

Parinee Crescenzo, "A" Wing, 1102, 11th Floor,  
"G" Block, Plot No. C38 & C39,  
Behind MCA, Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051, India.  
Phone : 91-22-6124 0444 / 6124 0428  
Fax : 91-22-6124 0438  
E-mail : [vinati@vinatiorganics.com](mailto:vinati@vinatiorganics.com)  
Website : [www.vinatiorganics.com](http://www.vinatiorganics.com)  
CIN : L24116MH1989PLC052224



January 25, 2023

**BSE Limited**  
(Listing Department)  
P. J. Towers, 1<sup>st</sup> Floor,  
Dalal Street, Mumbai – 400 001.

**National Stock Exchange of India Ltd.**  
Listing Department,  
Exchange Plaza, Plot No. C/1, 'G' Block,  
Bandra-Kurla Complex,  
Bandra (East), Mumbai – 400 051.

**Scrip Code: 524200**

**NSE Symbol: VINATIORGA / Series: EQ**

Dear Sir/Madam,

**Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Notice of Meeting of the equity shareholders of Vinati Organics Limited ("Company") convened as per the directions of the Hon'ble National Company Law Tribunal, Mumbai Bench to consider and approve the Scheme of Amalgamation of Veeral Additives Private Limited (Transferor Company) with Vinati Organics Limited (Transferee Company) and their respective shareholders ("Scheme")**

This is in continuation to our letter dated December 19, 2022, informing that the Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated **December 16, 2022**, has inter-alia, directed the Company to convene a meeting of the equity shareholders of the Company ("**Meeting**") through Video Conferencing or Other Audio-Visual Means ("**VC / OAVM**") on Tuesday, February 28, 2023 at 11:30 a.m. (IST), to consider and approve the subject Scheme.

We hereby enclose a copy of the notice convening the Meeting along with the explanatory statement and other annexures which are being sent to the equity shareholders of the Company ("**Notice**").

The Company shall provide the facility of remote e-voting and e-voting during the Meeting to the equity shareholders of the Company in respect of the resolution to be passed at the Meeting. The remote e-voting will commence on Friday, February 24, 2023 at 9.00 a.m. (IST) and will end on Monday, February 27, 2023 at 5:00 p.m. (IST). All persons whose names appear in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date i.e., Tuesday, February 21, 2023 shall be entitled to avail the facility of remote e-voting or of e-voting during the Meeting. The details for participating and attending the meeting through VC/OAVM and on the manner in which equity shareholders of the Company may cast their vote through remote e-voting or e-voting during the Meeting have been set out in the Notice.

..2

**Lote Works** : Plot No. A-20, MIDC Industrial Area, Lote Parashuram 415 722 Tal. Khed, Dist. Ratnagiri, Maharashtra, India.  
**Phone** : (02356) 273032 - 33 • **Fax**: 91-2356-272448 • **E-mail**: [vinlote@vinatiorganics.com](mailto:vinlote@vinatiorganics.com)  
**Regd. Office & Mahad Works** : B-12 & B-13/1, MIDC Industrial Area, Mahad 402 309, Dist. Raigad, Maharashtra, India.  
**Phone** : (02145) 232013/14 • **Fax** : 91-2145-232010 • **E-mail**: [vinmhd@vinatiorganics.com](mailto:vinmhd@vinatiorganics.com)

Parinee Crescenzo, "A" Wing, 1102, 11th Floor,  
"G" Block, Plot No. C38 & C39,  
Behind MCA, Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051, India.  
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Fax : 91-22-6124 0438  
E-mail : [vinati@vinatiorganics.com](mailto:vinati@vinatiorganics.com)  
Website : [www.vinatiorganics.com](http://www.vinatiorganics.com)  
CIN : L24116MH1989PLC052224



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The Notice, along with the explanatory statement and other annexures, is being sent through electronic mode to the equity shareholders whose e-mail ids are duly registered with the Company or the depositories while a physical copy of the Notice is being sent to all the other equity shareholders.

The Notice, along with its annexures, is also being made available on the website of the Company at [www.vinatiorganics.com](http://www.vinatiorganics.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

Kindly take the same on record.

Thanking you,

Yours faithfully,  
For **Vinati Organics Limited**

MILIND  
ARVIND WAGH

Digitally signed by MILIND ARVIND WAGH  
DN: c=IN, ou=Personal, postalCode=400055,  
st=Maharashtra,  
2.5.4.20=409686827093B083563395c77a1cab3c42  
d27273156a9683385a35a3763,  
ipocdnkey=5454005268543448040448DE641FB6  
DA8125FC9,  
serialNumber=51285461C2986F55432A64C8E62  
CD4380038D71D91A660384F855C892879,  
cn=MILIND ARVIND WAGH  
Date: 2023.01.24 15:30:56 +05'30'

**Milind Wagh**  
**Company Secretary/Compliance Officer**

Encl: As above

**C. C. to: National Securities Depository Limited**

Trade World, 5<sup>th</sup> Floor,  
Kamla Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013.

**Central Depository Services (India) Limited**

A Wing, 25<sup>th</sup> Floor, Marathon Futurex,  
Mafatlal Mills Compound,  
N. M. Joshi Marg, Lower Parel,  
Mumbai - 400 013.

**M/s. Link Intime India Pvt. Ltd.**

C - 101, 247 Park,  
L. B. S. Marg,  
Vikhroli (West),  
Mumbai – 400 083.

**Lote Works** : Plot No. A-20, MIDC Industrial Area, Lote Parashuram 415 722 Tal. Khed, Dist. Ratnagiri, Maharashtra, India.  
**Phone** : (02356) 273032 - 33 • **Fax**: 91-2356-272448 • **E-mail**: [vinlote@vinatiorganics.com](mailto:vinlote@vinatiorganics.com)  
**Regd. Office & Mahad Works** : B-12 & B-13/1, MIDC Industrial Area, Mahad 402 309, Dist. Raigad, Maharashtra, India.  
**Phone** : (02145) 232013/14 • **Fax** : 91-2145-232010 • **E-mail**: [vinmhd@vinatiorganics.com](mailto:vinmhd@vinatiorganics.com)



## Vinati Organics Limited

(CIN: L24116MH1989PLC052224)

**Regd. Office:** B-12 & B-13/1, MIDC Industrial Area, Dist. Raigad, Mahad – 402 309, Maharashtra, India

**Corp Office:** Parinee Crescenzo, 11<sup>th</sup> Floor, A-wing, 1102, "G" Block, Plot No.C-38 & C-39, BKC, Bandra (E), Mumbai - 400051

**Tel No.:** 022-61240444/428, **Fax No.:** 022-61240438

**E-mail:** [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com), **Website:** [www.vinatiorganics.com](http://www.vinatiorganics.com)

### NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF VINATI ORGANICS LIMITED

[Convened pursuant to Order dated 16<sup>th</sup> December, 2022 of the National Company Law Tribunal, Mumbai Bench]

<b>Day</b>	Tuesday
<b>Date</b>	28 <sup>th</sup> February, 2023
<b>Time</b>	11.30 a.m. (IST)
<b>Mode of Meeting</b>	As per the directions of the National Company Law Tribunal, Mumbai Bench, the meeting shall be conducted through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
<b>Remote e-voting start date and time</b>	Friday, February 24, 2023 at 9.00 a.m. (IST)
<b>Remote e-voting end date and time</b>	Monday, February 27, 2023 at 5.00 p.m. (IST)

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL**  
**MUMBAI BENCH**  
**CA(CAA)/274/MB/2021**

In the matter of the Companies Act, 2013

And

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

And

In the matter of Scheme of Amalgamation of Veeral Additives Private Limited ("VAPL" or "Transferor Company") with Vinati Organics Limited ("VOL" or "Transferee Company") and their respective Shareholders ("Scheme").

**Vinati Organics Limited** [CIN: L24116MH1989PLC052224] is a )  
Public Limited Company incorporated under the Companies )  
Act, 1956 having its Registered Office at B-12 & B-13 MIDC )  
Industrial Area, Dist. Raigad, Mahad - 402 309, Maharashtra ) ... Applicant Company 2 / Transferee Company

**FORM NO. CAA. 2**

[Pursuant to Section 230(3) and rule 6 and 7 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

**NOTICE OF THE MEETING OF EQUITY SHAREHOLDERS  
OF VINATI ORGANICS LIMITED**

To,  
The Equity Shareholders of Vinati Organics Limited

**NOTICE** is hereby given that by an Order dated 16<sup>th</sup> December, 2022, the Mumbai Bench of the National Company Law Tribunal ("**NCLT**" or "**Tribunal**") has directed a Meeting to be held of the Equity Shareholders of the Company, for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Amalgamation of Veeral Additives Private Limited ("**VAPL**" or "**Transferor Company**") with Vinati Organics Limited ("**VOL**" or "**Transferee Company**" or "**the Company**") and their respective Shareholders ("**Scheme**").

In pursuance of the said Order and as directed therein, further notice is hereby given that a Meeting of the Equity Shareholders of the Company is scheduled to be held on **Tuesday, 28<sup>th</sup> February, 2023 at 11:30 a.m.** (IST) (hereinafter referred to as the 'Meeting') through Video Conferencing ("**VC**")/ or Other Audio Visual Means ("**OAVM**"), at which time and place the said Equity Shareholders of the Company are requested to attend the Meeting, to consider and, if thought fit, to pass the following Resolution with requisite majority.

**"RESOLVED THAT** pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, the rules, circulars and notifications issued thereunder, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with the circulars and notifications issued thereunder, [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force] and Clause 3 of the Memorandum of Association of the Company and subject to the approval of National Company Law Tribunal, Mumbai Bench ("**NCLT**" or "**Tribunal**") and approvals of such other Statutory/Government authority(ies), as may be necessary or as may be directed by the NCLT or such other competent authority(ies), as the case may be, approval of the Company be accorded to the Amalgamation of Veeral Additives Private Limited ("**VAPL**" or "**Transferor Company**"), having its Registered Office situated at Parinee Crescenzo, 11<sup>th</sup> Floor, A-wing, 1102, "G" Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051, with the Company with appointed date as 1<sup>st</sup> April, 2021 ("**the Appointed Date**"), as per the Scheme of Amalgamation of VAPL with the Company and their respective Shareholders ("**Scheme**") circulated with the Notice of the Meeting of the Equity Shareholders of the Company.

**FURTHER RESOLVED** that approval of the Company be accorded to the Board of Directors of the Company (hereinafter referred to as the "**Board**", which term shall be deemed to mean and include one or more Committee(s) constituted/ to be constituted by the Board or any other person authorized by it to exercise its powers including the powers conferred by this Resolution) to do all such acts, deeds, matters and things, as may be considered requisite, desirable, appropriate or necessary to implement the Scheme and to accept such modification(s), amendment(s), limitation(s) and/or condition(s), if any, which may be required and/or imposed by the NCLT and/or any other authority(ies) or as

may be required for the purpose of resolving any questions or doubts or difficulties that may arise for giving effect to the Scheme including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary, as the Board may deem fit and proper.”

**TAKE FURTHER NOTICE** that in compliance with the provisions of (i) Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013; (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) and (v) Securities and Exchange Board of India (‘SEBI’) Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23<sup>rd</sup> November, 2021; each as amended from time to time (to the extent applicable), the Company has provided the facility of remote e-voting (prior to as well as during the Meeting) using the facility offered by the National Securities Depository Limited (‘**NSDL**’) so as to enable the Equity Shareholders, to consider and if thought fit, approve the Scheme by way of the aforesaid Resolution. The Equity Shareholders shall have the facility and option of voting on the resolution for approval of the Scheme by casting their votes (a) through e-voting system available at the Meeting to be held virtually (‘**Insta Poll**’) or (b) by remote electronic voting (‘**Remote E-Voting**’) during the period as stated below:

<b>REMOTE E-VOTING PERIOD</b>	
Commencement of remote e-voting	Friday, February 24, 2023 at 9.00 a.m. (IST)
End of remote e-voting	Monday, February 27, 2023 at 5.00 p.m. (IST)

The Voting Rights of the Equity Shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on 21<sup>st</sup> February, 2023, being the Cut-off date. The Shareholders may refer to the Notes to this Notice for further details on Insta Poll and Remote E-voting.

The Tribunal has appointed Mr. Vinod Saraf, Chairman of the Company and in his absence, Ms. Vinati Saraf Mutreja, Managing Director and Chief Executive Officer of the Company to act as Chairman of the Meeting, including any adjournment(s) thereof. The above-mentioned Scheme if approved at the Meeting, will be subject to the subsequent approval of the Tribunal.

Further, the Tribunal has appointed Mr. Vijay Kumar Mishra, Practising Company Secretary (Membership No. 5023) as a Scrutinizer for the purpose of scrutinizing the process for e-voting and remote e-voting for the Meeting, including for any adjournment(s) thereof.

Copies of the Scheme and the Explanatory Statement along with all annexures as indicated in the Index are enclosed with this Notice and can be obtained free of charge from the Registered Office of the Company and/or at the Corporate Office of the Company at Parinee Crescenzo, 11<sup>th</sup> Floor, A-wing, 1102, ‘G’ Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051, or at the office of Mr. Vijay Kumar Mishra, Practising Company Secretaries (VKM & Associate) at 116, Trinity Bldg, 1<sup>st</sup> Floor, Dr. C H Street, Behind Parsi Dairy, Marine Lines (E), Mumbai -400002, between 10:00 a.m. (IST) and 12:00 noon (IST) on all working days (except Saturdays, Sundays and Public Holidays), up to the date of the Meeting.

This Notice convening the Meeting along with the requisite documents are also placed on the website of the Company viz. [www.vinatiorganics.com](http://www.vinatiorganics.com); the website of National Securities Depository Limited [www.evoting.nsdl.com](http://www.evoting.nsdl.com), being the agency appointed by the Company to provide the e-voting and other facilities for convening of the Meeting and the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

SD/-  
Vinod Saraf  
**Chairman appointed for the meeting**

**Registered Office:**

B-12 & B-13 MIDC, Industrial Area, Dist. Raigad,  
Mahad - 402 309, Maharashtra.  
CIN : L24116MH1989PLC052224  
e-mail : [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com)  
Website : <https://www.vinatiorganics.com>  
Tel. : 022-61240444/428  
Fax : 022-61240438

Mumbai, 25<sup>th</sup> January, 2023

## NOTES:

1. In view of the global outbreak of the COVID-19 pandemic, social distancing norm to be followed and due to continuing restrictions on the movement of people at several places in the country, the Ministry of Corporate Affairs (“MCA”) has vide its General Circular No. 14/2020 dated April 08, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2021 dated December 08, 2021 in relation to “Clarification on passing of ordinary and special resolutions by Companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19” and General Circular No. 20/2020 dated May 05, 2020 read with General Circular No. 02/2021 dated January 13, 2021, General Circular No. 19/2021 dated December 08, 2021 and General Circular No. 2/2022 dated May 5, 2022 and General Circular No. 10/2022 dated December 28, 2022 in relation to “Clarification on holding of General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM)” (“MCA Circulars”) and the SEBI vide its Circular No. SEBI/HO/CFD/ CMD1/ CIR/P/2020/79 dated May 12, 2020 read with SEBI/ HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, in relation to “Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 - Covid-19 pandemic” (“SEBI Circulars”) have permitted the holding of the Meeting through VC/ OAVM without the physical presence of the Members at a common venue.

In compliance with the applicable provisions of the Companies Act, 2013 (“Act”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, read with the MCA Circulars, the SEBI Circulars and pursuant to Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) the Meeting of the Equity Shareholders of the Company is scheduled to be held on Tuesday, 28<sup>th</sup> February, 2023 at 11:30 a.m. (IST) through VC/ OAVM and voting for the item to be transacted in the Notice to this Meeting shall be only through electronic voting process (“e-Voting”).

2. Since, this Meeting is being held pursuant to the MCA Circulars and the SEBI Circulars through VC/OAVM, where physical attendance of Members has been dispensed with, accordingly, the facility for appointment of proxies by the Members will not be available for this Meeting and hence, the proxy form, attendance slip including route map are not annexed to this notice.
3. Equity Shareholders attending the Meeting through VC/ OAVM shall be reckoned for the purpose of quorum. In terms of the Order the quorum for the Meeting of the Equity Shareholders shall be as prescribed under Section 103 of the Companies Act, 2013.
4. The Members of the Company under the category of Institutional Investors/ Corporate Members (i.e. other than individuals/ HUF NRI, etc.) are encouraged to attend and vote at the Meeting through VC/ OAVM. Corporate Members intending to appoint their authorized representatives to attend the Meeting pursuant to Section 113 of the Act, are requested to send to the Company, a certified copy (in PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. authorizing its representatives to attend the Meeting, by sending an e-mail at [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com) not later than 48 hours before the commencement of the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Further on account of the threat posed by COVID-19 and in compliance with the aforementioned MCA Circulars and SEBI Circulars this Meeting Notice along with the Annexures thereat is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depository Participants. Members may note that the Notice convening this Meeting and the Annexures thereat will be available on the Company’s website at <https://www.vinatiorganics.com>, websites of the Stock Exchanges i.e. BSE and NSE at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Meeting Notice is also available on the website of National Securities Depository Limited at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). If so desired, Members may obtain a printed copy of the Notice and the Annexures thereat i.e. Scheme and the Explanatory Statement under Sections 230 and 232 read with Section 102 and other applicable provisions of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 etc. free of charge from the Registered Office of the Company or from the office of the Mr. Vijay Kumar Mishra, Practising Company Secretaries (VKM & Associate) at 116, Trinity Bldg, 1<sup>st</sup> Floor, Dr. C H Street, Behind Parsi Dairy, Marine Lines (E), Mumbai - 400002 during normal business hours (10:00 am to 12:00 noon) from Monday to Friday upto and including the date fixed for Meeting. A written request in this regard, along with details of Demat and mentioning Permanent Account Number (PAN), may be addressed to the Company Secretary of the Company at [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com).

7. All the relevant documents referred to in this Notice and Explanatory Statement and other documents shall also be available electronically for inspection by the Equity Shareholders of the Company upto and including the date of the Meeting. Members seeking to inspect such documents can send an e-mail to [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com) from their registered e-mail address.
8. The Notice convening the aforesaid Tribunal Convened Meeting will be published through advertisement in 'Free Press Journal' having edition in Maharashtra and translation thereof in Marathi language in 'Navshakti' having edition in Maharashtra.
9. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depository Participants as on the Cut-Off Date, i.e., **Tuesday, 21<sup>st</sup> February, 2023** only will be entitled to exercise his/ her/ its voting rights on the resolution proposed in the Notice either by way of remote e-voting or e-voting facility available at the Meeting.
10. This Notice is being sent by an e-mail only to those eligible Members who have already registered their e-mail address with the Depository Participants and with the Company as on the Record date i.e. **Tuesday, 24<sup>th</sup> January, 2023** and shall be entitled to attend the Meeting.

11. **VOTING OPTIONS**

Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI Listing Regulations (as amended), and the MCA Circulars and the SEBI Circulars and pursuant to the directions of the Tribunal given under the Order, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at this Meeting. For this purpose, the Applicant Company has entered into an agreement with National Securities Depository Limited ("**NSDL**") for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a Member using remote e-voting system as well as e-voting during the Meeting will be provided by NSDL.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period begins on Friday, February 24, 2023 at 9.00 a.m. (IST). and ends on Monday, February 27, 2023 at 5.00 p.m. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on Cut-Off-Date i.e. Tuesday, February 21, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off-date, being Tuesday, February 21, 2023.

**How do I vote electronically using NSDL e-Voting system?**

*The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:*


**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.



Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on Company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>4. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> 
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible Companies where the e-voting is in progress as per the information provided by Company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> </ol>

Type of shareholders	Login Method
	4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

### **Step 2: Cast your vote electronically at the Meeting/ Join Virtual Meeting on NSDL e-Voting system.**

1. After successful login at Step 1, you will be able to see all the Companies "EVEN" in which you are holding shares and whose voting cycle and Meeting is in active status.
2. Select "EVEN" of Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [vkmassociates@yahoo.com](mailto:vkmassociates@yahoo.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Senior Manager, NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE MEETING ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the meeting is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the meeting through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the meeting.
3. Members who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the meeting.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the meeting shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE MEETING THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the Meeting through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM" placed under **"Join meeting"** menu against Company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com). The same will be replied by the Company suitably.

6. **Speaker Registration before the Meeting**

Members who would like to express their views/ ask questions during the Meeting may register themselves as a Speaker and send request from their registered e-mail address mentioning their name, demat account number/ folio number, e-mail id, mobile number at [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com) at least 2(two) days before the Meeting. Those Members who have registered themselves as a Speaker will only be allowed to express their views/ask questions during the Meeting.

12. **GENERAL INFORMATION FOR MEMBERS**

1. The Members who have cast their vote by remote e-Voting may attend the meeting through VC/ OAVM but shall not be entitled to cast their vote again.
2. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the **cut-off date i.e. Tuesday, February 21, 2023**.
3. Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as on the **cut-off date i.e. Tuesday, February 21, 2023** may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Company at [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com).
4. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the **cut-off date Tuesday, February 21, 2023** only shall be entitled to avail the facility of remote e-Voting, as well as voting at the Meeting.
5. The Tribunal has appointed Mr. Vijay Kumar Mishra, Practising Company Secretaries (FCS No.: 5023, CP No.: 4279) as Scrutinizer to scrutinize the voting at the Meeting and remote e-Voting process, in a fair and transparent manner.
6. The Chairperson shall, at the Meeting after the end of discussion on the resolution on which voting is to be held, allow voting, by use of e-Voting system for all those Members who are present during the Meeting through VC/ OAVM but have not cast their votes by availing the remote e-Voting facility. **The e-Voting module shall be enabled by NSDL for e-voting for 15 minutes after the conclusion of the Meeting.**
7. The Scrutinizer shall, after the conclusion of voting at the Meeting, first count the votes cast during the Meeting and, thereafter, unblock the votes cast through remote e-Voting and shall make, not later than 48 hours from the conclusion of the Meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairperson.
8. The Results declared, along with the Scrutinizer's Report, shall be placed on the Company's website at [www.vinatiorganics.com](http://www.vinatiorganics.com) and on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com), immediately after the declaration of the result by the Chairperson. The results shall also be immediately forwarded to the Stock Exchanges where the Company's Equity Shares are listed viz. BSE and NSE and be made available on their respective websites viz. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).
9. The results, together with Scrutinizer's Report, will be announced on or before March 02, 2023 and will be placed on NSDL's website at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
10. Subject to receipt of requisite majority of votes (as per Section 230 to 232 of the Act, and SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23<sup>rd</sup> November, 2021 (including amendments thereof), issued by the SEBI, the Resolution proposed in the Notice shall be deemed to have been passed on the date of the Meeting (specified in the Notice).
11. **Equity Shareholders are requested to carefully read all the Notes set out herein and in particular, instructions for joining the Meeting, manner of casting vote through remote e-voting or e-voting at the Meeting.**

**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL  
MUMBAI BENCH**

**C.A. (C.A.A)/ 274 (MB)/2021**

In the matter of the Companies Act, 2013

And

In the matter of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013

And

In the matter of Scheme of Amalgamation of Veeral Additives Private Limited ("VAPL" or "Transferor Company") with Vinati Organics Limited ("VOL" or "Transferee Company") and their respective Shareholders ("Scheme").

**Vinati Organics Limited** [CIN: L24116MH1989PLC052224] is a )  
Public Limited Company incorporated under the Companies )  
Act, 1956 having its registered office at B-12 & B-13 MIDC )  
Industrial Area, Dist. Raigad, Mahad-402 309, Maharashtra ) ... Applicant Company 2 / Transferee Company

**EXPLANATORY STATEMENT TO THE NOTICE OF THE MEETING OF EQUITY SHAREHOLDERS OF VINATI ORGANICS LIMITED UNDER SECTIONS 102 AND 230 READ WITH SECTION 232 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016**

1. Pursuant to the Order dated 16<sup>th</sup> December, 2022 passed by the National Company Law Tribunal, Mumbai Bench ("**NCLT**" or "**Tribunal**"), in Company Scheme Application No. CA/(CAA)/274(MB)/2021 ("**Order**"), the Meeting of the Equity Shareholders of the Company is being convened on Tuesday, 28<sup>th</sup> February, 2023 at 11:30 a.m. (IST) through Video Conferencing or Other Audio Visual Means ("**VC/OAVM**") for the purpose of considering and, if thought fit, approving, with or without modification(s), the Scheme of Amalgamation of Veeral Additives Private Limited ("**VAPL**" or "**Transferor Company**") with Vinati Organics Limited ("**VOL**" or "**Transferee Company**" or "**the Company**") and their respective Shareholders ("**Scheme**") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("**Act**") and rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force).
2. A copy of the Scheme, which has been approved by the Board of Directors of the Company at its Meeting held on 08<sup>th</sup> September, 2021, is attached to this explanatory statement and forms part of this statement as **Annexure A**.  
Capitalized terms not defined herein and used in the Notice and this Statement shall have the same meaning as ascribed to them in the Scheme, unless otherwise stated.
3. **Details of Vinati Organics Limited are as under:**
  - 3.1. The Company was incorporated on 15<sup>th</sup> June, 1989 under the provisions of Companies Act, 1956 having its Registered Office at B-12 & B-13 MIDC Industrial Area, Dist. Raigad, Mahad-402 309, Maharashtra.
  - 3.2. The Company is a Public Company within the meaning of the Act. The Company is accordingly registered with the Registrar of Companies, Mumbai having Corporate Identity Number (CIN) L24116MH1989PLC052224. Its Permanent Account Number with the Income Tax Department is AAACV6538K.
  - 3.3. The email address of the Company is [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com) and website is [www.vinatiorganics.com](http://www.vinatiorganics.com).
  - 3.4. The equity shares of the Company are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").
  - 3.5. The main objects of the Company as set out in the Memorandum of Association of the Company is "*to manufacture, produce, refine, treat, reduce, distil, blend, smelt, store, hold, compress, bottle, pack, use, experiment with, exchange, transport, buy, sell, import, export, dispose of and generally deal in every kind of organic chemical including Isobutyle Benzene, Toluene, Propylene, Catalyst, Ibuprofen including their intermediate, derivatives by-products, co-products, constituents, Mixtures, Compounds, heavy and fine chemicals, industrial chemical preparation and allied, auxiliary products or intermediates thereof*".
  - 3.6. The Company is inter alia, engaged in the business of manufacturing and marketing of Specialty Chemicals.

3.7. During the last five years, there has been no change in the Name, Registered Office and Objects of the Company.

3.8. The details of the Authorized, Issued, Subscribed and Paid-up Share Capital of VOL as on 31<sup>st</sup> March, 2021 are as under:

Particulars	Amount in `
<b>Authorized Share Capital</b>	
15,00,00,000 Equity Shares of ` 1 each	15,00,00,000
<b>Total</b>	<b>15,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
10,27,82,050 Equity Shares of ` 1 each fully paid up	10,27,82,050
<b>Total</b>	<b>10,27,82,050</b>

The details of the Authorized, Issued, Subscribed and Paid-up Share Capital of VOL as on date of this Notice, are as under:

Particulars	Amount in `
<b>Authorized Share Capital</b>	
15,00,00,000 Equity Shares of ` 1 each	15,00,00,000
<b>Total</b>	<b>15,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
10,27,82,050 Equity Shares of ` 1 each fully paid up	10,27,82,050
<b>Total</b>	<b>10,27,82,050</b>

3.9. Names of Directors and Promoters of the Company (as on the date of the Notice) along with their addresses are mentioned herein below:

Sr. No.	Name of Directors	Designation	DIN	Address
1.	Mr. Vinod Banwarilal Saraf	Chairman	00076708	901, Vinayak Heights, 55 Pali Hill, Nargis Dutt Road, Bandra West, Mumbai – 400 050.
2.	Ms. Vinati Saraf Mutreja	Managing Director & CEO	00079184	302, Vinayak Heights, 55 Pali Hill, Nargis Dutt Road, Bandra West, Mumbai – 400 050.
3.	Ms. Viral Saraf Mittal	Executive Director	02666028	601, Vinayak Heights, 55 Pali Hill, Nargis Dutt Road, Bandra West, Mumbai – 400 050.
4.	Mr. Jayesh Ashar	Executive Director	00041532	803/804-308, Trikal, Above Bank of Maharashtra, 90 Feet Road, Pantnagar, Ghatkopar (East), Mumbai-400 075.
5.	Mr. Adesh Kumar Gupta	Independent Director	00020403	408, Dheeraj Heritage, S. V. Road, Nr. Milan Subway Junction, Santacruz (West), Mumbai - 400 054.
6.	Mr. Jagdish Chandra Laddha	Independent Director	00118527	37, Kamla Enclave, Chittorgarh Road, Bhilwara 311001, Rajasthan.
7.	Ms. Mona Bhide	Independent Director	05203026	Flat No.1301, 13 <sup>th</sup> Floor, Phoenix Tower B, Senapati Bapat Marg, Lower Parel, Mumbai - 400013.
8.	Ms. Lakshmi Kantam Mannepalli	Independent Director	07831607	Institute of Chemical Technology Nathalal Parekh Marg, Matunga, Mumbai – 400 019.

Sr. No.	Name of Promoters	Address
1.	Mr. Vinod Banwarilal Saraf	901, Vinayak Heights, 55 Pali Hill, Nargis Dutt Road, Bandra West, Mumbai – 400 050.
2.	Ms. Kavita Saraf	
3.	Ms. Viral Saraf Mittal	601, Vinayak Heights, 55 Pali Hill, Nargis Dutt Road, Bandra West, Mumbai – 400 050.
4.	Ms. Vinati Saraf Mutreja	302, Vinayak Heights, 55 Pali Hill, Nargis Dutt Road, Bandra West, Mumbai – 400 050.
5.	Suchir Chemicals Pvt Ltd	Parinee Crescenzo, 11 <sup>th</sup> Floor, A-wing, 1102, "G" Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai-400051.

4. **Details of Veeral Additives Private Limited are as under:**

- 4.1. Veeral Additives Private Limited ("VAPL" or "Transferor Company") was incorporated on 20<sup>th</sup> September 2007 under the Companies Act, 1956.
- 4.2. VAPL was incorporated as Alpha Kooltherm Private Limited. The name was changed to Veeral Additives Private Limited on 11<sup>th</sup> January, 2018.
- 4.3. The Registered Office of VAPL is at Parinee Crescenzo, A-wing, 1102, G Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai – 400051.
- 4.4. VAPL is a Private Limited Company registered with the Registrar of Companies, Mumbai having Corporate Identity Number (CIN) U24100MH2007PTC174331. Its Permanent Account Number with the Income Tax Department is AAHCA0339A.
- 4.5. The email address of the Company is [info@veeraladditives.com](mailto:info@veeraladditives.com) and website is [www.veeraladditives.com](http://www.veeraladditives.com).
- 4.6. The equity shares of VAPL are not listed on any stock exchanges.
- 4.7. The objects of the Company as set out in the Memorandum of Association of the Company is "to carry on in India or abroad the business of export, import, manufacture, deal, trade and to act as wholesalers, retailers, stockiest, distributors and dealers in all kinds of speciality chemicals required for Polymers, Rubber, Textile and allied chemical industry including organics and inorganic chemical, chemical compounds, products, heavy chemicals, fine chemicals, acids, alkalis, petrochemicals, antioxidant, chemicals compound and also to invest in manufacturing plants producing speciality chemicals".
- 4.8. VAPL is proposing to start manufacturing of Specialty Chemicals which will be used as stabilizer in the plastic component and increases its wear and tear capacity.
- 4.9. During the last five years, there has been change in the Name and Registered Office of the Company as mentioned aforesaid point no. 4.2 other than that there has been no change.
- 4.10. The details of Authorized, Issued, Subscribed and Paid-up Share Capital of VAPL as on 31<sup>st</sup> March, 2021 are as under:

Particulars	Amount in `
<b>Authorized Share Capital</b>	
4,50,00,000 Equity Shares of ` 10 each	45,00,00,000
<b>Total</b>	<b>45,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
4,50,00,000 Equity Shares of ` 10 each	45,00,00,000
<b>Total</b>	<b>45,00,00,000</b>

The details of Authorized, Issued, Subscribed and Paid-up Share Capital of the VAPL as on the date of this Notice, are as under:

Particulars	Amount in `
<b>Authorized Share Capital</b>	
4,50,00,000 Equity Shares of ` 10 each	45,00,00,000
<b>Total</b>	<b>45,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
4,50,00,000 Equity Shares of ` 10 each	45,00,00,000
<b>Total</b>	<b>45,00,00,000</b>



4.11. Names of Directors and Promoters of VAPL (as on the date of the Notice) along with their addresses are mentioned herein below:

Sr. No.	Name of Directors	Designation	DIN	Address
1.	Mr. Vinod Banwarilal Saraf	Director	00076708	901, Vinayak Heights, 55 Pali Hill, Nargis Dutt Road, Bandra West, Mumbai – 400 050.
2.	Ms. Vinati Saraf Mutreja	Director	00079184	302, Vinayak Heights, 55 Pali Hill, Nargis Dutt Road, Bandra West, Mumbai – 400 050.
3.	Ms. Viral Saraf Mittal	Director	02666028	601, Vinayak Heights, 55 Pali Hill, Nargis Dutt Road, Bandra West, Mumbai – 400 050.
4.	Mr. Parshant Mittal	Director	03477135	
5.	Mr. Jayesh Ashar	Director	00041532	803/804-308, Trikal, Above Bank of Maharashtra, 90 Feet Road, Pantnagar, Ghatkopar (East), Mumbai-400 075.

Sr. No.	Name of Promoter	Address
1.	Mr. Vinod Saraf	901, Vinayak Heights, 55 Pali Hill, Nargis Dutt Road, Bandra West, Mumbai – 400 050.
2	Viral Alkalis Limited	Parinee Crescenzo, 11 <sup>th</sup> Floor, A - wing, 1102, "G" Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai-400051.

**5. Relationship between the Companies, Description, Rationale, Salient Features & Benefits of the Scheme:**

**5.1. Relationship between the Companies:**

VAPL and VOL have common promoters and form part of the same promoter group.

**5.2. Description of the Scheme:**

The Scheme of Amalgamation of Veeral Additives Private Limited with Vinati Organics Limited and their respective Shareholders is presented under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) for the Amalgamation of Veeral Additives Private Limited with Vinati Organics Limited and their respective Shareholders.

**5.3. Rationale for Merger:**

- a) VOL and VAPL are engaged in the similar line of business. The Amalgamation will ensure creation of a combined entity, hosting products under the Transferee Company thereby resulting in on-time supplies, efficiency of management and maximizing value for the shareholders.
- b) VOL and VAPL believe that the financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of each of the Amalgamating Companies pooled in the merged entity, will lead to optimum use of infrastructure, cost reduction and efficiencies, productivity gains and logistic advantages and reduction of administrative and operational costs, thereby significantly contributing to the future growth and maximizing shareholder value.
- c) The proposed Amalgamation would be in the best interest of the Amalgamating Companies and their respective Shareholders, Employees, Creditors, Customers and other stakeholders as the proposed Amalgamation will yield advantages as set out, *inter alia*, below:
  - i. realising benefits of greater synergies between their businesses, yield beneficial results and pool financial resources as well as managerial, technical;
  - ii. distribution and marketing resources of each other in the interest of maximizing value to their shareholders and the other stakeholders;
  - iii. integrated value chain to enhance degree of vertical integration in the products segment;
  - iv. greater efficiency in cash and debt management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximize shareholders value and better debt management;
  - v. pooling of resources, creating better synergies, optimal utilisation of resources, centralization of inventory and greater economies of scale.

- d) Simplification of management structure, elimination of duplication and multiplicity of compliance requirements, rationalization of administrative expenses, better administration and cost reduction (including reduction in administrative and other common costs).
- e) Efficient tax planning at the combined entity level.
- f) Adoption of improved safety, environment and sustainability practices owing to a centralized committee at combined level to provide focused approach towards safety, environment and sustainability practices resulting in overall improvement.
- g) Create value for the stakeholders including the respective Shareholders, Customers, Lenders and Employees.
- h) As a result, the Board of Directors of the Amalgamating Companies have formulated this Scheme for the Amalgamation of the Transferor Company as a going concern into and with the Transferee Company pursuant to Sections 230 to 232 and other relevant provisions of the Act and in accordance with Section 2(1B) of IT Act (on a going concern basis) and other Applicable Law; and
- i) The proposed Scheme will not in any manner be prejudicial to the interests of the concerned Shareholders and Creditors or general public at large.

#### 5.4. Salient Features of the Scheme

- a) 'Appointed Date' means the 1<sup>st</sup> day of April, 2021 or such other date as may be directed or approved by the National Company Law Tribunal or any other appropriate authority.
- b) The Scheme duly approved by the NCLT, with or without modifications, shall be effective from the Appointed Date but shall be operative from the Effective Date (as defined in the Scheme).
- c) Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Undertaking as defined in the Scheme (including all the assets, properties, debts, borrowings, obligations, duties, liabilities, permits, quotas, rights, entitlements, industrial and other licences, incentives, deductions, exemptions, statutory licenses, permissions, registrations, approvals, consents, subsidies, tax entitlements (including but not limited to incentives and/or credits under applicable indirect tax laws), sundry debtors, receivables, branches, contracts, encumbrances, employees, proceedings, etc.) and entire business of the Company shall stand vested in or be deemed to have been vested in the Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, as and from the Appointed Date, as the undertaking of the Company by virtue of and in the manner provided in the Scheme.
- d) All inter-company balances between the Company and VAPL will stand cancelled as a result of Amalgamation.
- e) The Scheme provides for combining the Authorized Share Capital of VAPL with the Company.
- f) There is no capital/debt restructuring envisaged in the Scheme.
- g) The Scheme provides for issue of Equity Shares of the Company to the Equity Shareholders of VAPL as on the Record Date in the following proportion viz.:  
*"14 (Fourteen) Equity Shares of the face value of ` 1 each of VOL shall be issued and allotted as fully paid up for every 713 (Seven Hundred and Thirteen) Equity share of the face value of ` 10/- each fully paid up held in VAPL".*  
 No fractional Shares shall be issued by the Company in respect of the fractional entitlements, if any, of the Shareholders of VAPL and such fractional entitlements, if any, shall be ignored.
- h) In the event, any of the sanctions and approvals referred to in the Scheme is not being obtained, the Scheme shall stand cancelled and be of no effect.
- i) Dissolution of the Transferor Company without winding up.
- j) The Scheme is in compliance with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961.
- k) The costs, charges, expenses, taxes including duties, levies in connection with the Scheme would be borne by the Company.
- l) Equity shares issued by the Company to the shareholders of VAPL pursuant to the Scheme would be listed on BSE Limited and National Stock Exchange of India Limited.

**THE FEATURES SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME, THE EQUITY SHAREHOLDERS OF THE COMPANY ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME TO GET THEMSELVES FULLY ACQUAINTED WITH THE PROVISIONS THEREOF.**

**6. Benefits of the Amalgamation to the Company as perceived by the Board of Directors to the Company, Members, Creditors and others (as applicable):**

A report adopted by the Directors of the Applicant Company, explaining effect of the Scheme on each class of Shareholders, Key Managerial Personnel, Promoters and Non-Promoter shareholders, laying out in particular the share allotment, is attached herewith. The proposed Scheme is expected to create value for the shareholders since entities engaged in the similar line of business are proposed to be Amalgamation which will ensure reduction of administrative cost. Further, consolidating a promoter owned Transferor Company with the Company demonstrates the confidence of promoter of Transferee Company towards the growing business of Transferee Company. Furthermore, the under-construction manufacturing facility of Transferor Company will help the Transferee Company to cater to its customer base in a better manner and will result in achieving substantial growth in terms of being market leader in specialty chemical space. There will be no adverse effect on account of the Scheme as far as the employees and creditors of the Applicant Company are concerned.

**7. Amounts due to Unsecured Creditors:**

The amount due to unsecured creditors of the Company as on 30<sup>th</sup> September, 2022 is ` 85,73,89,792/-. The amount due to unsecured creditors of VAPL as on 30<sup>th</sup> September, 2022 is ` 46,15,09,192/-.

**8. Summary of Valuation Report and Fairness Opinion Report:**

8.1. The Valuation Reports dated 08<sup>th</sup> September, 2021 and 2<sup>nd</sup> February 2021, specifying the share exchange ratio issued by Mr. Hitendra Ranka, Registered Valuer is enclosed herewith as **Annexure B-1**. The Valuer has considered the Discounted Cash Flow Method ('DCF') under Income Approach, Summation Method under Asset/Cost Approach and the Market Price Method ('MPM'), Comparable Companies Market Multiple Method ('CCMM') and Comparable Companies Transactions Multiple Method ('CTM') under Market Approach for determining the relative value of the shares of the Company and VAPL in order to arrive at the share exchange ratio for the Scheme.

However, considering that the Company is having its shares listed on recognized stock exchanges, the Valuer is of the opinion that the Income and Cost Approach are of limited relevance and have based their valuation on MPM method for the Company and have also considered ICDR Regulations which provide guidelines to estimate the market price. In case of VAPL, the Valuers have not considered MPM as the shares of VAPL are not listed on any recognized stock exchange. The Valuer has considered the DCF Method as the true worth of the VAPL's business would be reflected in its future earnings potential.

The share exchange ratio has been arrived at on the basis of a relative equity valuation of the businesses based on the methodologies explained in the said Valuation Report and various qualitative factors relevant to each business. The recommendation of the share exchange ratio has been approved by the Boards of the Company and VAPL.

8.2. In terms of the SEBI Master Circular, Fairness Opinion Report dated 8<sup>th</sup> September, 2021 and 2<sup>nd</sup> February 2021 issued by Vivro Financial Services Private Limited, a SEBI Registered Category – I Merchant Banker, on the fairness of the share exchange ratio recommended by Mr. Hitendra Ranka, Registered Valuer for the Scheme is enclosed herewith as **Annexure B-2**.

8.3. Further, through an email dated August 03, 2021 NSE Limited had advised VOL to obtain a fresh valuation report since the valuation report was dated February 02, 2021, being older than 6 months before receipt of the Observation Letter from SEBI. Accordingly, VOL has obtained a fresh Valuation Report dated 8<sup>th</sup> September 2021, along with Audit Committee recommendation.

As mentioned in the Valuation Report, the Registered Valuer has considered the DCF method for the valuation of VAPL and accordingly future free cash flows of VAPL have been discounted at an appropriate cost of capital to arrive at its enterprise value. The increase in the value of VAPL can be attributed to the following factors, all of which have been incorporated in the DCF method:

- The earlier valuation of VAPL was based on the projections as per the prices, prevailing during the last quarter of calendar year 2020. The calendar year 2020 was extremely stressful to industries across the globe due the widespread effect of COVID-19. Fortunately, the 1st quarter of calendar year 2021 started to bring about an improvement in the sentiments as well as actual demand and supply requirements of the industry. The chemical sector, especially, has seen good improvement and accordingly the price of the finished products and also the raw materials has seen an increase from March 2021 onwards.

The revised valuations of VAPL submitted now has accounted for the increase in the prices of the finished products and its raw materials.

- Further, due to the second wave of COVID-19, the project activity has been at standstill and consequently the project commencement which was earlier expected in the month of October 2021 is now expected to be done in the month of February 2022. This delay has also resulted in increased preoperative expenses coupled with some additional capex due to some changes in the equipment list, has led to increase in project cost.

Accordingly, on account of the impact of the above-mentioned external factors (post earlier valuation), the value per share of VAPL as per DCF has increased, with all other valuation metrics remaining constant, except the change in valuation date

## 9. Board Approvals:

- 9.1. The Scheme was approved by the Board of Directors of the Company at its meeting held on 08<sup>th</sup> September, 2021, based on the recommendations of the Committee of Independent Directors and Audit Committee of the Company. Details of Directors of the Company who voted in favour / against / did not vote or participate on resolution passed at the aforesaid meeting are given below:

Sr. No.	Names of Directors	Voted in favour/ against/ did not vote or participate
1.	Mr. Vinod Banwarilal Saraf	In favour
2.	Ms. Vinati Saraf Mutreja	In favour
3.	Ms. Viral Saraf Mittal	In favour
4.	Mr. Jayesh Ashar	In favour
5.	Mr. Adesh Kumar Gupta	In favour
6.	Mr. Jagdish Chandra Laddha	In favour
7.	Ms. Mona Bhide	In favour
8.	Ms. Lakshmi Kantam Mannepalli	In favour

- 9.2. The Scheme was approved by the Board of Directors of VAPL at its meeting held on 08<sup>th</sup> September, 2021. Details of Directors of VAPL who voted in favour / against / did not vote or participate on resolution passed at the aforesaid meeting are given below:

Sr. No.	Names of Directors	Voted in favour/ against/ did not vote or participate
1.	Mr. Vinod Banwarilal Saraf	In favour
2.	Ms. Vinati Saraf Mutreja	In favour
3.	Ms. Viral Saraf Mittal	In favour
4.	Mr. Parshant Mittal	In favour
5.	Mr. Jayesh Ashar	In favour

## 10. Approvals and intimations taken in relation to the Scheme:

- 10.1. Pursuant to the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23<sup>rd</sup> November, 2021 ('SEBI Master Circular') read with Regulation 37 of the Listing Regulations, the Company had filed the necessary applications before BSE and NSE seeking their no-objections to the Scheme. BSE was appointed as the Designated Stock Exchange by the Company for the purpose of coordinating with SEBI, pursuant to the SEBI Master Circular.
- 10.2. The Company has received the Observation Letters from BSE and NSE dated 05<sup>th</sup> October 2021, conveying their no-objection to the Scheme ("Observation Letters"). Copies of the aforesaid Observation Letters are enclosed herewith as **Annexure C**.
- 10.3. Further, in terms of the said SEBI Master Circular the Company has not received any complaint relating to the Scheme and "NIL" Complaints Reports dated 15<sup>th</sup> March, 2021 and 27<sup>th</sup> April, 2021, were filed by the Company with NSE and BSE, respectively and also uploaded on the Company's website viz. [www.vinatiorganics.com](http://www.vinatiorganics.com), copies of which are enclosed herewith as **Annexure D**.
- 10.4. A copy of the Scheme has been filed by the Company and VAPL respectively with the Registrar of Companies, Mumbai.
- 10.5. The Scheme shall require approval of the NCLT for which an application has been filed by the Companies with the NCLT on November 18, 2021.

10.6. In addition to approval of NCLT, the Company and VAPL would obtain such necessary approvals/ sanctions/ no objection(s) from the regulatory or other governmental authorities in respect of the Scheme in accordance with law, as may be required.

10.7. Information pertaining to VAPL, being an unlisted entity involved in the Scheme in the format prescribed for Abridged Prospectus as specified in Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ('ICDR Regulations') along with a copy of certificate from the Merchant Banker confirming the adequacy and accuracy of the information contained in above document in terms of the SEBI Master Circular, are enclosed herewith as **Annexure E**.

10.8. No investigation proceedings have been instituted and/or are pending against the Company and VAPL under the Act.

#### 11. Capital Structure Pre and Post Merger:

The Pre-Merger capital structure of the Company and VAPL is mentioned in paragraph 3 and 4 above, respectively. The Post-Merger capital structure of the Company shall be as follows:

Particulars	Amount (in `)
<b>Authorized Share Capital</b>	
60,00,00,000 Equity Shares of ` 1 each	60,00,00,000
<b>Total</b>	
<b>Issued, Subscribed and Paid-up Share Capital</b>	
10,36,65,632 Equity Shares of ` 1 each	10,36,65,632
<b>Total</b>	

#### 12. Pre and Post Arrangement of Shareholding Pattern:

The Pre and Post arrangement of Equity Shareholding pattern of VAPL is as follows:

Sr. No.	Name of Shareholders	Shareholding as on 31 <sup>st</sup> March, 2022 (Pre Scheme)		Shareholding as on 31 <sup>st</sup> March, 2022 (Post Scheme)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Promoter	4,50,00,000	100.00	0	0.00
2.	Public	0	0	0	0.00
	<b>Total</b>	<b>4,50,00,000</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>

The Pre and Post arrangement of Equity Shareholding pattern of the Company is as follows:

Sr. No.	Name of Shareholders	Shareholding as on 31 <sup>st</sup> March, 2022 (Pre Scheme)		Shareholding as on 31 <sup>st</sup> March, 2022 (Post Scheme)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Viral Saraf Mittal	10,42,366	1.01%	10,42,366	1.01%
2.	Vinati Saraf Mutreja	12,10,620	1.18%	12,10,620	1.17%
3.	Kavita Saraf	1,24,14,456	12.08%	1,24,14,456	11.98%
4.	Vinod Saraf	1,39,00,582	13.52%	1,43,23,718	13.82%
5.	Suchir Chemicals Pvt Ltd	4,75,53,168	46.27%	4,75,53,168	45.87%
6.	Viral Alkalies Limited	NIL	NIL	4,60,446	0.44%
7.	Public shareholding	2,66,60,858	25.94%	2,66,60,858	25.72%
	<b>Total</b>	<b>10,27,82,050</b>	<b>100%</b>	<b>10,36,65,632</b>	<b>100%</b>

#### 13. Disclosure about the effect of the Scheme on the material interests of Directors and Key Managerial Personnel ('KMPs'):

None of the Directors, the "Key Managerial Personnel" (as defined under the Act and rules formed thereunder) of the Company and their respective "Relatives" (as defined under the Act and rules formed thereunder) have any material interests, financial or otherwise in the Scheme, except to the extent of their shareholding in the Companies forming part of the Scheme, and / or to the extent the said Directors are common Directors in the

said Companies, and / or to the extent said Director(s) and / or KMPs are the Partners, Directors, Members of the Companies, Firms, Association of Persons, Bodies Corporate and/or Beneficiary of Trust, that hold shares in any of the said Companies.

The details of the present Directors and KMP of the VOL and their respective shareholdings in VOL and VAPL as on the date of this notice are as follows:

Names of Director/KMP	Designation	Equity Shares in VAPL	Equity Shares in the Company
Mr. Vinod Banwarilal Saraf	Chairman	2,15,50,000	1,39,00,582
Ms. Vinati Saraf Mutreja	Managing Director & CEO	0	12,10,620
Ms. Viral Saraf Mittal	Executive Director	0	10,42,366
Mr. Jayesh Ashar	Executive Director	0	0
Mr. Adesh Kumar Gupta	Independent Director	0	0
Mr. Jagdish Chandra Laddha	Independent Director	0	0
Ms. Mona Bhide	Independent Director	0	0
Ms. Lakshmi Kantam Mannepalli	Independent Director	0	0
Mr. Milind Wagh	Company Secretary	0	0
Mr. N K Goyal	Chief Financial Officer	0	0

None of the Directors, the "Key Managerial Personnel" (as defined under the Act and rules formed thereunder) of VAPL and their respective "Relatives" (as defined under the Act and rules formed thereunder) have any material interests, financial or otherwise in the Scheme, except to the extent of their shareholding in the companies forming part of the Scheme, and / or to the extent the said Directors are Common Directors in the said Companies, and / or to the extent said Director(s) and / or KMPs are the Partners, Directors, Members of the Companies, Firms, Association of Persons, Bodies Corporate and/or Beneficiary of Trust, that hold shares in any of the said Companies.

The details of the present Directors and KMP of the VAPL and their respective shareholdings in VOL and VAPL as on the date of this notice are as follows:

Names of Director/KMP	Designation	Equity Shares in VAPL	Equity Shares in the Company
Mr. Vinod Banwarilal Saraf	Director	2,15,50,000	1,39,00,582
Ms. Vinati Saraf Mutreja	Director	0	12,10,620
Ms. Viral Saraf Mittal	Director	0	10,42,366
Mr. Parshant Mittal	Director	0	0
Mr. Jayesh Ashar	Director	0	0
Mr. Suhas Pai	Company Secretary	0	0

#### 14. Effect of the Scheme on Stakeholders:

In compliance with the provisions of Section 232(2)(c) of the Act, the Board of Directors of the Company and VAPL, in their respective Board Meetings held on 08<sup>th</sup> September, 2021, have adopted a report, *inter alia*, explaining effect of the Scheme on each class of Shareholders, KMP, Promoters and Non-Promoter Shareholders. The same is enclosed herewith as **Annexure F**.

The Scheme should not have any adverse impact on the Directors, Creditors, Employees, of the Company or VAPL.

The Company and VAPL does not have any Depositors, Debenture Holders, Deposit Trustee and Debenture Trustee hence the question of any adverse impact of Scheme on the same does not arise.

#### 15. Documents available for inspection:

The following documents will be available electronically for inspection by the Equity Shareholders of the Company upto and including the date of the Meeting.

- i. Copy of the Order passed by NCLT in Company Scheme Application No. CA(CAA)/274(MB)/2021 dated 16<sup>th</sup> December, 2022 directing the Company to, *inter alia*, convene the Meeting of its Equity Shareholders;
- ii. Copy of the Scheme;
- iii. Copy of the Report from the Committee of Independent Directors dated 08<sup>th</sup> September, 2021 recommending the Scheme;

- iv. Copy of the Report from the Audit Committee dated 08<sup>th</sup> September, 2021 recommending the Scheme;
- v. Copy of the Reports dated 08<sup>th</sup> September, 2021 adopted by the Board of Directors of the Company and VAPL pursuant to the provisions of Section 232(2)(c) of the Act;
- vi. Copy of the Valuation Reports dated 08<sup>th</sup> September, 2021 and 02<sup>nd</sup> February, 2021 specifying the share exchange ratio issued by Mr. Hitendra Ranka, Registered Valuer;
- vii. Copy of the Fairness Opinion Report dated 08<sup>th</sup> September, 2021 02<sup>nd</sup> February, 2021 issued by Vivro Financial Services Private Limited, SEBI Registered Category-I Merchant Banker on the fairness of the share exchange ratio;
- viii. Copy of Statutory Auditors' Certificate dated 02<sup>nd</sup> February, 2021 and addendum dated 07<sup>th</sup> September, 2021 issued by M M NISSIM & Co. LLP, Statutory Auditors of the Company certifying the accounting treatment proposed in the Scheme is in conformity with Section 133 of the Act and applicable Accounting Standards;
- ix. Copy of Abridged Prospectus providing information pertaining to the unlisted entity i.e. VAPL, involved in the scheme as per the format specified in Part E of Schedule VI of the ICDR Regulations along with a copy of certificate from the Merchant Banker confirming the adequacy and accuracy of the information contained in above document in terms of the SEBI Master Circular;
- x. Copy of Observation Letters dated 5<sup>th</sup> October, 2021 issued by BSE and dated 5<sup>th</sup> October, 2021 issued by NSE;
- xi. Copy of Complaints Reports dated 15<sup>th</sup> March, 2021, filed by the Company with BSE and dated 27<sup>th</sup> April, 2021, filed by the Company with NSE;
- xii. Copy of Form No. GNL-1 along with challan filed by the Company with the Registrar of Companies, Mumbai evidencing filing of the Scheme with the Registrar of Companies, Mumbai;
- xiii. Copy of the Memorandum and Articles of Association of the Company and VAPL;
- xiv. Copy of the Annual Reports of the Company and VAPL for the financial years ended 31<sup>st</sup> March, 2022, 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020;
- xv. Copy of Audited Special Purpose Financial Statements of VAPL for the half-year ended 30<sup>th</sup> September 2022; and.
- xvi. Copy of Consolidated and Standalone Unaudited Financial Results (Limited Review) of the Company for the quarter and half-year ended 30<sup>th</sup> September, 2022.

Members seeking to inspect the above documents can send an e-mail to [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com) from their registered e-mail address.

Based on the above and considering the rationale and benefits, in the opinion of the Board, the Scheme will be of advantage to, beneficial and in the interest of the Company, its shareholders, creditors and other stakeholders and the terms thereof are fair and reasonable. The Board of Directors of the Company recommend the Scheme for approval of the shareholders. The Directors and KMPs, as applicable, of the Company and of VAPL, and their relatives do not have any concern or interest, financially or otherwise, in the Scheme except as shareholders in general.

This statement may be treated as an Explanatory Statement under Sections 230(3) and 102 and any other applicable provisions of the Act read with Rule 6 of the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016.

SD/-  
Vinod Saraf

**Chairman appointed for the meeting**

**Registered Office:**

B-12 & B-13 MIDC Industrial Area, Dist. Raigad,  
Mahad-402 309, Maharashtra  
CIN : L24116MH1989PLC052224  
e-mail : [shares@vinatiorganics.com](mailto:shares@vinatiorganics.com)  
Website : <https://www.vinatiorganics.com>  
Tel. : 022-61240444/428  
Fax : 022-61240438

Mumbai, 25<sup>th</sup> January, 2023

**SCHEME OF AMALGAMATION**

**OF**

**VEERAL ADDITIVES PRIVATE LIMITED  
(TRANSFEROR COMPANY)**

**WITH**

**VINATI ORGANICS LIMITED  
(TRANSFeree COMPANY)**

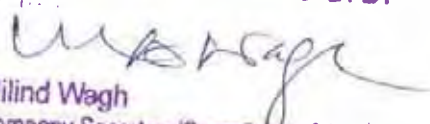
**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**(UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE  
COMPANIES ACT, 2013)**

**For VINATI ORGANICS LTD.**

2019-11-27



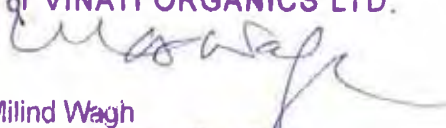
**Milind Wagh  
Company Secretary/Compliance Officer**



## PREAMBLE

1. This Scheme (*as defined hereinafter*) seeks to amalgamate and consolidate the business of Veeral Additives Private Limited ("**Transferor Company**") into and with Vinati Organics Limited ("**Transferee Company**") pursuant to the provisions of, *inter-alia*, Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment or amendment thereof) read with Section 2(1B) and other provisions of the Income-tax Act, 1961 ("**IT Act**") and other Applicable Law (*as defined hereinafter*).
2. The Board of Directors (*as defined hereinafter*) of the Transferor Company and the Transferee Company (together referred to as the "**Amalgamating Companies**") have resolved that the amalgamation of the Transferor Company into and with the Transferee Company would be in the best interests of the Amalgamating Companies and their respective shareholders, creditors, employees and other stakeholders.
3. This Scheme presented under Sections 230 to 232 of the Act for the amalgamation of the Transferor Company into and with the Transferee Company, is divided into the following parts:
  - Part A: Deals with the overview of the Scheme, brief overview of the Amalgamating Companies, objects of this Scheme and definitions and interpretation
  - Part B: Deals with capital structure of the Amalgamating Companies and date of taking effect
  - Part C: Deals with the amalgamation of the Transferor Company into and with the Transferee Company and sets forth certain additional arrangements that form a part of this Scheme
  - Part D: Deals with the general terms and conditions applicable to this Scheme
4. This Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

For VINATI ORGANICS LTD.

  
Milind Wagh  
Company Secretary/Compliance Officer

## PART A

### OVERVIEW, OBJECTS, DEFINITION AND INTERPRETATION

#### 1. OVERVIEW OF THE SCHEME

1.1 The Scheme envisages the amalgamation of Transferor Company into Transferee Company in compliance with the provisions of Section 2(1B) of the IT Act, such that:

- a) all the properties of the Transferor Company, immediately before the amalgamation, shall become the property of the Transferee Company, by virtue of this amalgamation;
- b) all the liabilities of the Transferor Company, immediately before the amalgamation, shall become the liabilities of the Transferee Company, by virtue of this amalgamation; and
- c) shareholders holding not less than three-fourths in value of the shares in the Transferor Company (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the Transferee Company or its subsidiary) will become shareholders of the Transferee Company by virtue of the amalgamation.

1.2. Upon the amalgamation of the Transferor Company into and with the Transferee Company pursuant to the Scheme becoming effective on the Effective Date (*as defined hereinafter*), the Transferee Company will issue its Equity Shares to the shareholders of the Transferor Company on the Record Date (*as defined hereinafter*), in accordance with the Share Exchange Ratio (*as defined hereinafter*) approved by the Board of Directors of each of the Amalgamating Companies and pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the IT Act.

1.3 The amalgamation of the Transferor Company into and with Transferee Company will be effective from the Appointed Date (*as defined hereinafter*) but will be operative from the Effective Date.

#### 2. BACKGROUND AND DESCRIPTION OF THE AMALGAMATING COMPANIES

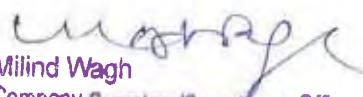
2.1 **Veeral Additives Private Limited** (formerly known as Alpha Kooltherm Private Limited) is a private limited company incorporated on September 20, 2007 under the Companies Act, 1956 with CIN U24100MH2007PTC174331 and having its registered office at Parinee Crescenzo, 11th Floor, 1102, "G" Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051 (hereinafter referred to as "Transferor Company" or "Transferor Company", Transferor Company

is proposing to start manufacturing of specialty chemicals which as used as stabilizer in the plastic component and increases its wear and tear capacity.

- 2.2 The main object of the Transferor Company as provided in its memorandum of association is *"to carry on in India or abroad the business of export, import, manufacture, deal, trade and to act as wholesalers, retailers, stockiest, distributors and dealers in all kinds of speciality chemicals required for Polymers, Rubber, Textile and allied chemical industry including organics and inorganic chemical, chemical compounds, products, heavy chemicals, fine chemicals, acids, alkalis, petrochemicals, antioxidant, chemicals compound and also to invest in manufacturing plants producing speciality chemicals"*.
- 2.3 VAPL is currently setting-up its manufacturing plant and once the construction will be completed, VAPL will be engaged in the manufacturing of Antioxidants (AO's) – AO 1010, AO 1076, AO 168. VAPL will operate at a capacity of 24000 MT per annum
- 2.4 Clause 5 of the 'objects incidental or ancillary to the attainment of the main objects' of the memorandum of association of the Transferor Company allows amalgamation of the Transferor Company with any other company or companies.
- 2.5 **Vinati Organics Limited** is a public limited company incorporated on June 15, 1989 under the Companies Act, 1956 with CIN L24116MH1989PLC052224 and having its registered office at B-12 & B-13 MIDC Industrial Area, Mahad Dist. Raigad, Maharashtra 402309 (herein referred to as "Transferee Company" or "Transferee Company"). The equity shares of Transferee Company are listed on the Stock Exchanges. Transferee Company is engaged in the business of manufacturing and marketing of specialty chemicals. The manufacturing facilities of Transferee Company are located at Mahad and Lote in the State of Maharashtra.
- 2.6 The main object clause of Transferee Company as provided in its memorandum of association is *"to manufacture, produce, refine, treat, reduce, distil, blend, smelt, store, hold, compress, bottle, pack, use, experiment with, exchange, transport, buy, sell, import, export, dispose of and generally deal in every kind of organic chemical including Isobutyle Benzene, Toluene, Propylene, Catalyst, Ibuprofen including their intermediate, derivatives by-products, co-products, constituents, Mixtures, Compounds, heavy and fine chemicals, industrial chemical preparations and allied, auxiliary products or intermediates thereof"*.
- 2.7 Clause 17 of the 'objects incidental or ancillary to the attainment of the main objects' of the memorandum of association of the Transferee Company allows amalgamation of the Transferee Company with any other company or companies.

3. **RATIONALE AND PURPOSE OF THE SCHEME**

For VINATI ORGANICS LTD.

  
Milind Wagh  
Company Secretary/Compliance Officer

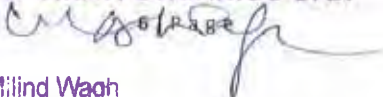
- 3.1. Amalgamating Companies are engaged in the similar line of business. The amalgamation will ensure creation of a combined entity, hosting products under the Transferee Company thereby resulting in on-time supplies, efficiency of management and maximizing value for the shareholders
- 3.2. The Amalgamating Companies believe that the financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of each of the Amalgamating Companies pooled in the merged entity, will lead to optimum use of infrastructure, cost reduction and efficiencies, productivity gains and logistic advantages and reduction of administrative and operational costs, thereby significantly contributing to the future growth and maximising shareholder value.
- 3.3. The proposed amalgamation would be in the best interest of the Amalgamating Companies and their respective shareholders, employees, creditors, customers and other stakeholders as the proposed amalgamation will yield advantages as set out, *inter alia*, below:
- a) realising benefits of greater synergies between their businesses, yield beneficial results and pool financial resources as well as managerial, technical
  - b) distribution and marketing resources of each other in the interest of maximizing value to their shareholders and the other stakeholders;
  - c) integrated value chain to enhance degree of vertical integration in the products segment;
  - d) greater efficiency in cash and debt management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximize shareholders value and better debt management;
  - e) pooling of resources, creating better synergies, optimal utilisation of resources, centralization of inventory and greater economies of scale
- 3.4. Simplification of management structure, elimination of duplication and multiplicity of compliance requirements, rationalization of administrative expenses, better administration and cost reduction (including reduction in administrative and other common costs);
- 3.5. Efficient tax planning at the combined entity level;
- 3.6. Adoption of improved safety, environment and sustainability practices owing to a centralized committee at combined level to provide focused approach towards safety, environment and sustainability practices resulting in overall improvement; and

- 3.7 Create value for the stakeholders including the respective shareholders, customers, lenders and employees.
- 3.8 As a result, the Board of Directors of the Amalgamating Companies have formulated this Scheme for the amalgamation of the Transferor Company as a going concern into and with the Transferee Company pursuant to Sections 230 to 232 and other relevant provisions of the Act and in accordance with Section 2(1B) of IT Act (on a going concern basis) and other Applicable Law.
- 3.9 The Scheme will not in any manner be prejudicial to the interests of the concerned shareholders and creditors or general public at large.

#### 4. DEFINITIONS

- 4.1 In this Scheme, unless repugnant to the meaning or context thereof, (i) terms defined in the introductory paragraphs and recitals shall have the same meanings throughout this Scheme and (ii) the following words and expressions, wherever used (including in the recitals and the introductory paragraphs above), shall have the following meanings:
- 4.2 **“Act” or “the Act”** means the Companies Act, 2013 and any rules, regulations, circulars or guidelines issued thereunder and shall, if the context so requires and as may be applicable, mean the Companies Act, 1956 and any rules, regulations, circulars or guidelines issued thereunder, as amended from time to time and shall include any statutory replacement or re-enactment thereof;
- 4.3 **“Amalgamating Companies”** has the meaning ascribed to such term in Clause 2 of Preamble;
- 4.4 **“Applicable Law(s)”** means (a) all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, listing agreements, notifications, guidelines or policies of any applicable country and/or jurisdiction; (b) writ, injunction, directions, directives, judgment, arbitral award, decree, orders or approvals of, or agreements with, any Governmental Authority or recognized stock exchange;
- 4.5 **“Appointed Date”** means opening business hours on April 1, 2021, or such other date as may be directed / allowed by the Competent Authority;
- 4.6 **“Board of Directors” or “Board”** in relation to the Transferor Company and the Transferee Company, as the case may be, means the Board of Directors of such company, and shall include the Stakeholders Relationship Committee by whatever name called and committees of the Board (if any) empowered for the implementation of this Scheme and/or any other matter relating thereto;

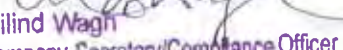
For VINATI ORGANICS LTD.



