REPORT OF THE AUDIT COMMITTEE OF LUX INDUSTRIES LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AMONGST LUX INDUSTRIES LIMITED ("DEMERGED COMPANY") AND LUX AND COZI LIMITED ("RESULTING COMPANY 1") AND LUX GLOBAL LIMITED ("RESULTING COMPANY 2") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AT ITS MEETING HELD ON MONDAY, AUGUST 31, 2026 AT 05:00 P.M. AT BOARD ROOM, CORPORATE OFFICE, PS SRIJAN TECH PARK, 10TH FLOOR, DN-52, SECTOR-V, KOLKATA-700091

MEMBERS		
Sl. No.	**Name**	**Designation**
1	Mr. Sadhu Ram Bansal	Independent Director
2	Mr. Kumud Chandra Paricha Patnaik	Independent Director
3	Mrs. Rusha Mitra	Independent Director
IN ATTENDANCE		
1	Mrs. Smita Mishra	Company Secretary and Compliance Officer

The members declare that they have no interest in the proposed Scheme.

1. **Background:**

1.1. A meeting of the Audit Committee of Lux Industries Limited ("**LIL**" or "**Demerged Company**" or "**Company**") was held on Monday, August 31, 2026 to consider and, if thought fit, recommend to the Board of Directors of the Company, the proposed scheme of arrangement ("**Scheme**") amongst the Demerged Company and Lux and Cozi Limited ("**LCL**" or "**Resulting Company 1**"), Lux Global Limited ("**LGL**" or "**Resulting Company 2**") (collectively referred to as, the "**Resulting Companies**") (the Resulting Companies and LIL are collectively referred to as the "**Parties**"), and their respective shareholders and creditors pursuant to Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ('Act') and Section 2 (35) of the Income Tax Act, 2025 and matters incidental thereto.

1.2. LIL is an existing public limited company within the meaning of the Companies Act, 2013 bearing CIN: L17309WB1995PLC073053 with its registered office at 39, Kali Krishna Tagore Street, Kolkata – 700007. The equity shares of LIL are listed on BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**") (collectively referred to as the "**Stock Exchanges**").

1.3. LCL is an existing public limited company within the meaning of the Companies Act, 2013 bearing CIN U14309WB2026PLC288301 with its registered office at 39, Kali Krishna Tagore Street, Kolkata – 700007.

1.4. LGL is an existing public limited company within the meaning of the Companies Act, 2013 bearing CIN: U14309WB2026PLC288247 with its registered office at 39, Kali Krishna Tagore Street, Kolkata – 700007.

1.5. In terms of the SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 as amended from time to time regarding Schemes of Arrangement by Listed Entities ("**SEBI Schemes Master Circular**"), a report from the Audit Committee ("**Committee**") recommending the draft Scheme is required, taking into consideration *inter alia* the Share Entitlement Ratio Report, and commenting on the need for the Scheme, the 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. The report of the Committee has been made in compliance with the requirements of the SEBI Schemes Master Circular.

1.6. The following documents were placed before the Committee for its consideration:

1.6.1. The Draft Scheme of Arrangement;

1.6.2. Valuation Report dated August 31, 2026 issued by Mr. Vivek Newatia, Registered Valuer (IBBI Registration Number: IBBI/06/2018/10043) ("Registered Valuer") inter-alia, recommending the Share Entitlement Ratio in connection with the proposed Scheme based on which Lux and Cozi Limited ("Resulting Company 1") and Lux Global Limited ("Resulting Company 2") shall issue its shares to the members of the Lux Industries Limited ("Demerged Company') ("Valuation Report");

1.6.3. Fairness opinion dated August 31, 2026 issued by SKP Securities Limited (SKP), an independent Category-I Merchant Banker registered with SEBI (SEBI Registration No. INM000012670) providing its

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opinion on the fairness of the share entitlement ratio as recommended in the Valuation Report ("Fairness Opinion");

1.6.4. Certificate from S K Agrawal and Co. Chartered Accountants LLP (Firm Registration No.: 336033E/E300272), statutory auditor of the Company, confirming that the accounting treatment mentioned in the Scheme is in compliance with the applicable Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 and other Generally Accepted Accounting Principles in India ("Auditor's Certificate");

1.6.5. Undertaking by the Company as prescribed under Paragraph (A) (10) (c) of Part I of the SEBI Master Circular stating the reasons for non-applicability of Paragraph (A) (10) (b) read with Paragraph (A) (10) (a) of the SEBI Master Circular, relating to obtaining approval of the majority of public shareholders, along with the draft certificate from S K Agrawal and Co. Chartered Accountants LLP (Firm Registration No.: 336033E/E300272), Statutory Auditor of the Company, certifying the said undertaking ("Auditor's Certificate under Paragraph (A) (10) (c)"); and

1.6.6. Other presentations, documents and information made to/furnished before the Audit Committee pertaining to the Draft Scheme.

