

**Vital Chemtech Limited :**  
● **Corporate Office:**  
B-406, Mondeal Heights, Opp. Karnavati Club,  
S.G.Highway, Ahmedabad, Gujarat, INDIA-380015.  
● **Plant Address :**  
Plot No : D-3 / 151 & 158, GIDC, Dahej III,  
Dist. Bharuch, Gujarat, INDIA-392 130.  
☎ +91- 79 -4891 1925, 2970 9525  
● **www.vitalgroup.co.in @ info@vitalgroup.co.in**  
**CIN Number : U24299GJ2021PLC127538**



**Date: September 4, 2023**

**To,  
National Stock Exchange Limited  
Exchange Plaza,  
Bandra-Kurla Complex  
Bandra (East), Mumbai 400051**

Respected Sir/Ma'am

**Sub: Submission of Annual Report for Financial Year 2022-23.**

**Ref.: Vital Chemtech Limited (Symbol: VITAL/ISIN: INE0L4K01016)**

With reference to captioned subject and pursuant to Regulation 34 of SEBI (LODR) Regulation 2015 we hereby submit the stock exchange 02<sup>nd</sup> Annual Report of the Company.

Kindly disseminate the same on your website and oblige us.

**For, Vital Chemtech Limited**

**Vipul Bhatt  
Chairman & Managing Director  
DIN: 06716658**

**Place: Ahmedabad**

**Encl: Annual Report**

# Vital Chemtech Limited

**2<sup>ND</sup>** ANNUAL REPORT

2022-23



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# CHAIRMAN'S MESSAGE

## Vital Chemtech Limited

Dear Shareholders,

I hope you all and your family members are healthy and safe.

I am honoured to present to you our Annual Report for the year 2022-23, which encapsulates the significant steps we have taken as a Company. The previous year has been truly remarkable for us, marked by the successful initiation of our Initial Public Offering (IPO). This prime milestone signifies a crucial advancement in our endeavour of continuous growth and expansion. Beyond bolstering our financial stability, this remarkable accomplishment has also instilled in us a deep sense of motivation to uphold our promise of delivering exceptional value and trust to our esteemed stakeholders. With the unwavering backing of our investors and partners, we are thrilled to embark on this exciting new chapter of our journey, further building upon our esteemed legacy of excellence and solidifying our position as an industry leader.

### Performance Review

Vital has evolved from a promoter-driven to a professional organisation, and our most important priority is to reward customers and shareholders. We are dedicated to creating economic value through quality innovations and ensuring returns through EPS. As you all know, previous year was a roller coaster year in terms of performance across Pharma, Agro, Dye and Chemicals segment. Even in these adverse circumstances, we have been able to achieve above par performance as compared to Industry segment standards. Also we have been able to achieve growth in terms of product volumes. This is reflected in our impressive financial indicators. The consolidated figures are as follows; revenues stood at 11674.33 lakhs as of 31st March 2023. EBITDA during the year 1260.82 lakhs in 2022-23. Our profit before tax is 1148.45 lakhs in 2022-23. PAT is 805.13 lakhs in 2022-23. We prudently utilised this to pay back significant debt and invested the surplus for the Company's future growth.

### Value and Sustainability

Over the last 30 years, vital group has been synonymous with the following core values: 'integrity' at work, 'Innovation' in thought, 'Commitment' to all internal and external stakeholders with focus on driving 'Excellence' across the group's offerings and initiatives.

Vital group is committed to sustainable development and environmental awareness. They are the key to our continued success and to the long-term sustainability of our operations.

### Expansion and Growth

I am further pleased to share with you that, we have acquired majority stake in Vital Alkoxides Private Limited wherein the plant is in final stages of completion. This project will help us further expand our product portfolio. Further, your Directors have recommended a dividend of Rs. 0.50/- per equity share for the year ended March 31, 2023 which is being placed for your approval.

### Vote of thanks

On behalf of Vital group I would like to thank all the team members for their support and commitment towards the Company. I also express my gratitude to all customers, suppliers, associates and stakeholders for believing in the Company and supporting us in all the situations.

We will continue to create long-term, sustainable value for all by being consistent and flexible and I look forward to an exciting journey ahead, together.

Thank you  
Warm Regards  
Vipul J. Bhatt  
Chairman & Managing Director

## Mission

To passionately become a significant engine for growth and to help develop communities and create innovation for our stakeholders in the field of Chemistry.

## Vision

Building business value by creating the best performance chemical products for our customers and society through innovation.



## Group &amp; Company Profile

**CORPORATE PORTRAIT**

## Vital Chemtech Limited

**ABOUT US**

Vital Chemtech Limited. is one of the leading manufacturer in phosphorous derivative chemistry, manufacturing speciality and down stream products at its state-of-art, integrated manufacturing complex in Dahej, Gujarat.

**WIDE-RANGING APPLICATIONS**

- Life science
- Cropcare
- Specialty chemicals
- Textile auxiliaries
- Dyes, pigments, plastic additives

## S N A P S H O T

**Dominant**

Manufacturer  
of Phosphorus  
derivative chemicals

**Automated  
and integrated**

Manufacturing complex  
located in Dahej

**6\***

Key products  
manufactured



Cumulative  
manufacturing  
capacity of  
**28,800 MT**

**75+**

Strong Work Force



## Group &amp; Company Profile

# THE JOURNEY OF

## Vital Chemtech Limited

Over  
the  
years

**1993**

The Group commenced business by establishing Vital Chemicals Limited, trading in various chemicals, particularly Phosphorus Derivatives, Organophosphates & Polymers.

**2013**

Incorporation of the Company as Rudra Chemtech Private Limited.

**2019**

Commenced commercial production of Poly Phosphoric Acid.

**2018**

Commenced commercial production of Phosphorous Pentoxide & Phosphorous Pentachloride.

**2015**

- Conversion of the Company in to a Limited Liability Partnership (LLP)
- Commissioning of our integrated manufacturing plant at Dahej, Gujarat, with the production of Phosphorous Trichloride
- The name of the LLP changed to Vital Chemtech Limited Liability Partnership

**2020**

Undertook SAP implementation & transitioned critical plant operations to PLC & SCADA systems.

**2021**

- Conversion of LLP into Public Limited Company, Vital Chemtech Limited
- Incorporated a new company, Vital Alkoxides Private Limited for manufacturing of Alkoxides range
- Incorporated a new company, Vital Wellness Private Limited for manufacturing of Nutraceutical and Wellness products

**2023**

Vital Alkoxides Private Limited became subsidiary of Vital Chemtech Limited

**2022**

- Crossed the topline benchmark
- Completed significant capacity augmentation from 13,200MT to 28,800MT
- Commenced exports with first-time business in Saudi Arabia
- Incorporated a new company as subsidiary of Vital Chemtech Limited, Vital Synthesis Private Limited for manufacturing of Speciality Chemicals
- Successful launch of IPO and Listing on National Stock Exchange (India)

## Group &amp; Company Profile

# Marquee Phosphorous Derivatives Player

- ▶ **Comprehensive** range of products
- ▶ Focused only on **core competence** i.e., **phosphorous chemistry**
- ▶ **Wide-ranging** product applications
- ▶ **Diversified** end-industry consumerbase
- ▶ 6\*products **manufactured**
- ▶ Additional products in phosphorous chemistry in the pipeline

## Phosphorus Oxychloride ( $\text{POCl}_3$ )

Used in gasoline additives and hydraulic fluids

## Phosphorus Trichloride ( $\text{PCl}_3$ )

Used for electrodeposition of metal on rubber, pesticides, surfactants, gasoline additives, plasticizers, dyestuffs, textile finishing agents, germicides, medicinal-products, and other chemicals

## Phosphorus Pentoxide ( $\text{P}_2\text{O}_5$ )

Used for electrodeposition of metal on rubber, pesticides, surfactants, gasoline additives, plasticizers, dyestuffs, textile finishing agents, germicides, medicinal-products, and other chemicals

## Poly Phosphoric Acid (PPA)

Used in gasoline additives and hydraulic fluids

## Phosphorus Pentachloride ( $\text{PCl}_5$ )

Used to manufacture chemicals for aluminum metallurgy and the pharmaceutical industry

## Phosphorus Pentasulfide ( $\text{P}_2\text{S}_5$ )

Used in the production of safety matches, lube oil additives and pesticides



## Group &amp; Company Profile

# Industry Leaders We Serve

1. Vital Chemtech Limited. has garnered an impressive group of clients built on the bedrock of providing the **highest quality products** to achieve superior customer satisfaction.
2. At the same time, the Company has been **mindful of customer concentration**.
  - No single customer contributes more than 10% of the top line.
  - Top 5 clients contribute less than 25% of the top line.

## Life science



## Crop Care (Agrochemical)



## Specialty Chemicals



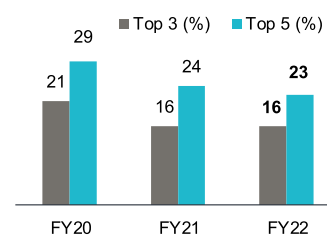
## Textiles Auxiliaries



## Dyes, Pigments, Plastic Additives



## Decreasing client concentration with growing customer base



## Superior Manufacturing Capital

# Automated & Integrated manufacturing complex

Completely automated plant equipped with state -of-art:

**Programmable Logic Controller (PLC)**

**Supervisory Control and Data Acquisition (SCADA)**

**Integrated complex** to manufacture phosphorus base chemicals



**Zero Liquid Discharge (ZLD) plant**



Located on a 9,100 Sq.Mt . plot at Dahej, Gujarat, with 10% land available for future expansion

Further adjacent 18,000 Sq.Mt . plot available for expansion



Equipped with a **Quality Control laboratory**



Adherence to the highest Environmental, Health, and Safety **(EHS) standards**



**Certified:**

ISO 9001:2015  
ISO 45001:2018  
ISO 14001:2015



## NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING

**Notice** is hereby given that the 2nd Annual General Meeting (AGM) of **Vital Chemtech Limited** ("the Company") will be held on Wednesday September 27, 2023 at 04:00 P.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following businesses;

### Ordinary Businesses:

1. To receive, consider and adopt

- (a) The audited standalone financial statements of the Company for the financial year ended on March 31, 2023, together with the Reports of Board of Directors and the Auditor thereon.
- (b) The audited consolidated financial statement of the Company for the financial year ended March 31, 2023 and the report of Auditors thereon and in this regard.

To consider and if thought fit, to pass, with or without modification(s), the following resolutions as **Ordinary Resolution**:

- (a) "**RESOLVED THAT** the audited standalone financial statement of the Company for the financial year ended on March 31, 2023 and the reports of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby considered and adopted."
  - (b) "**RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended on March 31, 2023 and the report of Auditors thereon, as circulated to the members, be and are hereby considered and adopted."
2. To declare final dividend on equity shares at the rate of 5% [i.e. 0.50/- (Rupees Fifty paise only) per Equity Share of Face Value of Rs 10/- (Rupees Fifty paise only)] for the financial year ended March 31, 2023.
3. To appoint a Director in place of Mr. Jay Bhatt (DIN: 09363173) who retires by rotation and being eligible, offers himself for re-appointment.

**Explanation:** As per Section 152 of Companies Act, 2013, executive directors and non-executive directors are subject to retirement by rotation. Mr. Jay Bhatt (DIN: 09363173), who was appointed as Whole Time Director for the current term, and is the longest-serving member on the Board, retires by rotation and, being eligible, seeks re-appointment.

To the extent that Mr. Jay Bhatt (DIN: 09363173), is required to retire by rotation, he would need to be reappointed as such. Therefore, shareholders are requested to consider and if thought fit, to pass the following resolution as an **ordinary resolution**:

"**RESOLVED THAT**, pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company be, and is hereby accorded to the reappointment of Mr. Jay Bhatt (DIN: 09363173), as such, to the extent that he is required to retire by rotation."

## Special Businesses:

### 4. Alteration of Articles of Association:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT**, pursuant to the provisions of the Section 14 of the Companies Act, 2013 and any other applicable provisions of the Companies Act, 2013 read with the relevant rules, consent of the shareholders of the Company be and is hereby accorded to amend the Articles of Association of the Company as under:

#### 1. Deletion of Clauses 156, 157 of Common Seal which is reproduced below;

##### 156. Common Seal

The Board shall provide a common seal of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. The common seal shall be kept at the Registered Office of the Company and committed to the custody of the Directors.

##### 157. Affixture of Common Seal

The seal shall not be affixed to any instrument except by the authority of a resolution of the Board or Committee and unless the Board otherwise determines, every deed or other instrument to which the seal is required to be affixed shall, unless the same is executed by a duly constituted attorney for the Company, be signed by one Director and the Secretary in whose presence the seal shall have been affixed or such other person as may, from time to time, be authorised by the Board and provided nevertheless that any instrument bearing the seal of the Company issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching the authority to issue the same provided also the counter signature of the Chairman or the Vice Chairman, which shall be sealed in the presence of any one Director and signed by him on behalf of the Company.

#### 2. Addition of below sub- clauses under heading Rights to Dividend:-

##### Rights to Dividend

**158 (a):** Notwithstanding anything contained in these Articles of the Company, but subject to the provisions of the Act and all other applicable rules of the statutory authorities and the Rules framed by the Board of Directors of the Company in this behalf as amended from time to time by the Board, it shall be open for the Members of the Company who hold the equity shares in the Company to waive/forgo his/their right to receive the dividend (interim or final) by him/them for any financial year which may be declared or recommended respectively by the Board of Directors of the Company. The waiver/forgoing by the Members, his/ their right to receive the dividend (interim or final) by him/them under this Article shall be irrevocable immediately after the record date/book closure date fixed for determining the names of Members entitled for dividend. The Company shall not be entitled to declare or pay and shall not declare or pay dividend on equity shares to such Members who have waived/forgone his/their right to receive the dividend (interim or final) by him/ them under this Article.

**158 (b):** The Company may pay dividends to the Members other than Members who have waived/ forgone their right, of receiving dividends (including any interim dividend) in respect of any financial year in accordance with the rules framed by the Board of Directors of the Company and amended from time to time by the Board of Directors of the Company, in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others.

**158 (c):** No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits of the Company, or otherwise than in accordance with the provisions of the Act and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

**158 (d):** Subject to the provisions of the Act, the Directors may, from time to time, pay to the Members other than the Members who have waived/foregone their right of receiving any dividend declared / to be declared by the Company for any financial year, in accordance with Rules framed by the Board and amended from time to time, such interim dividends as in their judgment the position of the Company justifies.

Post Deletion of Article No. 156, subsequent Articles will be renumbered accordingly.

**5. To ratify the remuneration payable to M/s. R J & Associates, Cost Accountants (Firm Registration Number: 004690) Cost Auditor of the Company for the financial year ended on March 31, 2024.**

**To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 148(3) and any other applicable provision(s), if any, of the Companies Act, 2013, read with the Rule 14 of Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the consent of the members be and is hereby accorded to ratify the remuneration of 50,000/- (Rupees Fifty Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses payable to M/s. R J & Associates., Practicing Cost Accountants (Firm Registration No.: 004690) Ahmedabad appointed by the Board of Directors of the Company in their meeting held on August 28, 2023 as Cost Auditor of the Company, based on the recommendations of the Audit Committee, to conduct the audit of the cost records of the Company for the FY 2023-24.

**RESOLVED FURTHER THAT** the Board of Directors of the Company including its committee of Directors thereof, be and are hereby severally authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**Registered office:**

B-406, Mondeal Heights,  
Opp. Karnavati Club,  
S. G. Highway, Ahmedabad 380015

For and on behalf of Board of Directors

**VITAL CHEMTECH LIMITED**

CIN: L24299GJ2021PLC127538

**Date: 28/08/2023**

**Place: Ahmedabad**

**Vipul Bhatt**

**Chairman & Managing Director**

**DIN: 06716658**

**Jay Bhatt**

**Wholetime Director**

**DIN: 09363173**

## IMPORTANT NOTES

1. Pursuant to the General Circular No. 10/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs (MCA) and Circular SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 issued by SEBI (hereinafter collectively referred to as “the Circulars”), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC on Wednesday, September 27, 2023 at 04.00 P.M. (IST). The deemed venue of the proceedings of the 2nd AGM shall be the Registered Office of the Company at B-406, Mondeal Heights, Opp. Karnavati Club, S. G. Highway, Ahmedabad 380015 , Gujarat.
2. Information regarding appointment/re-appointment of Directors and Explanatory Statement in respect of special businesses to be transacted pursuant to Section 102 of the Companies Act, 2013 and/or Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed hereto.
3. The facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting.
4. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
5. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto;
6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the MCA Circulars & SEBI Circulars, the Company is providing facility of remote e-Voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the 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 venue voting on the date of the AGM will be provided by NSDL.
8. Notice calling the AGM has been sent by electronic means to those members who had registered their email addresses with the Company / Depositories. The Notice has also been uploaded on the website of the Company at [www.vitalgroup.co.in](http://www.vitalgroup.co.in) & the website of the Stock



Exchange i.e. NSE Limited at [www.nseindia.com](http://www.nseindia.com) and is also made available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

9. Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participants.
10. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone / mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.
11. Members seeking clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the date of the meeting. This would enable the Company to compile the information and provide the replies at the Meeting.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) KYC details and nomination by holders of physical securities by October 1, 2023, and linking PAN with Aadhaar by June 30, 2023 vide its circular dated March 16, 2023. Shareholders are requested to submit their PAN, KYC and nomination details to the Company's RTA, Skyline Financial Services Private Limited at [info@skylinerta.com](mailto:info@skylinerta.com)

Members holding shares in electronic form are, therefore, requested to submit their PAN to their DP. In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023 or link their PAN with Aadhaar before June 30, 2023, in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.

As per Section 72 of the Act, the facility for submitting nomination is available for members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form SH-13. Members are requested to submit these details to their DP in case the shares are held by them in electronic form, and to the RTA, in case the shares are held in physical form.

13. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
14. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 27, 2023. Members seeking to

inspect such documents can send an email [compliance@vitalgroup.co.in](mailto:compliance@vitalgroup.co.in).

15. In compliance with Section 108 of the Act, read with the corresponding rules, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), the Company has provided a facility to its members to exercise their votes electronically through the electronic voting ("e-voting") facility provided by the NSDL. Members who have cast their votes by remote e-voting prior to the AGM may participate in the AGM but shall not be entitled to cast their votes again. The manner of voting remotely by members holding shares in dematerialised mode is provided in the instructions for e-voting section which forms part of this Notice. The Board has appointed M/s. SCS and Co. LLP, Practicing Company Secretaries (M. No. 41942 and COP No. 23630), as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.
16. The e-voting period commences on Sunday September 24, 2023 at 09:00 A.M. (IST) and ends on Tuesday September 26, 2023 at 05:00 P.M. (IST). During this period, members holding shares in dematerialised form, as on cut-off date, i.e. as on Wednesday, September 20, 2023 may cast their votes electronically. The e-voting module will be disabled by NSDL for voting thereafter. A member will not be allowed to vote again on any resolutions on which vote has already been cast.
17. The facility for voting during the AGM will also be made available. Members present in the AGM through VC/ OAVM and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
18. The Scrutinizer will submit their report to the Chairman of the Company ('the Chairman') or to any other person authorised by the Chairman after the completion of the scrutiny of the e-voting (votes casted during the AGM and votes casted through remote e-voting). The result declared along with the Scrutinizer's report shall be communicated to the stock exchanges, NSDL and will also be displayed on the Company's website, [www.vitalgroup.co.in](http://www.vitalgroup.co.in)

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

The remote e-voting period begins Sunday September 24, 2023 at 09:00 A.M. (IST) and ends on Tuesday September 26, 2023 at 05:00 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 the record date (cut-off date) i.e. on Wednesday, September 20, 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 Wednesday, September 20, 2023.

#### **PROCESS AND MANNER FOR MEMBERS OPTING FOR VOTING THROUGH ELECTRONIC MEANS AND PARTICIPATING AT THE ANNUAL GENERAL MEETING THROUGH VC/OAVM:**

- I. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the

Circulars issued by the Ministry of Corporate Affairs dated April 8, 2020, April 13, 2020, May 5, 2020 and SEBI Circular dated May 12, 2020, the Company is providing facility of remote e-voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL, as the Authorised e-voting agency for facilitating voting through electronic means. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the AGM will be provided by NSDL.

- ii. There being no physical shareholders in the Company, the Register of members and share transfer books of the Company will not be closed. Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off date i.e. Wednesday, September 20, 2023 shall be entitled to avail the facility of remote e-voting as well as e-voting system on the date of the AGM. Any recipient of the Notice, who has no voting rights as on the Cut-off date, shall treat this Notice as intimation only.
- iii. A person who has acquired the shares and has become a member of the Company after the dispatch of the Notice of the AGM and prior to the Cut-off date i.e. Wednesday, September 20, 2023, shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or e-voting system on the date of the AGM by following the procedure mentioned in this part.
- iv. The remote e-voting will commence on Sunday September 24, 2023 at 09:00 A.M. (IST) and ends on Tuesday September 26, 2023 at 05:00 P.M. (IST). During this period, the members of the Company holding shares as on the Cut-off date i.e. Wednesday, September 20, 2023, may cast their vote electronically. The members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by NSDL thereafter.
- v. Once the vote on a resolutions is cast by the member, he/she shall not be allowed to change it subsequently or cast the vote again.
- vi. The voting rights of the members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut-off date i.e. Wednesday, September 20, 2023.
- vii. The Company has appointed M/s. SCS and CO. LLP, Practicing Company Secretaries (ICSI Unique Code: L2020GJ008700), to act as the Scrutinizer for conducting the remote e-voting process as well as the e-voting system on the date of the AGM, in a fair and transparent manner.

#### **INSTRUCTIONS FOR CASTING VOTES BY REMOTE E-VOTING:**

The remote e-voting period begins on Sunday September 24, 2023 at 09:00 A.M. (IST) and ends on Tuesday September 26, 2023 at 05:00 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 the record date (cut-off date) i.e. Wednesday, September 20, 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 i.e. Wednesday, September 20, 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>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>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>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 “<b>Login</b>” 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>Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless votingexperier <b>NSDL Mobile App is available on</b></li> </ol> <div style="text-align: center;">   </div> <div style="text-align: center;">   </div>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</li> </ol>
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 above mentioned 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:voting@nsdl.co.in">voting@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 022-23058738 or 022-23058542-43

**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 userID 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.  
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 AND JOIN GENERAL MEETING ON NSDL E-VOTING SYSTEM.**

### **How to cast your vote electronically and join General Meeting on NSDL e-voting system?**

- |  |
|--|
| <ol style="list-style-type: none"> <li>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 General Meeting is in active status.</li> <li>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 General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join Meeting”.</li> <li>3) Now you are ready for e-Voting as the Voting page opens.</li> <li>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.</li> <li>5) Upon confirmation, the message “Vote cast successfully” will be displayed.</li> <li>6) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.</li> <li>7) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.</li> </ol> |
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### **General Guidelines for shareholders**

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| <ol style="list-style-type: none"> <li>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 scsandcollp@gmail.com with a copy marked to 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.</li> <li>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 to reset the password.</li> <li>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 or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to at evoting@nsdl.co.in</li> </ol> |
|---|

### **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 compliance@vitalgroup.co.in
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 compliance@vitalgroup.co.in



3. 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.
4. 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.
5. 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 2nd AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the 2nd AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the 2nd AGM at the Registered Office of the Company or 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 AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the 2ndAGM. However, they will not be eligible to vote at the AGM.
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 AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE 2nd AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM 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 link” placed under “Join General meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join General 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 [compliance@vitalgroup.co.in](mailto:compliance@vitalgroup.co.in) The same will be replied by the company suitably.

**INFORMATION ON DIVIDEND:**

- I). Subject to approval of the Members at the AGM, the dividend will be paid within 30 days from the conclusion of the AGM, to the Members whose names appear on the Company's Register of Members as on the Record Date i.e. Friday, September 15, 2023, and in respect of the shares

held in dematerialized mode, to the Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

- ii). Promoter/ Promoter group has requested for waiver of their Dividend. Alteration of Articles for waiver of dividend is subject to approval of shareholders. If Alteration of Articles of Association is approved in the 2nd Annual general Meeting, the dividend will be paid within 30 days from the conclusion of the AGM, to only Public Shareholders whose names appear on the Company's Register of Members as on the Record Date i.e. Friday, September 15, 2023.
- iii). Payment of dividend shall be made through electronic mode to the Shareholders who have updated their bank account details. In case the payment of dividend may not be made through electronic mode due to various reason, Dividend warrants / demand drafts will be dispatched to the registered address of the shareholders who have not updated their bank account details, after normalisation of the postal service.
- iv). Shareholders are requested to register/ update their complete bank details with their Depository Participant(s) with whom they maintain their demat accounts if shares are held in dematerialized mode by submitting the requisite documents.
- v). Pursuant to the Finance Act 2020, dividend income is taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, please refer to the Finance Act, 2020/Income Tax Act, 1961 and the amendments thereof. The shareholders are requested to update their PAN with the DP (if shares held in electronic form) and Company/ RTA (if shares held in physical form).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G / 15H, to avail the benefit of non-deduction of tax at source by e-mail to [compliance@vitalgroup.co.in](mailto:compliance@vitalgroup.co.in) by September 15, 2023. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders [including Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. For this purpose the shareholder may submit the above documents (PDF / JPG Format) by e-mail to [compliance@vitalgroup.co.in](mailto:compliance@vitalgroup.co.in) . The aforesaid declarations and documents need to be submitted by the shareholders by Friday, September 15, 2023.

- vi). The Company has fixed Friday, September 15, 2023 as the 'Record Date' for determining entitlement of members to receive dividend for the FY 2022-23, if approved at the AGM. Those members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Record Date shall be entitled for the dividend which will be paid on or before Thursday, October 26, 2023, subject to applicable TDS.
- vii). Members are requested to note that, dividends if not encashed for a consecutive period of seven (7) years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of which dividends are not encashed for the consecutive period of seven (7) years are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are

requested to claim their dividends from the Company, within the stipulated timeline.

