



PICCADILY

- SINCE - 1987 -

**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF PICCADILY AGRO INDUSTRIES LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN PICCADILY AGRO INDUSTRIES LIMITED AND PICCADILY FOOD & ESSENTIALS LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS, UNDER SECTION 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 ADOPTED AT ITS MEETING HELD ON TUESDAY, APRIL 28, 2026, AT G-17, JMD PACIFIC SQUARE, SECTOR-15, PART-2, GURGAON-122002, HARYANA.**

The following members of the Audit Committee were present at the Meeting:

1. Rajan Talwar, Chairperson;
2. Harvinder Singh Chopra, Member; and
3. Rajeev Kumar Sanger, Member.

**1. Background**

- 1.1 The draft Scheme of Arrangement between Piccadily Agro Industries Limited ("**Demerged Company**" or "**Company**" or "**PAIL**") and Piccadily Food & Essentials Limited ("**Resulting Company**" or "**PFEL**") and their respective shareholders and creditors (hereinafter referred to as "**Scheme**"), pursuant to Section 230 to 232 and other applicable provisions, of the Companies Act, 2013 ("**Act**") read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) or other amendment(s) thereof for the time being in force), Section 2(35) of Income Tax Act, 2025, applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") and other applicable laws including SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time ("**SEBI Schemes Master Circular**") was presented to the Audit Committee at its meeting held on Tuesday, April 28, 2026 for its consideration and making recommendation to the Board of Directors of the Company. Capitalised terms used and not defined herein shall have the meaning ascribed to them in the Scheme.
- 1.2 In terms of SEBI Schemes Master Circular, a report from the Audit Committee of the Board of the Company, recommending the draft Scheme is required taking into consideration inter alia the Share Entitlement Report, and commenting on the need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme. Accordingly, this report of the Audit Committee is prepared to comply with the aforesaid requirements.
- 1.3 The Demerged Company is a listed public limited company incorporated under the Act bearing corporate identification number L01115HR1994PLC032244 and Permanent Account Number AABCP7343R. The Demerged Company has its registered office at Village Bhadson, Umri-Indri Road Tehsil Indri, District Karnal, Haryana - 132109, India. The equity shares of the Company are listed on BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**"), (collectively referred to as the "**Stock Exchanges**").

**Piccadily Agro Industries Ltd.**

Registered Office: Village Bhadson, Umri – Indri Road, Teh. Indri, Distt. Karnal, Haryana- 132117 (India)

Corporate Office: G-17, JMD Pacific Square, Sector-15 (Part-2), Gurugram, Haryana 122002 (India)

Ph.: +91-124-4300840, Website: [www.piccadily.com](http://www.piccadily.com), Email: [info@piccadily.com](mailto:info@piccadily.com)

Administrative Office: 275-276, Captain Gaur Marg, Srinivasपुरi, New Delhi 110065

Investor Relations: Ph.: +91-172-2997651

CIN No.: L01115HR1994PLC032244





PICCADILY

— SINCE 1987 —

- 1.4 The Resulting Company is a public limited company incorporated under the Act bearing corporate identification number U10720HR2025PLC139275 and having its registered office at 101, 1<sup>ST</sup> Floor, JMD Pacific Square, Sector -15 Part 2, Gurgaon- 122002, Haryana, India. The Resulting Company is a wholly owned subsidiary of Demerged Company. The equity shares of the Resulting Company are presently not listed on any Stock Exchange.
- 1.5 While deliberating on the Scheme, the Audit Committee, inter-alia, considered and took on record the following documents
- g) Draft Scheme duly initialled by the Company Secretary of the Company for the purpose of identification
  - h) Report on Recommendation of Entitlement Ratio dated April 28, 2026, issued by Mr. Abhinav Agarwal, Registered Valuer (IBBI Reg no. IBBI/RV/06/2019/12564) ("**Share Entitlement Report**"), recommending the share entitlement ratio;
  - i) Fairness Opinion dated April 28, 2026, issued by Sundae Capital Advisors Private Limited, independent SEBI registered Category-I Merchant Banker (Registration No. INM000012494) providing its opinion on the share entitlement ratio in the Share Entitlement Report ("**Fairness Opinion**");
  - j) Draft Auditor's Certificate by the Statutory Auditors of the Company i.e., Jain & Associates, Chartered Accountants ("**Auditors Certificate**") in terms of SEBI Circulars and provisos to Section 230(7) and Section 232(3) of the Act certifying that the accounting treatment in the draft Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013; and
  - k) Draft Undertaking by the Company as prescribed under Paragraph (A)(10)(c) of Part I of the SEBI Schemes Master Circular stating the reasons for non-applicability of Paragraph (A)(10)(b) read with Paragraph (A)(10)(a) of the SEBI Schemes Master Circular, relating to obtaining approval of the majority of public shareholders along with certificate dated April 28, 2026 of the Statutory Auditors of the Company i.e., M/s Jain & Associates, Chartered Accountants, certifying the said undertaking. ("**Undertaking for non-applicability Paragraph (A)(10)(c)**")
  - l) Other presentations, financials, reports, documents and information made to furnished before the Independent Directors pertaining to the draft Scheme.
- 1.6 The draft Scheme will be filed with BSE and NSE pursuant to Regulation 37 of the Listing Regulations read with the SEBI Schemes Master Circular, for obtaining a no-objection letter from the stock exchanges.
- 1.7 The Scheme will be presented before the National Company Law Tribunal, Chandigarh, under Section 230 to 232 and other applicable provisions of the Act, the SEBI Schemes Master Circular and will also be in compliance with Section 2(35) and other relevant provisions of the Income-tax Act, 2025.

