



Report of the Audit Committee of the Board of Directors of Privi Speciality Chemicals Limited for recommending the Scheme of Amalgamation of Privi Fine Sciences Private Limited and Privi Biotechnologies Private Limited with Privi Speciality Chemicals Limited ("PscL" or the "Transferee Company") and their respective Shareholders and Creditors at their meeting held on Saturday, 14th June 2025.

Members Present:

Through Audio Visual means

Mr. Naresh Tejwani – Non-Executive Independent Director
Mr. Anurag Surana – Non-Executive Independent Director
Mr. Hemang Gandhi – Non-Executive Independent Director
Mr. Priyamvada Bhumkar – Non-Executive Independent Director

Ex-officio invitees (Present physically at hosting location)

Mr. Mahesh P. Babani - Chairman & Managing Director
Mr. D B Rao - Executive Director
Mr. Narayan S. Iyer – Chief Financial Officer
Mr. Sanjeev Patil – Sr. VP Business Strategy & Biotechnology and Director of Privi Fine Sciences Private Limited,
Mr. Arun Newalkar - Chief Financial Officer and Director of Privi Fine Sciences Private Limited
Ms. Ashwini Saumil Shah – Company Secretary of the Company.

1. Background

- 1.1. The proposal to consider and recommend Scheme of arrangement in the nature of amalgamation of Privi Fine Sciences Private Limited ("PFSP" or "the Transferor Company 1") and Privi Biotechnologies Private Limited ("PBPL" or "the Transferor Company 2"), (Transferor Company 1 and Transferor Company 2 together mentioned as "the Transferor Companies") with Privi Speciality Chemicals Limited ("PSC" or the "Transferee Company") and their respective shareholders and creditors, in terms of the provisions of Sections 230 to 233 of the Companies Act, 2013 (the "Act") read with rules made thereunder, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations") and the Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20th June 2023 issued by the SEBI (the "Master Circular"), and the applicable Accounting Standards specified under Section 133 of the Act ("the applicable Accounting Standards") and other Generally Accepted Accounting Principles ("Scheme") was placed before and considered by members of the Audit Committee at its meeting held on Saturday, 14th June 2025.
- 1.2. The equity shares of Privi Speciality Chemicals Limited are listed on BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Transferee Company will be filing the Scheme along with the necessary documents/information with the BSE and NSE for their No-objection Letter pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") and applicable statutory



PRIVI SPECIALITY CHEMICALS LIMITED

Knowledge Centre & Regd. Office : Privi House, A-71, TTC, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400 710, India | Tel. : +91 22 68713200 / 33043500 / 33043600 / 27783040 / 27783041 / 27783045
Fax: +91 22 27783049 / 68713232 | Email: enquiry@privi.co.in | Web: www.privi.com | CIN: L15140MH1985PLC286828



provisions.

- 1.3. The Report of the Audit Committee is made to comply with the requirements of the SEBI LODR Regulations and Master Circular in relation to scheme of arrangement issued by the SEBI vide Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20th June 2023, covering all circulars issued by the SEBI in relation to scheme of arrangement including any amendments or modifications thereof, and any other circular issued pursuant to Regulations 11, 37 and 94 of the SEBI LODR Regulations ("**SEBI Scheme Circular**"), considering following:

- i. Scheme, duly initiated by the Director of the Company for the purpose of identification;
- ii. Valuation Report issued by KKCA Valuers LLP, an Independent Registered Valuer (IBBI Registration No. IBBI/RV/06/2019/11302) ("**Registered Valuer**") appointed for recommending the fair share exchange ratio for the purpose of the Scheme;
- iii. Fairness Opinion Report issued by Navigant Corporate Advisors Limited, Category-I SEBI Registered Merchant Banker (SEBI Registration No. INM000012243), providing fairness opinion ("**Fairness Opinion**") on the share exchange ratio recommended in the Valuation Report issued by Registered Valuer;
- iv. certificate issued by M/s B S R & Co., LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), the Statutory Auditors of the Transferee Company, as required under Section 230(7)(e) of the Companies Act, 2013 and SEBI Scheme Circular certifying that the accounting treatment as specified in Clause 13 of the Scheme is in compliance with the applicable Indian Accounting Standards specified by the Central Government under Section 133 of the Companies Act, 2013.

