

**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



**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



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**