Milind Wagh  
Company Secretary/Compliance Officer

- 4.7 **“Competent Authority”** means the relevant National Company Law Tribunal(s) having territorial jurisdiction in the state(s) in which the respective registered offices of the Amalgamating Companies are located or such other forum or authority as may be vested with any of the powers of the above mentioned tribunal under the Act for approving any scheme of arrangement, compromise or reconstruction of a company under Sections 230 to 232 of the Act;
- 4.8 **“Consent”** means any notice, consent, approval, authorization, waiver, permit, permission, clearance, license, exemption, no objection certificate, registration, with, of, from or to any Person;
- 4.9 **“Effective Date”** means the date on which certified copies of the orders of the Competent Authority are filed with the RoC, Mumbai after the last of the approvals or events specified under Clause 8.1 of Part D of the Scheme are satisfied or fulfilled or obtained or have occurred or the requirement of which has been waived (in writing) in accordance with this Scheme. The Scheme shall be operative from the Effective Date and effective from the Appointed Date and any references in this Scheme to “upon this Scheme becoming effective”, “Scheme becomes effective” or “coming into effect of this Scheme” or “effectiveness of this Scheme” or likewise, means and refers to the Effective Date;
- 4.10. **“Encumbrance”** means : (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law; (ii) a contract to give or refrain from giving any of the foregoing; (iii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person; and (iv) any adverse claim as to title, possession or use; and the term “Encumbered”/ “Encumber” shall be construed accordingly.
- 4.11 **“Employees”** means all the permanent employees of the Transferor Company who are on the pay-roll of the Transferor Company on the Effective Date;
- 4.12 **“Equity Shares”** means Equity Shares of Re. 1/ each to be issued and allotted by Vinati Organics Limited;
- 4.13. **“Governmental Approvals”** means any Consent of any Governmental Authority
- 4.14. **“Governmental Authority”** means any governmental or statutory or regulatory or administrative authority, government department, agency, commission, board, SEBI, Stock Exchanges, tribunal or court or other entity authorised to make laws, rules or

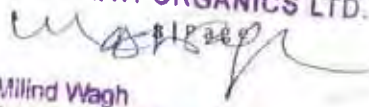
For VINATI ORGANICS LTD.

  
Milind Wagh  
Company Secretary/Compliance Officer

regulations or pass directions, having or purporting to have jurisdiction over any state or other sub-division thereof or any municipality, district or other sub-division thereof pursuant to Applicable Law, including the Registrar of Companies, Regional Director, Competition Commission of India, SEBI, Stock Exchanges, National Company Law Tribunal, and such other sectoral regulators or authorities as may be applicable;

- 4.15. **"Liabilities"** means all debts (whether in Indian Rupees or foreign currency), liabilities (including contingent liabilities, deferred tax liabilities and obligations under any licenses or permits or schemes), loans raised and used, obligations incurred, duties of any kind, nature or description and undertakings of every kind or nature and the liabilities of any description whatsoever whether or not provided in the books of accounts or disclosed in the balance sheet of the Transferor Company, whether present or future, and howsoever raised or incurred or utilized along with any charge, encumbrance, lien or security thereon;
- 4.16. **"LODR Regulations"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and includes all the amendments or statutory modifications thereto or re-enactments thereof
- 4.17. **"NCLT"** means, the National Company Law Tribunal, Mumbai Bench having jurisdiction in relation to Transferee Company and Transferor Company or such other forum or authority as may be vested with any of the powers of the above mentioned tribunal under the Act for approving any scheme of amalgamation of a company under Sections 230 to 232 of the Act;
- 4.18. **"NCLT Order"** means all order(s) passed by the NCLT sanctioning the Scheme and includes any order passed by NCLT or any other Governmental Authority's order(s) for extension of time or condonation of delay in filing of the requisite forms with the Registrar of Companies in relation to this Scheme, if applicable;
- 4.19. **"Person"** means any individual or other entity, whether a corporation, firm, company, joint venture, trust, association, organization, partnership or proprietorship, including any governmental agency or regulatory body;
- 4.20. **"Record Date"** means a date to be fixed by the Board of Directors of the Transferee Company in consultation with the Transferor Company, for the purpose of determining the shareholders of the Transferor Company to whom Equity Shares of Transferee Company will be allotted pursuant to this Scheme;
- 4.21. **"Registrar of Companies"** means the Registrar of Companies, Mumbai having jurisdiction over the Amalgamating Companies;
- 4.22. **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Amalgamation in its present form as submitted to the NCLT or with any

For VINATI ORGANICS LTD.

  
Milind Wagh  
Company Secretary/Consultant

modification(s) approved or imposed or directed by the NCLT or any other Governmental Authorities.

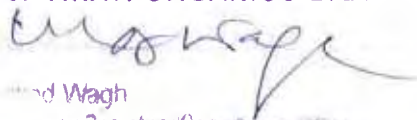
- 4.23. **“SEBI”** means Securities and Exchange Board of India;
- 4.24. **“SEBI Circular”** means (i) Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, (ii) Circular No. CFD/DIL3/CIR/2017/26 dated March 23, 2017, (iii) Circular No. CFD/ DIL3/CIR/2017/105 dated September 21, 2017, (iv) Circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 (v) Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/215 date November 3, 2020 issued by SEBI or any other circulars issued by SEBI applicable to schemes of arrangement from time to time;
- 4.25. **“Stock Exchanges”** means BSE Limited and National Stock Exchange of India Limited collectively;
- 4.26. **“Transferee Company”** means Vinati Organics Limited, a listed company incorporated on June 15, 1989 under the Companies Act, 1956 with CIN L24116MH1989PLC052224 and having its registered office at B-12 & B-13 MIDC Industrial Area, Mahad Dist. Raigad, Maharashtra 402309;
- 4.27. **“Transferor Company”** means Veeral Additives Private Limited (formerly known as Alpha Kooltherm Private Limited), a private limited company incorporated on September 20, 2007 under the Companies Act, 1956 with CIN U24100MH2007PTC174331 and having its registered office at Parinee Crescenzo, 11th Floor, 1102, "G" Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051 and, notwithstanding anything to the contrary in this Scheme shall include:
- a) any and all of its assets, whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, in possession or reversion, present, future, or contingent, in each case, wherever situated, including but not limited to registrations and memberships, electrical fittings, installations, tools, accessories, power lines, stocks, computers, communication facilities, vehicles, furniture, fixtures and office equipment, capital work in progress, factory buildings, other buildings, if any, plant and equipment, moulds, data processing equipment, all rights, title, interests, covenants, undertakings and rights appurtenant to the immovable property, including continuing rights, covenants, title and interests in connection with any land (together with the buildings and structures standing thereon), whether or not recorded in the books of accounts of the Transferor Company, freehold or leasehold or under leave and license or right of way and all documents of title, rights and easements in relation thereto, plant, machinery, appliances, equipment, whether leased or otherwise, fixed



assets, current assets (including without limitation, all inventories, stock-in-trade or stock-in transit, tools, plants, merchandise, raw materials, supplies, finished goods and wrapping) together with all present and future liabilities including contingent liabilities and debts appertaining thereto;

- b) any and all of its investments (including shares whether in dematerialised or physical form, scrips, stocks, bonds, debentures, debenture stock, units or pass through certificates and other securities), including actionable claims, earnest monies, loans and advances, recoverable in cash or in kind or for value to be received, all cash and bank balances and deposits, money at call and short notice, contingent rights or benefits, receivables, including dividends declared or interest accrued thereon, reserves, provisions, funds, benefits of all agreements, bonds, debentures, debenture stock, units or pass through certificates;
- c) any and all of its licenses (including the licenses granted by any Governmental Authority for the purpose of carrying on its business or in connection therewith), permissions approval for commissioning of project and other licenses or clearances granted/ issued/ given by any Governmental Authority, organizations or companies, allotments, approvals, consents, concessions, clearances, credits, awards, sanctions, exemptions, subsidies, registrations, no-objection certificates, permits, quotas, rights, entitlements, authorisation, applications made for obtaining all or any of the aforesaid, pre-qualifications, bid acceptances, tenders, certificates, tenancies, trade names, trademarks, service marks, copyrights, logos, corporate names, brand names, domain names, privileges and benefits of/ arising out of all contracts, agreements, applications and arrangements and all other rights including lease rights, powers and facilities of every kind and description whatsoever, equipment, installations and utilities such as electricity, water and other service connections, all benefits including subsidies, grants, incentives, tax credits (including but not limited to credits in respect of goods and service tax input credits, all indirect tax related assets / credits, including but not limited to goods and service tax input credits, service tax input credits, value added/ sales tax/ entry tax credits or set-off, advance tax, withholding tax/ TDS, taxes withheld/ paid in a foreign country, self-assessment tax, regular tax, minimum alternate tax, dividend distribution tax, securities transaction tax, deferred tax assets/ liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act, losses brought forward and unabsorbed depreciation as per the books of account and tax refunds) and all other rights, claims and powers, of whatsoever nature;

**For VINATI ORGANICS LTD.**

  
Anand Wagh  
Secretary/Compliance Officer

- d) any and all of its debts, borrowings and Liabilities, all guarantees, assurances, commitments and obligations of any nature or description, whether fixed, contingent or absolute, secured or unsecured, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability);
- e) all contracts, agreements, licenses, leases, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, bids, tenders, tariff policies, expressions of interest, letters of intent, arrangements, undertakings, whether written or otherwise, deeds, bonds, schemes, arrangements, service agreements, sale orders, purchase orders, operation and maintenance contracts, equipment purchase agreements or other instruments of whatsoever nature and description to which the Transferor Company is a party, and other assurances in favour of the Transferor Company or powers or authorisations granted by or to it;
- f) all insurance policies;
- g) any and all of its permanent staff and employees, who are on its payrolls, including those employed at its offices and branches, including liabilities of the Transferor Company, with regard to its staff and employees, with respect to the payment of gratuity, superannuation, pension benefits and provident fund or other compensation or benefits, if any, whether in the event of resignation, death, retirement, retrenchment or otherwise, in terms of its license, at its respective offices, branches or otherwise;
- h) concessions, subsidies, tax deferrals, exemptions and other benefits (in each case including the benefit of any applications made for the same), income tax benefits/ holidays and exemptions including the right to deduction for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the deduction is available in law, if any, liberties and advantages, tax related assets, including but not limited to goods and service tax input credits, service tax input credits, central value added tax credits, value added/ sales tax/ entry tax credits or set-offs, advance tax, withholding tax/ TDS, taxes withheld/ paid in a foreign country, self-assessment tax, regular tax, minimum alternate tax, dividend distribution tax, securities transaction tax, deferred tax assets/ liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act, losses brought forward and unabsorbed depreciation as per the books of account, tax refunds, rights of any claim not made by the Transferor Company in respect of any

refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Company and any interest thereon, with regard to any law, act or rule or scheme made by the Governmental Authority, and in respect of carry forward of accumulated losses and unabsorbed tax depreciation, deferred revenue expenditure, rebate, incentives, benefits etc., under the IT Act, sales tax, value added tax, custom duties and good and service tax or any other or like benefits under Applicable Law;

- i) any and all of the advance monies, earnest monies, margin money and/or security deposits, payment against warrants or other entitlements, as may be lying with them, including but not limited to the deposits from members, balance lying in the investor's service fund and investor protection fund; all deposits and balances with government, quasi-government, local and other authorities and bodies, customers and other persons, earnest monies and/or security deposits paid or received by the Transferor Company, directly or indirectly;
- j) all books, records, files, papers, engineering and process information, application software, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, lists of present and former borrowers, lenders and suppliers including service providers, other borrower information, customer credit information, customer/supplier pricing information, and all other books and records, whether in physical or electronic form;
- k) amounts claimed by the Transferor Company whether or not so recorded in the books of account of the Transferor Company from any Governmental Authority, under any law, act or rule in force, as refund of any tax, duty, cess, or of any excess payment;
- l) all intellectual property rights (whether proprietary or non-proprietary), applications (including hardware, software, licenses, source codes and scripts), registrations, trademarks, trade names, computer programmes, websites, manuals, data, service marks, copyrights, patents, designs, domain names, applications for trademarks, trade names, service marks, research and studies, technical knowhow, confidential information and other benefits (in each case including the benefit of any applications made for the same) used by or held for use by the Transferor Company in the business, activities and operations carried on by the Transferor Company;

**For VINATI ORGANICS LTD.**

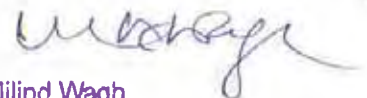
  
Milind Wagh  
Company Secretary/Compliance Officer

- m) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by the Transferor Company and all other rights and interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company; and
- n) all legal or other proceedings of whatsoever nature which are capable of being continued by or against the Transferor Company under the Applicable Law.

## 5. INTERPRETATION

- 5.1. In addition to the above terms, certain terms may be defined elsewhere in this Scheme and wherever such terms are used in this Scheme, they shall have the meaning so assigned to them.
- 5.2. The terms referred to in this Scheme shall, unless defined otherwise in this Scheme or inconsistent with the context or meaning thereof, bear the meaning ascribed to them under the relevant statute/legislation.
- 5.3. All references in this Scheme to statutory provisions shall be construed as meaning and including references to:
  - (a) any statutory modification, consolidation or re-enactment made after the date of approval this Scheme by the Board of Directors of Amalgamating Companies and for the time being in force;
  - (b) all subordinate legislation made from time to time under that provision (whether or not amended, modified, re-enacted or consolidated);
  - (c) all statutory instruments or orders made pursuant to a statutory provision;
  - (d) any statutory provisions of which these statutory provisions are a consolidation, re-enactment or modification.
- 5.4. Words denoting the singular shall include the plural and words denoting any gender shall include all genders.

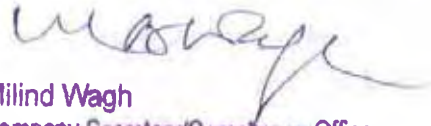
For VINATI ORGANICS LTD.



Milind Wagh  
Company Secretary/Compliance Officer

- 5.5. Headings, subheadings, titles, subtitles to clauses, sub-clauses, sections and paragraphs are for information only and shall not form part of the operative provisions of this Scheme or the schedules hereto and shall be ignored in construing the same.
- 5.6. References to clauses, and schedules are, unless the context otherwise requires, references to clauses, and schedules to this Scheme.
- 5.7. Reference to days, months and years are to calendar days, calendar months and calendar years, respectively
- 5.8. Any reference to "writing" shall include printing, typing, lithography and other means of reproducing words in visible form.
- 5.9. The words "include" and "including" are to be construed without limitation.
- 5.10. Where a wider construction is possible, the words "other" and "otherwise" shall not be construed ejusdem generis with any foregoing words.

**For VINATI ORGANICS LTD.**



**Milind Wagh**  
**Company Secretary/Compliance Officer**

## PART B

### CAPITAL STRUCTURE AND DATE OF TAKING EFFECT

#### 1. DATE OF TAKING EFFECT

- a) The Scheme set out herein in its present form with or without any modification(s) approved or imposed or directed by the Competent Authority or made as per the Scheme, shall be effective from the Appointed Date mentioned herein but shall be operative from the Effective Date.
- b) Any reference in the Scheme to 'upon the Scheme becoming effective' or 'effectiveness of the Scheme' shall be effective from the Appointed Date but shall be operative from the Effective Date.
- c) Upon the sanction of this Scheme and upon this Scheme becoming effective, the following shall be deemed to have occurred and become effective and operative, only in the sequence and in the order mentioned hereunder:
- a) the amalgamation of the Transferor Company into and with the Transferee Company in accordance with Part C of this Scheme shall be deemed to have taken effect;
- b) transfer of the authorised share capital of the Transferor Company to the Transferee Company as provided in Part C of this Scheme, and consequential increase in the authorised share capital of the Transferee Company as provided in Part C of this Scheme
- c) issue and allotment of fully paid up Equity Shares to the shareholders of the Transferor Company as on the Record Date in accordance with Part C of this Scheme; and
- d) dissolution of Transferor Company without winding up.

#### 2. SHARE CAPITAL

- a) The share capital of Transferor Company as on December 31, 2020 is as follows:

Particulars	Amount in INR
<b>Authorised:</b>	
<b>Equity Shares:</b>	
45,000,000 Equity Shares of Rs. 10 each	450,000,000
<b>Total</b>	<b>450,000,000</b>

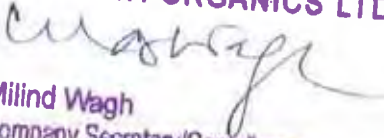
<b>Issued, Subscribed and Paid-up:</b>	
<b>Equity Shares:</b>	
45,000,000 Equity Shares of Rs. 10 each	450,000,000
<b>Total</b>	<b>450,000,000</b>

There has been no change in the capital structure of the Transferor Company subsequent to the above date till the date of approving of the Scheme by the Board of Directors.

- b) The share capital of Transferee Company as on December 31, 2020 is as follows:

Particulars	Amount in INR
<b>Authorised:</b>	
<b>Equity Shares:</b>	
150,000,000 Equity Shares of Re. 1 each	150,000,000
<b>Total</b>	<b>150,000,000</b>
<b>Issued, Subscribed and Paid-up:</b>	
<b>Equity Shares:</b>	
102,782,050 Equity Shares of Re. 1 each	102,782,050
<b>Total</b>	<b>102,782,050</b>

There has been no change in the capital structure of the Transferee Company subsequent to the above date till the date of approving of the Scheme by the Board of Directors.

For VINATI ORGANICS LTD.  
  
 Milind Wagh  
 Company Secretary/Compliance Officer

01 JAN 2021

## PART C

### AMALGAMATION OF THE TRANSFEROR COMPANY INTO AND WITH TRANSFEREE COMPANY

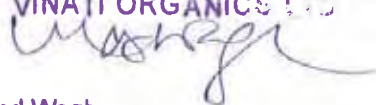
#### 1. TRANSFER AND VESTING OF ASSETS, CONTRACTS AND LIABILITIES

1.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the sanction of this Scheme by the Competent Authority and pursuant to the provisions of Section 230 to 232 and other applicable provisions, if any, of the Act, and Section 2(1B) of the Income-tax Act, 1961, the entire business along with the assets and liabilities of the Transferor Company shall subject to the terms and conditions of this Scheme and, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to have been and stand transferred to and vested in Transferee Company so as to become the undertaking of Transferee Company by virtue of and in the following manner:

##### 1.1.1 Transfer of Assets

- a) all assets of the Transferor Company, that are movable in nature or incorporeal property or are otherwise capable of transfer by physical or constructive delivery and/or by endorsement and delivery or by vesting and recordal of whatsoever nature, including machinery, equipment, pursuant to this Scheme shall stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company, wherever located and shall become the property and an integral part of the Transferee Company, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act or deed. The vesting pursuant to this sub-clause shall be deemed to have occurred by physical or constructive delivery or by endorsement and delivery or by vesting and recordal, pursuant to this Scheme, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly;
- b) all other movable properties of the Transferor Company, including investments in shares and any other securities, sundry debtors, actionable claims, earnest monies, receivables, bills, credits, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits (including deposits from members), if any, with government, semi-government, local and other authorities and bodies, customers and other persons, shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act,

For VINATI ORGANICS LTD



Milind Wagh

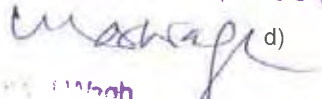
Company Secretary/Compliance Officer



instrument or deed, become the property of the Transferee Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. The Transferee Company may, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in Transferee Company and be paid or made good or held on account of the Transferee Company as the person entitled thereto. It is hereby clarified that investments, if any, made by Transferor Company and all the rights, title and interest of the Transferor Company in any leasehold properties shall, pursuant to Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and the provisions of this Scheme, without any further act or deed, be transferred to and vested in and/or be deemed to have been transferred to and vested in the Transferee Company;

- c) all immovable properties of the Transferor Company, including land together with the buildings and structures standing thereon and rights and interests in immovable properties, if any, of the Transferor Company, whether freehold or leasehold or otherwise and all documents of title, rights and easements in relation thereto, shall be vested in and/or be deemed to have been vested in the Transferee Company, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company, pursuant to the sanctioning of the Scheme and upon the Scheme becoming effective. The Transferee Company shall be entitled to exercise all rights and privileges attached to the aforesaid immovable properties and shall be liable to pay the ground rent and taxes and fulfil all obligations in relation to or applicable to such immovable properties, upon the sanctioning of Scheme by the Competent Authority and the Scheme becoming effective. The relevant authorities shall grant all clearances/permissions, if any, required for enabling the Transferee Company to absolutely own and enjoy the immovable properties in accordance with Applicable Law. Upon this Scheme becoming effective, the title to such properties shall be deemed to have been mutated and recognised as that of the Transferee Company and the mere filing thereof with the appropriate registrar or sub-registrar or with the relevant Governmental Authority shall suffice as record of continuing titles with the Transferee Company and shall be constituted as a deemed mutation and substitution thereof;

**For VINATI ORGANICS LTD.**

  
Handwritten signature in blue ink, appearing to read 'Vinati Organics Ltd.' followed by a signature.

- d) without prejudice to the generality of the foregoing, all lease agreements and leave and license agreements, if any, as the case may be, to which the Transferor Company is a party, and having effect immediately before the

Effective Date, shall remain in full force and effect on the terms and conditions contained therein in favour of or against the Transferee Company and may be enforced fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder; and the respective lessees and the licensees, as the case may be, shall continue to be in possession of the premises subject to the terms and conditions contained in the relevant lease agreements or leave and license agreements, as the case may be. Further, all the rights, title, interest and claims of the Transferor Company in any properties including leasehold/ licensed properties of the Transferor Company including but not limited to security deposits and advance or prepaid lease or license fee, shall, on the same terms and conditions, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company automatically without requirement of any further act or deed, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law including without the requirement of payment of any transfer charges or any other charges. The Transferee Company shall continue to pay rent or lease or license fee as provided for under such agreements, and the Transferee Company shall continue to comply with the terms, conditions and covenants thereunder;

- e) from the Effective Date, all bank accounts operated or entitled to be operated by the Transferor Company shall be deemed to have transferred and shall stand transferred to the Transferee Company and name of the Transferor Company shall be substituted by the name of the Transferee Company in the bank's records and the Transferee Company shall be entitled to operate all bank accounts, realise all monies and complete and enforce all pending contracts and transactions in the name of the Transferor Company to the extent necessary until the transfer of the rights and obligations of the Transferor Company to the Transferee Company under the Scheme is formally accepted and completed by the parties concerned. For avoidance of doubt, it is hereby clarified that all cheques and other negotiable instruments, payment orders received and presented for encashment which are in the name of the Transferor Company after the Effective Date, shall be accepted by the bankers of the Transferee Company and credited to the accounts of the Transferee Company, if presented by the Transferee Company. Similarly, the banker of the Transferee Company shall honour all cheques issued by the Transferor Company for payment after the Effective Date;
- f) the transfer and vesting of movable and immovable properties as stated above, shall be subject to Encumbrances, if any, affecting the same; and

For VINATI ORGANICS LTD.

Milind Wagh  
Company Secretary/Compliance Officer

- g) all estate, assets, rights, title, claims, interest, investments and properties of the Transferor Company as on the Appointed Date, including accretions and appurtenances, whether or not included in the books of the Transferor Company, and all assets, rights, title, interest, investments and properties, of whatsoever nature and wherever situate, which are acquired by the Transferor Company on or after the Appointed Date but prior to the Effective Date, shall be deemed to be and shall become the assets and properties of the Transferee Company.

#### 1.1.2 Transfer of Liabilities and Encumbrances

- a) all Liabilities of every kind, nature and description whatsoever and howsoever arising, whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Company shall be deemed to be the debts, liabilities, contingent liabilities, duties, and obligations of the Transferee Company, and the Transferee Company shall, and undertakes to meet, discharge and satisfy the same in terms of their respective terms and conditions, if any. All loans raised and used and all debts, duties, undertakings, liabilities and obligations incurred or undertaken by the Transferor Company after the Appointed Date and prior to the Effective Date, shall also be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and, to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme, pursuant to the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law, without any further act, instrument or deed shall stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the debt, duties, undertakings, liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same;
- b) where any of the Liabilities incurred before the Appointed Date by the Transferor Company, deemed to have been transferred to the Transferee Company by virtue of this Scheme, have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company;
- c) all debentures, bonds, notes or other securities, if any, of the Transferor Company whether convertible into equity or otherwise, shall, without any further act, instrument or deed become the debentures, bonds, notes or other securities of the Transferee Company and all rights, powers, duties and obligations in relation thereto shall be and shall stand transferred to and vested

For VINATI ORGANICS LTD  
  
Milind Wagh  
Company Secretary/Compliance Officer

in or deemed to be transferred to and vested in and shall be exercised by or against the Transferee Company as if it were the Transferor Company, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of Applicable Law and without any further act or deed. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause;

- d) all public deposits, debentures or bonds of the Transferor Company, if any, shall be distinctly identified in the records of the Transferee Company for all intents and purposes including taxation and accounting and shall not be combined with any existing outstanding deposit scheme or series of debentures or bonds of the Transferee Company;
- e) all Encumbrances, if any, existing prior to the Effective Date over the assets of the Transferor Company which secure or relate to any liability, shall, after the Effective Date, without any further act, instrument or deed, continue to be related and attached to such assets or any part thereof to which they related or were attached prior to the Effective Date and as are transferred to the Transferee Company. Provided that if any assets of the Transferor Company have not been Encumbered in respect of the liabilities, such assets shall remain unencumbered and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. Further, such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security after the Scheme has become effective or otherwise. The secured creditors of the Transferee Company, if any, and/or other holders of security, if any, over the properties of the Transferee Company shall not be entitled to any additional security over the properties, assets, rights, benefits and interests of the Transferor Company and therefore, such assets which are not currently Encumbered shall remain free and available for creation of any security thereon in future in relation to any current or future indebtedness of the Transferee Company. The absence of any formal amendment which may be required by a lender or trustee or any third party shall not affect the operation of the foregoing provisions of this Scheme;
- f) any reference in any security documents or arrangements (to which the Transferor Company is a party) to the Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of the Transferor Company shall be transferred to the Transferee Company by virtue of the Scheme. Without prejudice to the

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Milind Wagh

foregoing provisions, the Transferor Company and the Transferee Company may execute any instruments or documents or do all acts and deeds as may be considered appropriate, including the filing of necessary particulars and/or modification(s) of charge, with the jurisdictional Registrar of Companies to give formal effect to these provisions, if required; and

- g) it is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Liabilities transferred to the Transferee Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

### 1.1.3 Transfer of Employees

- a) all the permanent staff and Employees of the Transferor Company who are in such employment as on the Effective Date shall become, and be deemed to have become, the staff and employees of the Transferee Company, without any break or interruption in their services and on the same terms and conditions (and which are not less favourable than those) on which they are engaged by the Transferor Company as on the Effective Date. The Transferee Company further agrees that for the purpose of payment of any retirement benefit/compensation, such immediate uninterrupted past services with the Transferor Company, shall also be taken into account.
- b) it is expressly provided that, on the Scheme becoming effective, insofar as the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff and employees of a Transferor Company are concerned (collectively, referred to as the "**Funds**"), the Funds in its entirety, or such proportion of the Funds which are attributable/referable to the Employees being transferred on the Effective Date, as the case may be, shall be transferred to the similar funds created and/or nominated by the Transferee Company and shall be held for their benefit pursuant to this Scheme, or at the sole discretion of the Transferee Company, maintained as separate funds by the Transferee Company. Pending the transfer as aforesaid, the contributions may be continued to be deposited in the existing relevant funds of the Transferor Company. Without prejudice to the aforesaid, the Board of the Transferee Company, if it deems fit and subject to Applicable Laws, shall be entitled to: (a) retain separate trusts or funds within the Transferee Company for the erstwhile Fund(s) of the Transferor Company; or (b) merge the pre-existing Funds of the Transferor Company with other similar funds of the Transferee Company;

For VINATI ORGANICS LTD.

  
Milind Wagh  
Company Secretary/Compliance Officer

- c) Further to the transfer of Funds as set out herein above, for all purposes whatsoever in relation to the administration or operation of such Funds or in


relation to the obligation to make contributions to the said Funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds, if any, all rights, duties, powers and obligations of the Transferor Company in relation to such Funds shall become those of the Transferee Company. It is clarified that the services of the transferred Employees will be treated as having been continuous for the purpose of the said Funds.

- d) In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the transferred Employees, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such transferred Employees.
- e) the Transferee Company undertakes to continue to abide by any agreement(s) / settlement(s) entered into with any labour unions/ employees by the Transferor Company. The Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits, the past services of such employees with the Transferor Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable

#### 1.1.4 Legal proceedings

- f) any pending suits/appeals, applications, all legal, taxation or other proceedings including before any statutory or quasi-judicial authority or tribunal or other proceedings of whatsoever nature relating to the Transferor Company, whether by or against the Transferor Company, whether pending on the Appointed Date or which may be instituted any time in the future, if such proceedings are capable of being continued by or against the Transferee Company, shall not abate, be discontinued or in any way prejudicially affected by reason of the amalgamation of the Transferor Company or of anything contained in this Scheme, but the proceedings shall continue and any prosecution shall be enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued, prosecuted and/or enforced by or against the Transferor Company, as if this Scheme had not been implemented;
- g) in case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Company, the Transferee Company shall be made party thereto and shall prosecute or defend such proceedings; and

**For VINATI ORGANICS LTD.**

  
**Milind Wagh**  
**Company Secretary/Compliance Officer**

- h) the Transferee Company undertakes to have all legal or other proceedings initiated by or against the Transferor Company, which are capable of being continued by or against the Transferee Company, transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Transferee Company.

**1.1.5 Taxes, Duties / Cess etc.**

- a) all taxes (including but not limited to advance tax, tax deducted at source, minimum alternate tax credits, withholding tax, dividend distribution tax, banking cash transaction tax, securities transaction tax, taxes withheld/paid in a foreign country, value added tax, sales tax, service tax, goods and services tax, customs, duties, etc.), including any interest, penalty, surcharge and cess, if any, paid / payable by or refunded / refundable to the Transferor Company, including all or any refunds or claims shall be treated as the tax liability or refunds/claims, as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, accumulated losses and allowance for unabsorbed depreciation as per Section 72A of the IT Act, losses brought forward and unabsorbed depreciation as per books of account, deductions otherwise admissible such as under Section 40, 40A, 43B, etc. of the IT Act, exemptions, credits, deductions / holidays, remissions, reductions etc., as would have been available to the Transferor Company, shall pursuant to this Scheme becoming effective, be available to the Transferee Company; and
- b) all the benefits under the various incentive schemes and policies that the Transferor Company is entitled to, including tax credits, tax deferral, exemptions, holidays and benefits (including goods and service tax input credits, service tax input credits, all indirect tax related assets / credits, including but not limited to goods and service tax input credits, service tax input credits, value added/ sales tax/ entry tax credits or set-off, advance tax, withholding tax/ TDS, taxes withheld/ paid in a foreign country, self-assessment tax, regular tax, minimum alternate tax, dividend distribution tax, securities transaction tax, deferred tax assets/ liabilities, accumulated losses under the IT Act and allowance for unabsorbed depreciation under the IT Act, losses brought forward and unabsorbed depreciation as per the books of account), subsidies, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed by the Transferor Company, rights of any claim not made by the Transferor Companies in respect of any refund of tax, duty, cess or other charge, including any erroneous or excess payment thereof made by the Transferor Companies and any interest thereon and all rights or benefits that have accrued or which may

For, **VINATI ORGANICS LTD.**

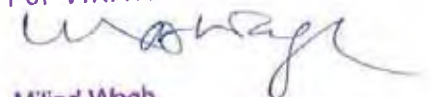
  
Milind Wagh  
Company Secretary/Compliance Officer

accrue to the Transferor Company, whether on, before or after the Appointed Date, shall upon this Scheme becoming effective and with effect from the Appointed Date be transferred to and vest in the Transferee Company and all benefits, entitlements and incentives of any nature whatsoever, shall be claimed by the Transferee Company and these shall relate back to the Appointed Date as if the Transferee Company was originally entitled to all benefits under such incentive schemes and/or policies.

#### 1.1.6 Transfer of Contracts, Deeds etc.

- a) all contracts, agreements, licenses, leases, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, letters of agreed points, bids, letters of intent, arrangements, undertakings, whether written or otherwise, deeds, bonds, agreements, schemes, arrangements and other instruments to which the Transferor Company is a party, or to the benefit of which, the Transferor Company may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, shall, without any further act, instrument or deed continue in full force and effect on, against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligor thereto. If the Transferee Company enters into and/or issues and/or executes deeds, writings or confirmations or enters into any tripartite arrangements, confirmations or novations, the Transferor Company will, if necessary, also be a party to such documents in order to give formal effect to the provisions of this Scheme, if so required. The Transferee Company may also execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company is a party as may be necessary to be executed in order to give formal effect to the above provisions. In relation to the same, any procedural requirements required to be fulfilled solely by the Transferor Company (and not by any of its successors), shall be fulfilled by the Transferee Company as if it is the duly constituted attorney of the Transferor Company; and
- b) on and from the Effective Date, and thereafter, the Transferee Company shall be entitled to complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company, in the name of the Transferor Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme has been given effect to under such contracts and transactions.

For VINATI ORGANICS LTD.



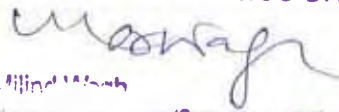
Milind Wagh  
Company Secretary/Compliance Officer



1.1.7 **Transfer of Benefits, Licenses, Permits etc.**

- a) all the security interest over any moveable and/or immoveable properties and security in any other form (both present and future) including but not limited to any pledges, or guarantees, if any, created/executed by any person in favour of the Transferor Company or any other person acting on behalf of or for the benefit of the Transferor Company for securing the obligations of the persons to whom the Transferor Company has advanced loans and granted other funded and non-funded financial assistance, by way of letter of comfort or through other similar instruments shall without any further act, instrument or deed stand vested in and be deemed to be in favour of the Transferee Company and the benefit of such security shall be available to the Transferee Company as if such security was ab initio created in favour of the Transferee Company. The mutation or substitution of the charge in relation to the movable and immovable properties of the Transferor Company shall, upon this Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities and third parties (including any depository participants) pursuant to the sanction of this Scheme by the Competent Authority and upon the Scheme becoming effective in accordance with the terms hereof;
- b) all letters of intent, requests for proposal, pre-qualifications, bid acceptances, tenders and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, shall remain in full force and effect against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto. Upon coming into effect of this Scheme, the past track record of the Transferor Company shall be deemed to be the track record of the Transferee Company for all commercial and regulatory purposes;
- c) all approvals, allotments, consents, concessions, clearances, credits, awards, sanctions, exemptions, subsidies, registrations, no-objection certificates, permits, quotas, rights, entitlements, authorisation, pre-qualifications, bid acceptances, tenders, licenses (including the licenses granted by any governmental, statutory or regulatory bodies for the purpose of carrying on its business or in connection therewith), permissions and certificates of every kind and description whatsoever in relation to the Transferor Company, or to the benefit of which the Transferor Company may be eligible/entitled, and which are subsisting or having effect immediately before the Effective Date, including the applications and benefits of any applications made for any of the foregoing, shall be in full force and effect in favour of the Transferee Company and may

**For VINATI ORGANICS LTD.**




be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligor thereto and the Transferee Company shall be liable for compliance with all the conditions governing such consents, permits, approvals, etc as stated above It is hereby clarified that if the consent of any third party or authority is required to give effect to the provisions of this Clause, the said third party or authority shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the Competent Authority, and upon this Scheme becoming effective in accordance with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes;

- d) all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company shall stand transferred to the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company;
- e) all trademarks, trade names, service marks, copyrights, logos, corporate names, brand names, domain names and all registrations, applications and renewals in connection therewith, and software and all website content (including text, graphics, images, audio, video and data), trade secrets, confidential business information and other proprietary information shall stand transferred to and vested in the Transferee Company;
- f) all registrations, goodwill and licenses, appertaining to the Transferor Company, if any, shall be transferred to and vested in the Transferee Company; and
- g) benefits of any and all corporate approvals as may have already been taken by the Transferor Company, whether being in the nature of compliances or otherwise, including without limitation approvals under Sections 42, 62, 180, 185, 186, etc., of the Act, read with the rules and regulations made thereunder, shall stand transferred to the Transferee Company and the said corporate approvals and compliances shall be deemed to have been taken/complied with by the Transferee Company; it being clarified that if any such resolutions have any monetary limits approved subject to the provisions of the Act and of any other applicable statutory provisions, then the said limits, as are considered necessary by the Board of the Transferee Company, shall be added to the limits, if any, under the like resolutions passed by the Transferee Company.

- 1.2. The Transferor Company and/or the Transferee Company as the case may be, shall, at any time after this Scheme becoming effective in accordance with the provisions hereof, if so required under Applicable Law or otherwise, do all such acts or things as may be necessary to transfer/novate the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which were held or enjoyed by the Transferor Company. It is hereby clarified that if the consent of any third party or Governmental Authority, if any, is required to give effect to the provisions of this Clause, the said third party or Governmental Authority shall make and duly record the necessary substitution/endorsement in the name of the Transferee Company pursuant to the sanction of this Scheme by the Competent Authority, and upon this Scheme becoming effective in accordance with the provisions of the Act and with the terms hereof. For this purpose, the Transferee Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.
- 1.3. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such acts, formalities or compliances referred to above as may be required in this regard.
- 1.4. The Transferee Company is and shall always be deemed to have been authorised to execute any pleadings, applications, forms, etc., as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme, pursuant to the sanction of this Scheme by the Competent Authority.
- 1.5. Without prejudice to the other provisions of the Scheme and notwithstanding the vesting of the Transferor Company into the Transferee Company by virtue of Part C of the Scheme itself, in order to ensure (i) implementation of the provisions of the Scheme; and (ii) continued vesting of the benefits, exemptions available to the Transferor Company in favour of the Transferee Company, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under Applicable Law or otherwise, execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement in relation to which the Transferor Company has been a party, including any filings with the regulatory authorities in order to give formal effect to the above provisions and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company. The Transferee Company will, if necessary, also be a party to the above.

For VINATI ORGANICS LTD



Milind Wagh  
Company Secretary/Compliance Officer

## 2. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

- 2.1. The Amalgamating Companies have agreed that during the period between the approval of the Scheme by the respective Boards of the Amalgamating Companies and up to the Effective Date, the business of the Amalgamating Companies shall be carried out with reasonable diligence and business prudence in the ordinary course consistent with past practice, in good faith and in accordance with Applicable Law.
- 2.2. Except with the prior written consent of the Board of Directors of the Transferee Company, or except as specifically contemplated in this Scheme (including Part C of this Scheme), pending sanction of this Scheme, the Transferor Company shall not: (i) sell, alienate, charge, hypothecate, encumber or otherwise deal with or dispose of the assets or any business or any part thereof or undertake any financial commitments of any nature whatsoever, except in the ordinary course of business; (ii) undertake any new business or substantially expand its existing business; (iii) declare dividend, whether interim or final, to its shareholders in respect of the accounting period prior to the Effective Date; (iv) make any change in its share capital structures either by way of any increase, decrease, reduction, reclassification, sub-division or consolidation or in any other manner, which would have the effect of re-organisation of capital of the Transferor Company; and (v) vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation.
- 2.3. With effect from the date of approval of the Scheme by the Board of Directors of Transferee Company and Transferor Company up to the Effective Date:
- a) The Transferor Company shall be deemed to have been carrying on and shall carry on their respective business and activities and shall hold and stand possessed of and hold all their respective properties and assets for and on account of and in trust for Transferee Company. The Transferor Company hereby undertakes to hold the said assets with utmost prudence until the Effective Date;
  - b) On or after the Appointed Date but before the Effective Date, all the profits or income accruing or arising to the Transferor Company or expenditure or losses arising to or incurred by the Transferor Company, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of Transferee Company;
  - c) all debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations as on the close of business on the date preceding the Appointed Date, whether or not provided in the books of the Transferor

Company which arise or accrue to the Transferor Company on or after the Appointed Date, shall be deemed to be of the Transferee Company;

- d) all assets and properties comprised in the Transferor Company as on the date immediately preceding the Appointed Date, whether or not included in the books of the Transferor Company and all assets and properties relating thereto, which are acquired by the Transferor Company, on or after the Appointed Date, shall be deemed to be the assets and properties of the Transferee Company; and
- e) any of the rights, powers, authorities, privileges exercised by the Transferor Company shall be deemed to have been exercised by such Transferor Company for and on behalf of, and in trust for the Transferee Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by Transferor Company shall be deemed to have been undertaken for and discharged on behalf of the Transferee Company.

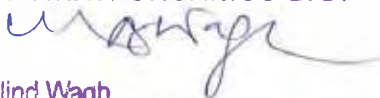
#### **2.4. Inter-se transactions**

- a) With effect from the Effective Date, there will be no accrual of income or expense on account of any transactions, including, inter alia, any transactions in the nature of sale or transfer of any goods, materials or services, between the Amalgamating Companies. For avoidance of doubt, it is hereby clarified that with effect from the Effective Date, there will be no accrual of interest or other charges in respect of any inter se loans, deposits or balances between the Amalgamating Companies;
- b) With effect from the Effective Date, any liabilities, loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Amalgamating Companies shall, ipso facto, stand discharged and come to an end and there shall be no liability in that behalf on any party and the appropriate effect shall be given in the books of accounts and records of the Transferee Company.

### **3. CONSIDERATION**

- 3.1. Upon this Scheme becoming effective and upon amalgamation of Transferor Company with Transferee Company in terms of this Scheme, Transferee Company shall, without any application or deed, issue and allot its Equity Shares, credited as fully paid up, to the extent indicated below, to the equity shareholders of Transferor Company whose names appear in the register of members of Transferor Company,

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**Milind Wagh**

on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Transferor Company in the following proportion ("**Share Exchange Ratio**") viz.:

*"14 equity shares of face value of INR 1/- each of Transferee Company shall be issued and allotted as fully paid up for every 713 equity shares of the face value of INR 10/- each fully paid up help in Transferor Company"*

- 3.2. Upon this Scheme becoming effective, the Equity Shares of Transferee Company to be issued and allotted to the equity shareholders of Transferor Company pursuant to Clause 3.1 above shall be subject to the provisions of the memorandum of association and articles of association of Transferee Company and shall rank pari passu from the date of allotment in all respects with the existing equity shares of Transferee Company including entitlement in respect of dividends. The issue and allotment of Equity Shares by Transferee Company to the equity shareholders of Transferor Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out pursuant to the Act.
- 3.3. Transferee Company shall, if and to the extent required, apply for and obtain any approvals from concerned regulatory authorities for the issue and allotment of Equity shares to the members of Transferor Company under the Scheme.
- 3.4. Under and pursuant to the Scheme, no fractional shares shall be issued by Transferee Company in respect of the fractional entitlements, if any, of the shareholders of Transferor Company and such fractional entitlement, if any, shall be ignored.
- 3.5. In the event of there being any pending share transfer, whether lodged or outstanding, of any shareholder of Transferor Company, the Board of Directors of Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date or the Effective Date, as the case may be to effectuate such a transfer in Transferee Company as if such changes in the registered holders were operative on the Record Date, in order to remove any difficulties arising to the transfer of share in Transferor Company and in relation to shares issued by Transferee Company.
- 3.6. Approval of this Scheme by the shareholders of Transferee Company shall be deemed to be the due compliance with the provisions of section 42 and 62 of the Companies Act, 2013 and other relevant and applicable provisions of the Act for the issue and allotment of Equity Shares by Transferee Company, as provided in this Scheme.

- 3.7 Equity Shares to be issued by the Transferee Company shall be issued in dematerialized form to all the shareholders of the Transferor Company.
- 3.8 In the event that the Amalgamating Companies restructure their share capital by way of share split/ consolidation/ issue of bonus shares during the pendency of the Scheme, the Share Exchange Ratio and the stock options, shall be adjusted accordingly to take into account the effect of any such corporate actions.
- 3.9 Upon this Scheme becoming effective and upon the Equity Shares of the Transferee Company being allotted and issued by it to the shareholders of Transferor Company as on Record Date, the equity shares of the Transferor Company, both in electronic form and in the physical form, shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date. Wherever applicable, Transferee Company may, instead of requiring the surrender of the share certificates of Transferor Company, directly issue and dispatch the new share certificates of Transferee Company in lieu thereof.
- 3.10 The Equity Shares to be issued by the Transferee Company pursuant to Clause 3.1 of Part C above in respect of such shares of the Transferor Company, the allotment or transfer of which is held in abeyance under the provisions of Section 126 of the Act or which the Transferee Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Law shall, pending allotment or settlement of dispute by order of the appropriate court or otherwise, also be kept in abeyance in like manner by the Transferee Company.
- 3.11 The Equity Shares allotted and issued shall be listed and/ or admitted to trading on the Stock Exchanges, where the equity shares of the Transferee Company are listed and/ or admitted to trading; subject to the Transferee Company obtaining the requisite statutory approvals pertaining to their listing. The Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the Applicable Law or regulations for the Transferee Company with the formalities of the said Stock Exchanges. The equity shares of the Transferee Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated Stock Exchanges. There shall be no change in the shareholding pattern or control in the Transferee Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges, other than as provided in the Scheme.
- 3.12 Transferee Company shall, to the extent required, increase its Authorized Share Capital in order to issue Equity Shares under this Scheme. Further, Transferee Company shall comply with the provisions of the Act to increase its Authorized Share Capital, if necessary.

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Company Secretary/Compliance Officer

#### 4. ACCOUNTING TREATMENT

##### **Accounting treatment in the books of Transferee Company:**

- 4.1. Transferee Company shall account for amalgamation in accordance with the 'Pooling of Interest Method of Accounting' as per Appendix C of Ind-AS 103 (Accounting for Business Combinations) and any other relevant Indian Accounting Standard prescribed under Section 133 of the Companies Act, 2013.
- 4.2. All the assets and liabilities of Transferor Company shall be recorded in the financial statements of the Transferee Company at the carrying value as appearing in the financial statements of the Transferor Company as on the Appointed Date;
- 4.3. The identity of the reserves pertaining to the Transferor Companies, shall be preserved and shall appear in the merged financial statements of Transferee Company in the same form in which they appeared in the financial statements of the Transferor Company and it shall be aggregated with the corresponding balance appearing in the financial statements of Transferee Company, as on the Appointed Date;
- 4.4. To the extent that there are inter-company loans, deposits, obligations, balances or other outstanding including any interest thereon, as between the Transferor Company and the Transferee Company as the case may be, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be;
- 4.5. The excess/ deficit of the value of the assets over the value of liabilities and reserves of the Transferor Company, pursuant to Amalgamation of Transferor Company with and into the Transferee Company, and as recorded in the books of account of the Transferee Company shall, after adjusting as above, be recorded as 'Capital Reserve' in the books of the Transferee Company;
- 4.6. In case of any differences in accounting policy between Transferor Company and Transferee Company the accounting policies followed by Transferee will prevail and difference till the Appointed Date shall be adjusted in Capital Reserves of Transferee Company, to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policy.

##### **Accounting in the books of Transferor Company**

- 4.7. As the Transferor Company shall stand dissolved without being wound up upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Company.



**5. COMBINATION OF AUTHORISED SHARE CAPITAL OF TRANSFEROR AND TRANSFEREE COMPANY**

5.1 As an integral part of the Scheme and upon this Scheme becoming effective, the authorized share capital of the Transferor Company shall stand transferred to and be amalgamated/combined with the authorized share capital of the Transferee Company. The fees or stamp duty, if any, paid by the Transferor Company on its authorized share capital shall be deemed to have been so paid by the Transferee Company on the combined authorized share capital, and the Transferee Company shall not be required to pay any fee/ stamp duty for the increase of the authorized share capital. The authorised share capital of the Transferee Company will automatically stand increased to that effect by simply filing the requisite forms with the relevant Registrar of Companies and no separate procedure or instrument or deed shall be required to be followed under the Act.

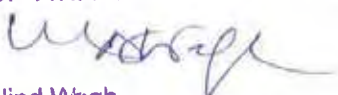
5.2 Clause V of the memorandum of association and Clause 6 of the articles of association of the Transferee Company shall, upon this Scheme becoming effective, and without any further act, instrument or deed, be altered as follows:

- a) Clause V of the Memorandum of Association of the Transferee Company shall, as a part of and, upon the coming into effect of this Scheme and without any further act or deed, be replaced by the following clause:

*" V. The Authorized Share Capital of the Company is Rs. 600,000,000/- (Rupees 60 Crores only) divided into 600,000,000 (Sixty crore) equity shares of face value Re. 1/- (Rupee One only) each with power to increase or reduce including by way of buy-back or in accordance with the provisions of the Companies Act, 2013 read with the relevant Companies Rules made thereunder for the time being in force in this behalf and the powers to divide the shares in the capital for the time being into other classes and to attach there to respectively such preferential, qualified or differential special rights, privileges or conditions as may be determined and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may be provided in the Act"*

- b) Clause 6 of the articles of association of the Transferee Company shall, upon this Scheme becoming effective, and without any further act, instrument or deed, be replaced by the following clause:

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**Milind Wagh**  
Company Secretary/Compliance Officer

*"The Authorized Share Capital of the Company is Rs. 600,000,000/- (Rupees 60 Crores only) divided into 600,000,000 (Sixty crore) equity shares of face value Re. 1/- (Rupee One only) each with power to increase or reduce including by way of buy-back or in accordance with the*

*provisions of the Companies Act, 2013 read with the relevant Companies Rules made thereunder for the time being in force in this behalf and the powers to divide the shares in the capital for the time being into other classes and to attach there to respectively such preferential, qualified or differential special rights, privileges or conditions as may be determined and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may be provided in the Act"*

- 5.3 It is clarified that for the purposes of Clause 5.1 and 5.2 above, the stamp duties and fees (including registration fee) paid on the authorized share capital of the Transferor Company shall be utilized and applied to the increased authorized share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee (including registration fee) by the Transferee Company for increase in the authorized share capital to that extent. The Transferee Company shall file requisite forms with the concerned Registrar of Companies.
- 5.4 The approval of this Scheme by shareholders of the Transferor and Transferee Company under Sections 230 to 232 of the Act, whether at a meeting or otherwise, or any dispensation of the same by the Competent Authority, shall be deemed to have been an approval under Sections 13, 14, 61, 62 and 64 or any other applicable provisions under the Act and no further resolution(s) would be required to be separately passed in this regard

**6. AMENDMENT TO MEMORANDUM OF ASSOCIATION OF TRANSFEEE COMPANY, VALIDITY OF EXISTING RESOLUTIONS ETC.**

- 6.1 In order to carry on the activities currently being carried on by the Transferor Company upon coming into effect of the Scheme, applicable main objects in the memorandum of association of the Transferor Company shall be added to the matters which are necessary for furtherance of the objects of the memorandum of association of Transferee Company, to the extent such objects are not already covered by those of Transferee Company. Accordingly, following clause shall be added to the main objects of the memorandum of association of Transferee Company and the memorandum of association of Transferee Company shall be further reformatted and renumbered as per the applicable provisions of the Act:

*"to carry on in India or abroad the business of export, import, manufacture, deal, trade and to act as wholesalers, retailers, stockiest, distributors and dealers in all kinds of speciality chemicals required for Polymers, Rubber, Textile and allied chemical industry including organics and inorganic chemical, chemical compounds, products, heavy chemicals, fine chemicals, acids, alkalis, petrochemicals, antioxidant, chemicals*

*compound and also to invest in manufacturing plants producing speciality chemicals”.*

- 6.2 It shall be deemed that the members of Transferee Company have also resolved and accorded all relevant consents under Section 13 of the Act. It is clarified that there will be no need to pass a separate shareholders' resolution as required under Section 13 of the Act for the amendment to the memorandum of association of Transferee Company.
- 6.3 Upon the coming into effect of the Scheme and with effect from the Appointed Date, the resolutions of the Board of Directors of Transferor Company, including resolutions of any committees authorized by and comprising inter alia of members of the Board of Directors of Transferor Company, as are considered necessary by the Board of Directors of Transferee Company and which are validly subsisting, shall be considered as resolutions of Transferee Company.

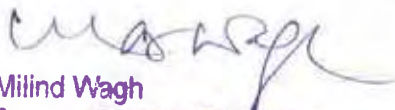
**7. SAVING OF CONCLUDED TRANSACTIONS**

The transfer and vesting of the entire business of the Transferor Company with Transferee Company and the continuance of proceedings by or against the Transferee Company shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

**8. DISSOLUTION OF TRANSFEROR COMPANY**

Upon the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up without any further act or deed.

**For VINATI ORGANICS LTD.**

  
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Company Secretary/Compliance Officer

## Part D

### GENERAL TERMS AND CONDITIONS

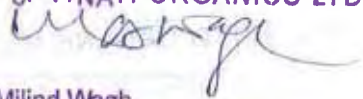
#### **1. TREATMENT OF THE SCHEME FOR THE PURPOSES OF IT ACT**

- 1.1 The provisions of this Scheme as they relate to the amalgamation of Transferor Company with Transferee Company has been drawn up to comply with the conditions relating to 'amalgamation' as defined under Section 2(1B) of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the Income-tax Act, at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of the said Section of the Income-tax Act, shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the IT Act. Such modification will, however, not affect the other parts of the Scheme.
- 1.2 Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its financial statements and returns along with prescribed forms, filings and annexures under the Income Tax Act (including for minimum alternate tax purposes and tax benefits), service tax law, CGST, SGST, IGST and other tax laws and to claim refunds and/or credits for taxes paid (including minimum alternate tax), and to claim tax benefits under the Income Tax Act and other tax laws, etc. and for matters incidental thereto, if required to give effect to the provisions of this Scheme. The order of the jurisdictional National Company Law Tribunal sanctioning the Scheme shall be deemed to be an order of the Competent Authority permitting the Transferee Company to prepare and/or revise its financial statements and books of accounts on and from the Appointed Date and no further act shall be required to be undertaken by the Transferee Company.

#### **2. CONSEQUENTIAL MATTERS RELATING TO TAX**

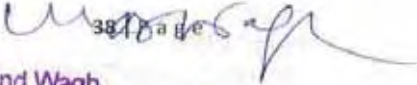
- 2.1 All tax assessment proceedings/appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company shall be continued and/or enforced until the Effective Date by the Transferor Company. In the event of the Transferor Company failing to continue or enforce any proceeding/appeal, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

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- 2.2 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.
- 2.3 All taxes (including but not limited to advance tax, self-assessment tax, regular tax, tax deducted at source, minimum alternate tax credits, dividend distribution tax, securities transaction tax, taxes withheld/ paid in a foreign country, value added tax, sales tax, service tax, goods and service tax etc.), paid / payable by or refunded / refundable to the Transferor Company with effect from the Appointed Date, including all or any refunds or claims shall be treated as the tax liability or refunds/ claims/credits, etc. as the case may be, of the Transferee Company, and any tax incentives, advantages, privileges, accumulated losses and allowance for unabsorbed depreciation as per Section 72A of the IT Act, losses brought forward and unabsorbed depreciation as per books of account, deductions otherwise admissible, including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source such as under Sections 40, 40A, 43B, etc. of the IT Act, exemptions, credits, deductions / holidays, remissions, reductions, service tax input credits, GST input credits, export benefits, central value added tax credits, value added/ sales tax/ entry tax credits or set-offs etc., as would have been available to the Transferor Company, pursuant to this Scheme becoming effective, be available to the Transferee Company and the relevant authority shall be bound to transfer to the account of and give credit for the same to the Transferee Company upon coming into effect of this Scheme and upon relevant proof and documents being provided to the said authorities.
- 2.4 All deductions otherwise admissible to the Transferor Company including payment admissible on actual payment or on deduction of appropriate taxes or on payment of tax deducted at source (such as under Sections 40, 40A, 43B, etc. of the IT Act) shall be available for deduction to the Transferee Company as it would have been available to the Transferor Company.
- 2.5 Upon the Scheme becoming effective, any advance tax, self-assessment tax, minimum alternate tax and/or TDS credit available or vested with the Transferor Company, including any taxes paid and taxes deducted at source and deposited by the Transferee Company or Transferor Company on inter se transactions during the period between the Appointed Date and the Effective Date shall be treated as advance tax paid by the Transferee Company and shall be available to Transferee Company for set-off against its liability under the IT Act and any excess tax so paid shall be eligible for refund together with interest.
- 2.6 The accumulated losses and the allowance for unabsorbed depreciation of the Transferor Company shall be deemed to be the loss and the allowance for

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Company Secretary/Compliance Officer

unabsorbed depreciation of the Transferee Company in accordance with Section 72A of the IT Act. Further, the brought forward losses and unabsorbed depreciation as per books of account of the Transferor Company as on the date immediately preceding the Appointed Date shall be deemed to be the brought forward losses and unabsorbed depreciation of the Transferee Company for the purpose of computation of book profit to calculate the minimum alternate tax if any payable by the Transferee Company.

### **3. DIVIDEND**

- 3.1. The Transferor Company shall be entitled to declare and pay dividends, whether interim and/or final, to its shareholders prior to the Effective Date, subject to the prior approval of the Board of Directors of the Transferee Company.
- 3.2. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of the Amalgamating Companies to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Amalgamating Companies, and if applicable in accordance with the provisions of the Act, be subject to the approval of the shareholders of the respective Amalgamating Companies.

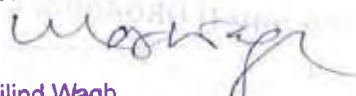
### **4. INTERPRETATION**

If any terms or provisions of this Scheme are found to be or interpreted to be inconsistent with any provisions of Applicable Law at a later date, whether as a result of any amendment of Applicable Law or any judicial or executive interpretation or for any other reason whatsoever, the provisions of the Applicable Law shall prevail. Subject to obtaining the sanction of the Competent Authority, if necessary, under Applicable Law, this Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modification will, however, not affect other parts of this Scheme. Notwithstanding the other provisions of this Scheme, the power to make such amendments/modifications as may become necessary, whether before or after the Effective Date, shall, subject to obtaining the sanction of the Competent Authority if necessary, vest with the Board of Directors of the Amalgamating Companies

### **5. APPLICATIONS TO THE COMPETENT AUTHORITY**

- 5.1 The Transferor Company and the Transferee Company, if required shall make applications/ petitions to the Competent Authority under Section 230 to 232 and other applicable provisions, of the Act, for sanctioning of this Scheme.

For VINATI ORGANICS LTD.

  
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Company Secretary/Compliance Officer

5.2 Upon this Scheme becoming effective, the shareholders of the Transferee Company shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.

## 6. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

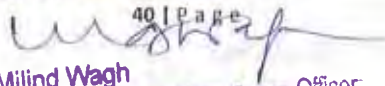
6.1 Transferee Company and Transferor Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, may, collectively, make and/or Consent to any modifications/ amendments to the Scheme or to any conditions or limitations that the Competent Authority or any other Governmental Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them. Transferee Company and Transferor Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. In case, post approval of the Scheme by the Competent Authority, there is any confusion in interpreting any clause of this Scheme, or otherwise, the Board of Directors Transferee Company and Transferor Company shall jointly have complete power to take the most sensible interpretation so as to render the Scheme operational.

6.2 If any part of this Scheme is invalid, ruled illegal or rejected by the Competent Authority or any court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the Amalgamating Companies that such part shall be severable from the remainder of this Scheme and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to either the Transferor Company or Transferee Company, in which case the Amalgamating Companies, acting through their respective Boards of Directors, shall attempt to bring about a modification in this Scheme, as will best preserve for the parties, the benefits and obligations of this Scheme, including but not limited to such part, which is invalid, ruled illegal or rejected by the Competent Authority or any court of competent jurisdiction, or unenforceable under present or future Applicable Laws.

## 7. WITHDRAWAL OF THE SCHEME

Transferee Company and Transferor Company shall be at liberty to withdraw this Scheme at any time as may be mutually agreed by all of the Board of Directors of Transferee Company and Transferor Company prior to the Effective Date. In such a

For VINATI ORGANICS LTD Transferee Company and Transferor Company shall respectively bear their

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Secretary/Compliance Officer

own cost or as may be mutually agreed. It is hereby clarified that notwithstanding anything to the contrary contained in this Scheme, Transferee Company and Transferor Company shall not be entitled to withdraw the Scheme unilaterally without the prior written Consent of the other.

## **8. CONDITIONALITY TO EFFECTIVENESS OF THE SCHEME**

- 8.1 The Scheme is and shall be conditional upon and subject to the following:
- a) the Scheme being approved by the requisite majority of each classes of members and/or creditors (where applicable) of the Amalgamating Companies in accordance with the Act and as may be directed by the Competent Authority;
  - b) the Scheme being approved by the PUBLIC shareholders of the Amalgamating Companies through e-voting in terms of para 9 (a) of part I of Annexure I of the SEBI Circular and the Scheme shall be acted upon only if votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against it;
  - c) the Competent Authority having accorded its sanction to the Scheme;
  - d) receipt of no-objection letters by the Amalgamating Companies from the Stock Exchanges in accordance with the LODR Regulations and the SEBI Circulars in respect of the Scheme (prior to filing the Scheme with the Competent Authority), which shall be in form and substance acceptable to the Amalgamating Companies, each acting reasonably and in good faith; and
  - e) receipt of such other sanctions and approvals including sanction of the central government and any other Governmental Authority as may be required by Applicable Law in respect of the Scheme.
- 8.2 The Scheme shall not come into effect unless the aforementioned conditions are satisfied, and in the event of such non-satisfaction of the conditions specified herein above, the Scheme shall become null and void and be of no effect.
- 8.3 In the event the Scheme fails to take effect or it becomes null and void, no rights and liabilities of whatsoever shall accrue to or be incurred inter se the Amalgamating Companies or their respective shareholders or creditors or employees or any other person.

## **9 SCHEME AS AN INTEGRAL WHOLE AND SEVERABILITY**

The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically provided otherwise.



by the respective Board of Directors of Transferee Company and Transferor Company.

## **10. REMOVAL OF DIFFICULTIES**

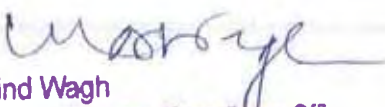
10.1 The Amalgamating Companies through mutual consent and acting through their respective Boards, jointly may agree in writing to:

- a) give such directions (acting jointly) and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions arising under this Scheme, whether by reason of any orders of Competent Authority or of any directive or orders of any Governmental Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/ or matters concerning or connected therewith or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those to the extent permissible under Applicable Law;
- b) do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect; and
- c) modify or vary this Scheme prior to the Effective Date in any manner at any time, subject to Applicable Law.

## **11. COSTS**

Until the Effective Date, Transferee Company and the Transferor Company shall respectively bear their own costs, charges and expenses, in relation to or in connection with or incidental to the Scheme. Provided however that all stamp duty, registration charges and other transfer charges in relation to the Scheme and the matters contemplated herein shall be borne and paid by Transferee Company.

**For VINATI ORGANICS LTD.**

  
**Milind Wagh**  
**Company Secretary/Compliance Officer**



# VALUATION REPORT

Valuation report for determining the fair equity share exchange ratio in relation to the Scheme of Amalgamation

## Abstract

The purpose of this Valuation Report is to render valuation to determine the fair equity share exchange ratio pursuant to Scheme of Amalgamation

- i) Veeral Additives Private Limited
- ii) Vinati Organics Limited

CA Hitendra Ranka [FCA, RV (IBBI) - S&FA, DISA (ICAI), B.Com]

# CA Hitendra Ranka

IBBI Registered Valuer

Asset Class: Securities or Financial Assets

Reg. No.: IBBI/RV/06/2019/11695

Strictly private and confidential

Dated: 2 February 2021

To,

The Board of Directors <b>Vinati Organics Limited,</b> B-12 & B-13 MIDC Industrial Area, Mahad District Raigad, Maharashtra 402 309.	The Board of Directors <b>Veeral Additives Private Limited,</b> Parinee Crescenzo, 11th Floor, 1102, "G" Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051.
--	---

Dear Sir(s) / Madam(s),

**Sub: Fair Equity Share Exchange Ratio Report pursuant to Scheme of Amalgamation**

I, Hitendra Ranka (“**Valuer**” or “**I**” or “**me**”), have been appointed vide engagement letter dated January 5, 2021 to recommend the fair equity share exchange ratio for the proposed amalgamation of Veeral Additives Private Limited (“**VAPL**” or “**Transferor Company**”) with and into Vinati Organics Limited (“**VOL**” or “**Transferee Company**”) pursuant to a scheme of amalgamation between VAPL and VOL and their respective shareholders (“**the Scheme**”). VAPL and VOL shall be collectively be referred as “**the Companies**”.

I am pleased to present herewith my report on the same. For the purpose of arriving at the valuation of the Companies, I have considered the valuation base as ‘Fair Value’ and the premise of value is ‘Going Concern Value’. Any change in the valuation base, or the premise could have significant impact on my valuation exercise, and therefore, this report.

The threshold date for all the financial information used in the present valuation exercise has been considered as December 31, 2020 and the market parameters have been considered up to February 1, 2021.

I believe that my analysis must be considered as a whole. Selecting portions of my analysis or the factors I considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

*Strictly Private and Confidential*

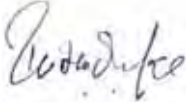
2 | Page

**CA Hitendra Ranka**

This letter should be read in conjunction with the attached report.

Thanking you,

Yours Faithfully,



**Hitendra Ranka**

Registered Valuer

Asset Class: Securities or Financial Assets

Registration No. IBBI/RV/06/2019/11695

Place: Ahmedabad

Date: 2 February 2021

UDIN: 21157129AAAAAF4218

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## 1. BACKGROUND & RATIONALE OF THE SCHEME OF AMALGAMATION

### BACKGROUND

- 1.1 The Scheme of Amalgamation (“**the Scheme**”) as more particularly defined hereinafter is under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- 1.2 The Scheme provides for amalgamation of Veeral Additives Private Limited (“**VAPL**” or “**Transferor Company**”) with and into Vinati Organics Limited (“**VOL**” or “**Transferee Company**”) pursuant to a scheme of amalgamation between VAPL and VOL and their respective shareholders (“**the Scheme**”). VAPL and VOL shall be collectively be referred as “**the Companies**” or “**the Clients**”.
- 1.3 Appointed date shall mean the opening hours of April 1, 2021 or such other date as may be agreed by the Board of directors of Companies and approved by the National Company Law Tribunal (“**NCLT**”) or as directed or imposed by the NCLT.

### RATIONALE

- 1.4 Companies are engaged in the similar line of business. The amalgamation will ensure creation of a combined entity, hosting all products under the Transferee Company thereby resulting in on-time supplies, efficiency of management and maximizing value for the shareholders.
- 1.5 The Companies believe that the financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of each of the VAPL and VOL pooled in the merged entity, will lead to optimum use of infrastructure, cost reduction and efficiencies, productivity gains and logistic advantages and reduction of administrative and operational costs, thereby significantly contributing to the future growth and maximising shareholder value.
- 1.6 The proposed amalgamation would be in the best interest of the Companies and their respective shareholders, employees, creditors, customers and other stakeholders as the proposed amalgamation will yield advantages as set out, *inter alia*, below:
  - realising benefits of greater synergies between their businesses, yield beneficial results and pool financial resources as well as managerial, technical;

- distribution and marketing resources of each other in the interest of maximizing value to their shareholders and the other stakeholders;
  - integrated value chain to enhance degree of vertical integration in the long products segment;
  - greater efficiency in cash and debt management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximize shareholders value and better debt management;
  - pooling of resources, creating better synergies, optimal utilisation of resources, centralization of inventory and greater economies of scale.
- 1.7 Simplification of management structure, elimination of duplication and multiplicity of compliance requirements, rationalization of administrative expenses, better administration and cost reduction (including reduction in administrative and other common costs).
- 1.8 Efficient tax planning at the combined entity level.
- 1.9 Adoption of improved safety, environment and sustainability practices owing to a centralized committee at combined level to provide focused approach towards safety, environment and sustainability practices resulting in overall improvement.