- viii). Members holding the shares in physical mode are requested to notify immediately the change of their address and bank particulars to the R & T Agent of the Company. In case shares held in dematerialized form, the information regarding change of address and bank particulars should be given to their respective Depository Participant

**EXPLANATORY STATEMENT**  
**(Pursuant to Section 102 (1) of the Companies Act 2013**  
**and Secretarial Standard 2 on General Meetings)**

**ITEM NO. 4:**

**Alteration of Articles of association: Special Resolution**

With the enactment of the Companies (Amendment) Act, 2015, the use of Common Seal has been made optional. In order to facilitate administrative convenience for execution of documents on behalf of the Company it is proposed to alter the existing Articles of Association (“AOA”) of the Company by removing/amending the relevant clauses in the Articles of Association of the Company pertaining to the common seal.

Further Promoter/ Promoter group has requested for waiver of their Dividend. Alteration of Articles for waiver of dividend is subject to approval of shareholders. If Alteration of Articles of Association is approved in the 2nd Annual general Meeting, the dividend will be paid within 30 days from the conclusion of the AGM, to only Public Shareholders whose names appear on the Company's Register of Members as on the Record Date i.e. Friday, September 15, 2023. With view to provide facility of waving of the right to receive dividend by shareholder, it is proposed to alter the existing Articles of Association (“AOA”) of the Company by adding/amending the relevant clauses in the Articles of Association of the Company pertaining to the dividend.

Pursuant to Section 14 of the Companies Act, 2013, the said alteration can be effected only with the approval of Shareholders by passing a special resolution. The Board accordingly recommends the passing of the said resolution as contained in the Notice for approval by the Members as a special resolution.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise, directly or indirectly in the proposed resolution.

All the material documents pertaining to the above resolution shall be available for inspection by the Members at the Registered Office of the Company.

**ITEM NO. 5:**

**To approve Cost Auditor's Remuneration for the Financial Year 2023-24: Ordinary Resolution**

The Board of Directors at its meeting held on August 28, 2023, upon the recommendation of the Audit Committee, approved the appointment of M/s. R J & Associates, Practicing Cost Accountants (Firm Registration Number: 004690), to conduct the audit of the Cost records of the Company for the Financial Year ending on March 31, 2024 at a remuneration of (Rupees Fifty Thousand Only) excluding all applicable taxes and reimbursement of out of pocket expenses. In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (as amended or re-enacted from time to time) the remuneration as mentioned above, payable to the Cost Auditors, is required to be ratified by the Members of the Company.

The Board recommends the resolution set out under Item No. 05 for the approval of the Members by way of passing an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives, is, in any way, concerned or interested, financially or otherwise, in the aforesaid resolution.

**Registered office:**

B-406, Mondeal Heights,  
Opp. Karnavati Club,  
S. G. Highway, Ahmedabad 380015

For and on behalf of Board of Directors

**VITAL CHEMTECH LIMITED**

CIN: L24299GJ2021PLC127538

**Date: 28/08/2023**

**Place: Ahmedabad**

**Vipul Bhatt**

**Chairman & Managing Director**

**DIN: 06716658**

**Jay Bhatt**

**Wholetime Director**

**DIN: 09363173**

**Annexure to Notice of 2nd Annual General Meeting**  
**Disclosure under Regulation 36 (3) of SEBI**  
**(Listing Obligations and Disclosure Requirements) Regulations,**  
**2015 and Secretarial Standards-II issued by ICSI for Item No. 3:**

<b>Name</b>	<b>Mr. Jay Bhatt</b>
<b>Date of Birth</b>	<b>26-11-1995</b>
<b>Age</b>	<b>27 year</b>
<b>DIN</b>	<b>02296254</b>
<b>Qualification</b>	<b>Bachelor of Chemical Engineering from Gujarat Technological University</b>
<b>Experience - Expertise in specific functional areas - Job profile and suitability</b>	<b>He is having more than five years of experience in the Business Development and Marketing.</b>
<b>No. of Shares held as on March 31, 2023 including shareholding as a Beneficial Owner.</b>	<b>300 Equity Shares</b>
<b>Terms &amp; Conditions</b>	<b>Liable to retire by rotation</b>
<b>Remuneration Last Drawn</b>	<b>1,20,00,000 Per Annum</b>
<b>Remuneration sought to be paid</b>	<b>2,40,00,000 Per Annum</b>
<b>Number of Board Meetings attended during the Financial Year 2022-23</b>	<b>All 23 Board Meetings</b>
<b>Date of Original Appointment</b>	<b>November 25, 2021</b>
<b>Date of Appointment in current terms</b>	<b>November 25, 2021</b>
<b>Directorships held in Listed companies in which Director holds directorship</b>	<b>NIL</b>
<b>Memberships/ Chairmanships of committees of public companies</b>	<b>NIL</b>
<b>Inter-se Relationship with other Directors.</b>	<b>Mr. Jay Bhatt is Son of Mr. Vipul Bhatt, Chairman and Managing Director and Mrs. Sangeeta Bhatt, Whole time director of the Company.</b>
<b>Information as required pursuant to NSE Circular No. NSE/CML/2018/24 dated June 20, 2018</b>	<b>Mr. Jay Bhatt is not debarred from holding the office of director pursuant to any SEBI order or any other authority.</b>
<b>Listed Entities from which Director has resigned as Director in past 3 years.</b>	<b>NIL</b>

## DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors hereby submits the report of the business and operations of your Company ("the Company"), along with the audited financial statements, for the financial year ended March 31, 2023.

### Financial Highlights: (Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	2022-2023	2021-2022*	2022-2023	2021-2022*
Revenue From Operations	11674.33	5761.46	11674.33	5761.46
Other Income	14.20	25.51	14.20	25.51
Total Income	11688.53	5786.97	11688.53	5786.97
Less: Total Expenses before Depreciation, Finance Cost and Tax	10195.95	4609.13	10195.95	4609.13
Profit before Depreciation, Finance Cost and Tax	1492.58	1177.84	1492.58	1177.84
Less: Depreciation	231.75	69.61	231.75	69.61
Less: Finance Cost	112.37	48.41	112.37	48.41
<b>Profit Before Tax</b>	<b>1148.46</b>	<b>1059.82</b>	<b>1148.46</b>	<b>1059.82</b>
Less: Current Tax	300.00	270.00	300.00	270.00
Less: Deferred tax Liability (Asset)	43.33	-	43.33	-
<b>Profit after Tax</b>	<b>805.14</b>	<b>789.82</b>	<b>805.14</b>	<b>789.82</b>

\* Figures provided are for the period starting from 25th November, 2021 to 31st March, 2022.

### BUSINESS OVERVIEW:

#### **STANDALONE FINANCIAL RESULT:**

During the financial year 2022-23 the revenue from operation stood at Rs. 11674.33 Lakhs as compared to Rs. 5761.46 Lakhs during the previous financial year 2021-22. The other income of the Company stood as Rs. 14.20 Lakhs in the financial year 2022-23 as compared to Rs. 25.51 Lakhs in the previous financial year 2021-22.

Further, during the financial year 2022-23, the total expenses have increased to Rs. 10195.95 lakhs from Rs. 4609.13 lakhs in the previous financial year 2021-22. The Net Profit for the financial year 2022-23 stood at Rs. 805.14 Lakhs in comparison to profit of Rs. 789.82 Lakhs in previous year 2021-22.



**CONSOLIDATED FINANCIAL RESULT:**

During the year under review, the consolidated Revenue of your Company is Rs. 11674.33 Lakhs as compared to Rs. 5761.46 Lakhs in the previous financial year.

Your Company has earned Profit after Tax (PAT) of Rs. 805.14 Lakhs in the year 2022-23 as compared to PAT of Rs. 789.82 Lakhs in the previous financial year.

The Board of Directors is satisfied with the Financial Performance of your Company and assures that all necessary actions will be initiated for increasing the income and profitability of the Company in the years to come.

**DIVIDEND:**

The Board of Directors of the Company, in its Meeting held on May 22, 2023 recommended a final dividend of Rs 0.50/- (Fifty Paise only) per equity share, face value Rs 10/- per equity share (i.e 5% face value) for the financial year ended on March 31, 2023. subject to approval of Members in the ensuing Annual General Meeting.

In view of the changes made under the Income-tax Act, 1961, by the Finance Act, 2020, dividends paid or distributed by the Company shall be taxable in the hands of the Shareholders. The dividend, if declared, shall be subject to deduction of income tax at source. Your Company shall, accordingly, make the payment of the Final Dividend after deduction of tax at source.

**TRANSFER TO GENERAL RESERVE:**

The Directors do not propose to transfer any amount to the Reserves. Total amount of net profit is carried to the Reserves & Surplus as shown in the Balance Sheet of the Company.

**CHANGE IN NATURE OF BUSINESS:**

During the year, the Company has not changed its business or object and continues to be in the same line of business as per the main object of the Company.

**SHARE CAPITAL:**

The Share Capital of the Company is as follows as on date of this report:

Authorized Capital

\*Rs 25,00,00,000/- divided into 2,50,00,000 Equity Shares of Rs. 10/- each.

Issued, Subscribed and Paid Up Capital

Rs. \*\*23,95,11,000/- divided into 2,39,51,100 Equity Shares of Rs. 10/- each.

**CHANGE IN CAPITAL STRUCTURE:**

The Authorised Share Capital of the Company has been increased from Rs.14,00,00,000/- (Rupees Fourteen Crores Only) divided into 1,40,00,000 (One Crore Forty lakhs Only) equity Shares of Rs. 10/- each to Rs. 25,00,00,000/- (Twenty five Crores only) divided into 2,50,00,000 (Two Crore Fifty lakh Only) equity shares of Rs. 10/- each via Ordinary resolution passed by the shareholders of the Company on June 02, 2022.

**Right issue**

1. Board of Directors of your Company, passed a resolution in its board meeting held on May 20, 2022 to offer, issue and allot 3,05,482 Equity Shares of the Company of face value of Rs. 10/- at an issue price of Rs. 100 each including premium of Rs. 90 per share aggregating to Rs. 3,05,48,200 /- (Rupees Three Crores five Lakhs forty eight thousand two hundred only) by way of Right issue to the existing shareholders in the ratio of 1 new Equity Share for each 22 existing Equity Shares. The Board of Directors of your company allotted 3,00,000 Equity Shares of face value of Rs. 10/- at an issue price of Rs. 100 each including premium of Rs. 90 per share on at their the board meeting held on May 28, 2022 pursuant to Right issue.

**Bonus Issue**

2. In the Extra ordinary General Meeting held on June 02, 2022 on recommendation of Board, the approval of the Members of the Company be and is hereby given for capitalization of amount of Rs. 10,53,09,000/- (Rupees Ten Crore Fifty Three Lakh Nine Thousand Only) out of the Securities Premium account and/or free reserves of the Company, be capitalized for issue and allotment of 1,05,30,900- (One Crore Five Lakhs Thirty Thousand and Nine Hundred Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each as Bonus Equity Share in the proportion of 3 (Three) new Equity Shares of Rs. 10/- (Rupees Ten Only) for each 2 (Two) existing fully paid-up equity share of Rs. 10/- (Rupees Ten Only) each to the existing shareholders of the company.

Further The Board of Directors of your Company, in its Board Meeting held on June 13, 2022, allotted 1,05,30,900 Bonus Equity share to the equity shareholders who holds equity shares of the company as on record off date in ratio of 3 for each 2 equity share held in the company.

**Initial Public Offer (IPO)**

The Board of Directors of your Company had, in its meeting held on June 28, 2022 accorded to create, offer, issue and allot equity shares of an aggregate number up to and not exceeding 64,00,000 (Sixty four Lakhs Only) Equity Shares at a price as may be decided by the Board of Directors in consultation with Book Running Lead Manager via Initial Public Offer. The Shareholders has accorded their consent for the said issue via Special Resolution passed on June 30, 2022 at their Extra Ordinary General meeting.

The Company applied to National Stock Exchange of India Limited ("NSE") for in-principle approval for listing of its equity shares on the Emerge Platform of the NSE. National Stock Exchange of India Limited has, vide its letter dated September 22, 2022, granted it's In- Principle Approval to the Company.

The Company had filed Prospectus to the Registrar of the Company, Ahmedabad on November 9, 2022. The Public Issue was opened on October 31, 2022 and closed on November 03, 2022. Anchor Investor Bidding date was October 28, 2022. The Basis of Allotment was finalized by Company, Registrar to the issue and Merchant banker in consultation with the NSE on November 09, 2022. The Company has applied for listing of its equity shares to NSE and it has granted its approval vide its letter dated November 11, 2022. The trading of equity shares of the Company commenced on November 14, 2022 at Emerge Platform of NSE.

Further The Board of Directors of your company had, in its meeting held on November 09, 2022 allotted 6399600 Equity Shares of the Company of face value of Rs. 10/- at an issue price of Rs. 101 each including premium of Rs. 91 per share aggregating to Rs. 64,63,59,600/- (Rupees Sixty four Crores Sixty three Lakhs fifty nine thousand Six hundred only).

**UTILISATION OF IPO PROCEEDS:**

The Company raised funds of Rs 6,463.60 Lakhs through Initial Public Offering (IPO). The gross proceeds of IPO has been utilized in the manner as proposed in the Offer Document, the details of which are hereunder:

(Rs.in Lakhs)

Sr. No.	Original Object	Original Allocation	Funds Utilized upto March 31, 2023
1.	To meet Working Capital Requirements	4500.00	2000.00
2.	General Corporate Purpose	1575.42	1575.42
3.	Public Issue Expenses	388.18	388.18
<b>Total</b>		<b>6463.60</b>	<b>3963.60</b>

Further, there is no deviation/variation in the utilization of the gross proceeds raised through IPO.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Constitution of Board:

As on the date of this report, the Board comprises of the following Directors;

Name of Director	Category Cum Designation	Original date of appointment	Total Director Ships in other co. <sup>2</sup>	No. of Committee <sup>1</sup>		No. of Shares held as on March 31, 2023
				in which Director is Members	in which Director is Chairman	
Mr. Vipul Bhatt	Chairman and Managing Director	November 25, 2021	3	3	-	13198500 Equity Shares
Mrs. Sangeeta Vipul Bhatt	Whole time Director	November 25, 2021	3	-	-	4387500 Equity Shares
Mr. Jay Bhatt	Whole time Director	November 25, 2021	4	-	-	300 Equity Shares
Mr. Hetalkumar Jayantilal Shah	Non-Executive Independent Director	June 3, 2022	-	3	3	-
Mr. Deepakkumar Kushalchandra Chaubisa	Non-Executive Independent Director	June 3, 2022	1	3	-	-

<sup>1</sup> Committee includes Audit Committee and Shareholders' Grievances & Relationship Committee across all Public Companies including our Company.

<sup>2</sup> excluding Section 8 Company, Struck off Company, Amalgamated Company and LLPs

The composition of Board complies with the requirements of the Companies Act, 2013 ("Act"). Further, in pursuance of Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company is exempted from the requirement of having composition of Board as per Regulation 17 of Listing Regulations.

None of the Director of the Company is serving as a Whole-Time Director in any other Listed Company and the number of their directorship is within the limits laid down under section 165 of the Companies Act, 2013.

**BOARD MEETING:**

The Board of the Company regularly meets to discuss various Business opportunities. Additional Board meetings are convened, as and when required to discuss and decide on various business policies, strategies and other businesses.

During the year under review, Board of Directors of the Company met 23 (Twenty three) times as on May 7, 2022; May 20, 2022; May 28, 2022; June 03, 2022; June 13, 2022; June 20, 2022; June 27, 2022; June 28, 2022; July 1, 2022; July 12, 2022, September 15, 2022; October 28, 2022; October 31, 2022; November 09, 2022; November 14, 2022; November 21, 2022 November 22, 2022; December 15, 2022; January 12, 2023; January 17, 2023; February 22, 2023; March 13, 2023 and March 30, 2023.

The details of attendance of each Director at the Board Meetings are given below:

Name of Director	Date of Original Appointment	Date of Cessation	Number of Board Meetings Eligible to attend	Number of Board Meetings attended
Mr. Vipul Bhatt	November 25 2021	-	23	23
Mrs. Sangeeta Vipul Bhatt	November 25, 2021	-	23	23
Mr. Jay Bhatt	November 25, 2021	-	23	23
Mr. Hetalkumar Jayantilal Shah	June 3, 2022	-	19	19
Mr. Deepakkumar Kushalchandra Chaubisa	June 3, 2022	-	19	19

The gap between two consecutive meetings was not more than one hundred and twenty days as provided in section 173 of the Act.

**INDEPENDENT DIRECTORS:**

In terms of Section 149 of the Companies Act, 2013 and rules made there under, the Company has two Non-Promoter Non-Executive Independent Directors in line with the act. The Company has received necessary declaration from each Independent Director under Section 149 (7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149 (6) of the Act. Further, all the Independent Directors of the Company have registered themselves in the Independent Director Data Bank.

A separate meeting of Independent Directors was held on March 30, 2023 to review the performance of Non-Independent Directors and Board as whole and performance of Chairperson of the Company including assessment of quality, quantity and timeliness of flow of information between Company management and Board.

**INFORMATION ON DIRECTORATE:**

During the year under review, there was following change in constitution of the Board of Directors of the Company.

**a) Change in Board Composition**

Changes in Board Composition during the financial year 2022-23 and up to the date of this report is furnished below:

**i. In the Board Meeting held on June 28, 2022:-**

Mr. Vipul Bhatt (DIN:06716658) Managing director of the company has given his consent to elect as chairman of the board of directors of the company w.e.f. June 28, 2022 in accordance with Article No. 182 of the Article of Association of the company. Approval of members was taken in the 1st AGM held on August 22, 2022 for Change in designation of Mr. Vipul Bhatt from Non-Executive Director to Chairman and managing director of the company for a period of five (5) years up to June 27, 2027, liable to retire by rotation.

**ii. In the Board Meeting held on June 03, 2022:-**

On the recommendation of the Board of Directors, Mr. Hetalkumar Jayantilal Shah (DIN:07457701) and Mr. Deepakkumar Kushalchandra Chaubisa (DIN:09629889) was appointed as an Additional Non-executive Independent Director with effect from June 03, 2022. Approval of members was taken in the 1st AGM held on August 22, 2022 for Regularization cum appointment of Mr. Hetalkumar Jayantilal Shah (DIN:07457701) and Mr. Deepakkumar Kushalchandra Chaubisa (DIN:09629889) as an Independent Director of the Company.

**b) Retirement by rotation and subsequent re-appointment.**

i. Mr. Jay Bhatt (DIN: 09363173), Wholtime Director, is liable to retire by rotation at the ensuing Annual General Meeting, pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and being eligible have offered himself for re-appointment.

Appropriate business for his re-appointment is being placed for the approval of the shareholders of the Company at the ensuing AGM. The brief resume of the Director and other related information has been detailed in the Notice convening the ensuing AGM of the Company.

The relevant details, as required under Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard, of the person seeking re-appointment/ appointment as Director are also provided in Notes to the Notice convening the 2nd Annual General meeting.

**KEY MANAGERIAL PERSONNEL:**

In accordance with Section 203 of the Companies Act, 2013, the Company has Mr. Vipul Bhatt who is acting as Chairman and Managing Director of the Company. Ms. Ketki Ajay Oza and Mr. Utsav Sudhir Trivedi are acting as Chief Financial Officer and Company Secretary respectively.

- Ms. Ketki Ajay Oza was appointed as Chief Financial Officer and categorized as key managerial personnel of the Company with effect from June 03, 2022

- Ms. Puja Paras Mehta was appointed as Company Secretary and Compliance Officer as on June 28, 2022 and resigned from the position with effect from the end of the business hours on November 21, 2022.

- Mr. Utsav Sudhir Trivedi was appointed as Company Secretary and Compliance Officer and categorized as key managerial personnel of the Company with effect from November 22, 2022

**CHANGE IN REGISTERED OFFICE:**

During the year, there was no change in Registered Office of the Company.

**PERFORMANCE EVALUATION:**

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in the following manners;

- The performance of the board was evaluated by the board, after seeking inputs from all the directors, on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.
- The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.
- The board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.
- In addition, the chairman was also evaluated on the key aspects of his role.

Separate meeting of independent directors was held to evaluate the performance of non-independent directors, performance of the board as a whole and performance of the chairman, taking into account the views of executive directors and non-executive directors. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- a) In preparation of annual accounts for the year ended March 31, 2023, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that year;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts for the year ended March 31, 2023 on going concern basis.
- e) The Directors had laid down the internal financial controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**COMMITTEES OF BOARD:**

The Board of Directors, in line with the requirement of the act, has formed various committees, details of which are given hereunder.



**A. Audit Committee:**

The Company has formed audit committee is formed in its Board Meeting held on June 20, 2022 in line with the provisions Section 177 of the Companies Act, 2013. Audit Committee meeting is generally held for the purpose of recommending the half yearly and yearly financial result. Additional meeting is held for the purpose of reviewing the specific item included in terms of reference of the Committee. During the year under review, Audit Committee met (Six) times viz on; July 01, 2022, July 12, 2022, October 28, 2022, November 14, 2022; February 22, 2023 and March 30, 2023.

The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Designation	Number of meetings during the financial year 2022-23	
			Eligible to attend	Attended
Mr. Hetalkumar Jayantilal Shah	Non-Executive Independent Director	Chairperson	6	6
Mr. Deepakkumar Kushalchandra Chaubisa	Non-Executive Independent Director	Member	6	6
Mr. Vipul Bhatt	Chairman and Managing Director	Member	6	6

The Statutory Auditors of the Company are invited in the meeting of the Committee wherever requires. Company Secretary and Chief Financial Officer of the Company are the regular invitee at the Meeting.

Recommendations of Audit Committee, wherever/whenever given, have been accepted by the Board of Directors.

**Vigil Mechanism:**

The Company has established a vigil mechanism and accordingly framed a Whistle Blower Policy. The policy enables the employees to report to the management instances of unethical behavior actual or suspected fraud or violation of Company's Code of Conduct.

Further the mechanism adopted by the Company encourages the Whistle Blower to report genuine concerns or grievances and provide for adequate safe guards against victimization of the Whistle Blower who avails of such mechanism and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. The functioning of vigil mechanism is reviewed by the Audit Committee from time to time. None of the Whistle blowers has been denied access to the Audit Committee of the Board. The Whistle Blower Policy of the Company is available on the website of the Company [www.vitalgroup.co.in](http://www.vitalgroup.co.in).

**B. Stakeholder's Grievance & Relationship Committee:**

The Company has constituted Stakeholder's Grievance & Relationship Committee mainly to focus on the redressal of Shareholders' / Investors' Grievances, if any, like Transfer / Transmission / Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants; etc. The Board of Directors of our Company has, in pursuance to provisions of Section 178 of the



Companies Act, 2013, or any subsequent modification(s) or amendment(s) thereof in its Meeting held on June 20, 2022 constituted Stakeholders Relationship Committee.

During the year under review, Stakeholder's Grievance & Relationship Committee met 1 (one) time viz on February 22, 2023

The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Designation	Number of meetings during the financial year 2022 -23	
			Eligible to attend	Attended
Mr. Hetalkumar Jayantilal Shah	Non-Executive Independent Director	Chairperson	1	1
Mr. Deepakkumar Kushalchandra Chaubisa	Non-Executive Independent Director	Member	1	1
Mr. Vipul Bhatt	Chairman and Managing Director	Member	1	1

The Company Secretary of the company present in all meetings of Stakeholder's Grievance & Relationship Committee held during the year.

Also, during the year, the Company had not received any complaints from the Shareholders. There was no complaint pending as on March 31, 2023.

### C. Nomination and Remuneration Committee:

The Board of Directors of our Company has, in pursuance to provisions of Section 178 of the Companies Act, 2013, or any subsequent modification(s) or amendment(s) thereof in its Meeting held on June 20, 2022 constituted Nomination and Remuneration Committee. Nomination and Remuneration Committee meetings are generally held for identifying the persons who are qualified to become Directors and may be appointed in senior management and recommending their appointments and removal. During the year under review, Nomination and Remuneration Committee met 3 (Three) times, viz on; June 28, 2022 November, 22, 2022 and March 30 2023.

The composition of the Committee and the details of meetings attended by its members are given below:

Name	Category	Designation	Number of meetings during the financial year 2022 -23	
			Eligible to attend	Attended
Mr. Hetalkumar Jayantilal Shah	Non-Executive Independent Director	Chairperson	3	3
Mr. Deepakkumar Kushalchandra Chaubisa	Non-Executive Independent Director	Member	3	3
Mr. Vipul Bhatt	Chairman and Managing Director	Member	3	3

**NOMINATION AND REMUNERATION POLICY:**

Nomination and Remuneration Policy in the Company is designed to create a high performance culture. It enables the Company to attract motivated and retained manpower in competitive market, and to harmonize the aspirations of human resources consistent with the goals of the Company. The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Directors and Key Managerial Personnel. Annual increments are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective from April 1, of each year.

The Nomination and Remuneration Policy, as adopted by the Board of Directors, is placed on the website of the Company at [www.vitalgroup.co.in](http://www.vitalgroup.co.in)

**REMUNERATION OF DIRECTOR:**

The details of remuneration paid during the financial year 2022-23 to directors of the Company is provided in Form MGT-7 available at website of the Company, i.e. [www.vitalgroup.co.in](http://www.vitalgroup.co.in).

**PUBLIC DEPOSIT:**

The company has not accepted any deposits from the public. Hence, the directives issued by the Reserve Bank of India & the Provision of Section 73 to 76 of the Company Act, 2013 or any other relevant provisions of the Act and the Rules there under are not applicable.

**PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS & SECURITY:**

Details of Loans, Guarantees, Investments and Security covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement.

**ANNUAL RETURN:**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Act, the Annual Return as on March 31, 2023 is available on the Company's website on <https://www.vitalgroup.co.in/investors.html>.

**TRANSACTIONS WITH RELATED PARTIES:**

All the Related Party Transactions entered into during the financial year were on an Arm's Length basis and in the Ordinary Course of Business. No material significant Related Party Transactions (i.e. exceeding 10% of the annual consolidated turnover as per the last audited financial statement) with Promoters, Directors, Key Managerial Personnel (KMP) and other related parties which may have a potential conflict with the interest of the Company at large, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013, in Form AOC-2 is not applicable.

