PRICOL LIMITED
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CUSTOMERS EMPLOYEES SHAREHOLDERS SUPPLIERS

REPORT OF THE AUDIT COMMITTEE OF PRICOL LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN PRICOL LIMITED AND PRICOL AUTOTECH LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS HELD ON 27TH JUNE 2026

1. Background

1.1. A meeting of the Audit Committee of Pricol Limited ("**Company**" or "**Demerged Company**") was held on 27th June 2026, to inter alia, consider and recommend the draft Scheme of Arrangement between the Company and Pricol Autotech Limited ("**Resulting Company**") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") ("**Scheme**").

1.2. The equity shares of the Company are listed on the BSE Limited and National Stock Exchange of India Limited ("**Stock Exchanges**").

1.3. The Scheme provides for the following and various other matters consequent and incidental thereto:

1.3.1 demerger, transfer and vesting of the Demerged Undertaking (*as defined in the Scheme*) from the Company into the Resulting Company on a *going concern* basis and issue of equity shares by the Resulting Company to the shareholders of the Company, in consideration thereof; and

1.3.2 reduction and cancellation of the entire paid-up share capital of the Resulting Company as on the Effective Date (*as defined in the Scheme*).

1.4. This report of Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, including amendments thereto.

1.5. The following documents were, *inter alia*, placed before the Audit Committee:

(a) Draft Scheme of Arrangement;

(b) Fair Equity Share Entitlement Ratio Report dated 27th June 2026 issued by SSPA & Co, Chartered Accountants (ICAI Firm Registration No. 128851W) and (IBBI Registration Number: IBBI/RV-E/06/2020/126), Registered Valuer ("**Registered Valuer**") ("**Share Entitlement Ratio Report**"); and

(c) Fairness Opinion dated 27th June 2026 issued by Saffron Capital Advisors Private Limited (SEBI Merchant Registration No.: INM000011211) ("**Merchant Banker**") on the fairness of the fair equity share entitlement ratio determined under the Share Entitlement Ratio Report in connection with the proposed Scheme ("**Fairness Opinion**").

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2. Proposed Scheme

2.1. Need for the demerger, rationale and synergies of business of the companies involved in the Scheme

Rationale for the proposed Scheme is as under:

1. *The proposed Scheme is expected to enable a clear segregation of the Demerged Undertaking and the Remaining Business of the Demerged Company, thereby allowing the Demerged Company and the Resulting Company to concentrate on their respective core activities, business priorities and commercial objectives.*

2. *The demerger of the DICVS Business is a strategic decision to create a simpler, sharper and more agile corporate entity, to meet the fast changing needs and technologies related to this business and its dynamic market realities. The Demerged Undertaking and the Remaining Business of the Demerged Company currently operates with differing customer needs, competitive dynamics, capital allocation and risk profiles. Over time with a well thought out and clear strategic intent, both the Demerged Undertaking and the Remaining Business of the Demerged Company have acquired sufficient scale and maturity to function more effectively as focused standalone businesses.*

3. *The transfer and vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company pursuant to this Scheme would, inter alia, result in the following benefits for the Parties:*
   - *(i) Financial flexibility for each entity to pursue investment decisions aligned with their respective business portfolios and market requirements;*
   - *(ii) Reducing operational complexity to enable faster decision making and streamlining operations;*
   - *(iii) This demerger will provide each of the businesses with independent and dedicated management teams enabling clear market access and a clean operating model, allowing them to better leverage growth opportunities in the domestic and international markets;*
   - *(iv) Allow each entity to tailor its operational processes, policies, systems and governance to meet its respective business needs; resulting in improved execution, efficiency and agility; and*
   - *(v) Creation of focused and independent business platforms for the Demerged Undertaking and the Remaining Business of the Demerged Company, with clear and enhanced visibility of their respective stakeholder value, growth prospects and investment merits, improved ability to attract strategic and financial investors to meet the needs of the respective business, greater flexibility to access capital, pursue growth and technology opportunities and implement their respective long-term strategies.*

4. *The Scheme is in the interests of all stakeholders of the Demerged Company and the Resulting Company.*

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2.2. Impact of the Scheme on the Company and its shareholders

(a) Pursuant to the Scheme, it is proposed to demerge, transfer and vest the Demerged Undertaking from the Company into the Resulting Company, on a *going concern* basis and the Scheme will result in benefits and/or synergies to the Company as listed in Paragraph 2.1 of this report.

(b) In terms of the Scheme, the Resulting Company shall issue and allot its equity shares, on a proportionate basis to shareholders of the Company, whose name is recorded in the register of members and/ or records of the depository as on the Record Date (*as defined in the Scheme*). There will be no change in the economic interest of the shareholders of the Company, before and after Scheme. Further, once the Scheme is effective, the Resulting Company will have replica/ mirror shareholding of the Company.

(c) Upon the effectiveness of the Scheme and subject to receipt of regulatory approvals, the equity shares of the Resulting Company issued as consideration to the shareholders of the Company in terms of the Scheme, will be listed on BSE Limited and the National Stock Exchange of India Limited.

2.3. Cost benefit analysis of the Scheme

Although the Scheme involves certain costs such as transaction cost, implementation cost, regulatory fees, stamp duties, etc. however, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company entailing benefits specified in Paragraph 2.1 above.

3. Recommendation of the Audit Committee

The Audit Committee after due deliberations and detailed discussions, and *inter alia* taking into consideration the draft Scheme, Share Entitlement Ratio Report, Fairness Opinion, have noted the rationale, benefits and the impact of the Scheme on shareholders and other concerned. Based on the foregoing, the Audit Committee is of the view that the Scheme is in the interest of the Company and all the stakeholders, and hereby recommends the Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Audit Committee
For and on Behalf of Pricol Limited

K.Ilango
DIN: 00124115
Chairman of Audit Committee

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Place: Coimbatore
Date: 27th June 2026