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**2. BACKGROUND OF THE COMPANIES**

**2.1 VAPL**

VAPL (formerly known as Alpha Kooltherm Private Limited) is a private limited company incorporated on September 20, 2007 under the Companies Act, 1956 with CIN U24100MH2007PTC174331 and having its registered office at Parinee Crescenzo, 11th Floor, 1102, "G" Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400 051. Transferor Company is proposing to start manufacturing of specialty chemicals which are used as stabilizer in the plastic component and increases its wear and tear capacity. VAPL's main objective as provided in its memorandum of association is "to carry on in India or abroad the business of export, import, manufacture, deal, trade and to act as wholesalers, retailers, stockiest, distributors and dealers in all kinds of speciality chemicals required for Polymers, Rubber, Textile and allied chemical industry including organics and inorganic chemical, chemical compounds, products, heavy chemicals, fine chemicals, acids, alkalis, petrochemicals, antioxidant, chemicals compound and also to invest in manufacturing plants producing speciality chemicals".

**2.2 VOL**

VOL is a public limited company incorporated on June 15, 1989 under the Companies Act, 1956 with CIN L24116MH1989PLC052224 and having its registered office at B-12 & B-13 MIDC Industrial Area, Mahad Dist. Raigad, Maharashtra 402 309. The equity shares of Transferee Company are listed on the both the Stock Exchanges i.e., BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). Transferee Company is engaged in the business of manufacturing and marketing of specialty chemicals. The manufacturing facilities of Transferee Company are located at Mahad and Lote in the State of Maharashtra.

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### 3. CAPITAL STRUCTURE & SHAREHOLDING PATTERN

#### 3.1 VAPL

The issued and subscribed equity share capital of VAPL as at December 31, 2020 is as under under:

Share capital	Amount (In INR)
<b>Authorized</b>	
- 45,000,000 Equity Shares of Rs. 10/- each	450,000,000
<b>Total</b>	<b>450,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
- 45,000,000 Equity Shares of Rs. 10/- each fully paid up	450,000,000
<b>Total</b>	<b>450,000,000</b>

The aforesaid equity share capital is held as follows:

Sr. No.	Shareholder	Percentage
1	Promoter and Promoter group	100.00%
2	Public	0.00%
	<b>Total</b>	<b>100.00%</b>

#### 3.2 VOL

The issued and subscribed equity share capital of VOL as at December 31, 2020 is as under under:

Share capital	Amount (In INR)
<b>Authorized</b>	
- 150,000,000 Equity Shares of Rs. 1/- each	150,000,000
<b>Total</b>	<b>150,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b>	
- 102,782,050 Equity Shares of Rs. 1/- each fully paid up	102,782,050
<b>Total</b>	<b>102,782,050</b>

The aforesaid equity share capital is held as follows:

Sr. No.	Shareholder	Percentage
1	Promoter and Promoter group	74.06%
2	Public	25.94%
	<b>Total</b>	<b>100.00%</b>

**4. CONTEXT AND PURPOSE**

- 4.1 As informed to me by management of the companies and based on my perusal of the Scheme, I understand that pursuant to the Scheme and all the necessary approvals and fulfillment of conditions as specified in the Scheme, VOL, the Transferee Company shall be required to issue new Equity shares to the shareholders of VAPL and shall require to comply with the provisions of section 230 to 232 and other relevant provisions of the Companies Act, 2013, read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the applicable provisions of Securities and Exchange Board of India ('SEBI').
- 4.2 I have been appointed in this regard to determine and recommend the fair equity share exchange ratio for the amalgamation of VAPL into VOL.

**5. REGISTERED VALUER**

I am a fellow member of The Institute of Chartered Accountants of India ('ICAI') practicing as a partner with Ranka & Associates, Chartered Accountants. I am also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with registration no. IBBI/RV/06/2019/11695. I have been hereinafter referred to as 'Valuer' or 'I' or 'me' in this Report ('Valuation Report' or 'Report').

**6. CONDITIONS, MAJOR ASSUMPTIONS, EXCLUSIONS AND LIMITATIONS**

- 6.1 I have not audited, reviewed, or compiled the financial statements of the Companies and express no assurance on them. I acknowledge that I have no present or contemplated financial interest in the Companies. My fee for this valuation is based upon normal billing rates, and not contingent upon the results or the value of the business or in any other manner. I have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.
- 6.2 I have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation analyst, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the valuation professional regarding such additional engagement.
- 6.3 This report, its contents, and analysis herein are specific to i) the purpose of valuation agreed as per the terms of my engagement, ii) the report date and iii) are based on the provisional financial

statements as on December 31, 2020 as well as Financial Projections for the period starting from January 1, 2021 to March 31, 2021 and for FY 2021-22 to FY 2025-26 of the VAPL.

- 6.4 The management of the Companies have represented that the business activities of the Companies have been carried out in the normal course between December 31, 2020 and the Report date and that no material changes have occurred in their respective operations and financial position between December 31, 2020 and the Report date.
- 6.5 This report and the information contained herein are absolutely confidential and are intended for the use of management and representatives of the Companies for providing selected information and only in connection with purpose mentioned above or for sharing with shareholders, creditors, Regional Directors, Registrar of Companies, NCLT and office of other regulatory or statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without my written consent. In the event, the Companies or their management or their representatives intend to extend the use of this report beyond the purpose mentioned earlier in this report, with or without my consent, I will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.
- 6.6 I have not attempted to confirm whether all assets of the business of the companies are free and clear of liens and encumbrances, or that the owner has good title to all the assets. I have also assumed that the business of the Companies will be operated prudently and that there are no unforeseen adverse changes in economic conditions affecting the business, the market, or the industry.
- 6.7 I have been informed by management of Companies that there are no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business of company, except as may be disclosed elsewhere in this report. I have assumed that no costs or expenses will be incurred in connection with such liabilities, if any.
- 6.8 This report is based on the information received from the sources mentioned herein and discussions with the representatives of the Companies. I have assumed that no information has been withheld that could have influenced the purpose of my report.
- 6.9 The exchange ratio expressed in this report pursuant to valuation of the Companies is based on the Going Concern assumption.

## **7. VALUATION DATE**

The cut-off date for all the financial information used in the present valuation exercise has been considered on December 31, 2020 and the market parameters have been considered up to February 1, 2021.

**8. PREMISE OF VALUE**

The premise of Value is “as a going concern”.

**9. SOURCES OF INFORMATION**

For the purpose of the report, following documents, and/or information published or provided by the management and representatives of the Companies have been relied upon:

**From the Managements**

- 9.1 Brief history & brief note on the business profile of the Companies.
- 9.2 Provisional Financial Statements for the nine months ended on December 31, 2020 for VAPL.
- 9.3 Financial Projections for the period starting from January 1, 2021 to March 31, 2021 and for FY 2021-22 to FY 2025-26 for VAPL.
- 9.4 Capital structure and Shareholding pattern as of December 31, 2020 of both Companies.
- 9.5 Draft Scheme of Amalgamation.
- 9.6 Discussion with the management of the Companies and representatives of the Companies including necessary information, explanations and representations provided by the management and representatives of the Companies.
- 9.7 Interest rates for term unsecured term loans for the purpose of computation of cost of debt for VAPL.
- 9.8 List of Comparable Companies of VOL.
- 9.9 Management representation letter dated February 2, 2021.

**From publicly available sources**

- 9.9 Valuation of VOL as per pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time – NSE website.
- 9.10 Risk free rate (“**Rf**”) for the purpose of computation of cost of equity – [www.tradeeconomics.com](http://www.tradeeconomics.com).

- 9.11 Market return (“**R<sub>m</sub>**”) for the purpose of computation of cost of equity – BSE website.
- 9.12 Unlevered beta as per Aswath Damodaran data sets for Speciality Chemical Industry (<http://pages.stern.nyu.edu/~adamodar>).
- 9.13 Comparable Companies data – Screener.com and BSE website.

## **10 VALUATION STANDARDS**

The Report has been prepared in compliance with the Valuation standards adopted by ICAI Registered Valuers Organisation as well as International Valuation Standards issued by International Valuation Standards Council (**IVS**).

## **11 PROCEDURES ADOPTED**

In connection with this exercise, I have adopted the following procedures to carry out the valuation of the Companies:

- 11.1 Requested and received information as stated in Sources of Information section in this Report.
- 11.2 Obtained data available in public domain.
- 11.3 Undertook industry and market analysis such as researching publicly available market data including economic factors and industry trends that may impact the valuation.
- 11.4 Discussion (Physical/over call) with the respective management and representatives of the Companies to understand relevant aspects that may impact the valuation.
- 11.5 Sought various clarifications from the respective management and representatives of the Companies based on my review of information shared and my analysis.
- 11.6 Selection of valuation methodology/(ies) as per Valuation Standards adopted by ICAI Registered Valuers Organisation as well International Valuation Standards accepted by IVS.
- 11.7 Determined the fair equity share exchange ratio based on the selected methodology.

## **12 VALUATION METHODOLOGY AND APPROACH**

12.1 The standard of value used in the Analysis is “Fair Value”, which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay and a seller could reasonably be expected to accept, if the business were exposed for sale in the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.

12.2 Valuation of a business is not an exact science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgement taking into accounts all the relevant factors. There is, therefore, no indisputable single value. While I have provided my recommendation of the fair equity share exchange ratio pursuant to the proposed scheme of the Companies based on the financial and other information available to me and within the scope and constraints of my engagement, others may have a different opinion. The final responsibility for determination of the fair equity share exchange ratio is of the management of the Companies who takes into account other factors such as their own assessment of the companies and input of other advisors.

12.3 The valuation exercise involves selecting methods suitable for the purpose of valuation, by exercise of judgment by the Valuers, based on the facts and circumstances as applicable to the business of the Companies to be valued. There are several commonly used and accepted methods for determining the fair value of equity which have been considered in the present case, to the extent relevant and applicable, including:

### **12.4 Cost Approach:**

Cost approach focuses on the net worth or net assets of a business.

#### **(A) Net Asset Value (NAV) method**

The Net Assets Value (NAV) method, widely used under the Cost approach, considers the assets and liabilities as stated at their book values. The net assets, after reducing the dues to the preference shareholders, and contingent liabilities, if any, represent the value of the Company to the equity Shareholders. This valuation approach is mainly used in case where the assets base dominates earnings capability or in case where the valuing entity is a holding Company deriving significant value from its assets and investments.

#### **(B) Adjusted Net Asset Value Method (“Adjusted NAV”)**

Adjusted NAV method is a version of NAV method wherein assets and liabilities are considered at their realizable (market) value including intangible assets and contingent liabilities, if any, which are not stated in the Statement of Assets and Liabilities. Under this method, adjustments are made to the company’s historical balance sheet in order to present each asset and liability item at its respective fair market value. The difference between the total fair market value of the adjusted assets and the total fair market value of the adjusted liabilities is used to value a company. The

value arrived at under this approach is based on the financial statements of the business and may be defined as Net-worth or Net Assets owned by the business.

This valuation approach is mainly used in case where the Company is to be liquidated i.e., it does not meet the “going concern” criteria or in case where the assets base dominates earnings capability. The Asset Approach is generally considered to yield the minimum benchmark of value for an operating enterprise.

## 12.5 **Market Approach:**

### **(a) Market Price Method**

The market price of an equity shares as quoted on a stock exchange is normally considered as the value of the equity shares of that Company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of shares.

### **(b) Comparable Companies Market Multiple (CCMM) Method**

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The difficulty here is in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. This valuation is based on the principle that market transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for exceptions and circumstances. Generally used multiples are EV/EBITDA multiple, EV/Revenue and Market Capitalization/PAT (PE multiple).

To arrive at the total value available to the stakeholders, the value arrived under CCMM method if calculated by EV/EBITDA or EV/Sales is adjusted for debt, (net of cash and cash equivalents), surplus non-operating investments and contingent liabilities. Value arrived under the PE multiple is adjusted only for surplus non-operating investments and contingent liabilities. (No debt adjustments required)

**(c) Comparable Companies Transactions Multiple (CTM) Method**

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations in comparable companies, as manifest through transaction valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

**12.6 Income Approach:**

The income approach is appropriate for estimating the value of a specific income / cash flows stream with consideration given to the risk inherent in that stream. The most common method under this approach is discounted cash flow method.

**Maintainable Profit Method (Discounted Cash Flows – “DCF”)**

DCF uses the future free cash flows of the company discounted by the firm’s weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the company’s cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a company’s cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows

**Terminal Value**

The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated by taking into account expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy.

**13 VALUATION OF COMPANIES**

**VALUATION OF VAPL**

- 13.1 Based on the information and explanations received from management of the VAPL and based on my perusal of the Scheme, I understand that the Scheme is proceeded with, on the assumption that the VAPL is amalgamating as a going concern and an actual realization of the operating assets is not contemplated. In a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the



values arrived at on net asset basis being of limited relevance. Therefore, I have not used the NAV / Adjusted NAV method for valuation of VAPL.

- 13.2 Further, as informed to me, there are no comparable listed peers as well as comparable companies transactions for VAPL of same specifications, features and financial data etc. and hence I have not used CCMM method and CTM method under Market Approach for valuation of VAPL.
- 13.3 Since VAPL is not listed on any Indian Stock Exchange; hence Market price method under Market approach is not used for its valuation.

#### **DCF Approach for valuation of VAPL**

- 13.4 DCF method under Income Approach has been considered for valuation of VAPL since its value lies in the future potentials from its business.
- 13.5 In this approach the valuation would primarily be based on the present value of future cash flows by discounting such future cash flows using an appropriate rate of discounting. Broad steps followed to derive the value under this approach are described as under:
- I have considered the Projected Net Profit after tax of VAPL for future period starting from January 1, 2021 to March 31, 2021 and for FY 2021-22 to FY 2025-26 as received from the management of the VAPL.
  - I have made adjustments in relation to Depreciation, Finance cost (net of tax saving), Incremental Working Capital and Incremental Capital Expenditure so as to arrive at the Free cash flows available to firm (“FCFF”) in the respective future period / years.
  - The value beyond the explicit forecast period is considered to get the Enterprise Value on a going concern basis. Nominal Growth rate of 1.5 % p.a. is considered in Terminal Value.
  - FCFF for projected period / years and the terminal value are discounted using the Weighted Average Cost of Capital (“WACC”) as the discounting factor to arrive at their Net Present Value (“NPV”) as at the Valuation date.
  - The aggregate of such NPV of FCFF and Terminal Value is the Discounted Free Cash Flows as at the Valuation date.
  - The Enterprise so arrived at above has been increased by cash and bank balance and reduced by the outstanding debt as at the Valuation date to arrive at the Equity Value attributable to the Equity Shareholders of VAPL.
  - Equity Value as computed above has been then divided by the number of Equity Shares of VAPL as on the Valuation date to arrive at the Value per Equity Share as at the Valuation date.
  - Refer Annexure – A for the underlying workings on valuation of VAPL based on DCF Method.

**VALUATION OF VOL**

- 13.6 NAV/ Adjusted NAV method under Cost approach has not been considered since the net asset value does not reflect the intrinsic value of the business of VOL in a going concern scenario.
- 13.7 VOL is a listed entity and information related to profit and loss account, balance sheet and cash flows is price sensitive. In light of the above, I was not provided with projections of VOL by the Management of the Transferee Company. I have therefore, not used this method for the valuation exercise.
- 13.8 Further, based on the information and explanations received from management of the VOL, I understand that there are no exact comparable transactions due to difference in size, nature, features, financial data etc. for me to present a relative case for valuation. Accordingly, I have not used CTM method under the Market Approach for the valuation exercise.
- 13.9 I have considered Comparable Companies list shared by VOL for my valuation analysis under CCMM method. Under this method, I have considered average of Enterprise Value to Earnings before interest, tax, depreciation and amortization (**EV/EBIDTA**) and Market Capitalisation to Profit After Tax (**PE multiple**) multiples of comparable companies for my valuation analysis of VOL. However, fair value per equity share arrived under this method for VOL is less than the price determined under Market price method as per ICDR regulations as detailed in subsequent points. Accordingly, I have not adopted this method to arrive at the fair equity share exchange ratio.
- 13.10 Since the equity shares of Transferee company are listed and traded on BSE and NSE, I have referred to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2018 as amended from time to time ("**ICDR Regulations**") and the specific information/explanations available.
- 13.11 In the present case, the share price of VOL on the NSE has been considered, as the trading volumes are higher at NSE as compared to BSE as per the requirements of the ICDR Regulations, on a recognized stock exchange during the twelve calendar months preceding the relevant date.
- 13.12 Attention may also be drawn to Regulation 158 of ICDR Regulations which specifies that issue of equity shares to shareholders of an unlisted entity pursuant to a NCLT approved scheme shall conform with the pricing provisions of preferential issue specified under Regulation 164 of the said regulations. Further it may be noted that Regulation 164 specifies the **minimum price** for issue of shares on a preferential basis.
- The Pricing Formula provided in Regulation 164(1) has been considered for arriving at the minimum value per equity share of VOL under the Market Price Method. The market price is considered as higher of the following:
- (a) average of the weekly high and low of the volume weighted average price during the 26 weeks preceding February 2, 2021; or
  - (b) average of weekly high and low of the volume weighted average price during the 2 weeks preceding February 2, 2021.

- (c) In the present case, the market price of VOL has been considered based on the last 2 weeks Volume Weighted Average Price (“VWAP”) on NSE up to February 1, 2021. The said price is higher than the minimum price as per ICDR regulations. Refer Annexure B of this report for the underlying working.

#### **14 BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO**

- 14.1 The basis of the fair equity share exchange ratio pursuant to the Scheme would have to be determined after taking into consideration all the factors and methods mentioned hereinabove and to arrive at a final value for the shares of each company. It is, however, important to note that in doing so, I am not attempting to arrive at the absolute values of the Companies, but their relative values to facilitate the determination of the fair equity share exchange ratio.
- 14.2 I have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus of the fair equity share exchange ratio, rounding off have been done in the values (up to two decimals).
- 14.3 The fair equity share exchange ratio has been arrived at on the basis of a relative valuation based on the various approaches/methods explained above and various qualitative factors relevant to each Company having regard to information base, key underlying assumptions and limitations. For this purpose, I have assigned appropriate weights to the values arrived at under each approach/method.

#### **15. CAVEATS**

- 15.1 Provision of valuation recommendations and considerations of the issues described herein are areas of my regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by me.
- 15.2 My review of the affairs of the Companies and their books and account does not constitute an audit in accordance with Auditing Standards. I have relied on explanations and information provided by the Management and representatives of the Companies and accepted the information provided to me as accurate and complete in all respects. Although, I have reviewed such data for consistency and reasonableness, I have not independently investigated or otherwise verified the data provided. Nothing has come to my attention to indicate that the information provided had material misstatements or would not afford reasonable grounds upon which to base the Report.
- 15.3 The report is based on the details and information provided to me by the Management and representatives of the Companies and thus the responsibility for the assumptions on which they are based is solely that of the Management of the Companies and I do not provide any confirmation or assurance on these assumptions. Similarly, I have relied on data from external resources. These sources are considered to be reliable and therefore, I assume no liability for the accuracy of the data.

I have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.

- 15.4 The valuation worksheets prepared for the exercise are proprietary to the valuer and cannot be shared except as stated in the purpose statement of this document. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of my engagement.
- 15.5 The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them.
- 15.6 The Valuation Analysis contained herein represents the fair equity share exchange ratio only on the date that is specifically stated in this Report. This Report is issued on the understanding that the Management of the Companies has drawn my attention to all matters of which they are aware, which may have an impact on my Report up to the date of signature. I have no responsibility to update this Report for events and circumstances occurring after the date of this Report.
- 15.7 My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any transaction with the Companies.

**16. VALUATION AND CONCLUSION**

Based on the foregoing data, considerations and steps followed, I consider the recommendation of fair equity share exchange ratio for amalgamation of VAPL into VOL as follows:

Computation of fair equity share exchange ratio

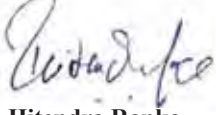
*(All amounts in INR except equity share exchange ratio)*

Valuation approach	VOL		VAPL	
	Value per share	Weights	Value per share	Weights
<b>Asset approach</b>				
Adjusted NAV method	NA	NA	NA	NA
<b>Market approach</b>				
Market price method	1,221.88	100%	NA	NA
Comparable Company Market Multiple method	NA	NA	NA	NA
Comparable Companies Transactions Multiple method	NA	NA	NA	NA
<b>Income approach</b>				
Discounted Cash flow method	NA	NA	27.65	100%
<b>Relative Value per Equity Share</b>	<b>1221.88</b>		<b>27.65</b>	
<b>Fair Equity Share Exchange Ratio (Rounded off)</b>	<b>-</b>		<b>16/707</b>	
<b><i>16 (Sixteen) equity shares of VOL of INR 1 each fully paid up for every 707 (Seven Hundred and Seven) equity shares of VAPL of INR 10 each fully paid up</i></b>				

**Notes to the above table for computation of fair equity share exchange ratio.**

- NA means Not Adopted / Not Applicable.
- VAPL is not listed on any Indian Stock Exchange; consequently, Market Price Method under Market Approach is not used.
- VOL is listed on BSE and NSE. Hence, I have considered Market Price Method for valuing VOL.
- I have not used CCMM Method and CTM Method for VAPL due to difference in size, nature, features, financial data, etc. of VAPL as compared to other Companies operating in similar sector and listed on Indian Stock Exchanges.
- I have not used CTM Method for VOL due to difference in size, nature, features, financial data, etc. of VOL as compared to other Companies operating in similar sector and listed on Indian Stock Exchanges.
- I have not used NAV / Adjusted NAV under Cost Approach for valuation of VAPL and VOL since the net asset value does not reflect the intrinsic value of the business in a going concern scenario.

Respectfully submitted,



**Hitendra Ranka**

Registered Valuer

Asset Class: Securities or Financial Assets

Registration No. IBBI/RV/06/2019/11695

Place: Ahmedabad

Date: 2 February 2021

UDIN: 21157129AAAAAF4218

**Annexure A – Valuation of VAPL as per DCF Method**

**Veeral Additives Private Limited ('VAPL')**

**Valuation of equity shares for determining the fair exchange ratio of equity shares**

**Discounted Cash Flow Method**

**As at December 31, 2020**

*(All amounts in INR lakhs except per share data)*

<b>Particulars</b>	<b>Amount</b>
Net present value (NPV) of Free Cash flows available to Firm for explicit forecast period	2,652
Add: NPV of Terminal Value	24,574
<b>Enterprise Value</b>	<b>27,226</b>
Less: Net debt as at valuation date	(14,783)
<b>Equity Value</b>	<b>12,443</b>
Number of equity shares	450
<b>Equity value per share</b>	<b>27.65</b>

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**Annexure B – Valuation of Vinati Organics Limited (“VOL”) as per Pricing Provisions as per SEBI (ICDR) Regulations, 2018 (as amended till date)**

Week	Start Date	End Date	High	Low	Average
1	1/26/2021	2/1/2021	1,223.07	1,195.35	1,209.21
2	1/19/2021	1/25/2021	1,264.55	1,204.53	1,234.54
3	1/12/2021	1/18/2021	1,312.70	1,248.97	1,280.84
4	1/5/2021	1/11/2021	1,333.47	1,219.94	1,276.71
5	12/29/2020	1/4/2021	1,232.35	1,203.37	1,217.86
6	12/22/2020	12/28/2020	1,155.13	1,118.72	1,136.93
7	12/15/2020	12/21/2020	1,171.03	1,127.33	1,149.18
8	12/8/2020	12/14/2020	1,167.68	1,120.49	1,144.09
9	12/1/2020	12/7/2020	1,178.75	1,145.02	1,161.89
10	11/24/2020	11/30/2020	1,206.92	1,165.13	1,186.03
11	11/17/2020	11/23/2020	1,223.58	1,123.24	1,173.41
12	11/10/2020	11/16/2020	1,131.76	1,099.16	1,115.46
13	11/3/2020	11/9/2020	1,170.42	1,136.09	1,153.26
14	10/27/2020	11/2/2020	1,229.23	1,186.04	1,207.64
15	10/20/2020	10/26/2020	1,278.50	1,229.88	1,254.19
16	10/13/2020	10/19/2020	1,287.66	1,252.68	1,270.17
17	10/6/2020	10/12/2020	1,305.56	1,198.02	1,251.79
18	9/29/2020	10/5/2020	1,371.36	1,310.00	1,340.68
19	9/22/2020	9/28/2020	1,321.65	1,182.41	1,252.03
20	9/15/2020	9/21/2020	1,333.12	1,180.22	1,256.67
21	9/8/2020	9/14/2020	1,066.15	995.87	1,031.01
22	9/1/2020	9/7/2020	1,017.59	1,010.18	1,013.89
23	8/25/2020	8/31/2020	1,128.04	1,016.17	1,072.11
24	8/18/2020	8/24/2020	1,142.76	998.27	1,070.52
25	8/11/2020	8/17/2020	1,009.36	969.30	989.33
26	8/4/2020	8/10/2020	985.51	972.45	978.98

Minimum price prescribed under Regulation 164	INR per share
a. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or	1,170.32
b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date	
Higher of the above two considered as minimum price under Regulation 164	<b>1,221.88</b>



# VALUATION REPORT

Valuation report for determining the fair equity share exchange ratio in relation to the Scheme of Amalgamation

## Abstract

The purpose of this Valuation Report is to render valuation to determine the fair equity share exchange ratio pursuant to Scheme of Amalgamation

- i) Veeral Additives Private Limited
- ii) Vinati Organics Limited

CA Hitendra Ranka [FCA, RV (IBBI) - S&FA, DISA (ICAI), B.Com]



# CA Hitendra Ranka

**IBBI Registered Valuer**  
**Asset Class: Securities or Financial Assets**  
**Reg. No.: IBBI/RV/06/2019/11695**

**Strictly private and confidential**

**Dated: 8 September 2021**

To,

The Board of Directors <b>Vinati Organics Limited,</b> B-12 & B-13 MIDC Industrial Area, Mahad District Raigad, Maharashtra 402 309.	The Board of Directors <b>Veeral Additives Private Limited,</b> Parinee Crescenzo, 11th Floor, 1102, "G" Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051.
--	---

Dear Sir(s) / Madam(s),

**Sub: Fair Equity Share Exchange Ratio Report pursuant to Scheme of Amalgamation**

I, Hitendra Ranka (“**Valuer**” or “**I**” or “**me**”), had been appointed by the Board of Directors of Vinati Organics Limited vide an engagement letter dated January 5, 2021 to recommend a fair share exchange ratio for the proposed amalgamation of Veeral Additives Private Limited (“**VAPL**” or “**Transferor Company**”) with and into Vinati Organics Limited (“**VOL**” or “**Transferee Company**”) pursuant to a scheme of amalgamation between VAPL and VOL and their respective shareholders (“**the Scheme**”). VAPL and VOL shall collectively be referred as “**the Companies**”.

I had submitted my report dated February 02, 2021 having a cut-off date for all the financial information used in the valuation exercise as December 31, 2020 and the market parameters have been considered up to February 1, 2021 to the Board of Directors of the Companies on February 02, 2021. The same was uploaded by VOL on the portal of the NSE Limited and BSE Limited (‘Stock Exchanges’) for further processing.

Through an email dated August 03, 2021 NSE Limited has advised the Company that the valuation report is dated February 02, 2021, being older than 6 months before receipt of the Observation Letter from SEBI. Hence, the Exchange is required to advise the company to obtain fresh Valuation Report along with Audit Committee recommendation. Consequently, the Companies have been advised to submit a Valuation Report along with Audit Committee recommendation where the financials of the Companies used for the valuation should not be older than 3 months while filing the same with the Exchange.



*Strictly Private and Confidential*

2 | Page

Pursuant to the above, I have been re-appointed by the Company vide an engagement letter dated September 2, 2021 to recommend the fair equity share exchange ratio for the proposed Scheme. The threshold date for all the financial information used in the present valuation exercise has been considered as June 30, 2021 and the market parameters have been considered up to September 7, 2021. Shareholders, Creditors, Stock Exchanges, SEBI and market participants are advised that this report supersedes my report dated February 02, 2021.

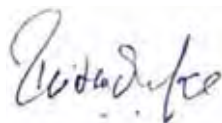
For the purpose of arriving at the valuation of the Companies, I have considered the valuation base as 'Fair Value' and the premise of value is 'Going Concern Value'. Any change in the valuation base, or the premise could have significant impact on my valuation exercise, and therefore, this report.

I believe that my analysis must be considered as a whole. Selecting portions of my analysis or the factors I considered, without considering all factors and analysis together could create a misleading view of the process underlying the valuation conclusions. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

This letter should be read in conjunction with the attached report.

Thanking you,

Yours Faithfully,



**Hitendra Ranka**

Registered Valuer

Asset Class: Securities or Financial Assets

Registration No. IBBI/RV/06/2019/11695

Place: Ahmedabad

Date: 8 September 2021

UDIN: 21157129AAAAAN6859

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## 1. BACKGROUND & RATIONALE OF THE SCHEME OF AMALGAMATION

### BACKGROUND

- 1.1 The Scheme of Amalgamation (“**the Scheme**”) as more particularly defined hereinafter is under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- 1.2 The Scheme provides for amalgamation of Veeral Additives Private Limited (“**VAPL**” or “**Transferor Company**”) with and into Vinati Organics Limited (“**VOL**” or “**Transferee Company**”) pursuant to a scheme of amalgamation between VAPL and VOL and their respective shareholders (“**the Scheme**”). VAPL and VOL shall collectively be referred as “**the Companies**” or “**the Clients**”.
- 1.3 Appointed date shall mean the opening hours of April 1, 2021 or such other date as may be agreed by the Board of directors of Companies and approved by the National Company Law Tribunal (“**NCLT**”) or as directed or imposed by the NCLT.

### RATIONALE

- 1.4 Companies are engaged in the similar line of business. The amalgamation will ensure creation of a combined entity, hosting all products under the Transferee Company thereby resulting in on-time supplies, efficiency of management and maximizing value for the shareholders.
- 1.5 The Companies believe that the financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of each of the VAPL and VOL pooled in the merged entity, will lead to optimum use of infrastructure, cost reduction and efficiencies, productivity gains and logistic advantages and reduction of administrative and operational costs, thereby significantly contributing to the future growth and maximising shareholder value.
- 1.6 The proposed amalgamation would be in the best interest of the Companies and their respective shareholders, employees, creditors, customers and other stakeholders as the proposed amalgamation will yield advantages as set out, *inter alia*, below:
  - realising benefits of greater synergies between their businesses, yield beneficial results and pool financial resources as well as managerial, technical;
  - distribution and marketing resources of each other in the interest of maximizing value to their shareholders and the other stakeholders;



- integrated value chain to enhance degree of vertical integration in the long products segment;
- greater efficiency in cash and debt management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximize shareholders value and better debt management;
- pooling of resources, creating better synergies, optimal utilisation of resources, centralization of inventory and greater economies of scale.

1.7 Simplification of management structure, elimination of duplication and multiplicity of compliance requirements, rationalization of administrative expenses, better administration and cost reduction (including reduction in administrative and other common costs).

1.8 Efficient tax planning at the combined entity level.

1.9 Adoption of improved safety, environment and sustainability practices owing to a centralized committee at combined level to provide focused approach towards safety, environment and sustainability practices resulting in overall improvement.

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## **2. BACKGROUND OF THE COMPANIES**

### **2.1 VAPL**

VAPL (formerly known as Alpha Kooltherm Private Limited) is a private limited company incorporated on September 20, 2007 under the Companies Act, 1956 with CIN U24100MH2007PTC174331 and having its registered office at Parinee Crescenzo, 11th Floor, 1102, "G" Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400 051. Transferor Company is proposing to start manufacturing of specialty chemicals which are used as stabilizer in the plastic component and increases its wear and tear capacity. VAPL's main objective as provided in its memorandum of association is "to carry on in India or abroad the business of export, import, manufacture, deal, trade and to act as wholesalers, retailers, stockiest, distributors and dealers in all kinds of speciality chemicals required for Polymers, Rubber, Textile and allied chemical industry including organics and inorganic chemical, chemical compounds, products, heavy chemicals, fine chemicals, acids, alkalis, petrochemicals, antioxidant, chemicals compound and also to invest in manufacturing plants producing speciality chemicals".

### **2.2 VOL**

VOL is a public limited company incorporated on June 15, 1989 under the Companies Act, 1956 with CIN L24116MH1989PLC052224 and having its registered office at B-12 & B-13 MIDC Industrial Area, Mahad Dist. Raigad, Maharashtra 402 309. The equity shares of Transferee Company are listed on the both the Stock Exchanges i.e., BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). Transferee Company is engaged in the business of manufacturing and marketing of specialty chemicals. The manufacturing facilities of Transferee Company are located at Mahad and Lote in the State of Maharashtra.

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### 3. CAPITAL STRUCTURE & SHAREHOLDING PATTERN

#### 3.1 VAPL

The issued and subscribed equity share capital of VAPL as at June 30, 2021 is as under under:

Share capital	Amount (In INR)
<b>Authorized</b> - 45,000,000 Equity Shares of Rs. 10/- each	450,000,000
<b>Total</b>	<b>450,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b> - 45,000,000 Equity Shares of Rs. 10/- each fully paid up	450,000,000
<b>Total</b>	<b>450,000,000</b>

The aforesaid equity share capital is held as follows:

Sr. No.	Shareholder	Percentage
1	Promoter and Promoter group	100.00%
2	Public	0.00%
	<b>Total</b>	<b>100.00%</b>

#### 3.2 VOL

The issued and subscribed equity share capital of VOL as at June 30, 2021 is as under under:

Share capital	Amount (In INR)
<b>Authorized</b> - 150,000,000 Equity Shares of Rs. 1/- each	150,000,000
<b>Total</b>	<b>150,000,000</b>
<b>Issued, Subscribed and Paid-up Capital</b> - 102,782,050 Equity Shares of Rs. 1/- each fully paid up	102,782,050
<b>Total</b>	<b>102,782,050</b>

The aforesaid equity share capital is held as follows:

Sr. No.	Shareholder	Percentage
1	Promoter and Promoter group	74.06%
2	Public	25.94%
	<b>Total</b>	<b>100.00%</b>



#### **4. CONTEXT AND PURPOSE**

- 4.1 As informed to me by management of the companies and based on my perusal of the Scheme, I understand that pursuant to the Scheme and all the necessary approvals and fulfillment of conditions as specified in the Scheme, VOL, the Transferee Company shall be required to issue new Equity shares to the shareholders of VAPL and shall require to comply with the provisions of section 230 to 232 and other relevant provisions of the Companies Act, 2013, read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, along with the applicable provisions of Securities and Exchange Board of India ('SEBI').
- 4.2 I have been appointed in this regard to determine and recommend the fair equity share exchange ratio for the amalgamation of VAPL into VOL.

#### **5. REGISTERED VALUER**

I am a fellow member of The Institute of Chartered Accountants of India ('ICAI') practicing as a partner with Ranka & Associates, Chartered Accountants. I am also registered with the Insolvency and Bankruptcy Board of India ('IBBI'), as a Registered Valuer for asset class – 'Securities or Financial Assets' with registration no. IBBI/RV/06/2019/11695. I have been hereinafter referred to as 'Valuer' or 'I' or 'me' in this Report ('Valuation Report' or 'Report').

#### **6. CONDITIONS, MAJOR ASSUMPTIONS, EXCLUSIONS AND LIMITATIONS**

- 6.1 My report dated February 02, 2021, issued for this Scheme was for the same purpose and contained a valuation of the Companies and consequent share exchange ratio for the proposed scheme based on management certified financial statements for the period starting from April 1, 2020 to December 31, 2020 provided to me for the purpose of the valuation and to arrive at the fair share exchange ratio, other facts, circumstances, assumptions and limitations articulated in the said report. The fair share exchange ratio arrived at for the proposed Scheme was as on the date of the said report and should not be relied on or referred to going forward by anyone whatsoever. As stated above, this report shall supersede my report dated February 02, 2021.
- 6.2 I have not audited, reviewed, or compiled the financial statements of the Companies and express no assurance on them. I acknowledge that I have no present or contemplated financial interest in the Companies. My fee for this valuation is based upon normal billing rates, and not contingent upon the results or the value of the business or in any other manner. I have no responsibility to modify this report for events and circumstances occurring subsequent to the date of this report.
- 6.3 I have, however, used conceptually sound and generally accepted methods, principles and procedures of valuation in determining the value estimate included in this report. The valuation





analyst, by reason of performing this valuation and preparing this report, is not to be required to give expert testimony nor to be in attendance in court or at any government hearing with reference to the matters contained herein, unless prior arrangements have been made with the valuation professional regarding such additional engagement.

- 6.4 This report, its contents, and analysis herein are specific to i) the purpose of valuation agreed as per the terms of my engagement, ii) the report date and iii) are based on the provisional financial statements as on June 30, 2021 as well as Financial Projections for the period starting from July 1, 2021 to March 31, 2022 and for FY 2022-23 to FY 2025-26 of the VAPL.
- 6.5 The management of the Companies have represented that the business activities of the Companies have been carried out in the normal course between June 30, 2021 and the Report date and that no material changes have occurred in their respective operations and financial position between June 30, 2021 and the Report date.
- 6.6 This report and the information contained herein are absolutely confidential and are intended for the use of management and representatives of the Companies for providing selected information and only in connection with purpose mentioned above or for sharing with shareholders, creditors, Regional Directors, Registrar of Companies, NCLT and office of other regulatory or statutory authorities. It should not be copied, disclosed, circulated, quoted or referred to either in whole or in part, in correspondence or in discussion with any other person except to whom it is issued without my written consent. In the event, the Companies or their management or their representatives intend to extend the use of this report beyond the purpose mentioned earlier in this report, with or without my consent, I will not accept any responsibility to any other party to whom this report may be shown or who may acquire a copy of the report.
- 6.7 I have not attempted to confirm whether all assets of the business of the companies are free and clear of liens and encumbrances, or that the owner has good title to all the assets. I have also assumed that the business of the Companies will be operated prudently and that there are no unforeseen adverse changes in economic conditions affecting the business, the market, or the industry.
- 6.8 I have been informed by management of Companies that there are no environmental or toxic contamination problems, any significant lawsuits, or any other undisclosed contingent liabilities which may potentially affect the business of company, except as may be disclosed elsewhere in this report. I have assumed that no costs or expenses will be incurred in connection with such liabilities, if any.
- 6.9 This report is based on the information received from the sources mentioned herein and discussions with the representatives of the Companies. I have assumed that no information has been withheld that could have influenced the purpose of my report.
- 6.10 The exchange ratio expressed in this report pursuant to valuation of the Companies is based on the Going Concern assumption.



**7. VALUATION DATE**

The cut-off date for all the financial information used in the present valuation exercise has been considered on June 30, 2021 and the market parameters have been considered up to September 7, 2021.

**8. PREMISE OF VALUE**

The premise of Value is “as a going concern”.

**9. SOURCES OF INFORMATION**

For the purpose of the report, following documents, and/or information published or provided by the management and representatives of the Companies have been relied upon:

**From the Managements**

- 9.1 Brief history & brief note on the business profile of the Companies.
- 9.2 Provisional Financial Statements for the three months ended on June 30, 2021 for VAPL.
- 9.3 Financial Projections for the period starting from July 1, 2021 to March 31, 2022 and for FY 2022-23 to FY 2025-26 for VAPL.
- 9.4 Capital structure and Shareholding pattern as of June 30, 2021 of both Companies.
- 9.5 Draft Scheme of Amalgamation.
- 9.6 Discussion with the management of the Companies and representatives of the Companies including necessary information, explanations and representations provided by the management and representatives of the Companies.
- 9.7 Interest rates for term unsecured term loans for the purpose of computation of cost of debt for VAPL.
- 9.8 List of Comparable Companies of VOL.
- 9.9 Management representation letter dated September 8, 2021.



**From publicly available sources**

- 9.10 Valuation of VOL as per pricing provisions of Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time – NSE website.
- 9.11 Risk free rate (“Rf”) for the purpose of computation of cost of equity – www.tradeeconomics.com.
- 9.12 Unlevered beta as per Aswath Damodaran data sets for Speciality Chemical Industry (<http://pages.stern.nyu.edu/~adamodar>).
- 9.13 Equity risk premium data for India is as per Aswath Damodaran data sets presented in July 2021 in respect of Country and Risk premium. (<http://pages.stern.nyu.edu/~adamodar>).
- 9.14 Comparable Companies data – Screener.com and BSE website.

**10 VALUATION STANDARDS**

The Report has been prepared in compliance with the Valuation standards adopted by ICAI Registered Valuers Organisation as well as International Valuation Standards issued by International Valuation Standards Council (‘IVS’).

**11 PROCEDURES ADOPTED**

In connection with this exercise, I have adopted the following procedures to carry out the valuation of the Companies:

- 11.1 Requested and received information as stated in Sources of Information section in this Report.
- 11.2 Obtained data available in public domain.
- 11.3 Undertook industry and market analysis such as researching publicly available market data including economic factors and industry trends that may impact the valuation.
- 11.4 Discussion (Physical/over call) with the respective management and representatives of the Companies to understand relevant aspects that may impact the valuation.
- 11.5 Sought various clarifications from the respective management and representatives of the Companies based on my review of information shared and my analysis.
- 11.6 Selection of valuation methodology/(ies) as per Valuation Standards adopted by ICAI Registered Valuers Organisation as well International Valuation Standards accepted by IVS.
- 11.7 Determined the fair equity share exchange ratio based on the selected methodology.



## 12 VALUATION METHODOLOGY AND APPROACH

- 12.1 The standard of value used in the Analysis is “Fair Value”, which is often defined as the price, in terms of cash or equivalent, that a buyer could reasonably be expected to pay and a seller could reasonably be expected to accept, if the business were exposed for sale in the open market for a reasonable period of time, with both buyer and seller being in possession of the pertinent facts and neither being under any compulsion to act.
- 12.2 Valuation of a business is not an exact science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgement taking into accounts all the relevant factors. There is, therefore, no indisputable single value. While I have provided my recommendation of the fair equity share exchange ratio pursuant to the proposed scheme of the Companies based on the financial and other information available to me and within the scope and constraints of my engagement, others may have a different opinion. The final responsibility for determination of the fair equity share exchange ratio is of the management of the Companies who takes into account other factors such as their own assessment of the companies and input of other advisors.
- 12.3 The valuation exercise involves selecting methods suitable for the purpose of valuation, by exercise of judgment by the Valuers, based on the facts and circumstances as applicable to the business of the Companies to be valued. There are several commonly used and accepted methods for determining the fair value of equity which have been considered in the present case, to the extent relevant and applicable, including:

### 12.4 **Cost Approach:**

Cost approach focuses on the net worth or net assets of a business.

#### **(A) Net Asset Value (NAV) method**

The Net Assets Value (NAV) method, widely used under the Cost approach, considers the assets and liabilities as stated at their book values. The net assets, after reducing the dues to the preference shareholders, and contingent liabilities, if any, represent the value of the Company to the equity Shareholders. This valuation approach is mainly used in case where the assets base dominates earnings capability or in case where the valuing entity is a holding Company deriving significant value from its assets and investments.

#### **(B) Adjusted Net Asset Value Method (“Adjusted NAV”)**

Adjusted NAV method is a version of NAV method wherein assets and liabilities are considered at their realizable (market) value including intangible assets and contingent liabilities, if any, which are not stated in the Statement of Assets and Liabilities. Under this method, adjustments are made to the company’s historical balance sheet in order to present each asset and liability item at its respective fair market value. The difference between the total fair market value of the adjusted assets and the total fair market value of the adjusted liabilities is used to value a company. The



value arrived at under this approach is based on the financial statements of the business and may be defined as Net-worth or Net Assets owned by the business.

This valuation approach is mainly used in case where the Company is to be liquidated i.e., it does not meet the “going concern” criteria or in case where the assets base dominates earnings capability. The Asset Approach is generally considered to yield the minimum benchmark of value for an operating enterprise.

## 12.5 **Market Approach:**

### **(a) Market Price Method**

The market price of an equity shares as quoted on a stock exchange is normally considered as the value of the equity shares of that Company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of shares.

### **(b) Comparable Companies Market Multiple (CCMM) Method**

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The difficulty here is in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices.

Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. This valuation is based on the principle that market transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for exceptions and circumstances. Generally used multiples are EV/EBITDA multiple, EV/Revenue and Market Capitalization/PAT (PE multiple).

To arrive at the total value available to the stakeholders, the value arrived under CCMM method if calculated by EV/EBITDA or EV/Sales is adjusted for debt, (net of cash and cash equivalents), surplus non-operating investments and contingent liabilities. Value arrived under the PE multiple is adjusted only for surplus non-operating investments and contingent liabilities. (No debt adjustments required)

### **(c) Comparable Companies Transactions Multiple (CTM) Method**

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations in comparable companies, as manifest through transaction valuations. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.



**12.6 Income Approach:**

The income approach is appropriate for estimating the value of a specific income / cash flows stream with consideration given to the risk inherent in that stream. The most common method under this approach is discounted cash flow method.

**Maintainable Profit Method (Discounted Cash Flows – “DCF”)**

DCF uses the future free cash flows of the company discounted by the firm’s weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value.

Beta is an adjustment that uses historic stock market data to measure the sensitivity of the company’s cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a company’s cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows

**Terminal Value**

The terminal value refers to the present value of the business as a going concern beyond the period of projections up to infinity. This value is estimated by taking into account expected growth rates of the business in future, sustainable capital investments required for the business as well as the estimated growth rate of the industry and economy.

**13 VALUATION OF COMPANIES**

**VALUATION OF VAPL**

13.1 Based on the information and explanations received from management of the VAPL and based on my perusal of the Scheme, I understand that the Scheme is proceeded with, on the assumption that the VAPL is amalgamating as a going concern and an actual realization of the operating assets is not contemplated. In a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on net asset basis being of limited relevance. Therefore, I have not used the NAV / Adjusted NAV method for valuation of VAPL.

13.2 Further, as informed to me by the management of the VAPL, I understand that VAPL is in the capitalisation phase of its project to manufacture specialty chemicals which are used as stabilizer in the plastic component and increases its wear and tear capacity. Based on my understanding and as represented to me by the management of VAPL, till such time VAPL commences its operation



at full-capacity, losses are expected to be incurred. However, as represented to me by the management and based on its business plans made available to me the Company expects revenues, profitability and cash flows from operations to accrue from FY 2022-23 onwards. Accordingly, I have chosen to adopt the DCF Approach to value VAPL. The DCF arrives at a value of the enterprise based on its future earnings capacity, risk considered in the business and growth potential – all of which support the going concern premise of valuation, as well as the rationale of the Scheme.

- 13.3 Further, as informed to me, there are no comparable listed peers as well as comparable companies transactions for VAPL of same specifications, features and financial data etc. and hence I have not used CCMM method and CTM method under Market Approach for valuation of VAPL.
- 13.4 Since VAPL is not listed on any Indian Stock Exchange; hence Market price method under Market approach is not used for its valuation.

#### **DCF Approach for valuation of VAPL**

- 13.5 DCF method under Income Approach has been considered for valuation of VAPL since its value lies in the future potentials from its business. I have relied on the financial projections starting from July 1 2021 to March 31, 2022 and for FY 2022-23 to FY 2025-26 as received from the management of VAPL dated September 6, 2021. These projections have been updated by the management as compared to the projections provided for my report dated February 2, 2021. Based on the information and explanations received from VAPL's management and back-up data shared by them for the updated projected financial information, the major areas where variations are projected by management of VAPL includes increase in prices of raw materials used in manufacturing its finished products, increase in final sales prices of its finished products and increase in capital expenditure due to major change in design.
- 13.6 In this approach the valuation would primarily be based on the present value of future cash flows by discounting such future cash flows using an appropriate rate of discounting. Broad steps followed to derive the value under this approach are described as under:
- I have considered the Projected Net Profit after tax of VAPL for future period starting from July 1, 2021 to March 31, 2022 and for FY 2022-23 to FY 2025-26 as received from the management of the VAPL.
  - I have made adjustments in relation to Depreciation, Finance cost (net of tax saving), Incremental Working Capital and Incremental Capital Expenditure so as to arrive at the Free cash flows available to firm (“FCFF”) in the respective future period / years.
  - The value beyond the explicit forecast period is considered to get the Enterprise Value on a going concern basis. Nominal Growth rate of 1.5 % p.a. is considered in Terminal Value.



- FCFF for projected period / years and the terminal value are discounted using the Weighted Average Cost of Capital (“WACC”) as the discounting factor to arrive at their Net Present Value (“NPV”) as at the Valuation date.
- The aggregate of such NPV of FCFF and Terminal Value is the Discounted Free Cash Flows as at the Valuation date.
- The Enterprise so arrived at above has been increased by cash and bank balance and reduced by the outstanding debt as at the Valuation date to arrive at the Equity Value attributable to the Equity Shareholders of VAPL.
- Equity Value as computed above has been then divided by the number of Equity Shares of VAPL as on the Valuation date to arrive at the Value per Equity Share as at the Valuation date.
- Refer Annexure – A for the underlying workings on valuation of VAPL based on DCF Method.

### **VALUATION OF VOL**

- 13.7 NAV/ Adjusted NAV method under Cost approach has not been considered since the net asset value does not reflect the intrinsic value of the business of VOL in a going concern scenario.
- 13.8 VOL is a listed entity and information related to profit and loss account, balance sheet and cash flows is price sensitive. In light of the above, I was not provided with projections of VOL by the Management of the Transferee Company. I have therefore, not used this method for the valuation exercise.
- 13.9 Further, based on the information and explanations received from management of the VOL, I understand that there are no exact comparable transactions due to difference in size, nature, features, financial data etc. for me to present a relative case for valuation. Accordingly, I have not used CTM method under the Market Approach for the valuation exercise.
- 13.10 I have considered Comparable Companies list shared by VOL for my valuation analysis under CCMM method. Under this method, I have considered average of Enterprise Value to Earnings before interest, tax, depreciation and amortization (**EV/EBIDTA**) and Market Capitalisation to Profit After Tax (**PE multiple**) multiples of comparable companies for my valuation analysis of VOL. However, fair value per equity share arrived under this method for VOL is less than the price determined under Market price method as per ICDR regulations as detailed in subsequent points. Accordingly, I have not adopted this method to arrive at the fair equity share exchange ratio.
- 13.11 Since the equity shares of Transferee company are listed and traded on BSE and NSE, I have referred to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2018 as amended from time to time (“**ICDR Regulations**”) and the specific information/explanations available.





- 13.12 In the present case, the share price of VOL on the NSE has been considered, as the trading volumes are higher at NSE as compared to BSE as per the requirements of the ICDR Regulations, on a recognized stock exchange during the twelve calendar months preceding the relevant date.
- 13.13 Attention may also be drawn to Regulation 158 of ICDR Regulations which specifies that issue of equity shares to shareholders of an unlisted entity pursuant to a NCLT approved scheme shall conform with the pricing provisions of preferential issue specified under Regulation 164 of the said regulations. Further it may be noted that Regulation 164 specifies the minimum price for issue of shares on a preferential basis.

The Pricing Formula provided in Regulation 164(1) has been considered for arriving at the minimum value per equity share of VOL under the Market Price Method. The market price is considered as higher of the following:

- (a) average of the weekly high and low of the volume weighted average price during the 26 weeks preceding September 8, 2021; or
- (b) average of weekly high and low of the volume weighted average price during the 2 weeks preceding September 8, 2021.
- (c) In the present case, the market price of VOL has been considered based on the last 2 weeks Volume Weighted Average Price (“VWAP”) on NSE up to September 8, 2021. The said price is higher than the minimum price as per ICDR regulations. Refer Annexure B of this report for the underlying working.

#### **14 BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO**

- 14.1 The basis of the fair equity share exchange ratio pursuant to the Scheme would have to be determined after taking into consideration all the factors and methods mentioned hereinabove and to arrive at a final value for the shares of each company. It is, however, important to note that in doing so, I am not attempting to arrive at the absolute values of the Companies, but their relative values to facilitate the determination of the fair equity share exchange ratio.
- 14.2 I have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of the Companies. To arrive at the consensus of the fair equity share exchange ratio, rounding off have been done in the values (up to two decimals).
- 14.3 The fair equity share exchange ratio has been arrived at on the basis of a relative valuation based on the various approaches/methods explained above and various qualitative factors relevant to each Company having regard to information base, key underlying assumptions and limitations. For this purpose, I have assigned appropriate weights to the values arrived at under each approach/method.



**15. CAVEATS**

- 15.1 Provision of valuation recommendations and considerations of the issues described herein are areas of my regular corporate advisory practice. The services do not represent accounting, assurance, financial due diligence review, consulting, transfer pricing or domestic/international tax-related services that may otherwise be provided by me.
- 15.2 My review of the affairs of the Companies and their books and account does not constitute an audit in accordance with Auditing Standards. I have relied on explanations and information provided by the Management and representatives of the Companies and accepted the information provided to me as accurate and complete in all respects. Although, I have reviewed such data for consistency and reasonableness, I have not independently investigated or otherwise verified the data provided. Nothing has come to my attention to indicate that the information provided had material misstatements or would not afford reasonable grounds upon which to base the Report.
- 15.3 The report is based on the details and information provided to me by the Management and representatives of the Companies and thus the responsibility for the assumptions on which they are based is solely that of the Management of the Companies and I do not provide any confirmation or assurance on these assumptions. Similarly, I have relied on data from external resources. These sources are considered to be reliable and therefore, I assume no liability for the accuracy of the data. I have assumed that the business continues normally without any disruptions due to statutory or other external/internal occurrences.
- 15.4 The valuation worksheets prepared for the exercise are proprietary to the valuer and cannot be shared except as stated in the purpose statement of this document. Any clarifications on the workings will be provided on request, prior to finalizing the Report, as per the terms of my engagement.
- 15.5 The scope of my work has been limited both in terms of the areas of the business and operations which I have reviewed and the extent to which I have reviewed them.
- 15.6 The Valuation Analysis contained herein represents the fair equity share exchange ratio only on the date that is specifically stated in this Report. This Report is issued on the understanding that the Management of the Companies has drawn my attention to all matters of which they are aware, which may have an impact on my Report up to the date of signature. I have no responsibility to update this Report for events and circumstances occurring after the date of this Report.
- 15.7 My valuation analysis should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into any transaction with the Companies.

**16. VALUATION AND CONCLUSION**

Based on the foregoing data, considerations and steps followed, I consider the recommendation of fair equity share exchange ratio for amalgamation of VAPL into VOL as follows:



Computation of fair equity share exchange ratio

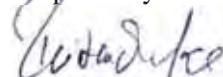
(All amounts in INR except equity share exchange ratio)

Valuation approach	VOL		VAPL	
	Value per share	Weights	Value per share	Weights
<b>Asset approach</b>				
Adjusted NAV method	NA	NA	NA	NA
<b>Market approach</b>				
Market price method	1,814.97	100%	NA	NA
Comparable Company Market Multiple method	NA	NA	NA	NA
Comparable Companies Transactions Multiple method	NA	NA	NA	NA
<b>Income approach</b>				
Discounted Cash flow method	NA	NA	35.64	100%
<b>Relative Value per Equity Share</b>	<b>1814.97</b>		<b>35.64</b>	
<b>Fair Equity Share Exchange Ratio (Rounded off)</b>			<b>14/713</b>	
<b>14 (Forteen) equity shares of VOL of INR 1 each fully paid up for every 713 (Seven Hundred and Thirteen) equity shares of VAPL of INR 10 each fully paid up</b>				

Notes to the above table for computation of fair equity share exchange ratio.

- NA means Not Adopted / Not Applicable.
- VAPL is not listed on any Indian Stock Exchange; consequently, Market Price Method under Market Approach is not used.
- VOL is listed on BSE and NSE. Hence, I have considered Market Price Method for valuing VOL.
- I have not used CCMM Method and CTM Method for VAPL due to difference in size, nature, features, financial data, etc. of VAPL as compared to other Companies operating in similar sector and listed on Indian Stock Exchanges.
- I have not used CTM Method for VOL due to difference in size, nature, features, financial data, etc. of VOL as compared to other Companies operating in similar sector and listed on Indian Stock Exchanges.
- I have not used NAV/Adjusted NAV under Cost Approach for valuation of VAPL and VOL since the net asset value does not reflect the intrinsic value of the business in a going concern scenario.

Respectfully submitted,



**Hitendra Ranka**

Registered Valuer

Asset Class: Securities or Financial Assets

Registration No. IBBI/RV/06/2019/11695

Place: Ahmedabad

Date: 8 September 2021

UDIN: 21157129AAAAAN6859



## Annexure A – Valuation of VAPL as per DCF Method

Veeral Additives Private Limited ('VAPL')

Valuation of equity shares for determining the fair exchange ratio of equity shares

Discounted Cash Flow Method

As at June 30, 2021

*(All amounts in INR lakhs except per share data)*

Particulars	Amount
Net present value (NPV) of Free Cash flows available to Firm for explicit forecast period	1,729
Add: NPV of Terminal Value	31,399
<b>Enterprise Value</b>	<b>33,128</b>
Less: Net debt as at valuation date	(17,091)
<b>Equity Value</b>	<b>16,036</b>
Number of equity shares (in lakhs)	450
<b>Equity value per share</b>	<b>35.64</b>

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**Annexure B – Valuation of Vinati Organics Limited (“VOL”) as per Pricing Provisions as per SEBI (ICDR) Regulations, 2018 (as amended till date)**

**Pricing as per ICDR guidelines - 26 weeks**

Week	Start Date	End Date	High	Low	Average
1	9/1/2021	9/7/2021	1,864.94	1,794.22	1,829.58
2	8/25/2021	8/31/2021	1,822.40	1,778.31	1,800.36
3	8/18/2021	8/24/2021	1,915.35	1,788.70	1,852.03
4	8/11/2021	8/17/2021	1,918.46	1,867.11	1,892.79
5	8/4/2021	8/10/2021	1,988.43	1,929.89	1,959.16
6	7/28/2021	8/3/2021	1,983.36	1,930.59	1,956.98
7	7/21/2021	7/27/2021	1,977.93	1,938.85	1,958.39
8	7/14/2021	7/20/2021	1,971.20	1,913.81	1,942.51
9	7/7/2021	7/13/2021	2,064.53	1,924.87	1,994.70
10	6/30/2021	7/6/2021	2,055.79	1,859.78	1,957.79
11	6/23/2021	6/29/2021	1,882.37	1,848.05	1,865.21
12	6/16/2021	6/22/2021	1,803.19	1,742.58	1,772.89
13	6/9/2021	6/15/2021	1,802.42	1,741.87	1,772.15
14	6/2/2021	6/8/2021	1,800.81	1,772.15	1,786.48
15	5/26/2021	6/1/2021	1,799.54	1,771.33	1,785.44
16	5/19/2021	5/25/2021	1,833.41	1,795.93	1,814.67
17	5/12/2021	5/18/2021	1,794.45	1,680.32	1,737.39
18	5/5/2021	5/11/2021	1,727.21	1,717.41	1,722.31
19	4/28/2021	5/4/2021	1,738.43	1,703.18	1,720.81
20	4/21/2021	4/27/2021	1,728.21	1,648.95	1,688.58
21	4/14/2021	4/20/2021	1,612.35	1,598.02	1,605.19
22	4/7/2021	4/13/2021	1,642.96	1,542.35	1,592.66
23	3/31/2021	4/6/2021	1,436.70	1,389.99	1,413.35
24	3/24/2021	3/30/2021	1,420.35	1,399.21	1,409.78
25	3/17/2021	3/23/2021	1,425.48	1,392.75	1,409.12
26	3/10/2021	3/16/2021	1,458.80	1,415.39	1,437.10

**Pricing as per ICDR guidelines - 2 weeks**

Week	Start Date	End Date	High	Low	Average
1	9/1/2021	9/7/2021	1,864.94	1,794.22	1,829.58
2	8/25/2021	8/31/2021	1,822.40	1,778.31	1,800.36

Minimum price prescribed under Regulation 164	INR per share
a. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or	1,756.82
b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date	1,814.97
Higher of the above two considered as minimum price under Regulation 164	<b>1,814.97</b>



# VIVRO

**Date: February 2, 2021**

**Vivro Financial Services Private Limited**

607/608, Marathon Icon, Veer Santaji Lane, Opp.  
Peninsula Corporate Park, Off Ganpatrao  
Kadam Marg, Lower Parel, Mumbai - 400013  
Tel: +91 (22) 6666 8040  
[www.vivro.net](http://www.vivro.net)

**To,**  
**The Board of Directors**  
**Vinati Organics Limited**  
B-12 & B-13 MIDC Industrial Area,  
Mahad, Raigad, Maharashtra, India - 402309

**To,**  
**The Board of Directors**  
**Veeral Additives Private Limited**  
Parinee Crescenzo, 11th Floor, 1102, "G" Block -  
Plot Number C-38 & C-39 Bandra Kurla Complex,  
Bandra (E), Mumbai, Maharashtra, India - 400051

**Subject: Fairness Opinion on the recommendation of Share Exchange Ratio issued by CA Hitendra Ranka, Registered Valuer, for the proposed amalgamation of Veeral Additives Private Limited with Vinati Organics Limited as per the scheme of amalgamation ("Scheme") in terms of SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended ("SEBI Circular") issued under regulations 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI LODR Regulations")**

Vinati Organics Limited (hereinafter referred to as "VOL" / the "Transferee Company") is a public limited company incorporated on June 15, 1989 under the Companies Act, 1956 having CIN L24116MH1989PLC052224 and the registered office at B-12 & B-13 MIDC Industrial Area, Mahad, Raigad, Maharashtra, India - 402309. The equity shares of VOL are listed on the BSE Limited and the National Stock Exchange of India Limited (hereinafter referred to as "Stock Exchanges"). VOL is engaged in the business of manufacturing of specialty chemicals at the manufacturing facilities located at Mahad & Lote in Maharashtra.

Veeral Additives Private Limited (hereinafter referred to as "VAPL" / the "Transferor Company") (formerly known as Alpha Kooltherm Private Limited) is a private limited company incorporated on September 20, 2007 under the Companies Act, 1956 having CIN U24100MH2007PTC174331 and the registered office at Parinee Crescenzo, 11th Floor, 1102, "G" Block, Plot Number C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra, India - 400051. VAPL is proposing manufacturing specialty chemicals used as stabilizers in plastic components, increasing the wear and tear capacity.

The Board of Directors of VOL and VAPL are considering a scheme of amalgamation by way of amalgamation of VAPL into VOL (hereinafter referred to as "Scheme"). The terms not defined herein carry the meaning as per the Scheme. The valuation for the Share Exchange Ratio for the purpose of the amalgamation of VAPL into VOL has been carried on a going concern basis in accordance with the Scheme to be presented under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment or amendment thereof) read with Section 2(1B) and other provisions of the Income-tax Act, 1961 and other applicable laws.



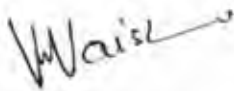
**Regd. Office :** Vivro House, 11, Shashi Colony, Opp. Suvidha Shopping Center, Paldi, Ahmedabad, Gujarat, India - 380007, Tel: +91 (79) 4040 4242

CIN : U67100GJ1996PTC029182, Merchant Banker SEBI Reg. No. INM00010122, AIBI Reg. No. AIBU/GM

Accordingly, VOL has appointed Vivro Financial Services Private Limited, Category I Merchant Banker registered with SEBI having its Registration Number INM000010122 (hereinafter referred to as 'Vivro', 'we', 'us', 'our'), vide an Engagement Letter dated January 6, 2021 to issue a Fairness Opinion Report on the Share Exchange Ratio recommended by CA Hitendra Ranka, Registered Valuer, registered with Insolvency and Bankruptcy Board of India (IBBI Registration Number: IBBI/RV/06/2019/11695) vide his valuation report dated February 2, 2021 (hereinafter referred to as "Valuation Report").

In connection with the same, we hereby attach our Fairness Opinion Report in terms of the SEBI Circular.

**For, Vivro Financial Services Private Limited**



**Vivek Vaishnav**  
**Director**



**Place: Mumbai**

# **FAIRNESS OPINION REPORT**

## **SCHEME OF AMALGAMATION OF VEERAL ADDITIVES PRIVATE LIMITED ('TRANSFEROR COMPANY')**

**WITH**

## **VINATI ORGANICS LIMITED ( 'TRANSFEREE COMPANY')**

**AND**

## **THEIR RESPECTIVE SHAREHOLDERS**

*(Under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended and rules framed thereunder)*

**STRICTLY PRIVATE AND CONFIDENTIAL**

Prepared and Submitted By:

**VIVRO**

**Vivro Financial Services Private Limited**

607-608 Marathon Icon, Veer Santaji Lane, Opposite Peninsula Corporate Park, Off Ganpatrao  
Kadam Marg, Lower Parel, Mumbai, Maharashtra, India - 400013



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## 2. SOURCES OF INFORMATION

We have relied on the following information made available to us by the management of the Companies for the purpose of this Fairness Opinion Report:

- 2.1 Proposed draft scheme of amalgamation between the Transferor Company and the Transferee Company and their respective shareholders, under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 as may be submitted to the Stock Exchanges;
- 2.2 Valuation Report of CA Hitendra Ranka, Registered Valuer, dated February 2, 2021;
- 2.3 Memorandum and Articles of Association of the Transferor Company and the Transferee Company;
- 2.4 Business profile and shareholding pattern of the Transferor Company and the Transferee Company;
- 2.5 Audited financial statements of the Transferor Company and the Transferee Company for the year ended March 31, 2020;
- 2.6 Provisional financial statements of the Transferor Company for the 9 months ended on December 31, 2020;
- 2.7 Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for the purpose of Fairness Opinion Report.

The Companies have been provided with the opportunity to review the draft fairness opinion report (excluding our opinion on the Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracy / omissions are avoided.



## **3. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS & DISCLAIMERS**

- 3.1 This Fairness Opinion Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. This Fairness Opinion Report is restricted for the purpose indicated in the Engagement Letter. This restriction does not preclude the Companies from providing a copy of the Fairness Opinion Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Fairness Opinion Report.
- 3.2 In the course of the Fairness Opinion Report, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Companies through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by the Companies.
- 3.3 As informed by the management of the Companies, all transactions with related parties are on arm's length basis and for the projected period these are expected to continue as the same. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Companies, their directors, employee or agents.
- 3.4 This Fairness Opinion Report, its contents and the results herein (i) are specific to the purpose agreed as per the terms of our engagement; (ii) are specific to the date of this Fairness Opinion Report and other conditions in general and the written and oral information made available to us by the management of the Company as on date of this Fairness Opinion Report. The events occurring after this date may affect this Fairness Opinion Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Fairness Opinion Report.
- 3.5 We have relied on data from external sources also to conclude the Fairness Opinion Report. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and / or reproduced in its proper form and context. These sources are believed to be reliable. We however assume no liability for the lack of accuracy of any data, opinions or estimates furnished by others that may have been used in this analysis.
- 3.6 We have not provided any accounting, tax or legal advice to the Companies or any of its affiliates neither are we required to in terms of the Engagement Letter.
- 3.7 We have not examined the tax implication of present transaction neither are we required to in terms of the Engagement Letter.



- 3.8 We have not revalued any asset, nor physically verified any assets of the Companies neither are we required to in terms of the Engagement Letter.
- 3.9 This Fairness Opinion Report assumes that the Companies are fully compliant with relevant laws and regulations applicable in its area of operations and that the Companies will be managed in a competent and responsible manner. Further, this Fairness Opinion Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded / reflected in the financials provided to us and not relevant or applicable to the subject matter of our analysis.
- 3.10 We are independent of the Companies and hold no specific interest in the Companies or its assets, nor do we have any conflict of interest with the Companies.
- 3.11 The fee for this engagement is not contingent upon the results reported and the conclusion arrived at by us.
- 3.12 This Fairness Opinion Report is furnished on strictly confidential basis. Neither this Fairness Opinion Report nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above.



