S) OR AMENDMENT(S) IN THE LAW OR RELEVANT REGULATIONS WOULD NECESSITATE A REVIEW OF THE NOTE BELOW.

IN VIEW OF THE PARTICULARIZED AND SUBJECTIVE NATURE OF TAX CONSEQUENCES IN A BUYBACK TRANSACTION, ELIGIBLE SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR RESPECTIVE TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE TAX OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE.

THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF THIS TAX SUMMARY. THEREFORE, THE ELIGIBLE SHAREHOLDERS CANNOT RELY ON THIS ADVICE AND THE SUMMARY INCOME-TAX IMPLICATIONS RELATING TO THE TREATMENT OF INCOME-TAX IN THE CASE OF TENDERING OF LISTED EQUITY SHARES IN THE BUYBACK ON THE RECOGNISED STOCK EXCHANGE IN INDIA AS SET OUT HEREINBELOW SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY

1. General

- 1.1 The basis of charge of Indian Income-tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from April 1 until March 31. A person who is an Indian tax resident is liable to income-tax in India on his worldwide income, subject to certain tax exemptions, which are provided under the Income Tax Act, 1961 (the "IT Act").
- 1.2 A person who is treated as a non-resident for Indian income-tax purposes is generally subject to tax in India only on such person's India-sourced income (i.e., income which is received or deemed to be received or accrues or arises or deemed to accrue or arise in India or income from business or professional controlled in India). In case of shares of a company, the source of income from shares would depend on the "situs" of such shares. As per judicial precedents, generally the "situs" of the shares is where a company is "incorporated" and where its shares can be transferred.
- 1.3 Accordingly, since the Company is incorporated in India, the Company's shares should be deemed to be "situated" in India and any gains arising to a non-resident on transfer of such shares should be taxable in India under the IT Act, subject to any specific exemption in this regard.
- 1.4 Further, the non-resident shareholder can avail beneficial treatment under the Double Taxation Avoidance Agreement ("DTAA") between India and the respective country of which the said shareholder is tax resident subject to satisfying relevant conditions including but not limited to (a) conditions (if any) present in the said DTAA read with the relevant provisions of the Multilateral Instrument (MLI) as ratified by India with the respective country of which the said shareholder is a tax resident and (b) non-applicability of General Anti-Avoidance Rule ("GAAR") and (c) providing and maintaining necessary information and documents as prescribed under the IT Act

Birlasoft Limited

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CIN: L72200PN1990PLC059594



1.5 The summary of direct tax implications on buyback of equity shares listed on the stock exchanges in India is set out below. All references to equity shares in this memorandum refer to equity shares listed on the stock exchanges in India unless stated otherwise.

2. Classification of Shareholders:

Shareholders can be classified under the following categories:

2.1 Resident Shareholders:

- (i) Individuals, Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individuals (BOI), Firm, Limited Liability Partnership (LLP)
- (ii) Others (corporate bodies):
 - a) Company
 - b) Other than Company

2.2 Deemed Resident Shareholder:

An individual being a citizen of India who is not liable to tax in any other country or territory by reason of domicile, residence or any other criteria of similar nature and has total income other than foreign sourced income exceeding Rs. 15 lakh during the tax year.

2.3 Non-Resident Shareholders:

- (i) Non-Resident Indians (NRIs)
- (ii) Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)
- (iii) Others:
 - a) Foreign Company
 - b) Other than Foreign Company

3. Income Tax provisions in respect of Buy Back of Shares

3.1 Section 115QA of the IT Act introduced w.e.f. June 1, 2013 contains provisions for taxation of a Domestic company in respect of buy-back of shares, within the meaning of Section 68 of the Companies Act, 2013.

3.2 Before the enactment of Finance Act (No 2), 2019, this section was not applicable to shares listed on a recognized stock exchange. The Finance Act (No 2), 2019 has amended section 115QA of the IT Act with effect from 5th July, 2019 extending its provisions to cover distributed income on buy-back of equity shares of a company listed on a recognized stock exchange as well.