2. Proposed Scheme

- 2.1. The Scheme, inter-alia, provides the following:

- i. Merger/amalgamation of Privi Fine Sciences Private Limited ("**PF SPL**" or "**the Transferor Company 1**") and Privi Biotechnologies Private Limited ("**PB PL**" or "**the Transferor Company 2**"), (Transferor Company 1 and Transferor Company 2 together mentioned as "**the Transferor Companies**") with Privi Speciality Chemicals Limited ("**PS CL**" or the "**Transferee Company**") and their respective shareholders and creditors; and
- ii. Various other matters consequential or otherwise integrally connected herewith

- 2.2. Appointed Date of the Scheme shall be the opening business hours of 1st April 2025 or such other date as the Hon'ble National Company Law Tribunal ("**NCLT**") may allow or direct and which is acceptable to the respective Board of Directors of the Transferor Companies and the Transferee Company.

- 2.3. Effective Date of the Scheme shall mean the last of the dates on which all the conditions as referred to in Clause 22 of the Scheme have been complied with, including filing of certified



PRIVI SPECIALITY CHEMICALS LIMITED

Knowledge Centre & Regd. Office : Privi House, A-71, TTC, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400 710, India | Tel. : +91 22 68713200 / 33043500 / 33043600 / 27783040 / 27783041 / 27783045
Fax: +91 22 27783049 / 68713232 | Email: enquiry@privi.co.in | Web: www.privico.com | CIN: L15140MH1985PLC286828



copy of the order passed by the Hon'ble NCLT sanctioning the Scheme, with the Registrar of Companies by the Transferor Companies and the Transferee Company respectively.

- 2.4. The Scheme would be subject to the sanction or approval of the Hon'ble NCLT, Securities and Exchange Board of India ("SEBI"), Stock Exchange(s), Shareholders, Creditors and other appropriate authorities (as defined in the Scheme).

3. Need for the merger and Rationale of Scheme

- a) The Transferor Company 1 is engaged in business of manufacturing, buying and selling of aroma chemicals and chemicals, ethanol and products, including specifically, gases, effluent gases, power, steam, petroleum products, alcohol products, energy related and power related products, bio fertilizers, petrochemical products in all its branches including Ethylene, Propylene, Butadiene, biotechnology products, agro based products and other related and non-related technologies including technologies that may be developed in future, proprietary medicines, pharmaceuticals, health foods. Further, it is also engaged in business of manufacturing, buying and selling chemicals including (organic as well as inorganic) but not limited to flavours, fragrances, essences, oil, preservatives and ingredients for food, silicas and their intermediaries. The promoter of the Transferee Company is a shareholder, holding 87.59 % of the issued, subscribed and paid up equity share capital of Transferor Company 1.
- b) The Transferor Company 2 is engaged in business as manufacturers, researchers, developers, creators, buyers, sellers, importers, exporters, refiners, dealers, agents, wholesalers, retailers and distributors of all kinds of biotechnology products and all products developed or to be developed in the future using biotechnology and other related and non-related technologies including technologies that may be developed in the future, proprietary medicines, pharmaceuticals, health foods and foods of all kinds, all kinds and forms of organic and inorganic chemicals including gelatine of all kinds and forms, including its amalgams, derivatives and by products, pesticides, acids, alkalis, natural and synthetic waxes, dyes, paints, pigments, oils, varnishes and resins, to carry on the business of manufacturing bioinformatics diagnostic tools, all medical engineering equipments along with software developments and tools relating to genome, genomic, genotype, genetic or any areas relating to genetic engineering and to patent all original research, procedures, methods products and by-products, technologies and software developed by the Company. The Transferee Company is the Holding Company of Transferor Company 2, holding 100% of issued, subscribed and paid up equity share capital of the Transferor Company 2.
- c) The Transferee Company is India's leading bulk Aroma Chemical manufacturing Company engaged in the business of manufacture bulk Aroma & Speciality chemicals primarily used in the fragrance and flavour industry, buy, sell and otherwise deal in Organic Chemicals, Silicas, Inorganic chemicals and their intermediaries, including manufacture & trade of food additives, food flavourings and food ingredients; produce, extract, store, buy, sell, import and export organic chemicals, inorganic chemicals, silicas, silicates, phosphates and their intermediaries or obtain from or through any organic or inorganic chemicals; chemical manufacturers, analytical chemists, importers, exporters and manufacturers and dealers in



