To,
The General Manager,
Department of Corporate Services,
BSE Limited,
P.J. Towers, Dalal Street,
Mumbai – 400 001.

Dear Sir,

Subject: Reasons justifying the EBIDTA/PAT margin considered in the valuation report.

Transferor Company 1 is a going concern. Therefore, the Equity Valuation can be done in the following well accepted methodologies:

- Net Asset Value (NAV)
- Comparable Company Market Multiple method
- Income Approach – based on Discounted Cash Flows

a) NAV: This approach is based on the historic value of assets and ignores the future earning potential of the Company. PFSPL is at a nascent stage, thus, an approach that ignores future earnings is *inappropriate*.

b) Comparable Company multiple: While EV/EBIDTA or PE multiples are available for speciality chemical companies, as PFSPL is not a listed company, this method has not been adopted. *Moreover, the Promoter wants to pass on the valuation multiple arbitrages to shareholders of PSCL.*

c) Income Approach – Based on Discounted Cash Flow: Financial Projections based on the established products, products in pipeline (to be introduced in H2 of the current financial year), and R&D driven products which are currently at Pilot stage are presented in the following slide. Based on these projections, and the estimated profitability, net cash flows have been discounted at WACC of 14.31%. The PV of net cash flow, after accounting for the Debt have been further discounted by 25%.

In our Scheme of Amalgamation, we have used the Income approach for amalgamation of PFSPL with PSCL. Final Equity Value ascertained for PFSPL is Rs.443.17 cr. There is, however, significantly higher potential for the renewable speciality platform that PFSPL is creating.

Transferor Company 2 is getting merged as per the Net Asset Value method being a 100% Subsidiary company of the parent company.

For Privi Speciality Chemicals Limited

Ashwini Saumil Shah
Company Secretary

PRIVI SPECIALITY CHEMICALS LTD. REGD. OFFICE Navi Mumbai - 400 710.

Date: July 14, 2025

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