Further, prior omnibus approval of the Audit Committee is obtained on yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were placed before the Audit Committee and the Board of Directors for their approval on quarterly basis.

The details of the related party transactions for the financial year 2022-23 is given as **Annexure B** and in notes of the financial statements which are part of Annual Report. The Policy on Related Party Transactions as approved by the Board of Directors is available on the website of the Company at [www.vitalgroup.co.in](http://www.vitalgroup.co.in)

**MATERIAL CHANGES AND COMMITMENT:**

There are no material changes and commitments, affecting the financial position of the Company, have occurred between the ends of financial year of the Company i.e. March 31, 2023 to the date of this Report.

**PARTICULAR OF EMPLOYEES:**

The ratio of the remuneration of each director to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report as **Annexure-C**.

**DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES:**

As on 31st March, 2023, the Company has two subsidiaries namely M/s. Vital Alkoxides Private Limited and Vital Synthesis Limited (formerly known as Vital Synthesis Private Limited).

A statement containing the salient features of the financial statements including the highlights of performance of Company's subsidiary is given in Form AOC-1 is attached to this Report as **Annexure-A**.

In terms of Section 136 of the Act, the said annexure is open for inspection in electronic mode for Members. Any shareholder interested in obtaining a copy of the same may write to Company Secretary.

**SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

To foster a positive workplace environment, free from harassment of any nature, we have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the all workplaces of the Company. Our policy assures discretion and guarantees non-retaliation to complainants. We follow a gender-neutral approach in handling complaints of sexual harassment and we are compliant with the law of the land where we operate. The Company has setup an Internal Complaints Committee (ICC) for redressal of Complaints.

During the financial year 2022-23, the Company has received nil complaints on sexual harassment, out of which nil complaints have been disposed off and nil complaints remained pending as of March 31, 2023.

**RISK MANAGEMENT:**

A well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process is in place. The objective of the mechanism is to minimize the impact of risks identified and taking advance actions to mitigate it. The mechanism works on the principles of probability of occurrence and impact, if triggered. A detailed exercise is being carried out to identify, evaluate, monitor and manage both business and non-business risks.

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:****Conservation of Energy:**

In its endeavor towards conservation of energy, the Company ensures optimal use of energy, avoid wastages and conserve energy as far as possible.

**Technology Absorption:**

The Company has not carried out any research and development activities.

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange Earnings & Outgo during the year are as under:

**Earning** Rs. 423.18 lakhs

**Outgo** Rs. 7873.86 lakhs

**COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD 1 AND SECRETARIAL STANDARD 2:**

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively. During the year under review, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India, New Delhi.

**INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has an effective internal control system, which ensures that all the assets of the Company are safeguarded and protected against any loss from unauthorized use or disposition.

The Internal Auditors of the Company carry out review of the internal control systems and procedures. The internal audit reports are reviewed by Audit Committee.

The Company has also put in place adequate internal financial controls with reference to the financial statements commensurate with the size and nature of operations of the Company. During the year, such controls were tested and no material discrepancy or weakness in the Company's internal controls over financial reporting was observed.

**CORPORATE GOVERNANCE:**

The Company strives to incorporate the appropriate standards for corporate governance. However, pursuant to Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is not required to mandatorily comply with the provisions of certain regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore the Company has not provided a separate report on Corporate Governance, although few of the information are provided in this report under relevant heading.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

In terms of Regulation 34, and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a review of the performance of the Company, for the year under review, Management Discussion and Analysis Report, is presented in a separate section forming part of this Annual Report as **Annexure D**.

**CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Pursuant to the provisions of Section 135(9) of the Companies Act, 2013, where the amount to be spent under Corporate Social Responsibility (CSR) by a company does not exceed fifty lakh rupees, the requirement under Section 135(1) for constitution of the Corporate Social Responsibility Committee is not applicable and the functions of such committee provided under Section 135 of the Act, are discharged by the Board of Directors of the Company. Further, requirement for CSR is applicable to your Company from financial year 2022-23. The function of CSR Committee is

discharged by the Board under the provisions of Section 135(9) of the Act. Accordingly, the Board has approved the Corporate Social Responsibility (CSR) Policy. CSR Policy is available on the website of the Company at [www.vitalgroup.co.in](http://www.vitalgroup.co.in) CSR Report is part of Annual report as **Annexure -E**.

#### **STATUTORY AUDITOR AND THEIR REPORT:**

The Company's auditors, Abhishek Kumar & Associates., Chartered Accountants ("Statutory Auditor"), having their office at 401, Silicon Tower, Above Freezeland Restaurant Nr. National Handloom Law Garden, Navrangpura, Ahmedabad-09, India and FRN: 130052W, were appointed as Statutory Auditor for a term of 5 years in the 1st Annual general meeting of the Members of the Company held on August 22, 2022.

The Notes to the financial statements referred in the Auditors Report are self-explanatory and therefore do not call for any comments under Section 134 of the Companies Act, 2013. The Auditors' Report to the Members for the financial year under review does not contain any qualifications, reservations, adverse remarks or disclaimer.

#### **INTERNAL AUDITOR:**

Pursuant to Section 138 of Companies Act 2013, the Company had appointed M/S. Ravi V. Patel & Co, Chartered Accountants (FRN: 134309W), as an Internal Auditor of the Company for the financial year 2022-23 in their Board Meeting held on 22nd February, 2023.

#### **REPORTING OF FRAUD:**

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

#### **MAINTENANCE OF COST RECORD:**

Pursuant to the provisions of the Companies Act, 2013 and rules thereof, the Board of Directors of the Company, in their meeting held on August 28, 2023, on the recommendation of the Audit Committee, have appointed M/s. R J & Associates, Cost Accountants, Ahmedabad (Firm Registration No.: 004690) as the Cost Auditor of the Company to audit the cost records of the Company for the financial year 2023-24. Further, as per Section 148 of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be ratified at the ensuing Annual General Meeting.

Pursuant to the provisions of the Companies Act, 2013 and rules thereof, the Board of Directors of the Company, in their meeting held on August 28, 2023, on the recommendation of the Audit Committee, have appointed M/s. R J & Associates, Cost Accountants, Ahmedabad (Firm Registration No.: 004690) as the Cost Auditor of the Company to audit the cost records of the Company for the financial year 2023-24. M/s. R J & Associates, have confirmed that they are free from disqualification specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Act and that their appointment meets the requirements of Section 141(3)(g) of the Act. They have further confirmed their independent status and an arm's length relationship with the Company. Further, as per Section 148 of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be ratified at the ensuing Annual General Meeting.

The Company has maintained cost accounts and records in accordance with provisions of Section 148 of the Companies Act, 2013 and rules thereof.

**SIGNIFICANT/MATERIAL ORDERS PASSED BY THE REGULATORS INTERNAL AUDITOR:**

There are no other significant/material orders passed by the Regulators, Courts, Tribunals, Statutory and quasi-judicial body impacting the going concern status of the Company and its operations in future.

The details of litigation of relevant matters are disclosed in the Auditors' Report and Financial Statements which forms part of this Annual Report.

**CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC):**

During the period under review no corporate insolvency resolution process is initiated against the company under the Insolvency and Bankruptcy Code, 2016 (IBC).

**SECRETARIAL AUDITOR AND THEIR REPORT:**

Pursuant to the provisions of Section 204 of the Act read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company has appointed M/s. SCS and Co. LLP, Practicing Company Secretaries, Ahmedabad to conduct the Secretarial Audit of the Company for the financial year 2022-23. The Secretarial Audit Report is annexed herewith as **Annexure – F** to this Report.

**TRANSFER OF UNCLAIMED DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND:**

The Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

**WEBSITE:**

As per Regulation 46 of SEBI (LODR) Regulations, 2015, the Company has maintained a functional website namely [www.vitalgroup.co.in/investors.html](http://www.vitalgroup.co.in/investors.html) containing basic information about the Company. The website of the Company is also containing information like Policies, Financial Results, Annual Reports and information of the designated officials of the Company who are responsible for assisting and handling investor grievances for the benefit of all stakeholders of the Company.

**GENERAL DISCLOSURE:**

Your Directors state that the Company has made disclosures in this report for the items prescribed in section 134 (3) of the Act and Rule 8 of The Companies (Accounts) Rules, 2014 and other applicable provisions of the act and listing regulations, to the extent the transactions took place on those items during the year. Your Directors further state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review;

- (I) Issue of Equity Shares with differential rights as to dividend, voting or otherwise;
- (ii) Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and ESOS;
- (iii) There is no revision in the Board Report or Financial Statement;
- (iv) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future;

**APPRECIATIONS AND ACKNOWLEDGEMENT:**

Your Directors wish to place on record their sincere appreciation for significant contributions made by the employees at all levels through their dedication, hard work and commitment during the year under review.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, distributors, retailers, business partners and others associated with it as its trading partners. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth. It will be your Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and co-operation with each other, consistent with consumer interests.

Your Directors also take this opportunity to thank all Shareholders, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

**Registered office:**

B-406, Mondeal Heights,  
Opp. Karnavati Club,  
S. G. Highway, Ahmedabad 380015

For and on behalf of Board of Directors

**VITAL CHEMTECH LIMITED**

CIN: L24299GJ2021PLC127538

**Date: 28/08/2023**

**Place: Ahmedabad**

**Vipul Bhatt**

**Chairman & Managing Director**

**DIN: 06716658**

**Jay Bhatt**

**Wholetime Director**

**DIN: 09363173**



**ANNEXURE A****FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of Section 129 read with  
rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries****Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. Lakhs)

Sr. No.	Particulars	Details	
1.	Sl. No.	1	2
2.	Name of the subsidiary	Vital Synthesis Limited (formerly known as Vital Synthesis Private Limited )	Vital Alkoxides Private Limited
3.	The date since when subsidiary was acquired	26/04/2022	31/03/2023
4.	Reporting Period for the subsidiary concerned, if different from the holding Company's reporting period.	NA	NA
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA
6.	Share Capital	15	15
7.	Reserve and surplus	-	-
8.	Total Assets	15.5	1188.15
9.	Total Liabilities	0.5	1173.15
10.	Non Current Investments	-	10.27
11.	Turnover	-	-
12.	Profit before taxation	-	-
13.	Provision for taxation	-	-
14.	Profit after taxation	-	-
15.	Proposed Dividend	-	-
16.	Extent of shareholding (in percentage)	73.20%	70.00%

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**Vipul Bhatt**

**Chairman & Managing Director**

**DIN: 06716658**

**Jay Bhatt**

**Wholetime Director**

**DIN: 09363173**

**ANNEXURE B****FORM NO. AOC-2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis. - Not Applicable

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Not Applicable
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions'	
f)	Date of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

## 2. Details of contracts or arrangements or transactions at Arm's length basis. - Not Applicable

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Not Applicable
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	

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For and on behalf of Board of Directors

**VITAL CHEMTECH LIMITED**

CIN: L24299GJ2021PLC127538

**Date: 28/08/2023**

**Place: Ahmedabad**

**Vipul Bhatt**

**Chairman & Managing Director**

**DIN: 06716658**

**Jay Bhatt**

**Wholetime Director**

**DIN: 09363173**

**ANNEXURE C****Particulars of Employees**

**Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rules made there under.**

**3A. Information as per Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

- a) The ratio of remuneration of each director to the median remuneration of employees for the Financial Year and the Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year:

Sr. No.	Name	Designation	Nature of Payment	Ratio against median employee's remuneration	Percentage Increase
1	Mr. Vipul Bhatt	Chairman & Managing Director	Remuneration	77.15:1	500
2	Mrs. Sangeeta Vipul Bhatt	Whole time Director	Remuneration	33.07:1	500
3	Mr. Jay Bhatt	Whole time Director	Remuneration	55.11:1	500
4	Mr. Hetalkumar Jayantilal Shah	Independent Director	Sitting Fees	-	-
5	Mr. Deepakkumar Kushalchandra Chaubisa	Independent Director	Sitting Fees	-	-
6	Ms. Ketki Ajay Oza**	Chief Financial Officer	Remuneration	4.63:1	Not Applicable
7	Mr. Utsav Sudhir Trivedi*	Company Secretary & Compliance Officer	Remuneration	1.22:1	Not Applicable

\*\* Ms. Ketki Ajay Oza appointed as Chief Financial Officer w.e.f June 3, 2022.

\* Mr. Utsav Sudhir Trivedi appointed as Company Secretary & Compliance Officer w.e.f November 22, 2022.

- b) **The percentage increase in the median remuneration of employees in the financial year:**

Median remuneration of Employees increases by 5.3% in F.Y 2022-23 from F.Y. 2021-22.

- c) **The number of permanent employees on the rolls of the Company:** 46 Employees

- d) **Average percentile increase/decrease already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

During the year the average salary of the employees were decreased by 5.77%. Due to increase in number of employees during the financial year 2022-23 as compared to previous financial year.

The Board of Directors of the Company affirmed that remuneration of all the Key Managerial Personnel of the Company are as per the Remuneration Policy of the Company.

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For and on behalf of Board of Directors

**VITAL CHEMTECH LIMITED**

CIN: L24299GJ2021PLC127538

**Date: 28/08/2023**

**Place: Ahmedabad**

**Vipul Bhatt**

**Chairman & Managing Director**

**DIN: 06716658**

**Jay Bhatt**

**Wholetime Director**

**DIN: 09363173**

**ANNEXURE D****Management Discussion and Analysis Report**

**The Management's views on the Company's Performance and outlook are discussed below:**

**GLOBAL ECONOMY:**

Goods trade slowed in the first half of 2022 as supply chains continued to be affected by the lingering effects of the pandemic, including disruptions in major Asian ports and lockdowns in key cities in China. In addition, Russia's invasion of Ukraine and its repercussions have led to severe physical and logistical dislocations that have magnified pre-existing bottlenecks.

Russia and Ukraine account for a small share under 3 percent of global exports. However, many global industries rely on supplies of key commodities produced in the two countries, especially in Russia. Shortages and unprecedented increases in the prices of these inputs have rippled through global value chains (GVCs), leading to production standstills and elevated producer prices. At the same time, transport costs have increased, including in the wake of the war in Ukraine. Navigation and trade in the Black Sea have been materially disrupted, negatively affecting the transport of food and crude oil. Cargos and shipments held at Russian and Ukrainian ports have been rerouted through longer and more expensive routes.

Services trade has regained its pre-pandemic level, driven by a rebound in non-tourism services. While tourism activity has started to recover in advanced economies with high vaccination levels, it remains generally subdued in EMDEs, especially in tourism-reliant countries and in small states. The invasion is also weighing on tourism activity in countries that rely on tourists from Russia and Ukraine.

Global trade growth is anticipated to slow to 4 percent in 2022 as the war in Ukraine further disrupts global value chains, global activity gradually shifts back toward the less trade intensive services sector, and international mobility moves toward pre-pandemic levels only gradually. This is a substantial downward revision relative to previous forecasts, largely because of higher transport costs and significant global value chain disruptions associated with the war. Global trade growth is expected to moderate to an average of 4.1 percent in 2023-24 as global demand for tradable goods continues to decelerate

**INDIAN ECONOMY:**

After a impending second wave of COVID-19, India's retrieval is obtaining a push and GDP was anticipated to grow at 9.4% in FY 2021-22, before falling to 8.1% in FY2022-23, and 5% in FY 2023-24. However, the IMF was induce to slit India's GDP projection in January 2022 to 9% citing reasons of COVID-19 related virus spreads. Inflation continues to remain high and is expected to ease as supply chain disruptions are overcome. Financial markets remained strong and capital inflows continued to support the build-up in reserves. India's last mile vaccination drives coupled with its stringent policies helped weather out the third wave of COVID-19 effectively in the first half of 2022.

India's chemical industry is thriving due to rising demand and favourable government policies. India boasts an impressive position as the sixth-largest chemical producer globally and ranks third

in the Asian region.

The chemical industry plays a crucial role in India's economy, contributing a significant 7 percent to its GDP. It provides several building blocks and raw materials for various industries, including textiles, paper, paints, soap and detergents, pharmaceuticals, and agrochemicals.

The chemical industry in India is valued at a substantial US\$220 billion and experts predict that it could reach an astonishing US\$1 trillion by 2040.

By 2025, the demand for chemicals in India is expected to grow by 9 percent per annum, and the chemical industry is anticipated to contribute US\$383 billion to India's GDP by 2030. This increase is expected due to the rise in demand in the end-user segments for specialty chemicals and petrochemicals segment.

India will continue to be impacted by the downsides in the global economy, as the financial environment remains volatile on account of the war crisis in Europe. The macroeconomic policies remain unstable, as multiple sanctions are being levied on Russia by European and Western countries. India's economic and trade relations with Russia remain largely unimpacted, but it still poses a threat for the future, should the war escalate, and India is seen as having chosen sides.

#### **GLOBAL CHEMICAL MARKET:**

Global chemical growth moderated in 2022 due to lockdowns in China, supply chain bottlenecks, and disruptions caused by the Russian invasion of Ukraine. As a result, global chemical output grew by only 2.0% in 2022. In 2023, production is expected to expand at 2.9% amid rebound in Western Europe and the Asia-Pacific. The industry is focussing on meeting the growing global demand and enhancing sustainability through carbon reduction projects and advanced recycling and recovery. The biggest risk to the outlook is persistent inflation and continued increase in interest rates that could prolong and deepen the downturn, but other risks may include escalation of wars, financial instability, and supply chain disruptions.

The US chemical industry had a strong start in 2022, with output growing by 3.9%. However, in 2023, this growth is expected to marginally decline due to deceleration in end-use markets, a stronger dollar, and lower global growth. Many manufacturers have increased inventories of raw materials and products due to supply chain issues, which resulted in higher-than-normal inventories at the end of the year. US chemicals remain advantaged due to abundant domestic production of natural gas. Capital spending grew 9.0% to US\$ 33.5 billion in 2022 and is expected grow at 3.6% in 2023.

After declining by 3.2% in 2022, chemical production in Western Europe is expected to marginally grow at 0.8% in 2023. This is mainly due to an uncertain energy price outlook and depressed economic growth outlook. However, the silver lining is that natural gas prices have dropped to their pre-war levels and are expected to remain below the 2022 levels.

China's chemical industry is expected to recover after the lifting of COVID-19 restrictions. Sectors such as pharmaceuticals and agricultural chemicals are expected to lead the growth.



## INDIAN CHEMICAL INDUSTRY:

The Indian chemical industry is the 6th largest producer of chemicals globally and 3rd in Asia. India ranks 14th in chemical products' exports and 8th in imports. The Indian chemical industry stood at US\$ 232 billion in 2022, and is expected to reach US\$ 304 billion by 2025, registering a CAGR of 9.3%. The cumulative FDI equity inflow in the chemical industry (excluding fertilisers) was US\$ 20.96 billion from April 2000 to December 2022. This constituted 3.35% of the total FDI inflow across sectors.

India is the 4th largest producer of agrochemicals globally and reached a value of almost US\$ 6 billion in the year 2022. The market is further expected to grow at a CAGR of 8.5% between 2023 and 2028, to reach a value of almost US\$ 9.82 billion by 2028. Agrochemicals sector exports accounted for US\$ 4.84 billion in CY 2022 with Y-o-Y growth of 28.7 %, while imports were US\$ 1.69 billion with Y-o-Y growth of (2.39)%. Increased Government initiatives to assist farmers and rapid technological advancements are propelling the growth of the agrochemicals sector.

Speciality chemicals constitute 22% of the total chemicals and petrochemicals market in India. The sector is expected to reach US\$ 40 billion by 2025. A significant opportunity for the Indian chemical industry is the increasing demand for specialty chemicals globally. Another opportunity for the industry is the growing demand for green chemicals, which are eco-friendly and sustainable.

For CY 2022, the export value of chemicals and allied products was up by 5% year-on-year, to US\$ 63\* billion, while imports were up 22% year-on-year, to US\$ 95.96\* billion.

The Indian chemical and petrochemical sector is expected to attract an investment worth ` 8 lakh crore by 2025. The Union Budget 2023 is a growth-oriented, progressive and prudent budget with specific focus on stability, sustainable and inclusive development, announcing various policies which will generate demand for a variety of chemicals including construction chemicals, emission control catalyst, polyurethanes, TPU (Thermoplastic Polyurethane), bio-pesticides, etc. Further changes in BCD (Basic Custom Duty) rates of various goods like crude glycerin, denatured ethyl alcohol, acid grade fluorspar, specified chemicals for manufacture of pre-calcined ferrite powder, etc. would provide impetus to the domestic demand for these products. However, the Indian chemical sector, which has all the ingredients to become a global manufacturing hub, continues to await the much expected and anticipated production-linked incentive scheme, which has unfortunately not been announced in Budget 2023.

The Indian chemical industry has numerous opportunities, considering the supply chain disruption in China and the trade conflict among the US, Europe and China. Anti-pollution measures in China will also create opportunities for the Indian chemical industry in specific segments. The dedicated integrated manufacturing hubs under Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) policy is expected to attract an investment of Rs 20 lakh crore (US\$ 276.46 billion) by 2035. Additionally, special incentives through PCPIRs or SEZs (Special Economic Zones) to encourage downstream units will enhance production and further boost the industry growth.

## INDUSTRY REGULATIONS:

The market regulators, from time to time have introduced new regulations in order to protect the interest of retail investors. During the last financial year, a number of new regulations came into effect which will have a far reaching positive impact on the market especially from the point of view of retail investors.

- Alternative Risk Management Framework from Multi Commodity Exchange of India Limited (MCX)
- Upfront margin for cash segment
- Pledge-Repledge
- Peak margin for intraday trading

## INDUSTRY TREND AND BUSINESS ANALYSIS:

The trend in the stock market remain volatile but the retail investors were reluctant to participate in secondary market because the market value of the shares have increased too much that they were avoiding purchase of well performed Company's shares keeping in mind that effect of the government policies are yet to be reflected on ground. Your Company endeavored to mobilize high net worth investors for secondary market and accordingly Company was able to be in profits.

### Opportunities:

Over the next three years upto FY 26, ~US \$4.2 billion worth of technical are expected to go off-patent, increasing the export potential of India which has a strong presence in generics.

- Government initiatives to provide credit facilities to farmers at low interest rates and other cash incentives
- Increase in commodity prices expected to improve the farmer's per hectare expenditure and pave way to the industry growth
- New product launches, younger active ingredients and new technologies to boost the industry
- Climate change has resulted in development of various new crop damaging pest like black thrips
  - India's capability in low-cost manufacturing, a strong presence in generic crop protection segment, availability of technically trained manpower, seasonal domestic demand and unutilised capacity is expected to drive export growth in next 3 years at a CAGR of 14-15%.

### Challenges:

- Unfavorable climatic conditions like erratic rainfall can disturb the spraying windows
- Increased supply of lower-priced agrochemicals from China
- Stringent government regulations on product development, registration, and application

## BUSINESS OUTLOOK:

The Company is well prepared with the necessary levers to be a leading participant in the 'Golden Decade' of the Indian chemical industry. It is well poised for robust growth in the future with strong decisive actions to ensure that it remains at the forefront of its chosen chemical skill sets. Envisaging great potential in new chemical value chains, the Company is prepared to leverage its expertise to capitalise these emerging opportunities. The Company is set to explore new chemical value chains, add new chemistry like photochlorination, oxidation, etc. and expand its existing value chain. For this, the Company is looking to collaborate with world's leading chemical companies, strengthen existing partnerships, build new partnerships and explore contract manufacturing/CDMO opportunities.

While the long term growth opportunities remains intact, the sector is witnessing significant headwinds in current financial year ie FY 23-24. Inventory corrections across various global

markets for various end use industries has impacted the demand for various products. Further the recessionary trends and other prevailing global concerns has also impacted the demand for products across various discretionary end use industries. These decline in demands has created a demand supply gap, which would put pressure on margins over a short term period. We expect that these macro concerns to be prevalent over a short term period with its impact being significant in the first half of FY 23-24 and are predicting the improvement to be visible gradually and progressively from the second half of FY 23-24. We are closely monitoring the development and taking adequate steps to steer through these unprecedented circumstances. We remain confident on our ability to weather this challenging times and come out stronger and better poised to continue on to our long term growth aspirations.

Vital Chemtech Limited remains confident in its ability to deliver on its long-term commitment led by its best-in-class manufacturing processes, continuous process enhancements, strong R&D focus and an unwavering commitment to innovation. The Company is investing on the R&D for products catering to various sunrise sectors with growing focus on sustainable and green solutions, battery chemicals, electronics chemicals, new age materials, high end polymers, etc. The roadmap looks encouraging and Vital Chemtech Limited confident to be able to capitalise the opportunities created through rapid shifts in global chemical supply chains. Focus on R&D led product offerings together with incremental gains from existing value chains will enable Vital Chemtech Limited to take advantage of the prevailing long term favourable industry trends and thereby create a stronger value proposition for all the stakeholders over a long term period.

#### **RISK MANAGEMENT:**

Risk management is an crucial aspect of Vital Chemtech Limited's policy and decision-making process. We identify assess and mitigate potential risks that could impact the attainment of our objectives. It helps us safeguard our assets, reputation and financial stability. Effective risk management empower Vital Chemtech Limited to make informed and confident choices, anticipate potential challenges and seize growth opportunities. It also ensures compliance with regulations and enhances our stakeholder faith.

#### **Overview:**

In today's turbulent and ever-evolving business environment, it is essential for an organisation to emphasize on managing enterprise-wide risks effectively to achieve its strategic business objectives. Vital Chemtech Limited has developed a robust Enterprise Risk Management (ERM) Framework based on the fundamental elements of global risk management standards such as ISO 45001-2018. The framework emphasises a coordinated and an integrated approach to manage enterprise-wide risks and opportunities across Vital Chemtech Limited, which is essential to establish a culture of proactive, independent, and systematic risk management. Vital Chemtech Limited has defined clear roles and responsibilities, principles, consistent templates, enablers and training measures for effective and uniform implementation of ERM framework across the organisation. The goal of the ERM Framework is to strengthen Vital Chemtech Limited's commitment to effectively manage both existing and emerging risks while capitalising on opportunities to achieve our strategic objectives and safeguard stakeholder's value. To facilitate risk-informed decision-making, Vital Chemtech Limited has defined a vigorous risk governance mechanism leveraging our fully integrated ERM Framework.