2. **Salient Features of the Proposed Scheme:**

2.1. The Audit Committee considered and noted the salient features of the Scheme as under:

2.2. The Scheme provides, *inter alia,* for the following with effect from the Appointed Date:

2.2.1. Demerger, transfer and vesting of the Vertical A Undertaking (*as defined in the Draft Scheme*) of the Company into Resulting Company 1, on a going concern basis and the corresponding issue of Resulting Company 1 New Shares *(as defined in the Scheme)* by Resulting Company 1 to the shareholders of the Company, together with the consequential reduction and cancellation of the entire pre-Scheme share capital of Resulting Company 1;

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2.2.2. Demerger, transfer and vesting of the Vertical C Undertaking (*as defined in the Draft Scheme*) of the Company into Resulting Company 2, on a going concern basis and the corresponding issue of Resulting Company 2 New Shares by Resulting Company 2 *(as defined in the Scheme)* to the shareholders of the Company, together with the consequential reduction and cancellation of the entire pre-Scheme share capital of Resulting Company 2;

2.2.3. The business and undertaking presently carried on under Vertical B Undertaking shall continue to be vested in and carried on by the Demerged Company;

2.2.4. The Committee noted that, consequent upon the Scheme becoming effective and the issuance of the Resulting Company 1 New Shares and the Resulting Company 2 New Shares to the shareholders of the Company, the Scheme contemplates a realignment of the promoter and promoter group shareholding and control of the Company, Resulting Company 1 and Resulting Company 2, such that:

(i) Resulting Company 1 shall be under the exclusive management of the Lux and Cozi Shareholder Group A *(as defined in the Scheme)*.

(ii) Resulting Company 2 shall be under the exclusive management of the Lux Global Shareholder Group *(as defined in the Scheme)*.

(iii) The Demerged Company shall be under the exclusive management of the Lux Industries Shareholder Group *(as defined in the Scheme)*;

2.2.5. Upon allotment of shares of the Resulting Company 1 and Resulting Company 2, their pre-Scheme paid-up share capital and corresponding investments by the Demerged Company shall stand cancelled and extinguished without payment of any consideration thereof and such cancellation shall be treated as a reduction of share capital

2.2.6. The Committee also noted that the Scheme provides for:

i) a corresponding increase in the authorised share capital of Resulting Company 1 and Resulting Company 2 upon the Scheme becoming effective;

ii) the right of the Company and the Resulting Companies to declare dividends consistent with past practice during the Implementation Period (*as defined in the Draft Scheme*); and

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iii) the authority of the respective Boards of Directors, subject to the approval of the NCLT, to assent to modifications to the Scheme and, acting unanimously, to withdraw the Scheme at any time prior to it becoming effective, in which event no rights or liabilities would accrue to any Party or their respective shareholders, creditors or employees or any other person.

3. **Consideration and Share Entitlement Ratio:**

3.1. Upon Part B of the Scheme becoming effective, Resulting Company 1 shall, without any further application, act or deed, issue and allot 1 (One) fully paid-up Equity Share of Lux and Cozi Limited having a face value of Rs. 2/- (Rupees Two only) each, for every 1 (One) fully paid-up equity share of Lux Industries Limited having a face value of Rs. 2/- (Rupees Two only) each held by the shareholders of Lux Industries Limited as on the Record Date ("**Vertical A Share Entitlement Ratio**"), as recommended in the Valuation Report and confirmed as fair by the Fairness Opinion.

3.2. Upon Part C of the Scheme becoming effective, Resulting Company 2 shall, without any further application, act or deed, issue and allot 1 (One) fully paid-up Equity Share of Lux Global Limited having a face value of Rs. 2/- (Rupees Two only) each, for every 1 (One) fully paid-up equity share of Lux Industries Limited having a face value of Rs. 2/- (Rupees Two only) each held by the shareholders of Lux Industries Limited as on the Record Date ("**Vertical C Share Entitlement Ratio**"), as recommended in the Valuation Report and confirmed as fair by the Fairness Opinion.

3.3. The allotment of the Resulting Company 1 New Shares and the Resulting Company 2 New Shares shall not extinguish or reduce the existing shareholding of the shareholders of the Demerged Company, who shall continue to hold their shares in the Demerged Company in addition to receiving shares in the relevant Resulting Company.

