



VIKAS ecOTECH LTD.

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VEL/INV/14/02/2019

14th February, 2019

The General Manager-Listing National Stock Exchange Limited Exchange Plaza, Bandra-Kurla Complex Bandra(E) Mumbai-400051 Fax:- 022-26598235/36 NSE Symbol- VIKASECO	The General Manager-Listing Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Fort, Mumbai-400001 Scrip Code:- 530961
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Sub: - Investor Presentation

Dear Sir,

Please find attached herewith Investor Presentation of the Company w.r.t. Quarterly Results of third quarter ended on 31st December 2018 of the Company for your record and further dissemination.

Kindly place it on record and update your website.

Thanking you

For Vikas Ecotech Limited


Preeti Rai ★
Compliance Officer

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Vikas Ecotech Limited
Corporate Presentation

Q3 FY19

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Signed Distribution Agreement with Chinese Firm for Sales to USA & North America

Signed distribution agreement with **Yuntinic Resources Inc.**, US subsidiary of world's largest producer and exporter of tin metal, **Yunnan Tin Group of China** for distribution of Organotins

o Meaning

- VEL to manufacture & Yuntinic to distribute Organotin (PVC heat stabiliser) in USA & North America
- VEL gets endorsed by the World No. 1 in tin metal production and export
- VEL gets an entry into the world's largest consumer of Organotins =>USA

o Implication

- Higher utilisation: VEL would supply ~1,000 MTPA of Organotin to Yuntinic , in FY20 and onwards
- Higher utilisation: Help ramp up capacity utilisation
- Better RM sourcing: Improved sourcing in terms of quality, consistency and price from Yunan Tin
- Margin & working capital improvement: higher utilisations + 60-day payment cycle from Yuntinic

o Pedigree

- Yunan Tin: 130-year old Chinese group is the largest tin metal producer and exporter in the world
- Yunan Tin: All products made under strict quality controls & using world-class technologies

VEL's sample & commercial consignments sent USA have been approved by US customers



Backward Integration to ensure Scalable Organotin Production



Strategic Focus & Developments



New Product Development via R&D

- R&D team innovating several new compounds for testing & eventual sale
- Introduced new alternative to lead stabiliser & other key chemical components



Value Creation via Demerger of Low Margin Business

- Demerger approval by NLCT, of low margin entity Vikas Multicorp Ltd., completed
- Shares of demerged entity issued to shareholders in ratio 1:1
- Separate listing of VML expected in Q4 FY19



Geographical Expansion via Chinese JV Partner

- Access to new & largest Organotin market: USA & North America, via JV with Chinese firm Yuntinic, US subsidiary of Yunan Tin of China
- Expect supply of ~1,000 MTPA of Organotin to Yuntinic, in FY20 and onwards



Stabilising RM Volatility via New Facility

- In talks with Delhi-based specialty chemicals manufacturer; Has an already operational plant in Gujarat
- Expect to use ready-made Gujarat facility to manufacture Organotins in-house



Q3 FY19: Organotin & Specialty Compounds Aid Revenue Growth

Q3 FY19: Snapshot

INR Mn	Q3 FY19	Q2 FY19	9M FY19
Revenues	690	487	1,765
Expenses	626	367	1,455
EBITDA	64	120	310
EBITDA Margin	9.3%	24.6%	17.6%
Depreciation	13	11	35
Finance Costs	39	20	88
PBT	12	88	187
Tax Expenses	3	19	53
PAT	9	69	134
PAT (comprehensive)	11	69	135

Demerged financial statements

Q3 FY19: Strong Revenue Growth

INR Mn	Q3 FY19	Q2 FY19	QoQ %
Speciality Compounds	408	260	57%
Speciality Additives	222	164	36%
Other Income	60	63	(6%)
Total Revenue	690	487	42%

- o VEL had a higher cost inventory at the end of Q2 FY19 as raw material prices had strongly appreciated during Q1 and Q2 due to swift rise in crude oil and commodity prices.
- o Company was not able to pass on this elevated inventory prices to its customers in Q3 due to rapid drop in Crude oil & Tin metal prices along with the heightened Dollar volatility.
- o This one-time COGS impact due to costly raw material has led to decline in Q3 margins.
- o The current fall in crude oil and commodity prices along with the more stable rupee, has led to lower raw material prices as of now, which will aid the company going forward.
- o Until Q2 FY19, banking limits were shared between the Speciality chemicals and now demerged trading & recycled divisions, and hence, interest costs were apportioned to both the segments
- o Q3 onwards, the total interest is being served from Speciality chemicals division only leading to higher finance cost in the current quarter

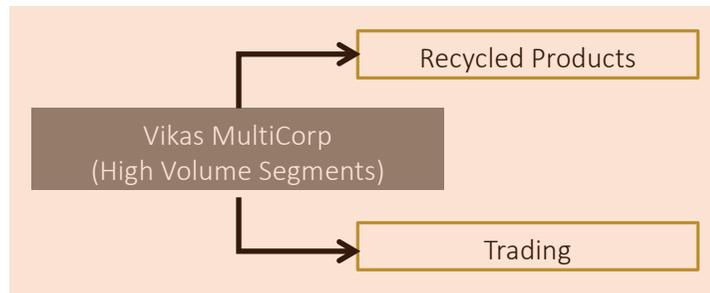
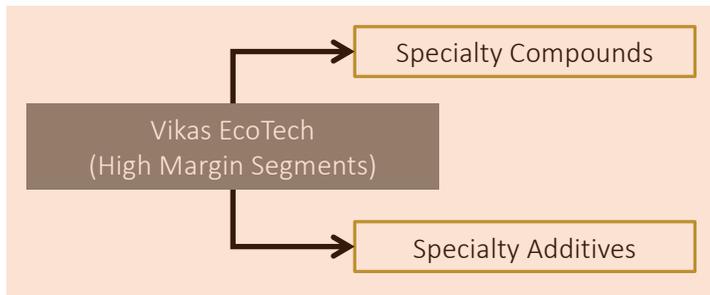


Standalone Balance Sheet – H1 FY19

ASSETS (INR Mn)	H1 FY19	FY18	EQUITY AND LIABILITIES (INR Mn)	H1 FY19	FY18
Non-current assets			Equity		
Property, plant and equipmer	290	272	Equity share capital	280	280
Financial assets			Other equity	1138	1012
Loans	5	5			
Investments	-	48	Non-current liabilities		
Deferred tax assets (net)	18	18	Financial liabilities		
Other non-current assets	190	134	Borrowings	43	54
			Provisions	1	4
Current assets					
Inventories	957	786	Current liabilities		
Financial assets			Financial liabilities		
Trade receivables	1217	1391	Borrowings	1220	1335
Cash and cash equivalent	3	33	Trade payables	263	296
Other bank balances	131	56	Other financial liabilities	26	27
Other financial assets	3	1	Provisions	0	1
Assets Held for Sale	-	33	Other current liabilities	43	37
Other current assets	386	400	Current tax liabilities (net)	184	134
TOTAL	3200	3178	TOTAL	3200	3178



De-Merger to Significantly Unlock Value



KEY BENEFITS FROM DEMERGER

- Higher EBITDA margins for Vikas EcoTech from concentrated focus on specialty chemicals
- Lower revenue fluctuations in standalone business as trading segment gets separated
- Increased focus on R&D to create eco-friendly & technologically superior products
- Concentrated & individual business strategy and expansion plan for each entity
- Greater management control & higher transparency in every business

Vikas Multicorp likely to be listed in Q4 FY19





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