**Objectives:**

- Integrate risk management processes with other assurance providing functions
- Encourage technology-enabled effective and efficient monitoring of risk profile across Vital Chemtech Limited
- Promote and ensure risk-informed decision-making
- Formulate a resilient and robust methodology to manage and mitigate risks
- Identify the risk appetite of the Company to align the risk response strategy – Define roles and responsibilities, expectations from key stakeholders, reporting templates and training measures adopted with an objective to establish risk-aware culture
  - Identify, assess, prioritise, treat, monitor and report business risks arising out of internal and external factors that can affect strategic business objectives

**PRODUCTS:**

Our company is engaged in manufacturing of Phosphorus based products. We manufacture the products for our customers on purchase order basis.

**Following are the products manufactured by our company:****1. Phosphorus Trichloride (PCl<sub>3</sub>)**

Phosphorus Trichloride is colorless or slightly yellow fuming liquid with a pungent and irritating odor resembling that of hydrochloric acid. It is used during electrodeposition of metal on rubber and for making pesticides, surfactants, gasoline additives, plasticizers, dyestuffs, textile finishing agents, germicides, medicinal products, and other chemicals.

**2. Phosphorus Oxychloride (POCl<sub>3</sub>)**

Phosphorus Oxychloride is a colorless fuming liquid with a pungent odor. It is toxic by inhalation and corrosive to metals and tissue. It is used in gasoline additives and hydraulic fluids.

**3. Phosphorus Pentachloride (PCl<sub>5</sub>)**

Phosphorus Pentachloride is a greenish-yellow crystalline solid with an irritating odor. It is decomposed by water to form hydrochloric and phosphoric acid and heat. This heat may be sufficient to ignite surrounding combustible material. It is corrosive to metals and tissue. It is used to manufacture other chemicals, in aluminum metallurgy, and in the pharmaceutical industry.

**4. Phosphorus Pentoxide (P<sub>2</sub>O<sub>5</sub>)**

Phosphoric anhydride appears as a white amorphous powder. Corrosive to metals and tissue and moderately toxic. The usage of phosphorus pentoxide varies significantly in the chemical industry due to its applications as laboratory reagent, starting or reagent material in synthesis processes, and in heat-insulating glass production.

**5. Poly Phosphoric Acid (PPA)**

Polyphosphoric acid is a hygroscopic, clear and viscous liquid. It has been synthesized by reacting phosphoric acid with phosphorus (V) oxide. It is a moderately strong mineral acid with a wide range of applications. Polyphosphoric acid can be used in the manufacture of special supported catalysts, e. g. for use in the production of cumene from benzene. Polyphosphoric acid can be used in the descaling and brightening of metal surfaces. Polyphosphoric acid is suitable for the drying of gas streams.

**6. Phosphorus Pentasulfide (P<sub>2</sub>S<sub>5</sub>)**

Phosphorus pentasulfide is the inorganic compound with the formula P<sub>2</sub>S<sub>5</sub>. It is generally yellow solid in nature. It is used in the production of safety matches, lube oil additives, and

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

Internal Control measures and systems are established to ensure the correctness of the transactions and safe guarding of the assets. Thus, internal control is an integral component of risk management. The Internal control checks and internal audit programmers adopted by our Company plays an important role in the risk management feedback loop, in which the information generated in the internal control process is reported back to the Board and Management. The internal control systems are modified continuously to meet the dynamic change. Further the Audit Committee of the Board of Directors reviews the internal audit reports and the adequacy and effectiveness of internal controls.

**FINANCIAL HIGHLIGHTS:**

Particulars	(Rs. in Lakhs)			
	Standalone		Consolidated	
	2022-2023	2021-2022*	2022-2023	2021-2022*
Revenue From Operations	11674.33	5761.46	11674.33	5761.46
Other Income	14.20	25.51	14.20	25.51
Total Income	11688.53	5786.97	11688.53	5786.97
Less: Total Expenses before Depreciation, Finance Cost and Tax	10195.95	4609.13	10195.95	4609.13
Profit before Depreciation, Finance Cost and Tax	1492.58	1177.84	1492.58	1177.84
Less: Depreciation	231.75	69.61	231.75	69.61
Less: Finance Cost	112.37	48.41	112.37	48.41
<b>Profit Before Tax</b>	<b>1148.46</b>	<b>1059.82</b>	<b>1148.46</b>	<b>1059.82</b>
Less: Current Tax	300.00	270.00	300.00	270.00
Less: Deferred tax Liability (Asset)	43.33	-	43.33	-
<b>Profit after Tax</b>	<b>805.14</b>	<b>789.82</b>	<b>805.14</b>	<b>789.82</b>

\* Figures provided are for the period starting from 25th November, 2021 to 31st March, 2022.

**HUMAN RESOURCES:**

Equipping the Company with an engaged and productive workforce is essential to our success. We look for commitment, skills and innovative approach in people. In assessing capability, we consider technical skills and knowledge that have been acquired through experience and practice, along with mental processing ability, social process skills and their application.

We continue to invest in developing a pipeline of future talent and nurture them. As part of this process, we provide development and training opportunities to our workforce, which motivates and encourages them to grow in their work.

As on March 31, 2023, the Company had 46 permanent employees. The Company has been maintaining cordial and healthy Industrial Relations, which has helped to a great extent in achieving the upper growth.

**DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS, ALONG WITH DETAILED EXPLANATIONS THEREFOR:**

Ratio	As at 31st March, 2023	As at 31st March, 2022	% Change from Last Year	Explanation for Change in Ratio (for more than 25% in comparison with last year)
Debt Equity Ratio	0.27	2.48	-2.21	Due to Equity increase During the year.
Return on Equity Ratio	15.45	108.06	-92.61	Return on Equity has decreased on account of Increase in Equity of current year as compared to that of previous year.
Inventory Turnover Ratio	7.61	8.34	-0.73	Inventory Turnover ratio has decreased during the year, due to decrease in company operation during the year.
Trade Receivables turnover Ratio	2.92	2.76	0.16	-
Trade Payables turnover Ratio	4.43	3.04	1.39	Trade Payables turnover ratio has decreased on account of non-payment to creditors by the Company.
Net capital turnover Ratio	2.12	3.13	-1.01	Net Capital Turnover ratio has decreased on account of Increase in Capital of current year as compared to that of previous year.
Net profit Ratio	6.90	13.71	-6.81	Net Profit ratio has decreased on account of Increase in profit and Sales of current year as compared to that of previous year.
Return on Capital Employed	21.52	58.16	-36.64	Return on Capital Employed has been decreased due to i ncrease in paid up capital post IPO.
Return on Investment	14.61	42.86	-28.25	Return on Investment has been decreased due to increase in paid up capital post IPO.

**CAUTIONARY NOTE:**

Statements in this Report, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. These statements are subject to certain risks and uncertainties. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results may be different from those expressed or implied since the Company's operations are affected by many external and internal factors, which are beyond the control of the management. Hence the Company assumes no responsibility in respect of forward-looking statements that may be amended or modified in future on the basis of subsequent developments, information or events.

**Registered office:**

B-406, Mondeal Heights,  
Opp. Karnavati Club,  
S. G. Highway, Ahmedabad 380015

For and on behalf of Board of Directors

**VITAL CHEMTECH LIMITED**

CIN: L24299GJ2021PLC127538

**Date: 28/08/2023**

**Place: Ahmedabad**

**Vipul Bhatt**

**Chairman & Managing Director**

**DIN: 06716658**

**Jay Bhatt**

**Wholetime Director**

**DIN: 09363173**



**ANNEXURE-E****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY**

**[Pursuant to clause (o) of Sub-Section 3 of Section 134 of the Act,  
Section 135 read with Companies (Corporate Social Responsibility Policy)  
Rules, 2014, as amended]**

**1. A Brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or programmes:**

Longevity and success for a company comes from living in harmony with the context, which is the community and society. The main objective of CSR Policy of the Company encompasses the ideas of corporate governance, sustainable wealth creation, corporate philanthropy and advocacy for the goals of the community. The projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013. Our CSR initiatives focus on CSR projects as provided under Schedule VII. The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and may be accessed at <https://www.vitalgroup.co.in/>

**2. The Composition of CSR Committee as at March 31, 2023:**

Pursuant to the provisions of Section 135(9) of the Companies Act, 2013, where the amount to be spent under Corporate Social Responsibility (CSR) by a company does not exceed fifty lakh rupees, the requirement under Section 135(1) for constitution of the Corporate Social Responsibility Committee is not applicable and the functions of such committee provided under Section 135 of the Act, are discharged by the Board of Directors of the Company

**3. Web Link of the Website of the Company for , CSR Policy and CSR Projects Approved By the Board.- <https://www.vitalgroup.co.in/>**

**4. Details of Impact Assessment of CSR Projects Carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, If Applicable.**

Not Applicable for the financial year under review.

**5. Details of the Amount Available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 And Amount Required for set-off for the financial year, if any- NIL**

**6. Average net profit of the Company for last three financial years: Rs.1059.82 Lakhs**

**7. Prescribed CSR Expenditure (two percent of the amount as in item 6 above): Rs.21.20 Lakhs**

- a) Two percent of average net profit of the company as per section 135(5): Rs.21.20 Lakhs
- b) Surplus arising out of CSR projects/ programmes/ activities of the previous financial years: NIL
- c) Amount required to be set off for the financial year: NIL
- d) Amount unspent, if any: NIL
- e) Total CSR obligation for the financial year (7a+7b-7c): Rs.21.20 Lakhs

## 8. (a) CSR amount spent or unspent for the financial year 2022-23: (Rs in Lakhs)

Total Amount Spent for the Financial Year 2022-23 (Rs. in Lakhs)	Amount Unspent( Rs. in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
21.25	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

## (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No).	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in Rs.)	Mode of Implementation – Direct (Yes/No)	Mode of Implementation – Through Implementing Agency	
				State.	Dist.						Name	CSR Registration number
1.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

c) Details of CSR amount spent against other than ongoing projects for the financial year 2022-23:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (Rs. in Lakhs)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR Registration number
1.	Child Education, Women Empowerment, Feed to needy people, Old Age Home, Gau-shala And Drug - free Nation	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens.	Ahmedabad, Gujarat	Ahmedabad	Gujarat	Rs.21	No	Karma putra Charitable Trust	CSR00022403
2	Animal Welfare	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	Ahmedabad, Gujarat	Ahmedabad	Gujarat	Rs 0.25	No	Jivdaya Charitable Trust	CSR00003907
						Rs 21.25			

(d) Amount spent in Administrative Overheads	Nil
(e) Amount spent on Impact Assessment, if applicable	Nil
(f) Total amount spent for the Financial Year (8b+8c+8d+8e)	Rs.21.25 Lakhs
(g) Excess amount for set off, if any	

Sl.No.	Particular	Amount (in Rs. Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5) for the FY2022-23	21.20
(ii)	Total amount spent for the Financial Year 2022-23	21.25
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.05
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

\*As per Section 135(5) Company transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year i.e. on or before September 30, 2023.

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl.No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135 (6), if any.			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the fund	Amount (in Rs.)	Date of transfer	
1.	2021-22	NA	NA	NA	NA	NA	NA

\*Please note that the unspent amounts mentioned above were spent within six months of the same Financial year and no requirement of transferring such funds to separate Unspent CSR account and Sch VII accounts occurred.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial years:

(1) Sl. No.	(2) Project ID.	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated or the project (in Rs.)	(7) Amount spent on the project in the reporting Financial Year (in Rs.)	(8) Cumulative amount spent at the end of reporting Financial Year (in Rs.)	(9) Status of the project Completed / Ongoing.
1	NA	NA	NA	NA	NA	NA	NA	NA
	Total	NA	NA	NA	NA	NA	NA	NA

10. In case of creation or acquisition of capital asset, furnish the details relating to the assets created or acquired through CSR spent in the financial year

(asset-wise details).

(a) Date of creation or acquisition of the capital assets. **Not Applicable**

(b) Amount of CSR spent for creation or acquisition of capital asset: **Not Applicable**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: **Not Applicable**

(d) Provide details of the capital assets created or acquired (including complete address and location of the capital asset): **Not Applicable**

11. Specify the reasons, if the company has failed to spend two percent of the average net profit as per section 135(5).

**Registered office:**

B-406, Mondeval Heights,  
Opp. Karnavati Club,  
S. G. Highway, Ahmedabad 380015

For and on behalf of Board of Directors

**VITAL CHEMTECH LIMITED**

CIN: L24299GJ2021PLC127538

**Date: 28/08/2023**

**Place: Ahmedabad**

**Vipul Bhatt**

**Chairman & Managing Director**

**DIN: 06716658**

**Jay Bhatt**

**Wholetime Director**

**DIN: 09363173**

# SCS and Co. LLP

Company Secretaries

## ANNEXURE F

### SECRETARIAL AUDIT REPORT

#### Form No. MR-3

For the financial year ended March 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Vital Chemtech Limited**  
B-406, Mondeal Heights,  
Opp. Karnavati Club, S. G. Highway,  
Ahmedabad – 380015, Gujarat

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vital Chemtech Limited (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes’ books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

1. The Companies Act, 2013 (‘the Act’) and the rules made there under as applicable;
2. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

**SCS and Co. LLP, a Limited Liability Partnership with LLP Identity No. AAV-1091**

**Firm Registration Number: - L2020GJ008700, Peer Review No. 1677/2022**

**Regd. Office:- Office No. B- 1310, Thirteenth floor, “Shilp Corporate Park”**

**Rajpath Rangoli Road, Thaltej, Ahmedabad, 380054**

**T: 079-40051702, Email:-scsandcollp@gmail.com Website: www.scsandcollp.com**

# SCS and Co. LLP

## Company Secretaries

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and circulars/ guidelines/Amendments issued there under;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and circulars/ guidelines/Amendments issued there under;
- c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars/ guidelines/Amendments issued there under;
- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and circulars/ guidelines/Amendments issued there under; and
- e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

5. Revised Secretarial Standards issued by the Institute of Company Secretaries of India;

The company being engaged in the Business of Manufacturing of Industrial Chemicals.

We further report that, having regard to the compliance system prevailing in the Company, We have relied on the representation made by the Company and its officers for system and mechanism framed by the Company for compliances of the following law specifically applicable to company:-

- i. Chemical Weapons Convention Act, 2000
- ii. The Poison Act, 1919
- iii. The Petroleum Act, 1934

During the year under the report, the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above read with circulars, notifications and amended rules, regulations, standards etc. issued by the Ministry of Corporate Affairs, Securities and Exchange Board of India and such regulatory authorities for such acts, rules, regulations, standards etc. as may be applicable, from time to time issued for compliances under the pandemic situation, have been complied with by the Company.

During the period under review the Company has complied with the provisions of the Act, Rules made there under, Regulations, guidelines etc. mentioned above except:

During the year the company had granted loans and advances to an entity in which directors of the company are interested. However Company had taken approval of Shareholders at their meeting held on October 31, 2022 for ratification of loans granted to Group Entity under section 185 of companies act, 2013.

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## Company Secretaries

During the Period under review, provisions of the following Acts, Rules, Regulations, and Standards are not applicable to the Company,

- i. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment and External Commercial Borrowings; and
- ii. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - the Company is not registered as Registrar to an Issue & Share Transfer Agent.

**However, the Company has appointed Skyline Financial Services Private Limited as Registrar & Share Transfer Agent as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

- iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- iv. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- v. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- vi. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and
- vii. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment and External Commercial Borrowings.

### **We further report that:-**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executive Directors, Independent Directors and Woman Director.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board and Committees were carried with requisite majority.

Since none of the members have communicated dissenting views in the matters / agenda proposed from time to time for consideration of the Board and Committees thereof, during the year under the report, hence were not required to be captured and recorded as part of the minutes.

### **We further report that –**

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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# SCS and Co. LLP

Company Secretaries

**We further report that during the Audit period the Company has:**

During the year under review:-

- a) Pursuant to a special resolution passed at an Extra Ordinary General Meeting of our Company held on February 20, 2022 and pursuant to provisions of Section 180(1) and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, the Board of Directors of the Company were authorized to borrow monies from time to time, any sum or sums of money on such security and on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by our Company may exceed in the aggregate, its paid up capital and free reserves and security premium (apart from temporary loans obtained / to be obtained from bankers in the ordinary course of business), provided that the outstanding principal amount of such borrowing at any point of time shall not exceed in the aggregate of Rs. 300 Crores (Rupees Three Hundred Crores only).
- b) The authorised Share Capital of the Company increased from 1,40,00,000 (One Crore forty lakh Only) Equity Shares of Rs.10/- each to Rs. 25,00,00,000/- (Twenty five Crores only) divided into 2,50,00,000 (Two Crore Fifty lakh Only) equity shares of Rs. 10/- each authorised via Ordinary Resolution dated June 02, 2022.
- c) Board of Directors of the Company passed a resolution on in the board meeting held on May 20, 2022 to offer, issue and allot 3,05,482 Equity Shares of the Company of face value of Rs. 10/- at an issue price of Rs. 100 each including premium of Rs. 90 per share aggregating to amount of Rs. 3,05,48,200 /- (Rupees Three Crores five Lakhs forty eight thousand two hundred only) by way of Right issue to the existing shareholders in the ratio of 1 new Equity Share for each 22 existing Equity Shares. The company allotted 3,00,000 Equity Shares in the board meeting held on May 28, 2022 pursuant to the said Right issue.
- d) In the Extra ordinary General Meeting held on June 02, 2022 on recommendation of Board, the approval of the Members of the Company given for capitalization of amount of Rs. 10,53,09,000/- (Rupees Ten Crore Fifty Three Lakh Nine Thousand Only) out of the Securities Premium account and/or free reserves of the Company for issue and allotment of 1,05,30,900 (One Crore Five Lakhs Thirty Thousand and Nine Hundred Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each as Bonus Equity Share in the proportion of 3 (Three) new Equity Shares of Rs. 10/- (Rupees Ten Only) for each 2 (Two)

**SCS and Co. LLP, a Limited Liability Partnership with LLP Identity No. AAV-1091**

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# SCS and Co. LLP

## Company Secretaries

existing fully paid-up equity share of Rs. 10/- (Rupees Ten Only) each to the existing shareholders of the company.

In the Board Meeting held on June 13, 2022, company has allotted 10530900 Bonus Equity share to the equity shareholders who holds equity shares of the company as on record date in ratio of 3:2 equity shares.

- e) The Board of Directors of the Company passed a resolution on June 28, 2022 accorded to create, offer, issue and allot equity shares of an aggregate number up to and not exceeding 64,00,000 (Sixty four Lakhs Only) Equity Shares at a price as may be decided by the Board of Directors in consultation with Book Running Lead Manager via Initial Public Offer. The Shareholders accorded their consent for the said issue via Special Resolution passed on June 30, 2022 at their Extra Ordinary meeting.  
The Company has allotted 63,99,600 Equity shares pursuant to the said approval on November 09, 2022.  
The Equity Shares of the Company are listed on the Emerge platform of NSE w.e.f. November 14, 2022.
- f) Vital Alkoxides Private Limited (CIN : U24239GJ2021PTC126430) became subsidiary company subsequent to the approval of the Board of Directors of the Company in their meeting held on March 30, 2023 for substantial Acquisition of Vital Alkoxides Private Limited.

**For SCS and Co. LLP**

**Company Secretaries**

**Firm Registration Number: - L2020GJ008700**

**Peer Review Number: - 1677/2022**

**Sd/-**

**Anjali Sangtani**

**Partner**

**M. No. A41942, COP: - 23630**

**UDIN: - A041942E000881121**

**Date: - August 28, 2023**

**Place:-Ahmedabad**

**Note:** This Report is to be read with our letter of even date which is annexed as Annexure 1 and it forms an integral part of this report.

**SCS and Co. LLP, a Limited Liability Partnership with LLP Identity No. AAV-1091**

**Firm Registration Number: - L2020GJ008700, Peer Review No. 1677/2022**

**Regd. Office:- Office No. B- 1310, Thirteenth floor, "Shilp Corporate Park"**

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# SCS and Co. LLP

## Company Secretaries

### Annexure 1

To,  
The Members,  
**Vital Chemtech Limited,**  
B-406, Mondeal Heights,  
Opp. Karnavati Club, S. G. Highway,  
Ahmedabad – 380015, Gujarat

Our report of even date is to be read along with this letter

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis, on the records and documents provided by the Management of the Company, to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. The compliance of the provision of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to verification of procedures on test basis.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For SCS and Co. LLP**

**Company Secretaries**

**Firm Registration Number: - L2020GJ008700**

**Peer Review Number: - 1677/2022**

**Sd/-**

**Anjali Sangtani**

**Partner**

**M. No. A41942, COP: - 23630**

**UDIN: - A041942E000881121**

**Date: - August 28, 2023**

**Place:-Ahmedabad**

**SCS and Co. LLP, a Limited Liability Partnership with LLP Identity No. AAV-1091**

**Firm Registration Number: - L2020GJ008700, Peer Review No. 1677/2022**

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## **STANDALONE FINANCIAL STATEMENTS**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL CHEMTECH LIMITED**

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

##### **Opinion**

We have audited the accompanying Financial Statements of "VITAL CHEMTECH LIMITED" (the Company) having CIN: U24299GJ2021PLC127538, which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss and the Statement of Cash Flows for the year ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone 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 (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, 2023, and its profit and its cash flows for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 made 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Financial Statements.

##### **Key Audit Matters**

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the Financial Statements of the current period. This matter was 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 this matter. We have nothing to report in this regard.

##### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in the operational highlights, Directors' Report and its annexure, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's information and performance trend, but does not include the consolidated Financial Statements, standalone Financial Statements and our Auditor's Report thereon. These reports are expected to be made available to us after the date of auditor's report.

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 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 Financial Statements**

The Board of Directors of the Company 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 and cash flows of the Company in accordance with the 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 the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements 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, the Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities 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 can 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 skepticism 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of use of the going concern basis of accounting by the Management and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Financial Statements.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Stand alone 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 Stand alone 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 must not be communicated in our report because the adverse consequences of doing so will reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

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 and the Statement of Cash Flows 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls with reference to standalone financial statements.
- 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 remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of 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:
  - 1) The Company does not have any pending litigations which would impact its financial position.
  - 2) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - 3) The Company is not liable to transfer any amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.

- 4) i) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 entity ("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;
- ii) The Management has represented, that, 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;
- iii) Based on the 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.
- 5) As stated in Note 2.12.3 to the standalone financial statements, The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- 6) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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 B, a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For, ABHISHEK KUMAR & ASSOCIATES**

Chartered Accountants

Firm's Registration No.130052W

**CA Abhishek Agrawal**

**Proprietor**

Membership No. 132305

UDIN: 23132305BGXKRG4905

Place: Ahmedabad

Date: 22.05.2023

**Annexure- A To Independent Auditor's Report  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements'  
section of our report to the Members of Vital Chemtech Limited of even date)  
Report on the Internal Financial Controls with reference to Standalone Financials Statements  
under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

We have audited the internal financial controls over financial reporting of **VITAL CHEMTECH LIMITED** (the Company) as of March 31, 2023, in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Control**

The Management of the Company is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements 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 (the Guidance Note) issued by the Institute of Chartered Accountants of India (THE "ICAI"). 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 the policies of the Company, 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls of the Company with reference to standalone financial statements over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI 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 standalone 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 over financial reporting was 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 internal financial controls with reference to standalone financial statements over financial reporting of the Company.

### Meaning of Internal Financial Controls over Financial Reporting

The internal financial control over financial reporting of a company 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 the Generally Accepted Accounting Principles. Internal financial control with reference to standalone financial statements over financial reporting of a Company includes those policies and procedures that

- i) Pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with the 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
- iii) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the assets of the Company that can have a material effect on the Financial Statements.

### Inherent Limitations of Internal Financial Control over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

### For, ABHISHEK KUMAR & ASSOCIATES

Chartered Accountants

Firm's Registration No. 130052W

### CA Abhishek Agrawal

Proprietor

Membership No. 132305

UDIN: 23132305BGXKRG4905

Place: Ahmedabad

Date: 22.05.2023

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**  
**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements'**  
**section of our report to the Members of Vital Chemtech Limited of even date)**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- I. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (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 Company has a program of physical verification of Property, Plant and Equipment so to cover all the assets once every year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) Based on our examination of the property tax receipts and lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties, disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.
  - (d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
  - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- II. (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals, except goods-in-transit. The coverage and procedure adopted by the Management is appropriate according to the size and scale of the Company. No discrepancies of 10% or more were observed in any class of inventories.
- (b) The Company has been sanctioned working capital limit classified as fund based and non-fund based in excess of ₹ 5 crore, in aggregate, during the year, from banks or financial institutions and the quarterly statements filed by the Company with such banks or financial institutions are in agreement with the books of accounts of the Company.
- III. The Company has made investments in, companies, firms, Limited Liability Partnerships, and granted unsecured loans to other parties, during the year, in respect of which:

(a) The Company has provided loans during the year, and details of which are given below:

Particulars	Amount in Lakh
Aggregate amount granted during the year - Subsidiaries	160.00
Balance outstanding as at balance sheet date in respect of above cases: - Subsidiaries	130.00

(b) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) of the Order is not applicable.

(c) 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.

(d) In respect of loans 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.

(e) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

(f) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(g) 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. The Company has not made investments in Firms and Limited Liability Partnerships during the year. The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

IV. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.

V. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

VI. According to the information and explanation given to us and 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 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.”

VII. In respect of statutory dues:

(a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) There are no disputed amounts in respect of statutory dues referred to in sub-clause (a) above and therefore reporting under sub-clause (b) is not applicable.

