

V.V. BHALLA & COMPANY

CHARTERED ACCOUNTANTS

H.O. : SODIAN STREET, FEROZEPUR CITY.
Phone : 97796-88588

Ludhiana Off.: E-64-65, Rishi Nagar, LUDHIANA.
Phone : (O) 2301356, 2304356 (M) 98156-54356
E-mail : vvbhalla@yahoo.com
Website : www.vvbhalla.co.in

CHANDIGARH OFFICE :
SCO-371-372, 2nd Floor,
Sector 35B, Chandigarh-160036.
(M) 97790-33156

PANCHKULA OFFICE :
H.No. 650, Sector-7, Panchkula - 134109.
(M) 98141-50315

MUMBAI OFFICE :
1901 B Wing, Kailas Business Park,
Hiranandani Link Road, Veer Savarkar Marg,
Vikhroli West, Mumbai-400079.
(M) 98141-33156

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

To,

The Board of Directors,
M/s. Madhur Knitcrafts Limited,
Village Seera road, Ludhiana

Sub: Statement of Possible Special Tax Benefits Available to M/s. Madhur Knitcrafts Limited ("the Company") and its shareholders under direct and indirect tax laws

Dear Sirs,

We refer to the proposed initial public offering of equity shares (the "Offer") of the Company. We hereby confirm the enclosed herewith the annexure prepared and issued by the Company ("Statement"), showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the direct and indirect tax laws, including the Income-tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the "GST Act"), the Customs Act, 1962, the Customs Tariff Act, 1975, and Foreign Trade Policy 2023 (collectively the "Taxation Laws") including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2026-2027 relevant to the financial year 2025-26 for inclusion in the Draft Red-Herring Prospectus/ Red-herring Prospectus/ Prospectus ("Offer Document") for the proposed offer of equity shares, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations").

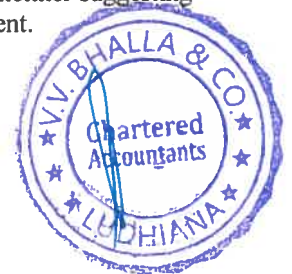
Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of taxation laws. Hence, the ability of the Company or its shareholders to derive these tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive and the preparation of the contents stated is the responsibility of the Company's management. This statement is only intended to provide general information to guide 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 their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. 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. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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

1. The Company or its shareholders will continue to obtain these benefits in future; or
2. The conditions prescribed for availing the benefits have been/would be met
3. the revenue authorities courts will concur with the views expressed herein.

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholders in the offer document for the proposed public offer of equity shares which the Company



intends to submit to the Securities and Exchange Board of India provided that the below statement of limitation is included in the offer document.

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 information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the existing tax laws in force in India 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 offering of Equity shares by the Company under the Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the Issue).

Yours sincerely,

For VV Bhalla & Co.
Chartered Accountants
Firm Registration No: 062928N

Pankaj Bhalla
Partner
Membership No: 354281
Peer Review No: 017423



UDIN: 25534281BMISZW8574
Date: 15/10/2025
Place: Ludhiana

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

Direct Taxation

Outlined below are the special tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 ('the Act'), as amended by Finance Act, 2025 i.e., applicable for Financial Year 2025-26 relevant to the Assessment Year 2026-27, presently in force in India

A. SPECIAL TAX BENEFITS TO THE COMPANY

Section 115BAA, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt for a rate of tax of 22% (plus applicable surcharge and education cess) for the financial year 2019-20 onwards, provided the total income of the company is computed without claiming certain specified incentives/deductions or set-off of losses, depreciation etc. and claiming depreciation determined in the prescribed manner. In case a company opts for section 115BAA, provisions of Minimum Alternate Tax would not be applicable and earlier year unutilized MAT credit will not be available for set-off. The option needs to be exercised on or before the due date of filing the tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.

The Company has represented to us that it will opt for section 115BAA for the assessment year 2025-26 as well as for the assessment year 2026-27

Subject to the fulfilment of prescribed conditions, the Company is entitled to claim deduction under section 80JJAA of the Act with respect to an amount equal to 30% 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.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS

The Shareholders of the Company are not entitled to any special tax benefits under the Act for investing in the shares of the Company. However, such shareholders shall be liable to concessional tax rates on certain income(s)

A domestic company receiving dividend is eligible to claim deduction under section 80M of the Act on fulfilling certain conditions.

Where shares are held as capital assets for more than 12 months immediately preceding its date of transfer, then as per section 112A of the Act, long-term capital gains arising from transfer of an equity share through the recognized stock exchange, should be taxed at 12.5% (plus applicable surcharge and cess), without indexation benefit, subject to fulfillment of prescribed conditions under the Act. Tax shall be levied on capital gains exceeding INR 1,25,000.

Where shares are held as capital assets for 12 months or less, (as per Section 111A of the Act), short term capital gains arising inter alia from transfer of an equity share through the recognized stock exchange, should be taxed at 20% (plus applicable surcharge and cess) subject to fulfillment of prescribed conditions under the Act.



In respect of non-resident shareholders, the tax rates and the consequent taxation shall be as per the provisions of the Act and it is further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the relevant country subject to entitlement.

Indirect Taxation

Outlined below are the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017/ Integrated Goods and Services Tax Act, 2017/ Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 read with Rules, Circulars, and Notifications (collectively the "GST act"), the Customs Act, 1962, Customs Tariff Act, 1975 ("Customs law") and Foreign Trade Policy 2023 ("FTP") (collectively referred as "Indirect Tax laws").

A. SPECIAL TAX BENEFITS TO THE COMPANY

There are no special tax benefits available to the Company under indirect tax laws.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS

The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company. Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017.

Apart from above, the Shareholders of the Company are not entitled to any special tax benefits under the Indirect Tax laws.

