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**REPORT ADOPTED BY BOARD OF DIRECTOR OF VIKRAM THERMO (INDIA) LIMITED  
IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013 AT  
MEETING DATED 17<sup>TH</sup> SEPTEMBER, 2022.**

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- 1) The Board of Directors ('Board') of the Company at their meeting held on 17<sup>th</sup> September, 2022 had approved a draft of the proposed Scheme of Arrangement by way of Demerger of Aromatic Chemical Business (Unit -II) of Vikram Thermo (India) Limited (Demerged Company) into Vikram Aroma Limited (Resulting Company) between both the companies and their respective shareholders and creditors.

Pursuant to this Scheme of Arrangement the shareholders of the Demerged Company will be issued One (1) new Equity share of the Resulting Company of the face value of Rs. 10/- each fully paid up on every Ten (10) Equity Shares of the face value of Re.10/- each fully paid up held by him / her / it in the Demerged Company;

- 2) As per Section 232(2) (c) of the Companies Act, 2013 a report is required to be adopted by the Directors explaining effect of the Scheme on each class of shareholders, key managerial personnel, promoters, non-promoter shareholders of the Company laying out in particular the Share exchange ratio, specifying any special valuation difficulties.
- 3) Having regard to the applicability of the aforesaid provisions, the scheme and the following documents are placed before the Board;
- a. The Share Entitlement Ratio Report dated 12.09.2022, recommending the share entitlement ratio (hereinafter referred to as "Valuation Report") on the Scheme, provided by Mr. Pinakin Shah, a Registered Valuer (Registration No. IBBI/RV/05/2019/10728);
  - b. The Fairness Opinion dated 12.09.2022 on the share entitlement ratio recommended by the Valuation Report for the purpose of the Scheme provided by M/S Kunverji Finstock Private Limited, SEBI registered Merchant Banker (SEBI Reg No. INM000012564);
  - c. The certificate of M/s J. T. SHAH & CO., the statutory auditor of the Demerged Company, to the effect that the accounting treatment contained in the Scheme is in compliance with the applicable Accounting Standards notified by Central Government under Section 133 of the Act and Indian Accounting Standards as prescribed from time to time;
- 4) Need and rationale of the scheme of arrangement and demerger :

The Demerger will unlock value for all businesses and result in shareholder value maximization.

- i. The Demerged Undertaking and the Remaining Business have achieved scale and experience to sustain business on the basis of their own strengths. Additionally, both businesses deal with different sets of industry dynamics in the form of nature of risks, competition, challenges, opportunities and business methods. Hence, segregation of the two undertakings would enable focused managements to explore the potential business opportunities more effectively and efficiently.
- ii. Demerger will enable both Demerged Company and the Resulting Companies to enhance business operations by streamlining operations, cutting costs, more efficient management control and outlining independent growth strategies
- iii. Each undertaking will be able to target and attract new investors with specific knowledge, expertise and risk appetite corresponding to their own businesses. Thus, each undertaking will have its own set of likeminded investors, thereby providing the necessary funding impetus to the long-term growth strategies of each business.
- iv. Demerger will enhance efficiencies and will have different business interest into separate corporate entity, resulting in operational synergies, simplification, focused management, streamlining and optimization of the group structure and efficient administration.
- v. Pursuant to the Scheme, the equity shares issued by the Resulting Companies would be listed on BSE Limited and will unlock the value of the Demerged Undertakings for the shareholders of the Demerged Company. Further, the existing shareholders of the Demerged Company would hold the shares of two (2) listed entities, after the Scheme becoming effective, giving them flexibility in managing their investments in the two businesses having differential dynamics.

Vikram Thermo (India) Limited currently has two Business divisions which are as follows

- i. Pharma Polymer Business (Unit-1)
- ii. Aromatic Chemical Business (Unit-2)

### i. Pharma Polymer Business (Unit-1)

The company's manufacturing unit at survey no. 269/220/221 at village Dhanot, is spread over a land area of approx. 19338 s.q. mts with built up area of approx. 8425 s.q. mts.

The company manufactures methacrylic acid and ethyl acrylate-based co- polymers mainly for use in pharmaceutical and cosmetics industries.

The company's main products are manufactured and sold under the following brands.

1. **Drugcoat:** The Drugcoat range of products have excellent potential as versatile and unique application in enteric coating, taste masking and sustained release pharmaceutical formulations as a Nextgen polymers.
2. **DR Coat:** It is a ready to use polymers for coating solution in newer coating processes by the pharmaceutical industry.
3. **Aquapol:** It is a synthetic polymers used as a thickening agent and gelling agent. It finds application in formulation like shampoo, body cleanser, face cleanser, hair gel, lotion, cream, liquid, soap etc.
4. **Apion:** An ion exchange pharma polymer used for taste masking of bitter drugs, for superfast tablet disintegration, for manufacture of sustained release drugs.

