



Vikas Ecotech / Press Release / Quarter I Results

## Vikas Ecotech delivers a robust 2<sup>nd</sup> quarter performance with an exceptional 51% increase in Net profit and 29% growth in Revenues

- EBIDTA and Net Profit increased by 39% and 51% year-on-year to INR 21.18 crore and INR 11.15 crore respectively
- 10,000 MT of capacity for speciality compounds added in the Rajasthan plant and trial runs commenced. Commercial production to start by end of 3<sup>rd</sup> quarter.
- SEBI issued “No adverse comment letter” for the scheme of arrangement between Vikas Ecotech Ltd. and Vikas Multicorp Ltd.

14<sup>th</sup> November 2017, New Delhi

**Financials:** Vikas Ecotech Ltd., one of India’s fast-growing specialty chemicals player registered a robust 29% y-o-y increase in revenues to Rs. 112 crores as compared to Rs. 87 crores for the same period of last year; this achievement was in the background of subdued economic activity in domestic market and moderate business sentiment.

EBITDA grew by 39% to INR 21.18 crs. against INR 15.26 crs. achieved in 2<sup>nd</sup> quarter of last year. Profit after tax improved by a strong 51% to INR 11.15 crs in comparison to INR 7.41 crs. attained in same period of last year.

(In INR Crores)

Particulars	Q2 FY18	Q2 FY17	Difference (Q2 FY18 v/s. Q2 FY17)
Revenues	112.02	86.93	28.9%
EBITDA	21.18	15.26	38.8%
PAT	11.15	7.41	50.6%
EPS	0.40	0.29	35.4%

The initial hiccups and slowdown due to GST implementation resulted in reduced sales in the domestic market which, the company overcame by increased focus on exports.

The recent executive actions by the Government of India in streamlining GST and helping small and medium businesses in smooth transition will help overall business pick up in the next two quarters. The Company is optimistic of the recent tailwinds that will help it register better domestic performance in the forthcoming months.

slowdown of the overall economy, we were able to deliver a 29% increase on sales, on the back of our increased exports and R&D-led premium product pricing strategy. Our local sales suffered on account of GST obstacles but, we were able to fill-in the void by increased contribution of exports during the quarter. Our long-term strategy of geographical de-risking, paid good dividends during this difficult time. With the GST transition period behind us, we are now geared to deliver improved performance on the local front as well.

The go ahead from SEBI for our demerger plan reinforces our commitment and adherence to gold standards of corporate governance and transparency. Our production ramp up is on schedule and we continue to do business in a responsible and green manner.

I congratulate the Government of India under the leadership of Prime Minister Shri Narendra Modi for improving India's ranking in the recently released Ease of Doing Business report from the World Bank where India jumped 30 spots in the rankings. India's improvement in the ranking will spur investment, attract global players and give a fillip to the 'Make in India' initiative especially for home grown players like us."

### **New Business Initiatives**

- A. Installation of Centralized Powerhouse:** We have installed a Centralized Powerhouse on a single High Tension Line at our main Rajasthan facility in Q2 FY18. This will enable us to save costs and also improve efficiency as compared to the earlier arrangement of individual connections for different units.
- B. Erection of 10,000 MT additional Speciality Compounds facility completed:** Trial run for the same is in process. Commercial production with the new machines shall start by end of Q3 FY18.
- C. Installation of 300 KW Solar Panels at Factory:** A capacity of 100 KW has been commissioned in October, 2017 and the balance 200 KW capacity is expected to be operational during the 3<sup>rd</sup> quarter. This Green initiative will benefit us in terms of costs savings and is also in line with our efforts of growing with the help of renewable energy resources.
- D. Demerger scheme:** The company has received the "No Adverse Comment Letter" from SEBI for the scheme of arrangement between Vikas Ecotech Ltd. and Vikas Multicorp Ltd. The process of the demerger is progressing as planned.
- E. Reduction in Borrowing rates:** The Management has re-negotiated lending rates with its Bankers and has managed an average reduction of 1.25% p.a. in interest rates.
- F. CSR:** Company spent INR 1.59 crs during the 1<sup>st</sup> half of FY 2017-18 on CSR activities and donations mainly focussed on promotion of skill education in India.

### **Macro & Policy Developments**

- G.** The Ministry of Environment and Forests is expected to finalize and release the guidelines for the use of Lead based stabilizers for the PVC pipes industry. We are hopeful of a positive outcome and it will significantly impact our business demand.

For editorial queries, please contact:

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**About Vikas Ecotech Limited ([www.vikasecotech.com](http://www.vikasecotech.com))** : Vikas Ecotech is an emerging player in the global arena of high-end specialty chemicals. An integrated, multi-specialty product solutions company, it produces a wide variety of superior quality, eco-friendly additives and rubber-plastic compounds. Its additives and rubber-plastic compounds are process-critical and value-enabling ingredients used to manufacture a varied cross-section of high-performance, environment-friendly and safety-critical products. From agriculture to automotives, cables to electricals, hygiene to healthcare, polymers to packaging, textiles to footwear, the company's products serve a diverse range of global industry needs.

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