4. **Listing:**

Upon the Scheme becoming effective, steps shall be taken by the Companies to cause Resulting Company 1 (Lux and Cozi Limited) and Resulting Company 2 (Lux Global Limited) to apply for and obtain listing and trading permission for their respective equity shares on BSE and NSE, in terms of applicable SEBI regulations and other applicable laws.

5. **Appointed Date and Effective Date:**

The Appointed Date means the first day of the financial quarter in which this Scheme

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becomes Effective. The Effective Date means the last of the dates on which the certified copies of the order approving the Scheme by Hon'ble NCLT are filed by each of the Companies with the Registrar of Companies, having jurisdiction over each of them respectively.

6. **Conditions Precedent:**

6.1. The Stock Exchanges having issued their observation/no-objection letters as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI LODR Regulations**") read with the SEBI Schemes Master Circular;

6.2. The Scheme being approved by requisite majorities of the members (and in relation to the Demerged Company, through e-voting) and/or creditors of the Demerged Company and the Resulting Companies as may be directed by the Hon'ble National Company Law Tribunal, Kolkata Bench;

6.3. The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority which by law may be necessary for the implementation of this Scheme;

6.4. Approval of the Scheme by the National Company Law Tribunal, Kolkata Bench;

6.5. The Stock Exchanges having issued their in-principle approval or no-objection letter for listing of the Resulting Company 1 New Shares and the Resulting Company 2 New Shares on the Stock Exchanges pursuant to the SEBI LODR Regulations and the SEBI Schemes Master Circular;

6.6. The certified copies of the sanction order having been filed by each of the Parties with the Registrar of Companies having jurisdiction over each of them respectively.

7. **Need for Arrangement:**

LIL presently carries on business across its three Verticals, which have matured over time and are, in the view of the Board of Directors, capable of independently charting their own growth strategies. The proposed segregation of business of Vertical A and Vertical C into Resulting Company 1 and Resulting Company 2 respectively from the Company, and the business of Vertical B shall continue in the demerged company, while continuing to leverage the Company's brand value, manufacturing capabilities and market goodwill, is intended to provide each business the operational and strategic autonomy required for its continued growth and division of control.

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8. **Rationale of the Scheme:**

i. The Board of Directors of the Demerged Company believe that the businesses comprised in the respective Verticals (*as defined in the Scheme*) of the Demerged Company have distinct operational requirements, growth prospects, strategic priorities, risk profiles and return characteristics and that the segregation of Vertical A Undertaking and Vertical C Undertaking from the Demerged Company will result in focused management, efficient administration, independent strategic decision-making and greater accountability for each business segment, thereby unlocking value for the shareholders and other stakeholders.

ii. The proposed Scheme is driven by commercial, operational and strategic considerations, including long-term stability, efficient administration, business continuity, enhanced operational flexibility and maximisation of value for all shareholders and stakeholders. The proposed Scheme will create distinct and independent business platforms and streamline governance structures, enabling each company to pursue its strategic objectives, capital allocation priorities and growth plans more effectively. The Scheme is also expected to provide a robust framework for long-term leadership, support orderly leadership transitions and ensure continuity and stability of operations without disruption to the respective businesses. The shareholding of public shareholders following the demerger will remain the same in all companies and shareholder value, across companies, will be preserved.

iii. The demerger, transfer and vesting of the Vertical A Undertaking and Vertical C Undertaking on a going concern basis, into the respective Resulting Companies would result in better and more efficient control by the management of the segregated Verticals and promote their growth. Further, the Scheme would also result in, *inter alia*, the following benefits:

a. The Demerged Company and Resulting Companies would be led by separate and dedicated management teams, enabling improved and efficient control and greater managerial focus on their respective businesses, facilitating efficient exploration of new possibilities and optimum utilization of various resources.

b. The demerger would facilitate targeted growth, operational efficiencies, and increased operational and customer support in relation to the respective undertakings proposed to be demerged into the Resulting Companies (*as defined in the Scheme*), as well as the business of the Vertical B remaining in the Demerged Company.

c. Strategic business approach for the maximization of shareholder

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value.

d. Ability to leverage financial and operational resources of each business verticals independently.

e. Each business would be able to address independent business opportunities, pursue efficient capital allocation and attract different sets of investors, strategic partners, lenders and other stakeholders.

f. The proposed demerger will enhance value for shareholders and allow a focused strategy for the respective business Verticals, which would be in the best interest of the Demerged Company, Resulting Companies, and their shareholders, creditors and all other stakeholders.