VIII. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

IX. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company have loans or borrowings from banks and promoters, directors/related party during the year. Accordingly, clause 3(ix)(a) of the Order is applicable. The Company has not defaulted in repayment of loans or other borrowings or in payment of interest thereon to any lender. The Company has taken loans from banks and promoters, directors/related party other than subsidiaries including long-term and short-term and outstanding amount of such loans at the end of financial year are as below:

Particulars	Amount (Rs. In Lakhs)
From Banks	634.65
From Promoters, Directors/Related Party	1760.00

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has obtained term loans during the year. Accordingly, clause 3(ix)(c) of the Order is applicable, the term loans were prima facie applied for the purpose for which they were obtained. The Company has taken term loans from banks as below:

Particulars	Amount (Rs. In Lakhs)
HDFC Term Loan    Vehicle Loan	32.10



- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds have been raised on short-term basis by the Company. Accordingly, clause 3(ix)(d) of the Order is applicable. 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, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.
- X. (a) Based upon the audit procedures performed and the information and explanations given by the management, fund raised by the company by way of initial public offer were applied for the purpose for which they were raised, though idle/surplus funds, which were not required for immediate utilization have been gainfully invested in fixed deposits / MF with scheduled commercial banks/ maintained in current account with monitoring agency. The maximum amount of such funds invested during the year was Rs.28.05 Crores of which Rs. 25 Crores was outstanding at the end of the year.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- XI. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) 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 and up to the date of this report.
- (c) The Company has not received any whistle-blower complaints during the year.
- XII. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- XIII. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements 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. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

XVI.(a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) of the Order are not applicable.

(b) In our opinion, the Company is not a Core Investment Company and there is no Core Investment Company (CIC) within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(c), (d) of the Order are not applicable.

XVII. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

XVIII. There has been no resignation of the statutory auditors of the Company during the year. Accordingly, clause 3(xviii) of Order is not applicable.

XIX. On the basis of the financial ratios, ageing and expected dates of realisation 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 on-going projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 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) There are no amounts remaining unspent under section (5) of section 135 of Companies Act, pursuant to any on-going project has been transferred to special account in compliance with provision of sub section (6) of section 135 of the said Act.

**For, ABHISHEK KUMAR & ASSOCIATES**

Chartered Accountants

Firm's Registration No. 130052W

**CA Abhishek Agrawal**

**Proprietor**

Membership No. 132305

UDIN: 23132305BGXKRG4905

Place: Ahmedabad

Date: 22.05.2023

**VITAL CHEMTECH LIMITED**  
**CIN: L24299GJ2021PLC127538**  
**(Formerly known as Vital Chemtech LLP)**  
**Balance Sheet as at 31st March, 2023**

(Amount in Lakhs)

Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	2,395.11	672.06
(b) Reserves and surplus	2	6,565.88	789.82
		<b>8,960.99</b>	<b>1,461.88</b>
<b>2 Non-current liabilities</b>			
(a) Long term borrowings	3	2,064.34	2,145.28
(b) Deferred tax liability (Net)		43.33	-
		<b>2,107.67</b>	<b>2,145.28</b>
<b>3 Current liabilities</b>			
(a) Short term borrowing	4	330.30	1,487.47
(b) Trade payables	5	1,327.69	2,741.55
(c) Short-term provisions	6	307.40	276.60
(d) Other Current Liabilities	7	21.81	12.59
		<b>1,987.20</b>	<b>4,518.21</b>
<b>Total</b>		<b>13,055.85</b>	<b>8,125.36</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment			
- Tangible Assets	8	1,915.78	1,737.86
(b) Non Current Investments	9	1,525.85	295.50
(c) Long Term Loans and Advances	10	130.00	-
(d) Other Non Current Assets	11	462.19	23.78
		<b>4,033.82</b>	<b>2,057.15</b>
<b>2 Current assets</b>			
(a) Inventories	12	1,346.63	905.47
(b) Trade receivables	13	3,824.47	4,173.00
(c) Cash and cash equivalents	14	2,925.88	623.98
(d) Short-term loans and advances	15	891.97	364.89
(e) Other Current Assets	16	33.08	0.87
		<b>9,022.03</b>	<b>6,068.22</b>
<b>Total</b>		<b>13,055.85</b>	<b>8,125.36</b>

Significant Accounting Policies & Notes on Financial Statements

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As per our Report of Even Date attached

For, Abhishek Kumar & Associates  
Chartered Accountants  
FRN: 130052W  
CA ABHISHEK AGARWAL

Proprietor  
Membership No. 132305  
UDIN : 23132305BGXKRG4905  
Date : May 22, 2023  
Place : Ahmedabad

For & on behalf of Board of Directors  
Vital Chemtech Limited

VIPUL BHATT  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 06716658

KETKI AJAY OZA  
CHIEF FINANCIAL OFFICER

JAY BHATT  
WHOLE TIME DIRECTOR  
DIN: 09363173

UTSAV SUDHIR TRIVEDI  
COMPANY SECRETARY  
& COMPLIANCE OFFICER

**VITAL CHEMTECH LIMITED**  
**CIN: L24299GJ2021PLC127538**  
**(Formerly known as Vital Chemtech LLP)**

**Statement of Profit and Loss for the year ended 31st March, 2023**

Particulars	Note No.	(Amount in Lakhs)	
		For the Year ended 31 March 2023	For the Year ended 31 March 2022
Revenue from operations	17	11,674.33	5,761.46
Other income	18	14.19	25.51
<b>Total Revenue</b>		<b>11,688.53</b>	<b>5,786.96</b>
Expenses:			
Cost of materials consumed	19	8,596.42	3,810.62
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	-26.26	-33.61
Finance costs	21	112.37	48.41
Employee benefits expense	22	261.85	128.89
Depreciation and amortization expense	8	231.74	69.61
Other expenses	23	1,363.94	703.22
<b>Total expenses</b>		<b>10,540.07</b>	<b>4,727.14</b>
<b>Profit/ (Loss) Before Tax</b>		<b>1,148.46</b>	<b>1,059.82</b>
Tax expense:			
(1) Current tax		300.00	270.00
(2) Deferred tax		43.33	-
(3) Tax for earlier years		-	-
<b>Profit/ (Loss) After Tax</b>		<b>805.13</b>	<b>789.82</b>
Earnings per equity share:		4.50	11.75
Basic and Diluted		4.50	11.75

**Significant Accounting Policies & Notes on Financial Statements** 24

As per our Report of Even Date attached

For, Abhishek Kumar & Associates  
Chartered Accountants  
FRN: 130052W  
CA ABHISHEK AGARWAL  
Proprietor  
Membership No. 132305  
UDIN : 23132305BGXKRG4905  
Date : May 22, 2023  
Place : Ahmedabad

For & on behalf of Board of Directors  
Vital Chemtech Limited

VIPUL BHATT  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 06716658

KETKI AJAY OZA  
CHIEF FINANCIAL OFFICER

JAY BHATT  
WHOLE TIME DIRECTOR  
DIN: 09363173

UTSAV SUDHIR TRIVEDI  
COMPANY SECRETARY  
& COMPLIANCE OFFICER

**VITAL CHEMTECH LIMITED**  
**CIN: L24299GJ2021PLC127538**  
**(Formerly known as Vital Chemtech LLP)**  
**Cash Flow Statement for the year ended 31st March, 2023**

(Amount in Lakhs)

Particulars	For the Year ended 31 March 2023	For the Year ended 31 March 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before tax	1,148.46	1,059.82
Adjustments for:		
Depreciation	231.74	69.61
Finance Cost	112.37	48.41
Interest Income	0.00	-5.25
<b>Operating profit before working capital changes</b>	<b>1,492.57</b>	<b>1,172.59</b>
Movements in working capital :		
(Increase)/Decrease in Reserves	-	-
(Increase)/Decrease in Inventories	-441.17	-394.52
(Increase)/Decrease in Trade Receivables	348.54	-1,495.48
(Increase)/Decrease in Loans & Advances	-657.08	78.07
(Increase)/Decrease in Other Current Assets	-32.20	-
Increase/(Decrease) in Trade Payables	-1,413.86	-270.61
Increase/(Decrease) in Other Current Liabilities	9.22	11.65
Increase/(Decrease) in Long Term Provisions	-	-
Increase/(Decrease) in Short Term Provisions	30.79	-153.34
<b>Cash generated from operations</b>	<b>-663.19</b>	<b>-1,051.64</b>
Adjustment on Account of Income Tax Expense	-300.00	-270.00
<b>Net cash from operating activities (A)</b>	<b>-963.19</b>	<b>-1,321.64</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale/(Purchase) of Investments	-1,230.35	408.95
(Increase)/Decrease in Long Term Loans & Advances	-	-18.10
Interest Income	0.00	5.25
Sale/(Purchase) of Fixed Assets	-409.66	-870.76
(Increase)/Decrease in Other Non Current Assets	-438.41	579.16
<b>Net cash from investing activities (B)</b>	<b>-2,078.42</b>	<b>104.50</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest/Other expenses paid on Borrowings	-112.37	-
Proceeds/(Repayment) of Long Term Borrowings	-80.94	408.64
Increase/(Decrease) in Short Term Borrowings	-1,157.16	1,457.72
Increase/(Decrease) in Capital	1,723.05	-
Increase/(Decrease) in Reserves	-852.71	-
Increase/(Decrease) in Security Premium	5,823.64	-
Payment of Finance Cost	-	-48.41
<b>Net cash from financing activities (C)</b>	<b>5,343.50</b>	<b>1,817.95</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>2,301.90</b>	<b>600.81</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>623.98</b>	<b>23.17</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,925.88</b>	<b>623.98</b>

**Significant Accounting Policies & Notes on Financial Statements****As per our Report of Even Date attached**

**For, Abhishek Kumar & Associates**  
**Chartered Accountants**  
**FRN: 130052W**  
**CA ABHISHEK AGARWAL**

**Proprietor**  
**Membership No. 132305**  
**UDIN : 23132305BGXKRG4905**  
**Date : May 22, 2023**  
**Place : Ahmedabad**

**For & on behalf of Board of Directors**  
**Vital Chemtech Limited**

**VIPUL BHATT**  
**CHAIRMAN & MANAGING DIRECTOR**  
**DIN: 06716658**

**KETKI AJAY OZA**  
**CHIEF FINANCIAL OFFICER**

**JAY BHATT**  
**WHOLE TIME DIRECTOR**  
**DIN: 09363173**

**UTSAV SUDHIR TRIVEDI**  
**COMPANY SECRETARY**  
**& COMPLIANCE OFFICER**



**VITAL CHEMTECH LIMITED**  
**CIN: L24299GJ2021PLC127538**  
**(Formerly known as Vital Chemtech LLP)**  
**Notes Forming Part of Balance Sheet as at 31st March, 2023**

**NOTE 1**

SHARE CAPITAL	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b><u>Authorised</u></b>		
2,50,00,000 Equity Shares of Rs.10 each	2,500.00	
1,40,00,000 Equity Shares of Rs.10 each		1,400.00
	2,500.00	1,400.00
<b><u>Issued, Subscribed &amp; Paid up</u></b>		
2,39,51,100 Equity Shares of Rs.10 each	2,395.11	
67,20,600 Equity Shares of Rs.10 each	-	672.06
<b>Total</b>	2,395.11	672.06

**NOTE 1.1 : The reconciliation of the number of shares outstanding is set out below:**

Particulars	As at 31 March 2023 Number (Amount in Lakhs)	As at 31 March 2022 Number (Amount in Lakhs)
Equity Shares outstanding at the beginning of the year	6,720,600 672.06	- -
Equity Shares Issued during the year	17,230,500 2,395.10	6,720,600 672.06
Equity Shares bought back during the year	- -	- -
Equity Shares outstanding at the end of the year	23,951,100 3,067.16	6,720,600 672.06

**NOTE 1.2 : The details of shareholders holding more than 5% shares:****Equity Shares**

SR NO	Name of Shareholder	As at 31 March 2023 No. of Shares held % of Holding	As at 31 March 2022 No. of Shares held % of Holding
1	Vipul J. Bhatt	13,198,500 55.11%	5,040,000 28.65%
2	Sangeeta Vipul Bhatt	4,387,500 18.32%	1,680,000 9.55%
	<b>Total</b>	<b>17,586,000 73.43%</b>	<b>6,720,000 38.20%</b>

**NOTE 1.3 : The details of shares held by promoters**

SR NO	Name of Shareholder	As at 31 March 2023		As at 31 March 2022	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Vipul J. Bhatt	13,198,500	55.11%	5,040,000	28.65%
2	Sangeeta Vipul Bhatt	4,387,500	18.32%	1,680,000	9.55%

**Note :** Company had proposed the public issue of 6399600 equity shares of face value of Rs.10 each of Vital Chemtech Limited ("Vital" or the "company" or the "issuer") for cash at a price of Rs.101 per equity share including a share premium of Rs.91 per equity share (the "issue price") aggregating to 6463.60 Lakhs.

**NOTE 2**

RESERVES & SURPLUS	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>Surplus</b>		
Opening balance	789.82	-
(+) (Net loss)/Profit for the year	805.13	789.82
(+) Transfer to Reserves	(852.71)	-
Closing balance	742.24	789.82
<b>Security Premium</b>		
Opening balance	-	-
(+) Addition during the year	6,093.64	-
(+) Transfer during the year	-270.00	-
Closing Balance	5,823.64	-
<b>Total</b>	<b>6,565.88</b>	<b>789.82</b>

**NOTE 3**

LONG TERM BORROWINGS	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>Secured Loans</b>		
(I) From Banks	319.25	347.28
<b>Unsecured Loans</b>		
(i) Loans & Advances from Directors/ Promoters / Promoter Group / Associates / Relatives of Director / Group Company	1,745.09	1,797.99
(ii) Loans & Advances from Others		
<b>Total</b>	<b>2,064.34</b>	<b>2,145.28</b>

**Note 3.1**

1. The Secured loan taken from various Bank for purchase of Vehicles & Machineries are secured by mortgage of said Vehicles and Machineries against which amount borrowed. Ownership of this vehicles are in name of promoter.

**NOTE 4**

<b>SHORT TERM BORROWINGS</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
<b>Secured</b>		
<b>(I) Working Capital Loans</b>		
Axis Bank	190.06	404.66
HDFC Bank	21.73	-
<b>(ii) Current maturity of Long Term Borrowings</b>		
From Banks	103.61	78.52
From Others	-	-
	315.40	483.18
<b>Unsecured</b>		
<b>(I) From Directors/ Promoters / Promoter Group/ Associates / Relatives of Director / Group Company</b>	14.90	1,004.29
<b>(ii) From Others</b>	-	-
	14.90	1,004.29
<b>Total</b>	<b>330.30</b>	<b>1,487.47</b>

**Note 4.1**

1. The Bank Credit limits from Axis Bank Ltd & HDFC Bank Ltd by way of Overdraft, Letter of Credit is primarily secured by way of hypothecation of the Company's entire stocks & Book Debts, both present & future.

2. The said credit limits is further collaterally secured by maintaining liquid Securities/ FD.

3. Further, the said credit facilities is further secured by personal guarantees of all the Directors and guarantee of atleast 75% shareholders to be obtained.

**NOTE 5**

<b>TRADE PAYABLES</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
<b>(i) Micro, Small and Medium Enterprise</b>	42.70	264.38
<b>(i) Others</b>	1,284.98	2,477.17
<b>Total</b>	<b>1,327.69</b>	<b>2,741.55</b>

**NOTE 6**

<b>SHORT TERM PROVISIONS</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
<b>Provision for Statutory Dues</b>		
Provision for Income Tax	300.00	270.00
Gratuity Provisions	7.40	6.60
<b>Total</b>	<b>307.40</b>	<b>276.60</b>

## NOTE 7

OTHER CURRENT LIABILITIES	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>(I) Statutory Remittance</b>		
TDS Payable	15.37	10.90
GST Payable	0.86	-
<b>(ii) Other payables</b>	5.59	1.69
<b>Total</b>	<b>21.81</b>	<b>12.59</b>

## NOTE 9

NON-CURRENT INVESTMENTS	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>(I) Other Non Current investments</b>		
In Corporate Bonds & FDs	1,500.50	295.50
<b>(ii) Equity instruments of subsidiaries</b>	25.35	-
<b>Total</b>	<b>1,525.85</b>	<b>295.50</b>

## Note 9.1 Non-current investments

## Unquoted - Investment carried at cost

## Investments in equity instruments of subsidiaries

Vital Alkoxide Pvt. Ltd. [105000 equity shares of 10 each, fully paid up]

Vital Synthesis Pvt. Ltd. [148500 equity shares of 10 each, fully paid up]

## NOTE 10

LONG TERM LOANS & ADVANCES	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
(Unsecured and Considered Good)		
<b>(i) Loans &amp; Advances to Directors/ Promoters / Promoter Group / Associates / Relatives of Director / Group Company</b>	130.00	-
<b>(ii) Loans &amp; Advances to Others</b>	-	-
<b>Total</b>	<b>130.00</b>	<b>-</b>

## NOTE 11

OTHER NON CURRENT ASSETS	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
(Unsecured and Considered Good)		
<b>(I) Security Deposits</b>	98.27	18.10
<b>(ii) Expenses Not W/Off</b>	363.92	5.68
<b>Total</b>	<b>462.19</b>	<b>23.78</b>

**NOTE 12**

<b>INVENTORIES</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
Raw Materials	989.42	574.51
Stock-in-progress	-	90.20
Finished goods	207.37	131.14
Consumable Stores	56.84	20.23
Packing Materials	93.00	89.38
<b>Total</b>	<b>1,346.63</b>	<b>905.47</b>

**NOTE 13**

<b>TRADE RECEIVABLES</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
<b>(Unsecured and Considered Good)</b>		
Less than Six Months	3,824.47	4,173.00
Others	-	-
<b>Total</b>	<b>3,824.47</b>	<b>4,173.00</b>

**NOTE 14**

<b>CASH AND BANK BALANCES</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
<b><u>Cash &amp; Cash Equivalents</u></b>		
Cash on hand	46.09	38.46
	-	-
<b><u>Bank Balances</u></b>	-	-
In Current Accounts	226.03	0.68
In Deposits Accounts	2,653.76	584.84
<b>Total</b>	<b>2,925.88</b>	<b>623.98</b>

**NOTE 15**

<b>SHORT TERM LOANS AND ADVANCES</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
<b>(Unsecured and Considered Good)</b>		
<b>(i) Balance with Government Authorities</b>	408.24	289.47
<b>(ii) Others (specify nature)</b>	-	-
Advances to Workers	15.99	7.23
<b>Advance to Suppliers</b>	-	-
MSME	-	2.25
Others	467.74	65.94
<b>Total</b>	<b>891.97</b>	<b>364.89</b>

**NOTE 16**

<b>OTHER CURRENT ASSETS</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
Prepaid Expenses Not W/Off	33.08	0.87
<b>Total</b>	<b>33.08</b>	<b>0.87</b>

**VITAL CHEMTECH LIMITED**  
**CIN: L24299GJ2021PLC127538**  
**(Formerly known as Vital Chemtech LLP)**  
**Notes Forming Part of Statement of Profit and Loss for the year ended**  
**31st March, 2023**

**NOTE 17**

<b>REVENUE FROM OPERATION</b>	<b>Year Ended 31 March 2023 (Amount in Lakhs)</b>	<b>Year Ended 31 March 2022 (Amount in Lakhs)</b>
<b>Sale of Goods</b>	11,674.33	5,751.64
<b>Sale of Services</b>	-	9.82
<b>Total</b>	<b>11,674.33</b>	<b>5,761.46</b>

**NOTE 17.1**

<b>PARTICULARS OF REVENUE FROM OPERATION</b>	<b>Year Ended 31 March 2023 (Amount in Lakhs)</b>	<b>Year Ended 31 March 2022 (Amount in Lakhs)</b>
<b>Particular of Goods</b>		
Supply of Chemicals	11,674.33	5,751.64
<b>Particular of services</b>		
Lifting Charges	-	9.82
<b>Total</b>	<b>11,674.33</b>	<b>5,761.46</b>

**NOTE 18**

<b>OTHER INCOME</b>	<b>Year Ended 31 March 2023 (Amount in Lakhs)</b>	<b>Year Ended 31 March 2022 (Amount in Lakhs)</b>
<b>Interest Income</b>		
Interest Income - Term Deposit	72.83	3.26
Interest Income - Mutual Fund	-	1.60
Interest Income -DGVCL	-	0.39
Interest Income -MSME	0.00	-
<b>Other Income</b>		
Kasar & Vatav	14.30	7.19
Exchange Rate Fluctuations	-74.77	13.07
Freight Outward Income	1.83	-
<b>Total</b>	<b>14.19</b>	<b>25.51</b>



**NOTE 19**

<b>COST OF MATERIAL CONSUMED</b>	<b>Year Ended 31 March 2023 (Amount in Lakhs)</b>	<b>Year Ended 31 March 2022 (Amount in Lakhs)</b>
Opening Stock of Raw Material	574.51	213.60
Add:- Purchases During the Year	9,011.33	4,171.53
Less:- Closing Stock of Raw Material	989.42	574.51
<b>Total</b>	<b>8,596.42</b>	<b>3,810.62</b>

**NOTE 20**

<b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE</b>	<b>Year Ended 31 March 2023 (Amount in Lakhs)</b>	<b>Year Ended 31 March 2022 (Amount in Lakhs)</b>
<b>Closing Inventories</b>		
Finished goods	207.37	131.14
Work in progress	-	90.20
Consumable Stores	56.84	20.23
Packing Materials	93.00	89.38
<b>Sub Total (A)</b>	<b>357.21</b>	<b>330.96</b>
<b>Opening Inventories</b>		
Finished goods	131.14	147.42
Work in progress	90.20	108.54
Consumable Stores	20.23	27.62
Packing Materials	89.38	13.77
<b>Sub Total (B)</b>	<b>330.96</b>	<b>297.35</b>
<b>Total (A-B)</b>	<b>(26.26)</b>	<b>(33.61)</b>

**NOTE 21**

<b>FINANCE COST</b>	<b>Year Ended 31 March 2023 (Amount in Lakhs)</b>	<b>Year Ended 31 March 2022 (Amount in Lakhs)</b>
<b>(i) Interest Expense</b>		
Interest on Bank CC/OD	19.13	4.87
Interest Expenses - Others	37.91	12.05
<b>(ii) Other Borrowing Cost</b>	<b>55.32</b>	<b>31.49</b>
<b>Total</b>	<b>112.37</b>	<b>48.41</b>

**NOTE 22**

<b>EMPLOYEE BENEFITS EXPENSE</b>	<b>Year Ended 31 March 2023 (Amount in Lakhs)</b>	<b>Year Ended 31 March 2022 (Amount in Lakhs)</b>
<b>(i) Salaries and Wages</b>	145.29	53.73
<b>(ii) Director Remuneration</b>	100.00	60.00
<b>(iii) Contributions to Provident Fund &amp; Other Fund</b>		
Provident Fund	7.06	1.65
Gratuity	1.44	6.60
<b>(iv) Staff welfare expenses</b>		
Staff Welfare Expenses	8.06	6.91
<b>Total</b>	<b>261.85</b>	<b>128.89</b>

**NOTE 23**

<b>OTHER EXPENSES</b>	<b>Year Ended 31 March 2023 (Amount in Lakhs)</b>	<b>Year Ended 31 March 2022 (Amount in Lakhs)</b>
<b>Manufacturing Expenses</b>		
Power & Fuel	119.42	34.54
Labour Charges	14.36	13.74
Consumables Spares	-	24.28
Import Expenses	98.78	19.63
Freight Expenses	46.32	19.70
Factory Expenses	31.18	212.75
Repairing & Maintenance Expenses	14.88	140.19
<b>Sub Total (A)</b>	<b>324.94</b>	<b>464.83</b>
<b>Administrative Selling &amp; General Expenses</b>		
Audit fees	7.78	5.00
Advertisement Expenses	-	1.30
Consumables Expenses	287.85	10.48
Donation Expenses	0.51	0.25
Exhibition Expenses	15.55	0.19
Power & Fuel Expenses - Indirect	8.55	2.37
Export Expenses	6.66	0.88
Exchange Rate Differences	-	-
Freight Expenses	135.45	62.57
GIDC Water Charges	-	-
Interest on Car Loan	-	-
Insurance Expenses	32.96	19.35
Internet Expenses	0.56	-
IPO Related Expenses	39.96	-
Legal & professional Charges	27.99	38.35
Loading Unloading Charges	7.79	3.49
Packing Material Expenses	362.07	5.53
Registration & membership fees	14.96	19.20

Office Expenses	0.16	0.16
Repairs & Maintenance Expenses	13.84	1.47
Rent Expenses	22.54	3.00
Sales Promotional Expenses	9.23	58.00
Plant Security Expenses	7.61	3.38
Tax & Rates Expenses	0.46	-
Traveling Expenses	12.86	1.76
Printing & Stationery Expenses	-	0.86
Postage & Courier Expenses	-	0.50
Corporate Responsibility Expenses	21.25	-
Telephone Expenses	1.43	0.33
Profit/ Loss on sales of assets	1.00	-
Other Expenses	-	-
<b>Sub Total (B)</b>	<b>1,038.99</b>	<b>238.40</b>
<b>Total(A+B)</b>	<b>1,363.94</b>	<b>703.22</b>

SR No	AUDIT FEES	Year Ended 31 March 2023 (Amount in Lakhs)	Year Ended 31 March 2022 (Amount in Lakhs)
	Payments to the auditor as		
1	auditor,	7.78	5.00
2	for taxation matters,	-	-
3	for company law matters,	-	-
4	for management services,	-	-
5	for stock audit charges	-	-
6	for other services,	-	-
7	for reimbursement of expenses;	-	-
<b>Total</b>		<b>7.78</b>	<b>5.00</b>

## NOTE 8

Fixed Assets	Gross Block					Accumulated Depreciation			Net Block	
	As at 31st March 2022	Additions	Deductions	As at 31st March 2023	As at 31st March 2022	Depreciation charge for the year ended 31st march 2023	Adjustments	On disposals	As at 31st March 2023	As at 31st March 2022
Land	649.70	215.52	-	865.22	-	-	-	-	865.22	649.70
Buildings	265.33	61.93	-	327.26	8.85	29.18	-	-	289.23	256.48
Automation and Instruments	36.20	2.51	-	38.71	2.39	6.78	-	-	29.54	33.82
Computer and Systems	9.43	11.99	-	21.41	2.64	6.31	-	-	12.46	6.78
Electricals, Pipes-Valves and Pumps	132.72	23.60	-	156.32	9.30	36.17	-	-	110.86	123.42
Fire Hydrant Systems	13.44	0.07	-	13.51	0.92	2.50	-	-	10.09	12.52
Furniture and Fixtures	8.67	2.51	-	11.17	0.74	2.74	-	-	7.69	7.92
Instruments	12.97	2.12	-	15.08	0.48	2.67	-	-	11.93	12.48
Laboratory Equipments	0.96	-	-	0.96	0.10	0.27	-	-	0.59	0.86
Machineries and Equipments	446.15	45.47	-	491.62	23.75	83.35	-	-	384.52	422.40
Utilities	116.45	10.53	-	126.98	6.03	22.19	-	-	98.76	110.42
Vehicles	115.45	39.22	5.79	148.87	14.40	39.59	-	-	94.89	101.05
<b>TOTAL</b>	<b>1,807.47</b>	<b>415.46</b>	<b>5.79</b>	<b>2,217.13</b>	<b>69.61</b>	<b>231.74</b>	<b>-</b>	<b>-</b>	<b>1,915.78</b>	<b>1,737.86</b>

**CORPORATE INFORMATION, SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES TO ACCOUNTS AS ON 31<sup>ST</sup> MARCH, 2023**

**NOTE 24:**

**A. COMPANY INFORMATION**

Our Company was originally incorporated as a private limited company on November 11, 2013, as 'Rudra Chemtech Private Limited', under the provisions of the Companies Act, 1956. Subsequently, Our Company was converted to Limited Liability Partnership Firm as 'Rudra Chemtech Limited Liability Partnership' having duly passed the necessary resolution in terms of Rule 20(1) of the LLP Rules, 2009 on February 12, 2015, under the LLP Act, 2008. Thereafter, on February 20, 2015, name was changed to 'Vital Chemtech Limited Liability Partnership' pursuant to Rule 20(3) of the LLP Rules, 2009. Later on, our Limited Liability Partnership was converted to Public Limited Company under section 366 Part I chapter XXI of the Companies Act, 2013 as 'Vital Chemtech Limited' and fresh Certificate of Incorporation consequent upon Conversion from Limited Liability Partnership to Public Limited Company dated November 25, 2021, was issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Havelli. The Corporate Identification Number (CIN) of the Company is U24299GJ2021PLC127538 and the Permanent Account Number (PAN) of the Company is AAICV4201F.