## 4 BACKGROUND OF THE COMPANIES

### 4.1 VINATI ORGANICS LIMITED

VOL is a public limited company incorporated on June 15, 1989 under the Companies Act, 1956 having CIN L24116MH1989PLC052224 and the registered office at B-12 & B-13 MIDC Industrial Area, Mahad, Raigad, Maharashtra, India - 402309. The equity shares of VOL are listed on the Stock Exchanges. VOL is engaged in the business of manufacturing of specialty chemicals at the manufacturing facilities located at Mahad & Lote in Maharashtra. The shareholding pattern of VOL (Face value: Re. 1) as on December 31, 2020, is as follows:

Particulars	Equity Shares	% Shareholding
Promoter & Promoter Group	7,61,21,192	74.06%
Public	2,66,60,858	25.94%
<b>Total</b>	<b>10,27,82,050</b>	<b>100.00%</b>

### 4.2 VEERAL ADDITIVES PRIVATE LIMITED

VAPL is a private limited company incorporated on September 20, 2007 under the Companies Act, 1956 having CIN U24100MH2007PTC174331 and the registered office at Parinee Crescenzo, 11th Floor, 1102, "G" Block, Plot Number C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra, India - 400051. VAPL is proposing manufacturing specialty chemicals used as stabilizers in plastic components, increasing the wear and tear capacity. The shareholding pattern of VAPL (Face value: Rs. 10) as on December 31, 2020, is as follows:

Particulars	Equity Shares	% Shareholding
Promoter & Promoter Group	4,50,00,000	100.00%
Public	-	-
<b>Total</b>	<b>4,50,00,000</b>	<b>100.00%</b>



## 8. SALIENT FEATURES OF THE SCHEME

- 5.1 This Scheme seeks to amalgamate and consolidate the business of the Transferor Company into and with the Transferee Company pursuant to the provisions of, inter-alia, Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment or amendment thereof) read with Section 2(1B) and other provisions of the Income-tax Act, 1961 and other applicable laws.
- 5.2 The Scheme envisages the amalgamation of the Transferor Company into the Transferee Company in compliance with the provisions of Section 2(1B) of the IT Act, such that:
- (a) all the properties of the Transferor Company, immediately before the amalgamation, shall become the property of the Transferee Company, by virtue of this amalgamation;
  - (b) all the liabilities of the Transferor Company, immediately before the amalgamation, shall become the liabilities of the Transferee Company, by virtue of this amalgamation; and
  - (c) shareholders holding not less than three-fourths in value of the shares in the Transferor Company (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the Transferee Company or its subsidiary) will become shareholders of the Transferee Company by virtue of the amalgamation.
- 5.3 Upon this Scheme becoming effective and upon the amalgamation of the Transferor Company into and with the Transferee Company pursuant to the Scheme becoming effective on the Effective Date, the Transferee Company shall, without any application or deed, will issue and allot its Equity Shares, credited as fully paid up, to the equity shareholders of the Transferor Company whose names appear in the register of members of the Transferor Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferor Company, in accordance with the Share Exchange Ratio approved by the Board of Directors of each of the Amalgamating Companies and pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the IT Act.
- 5.4 The amalgamation of the Transferor Company into and with the Transferee Company will be effective from the Appointed Date but will be operative from the Effective Date.



## 6. VALUER'S RECOMMENDATION

- 6.1 The fair basis of Scheme of Amalgamation has been determined after taking into consideration all the factors and methodologies as mentioned by the Valuer in its Valuation Report, dated February 2, 2021. Their scope of work was, inter alia, to carry out the valuation of equity shares of the Transferor Company and the Transferee Company to determine the Share Exchange Ratio for the proposed Scheme of Amalgamation.
- 6.2 The Share Exchange Ratio has been arrived at on the basis of relative valuation of the equity shares of the Companies based on methodology as explained in the Valuation Report of Valuer, dated February 2, 2021 and various qualitative factors relevant to each Company and the business dynamics as well as growth potential of the businesses of the Companies, and also having regard to information base, management representations and perceptions, key underlying assumptions and limitations.
- 6.3 In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined in the Valuation Report, dated February 2, 2021 issued by CA Hitendra Ranka, Registered Valuer, it has been recommended by the Valuer that the Share Exchange Ratio for the Scheme shall be as follows:

*"16" (Sixteen) Equity Shares of Re.1/- each fully paid up of the Transferee Company for every "707" (Seven Hundred Seven) Equity Shares of Rs.10/- each fully paid up of the Transferor Company,*

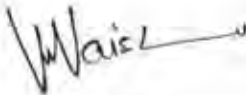




**7. CONCLUSION**

Pursuant to and subject to the foregoing, we believe that the proposed Share Exchange Ratio as recommended by CA Hitendra Ranka, Registered Valuer, for the proposed Scheme, is fair.

**For, Vivro Financial Services Private Limited**



**Vivek Vaishnav**  
**Director**



**Date: February 2, 2021**

**Place: Mumbai**

**FAIRNESS OPINION REPORT**

**SCHEME OF AMALGAMATION OF VEERAL  
ADDITIVES PRIVATE LIMITED ('TRANSFEROR  
COMPANY')**

**WITH**

**VINATI ORGANICS LIMITED  
( 'TRANSFEREE COMPANY')**

**AND**

**THEIR RESPECTIVE SHAREHOLDERS AND  
CREDITORS**

(Under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended and rules framed thereunder)

**STRICTLY PRIVATE AND CONFIDENTIAL**

Prepared and Submitted By:

**VIVRO**

Vivro Financial Services Private Limited





**Vivro Financial Services Private Limited**

607/608, Marathon Icon, Veer Santaji Lane, Opp.  
Peninsula Corporate Park, Off Ganpatrao  
Kadam Marg, Lower Parel, Mumbai - 400013  
Tel. : +91 (22) 6666 8040  
www.vivro.net

**Date: September 8, 2021**

**To,**  
**The Board of Directors**  
**Vinati Organics Limited**  
B-12 & B-13 MIDC Industrial Area,  
Mahad, Raigad, Maharashtra, India – 402309

**To,**  
**The Board of Directors**  
**Veeral Additives Private Limited**  
Parinee Crescenzo, 11th Floor, 1102, 'G' Block  
Plot Number C-38 & C-39 Bandra Kurla Complex,  
Bandra (E), Mumbai, Maharashtra, India – 400051

**Subject: Fairness Opinion on the recommendation of Share Exchange Ratio issued by CA Hitendra Ranka, Registered Valuer, for the proposed amalgamation of Veeral Additives Private Limited with Vinati Organics Limited as per the scheme of amalgamation in terms of SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended ('SEBI Circular') issued under regulations 11, 37 and 94 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('SEBI LODR Regulations')**

Vivro Financial Services Private Limited, Category I Merchant Banker registered with SEBI having its Registration Number INM000010122 ('Vivro', 'we', 'us', 'our'), had been appointed by the Board of Directors of Vinati Organics Limited vide an Engagement Letter dated January 6, 2021 to recommend a fair share exchange ratio for the proposed amalgamation of Veeral Additives Private Limited ('VAPL' or 'Transferor Company') with and into Vinati Organics Limited ('VOL' or 'Transferee Company') pursuant to a scheme of amalgamation between VAPL and VOL and their respective shareholders ('the Scheme'). VAPL and VOL shall be collectively be referred as 'the Companies'.

On the basis of the Share Exchange Ratio recommended by CA Hitendra Ranka, Registered Valuer, registered with Insolvency and Bankruptcy Board of India (IBBI Registration Number: IBBI/RV/06/2019/11695) dated February 2, 2021 ('the Valuation Report'), we had submitted our Fairness Opinion Report dated February 2, 2021, to the Board of Directors of the Companies, wherein the Valuation Report had considered the financial information as on December 31, 2020, and the market parameters up to February 1, 2021. The same was uploaded by VOL on the portal of the National Stock Exchange of India Limited and BSE Limited ('the Stock Exchanges') for further processing.

Through an email dated August 03, 2021, NSE Limited has advised the Company that the Valuation Report and the Fairness Opinion Report are dated February 2, 2021, being older than 6 months before receipt of the Observation Letter from SEBI. Hence, the Exchange is required to



**Regd. Office :** Vivro House, 11, Shashi Colony, Opp. Suvridha Shopping Center, Paldi, Ahmedabad, Gujarat, India - 380007, Tel: +91 (79) 4040 2242

CIN - U67120GJ1996PTC029182, Merchant Banker Sebi. Reg. No. INM000010122, AIBI Reg. No. AIBI/086

advise the company to obtain fresh Valuation Report and the Fairness Opinion Report along with Audit Committee recommendation. Consequently, the Companies have been advised to submit a Valuation Report and the Fairness Opinion Report along with Audit Committee recommendation where the financials of the Companies used for the valuation should not be older than 3 months while filing the same with the Exchange.

Pursuant to the above, we have been re-appointed by the Company vide an engagement letter dated September 2, 2021, to issue a Fairness Opinion Report on the Share Exchange Ratio as per the Valuation Report dated September 8, 2021, wherein the Valuation Report has considered the financial information as on June 30, 2021, and the market parameters up to September 7, 2021. The Shareholders, Creditors, Stock Exchanges, SEBI, and market participants are advised that this Fairness Opinion Report dated September 8, 2021, would supersede our Fairness Opinion Report dated February 2, 2021.

In connection with the same, we hereby attach our Fairness Opinion Report in terms of the SEBI Circular.

**For, Vivro Financial Services Private Limited**



**Vivek Vaishnav**  
**Director**



**Date: September 8, 2021**

**Place: Mumbai**

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## **1. SCOPE AND PURPOSE OF THIS FAIRNESS OPINION REPORT**

- 1.1 The Board of Directors of VOL and VAPL are considering a Scheme providing for the amalgamation of VAPL with VOL in accordance with Section 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended and rules framed thereunder and in compliance with the provisions of the Income Tax Act, 1961.
- 1.2 We understand that the appointed date of the Scheme is April 1, 2021.
- 1.3 For the aforesaid purpose, VOL has appointed CA Hitendra Ranka, Registered Valuer, to submit a report recommending the Share Exchange Ratio for the Scheme, to be placed before the Board of Directors of VOL and VAPL (referred together as the 'Companies').
- 1.4 The scope of our services is to issue a Fairness Opinion Report on the Valuation Report issued by the Valuer recommending the Share Exchange Ratio for the Scheme, in accordance with generally acceptable professional standards.
- 1.5 This Fairness Opinion Report is our deliverable on this engagement. This Fairness Opinion Report may be used for the purpose of complying with the requirements of the regulations 11, 37 and 94 of the SEBI LODR Regulations and the SEBI Circular and for submission to regulatory and statutory authorities in connection with the Scheme.
- 1.6 Our scope of work only includes forming an opinion on the fairness of the recommendation of the Valuer on the Share Exchange Ratio arrived at for the purpose of Scheme and does not involve evaluating or opining on the fairness or economic rationale of the Scheme per se.
- 1.7 Our Fairness Opinion Report is prepared solely for the purpose outlined hereinabove. The distribution of this Fairness Opinion Report shall hence be restricted to the Companies, Shareholders, SEBI, Stock Exchanges, and such other regulatory bodies required to give effect to the Scheme, including but not limited to Registrar of Companies and National Company Law Tribunal. This Fairness Opinion Report shall not be relied upon by any other person for any other purpose whatsoever and the Companies agree to this fact.
- 1.8 This Fairness Opinion Report is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter. As such, the Fairness Opinion Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.



## 2. SOURCES OF INFORMATION

We have relied on the following information made available to us by the management of the Companies for the purpose of this Fairness Opinion Report:

- 2.1 Proposed draft scheme of amalgamation between the Transferor Company and the Transferee Company and their respective shareholders, under Sections 230 to 232 and other applicable provisions of the Companies Act 2013 as may be submitted to the Stock Exchanges;
- 2.2 Valuation Report of CA Hitendra Ranka, Registered Valuer, dated September 8, 2021;
- 2.3 Memorandum and Articles of Association of the Transferor Company and the Transferee Company;
- 2.4 Business profile and shareholding pattern of the Transferor Company and the Transferee Company;
- 2.5 Audited financial statements of the Transferor Company and the Transferee Company for the year ended March 31, 2020;
- 2.6 Audited financial statements of the Transferor Company and the Transferee Company for the year ended March 31, 2021;
- 2.7 Provisional financial statements of the Transferor Company for the 3 months ended on June 30, 2021;
- 2.8 Such other information and explanations as required and which have been provided by the management of the Companies, which were considered relevant for the purpose of Fairness Opinion Report.

The Companies have been provided with the opportunity to review the draft fairness opinion report (excluding our opinion on the Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracy / omissions are avoided.



### **3. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS & DISCLAIMERS**

- 3.1 Our Fairness Opinion Report dated February 2, 2021, issued for this Scheme was for the same purpose and contained our opinion on the Valuation Report dated February 2, 2021. The Fairness Opinion Report dated February 2, 2021, should not be relied on, or referred to going forward by anyone whatsoever. As stated above, this Fairness Opinion Report shall supersede our Fairness Opinion Report dated February 02, 2021.
- 3.2 In the course of the Fairness Opinion Report, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Companies through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by the Companies.
- 3.3 As informed by the management of the Companies, all transactions with related parties are on arm's length basis and for the projected period these are expected to continue as the same. We shall not be liable for any loss, damages, cost, or expenses arising from fraudulent acts, misrepresentations, or willful default on part of the Companies, their directors, employee, or agents.
- 3.4 This Fairness Opinion Report, its contents, and the results herein (i) are specific to the purpose agreed as per the terms of our engagement; (ii) are specific to the date of this Fairness Opinion Report and other conditions in general and the written and oral information made available to us by the management of the Company as on date of this Fairness Opinion Report. The events occurring after this date may affect this Fairness Opinion Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Fairness Opinion Report.
- 3.5 We have relied on data from external sources also to conclude the Fairness Opinion Report. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and / or reproduced in its proper form and context. These sources are believed to be reliable. We however assume no liability for the lack of accuracy of any data, opinions or estimates furnished by others that may have been used in this analysis.
- 3.6 We have not provided any accounting, tax, or legal advice to the Companies or any of its affiliates neither are we required to in terms of the Engagement Letter.
- 3.7 We have not examined the tax implication of present transaction neither are we required to in terms of the Engagement Letter.





- 3.8 We have not revalued any asset, nor physically verified any assets of the Companies neither are we required to in terms of the Engagement Letter.
- 3.9 This Fairness Opinion Report assumes that the Companies are fully compliant with relevant laws and regulations applicable in its area of operations and that the Companies will be managed in a competent and responsible manner. Further, this Fairness Opinion Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded / reflected in the financials provided to us and not relevant or applicable to the subject matter of our analysis.
- 3.10 We are independent of the Companies and hold no specific interest in the Companies or its assets, nor do we have any conflict of interest with the Companies.
- 3.11 The fee for this engagement is not contingent upon the results reported and the conclusion arrived at by us.
- 3.12 This Fairness Opinion Report is furnished on strictly confidential basis. Neither this Fairness Opinion Report nor the information contained herein may be reproduced or passed to any person or used for any purpose other than stated above.



#### 4. BACKGROUND OF THE COMPANIES

##### 4.1 VINATI ORGANICS LIMITED

VOL is a public limited company incorporated on June 15, 1989, under the Companies Act, 1956 having CIN L24116MH1989PLC052224 and the registered office at B-12 & B-13 MIDC Industrial Area, Mahad, Raigad, Maharashtra, India - 402309. The equity shares of VOL are listed on the Stock Exchanges. VOL is engaged in the business of manufacturing of specialty chemicals at the manufacturing facilities located at Mahad & Lote in Maharashtra. The shareholding pattern of VOL (Face value: Re. 1) as on June 30, 2021, is as follows:

Particulars	Equity Shares	% Shareholding
Promoter & Promoter Group	7,61,21,192	74.06%
Public	2,66,60,858	25.94%
<b>Total</b>	<b>10,27,82,050</b>	<b>100.00%</b>

##### 4.2 VEERAL ADDITIVES PRIVATE LIMITED

VAPL is a private limited company incorporated on September 20, 2007, under the Companies Act, 1956 having CIN U24100MH2007PTC174331 and the registered office at Parinee Crescenzo, 11th Floor, 1102, 'G' Block, Plot Number C-38 & C-39, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra, India - 400051. VAPL is proposing manufacturing specialty chemicals used as stabilizers in plastic components, increasing the wear and tear capacity. The shareholding pattern of VAPL (Face value: Rs. 10) as on June 30, 2021, is as follows:

Particulars	Equity Shares	% Shareholding
Promoter & Promoter Group	4,50,00,000	100.00%
Public	-	-
<b>Total</b>	<b>4,50,00,000</b>	<b>100.00%</b>



## 5. SALIENT FEATURES OF THE SCHEME

- 5.1 This Scheme seeks to amalgamate and consolidate the business of the Transferor Company into and with the Transferee Company pursuant to the provisions of, inter-alia, Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment or amendment thereof) read with Section 2(1B) and other provisions of the Income-tax Act, 1961 and other applicable laws.
- 5.2 The Scheme envisages the amalgamation of the Transferor Company into the Transferee Company in compliance with the provisions of Section 2(1B) of the IT Act, such that:
- (a) all the properties of the Transferor Company, immediately before the amalgamation, shall become the property of the Transferee Company, by virtue of this amalgamation;
  - (b) all the liabilities of the Transferor Company, immediately before the amalgamation, shall become the liabilities of the Transferee Company, by virtue of this amalgamation; and
  - (c) shareholders holding not less than three-fourths in value of the shares in the Transferor Company (other than shares already held therein immediately before the amalgamation by, or by a nominee for, the Transferee Company or its subsidiary) will become shareholders of the Transferee Company by virtue of the amalgamation.
- 5.3 Upon the amalgamation of the Transferor Company into and with the Transferee Company pursuant to the Scheme becoming effective on the Effective Date, the Transferee Company will issue its Equity Shares to the shareholders of the Transferor Company on the Record Date, in accordance with the Share Exchange Ratio approved by the Board of Directors of each of the Amalgamating Companies and pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the IT Act.
- 5.4 The amalgamation of the Transferor Company into and with the Transferee Company will be effective from the Appointed Date but will be operative from the Effective Date.
- 5.5 Upon this Scheme becoming effective and upon amalgamation of the Transferor Company with the Transferee Company in terms of this Scheme, the Transferee Company shall, without any application or deed, issue and allot its Equity Shares, credited as fully paid up, to the equity shareholders of the Transferor Company whose names appear in the register of members of the Transferor Company, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferor Company in the proportion as per the Share Exchange Ratio.



## 6. VALUER'S RECOMMENDATION

- 6.1 The fair basis of Scheme of Amalgamation has been determined after taking into consideration all the factors and methodologies as mentioned by the Valuer in its Valuation Report, dated September 8, 2021. Their scope of work was, inter alia, to carry out the valuation of equity shares of the Transferor Company and the Transferee Company to determine the Share Exchange Ratio for the proposed Scheme of Amalgamation.
- 6.2 The Share Exchange Ratio has been arrived at on the basis of relative valuation of the equity shares of the Companies based on methodology as explained in the Valuation Report of Valuer, dated September 8, 2021, and various qualitative factors relevant to each Company and the business dynamics as well as growth potential of the businesses of the Companies, and also having regard to information base, management representations and perceptions, key underlying assumptions, and limitations.
- 6.3 In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined in the Valuation Report, dated September 8, 2021, issued by CA Hitendra Ranka, Registered Valuer, it has been recommended by the Valuer that the Share Exchange Ratio for the Scheme shall be as follows:

*'14' (Fourteen) Equity Shares of Re.1/- each fully paid up of the Transferee Company for every '713' (Seven Hundred And Thirteen) Equity Shares of Rs.10/- each fully paid up of the Transferor Company.*



**7. CONCLUSION**

Pursuant to and subject to the foregoing, we believe that the proposed Share Exchange Ratio as recommended by CA Hitendra Ranka, Registered Valuer, for the proposed Scheme, is fair.

**For, Vivro Financial Services Private Limited**



**Vivek Vaishnav**  
**Director**



**Date: September 8, 2021**

**Place: Mumbai**

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India  
 T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com  
 Corporate Identity Number: L67120MH2005PLC155188



**DCS/AMAL/PB/R37/2104/2021-22**

**“E-Letter”**

**October 5, 2021**

The Company Secretary,

**Vinati Organics Ltd.**

B-12 & B-13/1, MIDC Industrial Area, Raigad,  
 Mahad , Maharashtra, 402309

Sir,

**Sub: Observation letter regarding Draft Scheme of Amalgamation of Veeral Additives Private Limited with Vinati Organics Limited and their respective shareholders and creditors**

We are in receipt of the Draft Scheme of Amalgamation of Vinati Organics Limited as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated October 4, 2021 has inter alia given the following comment(s) on the draft scheme of Arrangement:

- “Company shall ensure that additional information and undertakings, if any, submitted by the Company, after filing the Scheme with the Stock Exchanges , and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.”
- “Company shall duly comply with various provisions of the Circular.”
- “The entities involved in the Scheme shall duly comply with various provisions of the Circular dated March 10, 2017.”
- “Company shall ensure that the information pertaining to all the Unlisted Companies involved in the scheme shall be included in the format specified for abridged prospectus as provided in Part E of Schedule VI of the SEBI (ICDR) Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval”
- “Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old.”
- “Company shall ensure that capitalizing all expenses of VAPL to cost of construction of their manufacturing plant is in compliance with Companies Act, 2013 and other relevant accounting standard.”
- “Company shall ensure to attach Valuation Reports dated February 02, 2021 and September 08, 2021 along with the application to the NCLT and with notice of the meeting to the shareholders and creditors for their consideration. Further, an explanatory statement for difference in both the valuations based on above reports should also be attached.”
- “Company shall submit satisfactory evidence that construction of manufacturing plant of VAPL will be completed in the second half of the calendar year 2022.”
- “Company shall ensure no changes to the draft scheme except those mandated by the regulators/ authorities / tribunals shall be made without specific written consent of SEBI.”
- “Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.”

BSE - PUBLIC

- **“It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations.”**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted company involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, **would be accepted and processed through the Listing Centre only and no physical filings would be accepted.** You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,

Sd/-

**Prasad Bhide  
Manager**



**National Stock Exchange Of India Limited**

Ref: NSE/LIST/26174\_III

October 05, 2021

The Company Secretary  
Vinati Organics Limited  
B-12 & B-13 MIDC Industrial Area,  
Mahad Dist. Raigad,  
Maharashtra – 402309.

**Kind Attn.: Mr. Milind Wagh**

Dear Sir,

**Sub: Observation Letter for draft scheme of amalgamation of Veeral Additives Private Limited with Vinati Organics Limited and their respective shareholders**

We are in receipt of draft scheme of amalgamation of Veeral Additives Private Limited (“Transferor Company / VAPL”) with Vinati Organics Limited (“Transferee Company”) and their respective shareholders vide application dated February 23, 2021.

Based on our letter reference no. NSE/LIST/26174 and NSE/LIST/26174\_I submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time, (hereinafter referred to as ‘the Circular’), kindly find following comments on the draft scheme:

- a. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges.*
- b. *The Companies involved in the scheme shall duly comply with various provisions of the Circular dated March 10, 2017.*
- c. *The Company is advised that the information pertaining to all the Unlisted Companies involved in the scheme shall be included in the format specified for the abridged prospectus as provided in Part E of Schedule VI of the SEBI (ICDR) Regulations, 2018, in the explanatory statement or notice or proposal accompanying resolution to be passed, which is sent to the shareholders for seeking approval.*
- d. *The Company shall ensure that the financials in the scheme including financials considered for valuation report are not for period more than 6 months old.*
- e. *The Company shall ensure that capitalizing all expenses of VAPL to cost of construction of their manufacturing plant is in compliance with Companies Act, 2013 and other relevant accounting standard.*

This Document is Digitally Signed

Signer: Harshad P Dharod  
Date: Tue, Oct 5, 2021 22:52:45 IST  
Location: NSE

National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Bandra  
India +91 22 26598100 | www.nseindia.com | CIN U67120MH1992PLC069769



Bandra (E), Mumbai – 400 051,



- f. *The Company is advised to attach Valuation Reports dated February 02, 2021 and September 08, 2021 along with the application to the NCLT and with notice of the meeting to the shareholders and creditors for their consideration. Further, an explanatory statement for difference in both the valuations based on above reports should also be attached.*
- g. *The Company shall submit satisfactory evidence that construction of manufacturing plant of VAPL will be completed in the second half of the calendar year 2022.*
- h. *The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before Hon'ble National Company Law Tribunal ('NCLT') and the company is obliged to bring the observations to the notice of Hon'ble NCLT.*
- i. *It is to be noted that the petitions are being filed by the company before Hon'ble NCLT after processing and communication of comments/observations on draft scheme by SEBI/Stock Exchange(s). Hence, the company is not required to send notice for representation as mandated under Section 230(5) of Companies Act, 2013 to SEBI again for its comments/ observations/ representations.*
- j. *The Company shall ensure that no changes to the draft scheme except those mandated by the regulators/authorities/tribunals shall be made without specific written consents of SEBI.*

**It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/representations.**

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the Scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the Circular.

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our "No objection" in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines/ Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from October 05, 2021 within which the scheme shall be submitted to NCLT.

This Document is Digitally Signed



Signer: Harshad P Dharod  
Date: Tue, Oct 5, 2021 22:52:45 IST  
Location: NSE



Continuation Sheet

**The Company shall ensure filing of compliance status report stating the compliance with each point of Observation Letter on draft scheme of arrangement on the following path: NEAPS > Issue > Scheme of arrangement > Reg 37(1) of SEBI LODR, 2015> Seeking Observation letter to Compliance Status.**

Yours faithfully,  
For National Stock Exchange of India Limited

Harshad Dharod  
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL:  
<https://www.nseindia.com/companies-listing/raising-capital-further-issues-main-sme-checklist>

This Document is Digitally Signed



Signer: Harshad P Dharod  
Date: Tue, Oct 5, 2021 22:52:45 IST  
Location: NSE

Parinee Crescenzo, "A" Wing, 1102, 11th Floor  
 "G" Block, Plot No. C38 & C39,  
 Behind MCA, Bandra Kurla Complex,  
 Bandra (E), Mumbai - 400 051, India.  
 Phone : 91-22-6124 0444 / 6124 0428  
 Fax : 91-22-6124 0438  
 E-mail : vinati@vinatiorganics.com  
 Website : www.vinatiorganics.com  
 CIN : L24116MH1989PLC052224



## ANNEXURE VII

Complaints Report of the Company as on 15/03/2021

## Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	3
2.	Number of complaints forwarded by Stock Exchange	1
3.	Total Number of complaints/comments received (1+2)	4
4.	Number of complaints resolved	3
5.	Number of complaints pending	1


## Part B

Sr. No.	Name of complainant	Date of Complaint	Status (Resolved/Pending)
1	RASHMI JAISWAL	07/01/21	Resolved
2	DHANANJAY P KULKARNI	02/02/21	Resolved
3	SANGEETA	02/02/21	Resolved
4	PARUL N JHAVERI	09/03/21	Pending

Place: Mumbai

Date : 16.03.2021

For VINATI ORGANICS LTD

  
 Milind Wagh  
 Company Secretary/Compliance Officer

Lote Works : Plot No. A-20, MIDC Industrial Area, Lote Parashuram 415 722 Tal. Khed, Dist. Ratnagiri, Maharashtra, India.  
 Phone : (02356) 273032 - 33 • Fax: 91-2356-272448 • E-mail: vinlote@vinatiorganics.com  
 Regd. Office & Mahad Works : B-12 & B-13/1, MIDC Industrial Area, Mahad 402 309, Dist. Raigad, Maharashtra, India.  
 Phone : (02145) 232013/14 • Fax : 91-2145-232010 • E-mail: vinmhd@vinatiorganics.com

## ANNEXURE VII

**Complaints Report of the Company as on 27/04/2021****Part A**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Number</b>
1.	Number of complaints received directly	<b>5</b>
2.	Number of complaints forwarded by Stock Exchange	<b>2</b>
3.	Total Number of complaints/comments received (1+2)	<b>7</b>
4.	Number of complaints resolved	<b>7</b>
5.	Number of complaints pending	<b>0</b>

**Part B**

<b>Sr. No.</b>	<b>Name of complainant</b>	<b>Date of Complaint</b>	<b>Status (Resolved/Pending)</b>
1	RASHMI JAISWAL	07/01/2021	Resolved
2	DHANANJAY P KULKARNI	02/02/2021	Resolved
3	SANGEETA	02/02/2021	Resolved
4	PARUL N JHAVERI	09/03/2021	Resolved
5	SUSHILABEN J PATEL	22/03/2021	Resolved
6	DHANANJAY P KULKARNI	18/03/2021	Resolved
7	PARKASH GARG	22/03/2021	Resolved

**Annexure- E**

**APPLICABLE INFORMATION IN THE FORMAT SPECIFIED FOR ABRIDGED PROSPECTUS  
(AS PROVIDED IN PART E OF SCHEDULE VI OF THE SECURITIES AND EXCHANGE BOARD  
OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018,  
AS AMENDED)**

This Document contains information pertaining to unlisted entity involved in the proposed Scheme of Amalgamation between Veeral Additives Private Limited (“**Transferor Company**” / “**VAPL**”) with Vinati Organics Limited (“**Transferee Company**” / “**VOL**”) and their respective shareholders and creditors in terms of requirement specified in SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 (“**SEBI Circular**”).

**THIS DOCUMENT CONTAINS 6 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES.**

<p><b>VEERAL ADDITIVES PRIVATE LIMITED</b>  <b>Registered Office &amp; Corporate Office:</b> Parinee Crescenzo, A Wing, 11<sup>th</sup> Floor, 1102, “G” Block, Plot No.C-38 &amp; C-39, Bandra Kurla Complex, Bandra East, Mumbai – 400051, Maharashtra, India.  <b>Telephone:</b> +91 22 6124 0444 / 0428; <b>Email:</b> <a href="mailto:suhas.pai@veeraladditives.com">suhas.pai@veeraladditives.com</a>;  <b>Website:</b> <a href="http://www.veeraladditives.com">www.veeraladditives.com</a>;  <b>CIN:</b> U24100MH2007PTC174331; <b>Date of Incorporation:</b> September 20, 2007  <b>Contact Person:</b> Suhas Krishna Pai, Company Secretary &amp; Compliance Officer</p>
<p><b>PROMOTERS</b>  Viral Alkalis Limited and Vinod Banwarilal Saraf</p>
<p><b>DETAILS OF THE SCHEME</b></p>
<p>The Scheme of Amalgamation is proposed between Veeral Additives Private Limited (“<b>Transferor Company</b>” / “<b>VAPL</b>”) with Vinati Organics Limited (“<b>Transferee Company</b>” / “<b>VOL</b>”) and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and other applicable laws. The Scheme of Amalgamation, <i>inter alia</i>, provides for amalgamation of VAPL with VOL and various other matters consequential or otherwise integrally connected therewith.</p>
<p><b>STATUTORY AUDITOR</b>  <b>Karnavat &amp; Co.</b>  2A, Kitab Mahal, 192, Dr. D. Naoraji Road, Mumbai – 400001, Maharashtra, India  <b>Telephone:</b> +91 22 4066 6666; <b>Email:</b> <a href="mailto:karnavattax@gmail.com">karnavattax@gmail.com</a>;</p>

<b>INDEX OF CONTENT</b>		
<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1	Promoters of VAPL	2
2	Business Model/Business Overview and Strategy	2
3	Board of Directors of VAPL	3-4
4	Shareholding Pattern as on September 30, 2022	4
5	Audited Financials	4-5
6	Internal Risk Factors	5
7	Summary of Outstanding Litigations, Claims and Regulatory Action	5-6
8	Rationale of Scheme of Amalgamation	6
9	Declaration	6



## PROMOTERS OF VAPL

### 1. Viral Alkalies Limited

Viral Alkalies Limited (“VAL”) is a public company limited by shares incorporated on September 15, 1994 under the Companies Act, 1956 in the state of Maharashtra. The Registered Office of VAL is situated at Parinee Crescenzo, A Wing, 11<sup>th</sup> Floor, 1102, “G” Block, Plot No. C-38 & C-39, BKC Bandra East Mumbai 400051 Maharashtra India. The Corporate Identity Number (CIN) of VAL is U24100MH1994PLC081124. The Issued, subscribed and paid-up share capital of VAL as on March 31, 2022 is ₹ 37,82,500/- (Rupees Thirty Seven Lakhs Eighty Two Thousand Five Hundred Only) divided into 3,78,250 equity shares of ₹ 10/- each. As on September 30, 2022, VAL holds 52.11% of the paid-up capital of VAPL.

VAL is authorized by its Memorandum of Association to carry on the business of chemicals, acids, alkalis and other chemicals including their intermediates, by-products, co-products, heavy and fine chemicals, industrial chemical preparations and auxiliary products or intermediates thereof.

### Promoters and Promoter Group of VAL

Sr. No.	Name of Promoters & Promoter Group	No. of Shares Held (as on September 30, 2022)	% of Holding
1.	Vinod Saraf	1,37,450	36.34%
2.	Kavita Saraf	1,04,400	27.60%
3.	Suchir Chemicals Private Limited	1,36,000	35.96%
4.	Viral Saraf Mittal	100	0.03%
5.	Vinati Saraf Mutreja	100	0.03%
6.	Mohit Rajesh Mutreja	100	0.03%
7.	Parshant Mittal	100	0.03%
<b>Total Shareholding</b>		<b>3,78,250</b>	<b>100.00%</b>

### Board of Directors of VAL

Sr. No.	Name of Directors	Designation	DIN
1.	Sunil Banwarilal Saraf	Managing Director	00076887
2.	Kavita Saraf	Wholetime Director	00080170
3.	Vinod Banwarilal Saraf	Director	00076708
4.	Vinati Saraf Mutreja	Director	00079184
5.	Viral Saraf Mittal	Director	02666028

2. **Vinod Banwarilal Saraf**, aged 72 years is Promoter and Director of VAPL. He holds a degree in Master’s degree in Business Administration from The Birla Institute of Technology & Science, Rajasthan and a Bachelor’s degree in Commerce from the University of Rajasthan and has been associated with VAPL since 2017.

## BUSINESS MODEL / BUSINESS OVERVIEW AND STRATEGY

Veeral Additives Private Limited, was incorporated vide Certificate of Incorporation dated September 20, 2007, as a private limited company under the provisions of the Companies Act, 1956 in the name and style of Alpha Kooltherm Private Limited with the Registrar of Companies, Maharashtra at Mumbai. Further, the name of the Company was changed to Veeral Additives Private Limited vide Certificate issued by Registrar of Companies, Maharashtra at Mumbai dated January 11, 2018. The Corporate Identification Number (CIN) of the VAPL is U24100MH2007PTC174331. The registered office of the VAPL is situated at Parinee Crescenzo, A Wing, 11<sup>th</sup> Floor, 1102, "G" Block, Plot No.C-38 & C-39, Bandra Kurla Complex, Bandra East, Mumbai – 400051, Maharashtra, India.

VAPL is authorised by its memorandum to carry on the business in manufacturing and trading of speciality chemicals. VAPL has a manufacturing unit located at Plot K-4/2, Additional MIDC, Mahad, Dist. Raigad, Maharashtra, India. As on September 30, 2022, VAPL has employee strength of 194 employees. The Revenue and Profits as Key Performance Indicators are mentioned as part of Financials of VAPL herein below. VAPL has 1 registered trademark for different applications.

Pursuant to the Scheme, VAPL is proposed to be amalgamated with VOL.



**BOARD OF DIRECTORS OF VAPL**

Sr. No.	Name of Directors	DIN	Designation (Independent / Whole time / Executive / Nominee)	Experience including current / past position held in other firms
1.	Jayesh Ajitkumar Ashar	00041532	Director	<p>He is aged 58 years and is Director of VAPL. He holds Master's degree in Management Studies from Mumbai University and a Bachelor's degree in Chemical Engineering from Bangalore University and has been associated with VAPL since 2021.</p> <p><i>Other current Directorship in Indian companies:</i></p> <ol style="list-style-type: none"> <li>1. Vinati Organics Limited</li> </ol> <p><i>Other current Directorship in Foreign companies:</i> <b>NIL</b></p>
2.	Vinod Banwarilal Saraf	00076708	Director	<p>He is aged 72 years and is Director of VAPL. He holds a degree in Master's degree in Business Administration from The Birla Institute of Technology &amp; Science, Rajasthan and a Bachelor's degree in Commerce from the University of Rajasthan and has been associated with VAPL since 2017.</p> <p><i>Other current Directorship in Indian companies:</i></p> <ol style="list-style-type: none"> <li>1. Vinati Organics Limited</li> <li>2. Viral Alkalis Limited</li> <li>3. Suchir Chemicals Private Limited</li> <li>4. Nishit Pharma Chem Private Limited</li> <li>5. Veeral Organics Private Limited</li> </ol> <p><i>Other current Directorship in Foreign companies:</i> <b>NIL</b></p>
3.	Vinati Saraf Mutreja	00079184	Director	<p>She is aged 38 years and is Director of VAPL. She holds a Bachelor's degree of Science in Economics from University of Pennsylvania and Bachelor's degree in Applied Science from the University of Pennsylvania and has been associated with VAPL since 2017.</p> <p><i>Other current Directorship in Indian companies:</i></p> <ol style="list-style-type: none"> <li>1. Vinati Organics Limited</li> <li>2. Viral Alkalis Limited</li> <li>3. Suchir Chemicals Private Limited</li> <li>4. Nishit Pharma Chem Private Limited</li> <li>5. Illuminati Trading Private Limited</li> <li>6. Evolute Trading Private Limited</li> <li>7. Veeral Organics Private Limited</li> <li>8. Alphamine Capital Private Limited</li> <li>9. Course5 Intelligence Limited</li> </ol> <p><i>Other current Directorship in Foreign companies:</i> <b>NIL</b></p>
4.	Viral Saraf Mittal	02666028	Director	<p>She is aged 36 years and is Director of VAPL. She holds a degree in Bachelor's degree of Science in Economics from The Wharton School, University of Pennsylvania and has been associated with company since 2017.</p> <p><i>Other current Directorship in Indian companies:</i></p>



Sr. No.	Name of Directors	DIN	Designation (Independent / Whole time / Executive / Nominee)	Experience including current / past position held in other firms
				1. Vinati Organics Limited 2. Viral Alkalis Limited 3. Suchir Chemicals Private Limited 4. Nishit Pharma Chem Private Limited 5. VAP Trading Private Limited 6. Alphamine Capital Private Limited 7. Illuminati Software Private Limited 8. Illuminati Trading Private Limited 9. Veeral Organics Private Limited  <i>Other current Directorship in Foreign companies: NIL</i>
5.	Parshant Mittal	03477135	Director	He is aged 37 years and is Director of VAPL. He holds a degree in Bachelor's degree of Science in Engineering from University of Pennsylvania and Bachelor's degree of Science in Economics from The Wharton School, University of Pennsylvania and has been associated with VAPL since 2017.  <i>Other current Directorship in Indian companies:</i> 1. VAP Trading Private Limited 2. Alphagrep Securities Private Limited 3. Alphamine Investment Management Private Limited  <i>Other current Directorship in Foreign companies: NIL</i>

#### SHAREHOLDING PATTERN AS ON SEPTEMBER 30, 2022

Particulars	Number of Equity Shares	% of total share capital
Promoter and Promoter Group	4,50,00,000	100.00%
Public	-	-
<b>Total</b>	<b>4,50,00,000</b>	<b>100.00%</b>

#### AUDITED FINANCIALS

##### Standalone Financials

Particulars	For the period ended September 30, 2022	For the Financial year		
		2021-22	2020-21	2019-20
Total income from operations (net)	-	162.95	224.94	-
Net Profit / (Loss) before tax and extraordinary items	-	53.91	(135.91)	-
Net Profit / (Loss) after tax and extraordinary items	-	53.91	(135.91)	-
Equity Share Capital	4,500.00	4,500.00	4,500.00	4,500.00
Reserves and Surplus / Other Equity	(109.16)	(109.16)	(163.07)	(27.17)
Net Worth	4,390.84	4,390.84	4,336.93	4,472.83
Basic Earnings per share (₹)	-	0.12	(0.30)	-
Diluted Earnings per share (₹)	-	0.12	(0.30)	-
Return on Net Worth (%)	-	1.23	(3.13)	-
Net Asset value per share (₹)	9.76	9.76	9.64	9.94





Note:

- (1) Net worth is computed by adding the Equity Share Capital and the Reserves and Surplus/Other Equity as disclosed in the above table.
- (2) Return on Net Worth is computed as net profit/loss after tax divided by Net Worth as disclosed in the above table.
- (3) Net Assets value per equity share is computed as Net Worth attributable to equity shareholders divided by total number of outstanding Equity Shares as at the end of the respective period.

**Consolidated Financials – Not Applicable**

**INTERNAL RISK FACTORS**

1. Implementation of the Scheme of Amalgamation is dependent on the approval from the regulatory authorities and if we are unable to manage timely compliance of regulatory requirements, it may impact the Scheme. Any modification or revision in the Scheme suggested / directed by the competent authorities, which is not acceptable to the Board of Directors of the respective companies may adversely impact the proposals in the Scheme;
2. The loss, shutdown or slowdown of operations at any of our manufacturing facilities or underutilization of our manufacturing capacities may have a material adverse effect on our business and results of operations.
3. If we are unable to accurately forecast demand for our business, our cash flows, financials conditions and prospects may be adversely affected;
4. The success of business of VAPL is largely dependent upon the knowledge and experience of the senior management and an inability to attract and retain key personnel may have an adverse effect on its business prospects;
5. VAPL has entered into related party transactions and may continue to do so in the future.

**SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION**

A. Total number of outstanding litigations against VAPL and amount involved –

Name of Entity	Criminal proceedings	Tax proceedings	Statutory or Regulatory proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations	Aggregate amount involved (₹ in Crores)
<b>VAPL</b>						
By VAPL	Nil	Nil	Nil	Nil	Nil	Nil
Against VAPL	Nil	Nil	Nil	Nil	Nil	Nil
<b>Directors of VAPL</b>						
By Directors of VAPL	Nil	Nil	Nil	Nil	Nil	Nil
Against Directors of VAPL	Nil	13	Nil	Nil	Nil	4.43
<b>Promoters of VAPL</b>						
By Promoters of VAPL	Nil	Nil	Nil	Nil	Nil	Nil
Against Promoters of VAPL	Nil	3	Nil	Nil	Nil	6.34
<b>Subsidiaries of VAPL</b>	No Subsidiaries					

B. Brief details of top 5 material outstanding litigations against VAPL and amount involved -

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
Nil				



- C. Regulatory Action, if any - disciplinary action taken by SEBI or stock exchanges against the Promoter(s) of VAPL in last 5 financial years including outstanding action, if any: Nil
- D. Brief details of outstanding criminal proceedings against the Promoters of VAPL: Nil

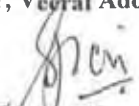
#### RATIONALE OF SCHEME OF AMALGAMATION

- a) Amalgamating Companies are engaged in the similar line of business. The amalgamation will ensure creation of a combined entity, hosting products under the VOL thereby resulting in on-time supplies, efficiency of management and maximizing value for the shareholders.
- b) The Amalgamating Companies believe that the financial, managerial and technical resources, personnel, capabilities, skills, expertise and technologies of each of the Amalgamating Companies pooled in the merged entity, will lead to optimum use of infrastructure, cost reduction and efficiencies, productivity gains and logistic advantages and reduction of administrative and operational costs, thereby significantly contributing to the future growth and maximising shareholder value.
- c) The proposed amalgamation would be in the best interest of the Amalgamating Companies and their respective shareholders, employees, creditors, customers and other stakeholders as the proposed amalgamation will yield advantages as set out, inter alia, below:
- i. Realising benefits of greater synergies between their businesses, yield beneficial results and pool financial resources as well as managerial, technical;
  - ii. Distribution and marketing resources of each other in the interest of maximizing value to their shareholders and the other stakeholders;
  - iii. Integrated value chain to enhance degree of vertical integration in the products segment;
  - iv. Greater efficiency in cash and debt management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximize shareholders value and better debt management;
  - v. Pooling of resources, creating better synergies, optimal utilisation of resources, centralization of inventory and greater economies of scale.
- d) Simplification of management structure, elimination of duplication and multiplicity of compliance requirements, rationalization of administrative expenses, better administration and cost reduction (including reduction in administrative and other common costs);
- e) Efficient tax planning at a combined entity level;
- f) Adoption of improved safety, environment and sustainability practices owing to a centralized committee at combined level to provide focused approach towards safety, environment and sustainability practices resulting in overall improvement; and
- g) Create value for shareholders, customers, lenders and employees.

#### DECLARATION

We hereby declare that all relevant provisions of SEBI Circular and Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, have been complied with and no statement made in this Document is contrary to the provisions of SEBI Circular or the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. We further certify that all statements in this Document are true and correct.

For, **Veeral Additives Private Limited**

  
**Sulfas Krishna Pai**  
Company Secretary



**Place:** Mumbai  
**Date:** January 17, 2023

*Capitalized terms used but not defined in this Document shall have the same meaning as ascribed to them under the Scheme of Amalgamation.*

January 17, 2023

To,  
The Board of Directors and Shareholders,  
**Veeral Additives Private Limited**  
Parinee Crescenzo, A Wing,  
11<sup>th</sup> Floor, 1102, "G" Block, Plot No.C-38 & C-39,  
Bandra Kurla Complex, Bandra East,  
Mumbai – 400051, Maharashtra, India

Dear Sirs/Madams,

**Sub: Due Diligence Certificate ("Certificate") on the adequacy and accuracy of disclosure of information pertaining to Veeral Additives Private Limited in the format of abridged prospectus in relation to the scheme of amalgamation proposed between Veeral Additives Private Limited ("Transferor Company" / "VAPL") with Vinati Organics Limited ("Transferee Company" / "VOL") and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and other applicable laws ("Scheme" or "Scheme of Amalgamation").**

This is with reference to our engagement letter dated January 6, 2021, entered with VOL for certifying the adequacy and accuracy of disclosure of information pertaining to VAPL prepared by VAPL and to be sent to the shareholders and creditors of VOL at the time of seeking their approval for the Scheme.

The Scheme of Amalgamation, *inter alia*, provides for amalgamation of VAPL and VOL and their respective shareholders and creditors and various other matters consequential or otherwise integrally connected therewith.

SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 ("**SEBI Circular**") prescribed requirements to be fulfilled by listed entities when they propose a Scheme of Amalgamation. The said SEBI Circular, *inter alia*, provides that in the event a listed entity enters into a scheme of amalgamation with an unlisted entity, the listed entity shall disclose to its shareholders applicable information pertaining to the unlisted entity in the format specified for abridged prospectus as provided in Part E of Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**").

Further, the adequacy and accuracy of such disclosure of information pertaining to unlisted entity is required to be certified by a SEBI registered Merchant Banker.

Accordingly, we have been provided with the abridged prospectus of VAPL ('**Abridged Prospectus**') as prepared by VAPL and enclosed herewith. The Abridged Prospectus will be circulated to the shareholders and creditors of VOL at the time of seeking their approval to the Scheme as a part of the explanatory statement to the notice.

*Based on the information, documents, confirmations, representations, undertakings and certificates provided to us by VAPL and VOL and as well discussions with their management, directors and officers,*





**Vivro Financial Services Private Limited**  
607/608, Marathon Icon, Veer Santaji Lane, Opp.  
Peninsula Corporate Park, Off Ganpatrao  
Kadam Marg, Lower Parel, Mumbai - 400013  
Tel. : +91 (22) 6666 8040  
[www.vivro.net](http://www.vivro.net)

*we confirm that the information contained in the Abridged Prospectus of VAPL is adequate and accurate in terms of the SEBI Circular read with Part E of Schedule VI of the SEBI ICDR Regulations.*

The above confirmation is based on the information and documents provided by VAPL and VOL, explanations provided by the management of VAPL and VOL and information available in public domain. Wherever required, appropriate representations from VAPL and VOL have also been obtained. This certificate is based on such information and explanations as are received or provided till the date of this Certificate. We have relied on the financials, information and representations provided to us on an as is basis and have not carried out an audit of such information. Our scope of work does not constitute an audit for financial information and accordingly we do not express an opinion on the fairness of the financial information referred to in the Abridged Prospectus and have assumed that the same is complete and accurate in all material aspects on an as is basis. This Certificate is a specific purpose certificate issued in terms of and in compliance with the SEBI Circular and hence it should not be used for any other purpose or transaction. This certificate is not, nor should it be construed as our opining or certifying the compliance of the proposed Scheme of Amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, in their respective jurisdiction, except for the purpose expressly mentioned herein.

We express no opinion whatsoever and make no recommendation at all on the Company's decision to affect the Scheme or how the holders of equity shares and/or secured and/or unsecured creditors should vote at their respective meetings held in connection with the proposed Scheme. We do not and should not be deemed to have expressed any views on any terms of the Scheme or its success. We also express no opinion, and accordingly accept no responsibility for or as to the price at which the equity shares of VOL will trade following the Scheme or as to the financial performance of VAPL and VOL following the consummation of the Scheme. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders / investors should buy, sell or hold any stake in VOL or any of its related parties. We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out here in this certificate.

**For, Vivro Financial Services Private Limited**

**Vivek Vaishnav**  
**Director**



Place: Mumbai

Encl.: As above

Parinee Crescenzo, "A" Wing, 1102, 11th Floor,  
 "G" Block, Plot No. C38 & C39,  
 Behind MCA, Bandra Kurla Complex,  
 Bandra (E), Mumbai - 400 051, India.  
 Phone : 91-22-6124 0444 / 6124 0428  
 Fax : 91-22-6124 0438  
 E-mail : [vinati@vinatiorganics.com](mailto:vinati@vinatiorganics.com)  
 Website : [www.vinatiorganics.com](http://www.vinatiorganics.com)  
 CTN : L24116MH1989PLC052224



CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF VINATI ORGANICS LIMITED ('COMPANY' or 'VOL' or 'Transferee Company') HELD AT MUMBAI, ON TUESDAY, 2<sup>ND</sup> FEBRUARY, 2021 AT 12.00 NOON.

**TO CONSIDER AND APPROVE THE SCHEME OF AMALGAMATION**

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 and shall include any statutory modifications, re-enactment or amendments thereof and subject to the requisite approval of the shareholders of the Company and subject to the requisite approvals and consents of the Stock Exchanges, Securities and Exchange Board of India ('SEBI'), and/ or any other regulatory body, as the case may be, and the sanction of the National Company Law Tribunal ('NCLT') or such other competent authority, as may be applicable, and pursuant to the recommendation of the Audit Committee, consent be and is hereby accorded for the Scheme of Amalgamation ('the Scheme') of Veeral Additives Private Limited ('VAPL' or 'Transferor Company') with the Company and their respective shareholders and initialed by the Chairman of the meeting for the purposes of identification which provides for amalgamation of VAPL with the Company.

"RESOLVED FURTHER THAT the Appointed Date of the Scheme shall opening business hours on 1<sup>st</sup> April 2021."

"RESOLVED FURTHER THAT 'Bombay Stock Exchange Limited' be and is hereby appointed as the Designated Stock Exchange (DSE) for the purpose of the Scheme."

"RESOLVED FURTHER THAT the report from the Independent Directors dated February 2, 2021 and Audit Committee dated February 2, 2021 recommending the draft Scheme, taking into consideration, inter alia, the Valuation Report and Fairness Opinion as placed before the Board be and is hereby accepted and approved for submission to the stock exchanges and SEBI in terms of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended till date ('SEBI Circular')."

"RESOLVED FURTHER THAT the following documents are hereby taken on record –



**Lote Works** : Plot No. A-20, MIDC Industrial Area, Lote Parashuram 415 722 Tal. Khed, Dist. Ratnagiri, Maharashtra, India.  
**Phone** : (02356) 273032 - 33 • **Fax**: 91-2356-272448 • **E-mail**: [vinlote@vinatiorganics.com](mailto:vinlote@vinatiorganics.com)  
**Regd. Office & Mahad Works** : B-12 & B-13/1, MIDC Industrial Area, Mahad 402 309, Dist. Raigad, Maharashtra, India.  
**Phone** : (02145) 232013/14 • **Fax** : 91-2145-232010 • **E-mail**: [vinmhd@vinatiorganics.com](mailto:vinmhd@vinatiorganics.com)

1. Share exchange Report dated February 2, 2021 issued by Registered Valuer, Mr. Hitendra Ranka, Chartered Accountant having registration number IBBI/RV/06/2019/11695 providing the share swap ratio as under –  
*“16 equity shares of face value of INR 1/- each of Transferee Company shall be issued and allotted as fully paid up for every 707 equity shares of the face value of INR 10/- each fully paid up held in Transferor Company”*
2. Fairness opinion dated February 2, 2021 issued by Vivro Financial Services Private Limited, SEBI Registered (Category I) Merchant Banker on the share swap ratio;
3. Certificate of M. M. Nissim & Co, Chartered Accountants, statutory auditors of the Company, confirming that the accounting treatment prescribed outlined in the Scheme is in compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and other generally accepted accounting principles.

**RESOLVED FURTHER THAT** Mr. Vinod Saraf, Chairman, Ms. Vinati Saraf Mutreja, Managing Director & CEO, Mr. Jayesh Ashar, Director – Operations; Mr. N. K. Goyal, CFO and Mr. Milind Wagh, Company Secretary of the Company shall constitute a committee (“**Scheme Implementation Committee**”) and that the Scheme Implementation Committee be and is hereby severally authorized: to make and agree to such modifications or alterations or amendments to the draft Scheme which do not amount to a material change to the substance of the Scheme and which (a) may otherwise be considered necessary, desirable, expedient or appropriate including for the purpose of filing the Scheme before the Hon’ble NCLT; or (b) may be necessary to comply with any conditions or limitations the Hon’ble NCLT or any other statutory authority(ies) may deem fit to direct or impose; or (c) may finalise, approve and issue the Notice of the NCLT convened meeting of shareholders (if required) along with the applicable information pertaining to the unlisted entity/ies involved in the Scheme as required in the format specified for abridged prospectus as provided in Part E of Schedule VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time) and the Explanatory Statement thereto as may be directed by the NCLT; or (d) may be necessary for solving all difficulties that may arise for carrying out in the Scheme; or (e) may modify the scheme as may be necessary; or (f) do all acts deeds and things necessary for putting the Scheme into effect.

**“RESOLVED FURTHER THAT** Mr. Vinod Saraf, Chairman, Ms. Vinati Saraf Mutreja, Managing Director & CEO, Mr. Jayesh Ashar, Director – Operations of the Company be and are hereby jointly and/ or severally authorized to take all the necessary steps to-



- a) Do all such acts as may be required to be complied with under the National Company Law Tribunal Rules, 2016 and the Companies (Compromise, Arrangements and Amalgamations Rules, 2016, including but not limited to finalize and sending of Notice and Explanatory statement under Section 230 of the Companies Act, 2013 or applicable provisions under the Companies Act, 2013, finalization of Abridged Prospectus in accordance with Part E of Schedule VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, advertisement, appointment of Scrutinizer's, etc.;
- b) Make such alterations and changes to the aforesaid Scheme as may be expedient or necessary, particularly for satisfying the requirements or conditions imposed by the Central Government and/ or Stock Exchanges and/ or SEBI and/ or RBI and/ or the National Company Law Tribunal and/ or any other competent authority and/ or any such authority as may be required for approving the Scheme; or any other modification as they may deem fit;
- c) Evolve, decide upon or bring into effect the Scheme and make and give effect to any modifications, changes, variations, alterations or revision in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority or as the Board of Directors may suo-moto decide in its absolute discretion and to do all such acts, deeds, matters and things whatsoever, including settling any questions, doubt or difficulty that may arise with regard to or in relation to the Scheme as it may in its absolute discretion consider necessary, expedient, fit and proper;
- d) Filing the Scheme and/or any other information / details with the concerned Stock Exchanges or any other body or regulatory authority or agency to obtain approval or sanction to any of the provisions of the Scheme or for giving effect thereto;
- e) To engage Counsels, Solicitors, Advocates, Consultants, Chartered Accountants and other professionals and to remunerate them and to sign and execute vakalatnama wherever necessary;
- f) Signing and filing of applications with the Jurisdictional National Company Law Tribunal or such other appropriate authority and holding meeting of the shareholders / creditors of the Company as may be directed by the National Company Law Tribunal to give effect to the Scheme;
- g) Signing and filing of petitions for confirmation of the Scheme by the Jurisdictional National Company Law Tribunal or such other appropriate authority;
- h) Declare and file all pleadings, reports, and sign and issue public advertisements and notices;

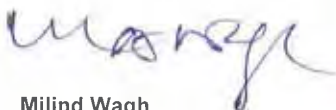


- i) Obtain approval from such other authorities and parties including the shareholders, creditors, lenders, Registrar of Companies, Regional Director, Income Tax Authorities, Official Liquidator, Reserve Bank of India, other Government Authorities, and/or any other as may be considered necessary, to the said Scheme;
- j) To settle any question or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolution;
- k) To sign all applications, petitions, documents, relating to the Scheme or delegate such authority to another person by a valid power of attorney;
- l) To do all act and things as may be considered necessary and expedient in relation to change of name, combination of authorized share capital, amendment of the objects clause and capital clause in the memorandum of association and articles of association of the Company, or any other matter incidental to or connected to or covered as a part of the said Scheme;
- m) To do all acts and things as may be considered necessary and expedient in relation thereto;
- n) To represent the Company before the Jurisdictional National Company Law Tribunal and other regulatory authorities including Central or State Government, Regional Director, Ministry of Corporate Affairs, Registrar of Companies, Official Liquidator, Income tax department, Reserve Bank of India and before all Courts of law or tribunals for the purpose of the proposed Scheme, signing and filing of all documents, deeds, applications, notices, petitions and letters, to finalize and execute all necessary applications/ documents / papers for and on behalf of the Company and to do all such acts, deeds, matters and things necessary and convenient for all or any of the purposes aforesaid."

"RESOLVED FURTHER THAT a copy of the above resolution be furnished to the concerned authorities duly certified by Mr. Milind Wagh, Company Secretary of the company."

**CERTIFIED TO BE TRUE COPY**

**For Vinati Organics Limited**



**Milind Wagh  
Company Secretary**





CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF VEEROL ADDITIVES PRIVATE LIMITED ('COMPANY' or 'VAPL' or 'TRANSFEROR COMPANY') HELD AT THE REGISTERED OFFICE OF THE COMPANY LOCATED AT PARINEE CRESCENZO,"A" WING, 11<sup>TH</sup> FLOOR, "G" BLOCK,PLOT C 38 & C 39, BANDRA KURLA COMPLEX, BANDRA EAST, MUMBAI – 400051, ON TUESDAY, 2<sup>ND</sup> FEBRUARY, 2021 AT 4 PM.

**TO CONSIDER AND APPROVE THE SCHEME OF AMALGAMATION**

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 and shall include any statutory modifications, re-enactment or amendments thereof and subject to the requisite approval of the shareholders of the Company and subject to the requisite approvals and consents of the Stock Exchanges, Securities and Exchange Board of India ('SEBI'), and/ or any other regulatory body, as the case may be, and the sanction of the National Company Law Tribunal ('NCLT') or such other competent authority, as may be applicable, consent be and is hereby accorded for the Scheme of Amalgamation ('the Scheme') of the Transferor Company with Vinati Organics Limited ('VOL' or 'Transferee Company') and their respective shareholders and initialed by the Chairman of the meeting for the purposes of identification which provides for amalgamation of the Company with Vinati Organics Limited.

"RESOLVED FURTHER THAT the Appointed Date of the Scheme shall opening business hours on 1<sup>st</sup> April 2021."

"RESOLVED FURTHER THAT the Valuation Report and Fairness Opinion as placed before the Board be and is hereby accepted and approved.

"RESOLVED FURTHER THAT the following documents are hereby taken on record –

1. Share exchange Report dated February 2, 2021 issued by Registered Valuer, Mr. Hitendra Ranka, Chartered Accountant having registration number IBBI/RV/06/2019/11695 providing the share swap ratio as under –

*"16 equity shares of face value of INR 1/- each of Transferee Company shall be issued and allotted as fully paid up for every 707 equity shares of the face value of INR 10/- each fully paid up held in Transferor Company"*

2. Fairness opinion dated February 2, 2021 issued by Vivro Financial Services Private Limited, SEBI Registered (Category I) Merchant Banker on the share swap ratio;

**RESOLVED FURTHER THAT** Mr. Vinod Saraf, Director, Ms. Vinati Saraf Mutreja, Director, Mr. Jayesh Ashar, Director and Mr. Suhas Pai, Company Secretary of the Company shall constitute a committee ("**Scheme Implementation Committee**") and that the Scheme Implementation Committee be and is hereby severally authorized: to make and agree to such modifications or alterations or amendments to the draft Scheme which do not amount to a material change to the substance of the Scheme and which (a) may otherwise be considered necessary, desirable, expedient or appropriate including for the purpose of filing the Scheme before the Hon'ble NCLT; or (b) may be necessary to comply with any conditions or limitations the Hon'ble NCLT or any other statutory authority(ies) may deem fit to direct or impose; or (c) may finalise, approve and issue the Notice of the NCLT convened meeting of shareholders (if required) along with the applicable information pertaining to the unlisted entity/ies involved in the Scheme as required in the format specified for abridged prospectus as provided in Part E of Schedule VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time) and the Explanatory Statement thereto as may be directed by the NCLT; or (d) may be necessary for solving all difficulties that may arise for carrying out in the Scheme; or (e) may modify the scheme as may be necessary; or (f) do all acts deeds and things necessary for putting the Scheme into effect.

**"RESOLVED FURTHER THAT** Mr. Vinod Saraf, Director, Ms. Vinati Saraf Mutreja, Director, Mr. Jayesh Ashar, Director, Mr. Suhas Pai, Company Secretary of the Company be and are hereby severally authorized to take all the necessary steps to-

- a) Do all such acts as may be required to be complied with under the National Company Law Tribunal Rules, 2016 and the Companies (Compromise, Arrangements and Amalgamations) Rules, 2016, including but not limited to finalize and sending of Notice and Explanatory statement under Section 230 of the Companies Act, 2013 or applicable provisions under the Companies Act, 2013, finalization of Abridged Prospectus in accordance with Part E of Schedule VI of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, advertisement, appointment of Scrutinizer's, etc.;

**Veeral Additives Pvt. Ltd (Formerly Alpha Kooltherm P Ltd.)**  
Parinee Crescenzo, "A" Wing, 1102, "G" Block, Plot No. C38 & C39,  
Bandra Kurla Complex, Bandra (E), Mumbai- 400 051, India.  
CIN: U24100MH2007PTC174331  
Site Address: Plot K-4/2, Additional MIDC, Mahad, Dist Raigad, Maharashtra - 402301

Tel.: 91-22-6124 0444 / 6124 0428  
Fax: 91-22-6124 0438  
www.veeraladditives.com





Veeral Additives

Adding Value to Chemistry

- b) ~~Make such alterations and changes to the aforesaid Scheme as may be expedient or~~ necessary, particularly for satisfying the requirements or conditions imposed by the Central Government and/ or Stock Exchanges and/ or SEBI and/ or RBI and/ or the National Company Law Tribunal and/ or any other competent authority and/ or any such authority as may be required for approving the Scheme; or any other modification as they may deem fit;
- c) Evolve, decide upon or bring into effect the Scheme and make and give effect to any modifications, changes, variations, alterations or revision in the Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority or as the Board of Directors may suo-moto decide in its absolute discretion and to do all such acts, deeds, matters and things whatsoever, including settling any questions, doubt or difficulty that may arise with regard to or in relation to the Scheme as it may in its absolute discretion consider necessary, expedient, fit and proper;
- d) Filing the Scheme and/or any other information / details with the concerned Stock Exchanges or any other body or regulatory authority or agency to obtain approval or sanction to any of the provisions of the Scheme or for giving effect thereto;
- e) To engage Counsels, Solicitors, Advocates, Consultants, Chartered Accountants and other professionals and to remunerate them and to sign and execute vakalatnama wherever necessary;
- f) Signing and filing of applications with the Jurisdictional National Company Law Tribunal or such other appropriate authority and holding meeting of the shareholders / creditors of the Company as may be directed by the National Company Law Tribunal to give effect to the Scheme;
- g) Signing and filing of petitions for confirmation of the Scheme by the Jurisdictional National Company Law Tribunal or such other appropriate authority;
- h) Declare and file all pleadings, reports, and sign and issue public advertisements and notices;
- i) Obtain approval from such other authorities and parties including the shareholders, creditors, lenders, Registrar of Companies, Regional Director, Income Tax Authorities, Official Liquidator, Reserve Bank of India, other Government Authorities, and/or any other as may be considered necessary, to the said Scheme;



Veeral Additives Pvt. Ltd (Formerly Alpha Kooltherm P. Ltd.)  
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Tel.: 91-22-6124 0444 / 6124 0428  
Fax: 91-22-6124 0438  
www.veeraladditives.com



- j) To settle any question or difficulty that may arise with regard to the implementation of the above Scheme, and to give effect to the above resolution;
- k) To sign all applications, petitions, documents, relating to the Scheme or delegate such authority to another person by a valid power of attorney;
- l) To do all act and things as may be considered necessary and expedient in relation to change of name, combination of authorized share capital, amendment of the objects clause and capital clause in the memorandum of association and articles of association of the Company, or any other matter incidental to or connected to or covered as a part of the said Scheme;
- m) To do all acts and things as may be considered necessary and expedient in relation thereto;
- n) To represent the Company before the Jurisdictional National Company Law Tribunal and other regulatory authorities including Central or State Government, Regional Director, Ministry of Corporate Affairs, Registrar of Companies, Official Liquidator, Income tax department, Reserve Bank of India and before all Courts of law or tribunals for the purpose of the proposed Scheme, signing and filing of all documents, deeds, applications, notices, petitions and letters, to finalize and execute all necessary applications/ documents / papers for and on behalf of the Company and to do all such acts, deeds, matters and things necessary and convenient for all or any of the purposes aforesaid."

"RESOLVED FURTHER THAT a copy of the above resolution be furnished to the concerned authorities duly certified by Mr. Suhas Pai, Company Secretary of the company."

**CERTIFIED TO BE TRUE COPY**

For **Veerol Additives Private Limited**



**Suhas Pai**  
Company Secretary



# VEERAL ADDITIVES PRIVATE LIMITED

STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED 31ST MARCH, 2022

**KARNAVAT & CO.**

CHARTERED ACCOUNTANTS

2A, KITAB MAHAL, 1<sup>ST</sup> FLOOR, 192, DR. D. N. ROAD,  
MUMBAI – 400001

TELEPHONE NO. +9122 4066 6666 (10 LINES)  
FAX NO. +9122 4066 6660

Email: [karnavataudit@gmail.com](mailto:karnavataudit@gmail.com)  
[karnavattax@gmail.com](mailto:karnavattax@gmail.com)

UDIN : 22137686ATSJGK3829

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF  
VEERAL ADDITIVES PRIVATE LIMITED**

***Report on the Audit of Financial Statements***

**Opinion**

We have audited the Financial Statements of **VEERAL ADDITIVES PRIVATE LIMITED** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (collectively referred to as 'Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.



(Cont..2)

\* 2 \*

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Cash Flows and Changes in Equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.



(Cont..3)

\* 3 \*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



(Cont..4)



\* 4 \*

2. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
- d) In our opinion the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended.

In our opinion and to the best of our information and according to the explanations given to us, the Company is a Private Limited Company and hence provisions of Section 197 of the Act are not applicable to the Company.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position other than those mentioned in notes to accounts;
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company.

