STATEMENT OF SPECIAL TAX BENEFITS

To,
The Board of Directors,
Prasol Chemicals Limited
Prasol House, Plot No A - 17/2/3
T. T. C. Industrial Area, Khairne M.I.D.C.
Thane, Navi Mumbai
Maharashtra, India, 400710 (the "**Company**")

DAM Capital Advisors Limited
Altimus 2202, Level 22
Pandurang Budhkar Marg
Worli, Mumbai – 400018
Maharashtra, India.

(DAM Capital Advisors Limited referred to as the "**Book Running Lead Manager**" or "**BRLM**" in relation to the Offer)

Re: Proposed initial public offering of equity shares of face value of ₹ 2 each (the "Equity Shares") of Prasol Chemicals Limited (the "Company") comprising a fresh issue of the Equity Shares by the Company (the "Fresh Issue") and an offer for sale of Equity Shares by certain existing shareholders of the Company (the "Offer for Sale", and together with the Fresh Issue, the "Offer")

1. In relation to the Company and its affiliates, we, C N K & Associates LLP, are the Statutory Auditors of the Company. We hereby confirm the enclosed statement in the Annexure A (the "**Statement**"), which provides the possible special tax benefits under direct tax and indirect tax laws presently in force in India, including the Income-tax Act, 2025, as amended by the Finance Act 2026*,* the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, Union Territory Goods and Services Tax Act, 2017, applicable goods and services tax legislations, as promulgated by various states in India, Customs Act, 1962, the Customs Tariff Act, 1975 and Foreign Trade Policy 2023 (as extended) including the rules, regulations, circulars, orders and notifications issued thereunder (collectively the "**Taxation Laws**"), available to the Company, its shareholders.

2. A statement of possible special tax benefits available to the Company and its shareholders is required as per Schedule VI to 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 and its shareholders, the same would include those benefits as enumerated in the Statement. The benefits discussed in the enclosed Statement are not exhaustive and cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to them.

3. Several of the benefits mentioned in the accompanying Statement are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Taxation Laws. Hence, the ability of the Company and its shareholders to derive the possible special tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. We are unable to express any opinion or provide any assurance as to whether the Company and its shareholders will continue to obtain the benefits per the Statement in future or the conditions prescribed for availing the benefits per the Statement have been/ would be met with.

4. The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a professional tax advice. Our views are based on the existing provisions of Taxation 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**.** Further, we give no assurance that the revenue authorities / courts will concur with our views expressed herein. 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 Offer.

5. 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.

6. We hereby confirm that while providing this certificate 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*,' issued by the ICAI. We have 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 ("**ICAI**") which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI and in accordance with '*Guidance Note on Reports in Company Prospectuses*' (Revised 2019).

We hereby give consent to include this statement of special tax benefits in the red herring prospectus ("**RHP**"), prospectus ("**Prospectus**") and in any other material used in connection with the Offer ("**Offer Documents**"). This report is not to be used, referred to or distributed for any other purpose without our prior written consent.

We also consent to the references to us as "*experts*" as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the draft red herring prospectus, red herring prospectus and prospectus of the Company or in any other material used in connection with the Offer.

This certificate can be relied on by the Company, BRLM and the legal counsels to the Company and the BRLMs appointed in relation to the Offer. We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to immediately update you, in writing, of any changes in the abovementioned information until the date the Equity Shares issued pursuant to the Offer commences trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date on which the Equity Shares commence trading on the Stock Exchanges.