PRIVI SPECIALITY CHEMICALS LIMITED

Knowledge Centre & Regd. Office : Privi House, A-71, TTC, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400 710. India | Tel. : +91 22 68713200 / 33043500 / 33043600 / 27783040 / 27783041 / 27783045
Fax: +91 22 27783049 / 68713232 | Email: enquiry@privi.co.in | Web: www.privi.com | CIN: L15140MH1985PLC286828



heavy chemicals, drugs, essences, cordials, acids, alkali, dyes and dye intermediaries, auxiliaries, colors, dyes, paints, varnishes, biochemicals and Nutraceuticals, medicinal, bleaching, photographic and other preparations and such other related products. mineral and other waters, oil, paints, pigments and varnishes, drugs, paint and colours, grinders, makers of and dealers in proprietary articles.

- d) The amalgamation of the Transferor Company 1 and Transferor Company 2 with the Transferee Company will provide significant synergistic benefits, economies of scale, consolidation of finances and operational efficiencies as well as forward integration of the business of the Transferee Company. The amalgamation shall also add into the top line of the transferee company ultimately increasing shareholder value.
- e) The Transferee Company intends to integrate the operations of the Transferor Company 1 and Transferor Company 2 with itself as a part of restructuring process by taking over the manufacturing unit along with its business know-how, market niche, all the tangible and intangible assets with liability except the liability owed to transferee company.
- f) The Amalgamated Company (defined below in clause 4(b)) will have greater efficiency in overall business including economies of scale, cash flow management of the amalgamated entity and unfettered access to cash flow generated by the combined business which can be deployed more efficiently for the purpose of development of businesses of the companies and their growth opportunities, eliminate inter corporate dependencies, minimize the administrative compliances, etc. resulting in maximisation of shareholders value.
- g) Amalgamation will result in cost saving for the Transferor Company 1, the Transferor Company 2 and the Transferee Company as they are engaged in the related and interdependent activity which is expected to result in higher net worth and cost savings for the Amalgamated Company.
- h) The Amalgamated Company will have the benefit of the combined resources of the Transferor Company 1, the Transferor Company 2 and the Transferee Company i.e., market share, scale, efficiency, combined net-worth, combined employee base, reserves, investments, and other assets, manpower, consolidated pool of finances, including optimization of borrowing costs and administrative compliances related thereto, larger size, consolidation of operations, mitigating competition, future opportunities, etc. The Amalgamated Company would be in a position to carry on consolidated operations through optimum utilization of its resources and integrated production facilities.
- i) The Amalgamated Company would also have a larger net-worth base, and greater borrowing capacity, which would provide it a competitive edge over others, especially in view of the increasing competition due to liberalization and globalization, which will be beneficial in more than one ways to the Transferor Companies and the Transferee Company and their shareholders and creditors, as the Transferor Companies and the Transferee



PRIVI SPECIALITY CHEMICALS LIMITED

Knowledge Centre & Regd. Office : Privi House, A-71, TTC, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400 710, India | Tel. : +91 22 68713200 / 33043500 / 33043600 / 27783040 / 27783041 / 27783045
Fax: +91 22 27783049 / 68713232 | Email: enquiry@privi.co.in | Web: www.privico.in | CIN: L15140MH1985PLC286828



Company plan to meet the competition in a more effective way by combining their asset base and operations.

- j) The Board of Directors of the Transferor Company 1, the Transferor Company 2 and the Transferee Company are of the opinion that the amalgamation would motivate employees by providing better opportunities to scale up their performance with a corporate entity having large revenue base, resources, asset base etc which will provide impetus to corporate performance thereby enhancing overall shareholder value.