3.3 As per Section 115QA of the IT Act, listed companies making a public announcement of Buyback of shares on or after 5th July 2019 are required to pay an additional Tax @ 20%, plus Surcharge @ 12%, plus Health & Education Cess @ 4% on the Distributed Income.

3.4 Distributed Income is defined under section 115QA to include consideration paid by the company on buyback of shares as reduced by the amount which was received by the company on issue of such shares, determined in the manner specified in Rule 40BB of the Income Tax Rules, 1962.

3.5 The tax on the distributed income by the company shall be treated as the final payment of tax in respect of the said income and no further credit therefor shall be claimed by the company or by any other person in respect of the amount of tax so paid.

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3.6 No deduction under any other provision of this IT Act shall be allowed to the company or a shareholder in respect of the income which has been charged to tax.

3.7 Income arising to the shareholders (whether resident or non-resident) on buyback of equity shares is exempt from tax in India under section 10(34A) of the IT Act w.e.f. April 1, 2014 (i.e., Assessment year 2014-15). The Finance Act (No. 2), 2019 has also made consequential changes to section 10(34A) of the IT Act extending the benefit of exemption of income from buy-back to shareholders in respect of shares listed on recognized stock exchange as well.

3.8 The tax implications to the following categories of shareholders are as under:

3.8.1 Resident Shareholders or Deemed Resident Shareholders

Income arising to the shareholder on account of buy-back of shares as referred to in section 115QA of the IT Act is exempt from tax under the provisions of the amended section 10(34A) of the IT Act with effect from July 5, 2019.

3.8.2 Non-Resident Shareholders

While the income arising to the shareholder on account of buy back of shares as referred to in section 115QA of the IT Act is exempt from tax under the provisions of the amended section 10(34A) with effect from July 5, 2019 in the hands of a Non-resident as well, the same may be subject to tax in the country of residence of the shareholder as per the provisions of the tax laws of that country. The credit of tax may or may not be allowed to such non-resident shareholder to be claimed in the country of residence in respect of the buy-back tax paid by the company in view of Sec 115QA (4) and (5) of the IT Act. Non-resident shareholders need to consult their tax advisors with regard to availability of such a tax credit.

4. Tax deduction at source

4.1 In absence of any specific provision under the current Income Tax Act, the Company is not required to deduct tax at source on the consideration payable to resident shareholders pursuant to the Buyback.

4.2 Given that income arising on account of the buy-back of shares is exempt from tax under Section 10(34A) of IT Act, the same would not be subject to tax deduction at source for non-resident shareholders.

5. Securities transaction tax

Since the Buyback of shares shall take place through the settlement mechanism of the Stock Exchange, securities transaction tax at 0.1% of the value of the transaction will be applicable.

IN VIEW OF THE SPECIFIC NATURE OF TAX CONSEQUENCES, SHAREHOLDERS WHO ARE NOT TAX RESIDENTS OF INDIA ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE CONSIDERING THE PROVISIONS OF THE RELEVANT COUNTRY OR STATE TAX LAW AND PROVISIONS OF DTAA WHERE APPLICABLE.

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THE ABOVE DISCLOSURE ON TAXATION 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 DISPOSAL OF EQUITY SHARES. THIS DISCLOSURE IS NEITHER BINDING ON ANY REGULATORS NOR CAN THERE BE ANY ASSURANCE THAT THEY WILL NOT TAKE A POSITION CONTRARY TO THE COMMENTS MENTIONED HEREIN. HENCE, THE ELIGIBLE SHAREHOLDERS SHOULD CONSULT THEIR RESPECTIVE TAX ADVISORS FOR THE TAX PROVISIONS APPLICABLE TO THEIR PARTICULAR CIRCUMSTANCES.

For and on behalf of Birlasoft Limited



Authorised Signatory

Date: July 12, 2022



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