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours faithfully,
For C N K & Associates LLP
Chartered Accountants
Firm Registration Number: 101961W/W-100036

DIWAKAR PRABHAKAR SAPRE

Digitally signed by DIWAKAR PRABHAKAR SAPRE
Date: 2026.08.20 16:15:58 +05'30'

Diwakar Sapre
Partner
Membership Number: 040740
UDIN: 26040740GDFVUR4910
Certificate No.: REF/CERT/C/388/26-27
Date: August 20, 2026
Place: Mumbai

Encl: As above
CC:

Legal Counsel to the BRLM **Chandhiok & Mahajan, Advocates and Solicitors** C-524 Defence Colony, New Delhi 110024	**Legal Counsel to the Company** **Bharucha & Partners** 13th Floor, Free Press House, Free Press Journal Marg, Nariman Point, Mumbai, Maharashtra 400021

ANNEXURE A

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

Outlined below are the Possible Special Tax Benefits available to the Company and its shareholders under the Income Tax Act, 2025 ('the Act') as amended by Finance Act, 2026 i.e., applicable for Financial Year 2026-27 relevant to the Tax Year 2026-27, presently in force in India.

I. Special Tax benefits available to the Company

As per the section 200, domestic companies are given an option to pay income tax at a concessional tax rate of 22% (plus surcharge of 10% and cess of 4%) (net effective tax rate of 25.17%) subject to certain conditions mentioned therein.

- the Company can not avail any of the deductions under the provisions of Act such as deduction under Section 144, deduction under Section 33(8), deduction under Section 48, deduction under Section 49, deduction under Section 45(2), deduction under Sections 45(3)(a) or (b) or (c), deduction under Section 46, deduction under Section 47(1)(a), deduction under Chapter VIII, other than section 146 and section 148.
- the Company cannot set-off any carry forward losses or unabsorbed depreciation attributable to any of the aforesaid deductions / incentives

The option once exercised cannot be subsequently withdrawn for any tax year thereafter.

The Company has opted to be governed by the provisions of section 115BAA of the Income Tax Act, 1961 ('ITA 1961') from the Financial Year 2019-2020 (Assessment Year 2020-2021 as was recognized then). Section 536(f) of the Act provides that any option exercised under ITA 1961 shall be deemed to be an option exercised under the Act. Accordingly, the option to be taxed under the new tax regime continues to apply under the Income tax Act, 2025 as well. Once the Company has opted to be governed by the provisions of section 200, the provisions of Minimum Alternative Tax under section 206 of the Income Tax Act, 2025 are not applicable to the Company.

II. Deduction under Chapter VIII

Section 146 of the Income Tax Act, 2025 ("the IT Act"): Deduction in respect of employment of new employees

In accordance with and subject to the conditions specified under Section 146 of the Act, a Company is entitled to a deduction of an amount equal to 30% of additional employee cost incurred in the course of business in a previous year, for 3 consecutive tax years including the tax year in which such additional employment cost is incurred. Additional employee cost means the total emoluments paid or payable to additional employees employed in the previous year, which satisfy certain conditions. The deduction under section 146 would continue to be available to the company even where the company opts for the lower tax rate of 22% under the provisions of section 200 (as discussed above). The company should be eligible to claim this deduction in case it incurs additional employee cost within the meaning of Section 146(5) of the IT Act and satisfies the conditions mentioned in the section.

<u>Deduction under Section 148</u>

Where a gross total income of the Company includes income in the form of dividend from any domestic company of a foreign company or a trust, there shall be in accordance with the provisions of Section 148 a deduction, shall be allowed in the computation of total income of such domestic company, 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 one month prior to date of furnishing of the income tax under Section 263(1)

The Company is entitled to claim such deductions subject to fulfilment of conditions prescribed under Section 148. The deduction can be availed even though the Company is availing benefit of lower tax rate under Section 200

III. **Special Tax benefits available to Shareholders**

There are no special tax benefits available to the shareholders for investing in the shares of the Company

Notes: -

1. The above Statement 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.
2. The above Statement covers only certain relevant benefits under the Act read with relevant rules, circulars and notifications and does not cover any indirect tax law benefits or benefit under any other law
3. The above Statement of possible tax benefits is as per the current Income Tax Act, 2025 read with relevant rules, circulars and notifications relevant for the tax year 2026-27.
4. This Statement is intended only 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 tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company
5. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant double tax avoidance agreements, if any, between India and the country in which such non-resident is a tax resident of.
6. Our views expressed in this Statement are based on the facts and assumptions as indicated in the Statement. 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.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

Outlined below are the special tax benefits available to the Company, and its shareholders under the GST Laws, the Customs Laws and Foreign Trade Policy ("FTP") read with relevant rules, circulars, and notifications, issued thereunder (collectively referred as "**Indirect Tax Laws**").