- iv. (a) As per the information and explanation given to us by the management, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;



(Cont...5)

\* 5 \*

- (b) As per the information and explanation given to us by the management, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) On the basis of above representations, nothing has come to our notice that has caused us to believe that the above representations contained any material mis-statement.
- v. The Company has not declared or paid any dividend during the year; and
- vi. Pursuant to Ministry of Corporate Affairs notification dated 24.03.2021 read with notification dated 31.03.2022 requirement of reporting by the auditor on use of accounting software for maintaining its books of account with audit trail (edit log) facility has been deferred till 01.04.2023.

Place : Mumbai  
Dated : September 21, 2022



For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn No. 104863W

*Viral Joshi*  
(Viral Joshi)  
Partner  
Membership No. 137686

**VEERAL ADDITIVES PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH, 2022**

Particulars	Note No.	As At	As At
		31-03-2022	31-03-2021
		₹ in Lacs	₹ in Lacs
<b>I. ASSETS</b>			
<b>1 Non Current Assets</b>			
Property, Plant & Equipments	2	119.17	129.36
Capital Work in Progress	2	27,256.38	17,621.20
		<b>27,375.55</b>	<b>17,750.56</b>
Other Non-Current Assets	3	252.59	262.95
		252.59	262.95
<b>2 Current Assets</b>			
Inventories	4	2,524.39	1,164.27
Trade Receivables	5	74.90	88.38
Financial Assets			
Cash and Cash Equivalents	6	21.14	19.84
Bank Balances other than Cash & Cash Equivalents	7	178.80	140.83
Other Current Assets	8	3,719.91	2,287.71
Current Taxes (Net)	9	8.58	3.86
		<b>6,527.72</b>	<b>3,704.89</b>
<b>Total</b>		<b>34,155.86</b>	<b>21,718.40</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
Equity Share Capital	10	4,500.00	4,500.00
Other Equities	SOCE	(109.16)	(163.07)
		<b>4,390.84</b>	<b>4,336.93</b>
<b>2 Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	11	26,234.40	15,906.40
Provisions	12	68.35	43.51
		<b>26,302.75</b>	<b>15,949.91</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	13	-	680.00
Trade Payables	14	1,895.96	340.54
Other Current Liabilities	15	370.00	190.00
Provisions	16	1,196.31	221.02
		<b>3,462.27</b>	<b>1,431.56</b>
<b>Total</b>		<b>34,155.86</b>	<b>21,718.40</b>

Significant Accounting Policies 1  
Notes on accounts are an integral part of the Financial Statements

As per our report of even date attached  
For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn. No. 104863W

**Viral Joshi**  
Partner  
Membership No. 137686

Place: Mumbai  
Date: 21.09.2022  
UDIN: 22137686ATSJAK3829

For and on behalf of the Board of Directors

**Vinod Saraf**  
Director  
DIN : 00076708

**Vinati Saraf Mutreja**  
Director  
DIN : 00079184

**Suhag Pai**  
Company Secretary

**VEERAL ADDITIVES PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022**

Particulars	Note No.	For the year ended 31-03-2022 ₹ in Lacs	For the year ended 31-03-2021 ₹ in Lacs
<b>I. INCOME</b>			
Revenue from Merchandise Sales		162.95	224.94
<b>Total Revenue</b>		<b>162.95</b>	<b>224.94</b>
<b>II. EXPENDITURE</b>			
Cost of Merchandise Trading activity	17	109.04	360.85
<b>Total Expenditure</b>		<b>109.04</b>	<b>360.85</b>
<b>III. Profit/(loss) before Tax (I-II)</b>		<b>53.91</b>	<b>(135.91)</b>
Less: Tax Expenses		-	-
<b>IV. Profit/(loss) for the period</b>		<b>53.91</b>	<b>(135.91)</b>
<b>Other Comprehensive Income</b>			
A. Items that will not be classified to Profit & Loss			
Actuarial Gain/(Loss) on employee benefits		-	-
B. Items that will be classified to Profit & Loss			
Gain/(Loss) on hedging instruments		-	-
<b>V. Total Comprehensive Income for the period</b>		<b>53.91</b>	<b>(135.91)</b>
Earnings per Equity Share (Nominal Value of share Rs. 10/- each)			
Basic	24	<b>0.12</b>	<b>(0.30)</b>
Diluted		<b>0.12</b>	<b>(0.30)</b>

Significant Accounting Policies  
Notes on accounts are an integral part of the Financial Statements

1

As per our report of even date attached  
For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn. No. 104863W

*Viral Joshi*

**Viral Joshi**  
Partner  
Membership No. 137686

Place: Mumbai  
Date: 21.09.2022  
UDIN: 22137686ATSJG1K3829

For and on behalf of the Board of Directors

*Vinod Saraf*      *Vinati Saraf Mutreja*

**Vinod Saraf**      **Vinati Saraf Mutreja**  
Director      Director  
DIN : 00076708      DIN : 00079184

*Suhay Pai*

**Suhay Pai**  
Company Secretary



**VEERAL ADDITIVES PRIVATE LIMITED**

**Cash Flow Statement for the year ended March 31, 2022**

	2021-22 ₹ in Lacs	2020-21 ₹ in Lacs
<b>A. Cash Flow From Operating Activities</b>		
Net profit before tax and extraordinary items	53.91	(135.90)
Adjustments for:		
Amortization of Property, Plant & Equipments	20.92	19.44
Operating profit before working capital changes	74.83	(116.46)
Adjustments for:		
(Increase)/Decrease in trade and other receivables	(1,446.33)	(278.96)
(Increase)/Decrease in inventories	(1,360.12)	(845.01)
Increase/(Decrease) in trade and other payables	2,735.55	400.12
Cash generated from operating activities	3.93	(840.31)
Add : Interest on IT Refund		
Less : Direct taxes (net of refund)	4.72	2.56
Total cash generated from operating activities	(0.79)	(842.87)
Cash generated from prior period items (net)	-	-
<b>Net cash flow from / (used in) operating activities</b>	<b>(0.79)</b>	<b>(842.87)</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of fixed assets / Capital work in progress	(9,645.91)	(3,678.15)
<b>Net Cash flow from / (used in) investing activities</b>	<b>(9,645.91)</b>	<b>(3,678.15)</b>
<b>C. Cash Flow from Financing activities</b>		
Proceeds from borrowings (net)	9,648.00	4,540.29
<b>Net cash flow / (used in) from financing activities</b>	<b>9,648.00</b>	<b>4,540.29</b>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	1.30	19.27
Cash and cash equivalent (Opening Balance)	19.84	0.57
Cash and cash equivalent (Closing Balance)	<b>21.14</b>	<b>19.84</b>

Notes:

**1) Cash and cash equivalents comprises of**

a) Cash in hand	0.20	0.05
b) Bank balance in current accounts	20.94	19.79
	<b>21.14</b>	<b>19.84</b>

- 2) Direct Tax paid are treated as arising from operating activity and not bifurcated in investment and financing activities.
- 3) Figures of the previous year have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.
- 4) Figures in brackets represent outflows.

As per our Report of even date enclosed

For and on behalf of

**KARNAVAT & CO.**

Chartered Accountants

Firm Regn. No. 104863W

**Viral Joshi**

Partner

Membership No. 137686

Place: Mumbai

Date : 21.09.2022

UDIN : 22137686ATSJGK3829

**For and on behalf of the Board of Directors**

*Vinod Saraf*

**Vinod Saraf**

Director

DIN : 00076708

*Suhas Pai*

**Suhas Pai**

Company Secretary

*Vinati Saraf Mutreja*

**Vinati Saraf Mutreja**

Director

DIN : 00079184

**VEERAL ADDITIVES PRIVATE LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022**

**A EQUITY SHARE CAPITAL**

For the year ended 31.03.2022

₹ in Lacs

Balance as at 01st April, 2021	Changes in equity share capital during the year	Balance as at 31st March, 2022
4,500.00	-	4,500.00

For the year ended 31.03.2021

Balance as at 01st April, 2020	Changes in equity share capital during the year	Balance as at 31st March, 2021
4,500.00	-	4,500.00

**B OTHER EQUITY**

For the year ended 31.03.2022

₹ in Lacs

Particular	Retained Earnings	Total Equity
Balance as at 01st April, 2021	(163.07)	(163.07)
Total Comprehensive Income for the year	53.91	53.91
Total Comprehensive Income/(loss) for the year	<b>(109.16)</b>	<b>(109.16)</b>
Add: Additions during the year	-	-
Less: Share capital issued during the year	-	-
<b>Balance as at 31st March, 2022</b>	<b>(109.16)</b>	<b>(109.16)</b>

For the year ended 31.03.2021

₹ in Lacs

Particular	Retained Earnings	Total Equity
Balance as at 01st April, 2020	(27.17)	(27.17)
Total Comprehensive Income for the year	(135.90)	(135.90)
Total Comprehensive Income/(loss) for the year	<b>(163.07)</b>	<b>(163.07)</b>
Add: Additions during the year	-	-
Less: Share capital issued during the year	-	-
<b>Balance as at 31st March, 2021</b>	<b>(163.07)</b>	<b>(163.07)</b>

As per our Report of even date enclosed

For and on behalf of

**KARNAVAT & CO.**

Chartered Accountants

Firm Regn. No. 104863W

**Viral Joshi**  
Partner  
Membership No. 137686

Place: Mumbai

Date : 21.09.2022

UDIN : 22137686ATSJGK3829



For and on behalf of the Board of Directors

**Vinod Saraf**  
Director  
DIN : 00076708

**Suhas Pál**  
Company Secretary

**Vinati Saraf Mutreja**  
Director  
DIN : 00079184



## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the year ended 31st March, 2022

#### 1 Corporate Information and Significant Accounting Policies

##### Corporate Information

Veeral Additives Private Limited is a Private Limited Company domiciled in India. The Company is engaged in the manufacture of Specialty Chemicals.

##### Significant Accounting Policies:

a) **Statement of Compliance:**

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

b) **Basis of preparation**

The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

c) **Property, Plant and Equipment (PPE)**

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - In - Progress.

d) **Depreciation**

Depreciation on property, plant and equipment is provided using straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

e) **Impairment of non-financial assets - property, plant and equipment and intangible assets**

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.



## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the year ended 31st March, 2022

#### f) **Borrowing Costs**

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

#### g) **Provision, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

#### h) **Revenue Recognition**

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

#### i) **Leases**

A right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments is recognized for all leases over 1 year on initial recognition basis. Discounted committed & expected future cash flows and depreciation on the asset portion on straight-line basis & interest on liability portion (net of lease payments) on EIR basis is recognized over the expected lease term. No right-of-use asset is created for short term leases (i.e. lease term less than 1 year) and leases of low value items (i.e. lease of asset with original cost of less than Rs.1 lakh).

#### j) **Retirement and other employee benefits**

##### **Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

##### **Post-Employment Benefits**

##### **Defined Benefit Plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The cost of providing defined benefit plans such as gratuity is determined on the basis of present value of defined benefits obligation which is computed using the projected unit credit method with independent actuarial valuation made at the end of each annual reporting period, which recognizes each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation.





## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the year ended 31st March, 2022

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset (excluding net interest as defined above) are recognised in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of Profit and Loss except those included in cost of assets as permitted in the period in which they occur.

#### k) **Income Taxes**

Income Tax expenses comprise current tax and deferred tax charge or credit.

Current Tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Deferred tax is provided, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the Statement of Profit and Loss. MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence it is grouped with Deferred Tax Asset.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

#### l) **Earnings Per Share**

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### m) **Cash and Cash Equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

#### n) **Financial liabilities and equity instruments**

##### • **Classification as debt or equity:**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### • **Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognized at the proceeds received.

#### o) **Segment Reporting - Identification of Segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.



## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the year ended 31st March, 2022

#### p) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

#### q) Current versus Non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

##### i) An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.



## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the year ended 31st March, 2022

**ii) A liability is current when:**

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

**iii) Deferred tax assets and liabilities are classified as non-current assets and liabilities.**

**iv) The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.**

#### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### **Key assumptions:**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**i) Useful Lives of Property, Plant & Equipment**

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets.

**ii) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

**iii) Recoverability of trade receivable**

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

**iv) Provisions**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

**v) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

**vi) Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.



**VEERAL ADDITIVES PRIVATE LIMITED**

**Notes to Financial Statements for the year ended 31st March, 2022**

**Recent accounting pronouncements:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

**Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

**Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**Ind AS 106 – Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.



2. Property, Plant & Equipments

Particular	GROSS BLOCK			DEPRECIATION / AMORTIZATION			NET BLOCK		
	Cost as at 01.04.2021	Additions / Disposals	Other Adjustments	Cost as at 31.03.2022	As at 01.04.2021	For the year	Adjustment / Disposals	As at 31.03.2022	As at 31.03.2021
<b>TANGIBLE ASSETS:</b>									
Office Equipments	3.25	-	-	3.25	0.55	0.62	-	1.17	2.08
Air-Conditioner	19.47	3.91	-	23.38	5.65	3.76	-	9.41	13.82
Furniture & Fittings	104.14	4.09	-	108.23	13.76	9.95	-	23.71	84.52
Computers	11.38	2.73	-	14.11	6.30	3.55	-	9.85	5.08
Vehicles	9.99	-	-	9.99	2.44	1.19	-	3.63	7.55
<b>Total (A)</b>	<b>148.23</b>	<b>10.73</b>	<b>-</b>	<b>158.96</b>	<b>28.70</b>	<b>19.07</b>	<b>-</b>	<b>47.77</b>	<b>111.19</b>
Previous Year	145.08	3.15	-	148.22	10.06	18.63	-	28.69	119.53
<b>INTANGIBLE ASSETS:</b>									
Licenses & Software	11.12	-	-	11.12	1.29	1.85	-	3.14	7.98
<b>Total (B)</b>	<b>11.12</b>	<b>-</b>	<b>-</b>	<b>11.12</b>	<b>1.29</b>	<b>1.85</b>	<b>-</b>	<b>3.14</b>	<b>9.83</b>
Previous Year	2.83	8.29	-	11.12	0.48	0.81	-	1.29	8.11
<b>Total (A+B)</b>	<b>159.35</b>	<b>10.73</b>	<b>-</b>	<b>170.08</b>	<b>29.99</b>	<b>20.92</b>	<b>-</b>	<b>50.91</b>	<b>119.17</b>
Previous Year	147.91	11.44	-	159.34	10.54	19.44	-	29.98	129.36
<b>CAPITAL WORK IN PROGRESS:</b>	<b>17,621.20</b>	<b>9,635.18</b>	<b>-</b>	<b>27,256.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,621.20</b>
Previous Year	13,954.49	3,366.71	-	17,321.20	-	-	-	-	17,621.20



## Notes to Financial Statements for the year ended 31st March, 2022

3	<b>Other Non-Current Assets</b>	<b>31-03-2022</b>	<b>31-03-2021</b>			
		₹ in Lacs	₹ in Lacs			
	Prepaid Expenses - Lease	132.53	134.15			
	Balances with Statutory Government authorities	120.06	128.80			
		<b>252.59</b>	<b>262.95</b>			
4	<b>Inventories (as certified by Management)</b> (at lower of cost or net realisable value)	<b>31-03-2022</b>	<b>31-03-2021</b>			
		₹ in Lacs	₹ in Lacs			
	Raw Material	1,822.22	498.45			
	Work in Process	538.86	461.14			
	Finished Goods	94.84	170.32			
	Packing Material	12.84	6.38			
	Stores	43.38	17.88			
Fuel	12.25	10.10				
		<b>2,524.39</b>	<b>1,164.27</b>			
5	<b>Trade Receivables</b>	<b>31-03-2022</b>	<b>31-03-2021</b>			
		₹ in Lacs	₹ in Lacs			
	Outstanding for more than 6 months from the date when they were due for payment	-	-			
	Others	74.90	88.38			
		<b>74.90</b>	<b>88.38</b>			
<b>Trade Receivable Ageing Schedule (FY 2021-2022)</b>						
<b>Particulars</b>		<b>Outstanding for following periods from due date of period</b>				
		<b>Less than 6 Months</b>	<b>6 Months to 1 year</b>	<b>1-2 years</b>	<b>More Than 2 Years</b>	<b>Total</b>
	(i) Undisputed Trade receivable - Considered good	74.90	-	-	-	74.90
	(ii) Undisputed Trade receivable - Considered doubtful	-	-	-	-	-
	(iii) Disputed Trade receivable - Considered good	-	-	-	-	-
	(iv) Disputed Trade receivable - Considered doubtful	-	-	-	-	-
	<b>TOTAL</b>	<b>74.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74.90</b>
<b>Trade Receivable Ageing Schedule (FY 2020-2021)</b>						
<b>Particulars</b>		<b>Outstanding for following periods from due date of period</b>				
		<b>Less than 6 Months</b>	<b>6 Months to 1 year</b>	<b>1-2 years</b>	<b>More Than 2 Years</b>	<b>Total</b>
	(i) Undisputed Trade receivable - Considered good	88.38	-	-	-	88.38
	(ii) Undisputed Trade receivable - Considered doubtful	-	-	-	-	-
	(iii) Disputed Trade receivable - Considered good	-	-	-	-	-
	(iv) Disputed Trade receivable - Considered doubtful	-	-	-	-	-
	<b>TOTAL</b>	<b>88.38</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88.38</b>
6	<b>Cash and Cash Equivalents</b>	<b>31-03-2022</b>	<b>31-03-2021</b>			
		₹ in Lacs	₹ in Lacs			
	Cash on hand	0.20	0.05			
	<b>Other Bank Balances</b> In Current Accounts	20.94	19.79			
		<b>21.14</b>	<b>19.84</b>			
7	<b>Bank Balances other than Cash &amp; Cash Equivalents</b>	<b>31-03-2022</b>	<b>31-03-2021</b>			
		₹ in Lacs	₹ in Lacs			
	Fixed Deposits with original maturity for more than 3 months but less than 12 months	-	-			
	Pledged against Term Loan from HDFC Bank	-	43.75			
	Margin money against Non - fund based working capital facility	178.80	91.78			
	Others	-	-			
	Current Maturities of Fixed Deposits with original maturity for more than 12 months	-	-			
Margin money against Non - fund based working capital facility	-	5.30				
		<b>178.80</b>	<b>140.83</b>			
8	<b>Other Current Assets</b>	<b>31-03-2022</b>	<b>31-03-2021</b>			
		₹ in Lacs	₹ in Lacs			
	Loans & Advances	-	0.71			
	Advances to Vendors	99.74	136.69			
	Deposits	53.03	41.92			
	Prepaid Expenses	21.86	13.65			
	Accrued Interest	8.78	9.25			
	MEIS license	0.19	-			
	Receivable from Government authorities	63.64	50.67			
	GST Receivable	3,472.67	2,034.82			
		<b>3,719.81</b>	<b>2,287.71</b>			
9	<b>Current Taxes (Net)</b>	<b>31-03-2022</b>	<b>31-03-2021</b>			
		₹ in Lacs	₹ in Lacs			
	Income Tax Deposits	8.58	3.86			
		<b>8.58</b>	<b>3.86</b>			



## Notes to Financial Statements for the year ended 31st March, 2022

10	Equity Share Capital	31-03-2022	31-03-2021
		₹ in Lacs	₹ in Lacs
	<b>Authorised Shares</b>		
	4,50,00,000 (31st March, 2021: 4,50,00,000)	4,500.00	4,500.00
	Equity Shares of ₹ 10/- each		
		<b>4,500.00</b>	<b>4,500.00</b>
	<b>Issued, Subscribed and fully paid up Shares</b>		
	4,50,00,000 (31st March, 2021: 4,50,00,000)	4,500.00	4,500.00
	Equity Shares of ₹ 10/- each		
		<b>4,500.00</b>	<b>4,500.00</b>

## a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period

Equity Shares:	31-03-2022		31-03-2021	
	Nos.	₹ in Lacs	Nos.	₹ in Lacs
At the beginning of the period	4,50,00,000	4,500.00	4,50,00,000	4,500.00
Add: Shares issued during the year	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>4,50,00,000</b>	<b>4,500.00</b>	<b>4,50,00,000</b>	<b>4,500.00</b>

## b) Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

Holding Company Name of the Company	31-03-2022	31-03-2021
	Nos	Nos
Viral Alkalis Ltd	2,34,50,000	2,34,50,000
	<b>2,34,50,000</b>	<b>2,34,50,000</b>

## c) Details of shareholders holding more than 5% share in the company

Equity shares of ₹ 10/- each fully paid Name of the shareholder :	31-03-2022		31-03-2021	
	Nos.	% of holding	Nos.	% of holding
Viral Alkalis Ltd.	2,34,50,000	52.11%	2,34,50,000	52.11%
Vinod Saraf	2,15,50,000	47.89%	2,15,50,000	47.89%

## d) Changes in Promoters' shareholding

Shares held by Promoter at end of the year

For the year ended 31.03.2022

Name of the shareholder	Balance as at 01st April, 2021	% holding	Balance as at 31st March, 2022	% Change during the year
Viral Alkalis Ltd.	2,34,50,000	52.11%	2,34,50,000	
Vinod Saraf	2,15,50,000	47.89%	2,15,50,000	
	<b>4,50,00,000</b>	<b>100.00%</b>	<b>4,50,00,000</b>	

For the year ended 31.03.2021

Name of the shareholder	Balance as at 01st April, 2020	% holding	Balance as at 31st March, 2021	% Change during the year
Viral Alkalis Ltd.	2,34,50,000	52.11%	2,34,50,000	
Vinod Saraf	1,25,50,000	27.89%	2,15,50,000	20.00%
Crescent Speciality Chemicals Pvt. Ltd.	57,21,100	12.71%	-	-12.71%
Tropen Antikarbons Pvt. Ltd.	32,78,900	7.29%	-	-7.29%
	<b>4,50,00,000</b>	<b>100.00%</b>	<b>4,50,00,000</b>	<b>0.00%</b>

## e) Terms/Rights attached to equity shares:

The company has only one class of equity share having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share and dividend per share on pari passu basis. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors except interim dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Director of the Company has recommended Dividend of ₹ Nil per Equity Share for the Financial Year 2021-2022, subject to approval of the members at the ensuing Annual General Meeting. (March 31, 2021 - ₹ Nil).

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

11	Non-Current Borrowings	31-03-2022	31-03-2021
		₹ in Lacs	₹ in Lacs
	<b>Secured</b>		
	Term Loan - HDFC Bank	-	3,400.00
	<b>Unsecured</b>		
	Loan from Holding Company	1,000.00	-
	Loan from Related Party - Vinati Organics Ltd.	25,234.40	13,186.40
		<b>26,234.40</b>	<b>16,586.40</b>
	Less: Current Maturities of Long Term Borrowings	-	680.00
		<b>26,234.40</b>	<b>15,906.40</b>

## a) Term Loan - HDFC Bank

Nature of security

Pari-passu first charge over Land &amp; Building Located in Industrial Plot No.K-4/2 (plot admeasuring 20000 sq. mtrs.), MIDC, Village - Khali, Taluka - Mahad, District Raigad, Maharashtra

First Pari-passu charge over all movable assets of the Company.

Security at par with the other lenders

First pari-passu charge over Current assets of the Company, both present and future

First pari passu charge over and flat residential properties (i) Flat 301 on 3rd floor of building known as Riya Palace situated at plot 62, Swami Samartha Nagar, Andheri West, Mumbai - 400058 (owned by Mr. Vinod Saraf) admeasuring 475 sq ft. carpet area, 590 sq ft Built up area and Flat 302 on 3rd floor of building known as Riya Palace situated at plot 62, Swami Samartha Nagar, Andheri West, Mumbai - 400058 (owned by Mrs. Kavita Saraf) admeasuring 900 sq ft. carpet area, 1090 sq ft Built up area

Lien marked FD of ₹ 69.40 Lacs

Personal Guarantee of Mr. Vinod Saraf and Mrs. Vinati Organics Pvt. Ltd. and Personal Guarantee of Ms. Kavita Saraf to the extent of the value of the property offered as collateral Corporate Guarantee of Viral Alkalis Ltd.

Rate of Interest

The rate of interest is 1 year MCLR + 1.20 % p.a.

Terms of Repayment



## Notes to Financial Statements for the year ended 31st March, 2022

Door-to-Door tenor of 84 months including moratorium of 24 months from the date of first disbursement; Principle Repayment - 20 equal quarterly installments; each installment of ₹ 304.00 Lacs. Interest servicing on monthly basis. First Installment will start from the end of 24th month from the date of first disbursement.

12	<b>Non Current Provisions</b>	<b>31-03-2022</b>	<b>31-03-2021</b>
		₹ in Lacs	₹ in Lacs
		Leave Encashment	24.96
		Gratuity	18.55
		<b>68.35</b>	<b>43.51</b>

13	<b>Current Borrowings</b>	<b>31-03-2022</b>	<b>31-03-2021</b>
		₹ in Lacs	₹ in Lacs
		Current Maturities of Long Term Borrowings	680.00
		<b>680.00</b>	<b>680.00</b>

14	<b>Trade Payables</b>	<b>31-03-2022</b>	<b>31-03-2021</b>
		₹ in Lacs	₹ in Lacs
		Trade Payables	
		Due to Micro, Small and Medium Enterprises (Refer Note No. 28)	45.66
		1,895.96	294.88
		<b>1,895.96</b>	<b>340.54</b>

**Trade Payables - Ageing Schedule (FY 2021-2022)**

Particulars	Outstanding for following periods from due date of period				
	Less than 1 Year	1-2 years	2-3 years	More Than 3 Years	Total
(i) MSME	-	-	-	-	-
(ii) Others	1,891.52	1.70	0.13	2.61	1,895.96
(iii) Disputed dues -MSME	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-
<b>Total</b>	<b>1,891.52</b>	<b>1.70</b>	<b>0.13</b>	<b>2.61</b>	<b>1,895.96</b>

**Trade Payables - Ageing Schedule (FY 2020-2021)**

Particulars	Outstanding for following periods from due date of period				
	Less than 1 Year	1-2 years	2-3 years	More Than 3 Years	Total
(i) MSME	-	-	-	-	-
(ii) Others	337.79	0.13	2.61	-	340.53
(iii) Disputed dues -MSME	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-
<b>Total</b>	<b>337.79</b>	<b>0.13</b>	<b>2.61</b>	<b>-</b>	<b>340.53</b>

15	<b>Other Current Liabilities:</b>	<b>31-03-2022</b>	<b>31-03-2021</b>
		₹ in Lacs	₹ in Lacs
		Retention Money	148.51
		GST Payable	3.78
		Profession Tax Payable	0.24
		TDS Payable	11.80
		TCS payable	-
		PF Payable	5.53
		ESIC payable	0.06
		Expenses Payable	0.08
		Advance received from Customers/ others	-
		Deposit - Distributor	20.00
			370.00
			<b>190.00</b>

16	<b>Current Provisions</b>	<b>31-03-2022</b>	<b>31-03-2021</b>
		₹ in Lacs	₹ in Lacs
		Provision for Audit Fees	0.37
		Salary and Reimbursements	55.57
		Interest on Term Loans	24.40
		Interest on Unsecured Loans	70.18
		Power Charges	62.18
		Water charges	2.22
		Professional Fees	0.19
		Wages Payable	2.82
		Interest on Security Deposit	1.53
		Insurance charges	1.12
		Other Expenses	0.44
			<b>1,196.31</b>
			<b>221.02</b>





VEERAL ADDITIVES PRIVATE LIMITED

Notes to Financial Statements for the year ended 31st March, 2022

17 Cost of Merchandise Trading activity		
Particulars	31-03-2022 ₹ in Lacs	31-03-2021 ₹ in Lacs
Purchases	108.21	211.27
Customs Duty, Ocean freight & import clearing	-	25.84
Freight	0.83	-
Packing material	-	2.37
LD Penal charges	-	121.35
Freight outward	-	3.74
Exchange loss / (gain)	-	(3.72)
<b>Total</b>	<b>109.04</b>	<b>360.85</b>

18 Capitalisation of Expenditure		
During the year, the Company has capitalised the following expenses of revenue nature to the cost of Fixed / Capital Work in Progress (CWIP). Consequently expenses disclosed under the respective notes are net of amounts capitalised.		
Particulars	31-03-2022 ₹ in Lacs	31-03-2021 ₹ in Lacs
<b>Trial Production Expenses (Net)</b>		
Material Consumed	1,392.67	1,280.21
Electricity Charges	435.78	667.78
Water charges	9.00	12.93
Fuel Consumed	378.79	373.57
Stores Consumed	89.61	52.38
Job work charges	43.89	-
Sales value of Trial Production	(2,018.29)	(677.34)
Difference in Inventory - In process/ Finished goods	(2.24)	(631.46)
	<b>329.21</b>	<b>1,078.07</b>
Salaries & wages	866.93	731.13
Security expenses	38.65	36.18
Travelling expenses	5.65	0.22
Business guest expenses	2.98	2.72
Lab trial expenses	1.34	0.78
Professional fees	6.27	15.08
Registration fees	2.14	25.92
Effluent disposal charges	2.90	-
Staff welfare expenses	14.15	8.68
Communication expenses	1.61	1.15
Computer expenses	2.33	1.24
Postage	1.13	1.25
Insurance	45.63	43.76
Conveyance expenses	20.87	21.83
Export expenses	13.69	-
Freight outward/ others	13.84	8.01
Agency Termination Charges	-	12.76
Printing & Stationery	1.32	1.54
Repair & Maintenance exps	62.10	24.66
Statutory Audit Fees	1.25	1.40
Interest on Loans	1,224.31	997.54
Interest on Security deposit	1.20	1.10
Duties & taxes	9.09	9.91
Bank Charges	18.66	11.19
Depreciation	20.92	19.44
Rent	5.48	4.80
Leasehold amortisation	1.63	1.61
Miscellaneous expenses	6.09	4.51
Exchange gain/ other income	(77.28)	(13.76)
<b>Total</b>	<b>2,644.09</b>	<b>3,052.72</b>



VEERAL ADDITIVES PRIVATE LIMITED

Notes to Financial Statements for the year ended 31st March, 2022

19 Fair Values and Hierarchy

A. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value.

March 31, 2022	Note No.	Carrying Amount			Fair Value				
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Cash and Cash Equivalents	6	-	-	21.14	21.14	-	-	21.14	21.14
Bank Balances other than Cash & Cash Equivalents	7	-	-	178.80	178.80	-	-	178.80	178.80
		-	-	1,99.94	1,99.94	-	-	1,99.94	1,99.94
Financial Liabilities									
Borrowings	11 & 13	-	-	26,234.40	26,234.40	-	-	26,234.40	26,234.40
Trade Payables	14	-	-	1,895.96	1,895.96	-	-	1,895.96	1,895.96
		-	-	28,130.36	28,130.36	-	-	28,130.36	28,130.36
March 31, 2021									
Cash and Cash Equivalents	6	-	-	19.84	19.84	-	-	19.84	19.84
Bank Balances other than Cash & Cash Equivalents	7	-	-	140.83	140.83	-	-	140.83	140.83
		-	-	160.67	160.67	-	-	160.67	160.67
Financial Liabilities									
Borrowings	11 & 13	-	-	16,586.40	16,586.40	-	-	16,586.40	16,586.40
Trade Payables	14	-	-	340.54	340.54	-	-	340.54	340.54
		-	-	16,926.94	16,926.94	-	-	16,926.94	16,926.94

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments

The Fair Value of financial assets included is the amount at which the instrument could be exchanged in a current transaction between willing parties.



**VEERAL ADDITIVES PRIVATE LIMITED**

**Notes to Financial Statements for the year ended 31st March, 2022**

**20 Capital Management (Ind AS 1):**

For the purpose of Company's Capital Management, capital includes Issued Equity Capital and all other Equity Reserves attributable to the Equity Holders of the Company. The primary objective of the Company's Capital Management is to maximise the Share Holder Value.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity  
₹ in Lacs

Particulars	As at	As at
	March 31, 2022	March 31, 2021
	Rs.	Rs.
Total Debt (Long Term Debt)	26,234.40	15,906.40
Equity	4,390.84	4,326.93
Debt to Equity	5.97	3.67

In addition, the Company does not have any financial covenants relating to the borrowing facilities.

**21 Financial Risk Management (Ind AS 1):**

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets comprises of cash & cash equivalents.

The Company has assessed market risk, credit risk and liquidity risk to its financial liabilities.

**i) Market Risk:**

Market Risk is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. However, the management is not anticipating such as on balance sheet date as the operation of the Company has not started yet.

**ii) Credit Risk**

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers and Balances with Banks.

The Company holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

The Company limits its exposure to credit risk by generally investing only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The trade receivables due as at the year ended 31 March 2022 amounted to ₹ 74.92 Lacs. The company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain.

**iii) Liquidity Risk**

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Company monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility. All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The Company has a system of forecasting rolling one month cash inflow and outflow and all liquidity requirements are planned.

**Exposure to liquidity risk:**

The following are the remaining contractual maturities of financial liabilities at the reporting date

Particulars	Refer Note	₹ in Lacs		
		Less than 1 year Rs.	1-3 Years Rs.	3-5 Years Rs.
Borrowings	11 & 13	(680.00)	(1,360.00)	26,234.40 (14,546.40)
Trade Payable	14	1,895.96 (340.54)		

Figures in brackets are in respect of Previous year

**22 Income Taxes (Ind AS 12):**

(a) The Company has no tax liability for the year ended March 31, 2022 and accordingly reconciliation of tax expense is not made.

(b) Due to the uncertainty in the future taxable income, the Company has not recognized Deferred Tax as per Accounting standard-22 "Accounting for Taxes On Income".



VEERAL ADDITIVES PRIVATE LIMITED

Notes to Financial Statements for the year ended 31st March, 2022

23 Disclosures as per IND AS - 19 - Employee Benefits

During the year the company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
i) Employer's contribution to Provident Fund and Family Pension Fund* * included in Salaries in Note No. 18	33.83	27.60
ii) Defined benefit obligation:		
a) Leave Encashment - Unfunded	26.49	23.84
iii) The valuation results for the defined benefit gratuity plan as at 31-3-2021 are produced in the tables below:		

(i) Changes in the Present Value of Obligation

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Present Value of Obligation as at the beginning	18.55	8.98
Current Service Cost	11.71	10.53
Interest Expense or Cost	1.33	0.64
Actuarial (gain) / loss		
- change in financial assumptions	(1.05)	(0.70)
- experience variance (i.e. Actual experience vs assumptions)	(0.37)	(0.90)
- change in demographic Assumptions		
Benefits Paid		
Present Value of Obligation as at the end	30.17	18.55

(ii) Changes in the Fair Value of Plan Assets

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Fair Value of Plan Assets as at the beginning		
Investment Income		
Adjustment to opening Fair Value of Plan Asset		
Return on Plan Assets excluding interest income		
Employer's Contribution		
Benefits Paid		
Fair Value of Plan Assets as at the end		

(iii) Expenses Recognised in the Income Statement

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Current Service Cost	11.71	10.53
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	1.33	0.64
Expenses Recognised in the Income Statement	13.04	11.17

(iv) Other Comprehensive Income

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Actuarial (gain) / loss		
- change in financial assumptions	(1.05)	(0.70)
- experience variance (i.e. Actual experience vs assumptions)	(0.37)	(0.90)
- change in demographic Assumptions		
Return on Plan Assets excluding interest income		
Components of defined benefit costs recognised in other comprehensive	(1.42)	(1.60)

v) Actuarial Assumptions

a. Financial Assumptions

The crucial financial assumptions used in the valuation are shown in the table below:

Particulars	As on	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Discount rate (per annum)	7.53%	7.16%
Salary growth rate (per annum)	7.60%	7.09%
<b>b. Demographic Assumptions</b>		
Particulars	As on	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Mortality Rate	IALM 12-14	IALM 12-14
Attrition Rate	5.00%	5.00%

vi) Amount, Timing and Uncertainty of Future Cash Flows

a. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	As on 31 March 2022		As on 31 March 2021	
	Decrease	Increase	Decrease	Increase
Defined Benefit Obligation (Base)				
Discount Rate (- / + 1%)	18.42	17.36	20.87	16.60
Salary Growth Rate (- / + 1%)	27.39	31.19	18.82	20.80
Attrition Rate (- / + 1%)	30.92	29.85	19.23	17.91

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated

b. Asset Liability Matching Strategies

The scheme is unfunded

c. Effect of Plan on Entity's Future Cash Flows

Expected cash flows over the next (valued on undiscounted basis):

	As on 31 March 2022	As on 31 March 2021
1 year	0.12	0.07
2 to 5 years	6.14	1.41
6 to 10 years	6.59	3.27
Above 10 Years	66.02	46.35

vii) Movement of Liability : Employee Benefits

Opening balance  
Add : Provision for the year  
Less : Paid during the year  
Closing Balance

	As on 31 March 2022	As on 31 March 2021
	18.55	8.98
	11.62	9.57
	30.17	18.55



VEERAL ADDITIVES PRIVATE LIMITED

Notes to Financial Statements for the year ended 31st March, 2022

24 Related party disclosures (Ind AS 24):

(A) Information about related parties :

(i) Holding company

Viral Alkalis Ltd.

(ii) Key Management Personnel

Mr. Vinod Saraf

(iii) Enterprises owned or significantly influenced by management personnel or their relatives with whom there were transactions during the year:

Veeral Organics Pvt. Ltd.  
Vinati Organics Ltd.  
Crescent Specialty Chemicals Pvt. Ltd. (upto 30.06.2020)

(B) The following transactions were carried out with the related parties in the ordinary course of business:

Nature of Transactions	₹ In Lacs	
	Year ended 31st March 2022	Year ended 31st March 2021
<b>Holding Company :</b>		
<u>Viral Alkalis Ltd.</u>		
Loan taken	1,975.00	7,633.00
Loan Repaid	975.00	-
Interest on Loan taken	1.94	83.30
Purchase of stores	-	0.28
Purchase of packing material	-	0.21
Sale of Goods	0.68	-
<b>Key Management Personnel</b>		
<u>Vinod Saraf</u>		
Loan taken	-	5,080.00
Repayment made for Loan	-	5,315.00
<b>Enterprises owned or significantly influenced by management personnel or their relatives</b>		
<u>Veeral Organics Pvt. Ltd.</u>		
Sale of Goods	3.89	-
<u>Vinati Organics Ltd.</u>		
Purchase of Raw Material/ packing material	1,210.53	734.55
Purchase of Capital Goods	13.68	23.02
Payment of Rent	5.40	4.80
Sale of Capital Goods	25.31	21.63
Sale of Goods	-	76.98
Purchase of General Stores	6.93	5.03
Purchase of Fuel	386.04	325.55
MEIS license purchase	22.91	-
Loan Taken	13,018.00	13,186.40
Loan Repaid	970.00	-
Interest Expense	1,203.78	75.87
<u>Crescent Specialty Chemical P. Ltd.</u>		
Repayment of loan taken	-	60.00
Interest on Loan taken	-	1.48
<b>Closing balance as at</b>	<b>31st March 2022</b>	<b>31st March 2021</b>
<b>Holding Company</b>		
<u>Viral Alkalis Ltd.</u>		
Loan Payable	1,000.00	-
Interest on Unsecured Loan payable	0.44	-
<b>Enterprises owned or significantly influenced by management personnel or their relatives</b>		
<u>Vinati Organics Ltd.</u>		
Loan Payable	25,234.40	13,184.40
Purchase/ sale of Raw Material/ Capital Items/ Fuel etc.	618.17	157.28
Interest on Unsecured Loan Payable (net of TDS)	1,083.40	70.18

Notes :

1. Related Parties are disclosed by the management and relied upon by the auditors.



25 **Earnings per Share (EPS) (Ind AS 33)**

Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Profit after tax as reported ₹ in Lacs	53.91	(135.91)
Weighted average number of Equity Shares	4,50,00,000	4,50,00,000
Basic/ Diluted EPS (₹)	0.12	(0.30)
Nominal Value Per Share (₹)	10.00	10.00

26 **Impairment of Assets: (Ind AS 36)**

Based on exercise conduct by the management in respect of impairment of Fixed Assets as required by IND AS 36, the management do not consider to provide for any loss on account of impairment of fixed assets.

27 **Contingent Liabilities (Ind AS 37)**

Bank Guarantee outstanding amounting to ₹ 90.79 Lacs (31st March, 2021 : ₹ 90.79 Lacs).

Custom duty/IGST & interest liability ₹ 155.63 Lacs on Obligation to Export amounting to ₹ 1525.44 Lacs against purchase of Advance Licenses (31st March, 2021 : Custom duty/IGST & interest liability ₹ 181.57 lacs on Obligation to export amounting to ₹ 2085.80 Lacs).

28 **Leases (Ind AS 116)**

Ind AS 116 did not have any material impact on the financial position of the Company for the year ended March 31, 2022

The Company has taken office premises under operating lease. The Lease arrangements are generally renewable and cancellable in nature on expiry of the lease period at the option of the Company or the lessor. There is no contingent rent and no escalations clause in the lease agreement.

The lease rent debited to Capital Work in Progress is ₹ 5.48 Lacs (Pr. Yr. ₹ 4.80 Lacs).

29 **Disclosures under The Micro, Small & Medium Enterprises Development Act, 2006**

The details of liabilities to Micro and Small Enterprises, to the extent information available with the Company are given under and have been relied upon by the auditors.

Particulars	As at 31st March 2022	As at 31st March 2021
	₹ in Lacs	₹ in Lacs
Amount outstanding but not due as at year end	-	45.66
Amount due but unpaid as at the year end	-	-
Amounts paid after appointed date during the year	-	-
Amount of interest accrued and unpaid as at year end	-	-
The amount of further interest due and payable even in the succeeding year	-	-

Note : Other information/ disclosures relating to payments made beyond appointed date, interest accrued and paid and cumulative interest are not applicable, being NIL

30 **C.I.F. Value of Imports**

Raw Material

	31-03-2022	31-03-2021
	₹ in Lacs	₹ in Lacs
Raw Material	1,009.91	295.95

31 **Earnings in Foreign Currency**

Exports

	31-03-2022	31-03-2021
	₹ in Lacs	₹ in Lacs
Exports	271.03	4.51

32 The Company has not traded or invested in crypto currency or virtual currency during the current period.

33 The Company is not required to spend any amount in terms of provisions of section 135 of the Companies, Act 2013 on Corporate Social Responsibility.

34 The Company is not a wilful defaulter by any bank or financial Institution or other lenders.

35 There are no transactions with the Struck off Companies under Section 248 or 560 of the Companies' Act 2013.

36 No proceedings were initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988.

37 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

38 The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

39 The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

40 The Company has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).




41 Pursuant to the amendments to Schedule III vide MCA circular dated March 24, 2021, the following ratios are presented

Particulars	Numerator / Denominator	31st March 2022	31st March 2021	Remarks
Current ratio	Current Assets/ Current Liabilities	1.89	2.59	
Debt equity ratio	Total Debt/ Shareholders Equity	5.97	3.82	
Debt service coverage ratio	(net profit+ depreciation+interest) / total amount of interest & principal of longterm & short term loan payable during the year	0.03	-2.27	Loss in previous year
Return on equity ratio	PAT/ Total Equity	1.23%	-3.13%	Loss in previous year
Inventory turnover ratio	*Operating Sales/ Stock	0.86	0.77	
Trade receivables turnover ratio	*Operating Sales/ Debtors	29.12	10.21	Higher Sales in current year
Trade payables turnover ratio	*Total Purchases/ Accounts Payable	1.49	4.91	Lower Payables in previous year
Net capital turnover ratio	*Operating Sales/ Working Capital	71.16%	39.69%	Higher Sales in current year
Net profit ratio	PAT/ Operating Sales*	33.08%	-60.42%	Loss in previous year
Return on capital employed ratio	EBITA/ Cap. Employed or Shareholder's Equity	1.23%	-3.13%	Loss in previous year
Return on investment ratio	Investing Income (incl. Change in Mkt Value)/ Investments	Not Applicable		No Investments income

\* Purchases & Sales includes amounts capitalised during the year.

- 42 The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has evaluated impact of this pandemic on its business operations and based on its review and current indicators of future economic conditions, there is no significant impact on its financial results.
- 43 The Board of Directors of the Company at its meeting has considered and approved the Scheme of amalgamation pursuant to Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 which, inter alia, envisages the amalgamation of the businesses of Veeral Additives Private Limited ('Transferor Company') into Vinati Organics Limited ('Transferee Company') and their respective shareholders pursuant to a scheme of amalgamation and the consequent issue of 16 fully paid up equity shares of ₹ 1/- each of the Transferee Company for every 707 fully paid up equity shares of ₹ 10/- each held in the Transferor Company, in accordance with the Share Exchange Ratio (as defined in the Scheme) subject to the receipt of requisite statutory and regulatory approvals and various matters consequentially or integrally connected herewith. The Scheme, if approved, will be effective from the Appointed Date (as defined in the Scheme) and operative from the Effective Date (as defined in the Scheme).
- 44 In the Opinion of the Board of Directors, the Current Assets, Loans & Advances are realisable in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 45 a) Pursuant to the amendments to Schedule III vide MCA circular dated March 24, 2021, figures are disclosed in Rupees in Lacs.  
b) Previous year figures have been regrouped and/or reclassified wherever necessary to conform to current year's presentation.


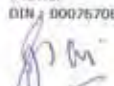
As per our report of even date attached  
For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn. No. 104863W

  
**Viral Joshi**  
Partner  
Membership No. 137686

Place: Mumbai  
Date: 21.09.2022  
UDIN: 22137686ATSJGK3829



For and on behalf of the Board of Directors

  
**Vinati Saraf**  
Director  
DIN: 00076708  
  
**Sufias Pai**  
Company Secretary



  
**Vinati Saraf Mutreja**  
Director  
DIN: 00079184

*VINATI ORGANICS LIMITED*

**ANNUAL ACCOUNTS  
(CONSOLIDATED)**

**2021 – 2022**

**Corporate Office:**

Parinee Crescenzo, 1102, 11<sup>th</sup> Floor, A Wing,  
Plot No.C38 & C39, 'G' Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai - 400 051,  
Tel: 022-6124 0444, Fax: 022-6124 0438  
E-mail: [vinati@vinatiorganics.com](mailto:vinati@vinatiorganics.com)



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VINATI ORGANICS LIMITED

### Report on the Consolidated Financial Statements

#### Opinion

1. We have audited the accompanying Consolidated Financial Statements of **VINATI ORGANICS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2022 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the Consolidated Cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us and based on other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs (financial position) of the Group as at 31st March, 2022, and their consolidated profit (financial performance including other comprehensive income), the consolidated changes in equity and their consolidated cash flows for the year ended on that date.

#### Basis of Opinion

3. We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

#### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Sr. No.	Key Audit Matter	Our Response
1	<p><b>Defined benefit obligation</b></p> <p>The valuation of the retirement benefit schemes in the Holding Company is determined with reference to various actuarial assumptions including discount rate, future salary increases, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation.</p>	<p>We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.</p> <p>We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.</p>
2	<p><b>Evaluation of uncertain tax positions</b></p> <p>The Holding Company has uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p>	<p><b>Principal Audit Procedures</b></p> <p>We performed the following substantive procedures:</p> <p>Obtained details of completed tax assessments and demands upto March 31, 2022 from management. We involved our internal experts to examine the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at March 31, 2022 to evaluate whether any change was required to management's position on these uncertainties.</p> <p><b>Conclusion</b></p> <p>We agree with management's evaluation.</p>

**Information Other than the Consolidated financial statements and Auditor's Report thereon**

- The Holding Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Holding Company's Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Report on Corporate Governance, Business Responsibility Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.



6. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
8. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility and Those Charged with Governance for the Consolidated Financial Statements**

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the Consolidated financial position, Consolidated financial performance, Consolidated Changes in Equity and Consolidated Cash Flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.
10. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the audit of the Consolidated Financial Statements**

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



13. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary company which is a company incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial statements made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entity included in the Consolidated Financial Statements of which we are the independent auditors.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Report on Other Legal and Regulatory Requirements**

14. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account, as required by the law relating to preparation of the aforesaid Consolidated Financial Statements, have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of Consolidated financial statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read together with Rules thereon.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2022 taken on record by the Board of Directors of the Company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) As required by section 197(16) of the Act, based on our audit, we report that the Holding Company has paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
  - i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 26(f) to the consolidated financial statements.
  - ii) The Group did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses during the year ended 31st March, 2022.
  - iii) There has been no delay in transferring amount required to be transferred, to the Investor Education Protection Fund by the Holding Company during the year ended 31st March, 2022.



- iv) (a) The respective Managements of the Company and its subsidiary which is a company incorporated in India, whose financial statements have been audited under the Act, have represented to us that to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company and its subsidiary company incorporated in India to or in any other person(s) or entity(ies), including foreign entities (Intermediaries’), with the understanding whether recorded in writing or otherwise that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of its subsidiary, (‘Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The respective Managements of the Company and its subsidiary which is a company incorporated in India, whose financial statements have been audited under the Act, have represented to us that to the best of their knowledge and belief, no funds have been received by the Company and its subsidiary company incorporated in India, from any person(s) or entity(ies), including foreign entities (‘Funding Parties’), with the understanding, whether recorded in writing or otherwise, that the Company or any of its subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (‘Ultimate Beneficiaries’) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures, we have considered reasonable and appropriate in the circumstances performed by us on the Holding Company and its subsidiary, which is a company incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that causes us to believe that the above representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material misstatement.
- v) The Holding Company has complied with the provisions with respect to Section 123 of the Companies Act, 2013 in respect of final dividend proposed in the previous year, and paid by the company during the year and the proposed final dividend for the year which is subject to the approval of members at the ensuing Annual General Meeting, as applicable.
- vi) With respect to the matters specified in paragraphs 3(xxi) and 4 of the companies (Auditor’s Report) order,2020 (the order/CARO) issued by the central government in terms of section 143 (11) of the act, to be included in the Auditor’s Report, according to the information and explanation given to us, and based on CARO reports issued by us for the company and its subsidiary incorporated in India included in the consolidated financial statements of the company, to which the reporting under CARO is applicable., we report that there are no qualifications or adverse remarks in these CARO reports.

For **M M NISSIM & CO LLP**  
Chartered Accountants  
(Firm Regn.No.107122W/W100672)

  
(N. Kashinath)

Partner

Mem. No. 036490

Place: Mumbai

Date: 14<sup>th</sup> May, 2022

UDIN:- 22036490AIZEMP6301



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF VINATI ORGANICS LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

**Opinion**

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2022, we have audited the internal financial controls with reference to the financial statements of **VINATI ORGANICS LIMITED** ("the Holding Company") and its subsidiary company which is a company incorporated in India, as of that date.
2. In our opinion, the Holding Company and its subsidiary company which is a company incorporated in India have, in all material respects, an adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal controls with reference to consolidated financial statements criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**Management's Responsibility for Internal Financial Controls**

3. The respective Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

4. Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.



6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Internal Financial Controls with reference to consolidated financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

7. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements**

8. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M M NISSIM & CO LLP  
Chartered Accountants  
(Firm Regn.No.107122W/W100672)

*N. Kashinath*

(N. Kashinath)

Partner

Mem. No. 036490

Place: Mumbai

Date: 14<sup>th</sup> May, 2022

UDIN:- 22036490AIZEMP6301





**VINATI ORGANICS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022**

Particulars	Note	(Rupees Lacs)	
		As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2 (a)	87,193.50	75,565.49
Capital Work-in-Progress	2 (b)	5,147.56	5,580.19
Other Intangible Assets	2 (c)	123.20	117.98
Financial Assets;			
- Investments	3	9,349.70	10,775.25
- Loans	4	25,234.40	13,186.40
- Other financial assets	5	208.72	126.06
Other non-current assets	6	4,118.76	2,511.72
<b>Current Assets</b>			
Inventories	7	17,615.88	12,193.96
Financial Assets;			
- Investments	3	11.58	18,091.18
- Trade Receivables	8	45,838.11	27,716.03
- Cash and cash Equivalents	9	95.14	168.32
- Bank balances other than cash and cash equivalents	10	334.48	517.07
- Loans	4	28.68	8.30
- Others financial assets	5	2,741.03	1,377.79
Current Tax Assets (Net)		1,745.31	651.56
Other current assets	6	9,189.32	4,790.40
<b>TOTAL ASSETS</b>		<b>2,08,975.37</b>	<b>1,73,377.70</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	SOCE	1,027.82	1,027.82
Other Equity	SOCE	1,81,773.99	1,53,313.14
<b>Total Equity</b>		<b>1,82,801.81</b>	<b>1,54,340.96</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
- Other Financial Liabilities	11	46.25	121.80
Deferred Tax Liabilities (Net)	12	9,002.19	7,792.74
Other non-current liabilities	13	399.75	352.90
<b>Current Liabilities</b>			
Financial Liabilities			
- Borrowings	14	1,839.89	202.49
- Trade Payables			
(A) total outstanding dues of micro & small enterprises	15	691.21	299.62
(B) total outstanding dues other than micro & small enterprises	15	10,765.82	6,363.49
- Other Financial Liabilities	11	594.32	454.65
Other Current Liabilities	13	2,241.75	2,248.14
Provisions	16	536.58	469.92
Current Tax Liabilities (Net)		55.80	730.99
<b>Total Liabilities</b>		<b>26,173.56</b>	<b>19,036.74</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,08,975.37</b>	<b>1,73,377.70</b>

Significant Accounting Policies

1

Accompanying Notes are an integral part of these financial statements

This is the Consolidated Balance Sheet referred to in our report of even date

For M M Nissim & Co LLP

For and on behalf of Board of Directors

Chartered Accountants

Firm Reg.No. 1107122W/W100672

N.Kashinath  
Partner  
Mem.No.036490



Mumbai, Dated 14th May, 2022

*Milind Wagh*  
Milind Wagh  
Company Secretary

*Nand Kishor Goyal*  
Nand Kishor Goyal  
Chief Financial Officer

*Vinod Saraf*  
Vinod Saraf  
Chairman  
DIN: 00076708  
*Vinati Saraf Mutreja*  
Vinati Saraf Mutreja  
Managing Director &  
DIN: 00079184

## VINATI ORGANICS LIMITED

### STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022

		(Rupees Lacs)	
Particulars	Note	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>INCOME</b>			
Revenue from Operations	17	1,61,551.18	95,425.81
Other Income	18	6,091.21	2,584.43
<b>TOTAL INCOME</b>		<b>1,67,642.39</b>	<b>98,010.24</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	85,532.03	41,585.56
Purchase of Stock in Trade		581.30	
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	20	(40.98)	(2,819.64)
Employee Benefits expense	21	8,398.54	7,264.25
Finance Costs	22	25.87	21.19
Depreciation and Amortisation expense	23	4,548.63	4,291.45
Other Expenses	24	23,672.06	14,143.48
<b>TOTAL EXPENSES</b>		<b>1,22,717.45</b>	<b>64,486.29</b>
<b>PROFIT BEFORE TAX</b>		<b>44,924.94</b>	<b>33,523.95</b>
<b>TAX EXPENSE</b>			
Current Tax		10,146.00	7,574.33
Deferred Tax		1,209.45	744.42
Earlier year Adjustments (Refer Note 26(g))		(1,092.37)	(1,726.89)
<b>TOTAL TAX EXPENSE</b>		<b>10,263.08</b>	<b>6,591.86</b>
<b>PROFIT FOR THE YEAR</b>		<b>34,661.86</b>	<b>26,932.09</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Defined benefit plans		(37.80)	(25.27)
Income Tax relating to items that will not be reclassified to Profit or Loss		9.51	6.36
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>(28.29)</b>	<b>(18.91)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>34,633.57</b>	<b>26,913.18</b>
<b>EARNINGS PER EQUITY SHARE</b>			
Basic	26 (b)	33.72	26.20
Diluted		33.72	26.20

Significant Accounting Policies

1

Accompanying Notes are an integral part of these Financial Statements


This is the Consolidated Statement of Profit and Loss referred to in our report of even date

For M M Nissim & Co LLP

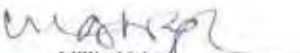
Chartered Accountants

Firm Reg.No. 1107122W/W100672

N. Kashinath  
Partner  
Mem.No.036490

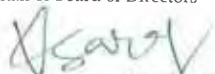


Mumbai, Dated 14th May, 2022

  
Millind Wagh  
Company Secretary

  
Nand Kishor Goyal  
Chief Financial Officer

For and on behalf of Board of Directors

  
Vinod Saraf  
Chairman  
DIN: 00076708

  
Vinati Saraf Mutreja  
Managing Director & CEO  
DIN: 00079184

**VINATI ORGANICS LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31 March 2022**

EQUITY SHARE CAPITAL	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Fully Paid-up Share Capital	10,27,82,050	1,027.82	10,27,82,050	1,027.82
Balance at the beginning of the reporting year	10,27,82,050	1,027.82	10,27,82,050	1,027.82
Changes in equity share capital due to prior period errors				
<b>Restated balance as at the beginning of the reporting year</b>	<b>10,27,82,050</b>	<b>1,027.82</b>	<b>10,27,82,050</b>	<b>1,027.82</b>
Changes in Equity Share Capital during the reporting year				
<b>Balance at the end of the reporting year</b>	<b>10,27,82,050</b>	<b>1,027.82</b>	<b>10,27,82,050</b>	<b>1,027.82</b>

Rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital.

The company has one class of equity shares having a par value of Rs.1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shareholder Name	As at 31 March 2022		% Change during the year	As at 31 March 2021		% Change during the year
	No.	%		No.	%	
Vinod Saraf	1,39,00,582	13.52%	NIL	1,39,00,582	13.52%	NIL
Kavita Saraf	1,24,14,456	12.08%	NIL	1,24,14,456	12.08%	0.01%
Suchir Chemicals Pvt. Ltd.	4,75,53,168	46.27%	NIL	4,75,53,168	46.27%	NIL
Vinati Saraf Mutreja	12,10,620	1.18%	NIL	12,10,620	1.18%	NIL
Vital Saraf Mutreja	10,42,366	1.01%	NIL	10,42,366	1.01%	NIL

Shareholder Name	As at 31 March 2022		As at 31 March 2021	
	No.	%	No.	%
Vinod Saraf	1,39,00,582	13.52%	1,39,00,582	13.52%
Kavita Saraf	1,24,14,456	12.08%	1,24,14,456	12.08%
Suchir Chemicals Pvt. Ltd.	4,75,53,168	46.27%	4,75,53,168	46.27%

OTHER EQUITY	Reserves and Surplus						TOTAL
	Securities Premium	General Reserve	Capital Reserve	Capital Redemption Reserve	Retained Earnings	Provision made of Defined Benefit Plan	
Balance at the beginning of the comparative reporting year - 1st April 2020	636.28	5,947.60	30.40	4.00	1,20,488.82	(194.35)	1,26,912.75
Changes in Accounting Policy or Correction of Prior Period Errors							
<b>Restated balance as at 1st April 2020</b>	<b>636.28</b>	<b>5,947.60</b>	<b>30.40</b>	<b>4.00</b>	<b>1,20,488.82</b>	<b>(194.35)</b>	<b>1,26,912.75</b>
Profit for the Comparative Year ending 31st March 2021					26,932.09		26,932.09
Other Comprehensive Income for the Current Reporting year ending 31 March 2021*						(18.91)	(18.91)
<b>Total Comprehensive Income for the Comparative year</b>					<b>26,932.09</b>	<b>(18.91)</b>	<b>26,913.18</b>
Transactions with owners in their capacity as owners:							
Elimination of Transaction with subsidiary		1.12					1.12
Dividends:					(513.91)		(513.91)
<b>Balance at the beginning of the reporting year</b>	<b>636.28</b>	<b>5,948.72</b>	<b>30.40</b>	<b>4.00</b>	<b>1,46,907.00</b>	<b>(213.26)</b>	<b>1,53,313.14</b>
Changes in Accounting Policy or Correction of Prior Period Errors							
<b>Restated balance as at 1st April 2020</b>	<b>636.28</b>	<b>5,948.72</b>	<b>30.40</b>	<b>4.00</b>	<b>1,46,907.00</b>	<b>(213.26)</b>	<b>1,53,313.14</b>
Profit for the reporting year ending 31st March 2022					34,661.86		34,661.86
Other Comprehensive Income for the Current Reporting year ending 31 March 2022*						(28.29)	(28.29)
<b>Total Comprehensive Income for the Reporting year</b>					<b>34,661.86</b>	<b>(28.29)</b>	<b>34,633.57</b>
Transactions with owners in their capacity as owners:							
Elimination of Transaction with subsidiary		5.03					5.03
Share Issue Expenses					(10.84)		(10.84)
Dividends:					(6,166.92)		(6,166.92)
<b>Balance at the end of the reporting year ending 31st March 2022</b>	<b>636.28</b>	<b>5,953.75</b>	<b>30.40</b>	<b>4.00</b>	<b>1,75,391.10</b>	<b>(241.55)</b>	<b>1,81,773.99</b>

\*Loss of Rs 28.29 Lacs and Rs 18.91 Lacs on re-measurement of defined benefit plans (net of tax) is recognised as part of Reserves and Surplus for the year ended 31st March 2022 and 31st March 2021 respectively.

Statement and Purpose of each component of equity	Nature and Purpose
i. Securities Premium	Amounts received in excess of par value on issue of shares is classified as Securities Premium.
ii. General Reserve	General Reserve represents accumulated profits and is derived by transfer of profits from Retained Earnings and it is not an item of Other Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss.
iii. Capital Reserve	Capital Reserve represents special capital reserves of Rs. 30.40 Lacs & Rs. 4.00 Lacs of share holders.
iv. Capital Redemption Reserve	Capital Redemption Reserve is created against the full book of shares by the Company as per statutory requirements.
v. Retained Earnings	Retained Earnings are profits that the company has earned till date less any transfers to General Reserve and Dividends.
vi. Re-measurements of Defined Benefit Plans	Net losses arising on re-measurements of Defined Benefit Plans at the end of each reporting period is separately disclosed under Reserves and Surplus and shall not be reclassified to the Statement of Profit or Loss in the subsequent years.

This is the Consolidated Statement of Equity (SOCE) referred to in our report of even date.

For M M Nissim & Co LLP  
 Chartered Accountants  
 Firm Reg. No. 1107122W/W100672

N Kashinath  
 Partner  
 Mem No 036490



*(Signature)*  
 Nand Kishor Goyal  
 Chief Financial Officer

For and on behalf of Board of Directors  
*(Signature)*  
 Vinati Saraf Mutreja  
 Managing Director & CEO  
 DIN: 00079184

**VINATI ORGANICS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022**

Particulars	(Rupees Lacs)	
	Year Ended 31 March 2022 Audited	Year Ended 31 March 2021 Audited
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX	44,924.94	33,523.95
Adjustment for:		
Depreciation	4,548.63	4,291.45
Unrealised foreign exchange loss/(gain)	(560.56)	(231.60)
Finance Cost (including fair value change in financial instruments)	25.87	21.19
Interest Income	(1,366.40)	(210.45)
Dividend Income	(31.44)	
Net gains on fair value changes on financial assets classified as FVTPL	(1,072.29)	(630.71)
Net gain on sale of Investments classified as FVTPL	(378.12)	(233.43)
Remeasurements of Defined benefit plans	(37.80)	(25.27)
Loss / (Gain) on Sale / Disposal of Property, Plant and Equipment	(0.80)	(1.82)
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>46,052.03</b>	<b>2,979.36</b>
Trade receivables	(17,529.29)	(7,301.07)
Other Non Current Financial assets	46.86	102.23
Other Current Financial assets	(291.69)	205.53
Other Non Current Assets	14.76	(49.59)
Other Current Assets	(4,398.92)	(712.58)
Inventories	(5,421.92)	(2,876.89)
Trade Payable	4,783.39	1,084.81
Provisions	66.66	26.27
Other non-current liabilities	46.85	98.87
Other Current Financial Liabilities	152.09	184.16
Other current liabilities	(30.49)	(8,528.23)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>23,490.33</b>	<b>27,975.08</b>
Direct Taxes paid	(10,813.04)	(6,074.43)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>12,677.29</b>	<b>21,900.65</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(16,198.74)	(4,933.39)
Capital Work in Progress And Capital Advance	(1,189.17)	(3,396.29)
Proceeds from sale of Property, Plant and Equipment	17.68	36.38
Purchase of Investments	(4,037.65)	(13,012.20)
Proceeds from sale of Investments	7,553.65	10,251.70
Loans (Financial assets)	(12,068.38)	(13,164.36)
Deposits/ Balances with Banks	53.07	4,027.20
Interest Income	299.88	361.44
Dividend income	31.44	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(25,538.22)</b>	<b>(19,829.52)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayments) / Proceeds from Working Capital Facilities (Net)	1,637.40	167.84
Non Current Financial Liabilities - Security Deposits	(75.55)	97.08
Share Issue Expenses	(10.84)	
Interest paid	(25.87)	(21.19)
Dividend	(6,179.34)	(553.54)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(4,654.20)</b>	<b>(309.81)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(17,515.13)</b>	<b>1,761.31</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2021</b>	<b>17,619.45</b>	<b>15,858.13</b>
- Cash and cash Equivalents	168.32	909.32
- Highly Liquid Investments	17,451.13	14,948.81
<b>Unrealised Gain / (Loss) on Foreign currency Cash &amp; Cash equivalents</b>	<b>2.40</b>	<b>0.01</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31 March 2022</b>	<b>106.72</b>	<b>17,619.45</b>
- Cash and cash Equivalents	95.14	168.32
- Highly Liquid Investments	11.58	17,451.13

Notes to Consolidated Cash Flow Statement:

- The above Consolidated Cash Flow Statement has been prepared under the Indirect Method.
- Reconciliation of Financing Liabilities

	31.03.2022	31.03.2021
Opening Balance	299.57	34.65
Cash inflow / (outflow) of current borrowings	1,637.40	167.84
Other changes	(75.55)	97.08
Changes in unpaid dividend	(12.42)	
<b>Closing Balance</b>	<b>1,849</b>	<b>299.57</b>

This is the Consolidated Cash Flow statement referred to in our report of even date

For M M Nissim & Co LLP

Chartered Accountants

Firm Reg.No. 1107122W/W100672

N Kashinath  
Partner  
Mem.No.036490

Mumbai, Dated 14th May, 2022



For and on behalf of Board of Directors

Company Secretary

Vinod Kishor Goyal  
Chief Financial Officer

Vinod Saraf  
Chairman  
DIN: 00076708

Vinati Saraf Mutreja  
Managing Director & CEO  
DIN: 00079184

# VINATI ORGANICS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

### Note 1 : Significant Accounting Policies

#### A General Information

The consolidated financial statements comprise financial statements of Vinati Organics Limited (the Holding Company) and its subsidiary (collectively, the Group) for the year ended 31 March 2022. The Group is engaged in manufacturing of speciality chemicals.

#### B Principles of Consolidation

The consolidated financial statements comprise of the financial statements of the Vinati Organics Limited and its wholly owned subsidiary, Veeral Organics Private Limited, incorporated in India, as at 31 March, 2022

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments, if material, are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31 March.



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

#### Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiary. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of subsidiary.
- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

#### **C Basis of preparation of Financial Statements**

The principal accounting policies applied in the preparation of these financial statements are set out in Para C below. These policies have been consistently applied to all the years presented

##### **i Statement of Compliance**

These Consolidated financial statements have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

##### **ii Basis of preparation and presentation**

The financial statements have been prepared on historical cost basis considering the applicable provisions of Companies Act 2013, except for the following material item that has been measured at fair value as required by relevant Ind AS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- a) Certain financial assets/liabilities measured at fair value (Refer note C-20) and
- b) Any other item as specifically stated in accounting policy



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

The Financial Statement are presented in Indian Rupee ('INR') and all values are rounded to the Rupee in Lacs, unless otherwise stated.

The Group reclassifies comparative amounts, unless impracticable and whenever the Group changes the presentation or classification of items in its financial statements materially. No such material reclassification has been made during the year.

