

# *Vikas Ecotech Limited*

Demerger and Independent Listing



*Strictly Private & Confidential*

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## *Advisors to the transaction*



*Sanjeev Jagdish Chand & Associates*

# Agenda

Section 1: Current Structure

Section 2: Background

Section 3: Objectives

Section 4: Demerger



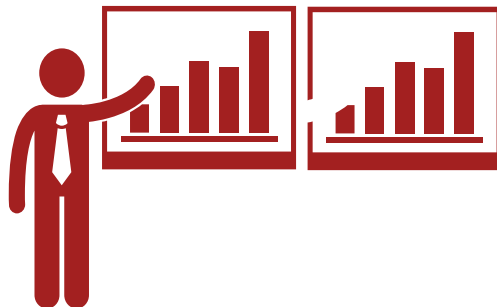
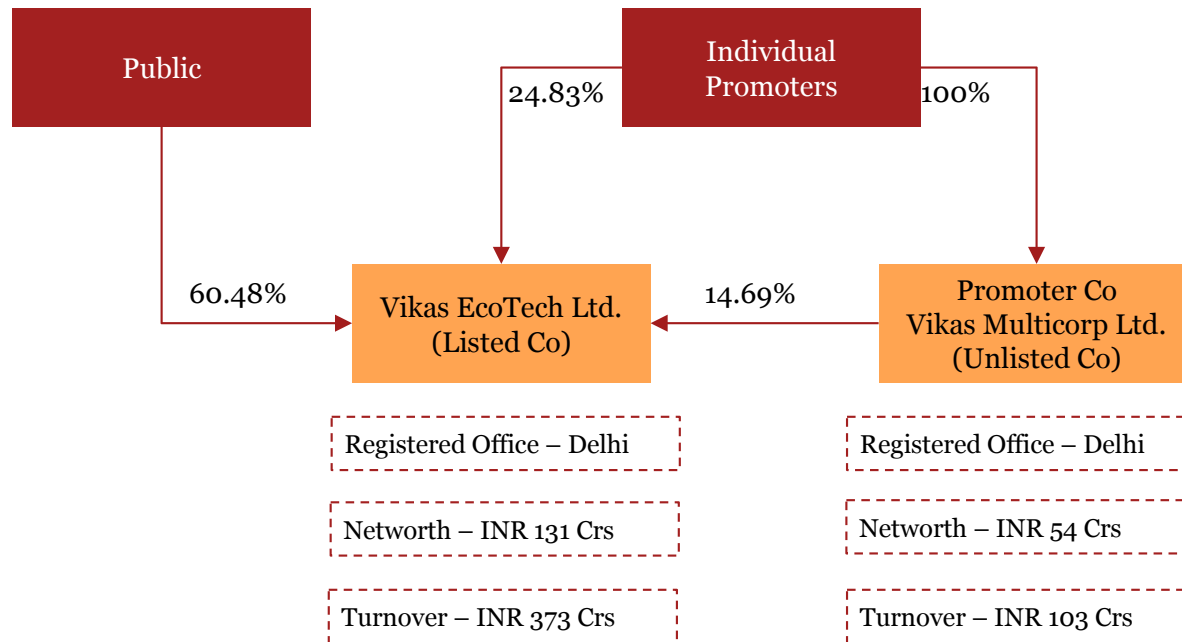


# *Section 1*

## *Current Structure*



# Current Structure





# Section 2

## Background





## ***Business activities of VEL and VML***

- Integrated, multi-specialty product solutions company, producing a wide variety of superior quality, eco-friendly Additives and Rubber-Plastic compounds
- Manufactures process-critical and value-enabling Speciality Compounds used in varied cross-section of high-performance, environment-friendly and safety-critical applications.
- VEL currently has 3 manufacturing units in states of Rajasthan, J&K and Uttar Pradesh.

### ***Business of VEL***

- Polymers and Polymer additives related Chemicals Trading House having rich domain experience and in-depth knowledge of International and Local Polymer markets
- VML's has its headquarters in Delhi with branch offices in Haryana and West Bengal
- Company is engaged in trading of goods related to PVC industry like Resins, Polymers, Additives, base raw materials, etc.