The company has a separate F&D division at 601, GIDC Chhatral, in land area of 1045 s.q. mts with a building of 365 s.q. mts. The F&D unit carries out the in house R & D activity and formulation development for customer support services.

### ii. Aromatic Chemical Business(Unit-2)

The company's unit-II at village Indrad is into manufacture of diphenyl oxide (DPO). The company land area is around 23388 s.q. mts with a built up area of about 2975 s.q. mts.

#### DPO Applications :-

- a. Diphenyl oxide finds application as a perfumery component in detergents, soaps, toiletries and essence stick.
- b. Diphenyl oxide (DPO) is also used as a reaction solvent in the manufacture of drugs.
- c. DPO finds application in 'Heat transfer fluid'.
- d. DPO is used in specialty surfactant which find application in textiles, mining, petroleum, agriculture etc.
- e. Dpo is used in 'Fire retardant' which is widely used in the plastic industry.

5) Impact of the scheme on the shareholders/Key Managerial Personnel/Promoter/Non-promoter:

i. The Shareholders of Demerged Company as on Record date shall be entitled to equity shares in resulting company based on the share entitlement ration determined by Mr. Pinakin Shah, Registered valuer (Registration No. IBBI/RV/05/2019/10728), in the Valuation Report submitted to this Committee. Accordingly, subsequent to Demerger the shareholders of Demerged Company shall also become shareholders of Resulting Company.

- The Scheme will not adversely affect the rights or interest of any shareholder of the Applicant Companies or their respective shareholders or creditors, in any manner whatsoever.
- The proportionate equity shareholding of any shareholder pre-demerger and post demerger would remain same and not vary. The beneficial economic interest of Demerged Company shareholders in Resulting Company will remain same as at the time of demerger (pre-demerger) and hence would not have any impact on the economic interest of the shareholders of the Demerged Company. The share entitlement ratio would not have any impact on the ultimate value of the shareholders of Demerged Company and the Proposed Demerger will be value-neutral to the Demerged Company's shareholders.
- The entitlement ratio as proposed by the management, for shareholders of Demerged Company, is as under:

For 10 equity shares of Rs. 10/- each held in Demerged Company, 1 (one) Equity Share of Rs. 10/- each of Resultant Company which would result into issue of 31,35,785 equity shares of Rs. 10/- each of Resultant Company to the equity shareholders of Demerged Company and thereby giving the shareholders of Demerged Company 100% equity stake post the demerger.

- ii. Promoters: Promoters of the Company who are holding shares in the Demerged Company will get the shares in the same ratio as stated in point no. (i) in the Resulting Company as there will be mirror image be created after the Demerger of demerged undertaking.
- iii. Non-promoter: Please refer to point (i) above the details regarding effect on shareholder.
- iv. Debentures and Debenture Trustees: The Company has not issued any Debentures hence this clause is not applicable.

- v. Creditors: Upon the Scheme coming into effect the creditors obligation with respect to Demerged undertaking (as defined in the scheme) shall become the obligations to Vikram Aroma Limited and Creditors (Resulting Company) obligations with respect to remaining undertaking (as defined in the scheme) shall remain with Vikram Thermo (India) Limited.
- vi. Key Managerial Personnel: There is no impact of the scheme on the KMPs of the Company. Further none of the KMPs have any interest in the scheme except to the extent of shares held by them, if any, in the company.

## 6) Valuation

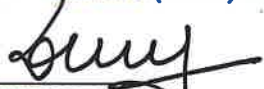
Valuation Report dated 12<sup>th</sup> September, 2022 issued by Mr. Pinakin Shah, Registered Valuer, Ahmedabad, describing inter alia the methodology adopted by them in arriving at the share valuation including the share entitlement ratio and setting out the details of computation of fair entitlement ratios for the proposed arrangement ("Valuation Report").

## 7) Adoption of Report by the Directors

The Directors of the Company have adopted this report after noting and considering information set forth in this report. The Board or any duly authorized person/committee by the Board is entitled to make relevant modification to this report, if required and such modifications or amendments shall be deemed to form part of this report.

**FOR, M/S. VIKRAM THERMO (INDIA) LIMITED**

**FOR, VIKRAM THERMO (INDIA) LIMITED**



**MR. DHIRAJ PATEL**  
**CHAIRMAN & MANAGING DIRECTOR**  
**(DIN: 00044350)**



**DATE: 17/09/2022**

**PLACE: Ahmedabad**