The financial statements of the Group for the Year Ended 31 March 2022 were authorised for issue in accordance with a resolution of the board of directors on 14th May, 2022

#### iii Major Sources of Estimation Uncertainty

In the application of accounting policy which are described in note (C) below, the management is required to make judgment, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses, contingent liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are prudent and reasonable. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The few critical estimations and judgments made in applying accounting policies are:

#### Property, Plant and Equipment:

Useful life of Property Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act, 2013 and on certain intangible assets based on technical advice which considered the nature of the asset, the usage of the asset and anticipated technological changes. The group reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation charge in future periods.

#### Impairment of Non-financial Assets:

For calculating the recoverable amount of non-financial assets, the Group is required to estimate the value-in-use of the asset or the Cash Generating Unit and the fair value less costs to disposal. For calculating value in use the Group is required to estimate the cash flows to be generated from using the asset. The fair value of an assets is estimated using a valuation technique where observable prices are not available. Further, the discount rate used for value in use calculations includes an estimate of risk assessment specific to the asset.

#### Impairment of Financial Assets:

The Group impairs financial assets other than those measured at fair value through profit or loss or designated at fair value through other comprehensive income on expected credit losses. The estimation of expected credit loss includes the estimation of probability of default (PD), loss given default (LGD) and the exposure at default (EAD). Estimation of probability of default apart from involving trend analysis of past delinquency rates include an estimation on forward-looking information relating to not only the counterparty but also relating to the industry and the economy as a whole. The probability of default is estimated for the entire life of the contract by estimating the cash flows that are likely to be received in default scenario. The lifetime PD is reduced to 12 month PD based on an assessment of past history of default cases in 12 months. Further, the loss given default is calculated based on an estimate of the value of the security recoverable as on the reporting date. The exposure at default is the amount outstanding at the balance sheet date.



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

#### Defined Benefit Plans:

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### Income taxes

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Group will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.





**VINATI ORGANICS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.**

**C Summary of Significant Accounting Policies**

**1 Property, Plant and Equipment**

The Group has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognised as of transition date measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except freehold land which is not depreciated. Cost includes purchase price (after deducting trade discount / rebate), import duties, non-refundable duties and taxes, cost of replacing the component parts, borrowing costs (as per Sl. no. 14 below) and other directly attributable cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the initial estimates of the cost of dismantling/removing the item and restoring the site on which it is located.

Spares parts procured along with the Plant and Equipment or subsequently individually which meets the recognition criteria of PPE are capitalized and added to the carrying amount of such items. The carrying amount of those spare parts that are replaced are derecognized when no future economic benefits are expected from their use or upon disposal. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use. Any gain or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss when the asset is derecognised.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognised.

Description of the Asset	Estimated Useful Life
<b>Tangible:</b>	
Building - Factory	30 Years
Other than factory buildings	60 Years
Plant and Equipment	5-20 Years
Furniture and Fixtures	10 Years
Computer Servers	6 Years
Computers	3 Years
Office Equipment	5 Years
Other Assets, viz., Air Conditioners	5 Years
Vehicles	8 Years



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

Depreciation on the property, plant and equipment, is provided over the useful life of assets based on management estimates which is in line with the useful life indicated in Schedule II to the Companies Act, 2013 except Plant and Machinery, Lab equipments and Electrical Installations which are depreciated based on management estimate of the useful life of the assets, and is after considering the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset and anticipated technological changes. Depreciation on all assets is provided on straight line basis.

Depreciation on property plant and equipment added/disposed off during the year is provided on pro rata basis with reference to the date of addition/disposal.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate

#### 2 Research and Development Assets

The Group undertakes Research and Development activities for development of new and improved products. All expenditure incurred during Research and Development are analysed into research phase and development phase. The Group recognises all expenditure incurred during the research phase in the profit or loss whereas the expenditure incurred in development phase are presented as Capital Work in Progress till the time they are available for use in the manner intended at which moment they are treated as Property, Plant and Equipment and depreciated over their estimated useful life. Revenue expenditure on Research and Development is recognized as an expense in the period in which it is incurred.

#### 3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Technical Know-how acquired separately is treated as intangible assets and amortised over a period of 10 years on straight-line method over the estimated useful economic life.

Software (not being an integral part of the related hardware) acquired for internal use are treated as intangible assets and is amortised over a period of 6 years on straight-line method over the estimated useful economic life.

An item of Intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

#### 4 Impairment of tangible (PPE) and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its PPE and other intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Statement of Profit and Loss



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised in the Statement of Profit and Loss.

#### 5 Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out (FIFO) method.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Goods and materials in transit include materials, duties and taxes (other than those subsequently recoverable from tax authorities) labour cost and other related overheads incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The amount of any write-down of inventories to NRV and all abnormal losses of inventories are recognized as expense in the Statement of Profit and Loss in the period in which such write-down or loss occurs. The amount of any reversal of the write-down of inventories arising from increase in the NRV is recognized as a reduction from the amount of inventories recognized as an expense in the period in which reversal occurs.

#### 6 Lease

##### Where the Group is a Lessee -

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability is measured by discounting the lease payments using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.





## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

Contingent Assets are not recognized, however, disclosed in financial statement when inflow of economic benefits is probable.

#### 9 Foreign Currency Transactions

The financial statements of Group are presented in INR, which is also the functional currency. In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

#### 10 Share capital and Securities Premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium

#### 11 Dividend Distribution to equity shareholders

The Group recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

#### 12 Statement of Cash Flows and Cash and Cash Equivalents

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and book overdrafts. However, Book overdrafts are to be shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

#### 13 Revenue Recognition and Other Income

The Group derives revenues primarily from sale of goods comprising of speciality chemicals.

The following is a summary of significant accounting policies related to revenue recognition:

Revenue from contract with customers is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.

Revenue is measured based on the transaction price, which is the consideration, adjusted for turnover discounts to customer as specified in the contract with the customers. When the level of discount varies with increase in levels of revenue transactions, the Group recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Group recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. Revenue also excludes taxes collected from customers

Revenue in excess of invoicing are classified as contract assets while invoicing in excess of revenues are classified as contract liabilities

Use of significant judgements in revenue recognition



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as turnover discounts. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Sale of scrap is accounted for as and when the sale is completed and its collection is reasonably certain.

Export incentives are recognised as income of the year on accrual basis. In case of utilisation for Import purpose the same is recognised as raw material cost in the year of import.

Dividend Income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Interest Income on financial assets measured at amortised cost is recognised on a time-proportion basis using the effective interest method.

#### 14 Borrowing costs

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts / premiums, financing charges, exchange difference to the extent they are regarded as interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

Borrowing costs which are directly attributable to acquisition / construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as a part of cost pertaining to those assets. All other borrowing costs are recognised as expense in the period in which they are incurred.

The Group identifies the borrowings into specific borrowings and general borrowings. Specific borrowings are borrowings that are specifically taken for the purpose of obtaining a qualifying asset. Borrowing cost incurred on specific borrowings are capitalised to the cost of the qualifying asset. For general borrowings, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on the qualifying asset based on the weighted average of the borrowing costs applicable to general borrowings. The capitalisation on borrowing costs commences when the Group incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

#### 15 Employee Benefits

##### Short-term Employees Benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

##### Post-employment benefits

The Group provides the following post-employment benefits:

- i) Defined benefit plans such as gratuity and
- ii) Defined Contribution plans such as provident fund & national pension scheme

##### Defined benefits plans

The cost of providing defined benefit plans such as gratuity is determined on the basis of present value of defined benefits obligation which is computed using the projected unit credit method with independent actuarial valuation made at the end of each annual reporting period, which recognizes each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset (excluding net interest as defined above) are recognised in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of Profit and Loss except those included in cost of assets as permitted in the period in which they occur.

##### Defined Contribution Plans



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

Payments to defined contribution retirement benefit plans, viz., Provident Fund and National Pension Fund for eligible employees are recognized as an expense when employees have rendered the service entitling them to the contribution.

#### 16 Income Taxes

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income

##### Current tax

Current tax is the expected tax payable/ receivable on the taxable income/ loss for the year using applicable tax rates for the relevant period, and any adjustment to taxes in respect of previous years. Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to Income tax is included in Other Income

##### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### 17 Earnings per Share:

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year.

#### 18 Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a) An asset is **current** when it is:

- Expected to be ~~realized or intended to~~ be sold or consumed in the normal operating cycle,





## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or

• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

#### 19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

#### 20 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Group recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

##### a) Financial Assets

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual obligation to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Group.

Financial assets of the Group comprise trade receivable, cash and cash equivalents, Bank balances, Investments in equity shares of companies ,investment other than equity shares, loans to employee / others, security deposit etc.

#### Initial recognition and measurement

All financial assets except trade receivable are recognized initially at fair value. The financial assets not recorded at fair value through profit or loss, are recognised intially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are charged in the Statement of Profit and Loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in the Statement of Profit and Loss and in other cases spread over life of the financial instrument using effective interest.



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

The Group measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.

#### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

#### Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate ('EIR') method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

#### Financial assets at fair value through OCI ('FVTOCI')

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income ('OCI'). However, the Group recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the financial asset other than equity instruments designated as FVTOCI, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss.

#### Financial assets at fair value through profit or loss ('FVTPL')

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of Profit and Loss.

#### Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the financial asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

#### Impairment of financial assets

The Group assesses impairment based on expected credit loss ('ECL') model on the following:

- Financial assets that are measured at amortised cost; and
- Financial assets measured at FVTOCI.

ECL is measured through a loss allowance on a following basis:-



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The Group follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the Group to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

For recognition of impairment loss on other financial assets, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Group assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls) discounted at the original EIR.

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the Statement of Profit and Loss.

#### **b) Financial Liabilities**

The Group's financial liabilities include loans and borrowings including bank overdraft, trade payable, accrued expenses and other payables etc.

#### **Initial recognition and measurement**

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities classified at amortized cost are recognized initially at fair value net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss or in the CWIP, if another standard permits inclusion of such cost in the carrying amount of an asset over the period of the borrowings using the Effective interest rate ('EIR') method.

#### **Subsequent measurement**

The subsequent measurement of financial liabilities depends upon the classification as described below:-

#### **Financial Liabilities classified as Amortised Cost**

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expense that is not capitalized as part of costs of assets is included as Finance costs in the Statement of Profit and Loss.

#### **Financial Liabilities classified as Fair value through profit and loss (FVTPL)**

Financial liabilities classified as FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at FVTPL only if the criteria in Ind AS 109 is satisfied.



## VINATI ORGANICS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **Derivatives**

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument and is recognised in Other Comprehensive Income (OCI).

#### **D Recent accounting pronouncements**

The Ministry of Corporate Affairs (MCA) on 23<sup>rd</sup> March, 2022 through companies (Indian Accounting Standards) Amendment Rules, 2022 has notified the following amendments to IND AS which are applicable on 1<sup>st</sup> April 2022

##### **Ind AS 16 - Property, Plant and equipment -**

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment.

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Group is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in the profit or loss

The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

##### **Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets**

The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (examples depreciation charge). The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its financial statements.



**VINATI ORGANICS LIMITED**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st MARCH 2022

**Note 2 (a) Property, Plant and Equipment**

Particulars	(Rupees Lacs)										
	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Air Conditioners	Technical Know How	Computer Software	Total
<b>Gross Block</b>											
At cost as at 31 March 2020	36.18	23,159.69	61,837.25	479.91	230.07	36.11	56.52	53.05	433.59	116.43	89,913
Additions	87.53	948.41	3,831.21	21.25	26.60	3.19	4.66	3.27	-	7.27	7.27
Disposals/ discarded		(10.98)	(42.22)								
At cost as at 31 March 2021	113.71	24,188.01	64,826.24	501.16	245.69	39.30	61.18	56.32	433.59	123.70	87,730
Additions	326.99	1,593.44	14,072.24	8.58	71.00	0.85	36.32	2.91	50.00	36.41	86.41
Disposals/ discarded		(0.13)	(31.25)								
At cost as at 31 March 2022	440.70	25,781.45	78,828.13	509.74	283.44	40.15	97.50	59.23	503.59	160.11	663.61
<b>Depreciation Block</b>											
Accumulated depreciation/ amortisation as at 31 March 2020		1,967.31	7,753.97	203.01	121.68	28.54	35.73	32.09	305.14	96.14	401.26
Depreciation / Amortisation for the year		698.10	3,442.91	53.27	25.06	2.95	7.39	5.83	48.17	7.77	55.94
Disposals/ discarded			(11.08)		(7.56)						
At 31 March 2021		2,665.41	11,215.89	256.28	139.18	28.59	43.12	37.92	353.31	103.91	446.22
Depreciation / Amortisation for the year		723.86	3,648.17	51.80	26.45	3.04	9.15	4.97	72.61	8.58	81.19
Disposals/ discarded					(15.01)						
At 31 March 2022		3,389.27	14,863.97	308.08	150.62	31.63	52.27	42.89	425.92	114.49	546.41
<b>Net Block</b>											
At 31 March 2021	113.71	21,412.80	53,610.42	244.88	106.51	10.71	18.06	18.40	100.19	17.79	117.99
At 31 March 2022	440.70	22,312.38	64,034.16	201.66	131.82	8.52	45.23	16.03	45.62	77.35	133.20

**Note 2(b). Capital Work-in-Progress**

Particulars	(Rupees Lacs)	
	Buildings	Total
At cost as at 31 March 2020	221.75	2,875.32
Additions	742.40	5,812.18
Disposals / adjustments	(742.45)	(3,329.01)
At cost as at 31 March 2021	221.70	5,358.49
Additions	3208.61	11,968.25
Disposals / adjustments	(1,593.44)	(14,016.05)
At cost as at 31 March 2022	1,836.87	5,147.56





**VINATI ORGANICS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st MARCH 2022**

**Notes:**

i. Title deeds of Freehold Land are held in the name of the Holding Company. Title deeds in respect of Buildings on immovable properties which are constructed on Holding company's Freehold/Leasehold Land is based on documents constituting evidence of legal ownership of the Buildings.

ii. During the year, the Group has capitalised the following expenses of revenue nature to the cost of Property, Plant and Equipment/Capital Work-In-Progress:

Particulars	31-Mar-22	31-Mar-21
Legal and Professional Charges	40.34	16.25
Travelling Expenses	0.83	-
Rates & Taxes	34.35	22.39
Insurance Charges	7.71	10.69
	<b>83.23</b>	<b>49.33</b>

**CWIP aging schedule**

CWIP	Amount in CWIP for a period of					As at 31 March 2022	
	Less than 6 months	6 months-1 year	1-2 Years	2-3 years	More than 3 years	Total	Total
Projects in progress	3135.06	838.34	869.86	73.36	6.00	4,922.62	4,922.62
Projects temporarily suspended	1135.06	338.34	369.86	73.36	224.94	2,249.94	2,249.94
<b>Total</b>						<b>5,172.56</b>	<b>5,172.56</b>

**CWIP aging schedule**

CWIP	Amount in CWIP for a period of					As at 31 March 2021	
	Less than 6 months	6 months-1 year	1-2 Years	2-3 years	More than 3 years	Total	Total
Projects in progress	2819.74	636.39	1,190.42	700.45	8.25	5,355.25	5,355.25
Projects temporarily suspended	2,015.74	636.39	1,190.42	700.45	224.94	5,388.19	5,388.19
<b>Total</b>						<b>10,743.44</b>	<b>10,743.44</b>

There were no material projects which have exceeded their original planned cost and timelines.



**VINATI ORGANICS LIMITED**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st MARCH 2022

**Note 3**

**Investments**

(Rupees Lacs)

	Non Current		Current	
	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Fully paid up - Quoted - Non Trade</b>				
<b>Equity Shares (at fair value through Profit or Loss)</b>				
0 (P.Y. 3,56,000) Units of Brookfield India Real Estate Investment Trust Limited of Face Value of Rs. 275 each fully paid up		794.59		
<b>Investment Infrastructure Trust (at fair value through Profit or Loss)</b>				
10,82,400(P.Y. 0) Units of Power Grid Infrastructure Investment Trust Limited of Face Value of Rs. 100 each fully paid up	1,454.53			
3,72,519(P.Y. 0) Units of India Grid Infrastructure Investment Trust of Face Value of Rs. 100 each fully paid up	550.02			
<b>Fully paid up - Unquoted - Non Trade</b>				
<b>i) In Mutual Fund Units: (at fair value through Profit or Loss)</b>				
Income Plan: Growth Option	4,328.98	-	11.58	17,451.13
<b>ii) In ETF (at fair value through Profit or Loss)</b>	1,432.22	3,342.30	-	-
<b>iii) In AIF (at fair value through Profit or Loss)</b>	509.77			
<b>iv) In Non Convertible Debentures: (at fair value through Profit or Loss)</b>	1,074.18	6,638.36	-	640.05
<b>Total</b>	<b>9,349.70</b>	<b>10,775.25</b>	<b>11.58</b>	<b>18,091.18</b>
Aggregate amount of quoted investment and net asset value	9,349.70	10,775.25	11.58	18,091.18

**Note 4**

**Loans (Unsecured, considered good)**

(Rupees Lacs)

	Non Current		Current	
	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Carried at Amortised cost :</b>				
Loans to related parties (refer note 26(d)&(h))	25,234.40	13,186.40		
Loans and Advances to employees			28.68	8.30
<b>Total</b>	<b>25,234.40</b>	<b>13,186.40</b>	<b>28.68</b>	<b>8.30</b>

**Note 5**

**Other Financial Assets**

(Rupees Lacs)

Particulars	Non Current		Current	
	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
<b>Carried at Amortised cost :</b>				
Bank deposits with more than 12 months maturity (excludes Interest accrued and due Rs Nil, Previous year Rs Nil)	142.41	12.89		
Others;				
Security Deposits	66.31	113.17		
Interest Accrued on Loans and Deposits			1,160.33	88.78
Export Benefits receivables			367.48	1,002.97
Others			1,213.22	286.04
<b>Total</b>	<b>208.72</b>	<b>126.06</b>	<b>2,741.03</b>	<b>1,377.79</b>

**Note 6**

**Other Assets**

(Rupees Lacs)

Particulars	Non Current		Current	
	As at	As at	As at	As at
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Capital Advances	3,051.58	1,429.78		
Advances other than capital advances;				
Security Deposits			869.86	534.20
Advances to suppliers			3,326.23	1,458.09
<b>Sub Total</b>	<b>3,051.58</b>	<b>1,429.78</b>	<b>4,196.09</b>	<b>1,992.29</b>
Others				
Balance with Statutory authorities			4,608.98	2,284.16
Advances recoverable in cash or kind			275.99	393.59
Prepaid Expenses	1,067.18	1,081.94	108.26	120.36
<b>Sub Total</b>	<b>1,067.18</b>	<b>1,081.94</b>	<b>4,993.23</b>	<b>2,798.11</b>
<b>Total</b>	<b>4,118.76</b>	<b>2,511.72</b>	<b>9,189.32</b>	<b>4,790.40</b>



**VINATI ORGANICS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st MARCH 2022**

**Note 7**

**Inventories**

(Rupees Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
Raw Materials	2,447.37	2,098.01
Raw Materials in transit	3,850.60	1,146.36
Work-in-progress	3,015.09	1,954.00
Finished goods	2,446.43	3,466.55
Stores and spares	5,856.39	3,529.04
<b>Total</b>	<b>17,615.88</b>	<b>12,193.96</b>



**VINATI ORGANICS LIMITED**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st MARCH 2022

**Note 8**

**Trade Receivables**

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Trade receivables		
Secured, Considered good	3,195.28	3,302.31
Unsecured Considered good	42,642.83	24,413.72
Trade Receivables - credit impaired	110.43	
Less: Allowance for bad and doubtful debts	-110.43	
<b>Total</b>	<b>45,838.11</b>	<b>27,716.03</b>

Note: The Group has used a practical expedient for computing expected credit loss allowance for trade receivables, taking into account historical credit loss experience and accordingly, provisions are made for expected credit loss for amounts due from customers where necessary.

**Note 9**

**CASH AND CASH EQUIVALENTS (as per Cash Flow Statement)**

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Balances with Banks		
- In Current accounts	93.85	166.97
Cash on hand	1.29	1.35
<b>Total</b>	<b>95.14</b>	<b>168.32</b>

**Note 10**

**Bank Balances other than Cash and Cash Equivalents**

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Deposits with original maturity of more than 3 months but less than 12 months	104.88	293.13
Others:		
Unspent CSR Account	18.08	-
Unclaimed Dividend Account	211.52	223.94
<b>Total</b>	<b>334.48</b>	<b>517.07</b>



VINATI ORGANICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31st MARCH 2022

Note 11

Other Financial Liabilities

Particulars	(Rupees Lacs)			
	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Carried at Amortised Cost :				
Unclaimed dividends			211.52	223.94
Others :				
Security Deposit	46.25	121.80		
Employee benefits				
Liabilities for expenses			382.80	230.71
<b>Total</b>	<b>46.25</b>	<b>121.80</b>	<b>594.32</b>	<b>454.65</b>

Note 12

Deferred Tax Liabilities - (Net)

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Deferred Tax Liabilities (Net);		
- Arising on account of difference in carrying amount and tax base of PPE and Intangibles	8,920.66	7,705.95
- Unrealised gain/(loss) on FVTPL debt Mutual Funds and equity instruments	170.18	195.68
Deferred Tax Asset:		
- Accrued Expenses allowable on Actual Payments	(88.65)	(108.89)
<b>Total</b>	<b>9,002.19</b>	<b>7,792.74</b>

Note 13

Other Liabilities

Particulars	(Rupees Lacs)			
	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Contract Liabilities			82.60	47.73
Others;				
Retention Money	399.75	352.90	147.37	128.62
Statutory Dues			432.05	419.34
Liabilities for expenses			1,567.10	1,649.14
Others			12.63	3.31
<b>Total</b>	<b>399.75</b>	<b>352.90</b>	<b>2,241.75</b>	<b>2,248.14</b>

During the year ended 31 March 2022, the Group recognised revenue of Rs. 47.73 Lacs ( Previous year Rs. 93.14 Lacs) arising from opening unearned revenue (contract liabilities).

Movement of contract liabilities is as under ;

	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
As at beginning of the year	47.73	93.14
Recognised as revenue from contracts with customers	(10,324.81)	(6,731.55)
Advance from customers received during the year	10,359.68	6,686.14
<b>Balance at the close of the year</b>	<b>82.60</b>	<b>47.73</b>

Note 14

Borrowings

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
<b>CURRENT</b>		
Secured		
Loans repayable on demand		
- from banks	1,839.89	202.49
<b>Total</b>	<b>1,839.89</b>	<b>202.49</b>

Nature of Borrowings

Working	Capital Advances from Banks	Interest rate



Loans repayable on demand is secured by hypothecation of inventories, all the present and future book debts and other receivables, first charge on all present and future Property, Plant And Equipment at Mahad Works and residential buidling at Mahad and second charge on all property,plant And equipment situated at Lote Works.	Rupee Loan carries interest ranging from 5.00% to 7.10% (Previous Year 7.10% to 8.20%.)
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**Note 15**

**Trade Payables**

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Outstanding due of Micro and Small Enterprises	691.21	299.62
Outstanding due of Creditors other than Micro and Small Enterprises	10,765.82	6,363.49
<b>Total</b>	<b>11,457.03</b>	<b>6,663.11</b>
Of the above;		
- Acceptances	317.42	395.32

**Note 16**

**Provisions**

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits	536.58	469.92
<b>Total</b>	<b>536.58</b>	<b>469.92</b>



**VINATI ORGANICS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

**Note 17**

**Revenue from Operations**

Particulars	(Rupees Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Sale Of Products	1,61,263.31	94,218.06
Other Operating Revenues:		
Export Incentives	118.91	1,132.51
Scrap Sales	168.96	75.24
<b>Revenue from operations</b>	<b>1,61,551.18</b>	<b>95,425.81</b>

The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported. (Refer Note 28(c))

Reconciliation of revenue recognised with the contracted price is as follows:

	(Rupees Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Gross Sales (Contracted Price)	1,74,579.91	99,188.10
	(13,316.60)	(4,970.04)
Reductions towards variable consideration (Turnover discount, Other Expenses)		
<b>Revenue recognised</b>	<b>1,61,263.31</b>	<b>94,218.06</b>

**Note 18**

**Other Income**

Particulars	(Rupees Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Interest Income	1,366.40	211.57
Dividend Income from Non Current Investment	31.44	-
Net gain on sale of Investments classified as FVTPL	695.24	775.72
Net gains on fair value changes on financial assets classified as FVTPL	1,072.31	1,084.52
Gain on Foreign Exchange Translations	2,744.05	408.80
Other Non-Operating Income;		
Miscellaneous Income	181.77	103.82
<b>Total</b>	<b>6,091.21</b>	<b>2,584.43</b>

**Net gains (losses) on fair value changes**

Particulars	(Rupees Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Debt Mutual Fund Investments designated at FVTPL	0.01	453.81
Debt Investments designated at FVTPL	690.40	820.21
Other Financial Instruments classified at FVTPL	381.90	(189.50)
<b>Total Net gains (Losses) on fair value changes</b>	<b>1,072.31</b>	<b>1,084.52</b>

**Note 19**

**Cost of Materials consumed**

Particulars	(Rupees Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Opening Stock of Raw Materials	3,244.37	2,760.42
Purchases during the year	88,585.62	42,069.51
Closing Stock of Raw Materials	(6,297.96)	(3,244.37)



VINATI ORGANICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Total	85,532.03	41,585.56
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**VINATI ORGANICS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

**Note 20**

**Changes In Inventories Of Finished Goods And Work-In-Progress**

(Rupees Lacs)

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Closing Stock:		
Finished Goods	2,446.43	3,466.55
Work-in-Progress	3,015.09	1,953.99
	5,461.52	5,420.54
Less: Opening Stock:		
Finished Goods	3,466.55	1,537.21
Work-in-Progress	1,953.99	1,063.69
	5,420.54	2,600.90
<b>Total</b>	<b>(40.98)</b>	<b>(2,819.64)</b>

**Note 21**

**Employee Benefits Expense**

(Rupees Lacs)

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Salaries and Wages	7,453.37	6,501.01
Contribution to provident, gratuity and other funds	679.80	586.10
Staff welfare expenses	265.37	177.14
<b>Total</b>	<b>8,398.54</b>	<b>7,264.25</b>

**Note 22**

**Finance Costs**

(Rupees Lacs)

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Interest on Working Capital Facilities	25.87	8.89
Other Borrowing Costs;		
Unwinding of discount	-	12.30
	25.87	21.19

**Note 23**

**Depreciation and Amortisation expense**

(Rupees Lacs)

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Depreciation on Property, Plant And Equipment	4,467.44	4,235.51
Amortisation on Intangible Assets	81.19	55.94
	4,548.63	4,291.45



## VINATI ORGANICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### Note 24

#### Other Expenses

(Rupees Lacs)

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Stores and Spares Consumed	5,355.50	3,063.83
Power and Fuel	11,745.49	6,105.42
Processing Expenses	2,274.94	1,536.45
Rent	16.89	16.16
Rates and Taxes	113.58	92.44
Insurance	414.96	443.04
Printing and Stationery	30.35	21.61
Water Charges	280.48	232.12
Repairs and Renewals:		
Buildings	141.82	102.00
Plant and Machinery	684.75	496.00
Other Assets	89.92	68.18
Travelling and Conveyance	283.73	229.24
Communication Expenses	24.33	26.84
Corporate Social Responsibility Expenses	790.20	702.22
Provision for Doubtful Debts	110.43	-
Vehicle Expenses	58.73	55.98
Auditors' Remuneration:		
As Auditors:		
Audit fee	8.75	7.75
Other Services	2.00	2.00
	10.75	9.75
Cost Auditors Remuneration:		
Audit fee	0.60	0.60
Directors' Fees	16.25	13.50
Directors' Travelling Expenses	0.60	0.07
Security Expenses	205.56	163.82
Commission	189.69	244.06
Bank Charges	139.35	73.63
Miscellaneous Expenses	693.16	446.52
<b>Total</b>	<b>23,672.06</b>	<b>14,143.48</b>



VINATI ORGANICS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

Note 25

A. Capital Management

For the purpose of Group's Capital Management, capital includes Issued Equity Capital, Securities Premium, and all other Equity Reserves attributable to the Equity Holders of the Group. The primary objective of the Group's Capital Management is to maximise the Share Holder Value.

As at 31 March, 2022, the Group has only one class of equity shares and has no long term debt. Consequent to such capital structure, there are no externally imposed capital requirements. The Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

B. Financial Risk Management

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Group. The principal financial assets include trade and other receivables, investments in mutual funds and cash and short term deposits.

The Group has assessed market risk, credit risk and liquidity risk to its financial liabilities.

i) Market Risk

Market Risk is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans and borrowings, investments and foreign currency receivables, payables and borrowings.

Interest Rate Risks

The Group borrows funds in Indian Rupees to meet short term funding requirements. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly. The sensitivity analysis detailed below have been determined based on the exposure to variable interest rates on the outstanding amounts due to bankers over a year.

If the interest rates had been 1% higher / lower and all other variables held constant, the Group's profit for the year ended 31 March 2022 would have been decreased/increased by Rs. 18.40 Lacs. (PY 2020-21 : Rs 2.02 Lacs)

Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities denominated in a currency that is not its functional currency. The exposure to foreign currency risk of the Group at the end of the reporting period expressed is as follows:

Unhedged Short Term Exposures:		Amount (In Million)		(Rupees in Lacs)	
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Financial Assets	USD	33.75	24.11	25,551.52	17,633.11
	EURO	1.43	0.74	1,206.37	636.21
Financial Liabilities	USD	2.83	2.56	2,146.35	1,873.79
	EURO	0.02	0.00	14.02	3.74
Net exposure	USD	30.92	21.55	23,405.17	15,759.32
	EURO	1.42	0.74	1,192.35	632.47

The Group is mainly exposed to changes in US Dollar. The sensitivity to a 1% increase or decrease in US Dollar against INR with all other variables held constant will be Rs. 234.05 Lacs (Previous Year - Rs. 157.59 Lacs)

The Sensitivity analysis is prepared on the net unhedged exposure of the Group at the reporting date.

Derivatives - Forward Contracts

The Group enters into foreign exchange forward contracts with the intention to minimise the foreign exchange risk of firm commitments. The derivative that is either not designated as hedge or is so designated but is ineffective is categorised as a financial asset or liability at fair value through Profit or Loss

The outstanding position and exposures are as under

	Currency	Amount (In Million)	Rupees Lacs	Nature	Cross Currency
Forward Contract (2021-22)	USD	7.75	5,904.87	Export Sales	INR
Forward Contract (2020-21)	USD	-	-	-	-



**Price Risks**

More than two-third of the Group's revenues are generated from exports and the raw materials are procured through import and local purchases where local purchases track import parity price. The Group is affected by the price stability of certain commodities. Due to the significantly increased volatility of certain commodities, the Group enters into contract with the customers that has provision to pass on the change in the raw material prices and also the volatility in the exchange rate. The Group has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Group is exposed to price risk due to its investments in debt instruments and mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The Group manages the securities price risk through investments in debt funds and diversification by placing limits on individual and total investments. Reports on Investment Portfolio are reviewed on regular basis and all approvals of investment decisions are done in concurrence with the senior management.

As at 31st March 2022, the investments in mutual funds/Debt Instruments/ETF/Equity Shares amounts to Rs 9,361.28 Lacs (PY 2020-21 : Rs 28,866.43 Lacs). A 1% point increase or decrease in the NAV with all other variables held constant would have led to approximately an additional Rs 93.61 Lacs (PY 2020-21 : Rs. 288.66 Lacs) on either side in the statement of profit and loss.

**ii) Credit Risk**

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. It arises from credit exposure to customers, financial instruments viz., Investments in Debt Funds and Balances with Banks.

**Trade receivables**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group also has an external credit risk insurance cover with ECGC Policy. The outstanding trade receivables due for a period exceeding 180 days as at the year ended 31 March 2022 is 0.16% (PY 2020-21: 0.45%) of the total trade receivables. The Group uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. Historical experience of collecting receivables of the Group is supported by low level of past default and hence the credit risk is perceived to be low.

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in mutual funds, debt funds and loans to other companies. It has a diversified portfolio of investments with various number of counterparties which have secure credit ratings, hence the risk is reduced. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by its treasury department.

**iii) Liquidity Risk**

The principal sources of liquidity of the Group are cash and cash equivalents, investment in mutual funds, fund and non-fund based working capital lines from banks and the cash flow that is generated from operations. It believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.

The following table shows the maturity analysis of financial liabilities of the Group based on contractually agreed undiscounted cash flows as at the Standalone Balance Sheet date.

**Exposure to liquidity risk:**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	Refer Note	[Rupees Lacs]	
		Less than 1 year	More than 1 Year
Borrowings	14	1,839.89 (202.49)	
Trade Payable	15	11,457.03 (6,663.11)	
Other Non Current Financial Liabilities	11		46.25 (121.80)
Liabilities for Expenses	11	382.80 (230.71)	
Unclaimed dividends	11	211.52 (223.94)	

Figures in brackets are in respect of Previous year



VINATI ORGANICS LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022

NOTE 26

ADDITIONAL/EXPLANATORY INFORMATION

d) Related party disclosures (As per Ind AS 24 - Related Party Disclosures):

(a) Names of other related parties and nature of relationship:

Key Management Personnel:	<ul style="list-style-type: none"> <li>i) Mr. Vinod Saraf - Chairman</li> <li>ii) Mrs. Vinati Saraf Mutreja - Managing Director and CEO</li> <li>iii) Mr. Jayesh Ashar - Director - Operations</li> <li>iv) Mrs. Viral Saraf Mittal - Director CSR</li> <li>v) N. K. Goyal - Chief Financial Officer (CFO)</li> <li>vi) Milind Wagh - Company Secretary</li> </ul>
Relatives of Key Management Personnel:	<ul style="list-style-type: none"> <li>i) Mr. Sunil Saraf - Brother of Mr. Vinod Saraf</li> <li>ii) Kavita Saraf - Wife of Mr. Vinod Saraf</li> </ul>
Enterprise owned or significantly influenced by an	<ul style="list-style-type: none"> <li>i) Viral Alkalis Limited</li> <li>ii) Suchir Chemicals Private Ltd.</li> <li>iii) Veeral Additives Pvt. Ltd.</li> </ul>
Other Related Parties	<ul style="list-style-type: none"> <li>i) Vinati Organics Limited - Group Gratuity Trust</li> <li>ii) Mrs. Kavita Vinod Saraf Foundation</li> </ul>

(b) Transactions with related parties (excluding reimbursements)  
Nature of Transactions

	(Rupees Lacs)			
	Transactions for the year 31-Mar-22	Closing balance as on 31-Mar-22	Transactions for the year 31-Mar-21	Closing balance as on 31-Mar-21
<b>i) Key Management Personnel:</b>				
<b>Managerial Remuneration (Short Term Employee Benefits)*</b>				
Directors	515.92		381.37	
CFO	90.88		79.49	
Company Secretary	34.63		30.46	
<b>Dividend paid during the year</b>				
Vinod Saraf	834.03		64.29	
Vinati Saraf Mutreja	72.64		5.60	
Viral Saraf Mittal	62.54		4.82	
<b>ii) Relatives of Key Management Personnel:</b>				
<b>Sitting Fees</b>				
Mr. Sunil Saraf			1.50	
<b>Dividend paid during the year</b>				
Kavita Saraf	744.87		57.42	
<b>iii) Enterprise owned or significantly influenced by any management personnel or their relatives</b>				
Sales - Viral Alkalis Ltd	1.49		4.57	0.08
Purchase - Viral Alkalis Ltd	128.61		677.88	111.44
Rent of Immovable property-Viral Alkalis Ltd	4.80		5.80	
Sales - Veeral Additives Pvt. Ltd.	1,635.53	618.39	1,088.15	157.28
Purchase - Veeral Additives Pvt. Ltd.	25.31	0.23	98.61	
Rent of Immovable property- Veeral Additives Pvt. Ltd	5.40		4.80	
Interest Income - Veeral Additives Pvt. Ltd.	1,203.78	1,153.59	75.87	75.87
Loan given to - Veeral Additives Pvt. Ltd.	12,048.00	25,234.40	13,186.40	13,186.40
Dividend Payment - Suchir Chemicals Private Ltd	2,853.19		219.93	
<b>iv) Other Related Parties</b>				
Contributions paid	155.84		164.58	
Contributions payable		184.34		155.39
CSR paid	40.46			

\* Remuneration does not include provisions made for Gratuity as it is determined on an actuarial basis for the Group as a whole.

c)

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



**VINATI ORGANICS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2022**

NOTE 26

**ADDITIONAL/EXPLANATORY INFORMATION**

e) **Commitment**

(i) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for: Rs. 6682.40 Lacs (Previous Year Rs. 8440.95 Lacs).

(ii) Other Commitments

- a) Bank Guarantees - Rs. 1921.84 Lacs (Previous Year - Rs. 860.34 Lacs)  
b) Letters of Credit issued by the Banks - Rs. 762.72 Lacs (Previous Year - Rs. 4458.70 Lacs)

f) **Contingent Liabilities not provided for:**

- (a) Disputed Excise/Customs Duty/Service tax demands pending before the Appellate Authorities/High Court - Rs. 49.32 Lacs (Previous Year Rs. 49.32 Lacs) against which payment of Rs. 1.88 Lacs (Previous Year Rs. 1.88 Lacs) has been made.  
(b) Disputed Income Tax Demands - Rs. 0.86 Lacs (Previous Year Rs. 3.48 Lacs).  
(c) Disputed demand by The Tahasildar, Mahad for Royalty and Penalty on Sand/Metal of Rs. 23.25 Lacs (Previous Year Rs. 23.25 Lacs). The Holding Company had filed the Appeal to The Additional Commissioner, Kokan Division against demand of Rs. 2.02 Lacs and appeal for Balance amount of Rs. 21.23 Lacs to Minister of Revenue. The Holding Company is hopeful for the demand likely to be waived off against which payment of Rs. 6.99 Lacs (Previous Year - Rs. 6.99 Lacs) has been made.  
(d) Delayed Payment Charges (DPC) of Water bill demanded by MIDC, Mahad for Plot No. B-5/6 Rs. 14.39 Lacs (Previous Year Rs. 14.39 Lacs). The Holding Company requested MIDC to waive the DPC and hopeful to be waived off.

g) Income tax adjustments for earlier years represent accrued tax benefits based on judicial pronouncement (net off Rs. 562.72 Lacs towards additional tax liability) amounting to Rs. 1092.37 (P. Y. Rs. 1726.89 Lacs for accrued tax benefits) for year ended on March 2022.

h) i) The Board of Directors of the Holding Company have approved a scheme of amalgamation of Veeral Additives Private Limited into Vinati Organics Limited in their meeting held on February 2, 2021. The scheme provides April 1, 2021 as appointed date. Pending approval of the Scheme, no effect has been given to the Scheme in preparing accounts of the year ended March 31, 2022.

ii) This is to facilitate forward integration to the existing product lines of the Group. To expedite the completion of the project in time, and to avoid delays in the execution due to ongoing pandemic, the Holding Company has advanced loans of Rs. 12,048 (P.Y. Rs. 13186.40 Lacs) to the proposed amalgamating company with a reference made in the scheme that Veeral Additives Private Limited will conduct all activities as trustees for the Holding Company. Approval of the shareholders is sought in the ensuing general meeting.

Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 (4) of the Companies Act, 2013.

Particulars	Purpose	(In Rupees Lacs)			
		Amount outstanding		Maximum outstanding during the year	
		2021-22	2020-21	2021-22	2020-21
<b>Other Parties</b>					
Veeral Additives Private Limited	Capital Expenditure	25,234.40	13,186.40	25,234.40	13,186.40

Notes:

- i) Loans given to employees as per the policy of the Group are not considered.  
ii) The loanees did not hold any shares in the share capital of the Holding Company.

(i) **Additional information on Net Assets and Share of Profit as at 31st March, 2022**


Name of Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive Income (OCI)	
	As % of consolidated net assets	Amount (Rs Lacs)	As % of net Profit	Amount (Rs. Lacs)	As a % of OCI	
					As a % of OCI	Amount (Rs. Lacs)
Parent - Vinati Organics Limited	100.01%	1,82,813.71	100.02%	34,667.51	100%	(28.29)
Subsidiaries Indian Veeral Organics Limited	0.46%	840.09	0.00%	-0.63	0%	

k) **Events Occurring after the Balance Sheet date**

The proposed final dividend for FY 2021-22 amounting to Rs. 6,680.83 Lacs (FY 2020-21 : 6,166.92 Lacs) will be recognised as distribution to owners during the financial year 2021-22 on its approval by Shareholders. The proposed final dividend per share amounts to Rs. 6.50/- (FY 2020-21 : Rs. 6/-)

l) Previous year's figures have been re-grouped/re-classified to confirm to the requirements of the amended schedule III to the Companies Act, 2013 effective 01st, April 2021

For M M Nissim & Co LLP  
Chartered Accountants  
Firm Reg.No. 1107122W/W100672

  
N Kashinath  
Partner  
Mem.No 036490  
Mumbai, 31st March, 2022



  
Milind Wagh  
Company Secretary  
  
Anil Kumar Goyal  
Chief Financial Officer

For and on behalf of Board of Directors

  
Vinod Saraf  
Chairman  
DIN: 00076708  
  
Vinati Saraf Mutreja  
Managing Director & CEO  
DIN: 00079184

*VINATI ORGANICS LIMITED*

**ANNUAL ACCOUNTS  
(STANDALONE)**

**2021 – 2022**

**Corporate Office:**  
Parinee Crescenzo, 1102, 11<sup>th</sup> Floor, A Wing,  
Plot No.C38 & C39, 'G' Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai - 400 051,  
Tel: 022-6124 0444, Fax: 022-6124 0438  
E-mail: [vinati@vinatiorganics.com](mailto:vinati@vinatiorganics.com)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VINATI ORGANICS LIMITED

### Opinion

We have audited the Separate financial statements (also known as Standalone Financial Statements) of VINATI ORGANICS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss (including other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31st March, 2022, and its profit(financial performance including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Sr. No.	Key Audit Matter	Our Response
1	<p><b>Defined benefit obligation</b></p> <p>The valuation of the retirement benefit schemes in the Company is determined with reference to various actuarial assumptions including discount rate, future salary increases, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation.</p>	<p>We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.</p> <p>We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.</p>
2	<p><b>Evaluation of uncertain tax positions</b></p> <p>The Company has uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p>	<p><b>Principal Audit Procedures</b></p> <p>We performed the following substantive procedures:</p> <p>Obtained details of completed tax assessments and demands upto March 31, 2022 from management. We involved our internal experts to examine the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at March 31, 2022 to evaluate whether any change was required to management's position on these uncertainties.</p> <p><b>Conclusion</b></p> <p>We agree with management's evaluation.</p>



**Information Other than the Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Report on Corporate Governance, Business Responsibility Report, but does not include the Standalone Financial Statements and our auditor's report thereon. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, Changes in Equity and Cash Flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process

**Auditor's Responsibility for the audit of the Standalone financial statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.



As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion, The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication..



**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" - a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting
  - g) As required by section 197(16) of the Act, based on our audit, we report that the Company has paid and provided for remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements - Refer Note 28 (i) to the Standalone financial statements;
    - ii. The Company has long-term contracts including derivative contracts for which there were no material foreseeable losses; and
    - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the company



- iv. (a) As represented to us by the management and to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (Intermediaries"), with the understanding whether recorded in writing or otherwise that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (b) As represented to us by the management and to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The Company has complied with the provisions with respect to Section 123 of the Companies Act, 2013 in respect of final dividend proposed in the previous year and paid during the year and the proposed final dividend for the year which is subject to the approval of members at the ensuing Annual General Meeting

For M M NISSIM & CO LLP  
Chartered Accountants  
(Firm Regn. No. 107122W/W100672)



(N. Kashinath)

Partner

Mem. No.: 036490

Mumbai, 14<sup>th</sup> May, 2022

UDIN : 22036490AIZEIS5434



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF VINATI ORGANICS LIMITED**

- i) a) A) The company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- B) The company has maintained proper records showing full particulars of Intangible Assets;
- b) The Property, Plant & equipment have been physically verified by the management in accordance with a regular programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification;
- c) Based on our examination of the registered sale deed / transfer deed / conveyance deed / property tax paid documents (which evidences title) provided to us, we report that, the title deeds of all the immovable properties disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.
- d) The company has not revalued its Property, Plant & Equipment and Intangible Assets during the year. Accordingly, provisions clause (i)(d) of Para 3 of the Order are not applicable to the Company.
- e) No proceedings have been initiated during the year or are pending against the Company as at 31<sup>st</sup> March 2022 for holding any benami property under the Benami Transaction (Prohibition) Act, 1988, as amended and rules made thereunder.
- ii) a) The inventory, except for goods in transit, has been physically verified by the management during the year at reasonable intervals. In our opinion, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and the nature of its operation. For goods in transit, the goods have been received subsequent to the year-end or confirmation have been obtained. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such physical verification of inventory when compared with books of account.
- b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs.5 crores, in aggregate, at any point of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the returns or statements comprising stock statements, book debt statements, credit monitoring arrangement reports, statements on ageing analysis of the debtors / other receivables, and other stipulated financial information filed by the Company with such banks are in agreement with the unaudited books of account of the Company for the respective quarters except for the following;



Particulars	Nature of Security	Amount in Lacs		
		Jun-21	Sep-21	Dec-21
Current Assets as per Statement filed with State Bank of India	Refer Note Below	45,759.84	45,086.40	46,616.99
<b>Add: Reconciliation of Items not considered in the Statement filed with the bank</b>				
Slow Moving Stock		1,777.25	2,062.62	2,533.12
Stock at different location		103.13	132.78	239.60
Raw Material in Transit		-	3,073.99	6,202.66
Valuation Difference		444.77	2,085.85	594.90
<b>Balance as per Financial Statements</b>		<b>48,084.99</b>	<b>52,441.64</b>	<b>56,187.27</b>

The Company has subsequently revised the statements filed with the Bank. Refer Note 14 to Standalone financial statements.

Note: Secured by hypothecation of inventories, all the present and future book debts and other receivables, first charge on all present and future Property, Plant And Equipment at Mahad Works and residential building at Mahad and second charge on all property, plant And equipment situated at Lote Works.

iii) The company has made investments in its wholly owned subsidiary company. The Company has not provided any guarantee or security to companies, firms, Limited Liability Partnerships or any other parties during the year.

a) The Company has provided loans or advances in the nature of loans during the year and details of which are given below;

	Loans (Amount in Lacs)
A. Aggregate amount granted during the year	
- Wholly Owned Subsidiary	169.75
- a Company (proposed to be amalgamated with the Company)	12,048.00
B. Balance outstanding as at balance sheet date in respect of above cases:	
- Wholly Owned Subsidiary	Nil
- a Company (proposed to be amalgamated with the Company)	25234.40



- b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
- c) In respect of loan granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are generally been regular as per stipulation.
- d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loan granted to settle the overdues of existing loan given to the same party.
- f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 of the Companies Act, 2013; in respect of loan granted to a Company (proposed to be amalgamated with the Company) during the year amounting to Rs. 25,000 Lacs. In addition, a loan of Rs. 234.40 Lacs has been granted during the year for which approval of the Shareholders is sought in the ensuing Annual General Meeting (Refer Note 28(m) to the Standalone Financial Statements). The Company has complied with provisions of Section 186 of the Companies Act, 2013 with respect of investments made by the Company.
- v) The Company has not accepted any deposits or amounts which are deemed to be deposits Accordingly, provisions clause (v) of Para 3 of the Order are not applicable to the Company.
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii) a) In our opinion, the company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Service Tax, Goods & Services Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities, where applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2022 for a period of more than six months from the date they became payable.





- b) According to the records of the company, the dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statute and nature of dues	Financial year to which the matter pertains	Forum where the dispute is pending	Rs Lakhs
<b>CUSTOMS ACT, 1962</b>			
Customs Duty and penalty	March, 2012 to May 2012	Appellate Tribunal	45.08
<b>CENTRAL EXCISE ACT, 1944 and Finance Act 1994</b>			
Service Tax	Jan., 2012 to Nov., 2012	Appellate Tribunal	2.36
<b>INCOME TAX, 1961</b>			
Income Tax	2009-10	Appellate Commissioner	0.86

- viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year
- ix) a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year. Accordingly, provisions clause (ix)(c) of Para 3 of the Order are not applicable to the Company.
- d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, funds raised on short-term basis have, *prima facie*, not been used during the year for long-term purposes by the Company.
- e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- f) The Company has not raised any loans during the year. Accordingly, provisions clause (ix)(f) of Para 3 of the Order are not applicable to the Company.

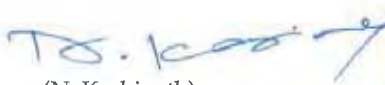


- x) a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, provisions clause (x)(a) of Para 3 of the Order are not applicable to the Company.
- b) The Company has not made any preferential allotment or private placement of share or fully convertible debentures (fully, partially or optionally convertible) during the year and accordingly provisions of clause (x)(b) of Para 3 of the Order are not applicable to the Company.
- xi) a) On the basis of our examination and according to the information and explanations given to us, no fraud by the Company or any material fraud on the company has been noticed or reported during the year, nor have we been informed of any such case by the management.
- b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
- c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- xii) The company is not a nidhi Company and accordingly provisions of clause (xii) of Para 3 of the order are not applicable to the Company.
- xiii) On the basis of our examination and according to the information and explanations given to us, we report that all the transaction with the related parties are in compliance with Section 177 and 188 of the Act, and the details have been disclosed in the Financial statements in Refer Note 28(f) as required by the applicable accounting standards.
- xiv) a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non -cash transactions with directors or persons connected with the directors and hence provisions of Sec 192 of the Companies Act, 2013 are not applicable to the company.
- xvi) a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, provisions of clause (xvi) of Para 3 of the Order are not applicable to the Company.
- b) During the year, the Company has not conducted any Non-Banking Financial or Housing Finance activities and accordingly, provisions of clause (xvi)(b) of Para 3 of the Order are not applicable to the Company.



- c) The Company is not a Core Investment Company (CIC) as defined in the Regulations made by the Reserve Bank of India and accordingly the provisions of clause (xvi) of Para 3 of the Order is not applicable to the Company.
- d) The group does not have any CIC as a part of the group and accordingly reporting under clause (xvi)(d) of Para 3 of the Order is not applicable to the Company.
- xvii) The Company has not incurred cash losses during the Financial Year covered by our audit and in the immediately preceding Financial Year.
- xviii) There has been no resignation of the statutory auditors of the Company during the year.
- xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx) a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year
- b) In respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility (CSR) amount to a Special account before the date of this report and within a period of 30 days from the end of the financial year in compliance with the provision of section 135(6) of the Act.

For M M NISSIM & CO LLP  
Chartered Accountants  
(Firm Regn. No. 107122W/W100672)

  
(N. Kashinath)

Partner

Mem. No.: 036490

Mumbai, 14<sup>th</sup> May, 2022

UDIN :- 22036490AIZEIS5434



**"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF VINATI ORAGNICS LIMITED.**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

**Opinion**

We have audited the internal financial controls with reference to Standalone Financial Statements of **VINATI ORGANICS LIMITED** ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Standalone Financial Statements and such controls were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India(ICAI).

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Standalone Financial Statements were established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone Financial Statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to Standalone Financial Statements.

**Meaning of Internal Financial Controls with reference to Financial Statements**

A Company's internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements

**Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Standalone Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M M NISSIM & CO LLP  
Chartered Accountants  
(Firm Regn. No. 107122W/W100672)



(N. Kashinath)  
Partner  
Mem. No.: 036490  
UDIN:- 22036490AIZEIS5434  
Mumbai, 14<sup>th</sup> May, 2022



**VINATI ORGANICS LIMITED**  
**STANDALONE BALANCE SHEET AS AT 31 MARCH 2022**

(Rupees Lacs)			
Particulars	Note	As at 31 March 2022	As at 31 March 2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	2 (a)	87,193.50	75,565.49
Capital Work-in-Progress	2 (b)	4,728.85	5,469.03
Other Intangible Assets	2 (c)	123.20	117.98
<b>Financial Assets;</b>			
- Investments	3	9,776.70	10,776.25
- Loans	4	25,234.40	13,287.89
- Other financial assets	5	633.72	126.06
Other non-current assets	6	3,721.82	2,511.72
<b>Current Assets</b>			
Inventories	7	17,615.88	12,193.96
<b>Financial Assets;</b>			
- Investments	3	11.58	18,091.18
- Trade Receivables	8	45,838.11	27,716.03
- Cash and cash Equivalents	9	93.57	167.47
- Bank balances other than cash and cash equivalents	10	334.48	517.07
- Loans	4	28.68	8.30
- Others financial assets	5	2,741.03	1,378.82
Current Tax Assets (Net)		1,745.31	651.56
Other current assets	6	9,155.69	4,770.59
<b>TOTAL ASSETS</b>		<b>2,08,976.52</b>	<b>1,71,349.40</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	SOCE	1,027.82	1,027.82
Other Equity	SOCE	1,81,785.89	1,53,313.58
<b>Total Equity</b>		<b>1,82,813.71</b>	<b>1,54,341.40</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
<b>Financial Liabilities</b>			
- Other Financial Liabilities	11	46.25	121.80
Deferred Tax Liabilities (Net)	12	9,002.19	7,792.74
Other non-current liabilities	13	399.75	352.90
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
- Borrowings	14	1,839.89	202.49
- Trade Payables			
(A) total outstanding dues of micro & small enterprises	15	691.21	299.62
(B) total outstanding dues other than micro & small enterprises	15	10,765.71	6,337.53
- Other Financial Liabilities	11	594.32	454.65
Other Current Liabilities	13	2,231.09	2,245.36
Provisions	16	536.58	469.92
Current Tax Liabilities (Net)		55.82	730.99
<b>Total Liabilities</b>		<b>26,162.81</b>	<b>19,008.00</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,08,976.52</b>	<b>1,71,349.40</b>
<b>Significant Accounting Policies</b>	1		

Accompanying Notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date

For M M Nissim & Co LLP

For and on behalf of Board of Directors

Chartered Accountants

Firm Reg.No. 1107122W/W100672

N.Kashinath  
Partner  
Mem.No.036490  
UDIN: 22036490AIZEIS5434  
Mumbai, Dated 14th May, 2022



*Millind Wagh*  
Millind Wagh  
Company Secretary

*Manal Kishor Goyal*  
Manal Kishor Goyal  
Chief Financial Officer

*Vinod Saraf*  
Vinod Saraf  
Chairman  
DIN: 00076708

*Vinati Saraf Murtreja*  
Vinati Saraf Murtreja  
Managing Director & CEO  
DIN: 00079184

**VINATI ORGANICS LIMITED**

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2022**

(Rupees Lacs)

Particulars	Note	Year Ended 31 March 2022	Year Ended 31 March 2021
<b>INCOME</b>			
Revenue from Operations	17	1,61,551.18	95,425.81
Other Income	18	6,096.24	2,585.55
<b>TOTAL INCOME</b>		<b>1,67,647.42</b>	<b>98,011.36</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	85,532.03	41,585.56
Purchase of Stock in Trade		581.30	
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	20	(40.98)	(2,819.64)
Employee Benefits expense	21	8,398.54	7,264.25
Finance Costs	22	25.87	21.19
Depreciation and Amortisation expense	23	4,548.63	4,291.45
Other Expenses	24	23,671.44	14,143.04
<b>TOTAL EXPENSES</b>		<b>1,22,716.83</b>	<b>64,485.85</b>
<b>PROFIT BEFORE TAX</b>		<b>44,930.59</b>	<b>33,525.51</b>
<b>TAX EXPENSE</b>			
Current Tax		10,146.00	7,574.33
Deferred Tax		1,209.45	744.42
Earlier year Adjustments (Refer Note 28(k))		(1,092.37)	(1,726.89)
<b>TOTAL TAX EXPENSE</b>		<b>10,263.08</b>	<b>6,591.86</b>
<b>PROFIT FOR THE YEAR</b>		<b>34,667.51</b>	<b>26,933.65</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to Profit or Loss			
Remeasurements of Defined benefit plans		(37.80)	(25.27)
Income Tax relating to items that will not be reclassified to Profit or Loss		9.51	6.36
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>(28.29)</b>	<b>(18.91)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>34,639.22</b>	<b>26,914.74</b>
<b>EARNINGS PER EQUITY SHARE</b>			
	28 (a)		
Basic		33.73	26.20
Diluted		33.73	26.20

**Significant Accounting Policies**

1

Accompanying Notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For M M Nissim & Co LLP

Chartered Accountants

Firm Reg.No. 1107122W/W100672

T.O. Kashinath  
Partner  
Mem.No.036490



Mumbai, Dated 14th May, 2022

*Millind Wagh*  
Millind Wagh  
Company Secretary

*Nand Kishor Goyal*  
Nand Kishor Goyal  
Chief Financial Officer

For and on behalf of Board of Directors

*Vinod Saraf*  
Vinod Saraf  
Chairman  
DIN: 00076708

*Vinati Saraf Muti*  
Vinati Saraf Muti  
Managing Director  
DIN: 00079184

**VINATI ORGANICS LIMITED**  
STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

Particulars	(Rupees Lacs)	
	Year ended 31 March 2022 Audited	Year ended 31 March 2021 Audited
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
NET PROFIT BEFORE TAX	44,930.59	33,525.51
Adjustment for :		
Depreciation	4,548.63	4,291.45
Unrealised foreign exchange loss/(gain)	(560.56)	(231.60)
Finance Cost (including fair value change in financial instruments)	25.87	21.19
Interest Income	(1,371.43)	(212.69)
Dividend Income	(31.44)	
Net gains on fair value changes on financial assets classified as FVTPL	(1,072.29)	(630.71)
Net gain on sale of Investments classified as FVTPL	(378.12)	(233.43)
Loss / (Gain) on Sale / Disposal of Property, Plant and Equipment	(0.80)	(1.82)
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>1,159.86</b>	<b>3,002.39</b>
Trade receivables	46,090.45	36,527.90
Other Non Current Financial assets	(17,529.29)	(7,301.07)
Other Current Financial assets	46.86	102.23
Other Non Current Assets	(291.69)	205.53
Other Current Assets	14.76	(49.59)
Inventories	(4,385.10)	(692.77)
Trade Payable	(5,421.92)	(2,876.89)
Provisions	4,809.24	1,058.85
Other non-current liabilities	28.86	1.00
Other Current Financial Liabilities	46.85	98.87
Other current liabilities	152.09	184.16
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(38.36)</b>	<b>(8,562.43)</b>
Direct Taxes paid	23,522.73	27,965.47
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(10,813.01)</b>	<b>(8,074.47)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(16,198.74)	(4,933.39)
Capital Work in Progress And Capital Advance	(484.68)	(3,285.13)
Proceeds from sale of Property, Plant and Equipment	17.68	36.38
Investment in Subsidiary (including share application money pending allotment of Rs. 425 Lacs)	(851.00)	(1.00)
Purchase of Investments	(4,037.65)	(13,012.20)
Proceeds from sale of Investments	7,553.65	10,251.70
Loans (Financial assets)	(11,966.89)	(13,265.85)
Deposits/ Balances with Banks	53.07	4,027.20
Interest Income	300.91	361.53
Dividend income	31.44	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(25,582.21)</b>	<b>(19,820.76)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayments) / Proceeds from Working Capital Facilities (Net)	1,637.40	167.84
Non Current Financial Liabilities - Security Deposits	(75.55)	97.08
Interest paid	(25.87)	(21.19)
Dividend	(6,179.34)	(553.54)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(4,643.36)</b>	<b>(309.81)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(17,515.83)</b>	<b>1,780.46</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2021</b>	<b>17,618.60</b>	<b>15,858.13</b>
- Cash and cash Equivalents	167.47	999.32
- Highly Liquid Investments	17,451.13	14,948.81
Unrealised Gain/ (Loss) on Foreign currency Cash & Cash equivalents	2.40	0.01
<b>CASH AND CASH EQUIVALENTS AS AT 31 March 2022</b>	<b>105.15</b>	<b>17,618.60</b>
- Cash and cash Equivalents	93.57	167.47
- Highly Liquid Investments	11.58	17,451.13

Note to Cash Flow Statement:

- The above Cash Flow Statement has been prepared under the Indirect Method
- Reconciliation of Financial Liabilities

	31.03.2022	31.03.2021
Opening Balance	299.57	34.65
Cash inflow / (outflow) of current borrowings	1,637.40	167.84
Other changes	(75.55)	97.08
Changes in unpaid dividend	(12.42)	
<b>Closing Balance</b>	<b>1,849.00</b>	<b>299.57</b>

- Refer note 28(e) for amount spent during the years ended March 31, 2022 and 2021 on construction / acquisition of any asset and other purposes relating to CSR activities

This is the Cash Flow statement referred to in our report of even date

For M M Nissim & Co LLP  
Chartered Accountants  
Firm Reg.No. 1107122W/W100672

N.Kashinath  
Partner  
Mem.No 036490  
Mumbai, Dated 14th May, 2022



For and on behalf of Board of Directors

Mihir Wagh  
Company Secretary  
Nand Kishor Goyal  
Chief Financial Officer

Vinod Saraf  
Chairman  
DIN: 00076708

Vinati Saraf Mutreja  
Managing Director & CEO  
DIN: 00079184



**VINATI ORGANICS LIMITED**  
**STANDARD STATEMENT OF CHANGES IN EQUITY (SOCE) FOR THE YEAR ENDED 31 MARCH 2022**

EQUITY SHARE CAPITAL	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised Share Capital	15,00,00,000	15,00,00,000	15,00,00,000	15,00,00,000
Issued Share Capital	10,27,82,050	10,27,82,050	10,27,82,050	10,27,82,050
Subsided Share Capital	10,27,82,050	10,27,82,050	10,27,82,050	10,27,82,050
Fully Paid-up Share Capital	10,27,82,050	10,27,82,050	10,27,82,050	10,27,82,050
<b>Balance at the beginning of the reporting year</b>	<b>10,27,82,050</b>	<b>10,27,82,050</b>	<b>10,27,82,050</b>	<b>10,27,82,050</b>
Changes in equity share capital due to prior period errors				
<b>Restated balance as at the beginning of the reporting year</b>	<b>10,27,82,050</b>	<b>10,27,82,050</b>	<b>10,27,82,050</b>	<b>10,27,82,050</b>
Changes in Equity Share Capital during the reporting year				
<b>Balance at the end of the reporting year</b>	<b>10,27,82,050</b>	<b>10,27,82,050</b>	<b>10,27,82,050</b>	<b>10,27,82,050</b>

**Rights, preferences and restrictions attaching to each class of shares on holding, restrictions on the distribution of dividends and the repayment of capital**  
 The company has one class of equity shares having a par value of Rs 1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Shares held by promoters at the end of the year	As at 31 March 2022		% Change during the year	As at 31 March 2021		% Change during the year
	No.	%		No.	%	
Promoter Name						
Vinod Saraf	1,39,00,582	13.52%	NIL	1,39,00,582	13.52%	NIL
Kavita Saraf	1,24,14,456	12.08%	NIL	1,24,14,456	12.08%	NIL
Suchir Chemicals Pvt Ltd	4,75,53,168	46.27%	NIL	4,75,53,168	46.27%	0.01%
Vinati Saraf Mutreja	12,10,620	1.18%	NIL	12,10,620	1.18%	NIL
Viral Saraf Mittal	10,42,300	1.01%	NIL	10,42,300	1.01%	NIL

Shares in the Company held by each shareholder holding more than five percent shares	As at 31 March 2022		As at 31 March 2021	
	No.	%	No.	%
Vinod Saraf	1,39,00,582	13.52%	1,39,00,582	13.52%
Kavita Saraf	1,24,14,456	12.08%	1,24,14,456	12.08%
Suchir Chemicals Pvt Ltd	4,75,53,168	46.27%	4,75,53,168	46.27%

OTHER EQUITY	Securities Premium	General Reserve	Reserves and Surplus			Employee's share of Defined Benefit Plan	TOTAL
			Capital Reserve	Capital Redemption Reserve	Retained Earnings		
<b>Balance at the beginning of the comparative reporting year - 1st April 2020</b>	636.28	5,947.60	30.40	4.00	1,20,488.82	(194.35)	1,26,912.75
Changes in Accounting Policy or Correction of Prior Period Errors							
<b>Restated balance as at 1st April 2020</b>	636.28	5,947.60	30.40	4.00	1,20,488.82	(194.35)	1,26,912.75
Profit for the Comparative Year ending 31st March 2021					26,933.65		26,933.65
Other Comprehensive Income for the Current Reporting year ending 31 March 2021*						(18.91)	(18.91)
<b>Total Comprehensive Income for the Comparative year</b>					26,933.65	(18.91)	26,914.74
<b>Transactions with owners in their capacity as owners:</b>							
Dividends:					(513.91)		(513.91)
<b>Balance at the beginning of the reporting year</b>	636.28	5,947.60	30.40	4.00	1,46,908.56	(213.26)	1,53,313.58
Changes in Accounting Policy or Correction of Prior Period Errors							
<b>Restated balance as at 1st April 2021</b>	636.28	5,947.60	30.40	4.00	1,46,908.56	(213.26)	1,53,313.58
Profit for the reporting year ending 31st March 2022					34,667.51		34,667.51
Other Comprehensive Income for the Current Reporting year ending 31 March 2022*						(28.29)	(28.29)
<b>Total Comprehensive Income for the Reporting year</b>					34,667.51	(28.29)	34,639.22
<b>Transactions with owners in their capacity as owners:</b>							
Dividends:					(6,166.92)		(6,166.92)
<b>Balance at the end of the reporting year ending 31st March 2022</b>	636.28	5,947.60	30.40	4.00	1,75,409.15	(311.31)	1,81,785.89

\*Loss of Rs 28,29 Lacs and Rs 18.91 Lacs on re-measurement of defined benefit plans (net of tax) is recognised as part of Reserves and Surplus for the year ended 31st March 2022 and 31st March 2021 respectively.

Statement and Purpose of each component of equity	Nature and Purpose
i. Securities Premium	Amount received in excess of par value of shares is classified as Securities Premium
ii. General Reserve	General Reserve represents accumulated profits and is created by transfer of profits from Earnings and it is not an item of Comprehensive Income and the same shall not be subsequently reclassified to Statement of Profit and Loss
iii. Capital Reserve	Capital Reserve represents special dividend of Rs 30 Lacs & Rs 20 Lacs of General Reserve
iv. Capital Redemption Reserve	Capital Redemption Reserve is created against the buy back of shares by the Company as per accounting requirements
v. Retained Earnings	Retained Earnings are Profits that are being transferred to General Reserve and Dividends
vi. Re-measurements of Defined Benefit Plans	Gain/Loss on Re-measurements of Defined Plan of employee's share of reporting period is separately disclosed under Reserves and Surplus and shall not be reclassified to Statement of Profit or Loss in the subsequent years

**Significant Accounting Policies**  
 Accounting policies are an integral part of financial statements.  
 This is the Statement of Changes in Equity (SOCE) referred to in our report of even date.

For M M Nissim & Co LLP  
 Chartered Accountants  
 Firm Reg. No. 1107122W/W100672  
 N. K. Kulkarni  
 Partner  
 Mem. No. 036490

For and on behalf of Board of Directors  
 Millind Wagh  
 Company Secretary  
 Vinod Saraf  
 Managing Director & CEO  
 Chief Financial Officer

Vinod Saraf  
 Managing Director & CEO  
 DIN: 00079184



# VINATI ORGANICS LIMITED

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

### Note 1 : Significant Accounting Policies

#### A General Information

The Company was established in 1989 and is engaged in manufacturing of speciality chemicals. The manufacturing facilities are located at Mahad and Lote Parashuram, Maharashtra. The company is listed on Bombay Stock Exchange and National Stock Exchange. The registered office is located at B-12 & B-13/1, MIDC Indl. Area, Mahad - 402 309, Dist. Raigad, Maharashtra.