Company is engaged in manufacturing, producing, refining, processing, formulating, mixing, enriching, mining, importing, exporting, acquiring, inventing, buying, selling, exchanging, distributing and otherwise trading and dealing in all kinds of mixtures, formulations, intermediates, derivatives, compounds, phosphorous based chemicals, fine chemicals, heavy chemicals, valence, inorganic and organic chemicals, source materials, intermediates, ingredients, mixtures, derivatives and compounds thereof and to carry on the business of chemical merchants, agents, distributors, suppliers in any or more of the above objects.

**B. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARATION OF FINANCIAL STATEMENTS**

**B.1 Accounting Convention**

The standalone financial statement have been prepared under the historical cost convention on the "Accrual Concept" except for certain financial instruments which are measured at fair values and Going Concern assumptions of accountancy in accordance with the accounting principles generally accepted in India and comply with the accounting standards as prescribed by Companies (Accounting Standard) Rules, 2006 and with the relevant provisions of the Companies Act, 2013 and rules made there under.

Accounting policies have been consistently applied, except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rs. In Lakh as per the requirement of division II of Schedule III, unless otherwise stated.

## **B.2 Use of Estimates and Judgements**

The preparation of standalone financial statements requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities on the date of the standalone financial statement and the reported amount of revenues and expenses during the reporting period. The application of accounting policies that require critical accounting estimates, which involve complex and subjective judgments and the use of assumptions in these financial statements, have been disclosed in notes. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone financial statements.

## **B.3 Current and Non - Current Classification**

An asset or a liability is classified as Current when it satisfies any of the following criteria:

- i. It is expected to be realized / settled, or is intended for sales or consumptions, in the Company's Normal Operating Cycle;
- ii. It is held primarily for the purpose of being traded.
- iii. It is expected to be realized / due to be settled within twelve months after the end of reporting date;
- iv. The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-Current.

For the purpose of Current / Non - Current classification of assets and liabilities, the Company has ascertained its operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of the assets or liabilities for processing and their realization in Cash and Cash Equivalents.

## C. Basis of Preparation

### 1) Presentation and Disclosure of Standalone Financial Statements

These standalone financial statements have been prepared as per “Schedule - III” notified under the Companies Act, 2013. The Company has also reclassified / regrouped / restated the previous year figures in accordance with the requirements applicable in the current year.

### 2) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of all expenses incurred to bring the assets to its present location and condition. Borrowing cost directly attributable to the acquisition / construction is included in the cost of fixed assets. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

In case of new projects / expansion of existing projects, expenditure incurred during construction / preoperative period including interest and finance charge on specific / general purpose loans, prior to commencement of commercial production are capitalized. The same are allocated to the respective on completion of construction / erection of the capital project / fixed assets.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future economic benefits from the existing asset beyond its previously assessed standard of performance.

Capital assets (including expenditure incurred during the construction period) under erection / installation are stated in the Balance Sheet as “Capital Work in Progress.”

### 3) Depreciation

All fixed assets, except capital work in progress, are depreciated on WDV Method. Depreciation is provided based on useful life of the assets and depreciation rates as prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions to / deletions from fixed assets made during the period is provided on pro-rata basis from / up to the date of such addition / deletion as the case may be.

### 4) Impairment of Assets

At each balance sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of



impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the assets and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the assets.

## 5) Investments

Investments are classified into current investments and non-current investments. Current investments i.e. investments that are readily realizable and intended to be held for not more than a year valued at cost. Any permanent reduction in the carrying amount or any reversals of such, reductions are charged or credited to the Statement of Profit & loss Account.

Non-current investments are stated at cost. Provision for diminution in the value of these investments is made only if such decline is other than temporary, in the opinion of the management.

## 6) Inventories

Inventories consist of Raw Materials, Stock Work-in-Progress and Finished Goods are valued at Cost or Net Realizable Value, whichever is lower.

## 7) Revenue Recognition

Revenue is recognized when it is probable that economic benefit associated with the transaction flows to the Company in ordinary course of its activities and the amount of revenue can be measured reliably, regardless of when the payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into the account contractually defined terms of payments, net of its returns, trade discounts and volume rebates allowed.

Revenue includes only the gross inflows of economic benefits on its own account. Amount collected on behalf of third parties such as sales tax, value added tax and goods and service tax (GST) are excluded from the Revenue.

**Sale of goods** is recognized at the point of dispatch of goods to customers, sales are exclusive of Sales tax, Vat, GST and Freight Charges if any. The revenue and expenditure are accounted on a going concern basis.

**The capital gains** on sale of investment if any are recognized on completion of transaction. No notional profits/losses are recognized on such investments.

**Interest income** is recognized on time proportion basis, when it is accrued and due for payment.

**Dividend** from investments in shares / units is recognized when the Companies

right to receive payment is established.

Other items of Income are accounted as and when the right to receive arises.

## **8) Borrowing Cost**

Borrowing Cost includes the interest, commitments charges on bank borrowings, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs that are directly attributable to the acquisition or construction of qualifying property, plants and equipment's are capitalized as a part of cost of that property, plants and equipment's. The amount of borrowing costs eligible for capitalization is determined in accordance with the Accounting Standards – 16 "Borrowing Costs". Other Borrowing Costs are recognized as expenses in the period in which they are incurred.

In accordance with the Accounting Standard – 16, exchange differences arising from foreign currency borrowings to the extent that they are regarded as adjustments to interest costs are recognized as Borrowing Costs, and are capitalized as a part of cost of such property, plants and equipment's if they are directly attributable to their acquisition or charged to the Standalone Statement or Profit and Loss.

## **9) Employee Benefits**

Short – term employee benefits are recognized as an expense at the undiscounted amount in the profit & loss account of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the profit & loss account for the year in which the liabilities are crystallized.

## **10) Taxes on Income**

Income tax expenses for the year comprises of current tax and deferred tax.

Current tax provision is determined on the basis of taxable income computed as per the provisions of the Income Tax Act.

Deferred tax is recognized for all timing differences that are capable of reversal in one or more subsequent periods subject to conditions of prudence and by applying tax rates that have been substantively enacted by the balance sheet date.

### 11) Foreign Currency Transaction

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are restated at closing rate.
- ii. Any exchange difference on account of settlement of foreign currency transaction and restatement of monetary assets and liabilities denominated in foreign currency is recognized in the statement of Profit & loss Account.

### 12) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. There are no contingent liabilities as on March 31, 2023.

### 13) Related Party Disclosure

The Disclosures of Transaction with the related parties as defined in the related parties as defined in the Accounting Standard are given in notes of accounts.

### 14) Accounting for Leases

A lease is classified at the inception date as finance lease or an operating lease. A lease that transfers substantially all the risk and rewards incidental to the ownership to the Company is classified as a finance lease.

The Company as a lessee:

- i. **Operating Lease:-** Rental payable under the operating lease are charged to the Standalone Statement of Profit and Loss on a Straight line basis over the term of the relevant lease.
- ii. **Finance Lease:-** Finance lease are capitalized at the commencement of the lease, at the lower of the fair value of the property or the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the income over the period of the lease.

The Company has not provided any of its assets on the basis of operating lease or finance lease to others.

**15) Cashflow**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals of past or future cash receipts and payments. The cash flows from regular operating, investing and financing activities of the company are segregated.

**16) Earnings Per Share**

The Company reports the basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20, "Earnings per Share". Basic EPS is computed by dividing the Net Profit or Loss attributable to the Equity Shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the Net Profit or Loss attributable to the Equity Shareholders for the year by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all potential Equity Shares, except where the results are Anti - Dilutive.

The weighted average number of Equity Shares outstanding during the period is adjusted for events such a Bonus Issue, Bonus elements in right issue, share splits, and reverse share split (consolidation of shares) that have changed the number of Equity Shares outstanding, without a corresponding change in resources.

**17) Discontinuing Operations**

During the year the company has not discontinued any of its operations.

**18) Event after Reporting Date**

Where events occurring after the Balance Sheet date provide evidence of condition that existed at the end of reporting period, the impact of such events is adjusted within the standalone financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

All the events occurring after the Balance Sheet date up to the date of the approval of the standalone financial statement of the Company by the board of directors on May 22, 2023 have been considered, disclosed and adjusted, wherever applicable, as per the requirement of Accounting Standards.

- 19)** The previous year's figures have been reworked, regrouped, and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current annual financial statements and are to be read in relation to the amounts and other disclosures relating to the current financial year.

- 20)** Credit and Debit balances of unsecured loans, sundry creditors, sundry Debtors, loans and Advances are subject to confirmation and therefore the effect of the same on profit could not be ascertained.
- 21)** Balances of Trade Payables, Trade Receivable and Loans and Advances are subject to confirmations and reconciliation if any, by the respective parties.
- 22)** The account balances existing at the beginning of the period have been relied upon the audited financial statements.
- 23)** Amounts are in lakhs except units are in actual numbers wherever required considered accordingly for respective computations.

#### **24) Segment Reporting**

The company is dealing in primary segment i.e. manufacturing of all kinds of chemicals and secondary segment of trading. Company does not have distinguishable component of an enterprise that is engaged in providing an individual product or service and that is subject to risks and returns that are different from those of other business segment.

#### **25) Statement of Management**

- i. The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary.
- ii. Balance Sheet, Statement of Profit and Loss and Cash Flow Statement read together with Notes to the accounts thereon, are drawn up so as to disclose the information required under the Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and results of the Company for the year under review.

#### **26) Post Employment Benefits:**

The Company has valued its obligations related to Gratuity as follows:

(Rs. in lakhs except units are in actual numbers)	
ASSUMPTIONS	For the Period Ended on March 31, 2023
Discount Rate	7.4%
Expected Rate of Salary Increase	6%
Attrition Rate	5% to 1%
Mortality Rate	IALM (2012-14) ULT

Retirement	60 Years
<b>CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS</b>	<b>For the Period Ended on March 31, 2023</b>
Defined Benefit Obligation at beginning of the year	6.60
Current Service Cost	2.49
Interest cost	0.49
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(0.50)
Actuarial (Gains)/Losses on Obligations - Due to Change in Experience Adjustments	(1.69)
Defined Benefit Obligation as at end of the year	7.39
<b>AMOUNT RECOGNIZED IN THE BALANCE SHEET:</b>	<b>For the Period Ended on March 31, 2023</b>
Net liability as at beginning of the year	6.60
Net expense recognized in the Statement of Profit and Loss	0.79
Expected Return on Plan Assets	
Net liability as at end of the year	7.39
<b>EXPENSE RECOGNIZED:</b>	<b>For the Period Ended on March 31, 2023</b>
Current Service Cost	2.49
Interest Cost	0.49
Return on Plan Assets	
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(0.50)
Actuarial (Gains)/Losses on Obligations - Due to Change in Experience Adjustments	(1.69)
Expense charged to the Statement of Profit and Loss	0.79
<b>BALANCE SHEET RECONCILIATION:</b>	<b>For the Period Ended on March 31, 2023</b>
Opening net liability	6.60
Expense as above	0.79
Provision Related to Previous Year booked as Prior Period Items	
Return on Plan Assets	
Benefits Paid	
Net liability/(asset) recognized in the balance sheet	7.39

## 27) Foreign Currency Transaction (AS 11)

Foreign currency transaction includes Import and Export as per Accounting Standard – 11 as at the end of the year/period is reported as under.

(Rs. in Lakhs)	
Particulars	For the Period Ended on March 31, 2023
<b>Foreign Exchange Earnings</b>	
<b>Sales</b>	
Receipts in Foreign Currency	423.18
FOB Value of Exports	276.70
<b>Foreign Exchange Outgoings</b>	
<b>Purchase</b>	
Payments in Foreign Currency	7873.86
CIF Value of Imports	9016.16

## 28) Related Party Disclosure (AS 18)

Related party transactions are reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended.

### Name of Related Parties and description of relationship

Sr. No.	Name of Related Parties
<b>Key Management Personnel's / Related Party</b>	
1.	Vipul Bhatt : Managing Director
2.	Sangeeta Vipul Bhatt : Wholetime Director (Spouse)
3.	Jay Bhatt : Wholetime Director (Son)
4.	Keyaa Vipul Bhatt (Daughter)
5.	Late Jatashankar Ambalal Bhatt (Father)
6.	Kumudben Jatashankar Bhatt (Mother)
7.	Hitesh Jatashankar Bhatt ( Brother)
8.	Chhaya Akshay Pandya (Sister)
9.	Ketki Dilip Pandya (Sister)
10.	Harshadrai Pranlal Trivedi (Spouse's Father)
11.	Ushaben Pranlal Trivedi (Spouse's Mother)
12.	Kirti Harshadrai Trivedi (Spouse's Brother)
13.	Ketki Ajay Oza - CFO
<b>Associate Concerns</b>	
1.	Vital Chemicals (Proprietor: Vipul Bhatt)
2.	Vital Wellness Private Limited
3.	Valentia Synthesis Private Limited
4.	Neo Fine Chemical Industries
5.	Vital Dye Chem Industries (Vipul Bhatt - HUF)
6.	Ambica Packaging Industries (Proprietor: Hitesh Bhatt)
7.	Jay Innovative Solution (Proprietor: Jay Bhatt)
8.	Shakti Enterprise (Proprietor: Sangeeta Bhatt)
9.	Vipul Jatashankar Bhatt - HUF ( Karta: Vipul Bhatt)



	Subsidiary Company		
1.	Vital Synthesis Private Limited		
2.	Vital Alkoxides Private Limited		
(Rs in Lakhs)			
Sr. No.	Nature of Transaction	Name of Related Parties	For the Period Ended on March 31, 2023
I	Directors Remuneration		
		Vipul Bhatt	168.00
		Sangeeta Vipul Bhatt	72.00
		Jay Vipul Bhatt	120.00
II	Loan Received (Paid) during the Year to Related Parties		
		Vipul Bhatt	
		Opening Balance	1216.17
		Loan Received during the year	656.36
		Loan Paid during the year	(982.58)
		Closing Balance	889.95
		Sangeeta Vipul Bhatt	
		Opening Balance	390.09
		Loan Received during the year	0.00
		Loan Paid during the year	(127.72)
		Closing Balance	262.37
		Jay Vipul Bhatt	
		Opening Balance	132.50
		Loan Received during the year	0.00
		Loan Paid during the year	(49.01)
		Closing Balance	83.49
		Vipul Bhatt HUF	
		Opening Balance	59.23
		Loan Received during the year	0.00
		Loan Paid during the year	(59.23)
		Closing Balance	0.00
		Valentia Synthesis Private Limited	
		Opening Balance	1004.29
		Loan Received during the year	500.00
		Loan Paid during the year	(995.00)
		Closing Balance	509.29
		Vital Synthesis Private Limited	
		Opening Balance	0.00
		Loan Received during the year	15.00
		Loan Paid during the year	(14.95)
		Closing Balance	0.05
		Vital Alkoxides Private Limited	
		Opening Balance	0.00

	Loan Received during the year	30.00
	Loan Paid during the year	(160.00)
	Closing Balance	(130.00)
<b>III</b>	<b>Sales</b>	
	Vital Chemicals	<b>496.27</b>

## 29) Notes forming part of accounts in relation to Micro and small enterprise

Based on information available with the company, on the status of the suppliers being Micro or small enterprises, on which the auditors have relied, the disclosure requirements of Schedule III to the Companies Act, 2013 with regard to the payments made/due to Micro and small Enterprises are given below:

Sr. No.	Particulars	Year ended on 31st March, 2023		Year ended on 31st March, 2022	
		Principal	Interest	Principal	Interest
1	Amount due as at the date of Balance sheet	Nil	Nil	Nil	Nil
2	Amount paid beyond the appointed date during the year	Nil	Nil	Nil	Nil
3	Amount of interest due and payable for the period of delay in making payments of principal during the year beyond the appointed date	Nil	Nil	Nil	Nil
4	The amount of interest accrued and remaining unpaid as at the date of Balance sheet	Nil	Nil	Nil	Nil

The company has initiated the process of obtaining the confirmation from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) but has not received the same in totality. The above information is compiled based on the extent of responses received by the company from its suppliers.

## 30) Defined Contribution Plan :-

As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

Contribution to Defined Contribution Plans, recognized as expenses for the year is as under:

Particulars	(Rs in Lakhs)	
	2022-23	2021-22
Employer's Contribution to Provident Fund	6.82	6.89

**31) Title deeds of immovable property :-**

Title deeds of immovable property have not been held in the name of promoter, director, or relative of promoter/ director or employee of promoters / director of the company, hence same are held in the name of the company.

**32) Revaluation of property, plants and equipment's :-**

The Company has not revalued its Property, Plant and Equipment for the current year.

**33) Loans or Advances in the nature of loans :-**

No Loans or Advances in loans are granted to promoters, directors, KMPs and the related parties except one of subsidiaries (as defined under Companies Act, 2013,) either severally or jointly with any other person.

**34) Intangible assets under development :-**

There are no Intangible assets under development in the current year.

**35) Details of Benami property held :-**

The company does not hold any benami property under the Benami Transaction (prohibition) act, 1988 and the rules there made under. Hence any proceeding has not been initiated or pending against the company for holding any benami property under the Benami Transaction (prohibition) act, 1988 and rules made there under.

**36) Borrowings from bank or financial institution on the basis of current assets :-**

The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts. -

**37) Wilful Defaulter :-**

The company has not been declared as wilful defaulter by any bank or financial institution or government or government authority during the year reporting period.

**38) Relationship with struck off companies :-**

The company does not have transaction with the struck off under section 248 of companies act, 2013 or section 560 of companies act, 1956.

**39) Registration of charges or satisfaction with Registrar of companies :-**

The company does not have any charges or satisfaction, which is yet to be registered with ROC beyond the statutory period.

**40) Compliance with number of layers of companies :-**

The company is in compliance with the number of layers prescribed under clause (87) of section 2 of company's act read with companies (restriction on number of layers) Rules, 2017.

**41) Compliance with approved scheme of Arrangements :-**

Company does not have made any arrangements in terms of section 230 to 237 of company's act 2013, and hence there is no deviation to be disclosed.

**42) Utilization of borrowed funds and share premium :-**

As on March 31, 2023, there is no unutilized amount in respect of any issue of securities and long-term borrowing from banks and financial institution. The borrowed funds have been utilized for the specific purpose for which the funds were raised.

**43) Corporate social responsibility (CSR).**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are promoting education, promoting gender equality by empowering women, healthcare, environment sustainability, art and culture, destitute care and rehabilitation, disaster relief, COVID-19 relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013:

Particulars	2022-23	2021-22
Contribution for Corporate Social Responsibility	21.25	Nil

#### 44) Details of crypto currency and virtual currency.

The company has not traded or invested in crypto currency or virtual currency during the financial year.

#### 45)

- i. 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"), except one of subsidiaries, with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries .
- ii. No funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), 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 ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**46)** Company had proposed the public issue of 6399600 equity shares of face value of Rs.10 each of Vital Chemtech Limited ("Vital" or the "company" or the "issuer") for cash at a price of Rs.101 per equity share including a share premium of Rs.91 per equity share (the "issue price") aggregating to 6463.60 Lakhs.

**47)** The company received a legal notice from Advocate Vijay P Kadam through Registered AD, concerning a Rate Difference Claim dated 06/10/2021 on behalf of Adifab Industries Private Limited. The material was supplied by us on 31/07/2021. The company did not receive payment on time, so it raised a debit note for interest on the delay in payment as on 01/04/2021. The company has already filed a claim at MSME Gandhinagar for our outstanding dues.

**48) Trade Payable Ageing Summary****31.03.2023** (Rs in Lakhs)

Particulars	Outstanding for following periods from due date of payment / Invoice date					Total
	< 30 Days	30 to 60 Days	60 to 90 Days	90 to 180 Days	>180 Days	
(i) MSME	39.44	2.88	0.00	0.38	0.00	42.70
(ii) Others	123.66	598.34	148.84	140.98	273.16	1284.98

**49) Trade Receivable Ageing Summary****31.03.2023** (Rs. In Lakhs)

Particulars	Outstanding for following periods from due date of receipts / Invoice date					Total
	< 30 Days	30 to 60 Days	60 to 90 Days	90 to 180 Days	>180 Days	
(i) From Directors/ Relatives/ Associates	-	-	-	-	-	-
(ii) Others	1396.50	701.71	285.53	911.33	529.40	3824.47

**50) Accounting for Preliminary Expenses (AS 26)**

Preliminary Expenses in view of Accounting Standard – 26 to be write off wholly as at the end of the year/period, the Company has only written-off 20% of total preliminary expenses, during the year as reported. -

**51) Accounting Ratios:**

S. No.	Particulars	March 31, 2023
(a)	Current Ratio	4.54
(b)	Debt-Equity Ratio	0.27
(c)	Debt Service Coverage Ratio	14.96
(d)	Return on Equity Ratio (in %)	15.45%
(e)	Inventory Turnover Ratio (in times)	7.61
(f)	Trade Receivables Turnover Ratio (in times )	2.92
(g)	Trade Payables Turnover Ratio (in times)	4.43
(h)	Net Capital Turnover Ratio (in times)	2.12
(i)	Net Profit Ratio (in %)	6.90%
(j)	Return on Capital Employed (in %)	21.52%
(k)	Return on Investment (in %)	14.61%

Particulars	Numerator	Denominator
Current Ratio	Current Assets	Current Liabilities
Debt-Equity Ratio	Debt	Equity
Debt Service Coverage Ratio	Earnings available for Debt Services	Total Debt Service
Return on Equity Ratio	Profit After Tax	Average Shareholder's Fund
Inventory turnover ratio (in times)	Cost of Goods Sold	Average Inventory
Trade Receivables turnover ratio (in times)	Revenue from Operation	Average Trade Receivables
Trade payables turnover ratio (in times)	Purchases	Average Trade Payables
Net capital turnover ratio (in times)	Revenue from Operation	Average Capital Employed
Net profit ratio	Net Profit After Tax	Revenue from Operation
Return on Capital employed	Earning before Interest and Taxes	Average Capital Employed
Return on investment.	Net Profit After Tax	Average Capital Employed

As per our Report of Even Date attached

For, Abhishek Kumar & Associates  
Chartered Accountants  
FRN: 130052W  
CA ABHISHEK AGARWAL

Proprietor  
Membership No. 132305  
UDIN : 23132305BGXKRG4905  
Date : May 22, 2023  
Place : Ahmedabad

For & on behalf of Board of Directors  
Vital Chemtech Limited

VIPUL BHATT  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 06716658

KETKI AJAY OZA  
CHIEF FINANCIAL OFFICER

JAY BHATT  
WHOLE TIME DIRECTOR  
DIN: 09363173

UTSAV SUDHIR TRIVEDI  
COMPANY SECRETARY  
& COMPLIANCE OFFICER



## **CONSOLIDATED FINANCIAL STATEMENTS**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAL CHEMTECH LIMITED**

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

#### **Opinion**

We have audited the accompanying “Consolidated financial Statements(the “Statement”) of **Vital Chemtech Limited** (the “Company”)having CIN: U24299GJ2021PLC127538and its subsidiaries **Vital Alkoxides Private limited** and **Vital Synthesis Private Limited** (the holding company and its subsidiaries together referred to as “group”), which comprise the Consolidated Balance Sheet as at March 31, 2023, the Statement of Consolidated Profit and Loss and the Statement of Consolidated Cash Flows for the year ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the “consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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, of the state of affairs of the Company as at March 31, 2023, and its profit and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the Consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the audit of the Consolidated 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 Consolidated financial statements under the provisions of the Act and the Rules made there under 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

#### **Key Audit Matters**

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the Consolidated financial statements of the current period. This matter was 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 this matter. We have nothing to report in this regard.