g. The demerger is also expected to unlock the value of the business verticals of the Demerged Company. Steps shall also be taken by the Parties to cause Resulting Company 1 and Resulting Company 2 to be listed on the Stock Exchanges (*as defined in the Scheme*).

h. The Scheme would provide a competitive advantage in pursuing future growth opportunities, generate greater cost efficiencies and thereby significantly enhance the earnings potential of the respective companies.

iv. Pursuant to the implementation of this Scheme, the management and control of each of the Demerged Company and the Resulting Companies will be aligned with the respective family group, resulting in focused and agile management of the respective businesses. This is expected to provide long-term stability, preserve goodwill and harmony amongst the promoter family groups, facilitate orderly succession and leadership transition, and ensure continuity of the respective businesses without disruption.

v. The interests of shareholders and creditors of either the Demerged Company or the Resulting Companies would not be prejudiced as a result of the Scheme. The Scheme is not, in any manner, prejudicial or against public interest, and would serve the interest of all shareholders, creditors and stakeholders.

9. **Synergies of business of the entities involved in the Scheme:**

The Audit Committee noted that the Scheme relates to demerger of the Vertical A Undertaking and Vertical C Undertaking from the Demerged Company into the Resulting Companies to create independently listed companies. The said demerger would entail the benefits as stated in para 8 above.

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10. **Impact of the Scheme on the shareholders of the Company:**

10.1. The shareholding of the public shareholders of the Company, in proportion to their existing holding, will be preserved across the Demerged Company, Resulting Company 1 and Resulting Company 2, and no shareholder's existing shareholding in the Company will be extinguished or diluted as a result of the Scheme;

10.2. Shareholders will have the option and flexibility to remain invested in each of the Demerged Company and Resulting listed entities (the shares of which are proposed to be listed on the BSE and NSE) according to their own investment preferences and risk appetite;

10.3. The Scheme is expected to be value-accretive for shareholders on account of the focused management and growth strategies that each of the resulting entities will be able to pursue independently;

10.4. The Scheme is not expected to adversely affect the rights or interests of the shareholders or creditors of LIL.

Thus, the Scheme is expected to be beneficial to the Shareholders of the Company.

11. **Cost-benefit analysis of the Scheme**:

The Committee noted that while the implementation of the Scheme would entail certain one-time costs and expenses (including but not limited to professional fees, stamp duty on vesting, filing fees, compliance costs and costs associated with the listing of the Resulting Companies), such costs are not material relative to the long-term benefits expected to accrue from the Scheme. The benefits include:

(i) enhanced shareholder value through the creation of three focused, independently listed entities, each with a cleaner and more transparent business profile;

(ii) improved access to capital markets for each business vertical independently, enabling tailored capital raising strategies appropriate to the specific risk-return profile of each business;

(iii) operational and administrative efficiencies arising from the elimination of intra-group complexity between the segregated business Verticals upon the Scheme becoming effective;

(iv) greater investor visibility, focused research coverage and independent valuation benchmarks for each business vertical following listing; and

(v) improved competitive positioning of each business vertical by enabling focused strategic planning, independent capital allocation and dedicated management bandwidth.

The Committee is of the view that the long-term benefits of the Scheme far outweigh the one-time costs associated with its implementation and that the Scheme is in the best interest of all stakeholders, including the shareholders, creditors and employees of LIL.

12. **Recommendation of the Audit Committee:**

12.1. The Committee has reviewed and taken into consideration the Valuation Report and noted the recommendation therein that the proposed Vertical A Share Entitlement Ratio and Vertical C Share Entitlement Ratio are fair and reasonable. The Committee has further noted that the draft Fairness Opinion confirms that the Share Entitlement Ratios recommended in the Valuation Report are fair to the shareholders of the Company and Accounting Treatment Certificate and Auditor's certificate under Paragraph (A) (10) (c) of SEBI Master Circular by Statutory Auditor.

12.2. After due deliberation and consideration of the draft Scheme, the draft Valuation Report, the draft Fairness Opinion, the rationale of the Scheme, the need for the arrangement, the synergies of the businesses of the entities involved, the impact of the Scheme on the shareholders, and the cost-benefit analysis of the Scheme and other relevant documents placed before the Audit Committee, the Audit Committee approves and recommends the draft Scheme for favourable consideration and approval by the Board of Directors of the Company, the Stock Exchanges, the Securities and Exchange Board of India and other appropriate authorities.

By the Order of the Audit Committee
For and on behalf of
Lux Industries Limited

Lux Industries Limited
Kolkata

Rusha Mitra

Mrs. Rusha Mitra
Chairperson, Audit Committee
DIN: 08402204

Date: August 31, 2026
Place: Kolkata