#### B Basis of preparation of Financial Statements

The principal accounting policies applied in the preparation of these financial statements are set out in Para C below. These policies have been consistently applied to all the years presented

#### i Statement of Compliance

These Separate financial statements (also known as Standalone Financial Statements) have been prepared in accordance with IND AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto.

#### ii Basis of preparation and presentation

The financial statements have been prepared on historical cost basis considering the applicable provisions of Companies Act 2013, except for the following material item that has been measured at fair value as required by relevant Ind AS. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

- a) Certain financial assets/liabilities measured at fair value (Refer note C-20) and
- b) Any other item as specifically stated in accounting policy.

The Financial Statement are presented in Indian Rupee ('INR') and all values are rounded to the Rupee in Lacs, unless otherwise stated.

Whenever the company changes the presentation or classification of items in its financial statements materially, the company reclassifies comparative amounts, unless impracticable. No such material reclassification has been made during the year.

The financial statements of the Company for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the board of directors on 14th May, 2022

#### iii Major Sources of Estimation Uncertainty

In the application of accounting policy which are described in note (C) below, the management is required to make judgment, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses, contingent liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are prudent and reasonable. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The few critical estimations and judgments made in applying accounting policies are:



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

#### Property, Plant and Equipment:

Useful life of Property Plant and Equipment and Intangible Assets are as specified in Schedule II to the Companies Act, 2013 and on certain intangible assets based on technical advice which considered the nature of the asset, the usage of the asset and anticipated technological changes. The company reviews the useful life of Property, Plant and Equipment at the end of each reporting period. This reassessment may result in change in depreciation charge in future periods.

#### Impairment of Non-financial Assets:

For calculating the recoverable amount of non-financial assets, the company is required to estimate the value-in-use of the asset or the Cash Generating Unit and the fair value less costs to disposal. For calculating value in use the company is required to estimate the cash flows to be generated from using the asset. The fair value of an assets is estimated using a valuation technique where observable prices are not available. Further, the discount rate used for value in use calculations includes an estimate of risk assessment specific to the asset.

#### Impairment of Financial Assets:

The company impairs financial assets other than those measured at fair value through profit or loss or designated at fair value through other comprehensive income on expected credit losses. The estimation of expected credit loss includes the estimation of probability of default (PD), loss given default (LGD) and the exposure at default (EAD). Estimation of probability of default apart from involving trend analysis of past delinquency rates include an estimation on forward-looking information relating to not only the counterparty but also relating to the industry and the economy as a whole. The probability of default is estimated for the entire life of the contract by estimating the cash flows that are likely to be received in default scenario. The lifetime PD is reduced to 12 month PD based on an assessment of past history of default cases in 12 months. Further, the loss given default is calculated based on an estimate of the value of the security recoverable as on the reporting date. The exposure at default is the amount outstanding at the balance sheet date.

#### Defined Benefit Plans:

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### Fair Value Measurement of Financial Instruments:

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### Income taxes

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

#### C Summary of Significant Accounting Policies

##### 1 Property, Plant and Equipment

The Company has elected to continue with the carrying value of Property, Plant and Equipment ('PPE') recognised as of transition date measured as per the Previous GAAP and use that carrying value as its deemed cost of the PPE.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except freehold land which is not depreciated. Cost includes purchase price (after deducting trade discount / rebate), import duties, non-refundable duties and taxes, cost of replacing the component parts, borrowing costs (as per Sl. no. 14 below) and other directly attributable cost to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the initial estimates of the cost of dismantling/removing the item and restoring the site on which it is located.

Spares parts procured along with the Plant and Equipment or subsequently individually which meets the recognition criteria of PPE are capitalized and added to the carrying amount of such items. The carrying amount of those spare parts that are replaced are derecognized when no future economic benefits are expected from their use or upon disposal. If the cost of the replaced part is not available, the estimated cost of similar new parts is used as an indication of what the cost of the existing part was when the item was acquired.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from use. Any gain or loss arising on the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss when the asset is derecognised.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognised till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IND AS 105 and the date that the asset is derecognised.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

Description of the Asset	Estimated Useful Life
<b>Tangible:</b>	
Building – Factory	30 Years
Other than factory buildings	60 Years
Plant and Equipment	5-20 Years
Furniture and Fixtures	10 Years
Computer Servers	6 Years
Computers	3 Years
Office Equipment	5 Years
Other Assets, viz., Air Conditioners	5 Years
Vehicles	8 Years

Depreciation on the property, plant and equipment, is provided over the useful life of assets based on management estimates which is in line with the useful life indicated in Schedule II to the Companies Act, 2013 except Plant and Machinery, Lab equipments and Electrical Installations which are depreciated based on management estimate of the useful life of the assets, and is after considering the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset and anticipated technological changes. Depreciation on all assets is provided on straight line basis.

Depreciation on property plant and equipment added/disposed off during the year is provided on pro rata basis with reference to the date of addition/disposal.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### 2 Research and Development Assets

The company undertakes Research and Development activities for development of new and improved products. All expenditure incurred during Research and Development are analysed into research phase and development phase. The company recognises all expenditure incurred during the research phase in the profit or loss whereas the expenditure incurred in development phase are presented as Capital Work in Progress till the time they are available for use in the manner intended at which moment they are treated as Property, Plant and Equipment and depreciated over their estimated useful life. Revenue expenditure on Research and Development is recognized as an expense in the period in which it is incurred.

#### 3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Technical Know-how acquired separately is treated as intangible assets and amortised over a period of 10 years on straight-line method over the estimated useful economic life.

Software (not being an integral part of the related hardware) acquired for internal use are treated as intangible assets and is amortised over a period of 6 years on straight-line method over the estimated useful economic life.

An item of Intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

#### 4 Impairment of tangible (PPE) and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its PPE and other intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Statement of Profit and Loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised in the Statement of Profit and Loss.

#### 5 Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, components and stores and spares is determined on a first in first out (FIFO) method.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Goods and materials in transit include materials, duties and taxes (other than those subsequently recoverable from tax authorities) labour cost and other related overheads incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The amount of any write-down of inventories to NRV and all abnormal losses of inventories are recognized as expense in the Statement of Profit and Loss in the period in which such write-down or loss occurs. The amount of any reversal of the write-down of inventories arising from increase in the NRV is recognized as a reduction from the amount of inventories recognized as an expense in the period in which reversal occurs.

#### 6 Lease

##### Where the Company is a Lessee -

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability is measured by discounting the lease payments using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or prior to the commencement date of the lease plus any initial direct cost less any lease incentives and restoration cost. They are subsequently measured at cost less accumulated depreciation and impaired losses, if any. ROU assets are depreciated on a straight line basis over the asset's useful life or the lease whichever is shorter. Impairment of ROU assets is in accordance with the Company's accounting policy for impairment of tangible and intangible assets.

#### Where the Company is a Lessor -

Lease income from operating leases where the Company is a lessor is recognised in the statement of profit and loss on a straight line basis over the lease term.

#### 7 Government Grants

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grants in the form of non-monetary assets are recognised at fair value and presented as deferred income which is recognized in the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

Government grants (grants related to income) are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of providing immediate financial support with no future related costs are recognized in the Statement of Profit and Loss in the period in which they become receivable. Grants related to income are presented under other income in the Statement of Profit and Loss except for grants received in the form of rebate or exemption which are deducted in reporting the related expense.

Grant/subsidy receivable against against a specific Property, Plant and Equipment is deducted from the cost of the relevant Property, Plant and Equipment.

#### 8 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a standalone asset only when the reimbursement is virtually certain.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance costs.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist when a contract under which the unavoidable costs of meeting the obligations exceed the economic benefits expected to be received from it.

Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Contingent Assets are not recognized, however, disclosed in financial statement when inflow of economic benefits is probable.

#### 9 Foreign Currency Transactions

The financial statements of Company are presented in INR, which is also the functional currency. In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items denominated in foreign currency are reported at the exchange rate ruling on the date of transaction.

#### 10 Share capital and Securities Premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction net of tax from the proceeds. Par value of the equity share is recorded as share capital and the amount received in excess of the par value is classified as securities premium.

#### 11 Dividend Distribution to equity shareholders

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in other equity along with any tax thereon.

#### 12 Statement of Cash Flows and Cash and Cash Equivalents

Statement of cash flows is prepared in accordance with the indirect method prescribed in the relevant IND AS. For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cheques and drafts on hand, deposits held with Banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and book overdrafts. However, Book overdrafts are to be shown within borrowings in current liabilities in the balance sheet for the purpose of presentation.

#### 13 Revenue Recognition and Other Income

The company derives revenues primarily from sale of goods comprising of speciality chemicals.

The following is a summary of significant accounting policies related to revenue recognition:

Revenue from contract with customers is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer





## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

Revenue is measured based on the transaction price, which is the consideration, adjusted for turnover discounts to customer as specified in the contract with the customers. When the level of discount varies with increase in levels of revenue transactions, the Company recognises the liability based on its estimate of the customer's future purchases. If it is probable that the criteria for the discount will not be met, or if the amount thereof cannot be estimated reliably, then discount is not recognised until the payment is probable and the amount can be estimated reliably. The Company recognises changes in the estimated amount of obligations for discounts in the period in which the change occurs. Revenue also excludes taxes collected from customers.

Revenue in excess of invoicing are classified as contract assets while invoicing in excess of revenues are classified as contract liabilities.

Use of significant judgements in revenue recognition

- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of consideration or variable consideration with elements such as turnover discounts. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Sale of scrap is accounted for as and when the sale is completed and its collection is reasonably certain.

Export incentives are recognised as income of the year on accrual basis. In case of utilisation for Import purpose the same is recognised as raw material cost in the year of import.

Dividend Income is accounted for when the right to receive the same is established, which is generally when shareholders approve the dividend.

Interest Income on financial assets measured at amortised cost is recognised on a time-proportion basis using the effective interest method.

#### 14 Borrowing costs

Borrowing cost includes interest, commitment charges, brokerage, underwriting costs, discounts / premiums, financing charges, exchange difference to the extent they are regarded as interest costs and all ancillary / incidental costs incurred in connection with the arrangement of borrowing.

Borrowing costs which are directly attributable to acquisition / construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized as a part of cost pertaining to those assets. All other borrowing costs are recognised as expense in the period in which they are incurred.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

The company identifies the borrowings into specific borrowings and general borrowings. Specific borrowings are borrowings that are specifically taken for the purpose of obtaining a qualifying asset. Borrowing cost incurred on specific borrowings are capitalised to the cost of the qualifying asset. For general borrowings, the company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on the qualifying asset based on the weighted average of the borrowing costs applicable to general borrowings. The capitalisation on borrowing costs commences when the company incurs expenditure for the asset, incurs borrowing cost and undertakes activities that are necessary to prepare the asset for its intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development of a qualifying asset is suspended. The capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare and the estimated costs necessary to make the sale are complete.

#### 15 Employee Benefits

##### Short-term Employees Benefits

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

##### Post-employment benefits

The Company provides the following post-employment benefits:

- i) Defined benefit plans such as gratuity and
- ii) Defined Contribution plans such as provident fund & national pension scheme



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

#### Defined benefits plans

The cost of providing defined benefit plans such as gratuity is determined on the basis of present value of defined benefits obligation which is computed using the projected unit credit method with independent actuarial valuation made at the end of each annual reporting period, which recognizes each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset (excluding net interest as defined above) are recognised in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of Profit and Loss except those included in cost of assets as permitted in the period in which they occur.

#### Defined Contribution Plans

Payments to defined contribution retirement benefit plans, viz., Provident Fund and National Pension Fund for eligible employees are recognized as an expense when employees have rendered the service entitling them to the contribution.

## 16 Income Taxes

Income tax expense represents the sum of tax currently payable and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

#### Current tax

Current tax is the expected tax payable/ receivable on the taxable income/ loss for the year using applicable tax rates for the relevant period, and any adjustment to taxes in respect of previous years. Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to Income tax is included in Other Income

#### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unabsorbed losses and unabsorbed depreciation to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unabsorbed losses and unabsorbed depreciation can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### 17 Earnings per Share

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

#### 18 Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

- a) An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
  - Held primarily for the purpose of trading,
  - Expected to be realised within twelve months after the reporting period, or
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

- b) A liability is current when:
- It is expected to be settled in the normal operating cycle,
  - It is held primarily for the purpose of trading,
  - It is due to be settled within twelve months after the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

- c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.
- d) The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

#### 19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis except for transactions in the scope of Ind AS 2, 17 and 36. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

#### 20 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

##### a) Financial Assets

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity or contractual obligation to receive cash or another financial asset or to exchange financial asset or financial liability under condition that are potentially favourable to the Company.

Financial assets of the Company comprise trade receivable, cash and cash equivalents, Bank balances, Investments in equity ~~shares of companies~~, investment other than equity shares, loans to employee / others, security deposit etc.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

#### Initial recognition and measurement

All financial assets except trade receivable are recognized initially at fair value. The financial assets not recorded at fair value through profit or loss, are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are charged in the Statement of Profit and Loss. Where transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in the Statement of Profit and Loss and in other cases spread over life of the financial instrument using effective interest.

The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.

#### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through OCI
- Financial assets at fair value through profit or loss

#### Financial assets measured at amortized cost

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate ('EIR') method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss.

#### Financial assets at fair value through OCI ('FVTOCI')

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income ('OCI'). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the financial asset other than equity instruments designated as FVTOCI, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

#### Financial assets at fair value through profit or loss ('FVTPL')

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of Profit and Loss.

#### Derecognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the financial asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

#### Impairment of financial assets

The Company assesses impairment based on expected credit loss ('ECL') model on the following:

- Financial assets that are measured at amortised cost; and
- Financial assets measured at FVTOCI.

ECL is measured through a loss allowance on a following basis:-

- The 12 month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within 12 months after the reporting date)
- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The Company follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the Company to track changes in credit risk. However, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls) discounted at the original EIR.

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the Statement of Profit and Loss.

#### b) Financial Liabilities

The Company's financial liabilities include loans and borrowings including bank overdraft, trade payable, accrued expenses and other payables etc.



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

#### Initial recognition and measurement

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities classified at amortized cost are recognized initially at fair value net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss or in the CWIP, if another standard permits inclusion of such cost in the carrying amount of an asset over the period of the borrowings using the Effective interest rate ('EIR') method.

#### Subsequent measurement

The subsequent measurement of financial liabilities depends upon the classification as described below:-

#### Financial Liabilities classified as Amortised Cost

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest expense that is not capitalized as part of costs of assets is included as Finance costs in the Statement of Profit and Loss.

#### Financial Liabilities classified as Fair value through profit and loss (FVTPL)

Financial liabilities classified as FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities designated upon initial recognition at FVTPL only if the criteria in Ind AS 109 is satisfied.

#### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged / cancelled / expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### Derivatives

Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument and is recognised in Other Comprehensive Income (OCI).

#### D Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) on 23<sup>rd</sup> March, 2022 through companies (Indian Accounting Standards) Amendment Rules, 2022 has notified the following amendments to IND AS which are applicable on 1<sup>st</sup> April 2022

#### Ind AS 16 - Property, Plant and equipment





## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment.

The amendment prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in the profit or loss

The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.

#### **Ind AS 37 - Provisions, Contingent Liabilities and Contingent Asssets**

The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (examples depreciation charge). The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.



**VINATI ORCANICS LIMITED**  
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

**Note 2 (a) Property, Plant and Equipment**

(Rupees Lacs)

Particulars	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Air Conditioners	Total
<b>Gross Block</b>									
At cost as at 31 March 2020	26.18	23,159.60	61,037.23	474.91	230.07	36.11	56.32	53.05	85,079.67
Additions	87.53	948.41	3,831.21	21.25	26.60	3.19	4.66	3.27	4,926.12
Disposals / Discarded			(42.22)		(10.98)				(53.20)
At cost as at 31 March 2021	113.71	24,108.01	64,526.22	501.16	245.69	39.30	61.18	56.32	89,951.59
Additions	326.99	1,593.44	14,072.24	8.58	71.00	0.85	36.32	2.91	16,112.33
Disposals / Discarded			(0.33)		(0.25)			(0.31)	(0.89)
At cost as at 31 March 2022	440.70	25,701.45	78,598.13	509.74	285.44	40.15	97.50	58.92	1,06,032.03
<b>Depreciation Block</b>									
Accumulated depreciation / amortisation as at 31 March 2020		1,547.11	7,783.97	203.01	121.68	25.64	35.73	32.69	10,159.23
Depreciation / Amortisation for the year		698.10	3,442.91	59.27	25.06	2.95	7.39	5.83	4,235.51
Disposals / Discarded			(11.08)		(7.56)				(18.64)
At 31 March 2021		2,245.21	11,215.80	262.28	139.18	28.59	43.12	37.92	14,384.10
Depreciation / Amortisation for the year		723.86	3,648.17	51.80	26.45	3.04	9.15	4.97	4,467.44
Disposals / Discarded					(15.01)				(15.01)
At 31 March 2022		2,969.07	14,863.97	314.08	150.62	31.63	52.27	42.89	18,834.53
<b>Net Block</b>									
As at 31 March 2021	113.71	21,862.80	53,310.42	244.85	106.51	10.71	18.05	18.40	75,565.49
As at 31 March 2022	440.70	22,932.38	64,034.16	201.66	134.82	8.52	45.23	16.03	87,191.50

Note 2 (c) Intangibles

(Rupees Lacs)

Particulars	Computer Software	Technical Know How	Total
At cost as at 31 March 2020	116.43	453.16	569.59
Additions	7.27	-	7.27
Disposals / Discarded			
At cost as at 31 March 2021	123.70	453.16	576.86
Additions	36.41	50.00	86.41
Disposals / Discarded			
At cost as at 31 March 2022	160.11	503.16	663.27
Accumulated depreciation / amortisation as at 31 March 2020	98.14	305.14	403.28
Depreciation / Amortisation for the year	7.77	48.17	55.94
Disposals / Discarded			
At 31 March 2021	105.91	353.31	459.22
Depreciation / Amortisation for the year	8.58	72.61	81.19
Disposals / Discarded			
At 31 March 2022	114.49	425.92	540.41
As at 31 March 2021	17.79	100.19	117.98
As at 31 March 2022	45.62	77.58	123.20



**Note 2(b). Capital Work-in-Progress**

Particulars	(Rupees Lacs)	
	Buildings	Plant and equipment
At cost as at 31 March 2021	221.75	2,575.32
Additions	742.40	5,701.02
Capitalised during the year	(742.45)	(5,329.01)
At cost as at 31 March 2022	221.70	2,947.33
Additions	3172.29	11,697.02
Capitalised during the year	(1,293.44)	(13,699.49)
At cost as at 31 March 2022	1,800.55	2,928.30
		4,728.85

Notes:

i. Title deeds of Freehold Land are held in the name of the Company. Title deeds in respect of Buildings on immovable properties which are constructed on company's Freehold/Leasehold Land is based on documents constituting evidence of legal ownership of the Buildings.

ii. During the year, the company has capitalised the following expenses of revenue nature to the cost of Property, Plant and Equipment/Capital Work-In-Progress;

Particulars	31-Mar-22	31-Mar-21
Legal and Professional Charges	40.34	16.25
Travelling Expenses	0.83	-
Rates & Taxes	34.35	22.39
Insurance Charges	7.71	10.69
	83.23	49.33

**CWIP aging schedule**

(Amount in Lacs)  
As at 31 March 2022

CWIP	Amount in CWIP for a period of			
	Less than 6 months	6 months - 1 year	1-2 Years	More than 3 years
Projects in progress	2,827.51	777.18	869.86	73.36
Projects temporarily suspended	2,827.51	777.18	869.86	73.36
Total	5,655.02	1,554.36	1,739.72	146.72

(Amount in Lacs)  
As at 31 March 2021

CWIP	Amount in CWIP for a period of			
	Less than 6 months	6 months - 1 year	1-2 Years	More than 3 years
Projects in progress	2,708.58	636.39	1,190.42	700.45
Projects temporarily suspended	2,708.58	636.39	1,190.42	700.45
Total	5,417.16	1,272.78	2,380.84	1,400.90

Notes:

There were no material projects which have exceeded their original planned cost and timelines.



**VINATI ORGANICS LIMITED**  
NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

**Note 3**

**Investments**

	(Rupees Lacs)			
	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
<b>Fully paid up - Unquoted - Trade</b>				
<b>Subsidiary Company: (At Cost)</b>				
42,70,000 (10,000) Shares of Veeral Organics Limited of Rs 10 each fully paid up	427.00	1.00		
<b>Fully paid up - Quoted - Non Trade</b>				
<b>Units (at fair value through Profit or Loss)</b>				
0 (P.Y. 3,56,000) Units of Brookfield India Real Estate Investment Trust Limited of Face Value of Rs. 275 each fully paid up		794.59		
<b>Investment Infrastructure Trust (at fair value through Profit or Loss)</b>				
10,82,400(P.Y. 0) Units of Power Grid Infrastructure Investment Trust Limited of Face Value of Rs. 100 each fully paid up	1,454.53			
3,72,519(P.Y. 0) Units of India Grid Infrastructure Investment Trust of Face Value of Rs. 100 each fully paid up	550.02			
<b>Fully paid up - Unquoted - Non Trade</b>				
<b>i) In Mutual Fund Units: (at fair value through Profit or Loss)</b>				
Income Plan: Growth Option	4,328.98		11.58	17,451.13
<b>ii) In Exchange Traded Funds (at fair value through Profit or Loss)</b>	1,432.22	3,342.30		
<b>iii) In Alternate Investment Funds (at fair value through Profit or Loss)</b>	509.77			
<b>iv) In Non Convertible Debentures: (at fair value through Profit or Loss)</b>	1,074.18	6,638.36		640.05
<b>Total</b>	<b>9,776.70</b>	<b>10,776.25</b>	<b>11.58</b>	<b>18,091.18</b>
Aggregate amount of quoted investment and net asset value	9,349.70	10,775.25	11.58	18,091.18
Aggregate amount of unquoted investment	427.00	1.00		

**Note 4**

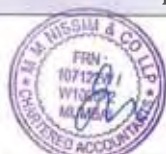
**Loans (Unsecured, considered good)**

	(Rupees Lacs)			
	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
<b>Carried at Amortised cost :</b>				
Loans to related parties (Refer Note 28(f)&(h))	25,234.40	13,287.89		
Loans and Advances to employees			28.68	8.30
<b>Total</b>	<b>25,234.40</b>	<b>13,287.89</b>	<b>28.68</b>	<b>8.30</b>

**Note 5**

**Other Financial Assets**

Particulars	(Rupees Lacs)			
	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
<b>Carried at Amortised cost :</b>				
Share Application Money Pending Allotment in a Subsidiary	425.00			
Bank deposits with more than 12 months maturity (excludes Interest accrued and due Rs Nil, Previous year Rs Nil)	142.41	12.89		
<b>Others;</b>				
Security Deposits	66.31	113.17		
Interest Accrued on Loans and Deposits			1,160.33	89.81
Export Benefits receivables			367.48	1,002.97
Others			1,213.22	286.04
<b>Total</b>	<b>633.72</b>	<b>126.06</b>	<b>2,741.03</b>	<b>1,378.82</b>



**VINATI ORGANICS LIMITED**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022**

**Note 6**

**Other Assets**

(Rupees Lacs)

Particulars	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Capital Advances	2,654.64	1,429.78		
Advances other than capital advances;				
Security Deposits			869.86	534.20
Advances to suppliers			3,326.23	1,458.09
<b>Sub Total</b>	<b>2,654.64</b>	<b>1,429.78</b>	<b>4,196.09</b>	<b>1,992.29</b>
Others				
Balance with Statutory authorities			4,554.26	2,264.55
Advances recoverable in cash or kind			297.08	393.59
Prepaid Expenses	1,067.18	1,081.94	108.26	120.36
<b>Sub Total</b>	<b>1,067.18</b>	<b>1,081.94</b>	<b>4,959.60</b>	<b>2,778.30</b>
<b>Total</b>	<b>3,721.82</b>	<b>2,511.72</b>	<b>9,155.69</b>	<b>4,770.59</b>

**Note 7**

**Inventories**

(Rupees Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
Raw Materials	2,447.37	2,098.01
Raw Materials in transit	3,850.60	1,146.33
Work-in-progress	3,015.09	1,954.00
Finished goods	2,446.43	3,466.55
Stores and spares	5,856.39	3,529.04
<b>Total</b>	<b>17,615.88</b>	<b>12,193.96</b>



VINATI ORGANICS LIMITED

NOTES TO THE STANDAING FINANCIAL STATEMENTS AS AT 31 MARCH 2022

Note 8

Trade Receivables

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Trade receivables		
Secured, Considered good	3,195.28	3,302.31
Unsecured Considered good	42,642.83	24,413.72
Trade Receivables - credit impaired	110.43	
Less: Allowance for bad and doubtful debts	-110.43	
<b>Total</b>	<b>45,838.11</b>	<b>27,716.03</b>

Note: The Company has used a practical expedient for computing expected credit loss allowance for trade receivables, taking into account historical credit loss experience and accordingly, provisions are made for expected credit loss for amounts due from customers where necessary.

Particulars	Outstanding for following periods from due date of payment						As at 31 March 2022
	Not Due	Less than 6 months	6 months -1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade receivables – considered good	31,943.68	13,820.79	7.65	64.23	1.77		45,838.11
Disputed Trade Receivables – credit impaired			14.13	87.78	-	8.52	110.43

Particulars	Outstanding for following periods from due date of payment						As at 31 March 2021
	Not Due	Less than 6 months	6 months -1 year	1-2 Years	2-3 Years	More than 3 Years	
Undisputed Trade receivables – considered good	22,304.60	5,308.64	87.78	1.77		13.23	27,716.03

Note 9

CASH AND CASH EQUIVALENTS (as per Cash Flow Statement)

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Balances with Banks		
- In Current accounts	92.33	166.12
Cash on hand	1.24	1.35
<b>Total</b>	<b>93.57</b>	<b>167.47</b>

Note 10

Bank Balances other than Cash and Cash Equivalents

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Deposits with original maturity of more than 3 months but less than 12 months	104.88	293.13
Others:		
Unspent CSR Account	18.08	-
Unclaimed Dividend Account	211.52	223.94
<b>Total</b>	<b>334.48</b>	<b>517.07</b>



VINATI ORGANICS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

Note 11

Other Financial Liabilities

(Rupees Lacs)

Particulars	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
<b>Carried at Amortised Cost :</b>				
Unclaimed dividends			211.52	223.94
<b>Others :</b>				
Security Deposit	46.25	121.80		
Liabilities for expenses			382.80	230.71
<b>Total</b>	<b>46.25</b>	<b>121.80</b>	<b>594.32</b>	<b>454.65</b>

Note 12

Deferred Tax Liabilities - (Net)

(Rupees Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>Deferred Tax Liabilities (Net):</b>		
- Arising on account of difference in carrying amount and tax base of PPE and Intangibles	8,920.66	7,705.95
- Unrealised gain/(loss) on FVTPL debt Mutual Funds and equity instruments	170.18	195.68
<b>Deferred Tax Asset:</b>		
- Accrued Expenses allowable on Actual Payments	(28.05)	(108.89)
<b>Total</b>	<b>9,002.19</b>	<b>7,792.74</b>

Note 13

Other Liabilities

(Rupees Lacs)

Particulars	Non Current		Current	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Contract Liabilities			82.60	47.73
<b>Others:</b>				
Retention Money	399.75	352.90	147.37	128.62
Statutory Dues			422.74	416.81
Liabilities for expenses			1,565.75	1,648.89
Others			12.63	3.31
<b>Total</b>	<b>399.75</b>	<b>352.90</b>	<b>2,231.09</b>	<b>2,245.36</b>

During the year ended 31 March 2022, the Company recognised revenue of Rs. 47.73 Lacs ( Previous year Rs. 93.14 Lacs) arising from opening unearned revenue (contract liabilities).

Movement of contract liabilities is as under

(Rupees Lacs)

	As at 31 March 2022	As at 31 March 2021
As at beginning of the year	47.73	93.14
Recognised as revenue from contracts with customers	(10,324.81)	(6,731.55)
Advance from customers received during the year	10,359.68	6,686.14
<b>Balance at the close of the year</b>	<b>82.60</b>	<b>47.73</b>

Note 14

Borrowings

(Rupees Lacs)

Particulars	As at 31 March 2022	As at 31 March 2021
<b>CURRENT</b>		
<b>Secured (At amortised cost)</b>		
Loans repayable on demand		
from banks	1,839.89	202.49
<b>Total</b>	<b>1,839.89</b>	<b>202.49</b>

Nature of Borrowings

Working Capital Advances from Banks	Interest rate
Loans repayable on demand is secured by hypothecation of inventories, all the present and future book debts and other receivables, first charge on all present and future Property, Plant And Equipment at Mahad Works and residential building at Mahad and second charge on all property, plant And equipment situated at Lote Works.	Rupee Loan carries interest ranging from 5.00% to 7.10% (Previous Year 7.10% to 8.20%.)



**VINATI ORGANICS LIMITED**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022**

The Quarterly returns/statements of current assets filed by the Company with the State Bank of India are in agreement with the books of accounts except for the following;

Particulars	(Rupees Lacs)		
	Jun-21	Sep-21	Dec-21
Current Assets as per Statement filed with Bank	45,759.84	45,086.40	46,616.99
<b>Add: Reconciliation of Items not considered in the Statement filed with the bank</b>			
Slow Moving Stock	1,777.25	2,062.62	2,533.12
Stock at different location	103.13	132.78	239.60
Raw Material in Transit	-	3,073.99	6,202.66
Valuation Difference	444.77	2,085.85	594.90
<b>Balance as per Financial Statements</b>	<b>48,084.99</b>	<b>52,441.64</b>	<b>56,187.27</b>

\* The Company has subsequently revised the statements filed with the Bank.

**Note 15**

**Trade Payables**

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Outstanding due of Micro and Small Enterprises	691.21	299.62
Outstanding due of Creditors other than Micro and Small Enterprises	10,765.71	6,337.53
<b>Total</b>	<b>11,456.92</b>	<b>6,637.15</b>
Of the above:		
- Acceptances	317.42	395.32

**Disclosures under The Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED');**

The details of liabilities to Micro and Small Enterprises, to the extent information available with the Company are given under and have been relied upon by the auditors:

	As at 31 March 2022	As at 31 March 2021
Principal amounts remaining unpaid to suppliers as at the end of the accounting year	691.21	299.62

Note: Other information/ disclosures relating to payments made beyond appointed date, interest accrued And paid and cumulative intrest are not applicable, being NIL.

**Trade Payables aging schedule**

Particulars	(Rupees Lacs)		
	Outstanding for following periods from due date of payment		As at 31 March 2022
	Not due	Less than 1 year	
i) MSME:	247.47	443.74	691.21
(ii) Others	3,065.73	7,699.98	10,765.71
<b>Total</b>	<b>3,313.20</b>	<b>8,143.72</b>	<b>11,456.92</b>

Particulars	(Rupees Lacs)		
	Outstanding for following periods from due date of payment		As at 31 March 2021
	Not due	Less than 1 year	
i) MSME:	130.44	169.18	299.62
(ii) Others	3,464.61	2,872.92	6,337.53
<b>Total</b>	<b>3,595.05</b>	<b>3,042.10</b>	<b>6,637.15</b>

**Note 16**

**Provisions**

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits (Refer Note 28(g))	536.58	469.92
<b>Total</b>	<b>536.58</b>	<b>469.92</b>





**VINATI ORGANICS LIMITED**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

**Note 17**

**Revenue from Operations**

Particulars	(Rupees Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Sale Of Products	1,61,263.31	94,218.06
Other Operating Revenues:		
Export Incentives	118.91	1,132.51
Scrap Sales	168.96	75.24
<b>Revenue from operations</b>	<b>1,61,551.18</b>	<b>95,425.81</b>

The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with Customers. Hence, no separate disclosures of disaggregated revenues are reported. (Refer Note 28(c))

Reconciliation of revenue recognised with the contracted price is as follows:

	(Rupees Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Gross Sales (Contracted Price)	1,74,579.91	99,188.10
	(13,316.60)	(4,970.04)
Reductions towards variable consideration (Turnover discount, Other Expenses)		
<b>Revenue recognised</b>	<b>1,61,263.31</b>	<b>94,218.06</b>

**Note 18**

**Other Income**

Particulars	(Rupees Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Interest Income	1,371.43	212.69
Dividend Income from Non Current Investment	31.44	-
Net gain on sale of Investments classified as FVTPL	695.24	775.72
Net gains/(losses) on fair value changes on financial assets classified as FVTPL	1,072.31	1,084.52
Gain on Foreign Exchange Translations	2,744.05	408.80
Other Non-Operating Income;		
Miscellaneous Income	181.77	103.82
<b>Total</b>	<b>6,096.24</b>	<b>2,585.55</b>

**Net gains (losses) on fair value changes**

Particulars	(Rupees Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Debt Mutual Fund Investments designated at FVTPL	0.01	453.81
Debt Investments designated at FVTPL	690.40	820.21
Other Financial Instruments classified at FVTPL	381.90	(189.50)
<b>Total Net gains (Losses) on fair value changes</b>	<b>1,072.31</b>	<b>1,084.52</b>



**VINATI ORGANICS LIMITED**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022**

**Note 19**

**Cost of Materials consumed**

**(Rupees Lacs)**

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Opening Stock of Raw Materials	3,244.37	2,760.42
Purchases during the year	88,585.62	42,069.51
Closing Stock of Raw Materials	(6,297.96)	(3,244.37)
<b>Total</b>	<b>85,532.03</b>	<b>41,585.56</b>

**Note 20**

**Changes In Inventories Of Finished Goods And Work-In-Progress**

**(Rupees Lacs)**

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Closing Stock:		
Finished Goods	2,446.43	3,466.55
Work-in-Progress	3,015.09	1,953.99
	5,461.52	5,420.54
Less: Opening Stock:		
Finished Goods	3,466.55	1,537.21
Work-in-Progress	1,953.99	1,063.69
	5,420.54	2,600.90
<b>Total</b>	<b>(40.98)</b>	<b>(2,819.64)</b>

**Note 21**

**Employee Benefits Expense**

**(Rupees Lacs)**

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Salaries and Wages	7,453.37	6,501.01
Contribution to provident, gratuity and other funds	679.80	586.10
Staff welfare expenses	265.37	177.14
<b>Total</b>	<b>8,398.54</b>	<b>7,264.25</b>

**Note 22**

**Finance Costs**

**(Rupees Lacs)**

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Interest on Working Capital Facilities	25.87	8.89
Other Borrowing Costs;		
Unwinding of discount	-	12.30
	25.87	21.19



**VINATI ORGANICS LIMITED****NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****Note 23****Depreciation and Amortisation expense****(Rupees Lacs)**

<b>Particulars</b>	<b>Year Ended 31 March 2022</b>	<b>Year Ended 31 March 2021</b>
Depreciation on Property, Plant And Equipment	4,467.44	4,235.51
Amortisation on Intangible Assets	81.19	55.94
	<b>4,548.63</b>	<b>4,291.45</b>



## VINATI ORGANICS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

#### Note 24

#### Other Expenses

(Rupees Lacs)

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Stores and Spares Consumed	5,355.50	3,063.83
Power and Fuel	11,745.49	6,105.42
Processing Expenses	2,274.94	1,536.45
Rent	16.89	16.16
Rates and Taxes	113.58	92.44
Insurance	414.96	443.04
Printing and Stationery	30.35	21.59
Water Charges	280.48	232.12
Repairs and Renewals:		
Buildings	141.82	102.00
Plant and Machinery	684.75	496.00
Other Assets	89.92	68.18
Travelling and Conveyance	283.73	229.24
Communication Expenses	24.33	26.84
Corporate Social Responsibility Expenses (Refer Note 28(e))	790.20	702.22
Provision for Doubtful Debts	110.43	-
Vehicle Expenses	58.73	55.98
Auditors' Remuneration:		
As Auditors:		
Audit fee	8.50	7.50
Other Services	2.00	2.00
	10.50	9.50
Cost Auditors Remuneration:		
Audit fee	0.60	0.60
Directors' Fees	16.25	13.50
Directors' Travelling Expenses	0.60	0.07
Security Expenses	205.56	163.82
Commission	189.69	244.06
Bank Charges	139.35	73.63
Miscellaneous Expenses	692.79	446.35
<b>Total</b>	<b>23,671.44</b>	<b>14,143.04</b>



VINATI ORGANICS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

Note 25

A. Capital Management

For the purpose of Company's Capital Management, capital includes Issued Equity Capital, Securities Premium, and all other Equity Reserves attributable to the Equity Holders of the Company. The primary objective of the Company's Capital Management is to maximise the Share Holder Value.

As at 31 March 2022, the Company has only one class of equity shares and has no long term debt. Consequent to such capital structure, there are no externally imposed capital requirements. The Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

B. Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets include trade and other receivables, investments in mutual funds/equity shares & debt instruments and cash and short term deposits.

The Company has assessed market risk, credit risk and liquidity risk to its financial liabilities.

i) Market Risk

Market Risk is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. Financial instruments affected by market risks, primarily include loans and borrowings, investments and foreign currency receivables, payables and borrowings.

Interest Rate Risks

The Company borrows funds in Indian Rupees to meet short term funding requirements. Interest on Short term borrowings is subject to floating interest rate and are repriced regularly. The sensitivity analysis detailed below have been determined based on the exposure to variable interest rates on the outstanding amounts due to bankers over a year.

If the interest rates had been 1% higher / lower and all other variables held constant, the company's profit for the year ended 31 March 2022 would have been decreased/increased by Rs. 18.40 Lacs. (PY 2020-21 : Rs 2.02 Lacs)

Foreign Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities denominated in a currency that is not its functional currency. The exposure to foreign currency risk of the Company at the end of the reporting period expressed is as follows:

Unhedged Short Term Exposures:		Amount (In Million)		(Rupees in Lacs)	
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Financial Assets	USD	33.75	24.11	25,551.52	17,633.11
	EURO	1.43	0.74	1,206.37	636.21
Financial Liabilities	USD	2.83	2.56	2,146.49	1,873.79
	EURO	0.02	0.00	14.02	3.74
Net exposure	USD	30.92	21.55	23,405.03	15,759.32
	EURO	1.42	0.74	1,192.35	632.47

The company is mainly exposed to changes in US Dollar. The sensitivity to a 1% increase or decrease in US Dollar against INR with all other variables held constant will be Rs. 234.05 Lacs (Previous Year - Rs. 157.59 Lacs)

The Sensitivity analysis is prepared on the net unhedged exposure of the company at the reporting date.

Derivatives - Forward Contract

The Company enters into foreign exchange forward contracts with the intention to minimise the foreign exchange risk of firm commitments. The derivative that is either not designated as hedge or is so designated but is ineffective is categorised as a financial asset or liability at fair value through Profit or Loss

The outstanding position and exposures are as under

	Currency	Amount (In Million)	Exposure	Nature	Cross Currency
Forward Contract (2021-22)	USD	7.75	5,904.67	Export Sales	INR
Forward Contract (2020-21)	USD				



#### Price Risks

More than two-third of the Company's revenues are generated from exports and the raw materials are procured through import and local purchases where local purchases track import parity price. The Company is affected by the price stability of certain commodities. Due to the significantly increased volatility of certain commodities, the Company enters into contract with the customers that has provision to pass on the change in the raw material prices and also the volatility in the exchange rate. The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs.

The Company is exposed to price risk due to its investments in debt instruments and mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The company manages the securities price risk through investments in debt funds and diversification by placing limits on individual and total investments. Reports on Investment Portfolio are reviewed on regular basis and all approvals of investment decisions are done in concurrence with the senior management.

As at 31st March 2022, the investments in mutual funds/Debt Instruments/ETF/Equity Shares amounts to Rs 9,361.28 Lacs (PY 2020-21 : Rs. Rs 28,866.43 Lacs Lacs). A 1% point increase or decrease in the NAV with all other variables held constant would have led to approximately an additional Rs 93.61 Lacs (PY 2020-21 : Rs. 288.66 Lacs) on either side in the statement of profit and loss.

#### ii) Credit Risk

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers, financial instruments viz., Investments in Debt Funds and Balances with Banks.

##### Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company also has an external credit risk insurance cover with ECGC Policy. The outstanding trade receivables due for a period exceeding 90 days as at the year ended 31 March 2022 is 0.16% (PY 2020-21: 0.45%) of the total trade receivables. The company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in mutual funds, debt funds and loans to other companies. It has a diversified portfolio of investments with various number of counterparties which have secure credit ratings, hence the risk is reduced. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by its treasury department.

#### iii) Liquidity Risk

The principal sources of liquidity of the Company are cash and cash equivalents, investment in mutual funds, fund and non-fund based working capital lines from banks and the cash flow that is generated from operations. It believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Standalone Balance Sheet date.

##### Exposure to liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

Particulars	Refer Note	(Rupees Lacs)	
		Less than 1 year	More than 1 Year
Borrowings	14	1,839.89 (202.49)	
Trade Payable	15	11,456.92 (6,637.15)	
Other Non Current Financial Liabilities	11		46.25 (121.80)
Liabilities for Expenses	11	382.80 (230.71)	
Unclaimed dividends	11	211.52 (223.94)	

Figures in brackets are in respect of Previous year



## VINATI ORGANICS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

### Note 26

#### Fair Values and Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are a) recognised and measured at fair value and b) measured at amortised cost and for which fair values are disclosed in the Standalone Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed in the Indian Accounting Standard.

Particulars	Hierarchy	(Rupees Lacs)	
		Fair Value/Carrying Value	
		As at 31 March 2022	As at 31 March 2021
Financial Assets			
- Investments	Level One	9,361.28	28,866.43

Level 1: This includes financial instruments measured using quoted prices/Net Asset Value. The fair value of all debt instruments which are traded on the Stock Exchanges is valued using the closing price as at the reporting period.

#### Financial assets and liabilities measured at amortised cost

Particulars	(Rupees Lacs)	
	As at 31 March 2022	As at 31 March 2021
	Carrying Value/Fair Value	
<b>Financial Assets</b>		
Investment in wholly owned Subsidiary	427.00	1.00
Loans	25,234.40	13,287.89
Security Deposits	66.31	113.17
Share Application Money Pending Allotment in a Subsidiary	425.00	-
Bank deposits	142.41	12.89
Other Assets	2,741.03	1,378.82
<b>Total Financial Assets</b>	<b>29,036.15</b>	<b>14,793.77</b>
<b>Financial Liabilities</b>		
Short Term Borrowings	1,839.89	202.49
Security Deposits	46.25	121.80
Other liabilities	594.32	454.65
<b>Total Financial Liabilities</b>	<b>2,480.46</b>	<b>778.94</b>

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, other receivables, trade payables, capital creditors, other liabilities are considered to be the same as their fair values due to the current and short-term nature of such balances

### NOTE 27

#### Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Particulars	(Rupees Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Accounting Profit before Income Tax	44,930.59	33,525.51
At statutory income tax rate of 25.168% (31 March 2021: 25.168%)	11,308.13	8,437.70
Additional deduction for Depreciation & Chapter VI A Deductions	(1,291.14)	(646.70)
Income taxable at different rates	102.58	58.38
Effect of exempt/non taxable income	(273.22)	(463.72)
Effect of non-deductible expenses	297.33	189.13
Others	2.32	(0.46)
<b>Total</b>	<b>10,146.00</b>	<b>7,574.33</b>



**VINATI ORGANICS LIMITED**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022**

**NOTE 28**

**ADDITIONAL/EXPLANATORY INFORMATION**

**a) Earnings Per Share**

Particulars		Year Ended 31	Year Ended 31
		March 2022	March 2021
Profit after taxation	Rs. Lacs	34,667.51	26,933.65
Weighted Average Number of equity shares (Face Value Rs. 1/-)	Nos.	10,27,82,050	10,27,82,050
Earnings per share	Rs.	33.73	26.20

b) The Company has taken certain facilities under operating lease arrangements. The lease can be terminated at the option of either parties by giving due notice. The rental expenses under operating leases "Other expenses" in the statement of profit and loss. The Company does not have any non-cancellable leasing arrangements. The lease rentals recognised in the Statement of Profit and Loss for the year are Rs. 2.13 Lacs/- (previous year Rs. 2.18 Lacs/-).

**c) Disclosures under Ind AS 108 - "Operating Segment" - (Refer Note below)**

(i) Entity wide disclosure required by Ind AS 108 are as detailed below:

	(Rupees in Lacs)	
	2021-22	2020-21
Speciality Chemicals	1,58,578.32	92,060.03
Others	2,684.99	2,158.03
	<u>1,61,263.31</u>	<u>94,218.06</u>

(ii) Geographic information

The geographic information analyses the Group's revenues and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the selling location in relation to sales to customers and segment assets are based on geographical location of assets.

Revenue from External Customers:	(Rupees in Lacs)	
	2021-22	2020-21
India	50,871.95	29,760.91
Outside India	1,10,391.36	64,457.15
	<u>1,61,263.31</u>	<u>94,218.06</u>

Non-current assets (other than financial instruments)

	2021-22	2020-21
India	95,767.37	83,664.22
Outside India	-	-

(iii) There are no transactions with single external customer which amounts to 10% or more of the Company's revenue.

Note:-

The Company is engaged inter alia in the manufacture of Chemicals. These in the context of Ind AS 108 "Operating Segment" is considered to constitute one single primary segment.

Ratios	Numerator	Denominator	2021-22	2020-21
(a) Current Ratio,	Current Assets	Current Liabilities	4.64	6.10
(b) Debt-Equity Ratio,	Long Term Borrowings	Shareholder's Equity	NA	NA
(c) Debt Service Coverage Ratio,	Earning for Debt Service	Debt service = Interest + Principal repayments of Long Term Borrowings	NA	NA
(d) Return on Equity Ratio,	Net Profit After Taxes	Average Shareholder's Equity	20.56%	19.08%
(e) Inventory turnover ratio,	Sales	Average Inventory	10.83	8.77
(f) Trade Receivables turnover ratio,	Revenue	Average Trade Receivables	4.39	3.94
(g) Trade payables turnover ratio*	Purchases	Average Trade Payables	11.47	7.81
(h) Net capital turnover ratio**	Revenue	Working Capital	2.65	1.72
(i) Net profit ratio,	Net Profit After Taxes	Revenue	21.47%	28.56%
(j) Return on Capital employed,	Earnings before interest and taxes	Capital Employed	23.44%	20.68%
(k) Return on investment				
Debt - Liquid Mutual Fund	Income generated from investments	Time weighted average investments	3.39%	3.56%
Debt - Others***			14.39%	9.14%
Equity - Nifty linked / ETF****			11.82%	5.73%

Note:

\*There is an improvement in Trade payables turnover ratio on account of better payment and higher turnover.

\*\*Revenue growth along with higher efficiency on working capital improvement has resulted in an improvement in the ratio.

\*\*\*There is an improvement in the return on investment on account of diversified investments with longer tenure.

\*\*\*\*Impact of market dynamics





VINATI ORGANICS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

NOTE 28

ADDITIONAL/EXPLANATORY INFORMATION

- e) As required by section 135 of Companies Act, 2013 and Rules therein, a Corporate social responsibility committee has been formed by the Company. The Company has spent the following amount during the year towards corporate social responsibility (CSR) for activities listed under schedule VII of the Companies Act, 2013.

	(Rupees in Lacs)	
	2021-22	2020-21
Gross amount required to be spent by the Company	790.19	702.22
Amount spent by the Company during the year on purpose other than construction/ acquisition of assets	448.45	284.57
Shortfall at the end of the year	341.74	417.65
Total of previous year short fall	18.08	-
Reason for shortfall	Pertains to ongoing Projects	
Nature of CSR Activities	promoting education, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief, COVID-19 relief and rural development projects	
Details of related party transactions in relation to CSR Expenditure as per relevant Accounting Standard		
Contribution to Kavita Saraf Foundation in relation to CSR Expenditure	40.46	
Remuneration to Ms. Viral Saraf Mittal - Director Corporate Strategy & CSR	38.25	



## NOTE 28

## ADDITIONAL/EXPLANATORY INFORMATION

## f) Related party disclosures (As per Ind AS 24 - Related Party Disclosures):

## (a) Names of other related parties and nature of relationship:

Wholly owned Subsidiary	i) Veeral Organics Private Limited
Key Management Personnel:	i) Mr. Vinod Saraf - Chairman ii) Mrs. Vinati Saraf Mutreja - Managing Director and CEO iii) Mr. Jayesh Ashar - Director - Operations iv) Mrs. Viral Saraf Mittal - Director CSR v) N. K. Goyal - Chief Financial Officer (CFO) vi) Milind Wagh - Company Secretary
Relatives of Key Management Personnel:	i) Mr. Sunil Saraf - Brother of Mr. Vinod Saraf ii) Kavita Saraf - Wife of Mr. Vinod Saraf
Enterprise owned or significantly influenced by an	i) Viral Alkalis Limited ii) Suchir Chemicals Private Ltd. iii) Veeral Additives Pvt. Ltd.
Other Related Parties	i) Vinati Organics Limited - Group Gratuity Trust ii) Mrs. Kavita Vinod Saraf Foundation

(b) Transactions with related parties (excluding reimbursements)  
Nature of Transactions

	(Rupees Lacs)			
	Transactions for the year 31-Mar-22	Closing balance as on 31-Mar-22	Transactions for the year 31-Mar-21	Closing balance as on 31-Mar-21
i) Wholly Owned Subsidiary				
Subscription to Equity Share Capital	426.00	427.00	1.00	1.00
Share Application money	851.00	425.00	-	-
Loan given	169.75	-	101.49	101.49
Interest received	5.03	-	1.12	1.03
Sales	1.93	-	-	-
Reimbursement of Capital Expenditure	21.09	21.09	-	-
ii) Key Management Personnel:				
Managerial Remuneration (Short Term Employee Benefits) *				
Directors	515.92	-	381.37	-
CFO	90.88	-	79.49	-
Company Secretary	34.63	-	30.46	-
Dividend paid during the year				
Vinod Saraf	834.03	-	64.29	-
Vinati Saraf Mutreja	72.64	-	5.60	-
Viral Saraf Mittal	62.54	-	4.82	-
iii) Relatives of Key Management Personnel:				
Sitting Fees				
Mr. Sunil Saraf	-	-	1.50	-
Dividend paid during the year				
Kavita Saraf	744.87	-	57.42	-
iv) Enterprise owned or significantly influenced by any management personnel or their relatives				
Sales - Viral Alkalis Ltd	1.49	-	4.57	0.08
Purchase - Viral Alkalis Ltd	128.61	-	677.88	111.44
Rent of Immovable property-Viral Alkalis Ltd	4.80	-	5.80	-
Sales - Veeral Additives Pvt. Ltd.	1,635.53	618.39	1,088.15	157.28
Purchase - Veeral Additives Pvt. Ltd.	25.31	0.23	98.61	-
Rent of Immovable property- Veeral Additives Pvt. Ltd.	5.40	-	4.80	-
Interest Income - Veeral Additives Pvt. Ltd.	1,203.78	1,153.59	75.87	75.87
Loan given to - Veeral Additives Pvt. Ltd.	12,048.00	25,234.40	13,186.40	13,186.40
Dividend Payment - Suchir Chemicals Private Ltd	2,853.19	-	219.93	-
iv) Other Related Parties				
Contributions paid	155.84	-	164.58	-
Contributions payable	-	184.34	-	155.39
CSR paid	40.46	-	-	-

\* Remuneration does not include provisions made for Gratuity as it is determined on an actuarial basis for the Company as a whole

## c) Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended 31 March 2022, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2021: Rs. Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



VINATI ORGANICS LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022

NOTE 28

ADDITIONAL/EXPLANATORY INFORMATION

g) Disclosures as per IND AS - 19 - Employee Benefits

During the year, the company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	(Rupees in Lacs)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
i) Employer's contribution to Provident Fund and Family Pension Fund* *Included in "Contribution to Provident and other Funds" (Note 21).	443.61	398.45
ii) Defined benefit obligation:		
a) Leave Encashment - Unfunded	224.29	194.85
iii) The valuation results for the defined benefit gratuity plan as at 31-3-2022 are produced in the tables below:		

ii) Changes in the Present Value of Obligation

Particulars	Year Ended 31 March 2022	Year ended 31 March 2021
Present Value of Obligation as at the beginning	1,405.40	1,219.65
Current Service Cost	141.47	124.89
Interest Expense or Cost	98.02	76.01
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in financial assumptions	(4.79)	6.46
- experience variance (i.e. Actual experience vs assumptions)	34.36	27.35
- change in demographic Assumptions	-	-
Benefits Paid	(57.24)	(48.96)
Present Value of Obligation as at the end	1,617.22	1,405.40

ii) Changes in the Fair Value of Plan Assets

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Fair Value of Plan Assets as at the beginning	1,250.00	1,055.06
Investment Income	92.51	70.78
Adjustment to opening Fair Value of Plan Asset		
Return on Plan Assets excluding interest income	(8.23)	8.54
Employer's Contribution	155.84	164.58
Benefits Paid	(57.24)	(48.96)
Fair Value of Plan Assets as at the end	1,432.88	1,250.00

iii) Expenses Recognised in the Income Statement

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Current Service Cost	141.47	124.89
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	5.51	5.23
Expenses Recognised in the Income Statement	146.98	130.12

iv) Other Comprehensive Income

Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
Actuarial (gains) / losses		
- change in financial assumptions	(4.79)	6.46
- experience variance (i.e. Actual experience vs assumptions)	34.36	27.35
- change in demographic Assumptions	-	-
Return on Plan Assets excluding Interest income	8.23	(8.54)
Components of defined benefit costs recognised in other comprehensive income	37.80	25.27

v) Major categories of Plan Assets (as percentage of Total Plan Assets)

Particulars	(Vinati Organics Limited group gratuity cash accumulation trust)	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Funds managed by Insurer	100%	100%

In the absence of detailed information regarding Plan assets which is funded with Insurance Company, the composition of each major category of Plan assets, the percentage or amount for each category to the fair value of Plan assets has not been disclosed.



vi) Actuarial Assumptions

a. Financial Assumptions

The principal financial assumptions used in the valuation are shown in the table below:

Particulars	As on	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Discount rate (per annum)	7.17%	6.36%
Salary growth rate (per annum)	6.75%	6.00%

b. Demographic Assumptions

Particulars	As on	
	Year Ended 31 March 2022	Year Ended 31 March 2021
Mortality Rate (% of IALLM (6-00))	100%	100%
Withdrawal rates, based on age: (per annum)		
Up to 42 years	5.00%	5.00%

vii) Amount, Timing and Uncertainty of Future Cash Flows

a. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	As on	
	31 March 2022	31 March 2021
Defined Benefit Obligation (Base)	1,617.22	1,405.40

Particulars	As on 31 March 2022		As on 31 March 2021	
	Decrease	Increase	Decrease	Increase
	Discount Rate (- / + 1%) (% change compared to base due to sensitivity)	1,737.74 7.45%	1,510.25 -6.61%	94.29 -92.27%
Salary Growth Rate (- / + 1%) (% change compared to base due to sensitivity)	1,523.25 -5.81%	1,719.25 6.31%	(73.87) -106.06%	80.84 -93.37%
Attrition Rate (- / + 50%) (% change compared to base due to sensitivity)	1,617.18 0.00%	1,617.32 0.01%	(0.54) -100.04%	0.55 -99.95%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

b. Asset Liability Matching Strategies

The scheme is managed on funded basis.

c. Effect of Plan on Entity's Future Cash Flows

- Funding arrangements and Funding Policy

The scheme is managed on funded basis.

- Expected Contribution during the next annual reporting period

The Company's best estimate of Contribution during the next year

- Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flows)

- Expected cash flows over the next (valued on undiscounted basis):

1 year

2 to 5 years

6 to 10 years

Above 10 Years

(Rupees in Lacs)  
141.29

9.83 Years

(Rupees in Lacs)

119.99

573.43

832.35

1,436.10

viii) Movement of Liability : Employee Benefit

Opening balance

Add : Provision for the year

Less : Paid during the year

Closing Balance

(Rupees in Lacs)

469.92

212.50

-155.84

526.58



**VINATI ORGANICS LIMITED**  
**NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2022**

NOTE 28

ADDITIONAL/EXPLANATORY INFORMATION

**h) Commitment**

(i) Estimated amount of contracts remaining to be executed on Capital Account, net of advances and not provided for: Rs. 6682.40 Lacs (Previous Year Rs. 8440.95 Lacs).

(ii) Other Commitments

a Bank Guarantees - Rs. 1921.84 Lacs (Previous Year - Rs. 860.34 Lacs)

b Letters of Credit issued by the Banks - Rs. 762.72 Lacs (Previous Year - Rs. 4458.70 Lacs)

**i) Contingent Liabilities not provided for:**

(a) Disputed Excise/Customs Duty/Service tax demands pending before the Appellate Authorities/High Court - Rs. 49.32 Lacs (Previous Year Rs. 49.32 Lacs) against which payment of Rs. 1.88 lacs (Previous Year Rs. 1.88 lacs) has been made

(b) Disputed Income Tax Demands - Rs.0.86 Lacs ((Previous Year Rs. 3.48 Lacs).

(c) Disputed demand by The Tahasildar, Mahad for Royalty and Penalty on Sand/Metal of Rs.23.25 Lacs (Previous Year Rs.23.25 Lacs). The Company had filed the Appeal to The Additional Commissioner, Kokan Division against demand of Rs.2.02 Lacs and appeal for Balance amount of Rs.21.23 Lacs to Minister of Revenue. Company is hopeful for the demand likely to be waived off against which payment of Rs. 6.99 Lacs (Previous Year - Rs. 6.99 Lacs) has been made.

(d) Delayed Payment Charges (DPC) of Water bill demanded by MIDC, Mahad for Plot No B-5/6 Rs.14.39 Lacs (Previous Year Rs 14.39 Lacs). The Company requested MIDC to waive the DPC and hopeful to be waived off

**j) Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 (4) of the Companies Act, 2013.**

Particulars	Purpose	(Rupees Lacs)			
		Amount outstanding		Maximum outstanding during the year	
		2021-22	2020-21	2021-22	2020-21
Wholly Owned Subsidiary Company					
Veeral Organics Private Limited	Setting up manufacturing facility		101.49	271.24	101.49
Other Parties					
Veeral Additives Private Limited	Capital Expenditure	25,234.40	13,186.40	25,234.40	13,186.40

Notes:

i) Loans given to employees as per the policy of the Company are not considered.

ii) The loanees did not hold any shares in the share capital of the Company.

k) Income tax adjustments for earlier years represent accrued tax benefits based on judicial pronouncement (net off Rs. 562.72 Lacs towards additional tax liability) amounting to Rs. 1092.37 (P. Y. Rs. 1726.89 Lacs for accrued tax benefits) for year ended on March 2022.

l) The Company has subscribed to additional 42,60,000 fully paid up equity shares of the face value of Rs.10/- each at par by way of subscription towards the right issue of Veeral Organics Pvt. Ltd., a wholly owned subsidiary of the company.

m) i) The Board of Directors of the Company have approved a scheme of amalgamation of Veeral Additives Private Limited into Vinati Organics Limited in their meeting held on February 2, 2021. The scheme provides April 1, 2021 as appointed date. Pending approval of the Scheme, no effect has been given to the Scheme in preparing accounts of the year ended March 31, 2022.

ii) This is to facilitate forward integration to the existing product lines of the company. To expedite the completion of the project in time, and to avoid delays in the execution due to ongoing pandemic, the company has advanced loans of Rs. 12,048 (P.Y. Rs. 13186.40 Lacs) Lacs to the proposed amalgamating company with a reference made in the scheme that Veeral Additives Private Limited will conduct all activities as trustees for the Company. Approval of the shareholders is sought in the ensuing general meeting.

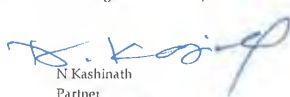
**n) Events Occurring after the Balance Sheet date**

The proposed final dividend for FY 2021-22 amounting to Rs. 6,680.83 Lacs (PY 2020-21 : 6,166.92 Lacs) will be recognised as distribution to owners during the financial year 2021-22 on its approval by Shareholders. The proposed final dividend per share amounts to Rs. 6.50/- (PY 2020-21 : Rs. 6/-)

o) The company did not have any material transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 during the financial year.

p) Previous year's figures have been re-grouped/re-classified to confirm to the requirements of the amended schedule III to the Companies Act, 2013 effective 01st, April 2021

For M M Nissim & Co LLP  
 Chartered Accountants  
 Firm Reg.No. 1107122W/W100672

  
 N Kashinath  
 Partner

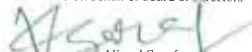
Mem No: 22/400  
 Mumbai, dated 13th May, 2021



  
 Millind Wagh  
 Company Secretary

  
 Manish Kumar Goyal  
 Chief Financial Officer

For and on behalf of Board of Directors

  
 Vinod Saraf  
 Chairman  
 DIN: 00076708

  
 Vinati Saraf Mutreja  
 Managing Director & CEO  
 DIN: 00079184

# VEERAL ADDITIVES PRIVATE LIMITED

STATEMENT OF ACCOUNTS  
FOR THE PERIOD ENDED 30<sup>TH</sup> SEPTEMBER, 2022

**KARNAVAT & CO.**

CHARTERED ACCOUNTANTS

2A, KITAB MAHAL, 1<sup>ST</sup> FLOOR, 192, DR. D. N. ROAD,  
MUMBAI - 400001

TELEPHONE NO. +9122 4066 6666 (10 LINES)

FAX NO. +9122 4066 6660

Email: [karnavataudit@gmail.com](mailto:karnavataudit@gmail.com)

[karnavattax@gmail.com](mailto:karnavattax@gmail.com)

UDIN : 231376 86BGS0A28852

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**VEERAL ADDITIVES PRIVATE LIMITED**

### Report on the Audit of the Special purpose IND AS Financial Statements

#### Opinion

We have audited the Special purpose IND AS financial statements of **VEERAL ADDITIVES PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at 30 September 2022, and the statement of Profit and Loss including other comprehensive income, statement of changes in equity and statement of cash flows for the period ended 30 September 2022, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements are prepared in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 30 September 2022, and profit and other comprehensive income, changes in equity and its cash flows for the for the period ended 30 September 2022.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Management and Those Charged with Governance for Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

(Cont..2)

- 2 -

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances on whether the company has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Cont..3)



\* 3 \*

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


**Restriction on distribution or use**

This report is intended solely for the information of the Company's and its ultimate holding company's board of directors for their internal use and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, the Company's and ultimate holding company's board of directors, for our audit work, for this report, or for the opinions we have formed.

Place : Mumbai  
Date : January 11, 2023



For **KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn. No.104863W

  
**Viral Joshi**  
Partner  
Membership No.137686

**VEERAL ADDITIVES PRIVATE LIMITED**  
**BALANCE SHEET AS AT 30TH SEPTEMBER, 2022**

Particulars	Note No.	As At	As At
		30-09-2022	31-03-2022
		Rs.	Rs.
<b>I. ASSETS</b>			
<b>1 Non Current Assets</b>			
Property, Plant & Equipments	2	1,18,96,467	1,19,17,495
Capital Work in Progress	2	3,05,48,00,491	2,72,56,37,814
		<b>3,06,66,96,958</b>	<b>2,73,75,55,309</b>
Other Non-Current Assets	3	2,51,78,413	2,52,59,107
		2,51,78,413	2,52,59,107
<b>2 Current Assets</b>			
Inventories	4	65,76,36,130	25,24,38,629
Trade Receivables	5	3,95,05,123	74,90,408
Financial Assets			
Cash and Cash Equivalents	6	1,11,300	21,13,999
Bank Balances other than Cash & Cash Equivalents	7	1,83,93,333	1,78,80,333
Other Current Assets	8	48,85,59,875	37,19,90,350
Current Taxes (Net)	9	8,57,310	8,58,231
		<b>1,20,50,63,071</b>	<b>65,27,71,950</b>
<b>Total</b>		<b>4,29,69,38,442</b>	<b>3,41,55,86,366</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
Equity Share Capital	10	45,00,00,000	45,00,00,000
Other Equities	SOCE	(1,09,16,350)	(1,09,16,350)
		<b>43,90,83,650</b>	<b>43,90,83,650</b>
<b>2 Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	11	3,11,05,40,000	2,62,34,40,000
Provisions	12	82,69,221	68,35,344
		<b>3,11,88,09,221</b>	<b>2,63,02,75,344</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	13	3,59,54,982	-
Trade Payables	14	46,15,09,192	18,95,95,881
Other Current Liabilities	15	2,95,63,932	3,70,00,010
Provisions	16	21,20,17,467	11,96,31,481
		<b>73,90,45,572</b>	<b>34,62,27,372</b>
<b>Total</b>		<b>4,29,69,38,442</b>	<b>3,41,55,86,366</b>

Significant Accounting Policies  
Notes on accounts are an integral part of  
the Financial Statements

As per our report of even date attached  
For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn. No. 104863W

**Viral Joshi**  
Partner  
Membership No. 137686

Place: Mumbai  
Date: January 11, 2023  
UDIN: **23137686BGS0A28852**

For and on behalf of the Board of Directors

**Vinod Saraf**  
Director  
DIN : 00076708

**Suhas Pal**  
Company Secretary

**Vinati Saraf Mureja**  
Director  
DIN : 00079184



**VEERAL ADDITIVES PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2022**

Particulars	Note No.	For the half year ended 30-09-2022 Rs.	For the year ended 31-03-2022 Rs.
<b>I. INCOME</b>			
Revenue from Merchandise Sales		-	1,62,94,500
<b>Total Revenue</b>		<b>-</b>	<b>1,62,94,500</b>
<b>II. EXPENDITURE</b>			
Cost of Merchandise Trading activity	17	-	1,09,03,659
<b>Total Expenditure</b>		<b>-</b>	<b>1,09,03,659</b>
<b>III. Profit/(loss) before Tax (I-II)</b>		<b>-</b>	<b>53,90,841</b>
Less: Tax Expenses		-	-
<b>IV. Profit/(loss) for the period</b>		<b>-</b>	<b>53,90,841</b>
<b>Other Comprehensive Income</b>			
A. Items that will not be classified to Profit & Loss			
Actuarial Gain/(Loss) on employee benefits		-	-
B. Items that will be classified to Profit & Loss			
Gain/(Loss) on hedging instruments		-	-
<b>V. Total Comprehensive Income for the period</b>		<b>-</b>	<b>53,90,841</b>
Earnings per Equity Share (Nominal Value of share Rs. 10/- each)	25		
Basic		-	0.12
Diluted		-	0.12

Significant Accounting Policies  
Notes on accounts are an integral part of  
the Financial Statements

1

As per our report of even date attached  
For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn. No. 104863W

**Viral Joshi**  
Partner  
Membership No. 137686

Place: Mumbai  
Date : January 11, 2023  
UDIN : **23137686BGS0A28852**

For and on behalf of the Board of Directors

**Vinod Saraf**  
Director  
DIN : 00076708

**Suhas Pai**  
Company Secretary

**Vinati Saraf Mutreja**  
Director  
DIN : 00079184



**VEERAL ADDITIVES PRIVATE LIMITED**

**Cash Flow Statement for the half year ended September 30, 2022**

	<b>Sep-22 Rs.</b>	<b>2021-22 Rs.</b>
<b>A. Cash Flow From Operating Activities</b>		
Net profit before tax and extraordinary items	-	53,90,841
Adjustments for:		
Amortization of Property, Plant & Equipments	10,91,156	20,91,868
Operating profit before working capital changes	10,91,156	74,82,709
Adjustments for:		
(Increase)/Decrease in trade and other receivables	(14,90,16,547)	(14,46,32,968)
(Increase)/Decrease in inventories	(40,51,97,501)	(13,60,11,984)
Increase/(Decrease) in trade and other payables	35,82,97,095	27,35,55,064
Cash generated from operating activities	(19,48,25,796)	3,92,820
Add : Interest on IT Refund		
Less : Direct taxes (net of refund)	(921)	4,72,253
Total cash generated from operating activities	(19,48,24,875)	(79,433)
Cash generated from prior period items (net)	-	-
Net cash flow from / (used in) operating activities	(19,48,24,875)	(79,433)
<b>B. Cash Flow From Investing Activities</b>		
Purchase of fixed assets / Capital work in progress	(33,02,32,805)	(96,45,90,949)
Net Cash flow from / (used in) investing activities	(33,02,32,805)	(96,45,90,949)
<b>C. Cash Flow from Financing activities</b>		
Proceeds from borrowings (net)	52,30,54,981	96,48,00,000
Net cash flow / (used in) from financing activities	52,30,54,981	96,48,00,000
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(20,02,699)	1,29,618
Cash and cash equivalent (Opening Balance)	21,13,999	19,64,380
Cash and cash equivalent (Closing Balance)	<b>1,11,300</b>	<b>21,13,999</b>

Notes:

**1) Cash and cash equivalents comprises of**

a) Cash in hand	22,401	20,239
b) Bank balance in current accounts	88,899	20,93,760
	<b>1,11,300</b>	<b>21,13,999</b>

- 2) Direct Tax paid are treated as arising from operating activity and not bifurcated in investment and financing activities.
- 3) Figures of the previous year have been re-grouped and re-classified wherever necessary to correspond with the figures of the current year.
- 4) Figures in brackets represent outflows.

