

**STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS**

Date: December 01, 2025

**To,**

**The Board of Directors**

**NACL Industries Limited**

Plot No. 12-A, 'C' Block, Lakshmi Towers,  
No. 8-2-248/1/7/78, Nagarjuna Hills, Panjagutta,  
Hyderabad - 500082, Telangana, India.

Dear Sir/Madam,

**Subject: Statement of possible special tax benefits ("the Statement") available to NACL Industries Limited ("the Company") and its shareholders prepared in accordance with the requirement under Schedule VI – Part B- Clause (4) (VIII) (M) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations").**

This report is issued in accordance with the Engagement Letter dated November 28, 2025.

We hereby report that the enclosed Annexure II prepared by the Company, initialled by us for identification purpose, states 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 signing date, 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 fulfill.

The benefits discussed in the enclosed Annexure II 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 its contents is the responsibility of the management of the Company. We were informed that 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. 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 rights issue of partly paid-up equity shares of the Company (the "Proposed Issue") 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 2010)" (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 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.

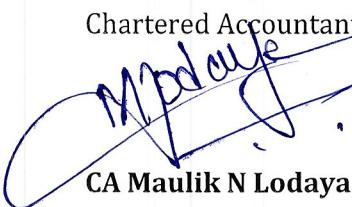
We hereby give consent to include this report in the Letter of Offer and in any other material used in connection with the Proposed Issue, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.

ICAI UDIN: 25137872BMLCFT6047

For B Y & Associates

ICAI Firm Registration No. 123423W

Chartered Accountants

  
CA Maulik N Lodaya  
Membership No.: 137872  
Partner



Place: Mumbai

**Annexure - I**

**List of direct and indirect tax laws ('tax laws')**

<b>Sr. No.</b>	<b>Details of tax laws</b>
1.	Income-tax Act, 1961 and Income-tax Rules, 1962
2.	Central Goods and Services Tax Act, 2017
3.	Integrated Goods and Services Tax Act, 2017
4.	State Goods and Services Tax Act, 2017
5.	Union Territory Goods and Services Tax Act, 2017
6.	Customs Act, 1962 and Customs Tariff Act, 1975 read with respective rules, circulars and notifications made thereunder



**Annexure - II**

**Statement of possible special tax benefits available to NACL Industries Limited ("The Company") and its shareholders under the applicable direct and indirect taxes ("Tax Laws")**

Outlined below are the Possible Special Tax Benefits available to the Company and its shareholders under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

**1) DIRECT TAX LAWS**

**A) Special tax benefits available to the Company**

The following special tax benefits are available to the Company under the Direct Tax Laws:

**(i) Lower corporate tax rate under section 115BAA**

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 was available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21 and the option once exercised shall apply to subsequent AYs. The concessional rate is subject to a company not availing any of the following deductions under the provisions of the Act:

- Section 10AA: Tax holiday available to units in a Special Economic Zone.
- Section 32(1)(iia): Additional depreciation;
- Section 32AD: Investment allowance.
- Section 33AB/3ABA: 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 and health and education cess) 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 in its return of income filed under section 139(1) of the Act. Further, provisions of Minimum Alternate Tax ('MAT') under section 115JB of



the IT Act 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.

The Company have opted to apply for section 115BAA of the IT Act for the Financial Year 2024-25 (Assessment Year 2025-26).

**(ii) Deduction in respect of inter-corporate dividends – Section 80M of the IT Act**

Up to 31st March, 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax (“DDT”), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1st April, 2020 is liable to tax in the hands of the shareholder. The Company is required to deduct Tax Deducted at Source (“TDS”) at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a resident corporate shareholder, a new section 80M has been inserted in the IT Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section 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 for furnishing the return of income under sub-section (1) of section 139 of the IT Act.

The Company has not availed any benefit under the above section.

**(iii) Deduction in respect of employment of new employees – Section 80JJAA of the IT Act**

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction, under the provisions of Section 80JJAA of the IT Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

However, the Company have not availed any benefit under the above section.



**B) Special tax benefits available to Shareholders**

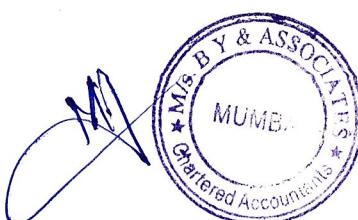
- (i) Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the IT Act would be available on fulfilling the conditions (as discussed above). Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.
- (ii) As per Section 112A of the IT Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 12.5% (without indexation). It is worthwhile to note that tax shall be levied only where such capital gains exceed INR 1,25,000 (AY 2025-26 onward).
- (iii) As per Section 111A of the IT Act, short term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 20%.
- (iv) In respect of non-resident shareholders, 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.
- (v) Where the gains arising on transfer of shares of the Company are included in the business income of a shareholder and assessable under the head "Profits and Gains from Business or Profession" and such transfer is subjected to STT, then such STT shall be a deductible expense from the business income as per the provisions of section 36(1)(xv) of the IT Act.
- (vi) As regards the shareholders that are Mutual Funds, under section 10(23D) of the IT Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

Except for the above, the Shareholders of the Company are not entitled to any other special tax benefits under the IT Act.

**2) INDIRECT TAX LAWS**

**A) Special tax benefits available to the Company**

The following special tax benefits are available to the Company under the Indirect Tax Laws:



- (i) Exemption from duties of Customs on import of goods under different Preferential Trade Agreements / Free Trade Agreements such as ASEAN, CEPA-Japan, CEPA-South Korea, APTA, subject to fulfilment of conditions prescribed therein;
- (ii) Export incentives under Foreign Trade Policy with respect to duty free import of inputs under Advance Authorization scheme, and import of capital goods under Export Promotion Capital Goods scheme subject to fulfilment of Export Obligation and other conditions prescribed in the relevant notifications;
- (iii) Rebate of taxes / duties on inputs under Remission of Duties and Taxes on Exported Products ("RoDTEP") scheme at the applicable rates;
- (iv) Duty drawback of duty paid on import of materials used in manufacture of exported goods under Section 75 of the Customs Act 1962;
- (v) Supply of goods to merchant exporters on payment of concessional rate of Integrated Goods and Services tax ("IGST") and Central Goods and Services Tax ("CGST") in terms of Notification No. 40/2017-Central Tax (Rate) and Notification No. 41/2017-Integrated Tax (Rate) both dated 23 October 2017 subject to fulfilment of conditions prescribed therein;
- (vi) Refund of IGST in respect of export of goods made on payment of GST;
- (vii) Budgetary support benefits in the state of Jammu and Kashmir as per Notification F. No. 10(1)/2017-DBA-II/NER dated 5th October 2017 issued by Department of Industrial Policy & Promotion ("DIPP") subject to fulfilment of conditions prescribed in the relevant notifications;

**B) Special tax benefits available to Shareholders**

There are no special tax benefits available to the Shareholders under the Indirect Tax Laws.

**Notes:**

- 1) The above is as per the current Tax Laws in force in India.
- 2) 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 the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.
- 3) This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

For NACL Industries Limited



**Director**

Place: Hyderabad

Date: December 01, 2025