



VIPUL ORGANICS

Interconnected Chemistry

REPORT OF THE AUDIT COMMITTEE OF VIPUL ORGANICS LIMITED (FORMERLY KNOWN AS VIPUL DYECHEM LIMITED) RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION BETWEEN THE COMPANY AND EFFERCHEM PRIVATE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS.

To,
The Board of Directors,
Vipul Organics Limited
102, Andheri Industrial Estate,
Off. Veera Desai Road, Andheri (West)
Mumbai - 400 053

1. BACKGROUND:

- 1.1. Efferchem Private Limited ('Transferor Company' or 'EPL') is a company incorporated under the provisions of Part I of Chapter XXI of the Companies Act, 2013 by conversion of Zeon Chemical Industries LLP, a Limited Liability Partnership registered under Limited Liability Partnership Act, 2008, to take over the business of the LLP on going concern basis, and has its registered office at Plot No. A/14, M.I.D.C., A.M.P. Road, Ambernath (West), Thane-421501. The EPL was incorporated on 24th October, 2016 with the object to manufacture, process, purchase, resale, export, import and commission agency of all types of Laboratory fine and heavy chemicals whether organic or inorganic and including dyes, acid and intermediates and minerals and to refine, purify, derivate, crystallize, process, dry and to carry out such other process or processes, activity or activities to carry out this objects.
- 1.2. Vipul Organics Limited (formerly known as Vipul Dyechem Limited) ('Transferee Company' or 'VOL') is a company incorporated on 21st June, 1972 under the provisions of Companies Act, 1956 and having its registered office at 102, Andheri Industrial Estate, Off. Veera Desai Road, Andheri (West), Mumbai-400 053. The Transferee Company is engaged in the business of manufacturing and dealing in Pigment Powder, Pigment Dispersion, Leather Dyes, Naphthols, Fast color bases, Fast color salts & Dyes intermediates. The Company is a public limited listed company and its equity shares are listed on BSE Limited and Ahmedabad Stock Exchange Limited.
- 1.3. The draft Scheme of Amalgamation of Efferchem Private Limited with the Company under Sections 230 and 232 and other applicable provisions of the Companies Act, 2013 ("Scheme") was placed before the Audit Committee of the Company by the management to consider and recommend the said draft Scheme to the Board of Directors of the Company.



Vipul Organics Ltd., 102, Andheri Industrial Estate, Off Veera Desai Road, Andheri (W), Mumbai - 400 053, India.

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- 1.4. This report of the Audit Committee is made in order to comply with the requirements of Circular CFD/DIL3/CIR/2017/21 dated 10th March, 2107 issued by the Securities and Exchange Board of India ("SEBI CIRCULAR").
- 1.5. The draft Scheme provides for the amalgamation of the Transferor company into the Company in the manner, including the transfer of the entire business of the Transferor company as a going concern, to the Company, as more particularly set out in the draft Scheme.
- 1.6. The following documents were placed before the Audit Committee:
 - a) Draft Scheme, duly initialled by the Managing Director of the Company for the identification;
 - b) Independent Chartered Accountants Report dated 2nd May 2017, prepared and issued by the Mr. R. P. Bhende, for the purposes of the SEBI Circular ("**Independent Chartered Accountants Report**");
 - c) Fairness Opinion dated 2nd May 2017, prepared and issued by Saffron Capital Advisors Pvt. Ltd., Merchant Banker for the purposes of SEBI Circular ("**Fairness Opinion**");
 - d) Certificate prepared and issued by the Statutory Auditors of the Company, M/s. J.A. Rajani & Co., Chartered Accountants, confirming that the proposed accounting treatment specified in the draft Scheme is in compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circulars issued thereunder and all the applicable Accounting Standards prescribed under the Companies Act, 2013 and other accounting principles generally accepted in India; and
 - e) Draft Net-worth Certificate prepared and issued by the Statutory Auditors of the Company, M/s. J.A. Rajani & Co., Chartered Accountants, along with related workings pre and post scheme for the Transferor and the Transferee companies.

The salient features of the draft Scheme are, *inter alia*, as under:

- a) The draft scheme provides for the amalgamation of the Transferor Company into the Company;
- b) The proposed Appointed Date for the Scheme is 1st April, 2017
- c) Upon the proposed amalgamation becoming effective, all assets, liabilities, contracts, rights, obligations etc. of the Transferor Company shall stand transferred to the Company. Further, upon the proposed amalgamation becoming effective, the Transferor Company shall stand dissolved without any further act or deed;
- d) The transferee Company shall account for the amalgamation in its books in accordance with applicable Accounting Standards and generally accepted accounting principles adopted in India; and
- e) The Scheme will become effective on obtaining all approvals as mentioned in the Scheme.



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The Audit Committee reviewed the Independent Chartered Accountants Report along with the Fairness Opinion and noted the recommendations made therein. The Audit Committee also noted the Certificate obtained from the Statutory Auditors of the Company, on the accounting treatment prescribed in the draft Scheme, as required under the SEBI Circular.

Recommendation of the Audit Committee:

The Audit Committee has considered and noted the aforementioned documents and recommends the draft Scheme of Amalgamation of Efferchem Pvt. Ltd. with the Company to the Board of Directors of the Company for its favourable consideration.

Prasannakumar B. Gawde
Chairman of the Audit Committee Meeting

Place: Mumbai
Date: 2nd May, 2017



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