### ***Business of VML***

# *Mission & Vision of VEL*

## Mission

*To be a global leader in specialty chemicals and polymers by providing premier-quality products responsibly whilst leveraging science to create maximum value for all stakeholders.*

## Vision

*To contribute to a safe and sustainable future by creating innovative chemical solutions and driving long-term growth.*

*In line with strategic vision and mission, VEL focus over the last two years has been on :*

- 1. Offering eco-friendly and technologically superior products to the world*
- 2. Research and Production partnerships with premium Customers*
- 3. Specialty chemical manufacturing and R&D*
- 4. Entering new markets globally*

*Over the life of the company, VEL has evolved two distinctive product category groups:*

- 1. The High Value Group – Dealing in Specialty chemicals*
- 2. The High Volume Group – Dealing in Recycled & Trading products*



## *Business segments driving the company*

### *High Value Group – Speciality Chemicals*

- Branded as “Differentiated and focused”
- Focus on high value customers
- Research and support based sales model
- High level of profitability drives this segment
- Sales staff with Higher degree of involvement and technical knowhow

### *High Volume Group – Recycled Compounds & Trading*

- Branded as “low cost leader”
- Focus on high volume customers
- Distribution and price focused sales model
- Faster working capital cycle and better controls on receivables drives this segment
- Sales staff efficient in distribution

# *Segregation of business to focus on growth*

## *Specific Focus Required for Growth*

- To unlock the true value of the business and to achieve prosperity in each segment of the business, the management believes in segregating its high potential product groups, so as to propel them on different and distinct value-growth trajectories.
- To transform the high potential product groups into separate legal identities thereby maximizing shareholders value. This would enable each of the businesses to achieve a 1,000 (thousand) crores topline in their own sphere of operations.
- To gain economies of scale, unify all shareholder interests and eliminate any conflict of interests.
- Both the businesses would have separate and different management, staff and facilities – each of which would be designed in alignment with the business needs.



# Section 3

## Objectives





# Objectives



Develop **specified focus** for High Value Group (specialty chemical) and High Volume Group (recycled compounds and trading) for independent growth



Provide **opportunity to investors** to invest in High Value Group (specialty chemical) and High Volume Group (recycled compounds and trading) independently

Immediate independent listing of VML

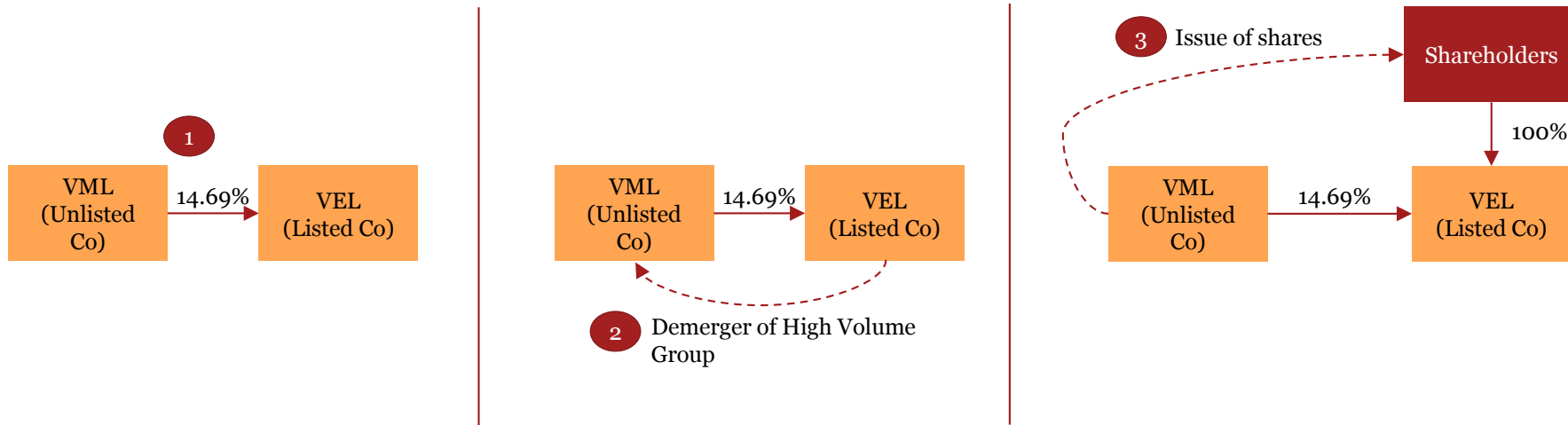
# Section 4

## Demerger



# The Scheme

## Transaction Steps



## Transaction Steps



1. VML holds 14.69% stake in VEL
2. VEL to demerge its 'High Volume Group' into VML through a NCLT approved Scheme of Arrangement.
  - All assets and liabilities relating to the 'High Volume Group' of VEL to be transferred to VML
3. VML to issue shares to all the shareholders of VEL



# *The Scheme*

## *Salient Features of scheme*



- Appointed Date – 1<sup>st</sup> April, 2017
- VML to issue 1 equity share for every 1 equity share held by the shareholders of VEL
- Shares of VML to be listed on stock exchanges
- All assets and liabilities relating to the High Volume Group shall be deemed to be assets and liabilities of VML
- All employees of the High Value Group to become employees of VML
- All cost incidental to Scheme shall be borne by VML
- Estimated Timeline ~ 7 to 9 months (Refer Slide 18 for indicative timelines)

