



Vikas Ecotech delivers robust Q2 performance with 87% increase in EBIDTA and 122% higher PAT in Q2 FY17

Key highlights:

- Revenue increased to INR 84 crores from INR 72 crores as compared to the same quarter of the previous year
- The company's credit rating was upgraded during the quarter due to better financial and operational parameters
- The company strengthened its Growth & Governance initiatives during the quarter

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1. **Financials:** In spite of a muted quarter for the entire industry due to slow seasonal demand, the company maintained a robust topline and healthy bottom-line.

(in INR crore)

Particulars	Q2 FY 17	Q2 FY 16	Growth (%)	H1 FY 17	H1 FY16	Growth (%)
Revenue	83.7	71.8	16%	184.7	130.4	42%
EBIDTA	14.9	8.0	87%	32.7	12.8	155%
PAT	7.4	3.3	122%	16.5	4.2	293%
EPS	0.29	0.13	122%	0.65	0.16	293%

The company recorded total revenues of INR 83.7 crore as compared to INR 71.8 crore in the corresponding period of the previous year, an increase of 16%. Profit before Interest, Depreciation and Tax was at INR 14.9 crores, higher by 87% from INR 8.0 crores in the same period of the previous year. Profit after Tax grew 122% to INR 7.4 crores from INR 3.3. achieved in the same qtr. of previous year. EPS more than doubled to INR 0.29 from INR 0.13 recorded in the same period of the previous year.

In spite of this quarter that traditionally sees slow seasonal demand for the entire industry, Vikas Ecotech's total turnover increased by 16% and manufacturing turnover gained by 23% on a year on year basis.

The company recorded a lesser revenue from the immediate previous quarter (Q1 FY17) due to significant fall in trading turnover. This is in line with the company's long-term strategy to reduce and move out of the trading business in a stipulated and time bound manner.

2. **Management comment:** Vikas Garg, Managing Director

“In spite of this quarter being traditionally slow on demand for the entire industry, our robust performance shows the resilience that has been built in our business. Our long-term strategy of reducing our dependency on trading turnover saw genuine results this

quarter. We are on track to achieve our yearly growth targets in all parameters of operational efficiency, new business wins and financial goals. We are committed to achieving profitable growth that is ring-fenced with world-class governance rigor.”

3. New Business: Increasing Customer Base both in India and Globally

The quarter saw the company start fulfilling and commencing delivery of pilot projects, especially for exports. The company’s export division continued its win in global markets while the Indian business worked towards building a product premium with a focus on quality and on-time client solutions.

We see continuous growth and addition of new clients in India. This quarter was muted for the PVC industry due to traditional reasons; other sectors like molding, footwear sole manufacturers, automobiles and packaging continued with their demand. With awareness and green product solutions in demand, our specialty additives (primarily lead-free stabilizers) and plastic & rubber compound applications are gaining wide acceptance across industries.

4. Business Developments: Growth with Governance

During the quarter, we had senior professionals join our marketing team. This will augment our focus on creating a differentiated brand in the specialty chemicals sector based on trust, values and ‘Made in India’ quality. Grant Thornton was appointed as internal auditors. The Advisory Board, a first-of-its-kind in our industry, led by Chairman Shri G N Bajpai, ex-Chairman SEBI and LIC, will provide the Board of Directors and senior leadership team guidance and governance.

5. Improved Credit Rating: Credit rating upgraded to BBB +

RBI accredited leading credit rating agency, Brickworks upgraded Vikas Ecotech to BBB+ from BBB- during the quarter. In another development, Dun & Bradstreet, a US based information rating MNC, upgraded the company’s rating to 5A2 from the previous 4A3.

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About Vikas Ecotech Limited (www.vikasecotech.com)

Vikas Ecotech is an emerging player in the global arena of the high-end specialty chemicals players. 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-neutral and safety-critical products. From agriculture to automotive, cables to electrical, hygiene to healthcare, polymers to packaging, textiles to footwear, the company’s products serve a diverse range of global industry needs.