I. **Special tax benefits available to the Company**

a. ***Advance Authorization***

Advance Authorisation is a scheme under FTP that allows duty free import of inputs, which are physically incorporated in an export product. In addition to any inputs, packaging material, fuel, oil, catalyst which is consumed / utilized in the process of production of export product, is also allowed to be imported duty free.

The quantity of inputs allowed for a given product is based on specific norms defined for that export product. The Directorate General of Foreign Trade (DGFT) provides a sector - wise list of Standard Input - Output Norms (SION) under which the exporters may choose to apply. Alternatively, exporters may apply for their own ad - hoc norms in cases where the SION does not suit the exporter.

The inputs imported are exempt from duties like Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-dumping duty, Safeguard Duty and Transition Product - Specific Safeguard duty, Integrated tax, and Compensation Cess, wherever applicable, subject to certain conditions.
Advance Authorisation covers manufacturer exporters or merchant exporters tied to supporting manufacturer(s)

b. ***Export Promotion Capital Goods (EPCG) Scheme***

The objective of the Export Promotion Capital Goods (EPCG) Scheme is to facilitate import of capital goods for producing quality goods and services and enhance manufacturing competitiveness. EPCG Scheme allows import of capital goods that are used in pre-production, production and post-production without the payment of customs duty.

The benefit under the scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within 6 years from the date of issuance of the authorization. EPCG scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers.

c. ***Letter of Undertaking (LUT) under section 54 of CGST ACT 2017***

Refund of unutilized ITC on inputs and input services is allowed under Section 16(3) of the IGST Act, 2017 read with Section 54 of CGST Act 2017 and Notification No.1/2023-IT dated 31.07.2023 (amended till date) in respect of zero-rated supplies made under LUT without payment of tax. The company is currently availing this tax benefit and will continue to do so, provided the conditions stipulated under the said Acts are fulfilled.

d. ***Scheme of Remission of Duties and Taxes on Exported Products***

The benefit under the Scheme of Remission of Duties or Taxes on Export products (RoDTEP) provides a rebate of all duties and taxes on goods exported, which have not been refunded under any other scheme. This rebate is granted as a certain percentage of Free on Board Value of exports, except for petroleum products. The rates of duty remission under the RoDTEP scheme have been notified by the Government of India and vary depending on the specific product.

Pursuant to DGFT Notification No. 66/2024-25 dated 20 March 2025, the benefits under the RoDTEP scheme were made inapplicable to exports made under Advance Authorisation, Export Oriented Units (EOUs), and Special Economic Zones (SEZs) for the period commencing from 6 February 2025. Consequently, exports undertaken through these categories during 6 February 2025 to 31 May 2025 were not eligible for RoDTEP benefits. Subsequently, vide Notification No. 11/2025-26 dated 26 May 2025, the Government of India reinstated RoDTEP benefits for Advance Authorisation holders, EOUs, and SEZ exporters effective 1 June 2025.

II. **Special tax benefits available to the Shareholders**

a. There are no special tax benefits available to shareholders for investing in the shares of the Company.

Notes:

1. The above Statement of Indirect Tax benefits sets out the special tax benefits available to the Company, and its shareholders under the Indirect Tax laws mentioned above

2. The above Statement covers only above-mentioned tax laws benefits and does not cover any Income Tax law benefits or benefits under any other law.

3. This Statement is intended only 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 tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company. 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.