With the aforesaid objectives, it is proposed to amalgamate the Transferor Company 1 and the Transferor Company 2 with the Transferee Company.

4. Purpose of the Scheme

- a) It is therefore proposed that the Transferor Companies be merged on a going concern basis, pursuant to a Scheme of Amalgamation under Sections 230 to 233 of the Companies Act, 2013 and such other applicable provisions as may be applicable from time to time, and be merged with the Transferee Company for achieving joint focus and benefits in the areas as brought out in Clause 2 above.
- b) With the aforesaid objective and to give effect to the terms of this Scheme of Amalgamation, the Transferor Companies and the Transferee Company will combine the activities and operations into a single company i.e. Transferee Company for synergistic linkages besides the benefit of financial and other resources of each other as stated in Clause 2 above.
- c) This Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme is/are found or interpreted to be inconsistent with the provisions of Section 2(1B) of the Income Tax Act, 1961 at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(1B) of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of Section 2(1B) of the Income Tax Act, 1961.

5. Synergies of business of the entities involved in the Scheme

As elaborated in the rationale of the Scheme, the amalgamation of the Transferor Company 1 and the Transferor Company 2 with the Transferee Company provides an opportunity to the Transferee Company to consolidate the ownership of the Transferee Company.

6. Impact of the Scheme on the shareholders of the Company

- 6.1. Pursuant to the Scheme, equity shares of the Transferee Company are proposed to be issued to the shareholders of the Transferor Company 1 on the basis of share exchange ratio, as recommended by the Registered Valuer. Further, the Fairness Opinion report from Merchant Banker has confirmed that the share exchange ratio as recommended by the Registered Valuer is fair for both the Transferor Companies and their respective shareholders.



PRIVI SPECIALITY CHEMICALS LIMITED

Knowledge Centre & Regd. Office : Privi House, A-71, TTC, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400 710, India | Tel. : +91 22 68713200 / 33043500 / 33043600 / 27783040 / 27783041 / 27783045 Fax: +91 22 27783049 / 68713232 | Email: enquiry@privi.co.in | Web: www.privico.com | CIN: L15140MH1985PLC286828



- 6.2. The Scheme has been drafted keeping in mind the provisions of Section 2(1B) of the Income- tax Act, 1961, as more particularly elaborated in Clause 11 of the Scheme, and therefore it may not have any adverse tax implications.
- 6.3. The Scheme is expected to be beneficial to the Transferor Companies and the Transferee Company and their respective shareholders and all other stakeholders at large and is not detrimental to any of the shareholders of the Transferee Company.
7. **Cost benefit analysis of the Scheme**
Keeping in view of the need for the merger, rationale of the Scheme and expected synergies, the Audit Committee is of the view that the proposed Scheme of Arrangement will provide many benefits to the Transferee Company in terms of development and expansion of its business without requiring immediate outflow of cash resources as the consideration is proposed to be discharged by issue of shares of the Transferee Company, while there would be non-material procedural costs to be expended by the Transferee Company to implement the Scheme proposal. Thus, considering all aspects, the Audit Committee is of the considered view that benefits would outweigh the costs.
8. **Recommendations of the Audit Committee**
The Audit Committee after due deliberations and due consideration of all the terms of the Scheme, Valuation Report, Fairness Opinion Report and in view of above points, recommends the Scheme for favorable consideration by the Board of Directors of the Company, BSE, NSE and SEBI and other statutory or regulatory authorities.

For PRIVI SPECIALITY CHEMICALS LIMITED

NARESH TEJWANI
CHAIRMAN OF AUDIT COMMITTEE
INDEPENDENT DIRECTOR
DIN: 00847424



Date: June 14, 2025
Place: Navi Mumbai



PRIVI SPECIALITY CHEMICALS LIMITED

Knowledge Centre & Regd. Office : Privi House, A-71, TTC, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400 710, India | Tel. : +91 22 68713200 / 33043500 / 33043600 / 27783040 / 27783041 / 27783045 Fax: +91 22 27783049 / 68713232 | Email: enquiry@privi.co.in | Web: www.privichem.com | CIN: L15140MH1985PLC286828