## ***The Scheme – Resultant Shareholding***

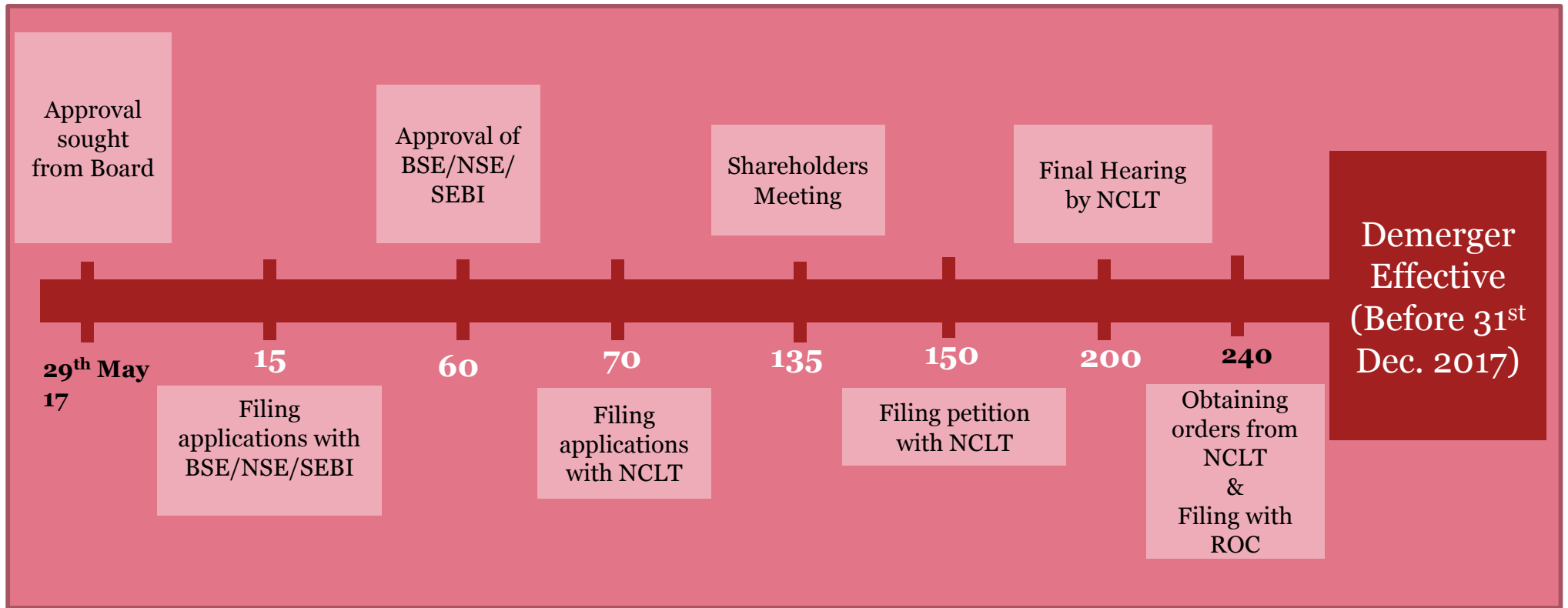
### Shareholding of VEL

<b>Sr. No.</b>	<b>Particulars</b>	<b>% stake</b>	<b>% stake</b>
1	<u>Promoters</u>		
	a. Individual Promoters	24.83	
	b. VML	14.69	39.52
2	<u>Public</u>		
	FII / FPI	0.33	
	Individuals holding nominal share capital upto 2 lakhs	27.04	
	Individuals holding nominal share capital in excess of 2 lakhs	14.13	
	NBFCs	0.02	
	Others	18.96	60.48
	<b>Total</b>		<b>100.00</b>

### Shareholding of VML

<b>Sr. No.</b>	<b>Particulars</b>	<b>% stake</b>	<b>% stake</b>
1	<u>Promoters</u>		
	a. Individual Promoters	74.49	74.49
2	<u>Public</u>		
	FII / FPI	0.14	
	Individuals holding nominal share capital upto 2 lakhs	11.41	
	Individuals holding nominal share capital in excess of 2 lakhs	5.96	
	NBFCs	0.01	
	Others	8.00	25.51
	<b>Total</b>		<b>100.00</b>

# Indicative Timelines





# ***Glossary***

<b>Abbreviation</b>	<b>Particulars</b>
BSE	Bombay Stock Exchange
Cos Act	Companies Act, 1956/2013
IT	Income Tax Authority
ITA	Income-tax act, 1961
NSE	National Stock Exchange
PAT	Profit After Tax
RD	Regional Director
RoC	Registrar of Companies
SE	Stock Exchange/ Exchanges
SEBI	Securities and Exchange Board of India
VEL	Vikas Ecotech Limited
VML	Vikas Multicorp Limited

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***Thank You !***