

CERTIFICATE ON STATEMENT OF SPECIAL TAX BENEFITS

Date: 20.11.2020

To

The Board of Directors
Pricol Limited
109, Race Course
Coimbatore – 641 018
India

(the “Company”)

Dear Sirs / Madams

Re: Statement of possible special tax benefits (the “Statement”) available to the Company and its shareholders prepared in accordance with the requirement under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”), for the proposed rights issue of equity shares of ₹ 1 each (the “Equity Shares”) of the Company (the “Issue”)

We, VKS Aiyer & Co, Chartered Accountants, the statutory auditors of the Company, hereby confirm that the enclosed Annexure states the possible special tax benefits available to the Company and its shareholders under direct and indirect tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which are based on the business imperatives the Company may face and accordingly the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover only special tax benefits and do not cover general tax benefits available to the Company, or its shareholders. We are informed that the Annexure is only intended to provide general information to the investors and hence it 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 / her / their own tax consultant with respect to the specific tax implications arising out of their participation in the 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 benefits, which an investor can avail. We are neither suggesting nor advising the investor to invest money based on this statement.

The contents of the Annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.



This report is addressed to and is provided to enable the board of directors of the Company to include this report in the Letter of Offer, prepared in connection with the Issue and to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges and in any other material used in connection with the Issue.

Limitations

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. 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 change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed Issue relying on the statement. This statement has been prepared solely in connection with the proposed Issue by the Company under the SEBI ICDR Regulations.

Yours Faithfully,

For **VKS Aiyer & Co.**
Chartered Accountants,
ICAI Firm Registration No. 000066S



Kaushik Sidartha
Partner
Membership No.217964
UDIN: 20217964AAAAFO8908

Place: Coimbatore

**ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY
AND ITS SHAREHOLDERS**

I. Special tax benefits to the Company

1. Direct taxes

• **Income Tax Act, 1961**

- a) As per Section 35(2AB), deduction at 100% is available on Research & Development expenditure (except on land and building) incurred by the Company on in house research and development facility as approved by the prescribed authority.
- b) Further the company is entitled to a deduction at 100% in respect of expenditure of capital nature (other than those covered in 35(2AB) above) on scientific research related to the business carried on by the assessee.
- c) The company is eligible to opt for the beneficial tax rate of 22% (plus applicable surcharge and cess) as provided under section 115BAA (2) of the Act, subject to the condition that going forward it does not claim the deductions as specified in section 115BAA(2) of the Act and computes the total income as per the provision of section 115BAA(2) of the Act. Once the company opts for paying tax as per section 115BAA of the Act, such option cannot be withdrawn. Further, the provisions of section 115JB in relation to Minimum Alternative Taxes (MAT) shall not apply once the company exercises the option under 115BAA.

According to information and explanation given to us, the company may opt for the lower tax regime under section 115BAA in future years based on tax planning.

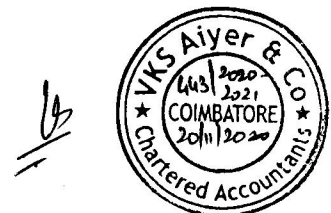
2. Indirect Taxes

There are no special tax benefits available to the Company under:

- a. The Central Goods and Services Tax Act, 2017 and rules thereunder,
- b. The Integrated Goods and Services Tax Act, 2017 and rules thereunder,
- c. The Union Territory Goods and Services Tax Act, 2017 and rules thereunder,
- d. Respective State Goods and Services Tax Act, 2017 and rules thereunder,
- e. Goods and Services Tax (Compensation to States) Act, 2017 and rules thereunder,
- f. Notifications issued under these Acts and Rules.

II. Special tax benefits to the Shareholders

The shareholders of the Company are not eligible to any special tax benefits under the provisions of the Income Tax Act, 1961 read with the relevant Income Tax Rules, 1962



Notes:

1. *We have not considered the general tax benefits available to the Company, or shareholders of the Company.*
2. *The above is as per the prevalent Tax Laws as on date.*
3. *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.*
4. *Our views expressed in the 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 interpretations, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to the change.*
5. *This Statement does not discuss any tax consequences in any country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.*

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