#### **Information Other than the Consolidated financial statements and Auditor's Report Thereon**

The Board of Directors of the Company is responsible for the preparation of other information. The other information comprises the information included in the operational highlights, Directors' Report and its annexure, Management Discussion and Analysis, Business Responsibility Report, Corporate Governance and Shareholder's information and performance trend, but does not

include the consolidated financial statements and our Auditor's Report thereon. These reports are expected to be made available to us after the date of auditor's report.

Our opinion on the Consolidated 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 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.

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 Consolidated financial statements**

The Board of Directors of the Company is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the 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 the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated financial statements**

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 can reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism 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 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of use of the going concern basis of accounting by the Management and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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 Company 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 Company to express an opinion on the Consolidated financial statements.

Materiality is the magnitude of misstatements in the Consolidated financial statements that individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated 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 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 must not be communicated in our report because the adverse consequences of doing so will reasonably be expected to outweigh the public interest benefits of such communication.

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

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 and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Consolidated 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 the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 consolidated financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements.
- 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 remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of 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:
  - 1) The Company does not have any pending litigations which would impact its financial position.
  - 2) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

- 3) The Company is not liable to transfer any amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023.
- 4)
- i) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 entity ("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;
  - ii) The Management has represented, that, 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;
  - iii) Based on the 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.
- 5) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable.
- 6) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

**For, ABHISHEK KUMAR & ASSOCIATES**

Chartered Accountants

Firm's Registration No.130052W

**CA Abhishek Agrawal**

**Proprietor**

Membership No. 132305

UDIN: 23132305BGXKRH7971

Place: Ahmedabad

Date: 22.05.2023

## **Annexure- A To Independent Auditor's Report**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Vital Chemtech Limited of even date)**

### **Report on the Internal Financial Controls with reference to Consolidated Financials Statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")**

We have audited the internal financial controls over financial reporting of **VITAL CHEMTECH LIMITED** (the Company) as of March 31, 2023, in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Control**

The Management of the Company is responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements 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 (the Guidance Note) issued by the Institute of Chartered Accountants of India (THE "ICAI"). 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 the policies of the Company, 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls of the Company with reference to consolidated financial statements over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI 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 over financial reporting was 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 consolidated financial statements over financial reporting and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

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 over financial reporting of the Company.

### **Meaning of Internal Financial Controls over Financial Reporting**

The internal financial control over financial reporting of a company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the Generally Accepted Accounting Principles. Internal financial control with reference to consolidated financial statements over financial reporting of a Company includes those policies and procedures that

- i) Pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated financial statements in accordance with the 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
- iii) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the assets of the Company that can have a material effect on the consolidated financial statements.

### **Inherent Limitations of Internal Financial Control over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to consolidated financial statements 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 (the "Guidance Note").

### **For, ABHISHEK KUMAR & ASSOCIATES**

Chartered Accountants

Firm's Registration No. 130052W

### **CA Abhishek Agrawal**

**Proprietor**

Membership No. 132305

UDIN: 23132305BGXKRH7971

Place: Ahmedabad

Date: 22.05.2023

**VITAL CHEMTECH LIMITED**  
**CIN:L24299GJ2021PLC127538**  
**(Formerly known as Vital Chemtech LLP)**  
**Consolidated Balance Sheet as at 31st March,2023**

(Amount in Lakhs)			
Particulars	Note No.	As at 31 March 2023	As at 31 March 2022
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	2,395.11	672.06
(b) Reserves and surplus	2	6,565.88	789.82
		<b>8,960.99</b>	<b>1,461.88</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	2,228.15	2,145.28
(b) Deferred tax liability (Net)		43.33	-
		<b>2,271.48</b>	<b>2,145.28</b>
<b>3 Current liabilities</b>			
(a) Short term borrowing	4	652.31	1,487.47
(b) Trade payables	5	1,523.80	2,741.55
(c) Short-term provisions	6	308.54	276.60
(d) Other Current Liabilities	7	54.68	12.59
		<b>2,539.33</b>	<b>4,518.21</b>
<b>Total</b>		<b>13,771.80</b>	<b>8,125.36</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment			
- Tangible Assets	8	2,458.21	1,737.86
(b) Non-Current Investments	9	1,539.50	295.50
(c) Long Term Loans and Advances	10	-	-
(d) Other Non Current Assets	11	472.46	23.78
		<b>4,470.18</b>	<b>2,057.15</b>
<b>2 Current assets</b>			
(a) Inventories	12	1,346.63	905.47
(b) Trade receivables	13	3,824.47	4,173.00
(c) Cash and cash equivalents	14	3,051.29	623.98
(d) Short-term loans and advances	15	892.59	364.89
(e) Other Current Assets	16	186.65	0.87
		<b>9,301.63</b>	<b>6,068.22</b>
<b>Total</b>		<b>13,771.80</b>	<b>8,125.36</b>

**Significant Accounting Policies & Notes on Financial Statements 24**

As per our Report of Even Date attached

For, Abhishek Kumar & Associates

Chartered Accountants

FRN: 130052W

CA ABHISHEK AGARWAL

Proprietor

Membership No. 132305

UDIN : 23132305BGXKRG4905

Date : May 22, 2023

Place : Ahmedabad

For & on behalf of Board of Directors

Vital Chemtech Limited

VIPUL BHATT

CHAIRMAN & MANAGING DIRECTOR

DIN: 06716658

KETKI AJAY OZA

CHIEF FINANCIAL OFFICER

JAY BHATT

WHOLE TIME DIRECTOR

DIN: 09363173

UTSAV SUDHIR TRIVEDI

COMPANY SECRETARY  
& COMPLIANCE OFFICER

**VITAL CHEMTECH LIMITED**  
**CIN:L24299GJ2021PLC127538**  
**(Formerly known as Vital Chemtech LLP)**  
**Consolidated Profit & Loss Account as at 31st March,2023**

(Amount in Lakhs)

Particulars	Note No.	For the Year ended 31 March 2023	For the Year ended 31 March 2022
Revenue from operations	17	11,674.33	5,761.46
Other income	18	14.19	25.51
<b>Total Revenue</b>		<b>11,688.53</b>	<b>5,786.96</b>
Expenses:			
Cost of materials consumed	19	8,596.42	3,810.62
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	20	-26.26	-33.61
Finance costs	21	112.37	48.41
Employee benefits expense	22	261.85	128.89
Depreciation and amortization expense	8	231.74	69.61
Other expenses	23	1,363.94	703.22
<b>Total expenses</b>		<b>10,540.07</b>	<b>4,727.14</b>
<b>Profit/ (Loss) Before Tax</b>		<b>1,148.46</b>	<b>1,059.82</b>
Tax expense:			
(1) Current tax		300.00	270.00
(2) Deferred tax		43.33	-
(3) Tax for earlier years		-	-
<b>Profit/ (Loss) After Tax</b>		<b>805.13</b>	<b>789.82</b>
Earnings per equity share:			
Basic and Diluted		4.50	11.75

**Significant Accounting Policies & Notes on Financial Statements** 24

As per our Report of Even Date attached

For, Abhishek Kumar & Associates  
Chartered Accountants  
FRN: 130052W  
CA ABHISHEK AGARWAL

Proprietor  
Membership No. 132305  
UDIN : 23132305BGXKRG4905  
Date : May 22, 2023  
Place : Ahmedabad

For & on behalf of Board of Directors  
Vital Chemtech Limited

VIPUL BHATT  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 06716658

KETKI AJAY OZA  
CHIEF FINANCIAL OFFICER

JAY BHATT  
WHOLE TIME DIRECTOR  
DIN: 09363173

UTSAV SUDHIR TRIVEDI  
COMPANY SECRETARY  
& COMPLIANCE OFFICER

**VITAL CHEMTECH LIMITED**  
**CIN: L24299GJ2021PLC127538**  
**(Formerly known as Vital Chemtech LLP)**  
**Consolidated Cash Flow Statement as at 31st March,2023**

Particulars	(Amount in Lakhs)	
	For the Year ended 31 March 2023	For the Year ended 31 March 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before tax	1,148.46	1,059.82
Adjustments for:		
Depreciation	231.74	69.61
Finance Cost	112.37	48.41
Interest Income	-72.83	-5.25
<b>Operating profit before working capital changes</b>	<b>1,419.75</b>	<b>1,172.59</b>
Movements in working capital :		
(Increase)/Decrease in Reserves	-	
(Increase)/Decrease in Inventories	-441.17	-394.52
(Increase)/Decrease in Trade Receivables	348.54	-1,495.48
(Increase)/Decrease in Loans & Advances	-527.70	78.07
(Increase)/Decrease in Other Current Assets	-185.77	-
Increase/(Decrease) in Trade Payables	-1,217.75	-270.61
Increase/(Decrease) in Other Current Liabilities	42.09	11.65
Increase/(Decrease) in Long Term Provisions	-	-
Increase/(Decrease) in Short Term Provisions	31.93	-153.34
<b>Cash generated from operations</b>	<b>-530.08</b>	<b>-1,051.64</b>
Adjustment on Account of Income Tax Expense	-300.00	-270.00
		-
<b>Net cash from operating activities (A)</b>	<b>-830.08</b>	<b>-1,321.64</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		-
Sale/(Purchase) of Investments	-1,244.00	993.79
(Increase)/Decrease in Long Term Loans & Advances	-	-18.10
Interest Income	72.83	5.25
Sale/(Purchase) of Fixed Assets	-952.10	-870.76
(Increase)/Decrease in Other Non Current Assets	-448.68	-5.68
<b>Net cash from investing activities (B)</b>	<b>-2,571.94</b>	<b>104.50</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest/Other expenses paid on Borrowings	-112.37	-48.41
Proceeds/(Repayment) of Long Term Borrowings	82.88	408.65
Increase/(Decrease) in Short Term Borrowings	-835.15	1,457.72
Increase/(Decrease) in Capital	1,723.05	-
Increase/(Decrease) in Reserves	-852.71	-
Increase/(Decrease) in Security Premium	5823.64	-

Net cash from financing activities (C)	5829.33	1,817.96
Net increase in cash and cash equivalents (A+B+C)	2427.30	600.82
Cash and cash equivalents at the beginning of the year	623.98	23.17
Cash and cash equivalents at the end of the year	3051.28	623.98

#### Significant Accounting Policies & Notes on Financial Statements 24

As per our Report of Even Date attached

For, Abhishek Kumar & Associates  
Chartered Accountants  
FRN: 130052W  
CA ABHISHEK AGARWAL  
Proprietor  
Membership No. 132305  
UDIN : 23132305BGXKRG4905  
Date : May 22, 2023  
Place : Ahmedabad

For & on behalf of Board of Directors  
Vital Chemtech Limited

VIPUL BHATT  
CHAIRMAN & MANAGING DIRECTOR  
DIN: 06716658

KETKI AJAY OZA  
CHIEF FINANCIAL OFFICER

JAY BHATT  
WHOLE TIME DIRECTOR  
DIN: 09363173

UTSAV SUDHIR TRIVEDI  
COMPANY SECRETARY  
& COMPLIANCE OFFICER

VITAL CHEMTECH LIMITED  
CIN: L24299GJ2021PLC127538  
(Formerly known as Vital Chemtech LLP)  
Notes Forming Part of Balance Sheet as at 31st March, 2023

**NOTE 1**

SHARE CAPITAL	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b><u>Authorised</u></b>		
2,50,00,000 Equity Shares of Rs.10 each	2,500.00	-
1,40,00,000 Equity Shares of Rs.10 each	-	1,400.00
<b><u>Issued, Subscribed &amp; Paid up</u></b>		
2,39,51,100 Equity Shares of Rs.10 each	2,395.11	-
67,20,600 Equity Shares of Rs.10 each	-	672.06
<b>Total</b>	<b>2,395.11</b>	<b>672.06</b>

**NOTE 1.1 : The reconciliation of the number of shares outstanding is set out below:**

Particulars	As at 31 March 2023 Number	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 Number	As at 31 March 2022 (Amount in Lakhs)
Equity Shares outstanding at the beginning of the year	67,20,600	672.06	-	-
Equity Shares Issued during the year	1,72,30,500	2,395.10	67,20,600	672.06
Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	2,39,51,100	3,067.16	67,20,600	672.06

**NOTE 1.2: The details of shareholders holding more than 5% shares:**

**Equity Shares**

SR NO	Name of Shareholder	As at 31 March 2023		As at 31 March 2022	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Vipul J. Bhatt	1,31,98,500	55.11%	50,40,000	28.65%
2	Sangeeta Vipul Bhatt	43,87,500	18.32%	16,80,000	9.55%
	<b>Total</b>	<b>1,75,86,000</b>	<b>73.43%</b>	<b>67,20,000</b>	<b>38.20%</b>

**NOTE 1.3: The details of shares held by promoters**

SR NO	Name of Shareholder	As at 31 March 2023		As at 31 March 2022	
		No. of Shares held	% of Holding	No. of Shares held	% of Holding
1	Vipul J. Bhatt	1,31,98,500	55.11%	50,40,000	28.65%
2	Sangeeta Vipul Bhatt	43,87,500	18.32%	16,80,000	9.55%

**Note:** Company had proposed the public issue of 6399600 equity shares of face value of Rs.10 each of Vital Chemtech Limited ("Vital" or the "company" or the "issuer") for cash at a price of Rs.101 per equity share including a share premium of Rs.91 per equity share (the "issue price") aggregating to 6463.60 Lakhs.

**NOTE 2**

	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>RESERVES &amp; SURPLUS</b>		
<b>Reserve &amp; Surplus</b>		
Opening balance	789.82	-
(+) (Net loss)/Profit for the year	805.13	789.82
(+) Transfer to Reserves	-852.71	-
Closing Balance	742.24	789.82
<b>Security Premium</b>		
Opening balance	-	-
(+) Addition during the year	6,093.64	-
(-) Transfer during the year	270.00	-
Closing Balance	5,823.64	-
<b>Total</b>	<b>6,565.88</b>	<b>789.82</b>

**NOTE 3**

<b>LONG TERM BORROWINGS</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
<b>Secured Loans</b>		
(i) From Banks	482.21	347.28
	<b>482.21</b>	<b>347.28</b>
<b>Unsecured Loans</b>		
(i) Loans & Advances from Directors/ Promoters / Promoter Group / Associates / Relatives of Director / Group Company	1,745.95	1,797.99
(ii) Loans & Advances from Others	-	-
	1,745.95	1,797.99
<b>Total</b>	<b>2,228.15</b>	<b>2,145.28</b>

**Note 3.1**

1. The Secured loan taken from various Bank for purchase of Vehicles & Machineries are secured by mortgage of said Vehicles and Machineries against which amount borrowed. Ownership of this vehicles are in name of promoter.

**NOTE 4**

<b>SHORT TERM BORROWINGS</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
<b>Secured</b>		
<b>(i) Working Capital Loans</b>		
<b>From Banks</b>		
Axis Bank	190.06	404.66
HDFC Bank	21.73	-
	-	-
<b>(ii) Current maturity of Long-Term Borrowings</b>	-	-
From Banks	103.61	78.52
From Others	-	-
	315.40	483.18
<b>Unsecured</b>		
<b>(i) From Directors/ Promoters / Promoter Group / Associates / Relatives of Director / Group Company</b>	336.91	1,004.29
<b>(ii) From Others</b>	-	-
<b>Total</b>	<b>652.31</b>	<b>1,487.47</b>

**Note 4.1**

1. The Bank Credit limits from Axis Bank Ltd & HDFC Bank Ltd by way of Overdraft, Letter of Credit is primarily secured by way of hypothecation of the Company's entire stocks & Book Debts, both present & future.

2. The said credit limits is further collaterally secured by maintaining liquid Securities/ FD.

3. Further, the said credit facilities is further secured by personal guarantees of All the Directors and guarantee of atleast 75% Shareholders to be obtained.



## NOTE 5

TRADE PAYABLES	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
(i) Micro, Small and Medium Enterprise	56.61	264.38
(i) Others	1,467.18	2,477.17
<b>Total</b>	<b>1,523.80</b>	<b>2,741.55</b>

## NOTE 6

SHORT TERM PROVISIONS	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>Provision for Statutory Dues</b>		
Provision for Income Tax	300.00	270.00
Gratuity Provision	7.40	6.60
Provision for TDS	1.14	-
<b>Total</b>	<b>308.54</b>	<b>276.60</b>

## NOTE 7

OTHER CURRENT LIABILITIES	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>(i) Statutory Remittance</b>		
TDS Payable	15.37	10.90
GST Payable	0.86	-
	-	-
<b>(ii) Other payables</b>	<b>38.31</b>	<b>1.69</b>
	-	-
Minority Interest	0.15	-
<b>Total</b>	<b>54.68</b>	<b>12.59</b>

## NOTE 9

NON-CURRENT INVESTMENTS	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>(i) Other Non-Current investments</b>		
In Corporate Bonds & FDs	1,500.50	295.50
Goodwill	39.00	-
<b>Total</b>	<b>1,539.50</b>	<b>295.50</b>

## Note 9.1 Non-current investments

## Unquoted - Investment carried at cost

## Investments in equity instruments of subsidiaries

Vital Alkoxide Pvt. Ltd. [105000 equity shares of ₹10 each, fully paid up]

Vital Synthesis Pvt. Ltd. [148500 equity shares of ₹10 each, fully paid up]

**NOTE 10**

<b>LONG TERM LOANS &amp; ADVANCES</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
<b>(i) From Directors/ Promoters / Promoter Group / Associates / Relatives of Director / Group Company</b>	-	-
<b>(ii) From Others</b>	-	-
<b>Total</b>	-	-

**NOTE 11**

<b>OTHER NON -CURRENT ASSETS</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
(Unsecured and Considered Good)		
<b>(i) Security Deposits</b>	105.46	18.10
	-	-
<b>(ii) Expenses Not W/Off</b>	367.00	5.68
	-	-
<b>Total</b>	<b>472.46</b>	<b>23.78</b>

**NOTE 12**

<b>INVENTORIES</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
Raw Materials	989.42	574.51
Stock - in - progress	-	90.20
Finished goods	207.37	131.14
Consumable Stores	56.84	20.23
Packing Materials	93.00	89.38
<b>Total</b>	<b>1,346.63</b>	<b>905.47</b>

**NOTE 13**

<b>TRADE RECEIVABLES</b>	<b>As at 31 March 2023 (Amount in Lakhs)</b>	<b>As at 31 March 2022 (Amount in Lakhs)</b>
<b>(Unsecured and Considered Good)</b>		
Less than Six Months	3,824	4,173
Others	-	-
<b>Total</b>	<b>3,824</b>	<b>4,173</b>

## NOTE 14

	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>CASH AND BANK BALANCES</b>		
<b><u>Cash &amp; Cash Equivalents</u></b>		
Cash on hand	49.41	38.46
<b><u>Bank Balances</u></b>		
In Current Accounts	327.12	0.68
In Deposits Accounts	2,674.76	584.84
<b>Total</b>	<b>3,051.29</b>	<b>623.98</b>

## NOTE 15

	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured and Considered Good)		
<b>(i) Balance with Government Authorities</b>	408.24	289.47
<b>(ii) Others (specify nature)</b>		
Advances to Workers & Others	16.61	7.23
<b><u>Advance to Suppliers</u></b>		
MSME	-	2.25
Others	467.74	65.94
<b>Total</b>	<b>892.59</b>	<b>364.89</b>

## NOTE 16

	As at 31 March 2023 (Amount in Lakhs)	As at 31 March 2022 (Amount in Lakhs)
<b>OTHER CURRENT ASSETS</b>		
Prepaid Expenses & Advances	186.65	0.87
<b>Total</b>	<b>186.65</b>	<b>0.87</b>

**VITAL CHEMTECH LIMITED**  
**CIN: L24299GJ2021PLC127538**  
**(Formerly known as Vital Chemtech LLP)**  
**Notes Forming Part of Statement of Profit and Loss for the year ended**  
**31st March, 2023**

**NOTE 17**

<b>REVENUE FROM OPERATION</b>	<b>Year Ended 31st March, 2023 (Amount in Lakhs)</b>	<b>Year Ended 31st March, 2022 (Amount in Lakhs)</b>
<b>Sale of Goods</b>	11,674.33	5,751.64
<b>Sale of Services</b>	-	9.82
<b>Total</b>	<b>11,674.33</b>	<b>5,761.46</b>

**NOTE 17.1**

<b>PARTICULARS OF REVENUE FROM OPERATION</b>	<b>Year Ended 31st March, 2023 (Amount in Lakhs)</b>	<b>Year Ended 31st March, 2022 (Amount in Lakhs)</b>
<b>Particular of Goods</b>		
Supply of Chemicals	11,674.33	5,751.64
<b>Particular of services</b>		
Lifting Charges	-	9.82
<b>Total</b>	<b>11,674.33</b>	<b>5,761.46</b>

**NOTE 18**

<b>OTHER INCOME</b>	<b>Year Ended 31st March, 2023 (Amount in Lakhs)</b>	<b>Year Ended 31st March, 2022 (Amount in Lakhs)</b>
<b>Interest Income</b>		
Interest Income - Term Deposit	72.83	3.26
Interest Income - Mutual Fund	-	1.60
Interest Income - DGVCL	-	0.39
Interest Income - MSME	0.00	-
<b>Other Income</b>	-	-
Kasar & Vatav	14.30	7.19
Exchange Rate Fluctuations	-74.77	13.07
Frieght Outward Income	1.83	-
<b>Total</b>	<b>14.19</b>	<b>25.51</b>

**NOTE 19**

<b>COST OF MATERIAL CONSUMED</b>	<b>Year Ended 31st March, 2023 (Amount in Lakhs)</b>	<b>Year Ended 31st March, 2022 (Amount in Lakhs)</b>
Opening Stock of Raw Material	574.51	213.60
Add: Purchases During the Year	9,011.33	4,171.53
Less: Closing Stock of Raw Material	989.42	574.51
<b>Total</b>	<b>8,596.42</b>	<b>3,810.62</b>

## NOTE 20

CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK-IN-TRADE	Year Ended 31st March, 2023 (Amount in Lakhs)	Year Ended 31st March, 2022 (Amount in Lakhs)
<b>Closing Inventories</b>		
Finished goods	207.37	131.14
Work in progress	-	90.20
Consumable Stores	56.84	20.23
Packing Materials	93.00	89.38
<b>Sub Total (A)</b>	<b>357.21</b>	<b>330.96</b>
<b>Opening Inventories</b>		
Finished goods	131.14	147.42
Work in progress	90.20	108.54
Consumable Stores	20.23	27.62
Packing Materials	89.38	13.77
<b>Sub Total (B)</b>	<b>330.96</b>	<b>297.35</b>
<b>Total (A-B)</b>	<b>-26.26</b>	<b>-33.61</b>

## NOTE 21

FINANCE COST	Year Ended 31st March, 2023 (Amount in Lakhs)	Year Ended 31st March, 2022 (Amount in Lakhs)
<b>(i) Interest Expense</b>		
Interest on Bank CC/OD	19.13	4.87
Interest Expenses - Others	37.91	12.05
<b>(ii) Other Borrowing Cost</b>	55.32	31.49
<b>Total</b>	<b>112.37</b>	<b>48.41</b>

## NOTE 22

EMPLOYEE BENEFITS EXPENSE	Year Ended 31st March, 2023 (Amount in Lakhs)	Year Ended 31st March, 2022 (Amount in Lakhs)
<b>(i) Salaries and Wages</b>	145.29	53.73
<b>(ii) Director Remuneration</b>	100.00	60.00
<b>(iii) Contributions to Provident Fund &amp; Other Fund</b>	-	-
Provident Fund	7.06	1.65
Gratuity	1.44	6.60
<b>(iv) Staff welfare expenses</b>	-	-
Staff Welfare Expenses	8.06	6.91
<b>Total</b>	<b>261.85</b>	<b>128.89</b>

## NOTE 23

OTHER EXPENSES	Year Ended 31st March, 2023 (Amount in Lakhs)	Year Ended 31st March, 2022 (Amount in Lakhs)
<b>Manufacturing Expenses</b>		
Power & Fuel	119.42	34.54
Labour Charges	14.36	13.74
Consumables Spares	-	24.28
Import Expenses	98.78	19.63
Freight Expenses	46.32	19.70
Factory Expenses	31.18	212.75
Repairing & Maintainance Expenses	14.88	140.19
<b>Sub Total (A)</b>	<b>324.94</b>	<b>464.83</b>
<b>Administrative Selling &amp; General Expenses</b>		
Audit fees	7.78	5.00
Advertisement Expenses	-	1.30
Consumables Expenses	287.85	10.48
Donation Expenses	0.51	0.25
Exhibition Expenses	15.55	0.19
Power & Fuel Expenses - Indirect	8.55	2.37
Export Expenses	6.66	0.88
Exchange Rate Differences	-	-
Freight Expenses	135.45	62.57
GIDC Water Charges	-	-
Interest on Car Loan	-	-
Insurance Expenses	32.96	19.35
Internet Expenses	0.56	-
IPO Related Expenses	39.96	-
Legal & professional Charges	27.99	38.35
Loading Unloading Charges	7.79	3.49
Packing Material Expenses	362.07	5.53
Registration & membership fees	14.96	19.20
Office Expenses	0.16	0.16
Repairs & Maintenance Expenses	13.84	1.47
Rent Expenses	22.54	3.00
Sales Promotional Expenses	9.23	58.00
Plant Security Expenses	7.61	3.38
Tax & Rates Expenses	0.46	-
Traveling Expenses	12.86	1.76
Printing & Stationery Expenses	-	0.86
Postage & Courier Expenses	-	0.50
Corporate Responsibility Expenses	21.25	-
Telephone Expenses	1.43	0.33
Profit/ Loss on sales of assets	1.00	-
Other Expenses	-	-
<b>Sub Total (B)</b>	<b>1,038.99</b>	<b>238.40</b>
<b>Total(A+B)</b>	<b>1,363.94</b>	<b>703.22</b>

SR No	AUDIT FEES	Year Ended 31st March, 2023 (Amount in Lakhs)	Year Ended 31st March, 2022 (Amount in Lakhs)
1	<u>Payments to the auditor as</u>		
2	auditor,	7.78	5.00
3	for taxation matters,		
4	for company law matters,		
5	for management services,		
6	for stock audit charges		
7	for other services,		
	for reimbursement of expenses;		
<b>Total</b>		<b>7.78</b>	<b>5.00</b>

## NOTE 8

(Amount in Lakhs)

Fixed Assets	Gross Block			Accumulated Depreciation				Net Block		
	As at 31st March 2022	Additions/ (Disposals)	Revaluations/ (Impairments)	As at 31st March 2023	As at 31st March 2022	Depreciation charge for the year ended 31st march 2023	Adjustments	On disposals	As at 31st March 2023	As at 31st March 2022
Land	649.70	390.52	-	1,040.22	-	-	-	-	1,040.22	649.70
Buildings	265.33	61.93	-	327.26	8.85	29.18	-	-	289.23	256.48
Automation and Instruments	36.20	2.51	-	38.71	2.39	6.78	-	-	29.54	33.82
Computer and Systems	9.43	11.99	-	21.41	2.64	6.31	-	-	12.46	6.78
Electricals, Pipes-Valves and Pumps	132.72	23.60	-	156.32	9.30	36.17	-	-	110.86	123.42
Fire Hydrant Systems	13.44	0.07	-	13.51	0.92	2.50	-	-	10.09	12.52
Furnitures and Fixtures	8.67	2.51	-	11.17	0.74	2.74	-	-	7.69	7.92
Instruments	12.97	2.12	-	15.08	0.48	2.67	-	-	11.93	12.48
Laboratory Equipments	0.96	-	-	0.96	0.10	0.27	-	-	0.59	0.86
Machineries and Equipments	446.15	45.47	-	491.62	23.75	83.35	-	-	384.52	422.40
Utilities	116.45	10.53	-	126.98	6.03	22.19	-	-	98.76	110.42
Vehicles	115.45	47.87	5.79	157.52	14.40	39.59	-	-	103.54	101.05
Mobile	-	0.19	-	0.19	-	-	-	-	0.19	-
Work in Progress	-	358.60	-	358.60	-	-	-	-	358.60	-
TOTAL	1,807.47	957.89	5.79	2,759.56	69.61	231.74	-	-	2,458.21	1,737.86



**CORPORATE INFORMATION, SIGNIFICANT ACCOUNTING POLICIES AND  
NOTES TO ACCOUNTS AS ON 31st MARCH, 2023**

**NOTE 24:**

**A. COMPANY INFORMATION**

Our Company was originally incorporated as a private limited company on November 11, 2013, as 'Rudra Chemtech Private Limited', under the provisions of the Companies Act, 1956. Subsequently, Our Company was converted to Limited Liability Partnership Firm as 'Rudra Chemtech Limited Liability Partnership' having duly passed the necessary resolution in terms of Rule 20(1) of the LLP Rules, 2009 on February 12, 2015, under the LLP Act, 2008. Thereafter, on February 20, 2015, name was changed to 'Vital Chemtech Limited Liability Partnership' pursuant to Rule 20(3) of the LLP Rules, 2009. Later on, our Limited Liability Partnership was converted to Public Limited Company under section 366 Part I chapter XXI of the Companies Act, 2013 as 'Vital Chemtech Limited' and fresh Certificate of Incorporation consequent upon Conversion from Limited Liability Partnership to Public Limited Company dated November 25, 2021, was issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Havelli. The Corporate Identification Number (CIN) of the Company is U24299GJ2021PLC127538 and the Permanent Account Number (PAN) of the Company is AAICV4201F.