**Piccadily Agro Industries Ltd.**

Registered Office: Village Bhadson, Umri – Indri Road, Teh. Indri, Distt. Karnal, Haryana- 132117 (India)

Corporate Office: G-17, JMD Pacific Square, Sector-15 (Part-2), Gurugram, Haryana 122002 (India)

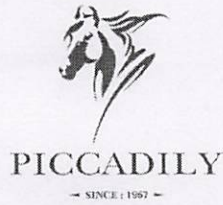
Ph.: +91-124-4300840, Website: www.piccadily.com, Email: info@piccadily.com

Administrative Office: 275-276, Captain Gaur Marg, Srinivasपुरi, New Delhi 110065

Investor Relations: Ph.: +91-172-2997651

CIN No.: L01115HR1994PLC032244





## 2. Salient features of the Scheme

The Scheme (as defined hereinafter) is pursuant to the provisions of Sections 230-232 and other applicable provisions of the Act (as defined hereinafter).

### 2.3 The Scheme *inter alia* provides the following

- vii) Demerger, transfer and vesting of the Demerged Business and Undertaking (as defined hereinafter) from the Demerged Company into the Resulting Company on a going concern basis, and issue of equity shares by the Resulting Company to the equity shareholders of the Demerged Company, in consideration thereof, in accordance with the provisions of Section 2(35) of the Income Tax Act, 2025, and various other matters consequential or otherwise integrally connected therewith including, *inter alia*, the consequent reduction and cancellation of the existing shareholding of the Demerged Company in the Resulting Company;
- viii) The Appointed Date is April 01, 2027 or such other date as may be approved by the Board of the Demerged Company and the Resulting Company and sanctioned by the Hon'ble Tribunal;
- ix) The Effective Date means the date on which certified copy of the Order of the Hon'ble Tribunal under the provisions of the Act sanctioning the Scheme is filed with the jurisdictional Registrar of Companies, after obtaining last of the sanctions, orders or approvals required under the Act and Part I of the Scheme;
  - i) The Scheme does not have any adverse effect on either the shareholders or the employees or the creditors of the Demerged Company.
  - ii) The demerged of Demerged Company is in accordance with the provisions of Section 2(35) of the Income Tax Act, 2025.
  - iii) The Scheme has been approved by the respective Board of Directors of each of Demerged and the Resulting Company. Accordingly, it has been decided to make the requisite applications/petitions before the Tribunal for the sanction of this Scheme.

### 2.4 The effectiveness of the Scheme is conditional upon fulfilment of the 'Conditions Precedent to effectiveness' as specified in the Scheme ("said conditions") which include

- (vi) The Stock Exchanges having issued their observation / no-objection letters as required under the SEBI LODR Regulations read with the SEBI Schemes Master Circular.
- (vii) The Scheme being agreed to by the respective requisite majority of members and creditors of each of Demerged Company and Resulting Company, as may be directed by the Tribunal;
- (viii) The fulfilment, satisfaction or waiver (as the case may be) of any approvals or conditions mutually agreed by the Parties as required for completion of transactions contemplated under this Scheme;

### **Piccadily Agro Industries Ltd.**

Registered Office: Village Bhadson, Umri – Indri Road, Teh. Indri, Distt. Karnal, Haryana- 132117 (India)