As per our Report of even date enclosed

For and on behalf of

**KARNAVAT & CO.**

Chartered Accountants

Firm Regn. No. 104863W

**Viral Joshi**

Partner

Membership No. 137686

Place: Mumbai

Date : January 11, 2023

UDIN : **28137686BGS0A28852**

**For and on behalf of the Board of Directors**

**Vinod Saraf**

Director

DIN : 00076708

**Suhās Pal**

Company Secretary

**Vinati Saraf Mutreja**

Director

DIN : 00079184

**VEERAL ADDITIVES PRIVATE LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2022**

**A EQUITY SHARE CAPITAL**

For the half year ended 30.09.2022

Rs.

Balance as at 01st April, 2022	Changes in equity share capital during the year	Balance as at 30th September, 2022
45,00,00,000	-	45,00,00,000

For the year ended 31.03.2022

Balance as at 01st April, 2021	Changes in equity share capital during the year	Balance as at 31st March, 2022
45,00,00,000	-	45,00,00,000

**B OTHER EQUITY**

For the year ended 30.09.2022

in Rupees

Particular	Retained Earnings	Share application money pending allotment	Total Equity
Balance as at 01st April, 2022	(1,09,16,350)	-	(1,09,16,350)
Total Comprehensive Income for the year	-	-	-
Total Comprehensive Income/(loss) for the year	(1,09,16,350)	-	(1,09,16,350)
Add: Additions during the year	-	-	-
Less: Share capital issued during the year	-	-	-
<b>Balance as at 30th September, 2022</b>	<b>(1,09,16,350)</b>	<b>-</b>	<b>(1,09,16,350)</b>

For the year ended 31.03.2022

Particular	Retained Earnings	Share application money pending allotment	Total Equity
Balance as at 01st April, 2021	(1,63,07,191)	-	(1,63,07,191)
Total Comprehensive Income for the year	53,90,841	-	53,90,841
Total Comprehensive Income/(loss) for the year	(1,09,16,350)	-	(1,09,16,350)
Add: Additions during the year	-	-	-
Less: Share capital issued during the year	-	-	-
<b>Balance as at 31st March, 2022</b>	<b>(1,09,16,350)</b>	<b>-</b>	<b>(1,09,16,350)</b>



## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the half year ended 30th September, 2022

#### 1 Corporate Information and Significant Accounting Policies

##### Corporate Information

Veeral Additives Private Limited is a Private Limited Company domiciled in India. The Company is engaged in the manufacture of Specialty Chemicals.

##### Significant Accounting Policies:

###### a) **Statement of Compliance:**

These financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

###### b) **Basis of preparation**

The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

###### c) **Property, Plant and Equipment (PPE)**

The initial cost of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work - in - Progress.

###### d) **Depreciation**

Depreciation on property, plant and equipment is provided using straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

###### e) **Impairment of non-financial assets - property, plant and equipment and intangible assets**

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

###### f) **Borrowing Costs**



## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the half year ended 30th September, 2022

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

#### g) **Provision, Contingent Liabilities and Contingent Assets**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized.

However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

#### h) **Revenue Recognition**

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognized when the performance of agreed contractual task has been completed.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

#### i) **Leases**

A right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments is recognized for all leases over 1 year on initial recognition basis. Discounted committed & expected future cash flows and depreciation on the asset portion on straight-line basis & interest on liability portion (net of lease payments) on EIR basis is recognized over the expected lease term. No right-of-use asset is created for short term leases (i.e. lease term less than 1 year) and leases of low value items (i.e. lease of asset with original cost of less than Rs.1 lakh).

#### j) **Retirement and other employee benefits**

##### **Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc., are recognized during the period in which the employee renders related services and are measured at undiscounted amount expected to be paid when the liabilities are settled.

##### **Post-Employment Benefits**

##### **Defined Benefit Plans**

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act 1972.

The cost of providing defined benefit plans such as gratuity is determined on the basis of present value of defined benefits obligation which is computed using the projected unit credit method with independent actuarial valuation made at the end of each annual reporting period, which recognizes each period of service as given rise to additional unit of employees benefit entitlement and measuring each unit separately to build up the final obligation.



## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the half year ended 30th September, 2022

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss except those included in cost of assets as permitted.

Re-measurements comprising of actuarial gains and losses arising from experience adjustments and change in actuarial assumptions, the effect of change in assets ceiling (if applicable) and the return on plan asset (excluding net interest as defined above) are recognised in other comprehensive income (OCI) except those included in cost of assets as permitted in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) is recognised in the Statement of Profit and Loss except those included in cost of assets as permitted in the period in which they occur.

#### k) Income Taxes

Income Tax expenses comprise current tax and deferred tax charge or credit.

Current Tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the applicable tax rates and the provisions of the Income-tax Act, 1961 and other applicable tax laws.

Deferred tax is provided, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized directly in equity or OCI is recognized in equity or OCI and not in the Statement of Profit and Loss. MAT Credits are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence it is grouped with Deferred Tax Asset.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable.

#### l) Earnings Per Share

The basic Earnings Per Share ("EPS") is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### m) Cash and Cash Equivalents





## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the half year ended 30th September, 2022

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

n) **Financial liabilities and equity instruments**

• **Classification as debt or equity:**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

• **Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognized at the proceeds received.

o) **Segment Reporting - Identification of Segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 106, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

p) **Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of asset and liability if market participants would take those into consideration. Fair value for measurement and / or disclosure purposes in these Financial Statements is determined on such basis. Normally at initial recognition, the transaction price is the best evidence of fair value.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques those are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and financial liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

q) **Current versus Non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

i) **An asset is current when it is:**



## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the half year ended 30th September, 2022

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

#### ii) A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

#### iii) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### iv) The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Key assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### i) Useful Lives of Property, Plant & Equipment

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the remaining useful life of the assets.

#### ii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

#### iii) Recoverability of trade receivable

Judgements are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

#### iv) Provisions



## VEERAL ADDITIVES PRIVATE LIMITED

### Notes to Financial Statements for the half year ended 30th September, 2022

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

v) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

vi) **Impairment of financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. There is no such notification which would have been applicable from 1 October 2022.



2. Property, Plant & Equipments

Particular	GROSS BLOCK				DEPRECIATION / AMORTIZATION			NET BLOCK	
	Cost as at 01.04.2022	Additions / Disposals	Other Adjustments	Cost as at 30.09.2022	As at 01.04.2022	For the year	Adjustment / Disposals	As at 30.09.2022	As at 31.03.2022
<b>TANGIBLE ASSETS:</b>									
Office Equipments	3,24,278	-	-	3,24,278	1,16,329	30,891	-	1,47,270	3,77,050
Air Conditioner	23,28,671	45,679	-	23,74,350	9,41,623	2,27,134	-	11,66,757	12,15,593
Furniture & Fixings	1,98,22,665	3,42,225	-	2,01,64,890	23,70,924	5,29,505	-	29,00,429	82,64,461
Computers	14,11,481	3,13,624	-	17,25,105	9,84,981	1,29,306	-	11,14,289	6,10,816
Vehicles	9,98,204	-	-	9,98,204	3,62,286	59,861	-	4,21,747	5,76,937
<b>Total (A)</b>	<b>1,58,95,799</b>	<b>7,01,528</b>	-	<b>1,65,97,327</b>	<b>47,76,143</b>	<b>9,76,299</b>	-	<b>57,52,442</b>	<b>1,11,19,656</b>
Previous Year	1,48,22,354	10,73,445	-	1,58,95,799	28,69,629	19,06,514	-	47,76,143	1,11,19,656
<b>INTANGIBLE ASSETS:</b>									
License & Software	11,12,125	3,68,600	-	14,80,725	3,14,286	1,14,857	-	4,29,143	10,51,582
<b>Total (B)</b>	<b>11,12,125</b>	<b>3,68,600</b>	-	<b>14,80,725</b>	<b>3,14,286</b>	<b>1,14,857</b>	-	<b>4,29,143</b>	<b>10,51,582</b>
Previous Year	11,12,125	1,12,125	-	12,24,250	1,28,932	1,85,354	-	3,14,286	7,87,839
<b>Total (A+B)</b>	<b>1,70,07,924</b>	<b>10,70,128</b>	-	<b>1,80,78,052</b>	<b>50,90,429</b>	<b>10,91,156</b>	-	<b>61,81,585</b>	<b>1,18,96,467</b>
Previous Year	1,39,34,479	10,73,445	-	1,50,07,924	29,98,561	20,91,868	-	50,90,429	1,19,17,495
<b>CAPITAL WORK IN PROGRESS:</b>	<b>2,72,56,37,814</b>	<b>32,91,62,671</b>	-	<b>3,05,48,00,491</b>	-	-	-	-	<b>3,05,48,00,491</b>
Previous Year	4,76,21,20,310	96,35,17,504	-	3,72,56,37,814	-	-	-	-	2,72,56,37,814



## Notes to Financial Statements for the half year ended 30th September, 2022

3	Other Non-Current Assets	30-09-2022	31-03-2022
		Rs.	Rs.
	Prepaid Expenses - Lease	1,31,72,714	1,32,53,408
	Balances with Statutory Government authorities	1,20,05,699	1,20,05,099
		<b>2,51,78,413</b>	<b>2,52,58,507</b>

4	Inventories (as certified by Management) (at lower of cost or net realisable value)	30-09-2022	31-03-2022
		Rs.	Rs.
	Raw Material	27,14,27,502	18,22,22,455
	Work in Process	10,58,59,721	8,38,86,018
	Finished Goods	74,23,03,850	94,83,822
	Packing Material	25,03,004	12,84,114
	Stores	3,42,24,100	43,37,666
	Fuel	13,17,872	12,24,554
		<b>65,76,36,120</b>	<b>25,24,38,629</b>

5	Trade Receivables	30-09-2022	31-03-2022
		Rs.	Rs.
	Outstanding for more than 6 months from the date when they were due for payment	3,34,782	-
	Others	3,91,70,342	74,90,408
		<b>3,95,05,124</b>	<b>74,90,408</b>

## Trade Receivable Ageing Schedule (HY September 2022)

Particulars	Outstanding for following periods from due date of period				
	Less than 6 Months	6 Months to 1 year	1-2 years	More Than 2 Years	Total
(i) Undisputed Trade receivable - Considered good	3,91,70,342	-	3,34,782	-	3,95,05,124
(ii) Undisputed Trade receivable - Considered doubtful	-	-	-	-	-
(iii) Disputed Trade receivable - Considered good	-	-	-	-	-
(iv) Disputed Trade receivable - Considered doubtful	-	-	-	-	-
<b>TOTAL</b>	<b>3,91,70,342</b>	<b>-</b>	<b>3,34,782</b>	<b>-</b>	<b>3,95,05,124</b>

## Trade Receivable Ageing Schedule (FY 2021-2022)

Particulars	Outstanding for following periods from due date of period				
	Less than 6 Months	6 Months to 1 year	1-2 years	More Than 2 Years	Total
(i) Undisputed Trade receivable - Considered good	74,90,408	-	-	-	74,90,408
(ii) Undisputed Trade receivable - Considered doubtful	-	-	-	-	-
(iii) Disputed Trade receivable - Considered good	-	-	-	-	-
(iv) Disputed Trade receivable - Considered doubtful	-	-	-	-	-
<b>TOTAL</b>	<b>74,90,408</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,90,408</b>

6	Cash and Cash Equivalents	30-09-2022	31-03-2022
		Rs.	Rs.
	Cash on hand	22,401	20,239
	Other Bank Balances In Current Accounts	88,899	20,93,760
		<b>1,11,300</b>	<b>21,13,999</b>

7	Bank Balances other than Cash & Cash Equivalents	30-09-2022	31-03-2022
		Rs.	Rs.
	Fixed Deposits with original maturity for more than 3 months but less than 12 months Margin money against Non - fund based working capital facility	1,83,93,333	1,78,80,333
		<b>1,83,93,333</b>	<b>1,78,80,333</b>

8	Other Current Assets	30-09-2022	31-03-2022
		Rs.	Rs.
	Loans & Advances	1,32,255	-
	Capital Advance	39,46,918	44,93,493
	Advances to Vendors	1,27,76,410	54,60,179
	Deposits	10,46,981	53,02,866
	Prepaid expenses	55,93,005	21,86,214
	Accrued Interest	14,76,157	6,76,429
	MEIS license	12,54,698	18,761
	Receivable from Government authorities	68,64,004	83,64,004
	GST Receivable	45,54,67,247	34,72,66,404
		<b>48,85,59,875</b>	<b>37,19,90,350</b>

9	Current Taxes (Net)	30-09-2022	31-03-2022
		Rs.	Rs.
	Income Tax Deposits	8,57,310	8,58,231
		<b>8,57,310</b>	<b>8,58,231</b>



## Notes to Financial Statements for the half year ended 30th September, 2022

	30-09-2022 Rs.	31-03-2022 Rs.		
<b>10 Equity Share Capital</b>				
<b>Authorised Shares</b> 4,50,00,000 (31st March, 2022) / 4,50,00,000 Equity Shares of Rs.10/- each	45,00,00,000	45,00,00,000		
	<b>45,00,00,000</b>	<b>45,00,00,000</b>		
<b>Issued, Subscribed and fully paid up Shares</b> 4,50,00,000 (31st March, 2022) / 4,50,00,000 Equity Shares of Rs.10/- each	45,00,00,000	45,00,00,000		
	<b>45,00,00,000</b>	<b>45,00,00,000</b>		
<b>a) Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period</b>				
<b>Equity Shares:</b>	30-09-2022		31-03-2022	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the period	4,50,00,000	45,00,00,000	4,50,00,000	45,00,00,000
Add: Shares issued during the year	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>4,50,00,000</b>	<b>45,00,00,000</b>	<b>4,50,00,000</b>	<b>45,00,00,000</b>
<b>b) Shares held by holding/ultimate holding company and/or their subsidiaries/associates:</b>				
	30-09-2022 Nos	31-03-2022 Nos		
Holding Company Name of the Company Viraj Alkalis Ltd.	2,34,50,000	2,34,50,000		
	<b>2,34,50,000</b>	<b>2,34,50,000</b>		
<b>c) Details of shareholders holding more than 5% share in the company</b>				
	30-09-2022		31-03-2022	
Equity shares of Rs.10/- each fully paid	Nos.	% of holding	Nos.	% of holding
<b>Name of the shareholder :</b> Viraj Alkalis Ltd. Vinod Saraf	2,34,50,000 2,15,50,000	52.11% 47.89%	2,34,50,000 2,15,50,000	52.11% 47.89%
<b>d) Changes in Promoters' shareholding</b> Shares held by Promoter at end of the year For the half year ended 30.09.2022				
<b>Name of the shareholder</b>	Balance as at 01st April, 2022	% holding	Balance as at 30th September 2022	% Change during the year
Viraj Alkalis Ltd.	2,34,50,000	52.11%	2,34,50,000	-
Vinod Saraf	2,15,50,000	47.89%	2,15,50,000	-
	<b>4,50,00,000</b>	<b>100.00%</b>	<b>4,50,00,000</b>	<b>-</b>
For the year ended 31.03.2022				
<b>Name of the shareholder</b>	Balance as at 01st April, 2021	% holding	Balance as at 31st March, 2022	% Change during the year
Viraj Alkalis Ltd.	2,34,50,000	52.11%	2,34,50,000	0.00%
Vinod Saraf	2,15,50,000	47.89%	2,15,50,000	0.00%
	<b>4,50,00,000</b>	<b>100.00%</b>	<b>4,50,00,000</b>	<b>0.00%</b>
<b>e) Terms/Rights attached to equity shares:</b>				
The company has only one class of equity share having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share and dividend per share on pari passu basis. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors except interim dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting.				
The Board of Director of the Company has recommended Dividend of Rs. Nil per Equity Share for the Financial Year 2022-2021, subject to approval of the members at the ensuing Annual General Meeting. (March 31, 2022 - Rs. Nil).				
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.				
<b>11 Non-Current Borrowings</b>	30-09-2022 Rs.	31-03-2022 Rs.		
<b>Unsecured</b>				
Loan from Holding Company	10,35,00,000	10,00,00,000		
Loan from Related Party - Viraj Organics Ltd.	3,00,70,40,000	2,52,34,40,000		
	3,11,05,40,000	2,62,34,40,000		
Less: Current Maturities of Long Term Borrowings	-	-		
	<b>3,11,05,40,000</b>	<b>2,62,34,40,000</b>		
<b>12 Non Current Provisions</b>	30-09-2022 Rs.	31-03-2022 Rs.		
Leave Encashment	46,95,500	38,17,867		
Gratuity	33,73,721	30,17,477		
	<b>80,69,221</b>	<b>68,35,344</b>		



**VEERAL ADDITIVES PRIVATE LIMITED**

**Notes to Financial Statements for the half year ended 30th September, 2022**

13	<b>Current Borrowings</b>	<b>30-09-2022</b>	<b>31-03-2022</b>
		Rs.	Rs.
	Secured Cash Credit - HDFC Bank Ltd.	3,59,54,982	-
		<b>3,59,54,982</b>	<b>-</b>

**a1 Cash Credit Facility - HDFC Bank**

Nature of security  
First pari-passu charge over Current assets of the Company, both present and future.

Loan marked FD with 10% margin

Personal Guarantee of Mr. Vinod Saraf

Rate of Interest

The rate of interest is 1 year MCLR + 1.75 % p.a.

14	<b>Trade Payables</b>	<b>30-09-2022</b>	<b>31-03-2022</b>
		Rs.	Rs.
	Trade Payables: Due to Micro, Small and Medium Enterprises (Refer Note No. 28) Due to Other Enterprises	46,15,09,192	18,95,95,881
		<b>46,15,09,192</b>	<b>18,95,95,881</b>

**Trade Payables - Ageing Schedule (HY September 2022)**

Particulars	Outstanding for following periods from due date of period				
	Less than 1 Year	1-2 years	2-3 years	More Than 3 Years	Total
(i) MSME	-	-	-	-	-
(ii) Others	46,09,49,875	1,71,685	1,30,582	2,61,050	46,15,09,192
(iii) Disputed dues -MSME	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-
<b>Total</b>	<b>46,09,49,875</b>	<b>1,71,685</b>	<b>1,30,582</b>	<b>2,61,050</b>	<b>46,15,09,192</b>

**Trade Payables - Ageing Schedule (FY 2021-2022)**

Particulars	Outstanding for following periods from due date of period				
	Less than 1 Year	1-2 years	2-3 years	More Than 3 Years	Total
(i) MSME	-	-	-	-	-
(ii) Others	18,91,51,849	1,69,594	1,3,388	2,61,050	18,95,95,881
(iii) Disputed dues -MSME	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-
<b>Total</b>	<b>18,91,51,849</b>	<b>1,69,594</b>	<b>1,3,388</b>	<b>2,61,050</b>	<b>18,95,95,881</b>

15	<b>Other Current Liabilities:</b>	<b>30-09-2022</b>	<b>31-03-2022</b>
		Rs.	Rs.
	Retention Money	2,02,53,659	2,79,98,516
	GST Payable	77,269	4,77,088
	Profession Tax Payable	39,100	26,100
	TDS Payable	59,88,957	54,11,150
	VCS payable	9,167	34,929
	PF Payable	8,11,834	6,28,102
	ESIC payable	10,753	38,064
	Expenses Payable	915	44,094
	Advance received from Customers/ others	3,72,278	3,39,877
	Deposit - Distributor	20,00,000	20,00,000
		<b>2,95,63,932</b>	<b>3,70,00,010</b>

16	<b>Current Provisions</b>	<b>30-09-2022</b>	<b>31-03-2022</b>
		Rs.	Rs.
	Provision for Audit Fees	2,02,500	1,12,500
	Salary and Reimbursements	5,56,231	2,45,897
	Interest on Unsecured Loans	19,87,17,344	11,54,03,109
	Power Charges	76,17,940	27,31,372
	Water charges	4,32,201	3,06,286
	Conveyance expenses	3,34,272	-
	Security Charges	3,37,620	-
	Wages Payable	18,98,224	3,84,200
	Interest on Security Deposit	2,75,233	2,42,068
	Freight outward	3,99,330	-
	Other Expenses	2,47,173	2,06,049
		<b>21,20,17,468</b>	<b>11,96,31,481</b>



**VEERAL ADDITIVES PRIVATE LIMITED**

Notes to Financial Statements for the half year ended 30th September, 2022

17 Cost of Merchandise Trading activity		
Particulars	30-09-2022	31-03-2022
	Rs.	Rs.
Purchases	-	1,08,70,759
Freight	-	82,900
<b>Total</b>	<b>-</b>	<b>1,09,03,659</b>

18 Capitalisation of Expenditure		
During the period, the Company has capitalised the following expenses of revenue nature to the cost of Fixed / Capital Work in Progress (CWIP). Consequently expenses disclosed under the respective notes are net of amounts capitalised.		
Particulars	30-09-2022	2021-22
	Rs.	Rs.
<b>Trial Production Expenses (Net)</b>		
Material Consumed	49,43,83,695	13,92,66,627
Electricity Charges	5,99,24,741	4,35,77,842
Water charges	11,36,900	8,99,912
Fuel Consumed	12,74,64,639	3,78,79,416
Stores Consumed	1,24,55,660	89,61,236
Job work charges	4,600	43,89,459
Sales value of Trial Production	(29,21,33,532)	(20,18,29,492)
Difference in Inventory - In process/ Finished goods	(28,47,93,732)	(2,24,308)
	<b>11,84,42,970</b>	<b>3,29,20,692</b>
Salaries & wages	5,57,78,930	8,66,93,419
Security expenses	19,88,069	38,65,048
Travelling expenses	6,18,599	5,64,958
Business guest expenses	5,15,937	2,98,243
Lab trial expenses	80,045	1,33,600
Professional fees	8,83,502	6,27,125
Registration fees	2,27,416	2,13,736
Effluent disposal charges	-	2,90,025
Staff welfare expenses	5,87,157	14,14,698
Communication expenses	24,000	1,61,298
Computer expenses	2,97,238	2,33,103
Postage	2,34,224	1,12,728
Insurance	30,59,929	45,63,185
Conveyance expenses	21,26,998	70,87,171
Export expenses	1,07,47,371	13,68,730
Freight outward/ others	22,05,320	13,83,948
Printing & Stationary	1,65,515	1,32,156
Repair & Maintenance exps	35,09,845	62,10,411
Statutory Audit Fees	1,00,000	1,25,000
Interest on Loans	9,36,03,747	12,24,30,989
Interest on Security deposit	60,165	1,20,000
Duties & taxes	5,25,115	9,09,287
Bank Charges	14,87,877	18,66,030
Depreciation	10,91,156	20,91,868
Rent	3,58,500	5,48,129
Leasehold amortisation	80,694	1,62,907
Miscellaneous expenses	3,64,664	6,08,886
Exchange gain/ other income	(76,24,130)	(77,27,704)
<b>Total</b>	<b>29,15,35,852</b>	<b>26,44,09,666</b>





VEERAL ADDITIVES PRIVATE LIMITED

Notes to Financial Statements for the half year ended 30th September, 2022

19 Fair Values and Hierarchy

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value.

i)

September 30, 2022	Note No.	Carrying Amount			Fair Value			Total	Amounts in Rupees
		FVTPL	FVTOCI	Amortised Cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
Financial Assets									
Cash and Cash Equivalents	6	-	-	3,11,300	3,11,300	-	-	3,11,300	
Bank Balances other than Cash & Cash Equivalents	7	-	-	1,83,93,333	1,83,93,333	-	-	1,83,93,333	
				1,85,04,633	1,85,04,633	-	-	1,85,04,633	
Financial Liabilities									
Borrowings	11 & 13	-	-	3,14,64,94,982	3,14,64,94,982	-	-	3,14,64,94,982	
Trade Payables	14	-	-	46,15,09,192	46,15,09,192	-	-	46,15,09,192	
				3,60,80,04,173	3,60,80,04,173	-	-	3,60,80,04,173	

ii)

March 31, 2022	Note No.	Carrying Amount			Fair Value			Total	Amounts in Rupees
		FVTPL	FVTOCI	Amortised Cost	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)		
Financial Assets									
Cash and Cash Equivalents	6	-	-	31,13,999	31,13,999	-	-	31,13,999	
Bank Balances other than Cash & Cash Equivalents	7	-	-	1,76,60,333	1,76,60,333	-	-	1,76,60,333	
				1,99,94,332	1,99,94,332	-	-	1,99,94,332	
Financial Liabilities									
Borrowings	11 & 13	-	-	2,62,34,40,000	2,62,34,40,000	-	-	2,62,34,40,000	
Trade Payables	14	-	-	18,95,95,881	18,95,95,881	-	-	18,95,95,881	
				2,81,30,35,881	2,81,30,35,881	-	-	2,81,30,35,881	

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The management assessed that cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of financial assets included in the amount at which the instrument could be exchanged in a current transaction between willing parties.



**VEERAL ADDITIVES PRIVATE LIMITED**

**Notes to Financial Statements for the half year ended 30th September, 2022**

**20 Capital Management (Ind AS 1):**

For the purpose of Company's Capital Management, capital includes Issued Equity Capital and all other Equity Reserves attributable to the Equity Holders of the Company. The primary objective of the Company's Capital Management is to maximise the Share Holder Value.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Particulars	As at	As at
	September 30, 2022	March 31, 2022
	Rs.	Rs.
Total Debt (Long Term Debt)	3,11,05,40,000	2,62,34,40,000
Equity	43,90,83,650	43,90,83,650
Debt to Equity	<b>7.08</b>	<b>5.97</b>

In addition, the Company does not have any financial covenants relating to the borrowing facilities.

**21 Financial Risk Management (Ind AS 1):**

The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the operations of the Company. The principal financial assets comprises of cash & cash equivalents.

The Company has assessed market risk, credit risk and liquidity risk to its financial liabilities.

**i) Market Risk:**

Market Risk is the risk of loss of future earnings, fair values or cash flows that may result from a change in the price of a financial instrument, as a result of interest rates, foreign exchange rates and other price risks. However, the management is not anticipating such as on balance sheet date as the operation of the Company has not started yet.

**ii) Credit Risk:**

Credit Risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. It arises from credit exposure to customers and Balances with Banks.

The Company holds cash and cash equivalents with banks which are having highest safety rankings and hence has a low credit risk.

The Company limits its exposure to credit risk by generally investing only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The trade receivables due as at the half year ended 30 September 2022 amounted to Rs.3,95,05,123/-. The company uses Expected Credit Loss (ECL) Model to assess the impairment loss or gain.

**iii) Liquidity Risk:**

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowings facilities by continuously monitoring forecasts and actual cash flows.

The Company monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility. All payments are made along due dates and requests for early payments are entertained after due approval and availing early payment discounts.

The Company has a system of forecasting rolling one month cash inflow and outflow and all liquidity requirements are planned.

**Exposure to liquidity risk:**

The following are the remaining contractual maturities of financial liabilities at the reporting date:

Particulars	Refer Note	Less than 1 year Rs.	1-3 Years Rs.	3-5 Years Rs.
Borrowings	11 & 13	3,59,54,982	-	3,11,05,40,000 (2,62,34,40,000)
Trade Payable	14	46,15,09,192 (18,95,95,881)	-	-

Figures in brackets are in respect of Previous year

**22 Income Taxes (Ind AS 12):**

(a) The Company has no tax liability for the half year ended 30 September 2022 and accordingly reconciliation of tax expense is not made.

(b) Due to the uncertainty in the future taxable income, the Company has not recognized Deferred Tax as per Accounting standard-22 "Accounting for Taxes On Income".



**23 Disclosures as per IND AS - 19 - Employee Benefits**

During the year, the company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	(in Rupees)	
	Half Year Ended 30 September 2022	Year Ended 31 March 2022
(i) Employer's contribution to Provident Fund and Family Pension Fund* * included in Salaries in Note No. 18.	21,40,213	33,63,185

(ii) defined benefit obligation:		
a) Leave Encashment - Unfunded	17,01,418	28,48,815

(iii) The valuation results for the defined benefit gratuity plan as at 31-3-2022 are produced in the tables below:

**i) Changes in the Present Value of Obligation**

Particulars	Half Year Ended 30 September 2022	Year Ended 31 March 2022
<b>Present Value of Obligation as at the beginning</b>	30,17,477	18,55,463
Current Service Cost	5,67,221	11,70,900
Interest Expense or Cost	1,16,475	1,32,852
Actuarial (gain) / loss		
- change in financial assumptions	(61,720)	(1,05,144)
- experience variance (i.e. Actual experience vs assumptions)	(2,65,732)	(36,594)
- change in demographic assumptions		
Benefits Paid		
<b>Present Value of Obligation as at the end</b>	<b>33,73,721</b>	<b>30,17,477</b>

**ii) Changes in the Fair Value of Plan Assets**

Particulars	Half Year Ended 30 September 2022	Year Ended 31 March 2022
<b>Fair Value of Plan Assets as at the beginning</b>		
Investment Income	-	-
Adjustment to opening Fair Value of Plan Asset	-	-
Return on Plan Assets excluding interest income	-	-
Employer's Contribution	-	-
Benefits Paid	-	-
<b>Fair Value of Plan Assets as at the end</b>		

**iii) Expenses Recognised in the Income Statement**

Particulars	Half Year Ended 30 September 2022	Year Ended 31 March 2022
Current Service Cost	5,67,221	11,70,900
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	1,16,475	1,32,852
<b>Expenses Recognised in the Income Statement</b>	<b>6,83,696</b>	<b>13,03,752</b>

**iv) Other Comprehensive Income**

Particulars	Half Year Ended 30 September 2022	Year Ended 31 March 2022
Actuarial (gains) / losses		
- change in financial assumptions	(61,720)	(1,05,144)
- experience variance (i.e. Actual experience vs assumptions)	(2,65,732)	(36,594)
- change in demographic assumptions		
Return on Plan Assets excluding interest income	-	-
<b>Components of defined benefit costs recognised in other comprehensive</b>	<b>(3,27,452)</b>	<b>(1,41,738)</b>

**v) Actuarial Assumptions****a. Financial Assumptions**

The principal financial assumptions used in the valuation are shown in the table below:

Particulars	As on	
	Half Year Ended 30 September 2022	Year Ended 31 March 2022
Discount rate (per annum)	7.53%	7.53%
Salary growth rate (per annum)	7.00%	7.00%

**b. Demographic Assumptions**

Particulars	As on	
	Half Year Ended 30 September 2022	Year Ended 31 March 2022
Mortality Rate	IAM 12-14	IAM 12-14
Attrition Rate	5.00%	5.00%

**vi) Amount, Timing and Uncertainty of Future Cash Flows****a. Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of this assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	Half Year Ended 30 September 2022	As on 31 March 2022
Defined Benefit Obligation (Base)	33,73,721	30,17,477

Particulars	Half Year Ended 30 September 2022		As on 31 March 2022	
	Decrease	Increase	Decrease	Increase
	Discount Rate (- / + 1%)	37,49,480	30,54,481	33,47,363
Salary Growth Rate (- / + 1%)	30,57,626	37,39,242	27,38,174	33,38,640
Attrition Rate (- / + 1%)	34,38,572	33,02,020	30,24,194	29,44,601

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

**b. Asset Liability Matching Strategies**

The scheme is unfunded.

**c. Effect of Plan on Entity's Future Cash Flows**

Expected cash flows over the next (valued on undiscounted basis):

	Half Year Ended 30 September 2022	As on 31 March 2022
1 year	1,10,538	12,400
2 to 5 years	5,35,308	6,15,388
6 to 10 years	4,46,782	6,58,979
Above 10 years	82,26,205	66,02,162

**vii) Movement of Liability - Employee Benefit**

Opening balance  
Add : Provision for the year  
Less : Paid during the year  
Closing Balance

	Half Year Ended 30 September 2022	As on 31 March 2022
Opening balance	30,17,477	18,55,461
Add : Provision for the year	3,56,244	11,62,014
Less : Paid during the year	-	-
Closing Balance	<b>33,73,721</b>	<b>30,17,477</b>



**VEERAL ADDITIVES PRIVATE LIMITED**

Notes to Financial Statements for the half year ended 30th September, 2022

**24 Related party disclosures (Ind AS 24):**

**(A) Information about related parties :**

**(i) Holding company**

Viral Alkalis Ltd.

**(ii) Key Management Personnel**

Mr. Vinod Saraf

**(iii) Enterprises owned or significantly influenced by management personnel or their relatives with whom there were transactions during the period:**

Veeral Organics Pvt. Ltd.

Vinati Organics Ltd.

**(B) The following transactions were carried out with the related parties in the ordinary course of business:**

Nature of Transactions	Rs.	
	Half Year ended 30th September 2022	Year ended 31st March 2022
<b>Holding Company :</b>		
<u>Viral Alkalis Ltd.</u>		
Loan taken	1,35,00,000	19,75,00,000
Loan Repaid	1,00,00,000	9,75,00,000
Interest on Loan taken	31,36,850	1,94,349
Purchase of raw material	4,484	-
Sale of Goods		68,400
<b>Enterprises owned or significantly influenced by management personnel or their relatives</b>		
<u>Veeral Organics Pvt. Ltd.</u>		
Sale of Goods		3,89,394
<u>Vinati Organics Ltd.</u>		
Purchase of Raw Material/ packing material	27,93,99,488	12,10,52,756
Purchase of Capital Goods	2,82,352	13,67,575
Payment of Rent	3,12,000	5,40,000
Sale of Capital Goods	59,44,413	25,30,784
Telephone expense reimbursement	24,010	-
Purchase of General Stores	5,96,509	6,92,595
Purchase of Fuel	7,91,10,818	3,86,04,283
MEIS license purchase	84,33,642	22,90,747
Loan Taken	48,86,00,000	1,30,18,00,000
Loan Repaid	50,00,000	9,70,00,000
Interest Expense	15,07,58,239	12,03,78,134
<b>Closing balance as at</b>	<b>30th September 2022</b>	<b>31st March 2022</b>
<b>Holding Company</b>		
<u>Viral Alkalis Ltd.</u>		
Loan Payable	10,35,00,000	10,00,00,000
Interest on Unsecured Loan payable	31,36,850	44,384
<b>Enterprises owned or significantly influenced by management personnel or their relatives</b>		
<u>Vinati Organics Ltd.</u>		
Loan Payable	3,00,70,40,000	2,52,34,40,000
Purchase/ sale of Raw Material/ Capital Items/ Fuel etc.	35,99,64,156	6,18,16,939
Interest on Unsecured Loan Payable (net of TD5)	18,98,75,773	10,83,40,320

**Notes :**

1. Related Parties are disclosed by the management and relied upon by the auditors.



25 **Earnings per Share (EPS) (Ind AS 33):**

Particulars	Half Year Ended 30th September, 2022	Year Ended 31st March, 2022
<b>Basic &amp; Diluted EPS:</b>		
(i) Net Profit attributable to Equity Shareholders	-	53,50,841
(ii) Weighted average number of Equity Shares outstanding (Nos.)	4,50,00,000	4,50,00,000
<b>Basic &amp; Diluted EPS (Rs.) (i)/(ii)</b>	-	0.12

26 **Impairment of Assets: (Ind AS 36)**

Based on exercise conduct by the management in respect of impairment of Fixed Assets as required by Ind AS 36, the management do not consider to provide for any loss on account of impairment of fixed assets.

27 **Contingent Liabilities (Ind AS 37)**

Bank Guarantee outstanding amounting to Rs. 1,16,46,500/- (31st March, 2022 : Rs.90,78,500/-).

Custom duty/IGST & interest liability - Rs. 89,87,915/- on Obligation to Export amounting to Rs.12,19,79,876/- against purchase of Advance Licenses (31st March, 2022 : Custom duty/IGST & interest liability-Rs.1,55,63,038/- on Obligation to export - Rs.15,25,43,612).

28 **Leases (Ind AS 116)**

Ind AS 116 did not have any material impact on the financial position of the Company for the half year ended 30 September 2022.

The Company has taken office premises under operating lease. The Lease arrangements are generally renewable and cancellable in nature on expiry of the lease period at the option of the Company or the lessor. There is no contingent rent and no escalations clause in the lease agreement.

The lease rent debited to Capital Work in Progress is Rs.3,58,500/- (Pr. Yr. Rs.5,48,129/-).

29 **Disclosures under The Micro, Small & Medium Enterprises Development Act, 2006**

The details of liabilities to Micro and Small Enterprises, to the extent information available with the Company are given under and have been relied upon by the auditors.

Particulars	As at 30th September 2022	As at 31st March 2022
Amount outstanding but not due as at period ended	-	-
Amount due but unpaid as at the period ended	-	-
Amounts paid after appointed date during the period	-	-
Amount of interest accrued and unpaid as at period ended	-	-
The amount of further interest due and payable even in the succeeding period	-	-

Note : Other information/ disclosures relating to payments made beyond appointed date, interest accrued and paid and cumulative interest are not applicable, being Nil.

30 **C.I.F. Value of Imports**

Raw Material	30th September 2022	31st March 2022
	14,28,68,291	10,09,90,523

31 **Earnings in Foreign Currency**

Exports	30th September 2022	31st March 2022
	8,79,36,180	2,71,02,687

32 The Company has not traded or invested in crypto currency or virtual currency during the current period.

33 The Company is not required to spend any amount in terms of provisions of section 135 of the Companies, Act 2013 on Corporate Social Responsibility.

34 The Company is not a wilful defaulter by any bank or financial institution or other lenders.

35 There are no transactions with Struck off Companies under Section 248 or 560 of the Companies' Act 2013.

36 No proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988.

37 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

38 The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

39 The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

40 The Company has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

41 Pursuant to the amendments to Schedule III vide MCA circular dated March 24, 2021, the following ratios are presented:

Particulars	Numerator / Denominator	30th September 2022	31st March 2022	Remarks
Current ratio	Current Assets/ Current Liabilities	1.63	1.89	-
Debt equity ratio	Total Debt/ Shareholders Equity	7.17	5.97	-
Debt service coverage ratio	(net profit + depreciation + interest) / total amount of interest & principal of long term & short term loan payable during the period.	0.00	0.03	-
Return on equity ratio	PAT/ Total Equity	0.00%	1.23%	-
Inventory turnover ratio	*Operating Sales/ Stock	0.44	0.00	Higher Inventories in current period

Trade receivables turnover ratio	*Operating Sales/ Debtors	7.39	29.12	Higher Trade Receivables in current period
Trade payables turnover ratio	*Total Purchases/ Accounts Payable	1.73	1.49	Higher Purchases in current period
Net capital turnover ratio	*Operating Sales/ Working Capital	45.03%	71.16%	Higher Working Capital in current period
Net profit ratio	PAT/ Operating Sales*	0.00%	33.08%	-
Return on capital employed ratio	EBITA/ Cap. Employed or Shareholder's Equity	0.00%	1.23%	-
Return on investment ratio	Investing Income (incl. Change in Mkt Value)/ Investments	Not Applicable		No Investments income

\* Purchases & Sales includes amount capitalised during the period.

- 42 The Board of Directors of the Company at its meeting has considered and approved the Scheme of amalgamation pursuant to Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013 which, inter alia, envisages the amalgamation of the businesses of Veeral Additives Private Limited ("Transferor Company") into Vinati Organics Limited ("Transferee Company") and their respective shareholders pursuant to a scheme of amalgamation and the consequent issue of 16 fully paid up equity shares of 1/- each of the Transferee Company for every 707 fully paid up equity shares of 10/- each held in the Transferor Company, in accordance with the Share Exchange Ratio (as defined in the Scheme) subject to the receipt of requisite statutory and regulatory approvals and various matters consequentially or integrally connected herewith. The Scheme, if approved, will be effective from the Appointed Date (as defined in the Scheme) and operative from the Effective Date (as defined in the Scheme).
- 43 The Company is yet to commence its commercial production. Currently, the Company is conducting production test runs in order to achieve the desired quality/quantity output of finished goods and accordingly the Company has capitalised the items of revenue nature to the cost of Fixed / Capital Work in Progress (CWIP).
- 44 In the Opinion of the Board of Directors, the Current Assets, Loans & Advances are realisable in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 45 a) Pursuant to the amendments to Schedule III vide MCA circular dated March 24, 2021, figures are disclosed in rupee in Lacs.  
b) Previous year figures have been regrouped and/or reclassified wherever necessary to conform to current year's presentation.

As per our report of even date attached  
For and on behalf of  
**KARNAVAT & CO.**  
Chartered Accountants  
Firm Regn. No. (04863W)

**Viral Joshi**  
Partner  
Membership No. 137686

Place: Mumbai  
Date: January 11, 2023

UDIN : **23137686BG50A28ES2**

For and on behalf of the Board of Directors

**Vinod Saraf**  
Director  
DIN : 00076708

**Suhka Pai**  
Company Secretary

**Vinati Saraf Mutreja**  
Director  
DIN : 00079184

**M M NISSIM & CO LLP**  
CHARTERED ACCOUNTANTS


Regd. Office : Barodwala Mansion,  
B-Wing, 3rd Floor,  
81, Dr. Amle Besant Road,  
Worli, Mumbai - 400 018.  
Tel : +91 22 2496 9900  
Fax : +91 22 2496 9995  
LLPIN : AAT - 7548  
Website : www.mnisim.com

**LIMITED REVIEW REPORT ON STANDALONE FINANCIAL RESULTS OF VINATI ORGANICS LTD FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2022.**

To  
The Board of Directors,  
VINATI ORGANICS LTD.

1. We have reviewed the accompanying Statement of unaudited standalone financial results ("the Statement") of Vinati Organics Ltd ("the Company") for the quarter and half year ended 30<sup>th</sup> September, 2022, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
2. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India read with the Circular. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making enquires, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we could become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards, as notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For M M Nissim & Co LLP  
Chartered Accountants  
(Reg. No. 107122W/W100672)

  
N. Kashinath  
Partner  
Mem. No. 036490  
Mumbai, 7<sup>th</sup> November, 2022  
UDIN:- 22936u90GCVRD1521



Parinee Crescenzo, "A" Wing, T102, 11th Floor,  
"G" Block, Plot No. C38 & C39,  
Behind MCA, Bandra-Kurla Complex,  
Bandra (E), Mumbai - 400 051, India.  
Phone : 91-22-6124 0444 / 6124 0428  
Fax : 91-22-6124 0438  
E-mail : [vinati@vinatiorganics.com](mailto:vinati@vinatiorganics.com)  
Website: [www.vinatiorganics.com](http://www.vinatiorganics.com)  
CIN : L24116MH1989PLC052224

**VINATI  
ORGANICS  
LIMITED**



<b>VINATI ORGANICS LIMITED</b>							
Regd. Office: B-12 & B-13/1, MIDC Ind. Area, Mahad - 402 309, Dist. Raigad, Maharashtra. Phone: +91-22-61240444, Fax: +91-22-61240438 CIN : L24116MH1989PLC052224, Email: <a href="mailto:vinati@vinatiorganics.com">vinati@vinatiorganics.com</a> , Website: <a href="http://www.vinatiorganics.com">www.vinatiorganics.com</a>							
Unaudited Standalone Financial Results for the quarter and half year ended 30 Sept 2022							
(Rs. in Lacs) Except EPS							
Sr. No.	Particulars	Quarter Ended			Half Year Ended		Year Ended
		(30/09/2022) Unaudited	(30/09/2021) Unaudited	(30/06/2022) Unaudited	(30/09/2022) Unaudited	(30/09/2021) Unaudited	(31/03/2022) Audited
1	Revenue from operations (gross)	36,624.23	37,409.79	50,651.53	1,07,280.76	76,046.81	16,551.18
2	Other Income	1,997.47	1,357.98	1,869.48	3,864.95	3,118.58	6,056.24
3	<b>Total revenue (1+2)</b>	<b>38,621.70</b>	<b>38,767.77</b>	<b>52,521.01</b>	<b>1,11,145.71</b>	<b>79,165.42</b>	<b>1,67,847.42</b>
4	<b>Expenses</b>						
	(a) Cost of materials Consumed	29,841.52	20,418.84	30,028.59	58,879.11	42,719.07	85,570.03
	(b) Purchase of stock in Trade	-	581.50	-	-	581.30	581.30
	(c) Changes in inventories of finished goods, stock in trade and work in progress	1,292.70	(1,379.25)	(2,455.83)	(1,163.13)	(2,279.52)	(46.98)
	(d) Employee benefits expenses	2,314.32	2,120.67	2,318.74	4,033.06	4,204.45	8,308.54
	(e) Power and Fuel cost	4,533.03	2,484.10	3,996.36	8,729.38	4,883.91	11,743.49
	(f) Finance Cost	1.04	0.85	46.78	47.84	1.72	25.67
	(g) Depreciation and amortisation expense	1,304.76	1,127.67	1,282.50	2,587.26	2,228.44	4,588.03
	(h) Other expenditure	3,801.05	3,080.99	3,655.91	7,454.96	3,682.43	11,025.05
	<b>Total Expenses</b>	<b>43,088.43</b>	<b>28,486.62</b>	<b>38,873.05</b>	<b>81,963.48</b>	<b>58,024.02</b>	<b>1,22,716.83</b>
5	<b>Profit before exceptional items and tax (3-4)</b>	<b>15,533.27</b>	<b>10,281.15</b>	<b>13,627.96</b>	<b>29,182.23</b>	<b>21,141.40</b>	<b>44,930.59</b>
6	Exceptional items	-	-	-	-	-	-
7	<b>Profit before tax (5+6)</b>	<b>15,533.27</b>	<b>10,281.15</b>	<b>13,627.96</b>	<b>29,182.23</b>	<b>21,141.40</b>	<b>44,930.59</b>
8	<b>Tax Expense</b>						
	(a) Income tax	3,781.67	2,024.34	3,350.56	7,112.25	4,653.30	9,053.63
	(b) Deferred tax	175.72	(71.13)	138.36	934.08	237.60	(1,200.45)
9	<b>Net Profit from Ordinary Activities after tax (7-8)</b>	<b>11,600.88</b>	<b>8,185.68</b>	<b>10,119.02</b>	<b>21,719.90</b>	<b>16,230.37</b>	<b>34,607.51</b>
10	<b>Other comprehensive income (OCI)</b>						
	(a) Tax items that will not be reclassified to profit or loss	(5.45)	(6.32)	(9.45)	(18.90)	(12.64)	(37.86)
	(b) Income tax relating to items that will not be reclassified to profit or loss	2.38	1.59	2.38	4.76	3.18	9.53
11	<b>Total comprehensive income for the period</b>	<b>11,597.81</b>	<b>8,180.95</b>	<b>10,111.95</b>	<b>21,705.76</b>	<b>16,220.91</b>	<b>34,579.22</b>
12	Fair-up equity share capital (face value of Rs.1/-)	1,027.82	1,027.82	1,027.82	1,027.82	1,027.82	1,027.82
13	Reserves excluding Revaluation Reserve						1,81,795.89
14	<b>Earnings Per Share (EPS) (Not Annualised)</b>						
	Basic	11.29	7.91	9.85	21.15	15.79	33.73
	Diluted	11.29	7.91	9.81	21.15	15.79	33.73




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Parinee Crescento, "A" Wing, 1102, 11th Floor,  
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 CIN : L28116MH1989PLC052224



Standalone Statement of Assets and Liabilities		
Particulars	(Rs. in Lacs)	
	As at 30.09.2022 Unaudited	As at 31.03.2022 Audited
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	85,206.05	87,193.50
Capital Work-in-Progress	11,797.17	4,728.85
Other Intangible Assets	112.92	123.29
Financial Assets		
- Investments	4,804.91	9,776.70
- Loans	30,070.40	25,234.60
Others financial assets	378.08	633.72
Other non-current assets	5,502.90	3,721.82
<b>Current Assets</b>		
Inventories	16,139.21	17,615.88
Financial Assets		
- Investments	5,913.14	11.58
Trade Receivables	53,119.62	45,838.11
Cash and Cash Equivalents	359.40	93.27
Bank balances other than above	610.22	334.48
- Loans	5.00	28.68
Others financial assets	3,002.72	2,761.03
Current (see Assets Note)	1,204.91	1,741.31
Other current assets	3,402.97	3,153.69
<b>TOTAL ASSETS</b>	<b>2,28,279.66</b>	<b>2,08,976.82</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share Capital	1,027.82	1,027.82
Other Equity	1,76,810.82	1,81,783.87
<b>Total Equity</b>	<b>1,77,838.64</b>	<b>1,82,811.71</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Financial Liabilities		
- Other financial liabilities	33.54	44.23
Deferred Tax Liabilities (Net)	9,236.27	9,002.19
Other non-current liabilities	544.26	399.25
<b>Current Liabilities</b>		
Financial Liabilities		
Borrowings	141.17	1,000.89
Trade Payables		
A) Total Outstanding dues of micro and small enterprises	291.76	428.91
B) Total Outstanding dues of creditors other than micro and small enterprises	8,285.13	10,440.66
Other Financial Liabilities	794.75	504.32
Other Current Liabilities	4,988.51	2,818.44
Provisions	768.19	336.58
Current Tax Liabilities (Net)	2,238.72	55.82
<b>Total Liabilities</b>	<b>27,441.22</b>	<b>26,165.11</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,28,279.66</b>	<b>2,08,976.82</b>
<b>Notes:</b>	<p>1. The above results were reviewed by the Audit Committee and taken on record by the Board of Directors at their respective meetings held on 07.11.2022.</p> <p>2. The Company's business activity falls within a single primary business segment i.e. "Manufacturing of Chemicals".</p> <p>3. This statement has been prepared in accordance with companies (Indian Accounting Standards) rules, 2019 (Ind AS), prescribed w/e 1.10 of the companies Act, 2013 and unless recognized accounting practices and policies to the extent applicable.</p> <p>4. The Statutory auditors of the Company have carried out a limited review of the above unaudited standalone financial results for the quarter and full year ended 30 Sept 2022 and have issued an unqualified review report. The review report of the statutory auditors is being filed with the National Stock Exchange of India Limited (NSE) and BSE Ltd (BSE) and is also available on the Company's website.</p> <p>5. Standalone unaudited statement of cash flows is attached in Annexure.</p> <p>6. Previous period figures are regrouped, rearranged, wherever necessary.</p>	
Place : Mumbai		
Date: 07-11-2022	<p>For Vinati Organics Limited</p> <p><i>Saraj</i></p> <p>Vinati Saraf Motreja</p> <p>Managing Director &amp; CEO</p> <p>DIN : 00079184</p>	

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<b>VINATI ORGANICS LIMITED</b>			
<b>STANDALONE CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2022</b>			
Particulars	Half Year ended 30 September, 2022	Half Year ended 30 September, 2021	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
NET PROFIT BEFORE TAX	29,186.23	21,141.80	
Adjustment for :			
Depreciation	2,587.26	2,228.44	
Unrealised foreign exchange loss/(gain)	(1,045.72)	(541.76)	
Finance Cost (including fair value change in financial instruments)	47.81	1.72	
Interest Income	(985.80)	(592.30)	
Dividend Income	(20.35)	(4.09)	
Net gains on fair value changes on financial assets classified as FVTPL	(81.32)	(948.54)	
Net gain on sale of Investments classified as FVTPL	(31.93)	(93.86)	
Cessation of Liability	-	(6.62)	
Loss / (Gain) on Sale / Disposal of Property, Plant and Equipment	(0.44)	42.00	
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	29,675.77	31,184.80	
Trade receivables	(6,181.07)	(7,312.73)	
Other Non Current Financial assets	(0.99)	88.47	
Other Non Current Assets	(7.01)	(55.78)	
Other Current Financial Assets	554.39	167.98	
Other Current Assets	3,752.72	(2,094.72)	
Inventories	(523.83)	(4,691.65)	
Trade Payable	(2,327.79)	1,132.40	
Provisions	212.65	186.26	
Other non-current liabilities	144.51	(32.85)	
Other Current Financial Liabilities	200.41	72.81	
Other current liabilities	2,328.36	1,437.10	(11,100.71)
CASH GENERATED FROM OPERATIONS	27,847.22	10,083.99	
Direct Taxes paid	(4,433.85)	(1,483.56)	
NET CASH FROM OPERATING ACTIVITIES	23,213.37	8,600.43	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	(591.71)	(2,773.48)	
Capital Work in Progress And Capital Advances	(8,442.48)	(3,549.83)	
Proceeds from sale of Property, Plant and Equipment	2.67	-	
Purchase of Investments	-	(2,998.03)	
Investment in Subsidiary (including share application money pending allotment of Rs. 225 Lacs)	(554.00)	(306.00)	
Proceeds from sale of Investments	5,799.01	4,792.84	
Loan repaid by Subsidiary	-	101.49	
Loan to Employees	23.66	(3.23)	
Inter corporate loan given	(4,836.00)	(5,565.00)	
Deposits/Balances with Banks	(215.11)	(1,38.86)	
Interest Income	169.72	131.39	
Dividend Income	20.35	4.09	
NET CASH USED IN INVESTING ACTIVITIES	(8,627.89)	(10,307.58)	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Repayments) / Proceeds from Working Capital Facilities (Net)	(1,698.72)	(192.70)	
Non Current Financial Liabilities - Security Deposits	9.29	8.21	
Interest paid	(47.84)	(1.72)	
Dividend Paid	(6,680.83)	(6,166.92)	
NET CASH FROM FINANCING ACTIVITIES	(8,418.10)	(6,353.13)	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,167.38	(11,000.64)	
CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2022	105.15	17,418.61	
- Cash and cash Equivalents	93.57	167.47	
- Highly Liquid Investments	11.58	17,451.14	
CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER, 2022	6,272.54	6,557.97	
- Cash and cash Equivalents	359.40	84.95	
- Highly Liquid Investments	5,913.14	6,473.02	



For Vinati Organics Limited

*Saraf*

Vinati Saraf Mutreja  
 Managing Director & CEO  
 DIN : 00079184

Place: Mumbai  
 Date: 07/11/2022

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**LIMITED REVIEW REPORT ON CONSOLIDATED FINANCIAL RESULTS OF  
VINATI ORGANICS LTD FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2022.**

To  
The Board of Directors,  
VINATI ORGANICS LTD.

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results ("the Statement") of **Vinati Organics Ltd** (herein after referred to as "the Holding Company") and its subsidiary (the holding company and its subsidiary together referred to as "the Group") for the quarter and half year ended 30<sup>th</sup> September, 2022, attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("Listing Regulations").
2. This Statement is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors. The statement, as it relates to the quarter and half year ended 30<sup>th</sup> September 2022, has been compiled from the related consolidated financial statements prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant Rules issued thereunder and other accounting principles generally accepted in India and in compliance with the Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making enquires, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we could become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.

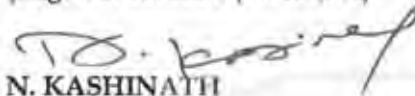
4. The statement includes results of the following entity:



Name of the Entity	Relationship
Veeral Organics Private Limited	Wholly Owned Subsidiary

5. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with applicable Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For M M Nissim & Co LLP  
Chartered Accountants  
(Reg. No. 107122W/W100672)

  
**N. KASHINATH**  
Partner  
Mem. No. 036490  
Mumbai, 7<sup>th</sup> November, 2022  
UDIN:- 22036490BCIWHL8731



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Unaudited Consolidated Financial Results for the quarter and half year ended 30 Sept 2022							
Sr. No.	Particulars	Quarter ended			Half Year Ended		Year Ended (31/03/2022)
		(30/09/2022)	(30/09/2021)	(30/09/2022)	(30/09/2022)	(30/09/2021)	
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
1	Revenue from operations (gross)	56,629.23	37,409.79	50,631.53	1,07,260.76	76,046.84	191551.18
2	Other Income	1,997.47	1,355.58	1,869.48	3,866.95	3,113.55	4,091.21
3	Total revenue (1+2)	58,626.70	38,765.37	52,501.01	1,11,127.71	79,160.39	1,97,642.39
4	Expenses						
	(a) Cost of materials Consumed	29,881.52	20,418.69	26,028.59	59,870.11	42,719.27	85,532.03
	(b) Purchase of stock in Trade	-	581.38	-	-	581.30	581.30
	(c) Changes in inventories of finished goods, stock in trade and work in progress	1,202.70	(1,379.25)	(2,455.88)	(1,163.13)	(2,279.52)	(40.98)
	(d) Employee benefits expenses	2,314.32	2,120.67	2,318.74	4,633.04	4,206.45	8,359.54
	(e) Power and fuel cost	4,533.02	3,484.10	3,996.36	8,529.38	4,883.91	11,745.41
	(f) Finance Cost	1.06	0.45	46.78	87.84	1.72	29.87
	(g) Depreciation and amortisation expense	1,304.76	1,127.67	1,282.30	2,587.26	2,228.44	4,548.63
	(h) Other expenditure	3,801.32	3,883.06	3,658.61	7,457.33	5,682.38	11,026.57
	Total Expenses	43,688.70	28,436.69	38,875.15	81,865.85	59,024.15	1,22,717.45
5	Profit before exceptional items and tax (3-4)	15,538.00	10,328.68	13,627.86	29,261.86	21,136.24	48,924.94
6	Exceptional items	-	-	-	-	-	-
7	Profit before tax (5-6)	15,538.00	10,328.68	13,627.86	29,261.86	21,136.24	48,924.94
8	Tax Expense						
	(a) Income tax	3,761.67	2,024.34	3,350.08	7,112.29	4,653.38	9,053.63
	(b) Deferred tax	175.72	171.13	158.36	394.08	257.63	1,209.43
9	Net Profit from Ordinary Activities after tax (7-8)	11,600.61	8,133.21	10,119.42	21,755.55	16,225.23	38,661.88
10	Other comprehensive income (OCI)						
	(a) The items that will not be reclassified to profit or loss	(9.45)	(6.32)	(9.45)	(18.90)	(12.64)	(37.80)
	(b) Income tax relating to items that will not be reclassified to profit or loss	2.38	1.59	2.38	4.76	3.18	9.51
11	Total comprehensive income for the period	11,593.54	8,128.48	10,111.35	21,705.39	16,215.77	38,633.57
12	Paid-up equity share capital (face value of Rs 1/-)	1,027.82	1,027.82	1,027.82	1,027.82	1,027.82	1,027.82
13	Reserves including Revaluation Reserve						1,81,773.96
14	Earnings Per Share (EPS) (Not Annualised)						
	Basic	11.29	7.91	9.85	21.13	15.79	33.71
	Diluted	11.29	7.91	9.85	21.13	15.79	33.71



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	As at 30.09.2022 Unaudited	As at 31.03.2022 Audited
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<b>Non-Current Assets</b>		
Property, Plant and Equipment	85,206.05	87,110.50
Capital Work-in-Progress	12,269.93	5,147.56
Other Intangible Assets	112.92	123.20
<b>Financial Assets</b>		
- Investments	3,623.94	9,249.70
- Loans	30,070.40	25,234.40
Other financial assets	153.24	228.72
Other non-current assets	3,981.40	4,118.76
<b>Current Assets</b>		
Inventories	16,139.71	17,615.48
<b>Financial Assets</b>		
Investments	-5,913.14	11.58
Trade Receivables	51,119.62	45,838.71
Cash and cash Equivalents	363.88	95.14
Bank balances other than above	610.32	334.48
Loans	5.02	28.68
Other financial assets	-3,003.72	2,741.03
Current Tax Assets (Net)	1,254.31	1,245.31
Other current assets	-5,885.13	9,189.32
<b>TOTAL ASSETS</b>	<b>2,25,291.75</b>	<b>2,08,975.37</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share Capital	1,027.82	1,027.82
Other Equity	1,96,784.26	1,81,773.96
<b>Total Equity</b>	<b>1,97,812.08</b>	<b>1,82,801.81</b>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
<b>Financial Liabilities</b>		
Other financial liabilities	55.54	46.25
Deferred Tax Liabilities (Net)	9,336.27	9,082.19
Other non-current liabilities	561.65	399.75
<b>Current Liabilities</b>		
<b>Financial Liabilities</b>		
Borrowings	141.17	1,638.81
Trade Payables		
A) Total Outstanding dues of micro and small enterprises	290.78	428.91
B) Total Outstanding dues of creditors other than micro and small enterprises	8,283.13	10,440.77
Other Financial Liabilities	794.73	594.32
Other Current Liabilities	5,009.54	3,820.10
Provisions	768.13	536.58
Current Tax Liabilities (Net)	-2,238.75	55.80
<b>Total Liabilities</b>	<b>27,479.67</b>	<b>26,173.56</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,25,291.75</b>	<b>2,08,975.37</b>
<p>Notes: 1. The above results were reviewed by the Audit Committee and taken on record by the Board of Directors at their respective meetings held on 07.11.2022.</p> <p>2. The Company's business activity falls within a single primary business segment viz. "Manufacturing of Chemicals".</p> <p>3. This statement has been prepared in accordance with companies (Indian Accounting Standards) rules, 2015 (Ind AS), prescribed w/e 1/3 of the companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.</p> <p>4. The Statutory auditors of the Company have carried out a limited review of the above unaudited consolidated financial results for the quarter and half year ended 30 Sept 2022 and have issued an unqualified review report. The review report of the Statutory auditors is being filed with the National Stock Exchange of India Limited (NSE) and BSE Ltd (BSE) and is also available on the Company's website.</p> <p>5. Consolidated unaudited statement of cash flows is attached in Annexure.</p> <p>6. Previous period figures are regrouped, rearranged, wherever necessary.</p>		
<p>Place : Mumbai          Year : 07.11.2022</p>		



For Vinati Organics Limited  
  
 Vinati Saraf Mufreja  
 Managing Director & CEO  
 DIN : 00079184

**Lote Works** : Plot No. A-20, MIDC Industrial Area, Lote Parashuram 415 722 Tal. Khed, Dist. Rajnagri, Maharashtra, India  
**Phone** : (02356) 273032 - 33 • **Fax**: 91-2356-272448 • **E-mail**: [vinlote@vinatiorganics.com](mailto:vinlote@vinatiorganics.com)  
**Regd. Office & Mahad Works** : B-12 & B-13/1, MIDC Industrial Area, Mahad 402 309, Dist. Raigad, Maharashtra, India  
**Phone** : (02145) 232013/14 • **Fax** : 91-2145-232010 • **E-mail**: [vinmhd@vinatiorganics.com](mailto:vinmhd@vinatiorganics.com)

Parinee Crescewz, "A" Wing, 1102, 11th Floor,  
 "G" Block, Plot No. C38 & C39,  
 Behind MCA, Bandra Kurla Complex,  
 Bandra (E), Mumbai - 400 051, India.  
 Phone - 91-22-6124 0444 / 6124 0428  
 Fax - 91-22-6124 0438  
 E-mail - [vinati@vinatiorganics.com](mailto:vinati@vinatiorganics.com)  
 Website - [www.vinatiorganics.com](http://www.vinatiorganics.com)  
 CIN - L24116MH1989PLC052224



VINATI ORGANICS LIMITED			
CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2022			
Particulars	Half Year ended 30 September, 2022	Half Year ended 30 September, 2021	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
NET PROFIT BEFORE TAX	29,165.86		21,136.24
Adjustment for:			
Depreciation	2,587.26		2,228.44
Unrealised foreign exchange loss/(gain)	(1,065.72)		(541.74)
Finance Cost (including fair value change in financial instruments)	47.84		1.72
Interest Income	(985.80)		(587.36)
Dividend Income	(20.33)		(4.09)
Net gains on fair value changes on financial assets classified as FVTPL	(41.32)		(948.54)
Net gain on sale of Investments classified as FVTPL	(31.93)		(93.86)
Cessation of Liability			
Loss / (Gain) on Sale / Disposal of Property, Plant and Equipment	(0.44)	509.54	54.55
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>29,675.40</b>		<b>21,190.79</b>
Trade receivables	(6,161.97)		(7,332.73)
Other Non Current Financial assets	(1.15)		113.17
Other Non Current Assets	(7.01)		(93.78)
Other Current Financial Asset	554.39		143.28
Other Current Assets	3,704.19		(2,113.15)
Inventories	(523.83)		(4,691.65)
Trade Payable	(2,327.96)		1,120.88
Provisions	212.65		188.26
Other non-current liabilities	161.98		(32.85)
Other Current Financial Liabilities	209.41		72.81
Other current liabilities	2,138.73	(2,049.59)	1,448.86
<b>CASH GENERATED FROM OPERATIONS</b>	<b>27,625.81</b>		<b>10,051.89</b>
Direct Taxes paid	(4,433.80)		(4,483.59)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>23,192.01</b>		<b>5,568.30</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	(991.71)		(2,773.48)
Capital Work in Progress And Capital Advances	(8,958.01)		(3,702.75)
Proceeds from sale of Property, Plant and Equipment	2.67		
Purchase of Investments			(2,998.95)
Proceeds from sale of Investments	5,799.01		4,792.81
Loan to Employees	23.66		(5.23)
Inter corporate loan given	(4,806.00)		(5,545.60)
Deposits / Balances with Banks	(279.13)		(138.86)
Interest Income	169.72		125.33
Dividend Income	20.35		4.09
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(8,589.42)</b>		<b>(10,262.01)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Repayments) / Proceeds from Working Capital Facilities (Net)	(1,678.72)		(192.89)
Non Current Financial Liabilities - Security Deposits	9.29		8.21
Share Issue Expenses	(14.27)		(10.81)
Interest paid	(47.84)		3.31
Dividend Paid	(6,680.83)		(6,166.92)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(8,432.37)</b>		<b>(6,399.93)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>6,170.22</b>		<b>(1,092.64)</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31ST MARCH, 2022</b>	<b>106.72</b>		<b>17,619.45</b>
- Cash and cash Equivalents	95.14		168.52
- Highly Liquid Investments	11.58		17,451.13
<b>CASH AND CASH EQUIVALENTS AS AT 30TH SEPTEMBER, 2022</b>	<b>8,276.94</b>		<b>6,566.81</b>
- Cash and cash Equivalents	363.80		93.76
- Highly Liquid Investments	7,913.14		6,473.07



Per Vinati Organics Limited

*Saraf*  
 Vinati Saraf Murtuja  
 Managing Director & CEO  
 DIN : 00079184

Place: Mumbai  
 Date: 07/11/2022

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