Company is engaged in manufacturing, producing, refining, processing, formulating, mixing, enriching, mining, importing, exporting, acquiring, inventing, buying, selling, exchanging, distributing and otherwise trading and dealing in all kinds of mixtures, formations, intermediates, derivatives, compounds, phosphorous based chemicals, fine chemicals, heavy chemicals, valence, inorganic and organic chemicals, source materials, intermediates, ingredients, mixtures, derivatives and compounds thereof and to carry on the business of chemical merchants, agents, distributors, suppliers in any or more of the above objects.

**B. SIGNIFICANT ACCOUNTING POLICIES FOR PREPARATION OF FINANCIAL STATEMENTS**

**B.1 Accounting Convention**

The consolidated financial statement have been prepared under the historical cost convention on the "Accrual Concept" except for certain financial instruments which are measured at fair values and Going Concern assumptions of accountancy in accordance with the accounting principles generally accepted in India and comply with the accounting standards as prescribed by Companies (Accounting Standard) Rules, 2006 and with the relevant provisions of the Companies Act, 2013 and rules made there under.

Accounting policies have been consistently applied, except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Ruppies in Lakhs as per the requirement of division II of Schedule III, unless otherwise stated.

## B.2 Use of Estimates and Judgements

The preparation of consolidated financial statements requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities on the date of the consolidated financial statement and the reported amount of revenues and expenses during the reporting period. The application of accounting policies that require critical accounting estimates, which involve complex and subjective judgments and the use of assumptions in these financial statements, have been disclosed in notes. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Consolidated financial statements.

## B.3 Current and Non - Current Classification

An asset or a liability is classified as Current when it satisfies any of the following criteria:

- i. It is expected to be realized / settled, or is intended for sales or consumptions, in the Company's Normal Operating Cycle;
- ii. It is held primarily for the purpose of being traded.
- iii. It is expected to be realized / due to be settled within twelve months after the end of reporting date;
- iv. The Company does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-Current.

For the purpose of Current / Non - Current classification of assets and liabilities, the Company has ascertained its operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of the assets or liabilities for processing and their realization in Cash and Cash Equivalents.

## C. Basis of Preparation

### 1) Presentation and Disclosure of Consolidated Financial Statements

These consolidated financial statements have been prepared as per "Schedule - III" notified under the Companies Act, 2013. The Company has also reclassified / regrouped / restated the previous year figures in accordance with the requirements applicable in the current year.

### 2) Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of all expenses incurred to bring the assets to its present location and condition. Borrowing cost directly attributable to the acquisition / construction is included in the cost of fixed assets. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

In case of new projects / expansion of existing projects, expenditure incurred during construction / preoperative period including interest and finance charge on specific / general purpose loans, prior to commencement of commercial production are capitalized. The same are allocated to the respective on completion of construction / erection of the capital project / fixed assets.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future economic benefits from the existing asset beyond its previously assessed standard of performance.

Capital assets (including expenditure incurred during the construction period) under erection / installation are stated in the Balance Sheet as "Capital Work in Progress."

### **3) Depreciation**

All fixed assets, except capital work in progress, are depreciated on WDV Method. Depreciation is provided based on useful life of the assets and depreciation rates as prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions to / deletions from fixed assets made during the period is provided on pro-rata basis from / up to the date of such addition / deletion as the case may be.

### **4) Impairment of Assets**

At each balance sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the assets and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the assets.

### **5) Investments**

Investments are classified into current investments and non-current investments. Current investments i.e. investments that are readily realizable and intended to be held for not more than a year valued at cost. Any permanent reduction in the carrying amount or any reversals of such, reductions are charged or credited to the Statement of Profit & loss Account.

Non-current investments are stated at cost. Provision for diminution in the value of these investments is made only if such decline is other than temporary, in the opinion of the management.

### **6) Inventories**

Inventories consist of Raw Materials, Stock Work-in-Progress and Finished Goods are valued at Cost or Net Realizable Value, whichever is lower.

## 7) Revenue Recognition

Revenue is recognized when it is probable that economic benefit associated with the transaction flows to the Company in ordinary course of its activities and the amount of revenue can be measured reliably, regardless of when the payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into the account contractually defined terms of payments, net of its returns, trade discounts and volume rebates allowed.

Revenue includes only the gross inflows of economic benefits on its own account. Amount collected on behalf of third parties such as sales tax, value added tax and goods and service tax (GST) are excluded from the Revenue.

Sale of goods is recognized at the point of dispatch of goods to customers, sales are exclusive of Sales tax, Vat, GST and Freight Charges if any. The revenue and expenditure are accounted on a going concern basis.

The capital gains on sale of investment if any are recognized on completion of transaction. No notional profits/losses are recognized on such investments.

Interest income is recognized on time proportion basis, when it is accrued and due for payment.

Dividend from investments in shares / units is recognized when the Companies right to receive payment is established.

Other items of Income are accounted as and when the right to receive arises.

## 8) Borrowing Cost

Borrowing Cost includes the interest, commitments charges on bank borrowings, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs that are directly attributable to the acquisition or construction of qualifying property, plants and equipment's are capitalized as a part of cost of that property, plants and equipment's. The amount of borrowing costs eligible for capitalization is determined in accordance with the Accounting Standards – 16 "Borrowing Costs". Other Borrowing Costs are recognized as expenses in the period in which they are incurred.

In accordance with the Accounting Standard – 16, exchange differences arising from foreign currency borrowings to the extent that they are regarded as adjustments to interest costs are recognized as Borrowing Costs, and are capitalized as a part of cost of such property, plants and equipment's if they are directly attributable to their acquisition or charged to the Consolidated Statement or Profit and Loss.

## 9) Employee Benefits

Short – term employee benefits are recognized as an expense at the undiscounted amount in the profit & loss account of the year in which the related service is rendered.

Post employment and other long-term employee benefits are recognized as an expense in the profit & loss account for the year in which the liabilities are crystallized.

#### 10) Taxes on Income

Income tax expenses for the year comprises of current tax and deferred tax.

Current tax provision is determined on the basis of taxable income computed as per the provisions of the Income Tax Act.

Deferred tax is recognized for all timing differences that are capable of reversal in one or more subsequent periods subject to conditions of prudence and by applying tax rates that have been substantively enacted by the balance sheet date.

#### 11) Foreign Currency Transaction

- i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are restated at closing rate.
- ii. Any exchange difference on account of settlement of foreign currency transaction and restatement of monetary assets and liabilities denominated in foreign currency is recognized in the statement of Profit & loss Account.

#### 12) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. There are no contingent liabilities as on March 31, 2023.

#### 13) Related Party Disclosure

The Disclosures of Transaction with the related parties as defined in the related parties as defined in the Accounting Standard are given in notes of accounts.

#### 14) Accounting for Leases

A lease is classified at the inception date as finance lease or an operating lease. A lease that transfers substantially all the risk and rewards incidental to the ownership to the Company is classified as a finance lease.

##### The Company as a lessee:

- i. **Operating Lease:-** Rental payable under the operating lease are charged to the Consolidated Statement of Profit and Loss on a Straight line basis over the term of the relevant lease.
- ii. **Finance Lease:-** Finance lease are capitalized at the commencement of the lease, at the lower of the fair value of the property or the present value of the minimum

lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against the income over the period of the lease.

The Company has not provided any of its assets on the basis of operating lease or finance lease to others.

#### **15) Cashflow**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals of past or future cash receipts and payments. The cash flows from regular operating, investing and financing activities of the company are segregated.

#### **16) Earnings Per Share**

The Company reports the basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20, "Earnings per Share". Basic EPS is computed by dividing the Net Profit or Loss attributable to the Equity Shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the Net Profit or Loss attributable to the Equity Shareholders for the year by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all potential Equity Shares, except where the results are Anti - Dilutive.

The weighted average number of Equity Shares outstanding during the period is adjusted for events such a Bonus Issue, Bonus elements in right issue, share splits, and reverse share split (consolidation of shares) that have changed the number of Equity Shares outstanding, without a corresponding change in resources.

#### **17) Discontinuing Operations**

During the year the company has not discontinued any of its operations.

#### **18) Event after Reporting Date**

Where events occurring after the Balance Sheet date provide evidence of condition that existed at the end of reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

All the events occurring after the Balance Sheet date up to the date of the approval of the consolidated financial statement of the Company by the board of directors on May 22, 2023 have been considered, disclosed and adjusted, wherever applicable, as per the requirement of Accounting Standards.

#### **19) The previous year's figures have been reworked, regrouped, and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral**

part of the current annual financial statements and are to be read in relation to the amounts and other disclosures relating to the current financial year.

- 20) Credit and Debit balances of unsecured loans, sundry creditors, sundry Debtors, loans and Advances are subject to confirmation and therefore the effect of the same on profit could not be ascertained.
- 21) Balances of Trade Payables, Trade Receivable and Loans and Advances are subject to confirmations and reconciliation if any, by the respective parties.
- 22) The account balances existing at the beginning of the period have been relied upon the audited financial statements.
- 23) Amounts are in lakhs except units are in actual numbers wherever required considered accordingly for respective computations.
- 24) **Segment Reporting**

The company is dealing in primary segment i.e. manufacturing of all kinds of chemicals and secondary segment of trading. Company does not have distinguishable component of an enterprise that is engaged in providing an individual product or service and that is subject to risks and returns that are different from those of other business segment.

## 25) **Statement of Management**

- i. The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary courses of business unless and to the extent stated otherwise in the Accounts. Provision for all known liabilities is adequate and not in excess of amount reasonably necessary.
- ii. Balance Sheet, Statement of Profit and Loss and Cash Flow Statement read together with Notes to the accounts thereon, are drawn up so as to disclose the information required under the Companies Act, 2013 as well as give a true and fair view of the statement of affairs of the Company as at the end of the year and results of the Company for the year under review.

**26) Post Employment Benefits:**

The Company has valued its obligations related to Gratuity as follows:

(Rs. in lakhs except units are in actual numbers)	
ASSUMPTIONS	For the Period Ended on March 31, 2023
Discount Rate	7.4%
Expected Rate of Salary Increase	6%
Attrition Rate	5% to 1%
Mortality Rate	IALM (2012-14) ULT
Retirement	60 Years
CHANGE IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS	or the Period Ended on March 31, 2023
Defined Benefit Obligation at beginning of the year	6.60
Current Service Cost	2.49
Interest cost	0.49
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(0.50)
Actuarial (Gains)/Losses on Obligations - Due to Change in Experience Adjustments	(1.69)
Defined Benefit Obligation as at end of the year	7.39
AMOUNT RECOGNIZED IN THE BALANCE SHEET:	For the Period Ended on March 31, 2023
Net liability as at beginning of the year	6.60
Net expense recognized in the Statement of Profit and Loss	0.79
Expected Return on Plan Assets	
Net liability as at end of the year	7.39
EXPENSE RECOGNIZED:	For the Period Ended on March 31, 2023
Current Service Cost	2.49
Interest Cost	0.49
Return on Plan Assets	
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(0.50)
Actuarial (Gains)/Losses on Obligations - Due to Change in Experience Adjustments	(1.69)
Expense charged to the Statement of Profit and Loss	0.79
ALANCE SHEET RECONCILIATION:	or the Period Ended on March 31, 2023
Opening net liability	6.60
Expense as above	0.79
Provision Related to Previous Year booked as Prior Period Items	
Return on Plan Assets	
Benefits Paid	
Net liability/(asset) recognized in the balance sheet	7.39



**27) Foreign Currency Transaction (AS 11)**

Foreign currency transaction includes Import and Export as per Accounting Standard – 11 as at the end of the year/period is reported as under.

(Rs. in Lakhs)	
Particulars	For the Period Ended on March 31, 2023
<b>Foreign Exchange Earnings</b>	
<b>Sales</b>	
Receipts in Foreign Currency	423.18
FOB Value of Exports	276.70
<b>Foreign Exchange Outgoings</b>	
<b>Purchase</b>	
Payments in Foreign Currency	7873.86
CIF Value of Imports	9016.16

**28) Related Party Disclosure (AS 18)**

Related party transactions are reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended.

Name of Related Parties and description of relationship

Sr. No.	Name of Related Parties
	<b>Key Management Personnel's / Related Party</b>
1.	Vipul Bhatt : Managing Director
2.	Sangeeta Vipul Bhatt : Wholetime Director (Spouse)
3.	Jay Bhatt : Wholetime Director (Son)
4.	Keyaa Vipul Bhatt (Daughter)
5.	Late Jatashankar Ambalal Bhatt (Father)
6.	Kumudben Jatashankar Bhatt (Mother)
7.	Hitesh Jatashankar Bhatt ( Brother)
8.	Chhaya Akshay Pandya (Sister)
9.	Ketki Dilip Pandya (Sister)
10.	Harshadrai Pranalal Trivedi (Spouse's Father)
11.	Ushaben Pranalal Trivedi (Spouse's Mother)
12.	Kirti Harshadrai Trivedi (Spouse's Brother)
13.	Ketki Ajay Oza - CFO
	<b>Associate Concerns</b>
1.	Vital Chemicals (Proprietor: Vipul Bhatt)

2.	Vital Wellness Private Limited
3.	Valentia Synthesis Private Limited
4.	Neo Fine Chemical Industries
5.	Vital Dye Chem Industries (Vipul Bhatt - HUF)
6.	Ambica Packaging Industries (Proprietor: Hitesh Bhatt)
7.	Jay Innovative Solution (Proprietor: Jay Bhatt)
8.	Shakti Enterprise (Proprietor: Sangeeta Bhatt)
9.	Vipul Jatashankar Bhatt - HUF (Karta: Vipul Bhatt)

#### Subsidiary Company

1.	Vital Synthesis Private Limited
2.	Vital Alkoxides Private Limited

			(Rs in Lakhs)
Sr. No.	Nature of Transaction	Name of Related Parties	For the Period Ended on March 31, 2023
I	Directors Remuneration		
		Vipul Bhatt	168.00
		Sangeeta Vipul Bhatt	72.00
		Jay Vipul Bhatt	120.00
II	Loan Received (Paid) during the Year to Related Parties		
		<b>Vipul Bhatt</b>	
		Opening Balance	1216.17
		Loan Received during the year	708.66
		Loan Paid during the year	(982.58)
		Closing Balance	942.60
		<b>Sangeeta Vipul Bhatt</b>	
		Opening Balance	390.09
		Loan Received during the year	8.40
		Loan Paid during the year	(127.72)
		Closing Balance	270.77
		<b>Jay Vipul Bhatt</b>	
		Opening Balance	132.50
		Loan Received during the year	4.20
		Loan Paid during the year	(49.01)
		Closing Balance	87.69
		<b>Vipul Bhatt HUF</b>	
		Opening Balance	59.23
		Loan Received during the year	0.00
		Loan Paid during the year	(59.23)
		Closing Balance	0.00
		<b>Valentia Synthesis Private Limited</b>	
		Opening Balance	1004.29
		Loan Received during the year	731.21
		Loan Paid during the year	(1065.00)

	Closing Balance	670.50
	<b>Vital Synthesis Private Limited</b>	
	Opening Balance	0.00
	Loan Received during the year	15.00
	Loan Paid during the year	(14.95)
	Closing Balance	0.05
<b>III</b>	<b>Sales</b>	
	Vital Chemicals	496.27

## 29) Notes forming part of accounts in relation to Micro and small enterprise

Based on information available with the company, on the status of the suppliers being Micro or small enterprises, on which the auditors have relied, the disclosure requirements of Schedule III to the Companies Act, 2013 with regard to the payments made/due to Micro and small Enterprises are given below:

Sr. No.	Particulars	Year ended on 31st March, 2023		Year ended on 31st March, 2022	
		Principal	Interest	Principal	Interest
1	Amount due as at the date of Balance sheet	Nil	Nil	Nil	Nil
2	Amount paid beyond the appointed date during the year	Nil	Nil	Nil	Nil
3	Amount of interest due and payable for the period of delay in making payments of principal during the year beyond the appointed date	Nil	Nil	Nil	Nil
4	The amount of interest accrued and remaining unpaid as at the date of Balance sheet	Nil	Nil	Nil	Nil

The company has initiated the process of obtaining the confirmation from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) but has not received the same in totality. The above information is compiled based on the extent of responses received by the company from its suppliers.

## 30) Defined Contribution Plan :-

As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

Contribution to Defined Contribution Plans, recognized as expenses for the year is as under:

Particulars	(Rs in Lakhs)	
	2022-23	2021-22
Employer's Contribution to Provident Fund	6.82	6.89

**31) Title deeds of immovable property:-**

Title deeds of immovable property have not been held in the name of promoter, director, or relative of promoter/ director or employee of promoters / director of the company, hence same are held in the name of the company.

**32) Revaluation of property, plants and equipment's:-**

The Company has not revalued its Property, Plant and Equipment for the current year.

**33) Loans or Advances in the nature of loans:-**

No Loans or Advances in loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person.

**34) Intangible assets under development:-**

There are no Intangible assets under development in the current year.

**35) Details of Benami property held :-**

The company does not hold any benami property under the Benami Transaction (prohibition) act, 1988 and the rules there made under. Hence any proceeding has not been initiated or pending against the company for holding any benami property under the Benami Transaction (prohibition) act, 1988 and rules made there under.

**36) Borrowings from bank or financial institution on the basis of current assets :-**

The Company has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts. -

**37) Wilful Defaulter :-**

The company has not been declared as wilful defaulter by any bank or financial institution or government or government authority during the year reporting period.

**38) Relationship with struck off companies :-**

The company does not have transaction with the struck off under section 248 of companies act, 2013 or section 560 of companies act, 1956.

**39) Registration of charges or satisfaction with Registrar of companies :-**

The company does not have any charges or satisfaction, which is yet to be registered with ROC beyond the statutory period.

**40) Compliance with number of layers of companies :-**

The company is in compliance with the number of layers prescribed under clause (87) of section 2 of company's act read with companies (restriction on number of layers) Rules, 2017.

**41) Compliance with approved scheme of Arrangements:-**

Company does not have made any arrangements in terms of section 230 to 237 of company's act 2013, and hence there is no deviation to be disclosed.

**42) Utilization of borrowed funds and share premium:-**

As on March 31, 2023, there is no unutilized amount in respect of any issue of securities and long-term borrowing from banks and financial institution. The borrowed funds have been utilized for the specific purpose for which the funds were raised.

**43) Corporate social responsibility (CSR).**

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are promoting education, promoting gender equality by empowering women, healthcare, environment sustainability, art and culture, destitute care and rehabilitation, disaster relief, COVID-19 relief and rural development projects. A CSR committee has been formed by the Company as per the Act. The funds were primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013:

Particulars	2022-23	2021-22
Contribution for Corporate Social Responsibility	21.25	Nil

**44) Details of crypto currency and virtual currency.**

The company has not traded or invested in crypto currency or virtual currency during the financial year.

45)

- i. 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, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- ii. No funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), 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 ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

46) Company had proposed the public issue of 6399600 equity shares of face value of Rs.10 each of Vital Chemtech Limited ("Vital" or the "company" or the "issuer") for cash at a price of Rs.101 per equity share including a share premium of Rs.91 per equity share (the "issue price") aggregating to 6463.60 Lakhs.

47) The company received a legal notice from Advocate Vijay P Kadam through Registered AD, concerning a Rate Difference Claim dated 06/10/2021 on behalf of Adifab Industries Private Limited. The material was supplied by us on 31/07/2021. The company did not receive payment on time, so it raised a debit note for interest on the delay in payment as on 01/04/2021. The company has already filed a claim at MSME Gandhinagar for our outstanding dues.

#### 48) Trade Payable Ageing Summary

31.03.2023		(Rs in Lakhs)				
Particulars	Outstanding for following periods from due date of payment / Invoice date					Total
	< 30 Days	30 to 60 Days	60 to 90 Days	90 to 180 Days	>180 Days	
(i) MSME	39.43	16.80	0.00	0.38	0.00	56.61
(ii) Others	123.66	780.54	148.84	140.98	273.16	1467.18

#### 49) Trade Receivable Ageing Summary

31.03.2023		(Rs. In Lakhs)				
Particulars	Outstanding for following periods from due date of receipts / Invoice date					Total
	< 30 Days	30 to 60 Days	60 to 90 Days	90 to 180 Days	>180 Days	
(i) From Directors/ Relatives/ Associates	-	-	-	-	-	-
(ii) Others	1396.50	701.71	285.53	911.33	529.40	3824.47

**50) Accounting for Preliminary Expenses (AS 26)**

Preliminary Expenses in view of Accounting Standard – 26 to be write off wholly as at the end of the year/period, the Company has only written off 20% of total preliminary expenses, during the year as reported. -

**51) Accounting Ratios:**

S. No.	Particulars	March 31, 2023
(a)	Current Ratio	3.66
(b)	Debt-Equity Ratio	0.32
(c)	Debt Service Coverage Ratio	24.21
(d)	Return on Equity Ratio (in %)	15.45%
(e)	Inventory Turnover Ratio (in times)	7.61
(f)	Trade Receivables Turnover Ratio (in times)	2.92
(g)	Trade Payables Turnover Ratio (in times)	4.23
(h)	Net Capital Turnover Ratio (in times)	2.09
(i)	Net Profit Ratio (in %)	6.90%
(j)	Return on Capital Employed (in %)	20.53%
(k)	Return on Investment (in %)	14.39%

Particulars	Numerator	Denominator
Current Ratio	Current Assets	Current Liabilities
Debt-Equity Ratio	Debt	Equity
Debt Service Coverage Ratio	Earnings available for Debt Services	Total Debt Service
Return on Equity Ratio	Profit After Tax	Average Shareholder's Fund
Inventory turnover ratio (in times)	Cost of Goods Sold	Average Inventory
Trade Receivables turnover ratio (in times)	Revenue from Operation	Average Trade Receivables
Trade payables turnover ratio (in times)	Purchases	Average Trade Payables
Net capital turnover ratio (in times)	Revenue from Operation	Average Capital Employed
Net profit ratio	Net Profit After Tax	Revenue from Operation
Return on Capital employed	Earning before Interest and Taxes	Average Capital Employed
Return on investment.	Net Profit After Tax	Average Capital Employed

As per our Report of Even Date attached

For, Abhishek Kumar & Associates  
Chartered Accountants  
FRN: 130052W

For & on behalf of Board of Directors  
Vital Chemtech Limited

CA ABHISHEK AGARWAL  
Proprietor  
Membership No. 132305  
UDIN : 23132305BGXKRG4905  
Date : May 22, 2023  
Place : Ahmedabad

VIPUL BHATT  
CHAIRMAN & MANAGING  
DIRECTOR  
DIN: 06716658

JAY BHATT  
WHOLE TIME DIRECTOR  
DIN: 09363173

KETKI AJAY OZA  
CHIEF FINANCIAL OFFICER

UTSAV SUDHIR TRIVEDI  
COMPANY SECRETARY &  
COMPLIANCE OFFICER