Corporate Office: G-17, JMD Pacific Square, Sector-15 (Part-2), Gurugram, Haryana 122002 (India)

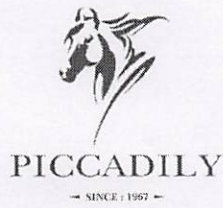
Ph.: +91-124-4300840, Website: [www.piccadily.com](http://www.piccadily.com), Email: [info@piccadily.com](mailto:info@piccadily.com)

Administrative Office: 275-276, Captain Gaur Marg, Srinivaspuri, New Delhi 110065

Investor Relations: Ph.: +91-172-2997651

CIN No.: L0115HR1994PLC032244





- (ix) The Scheme being approved by the Tribunal; and
- (x) Certified copy of the Order of the Tribunal sanctioning this Scheme being filed with the jurisdictional Registrar of Companies, by Demerged Company and Resulting Company in terms of Section 230(5) of the Companies Act.

Upon the fulfilment of the said conditions, the Scheme shall become effective from Appointed Date and operative from the Effective Date.

### 3. Need for the Scheme and Rationale of the Scheme

3.3 The Demerged Company operates in two distinct lines of business, namely:

- (iii) The manufacture of White Crystal Sugar from sugarcane (the “Sugar Business”)
- (iv) The manufacture of Rectified Spirit, Carbon Dioxide Gas, Extra Neutral Alcohol from molasses, rice, wheat, malt, PET, etc. (the “Distillery Business”).

3.4 The Board of the Demerged Company intends to separate the Sugar Business from the Demerged Company through this Scheme which contemplates the demerger of the Demerged Business and Undertaking into and with the Resulting Company. The proposed Scheme would be in the best interests of the Demerged Company, Resulting Company and their respective shareholders, employees, creditors and other stakeholders and is driven by the following business and commercial objectives and likely to result in the following benefits:

- i. Demerger of the Sugar Business and transferring it to a separate company would enable both the Demerged Company and the Resulting Company to provide focused attention for growth of their core businesses and attract required investments for growing that business;
- ii. The Demerged Company and Resulting Company will have the ability to benefit from the portfolio, brand and resources of the Distillery Business and Sugar Business respectively to enable it to accelerate and maintain its growth in the respective industry;
- iii. Implementation of the Scheme is expected to help bring in greater business focus and enhance shareholder value;
- iv. The Scheme will be conducive to better and more efficient and effective conduct of business and operations of the respective companies, by utilizing the financial resources, managerial talents, technical skills and marketing resources and services delivery capabilities;
- v. The Scheme would unlock value for the overall-business portfolio through price-discovery of the individual entities for existing shareholders;

### **Piccadily Agro Industries Ltd.**

Registered Office: Village Bhadson, Umri – Indri Road, Teh. Indri, Distt. Karnal, Haryana- 132117 (India)

Corporate Office: G-17, JMD Pacific Square, Sector-15 (Part-2), Gurugram, Haryana 122002 (India)

Ph.: +91-124-4300840, Website: [www.piccadily.com](http://www.piccadily.com), Email: [info@piccadily.com](mailto:info@piccadily.com)

Administrative Office: 275-276, Captain Gaur Marg, Srinivaspuri, New Delhi 110065

Investor Relations: Ph.: +91-172-2997651

CIN No.: L0115HR1994PLC032244





PICCADILY

— SINCE 1967 —

- vi. The Scheme could lead to the right operating architecture for both companies with sharper focus on their individual business strategies and clear capital allocation, in alignment with the respective value creation journeys;
- vii. Separately listed companies to attract specific set of investors for their business profile, achieve financial flexibility and consequently, encourage stronger capital market outcomes.

#### 4. Synergies of business of the entities involved in the Scheme

The Audit Committee noted that the Scheme provides for demerger of the Sugar Business of the Demerged Company. The said demerger will entail the synergies and benefits specified in paragraph 3 above.

#### 5. Impact of the Scheme on the shareholders of the Company

The Audit Committee noted the following:

- i) As consideration for the demerger of the Demerged Business and Undertaking, the Resulting Company shall issue to each shareholder of the Demerged Company, for every 9 (Nine) equity share of face value Rs. 10/- each fully paid up held in the Demerged Company, 1 (One) fully paid-up equity shares of face value of Rs. 10/- each fully paid up in the Resulting Company.
- ii) For the purpose of such allotment, if a member of Demerged Company is entitled to receive any fractional equity shares in the capital of Resulting Company, shall be aggregated and held by a trust, nominated by the Board of the Resulting Company in that behalf who shall sell such shares in the market at available market price, within a period of 90 days from the date of allotment of shares, as per the Scheme and on such sale, shall pay to the Resulting Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of Resulting Company in proportion to their respective fractional entitlements ignored for the purpose of allotment and sold by the trustee upon consolidation.
- iii) Upon coming into effect of the Scheme and subject to the provisions of the Scheme, the Resulting Company shall, without any further application, act, deed, consent or instrument, issue and allot the equity share(s) to the equity shareholders of the Demerged Company who hold fully paid-up equity shares of the Demerged Company and whose names are recorded in the register of members and/ or records of the depository on the Record Date.
- iv) The Resulting Company shall apply for listing of its equity shares on the Stock Exchanges in terms of and in compliance of SEBI Schemes Master Circular and other relevant provisions as may be applicable. The equity shares allotted by the Resulting

#### **Piccadily Agro Industries Ltd.**

Registered Office: Village Bhadson, Umri – Indri Road, Teh. Indri, Distt. Karnal, Haryana- 132117 (India)

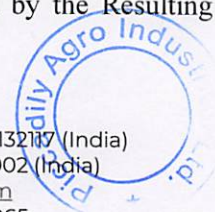
Corporate Office: G-17, JMD Pacific Square, Sector-15 (Part-2), Gurugram, Haryana 122002 (India)

Ph.: +91-124-4300840, Website: [www.piccadily.com](http://www.piccadily.com), Email: [info@piccadily.com](mailto:info@piccadily.com)

Administrative Office: 275-276, Captain Gaur Marg, Srinivaspuri, New Delhi 110065

Investor Relations: Ph.: +91-172-2997651

CIN No.: L01115HR1994PLC032244





PICCADILY

— SINCE 1987 —

Company, pursuant to the Scheme, shall remain frozen in the depository system till listing/ trading permission is given by the designated Stock Exchange.

- v) The share entitlement ratio has been decided in a bona fide manner and is considered fair and reasonable and does not result in any dilution or prejudice to the interests of shareholders of the Demerged Company and the economic beneficial interest / ownership of the shareholders remains proportionately reflected through the above share entitlement ratio. Given the above the scheme is not detrimental to the shareholders of the listed entity i.e. demerged company PAIL, as per para (A)(2)(i) of Part I of SEBI Master Circular. Given the above the scheme is not detrimental to the shareholders of the listed entity i.e. demerged company PAIL, as per para (A)(2)(i) of Part I of SEBI Master Circular.

#### 6. Cost benefit analysis of the scheme

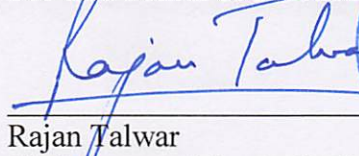

Although the Scheme involves certain costs such as transaction cost, implementation cost, regulatory fees, stamp duties, etc., the benefits under the Scheme as listed in paragraph 3 would be far more than such ancillary costs.

#### 7. Recommendation by the Audit Committee

In the view of the above, Audit Committee after taking into consideration draft Scheme, Share Entitlement Report, Fairness Opinion, need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the stakeholders, cost benefit analysis of the Scheme, and other relevant documents, recommends that the draft Scheme to the Board, in its present form for favourable consideration by the Board, Stock Exchanges, National Company Law Tribunal, SEBI and such other regulatory authorities, as may be applicable.

#### Certified True Copy

For and behalf of the Audit Committee of Piccadily Agro Industries Limited

Rajan Talwar  
Chairperson of the Audit Committee  
DIN: 10620650

Place: Gurugram

Date: 28/04/2026

#### **Piccadily Agro Industries Ltd.**

Registered Office: Village Bhadson, Umri – Indri Road, Teh. Indri, Distt. Karnal, Haryana- 132117 (India)

Corporate Office: G-17, JMD Pacific Square, Sector-15 (Part-2), Gurugram, Haryana 122002 (India)

Ph.: +91-124-4300840, Website: [www.piccadily.com](http://www.piccadily.com), Email: [info@piccadily.com](mailto:info@piccadily.com)

Administrative Office: 275-276, Captain Gaur Marg, Srinivaspuri, New Delhi 110065

Investor Relations: Ph.: +91-172-2997651

CIN No.: L01115HR1994PLC032244