

17
18

A N N U A L R E P O R T

FUTURE READY

GREEN CHEMISTRY FOR
SUSTAINABLE PLANET



17 18

A N N U A L R E P O R T

C O N T E N T S

VIKAS ECOTECH AT A GLANCE	04
FINANCIAL HIGHLIGHTS	06
BOARD OF DIRECTORS	11
MESSAGE FROM MD	12
MANAGEMENT DISCUSSION & ANALYSIS	22
FINANCIAL REPORTS & STATEMENTS	39

AT A GLANCE

OUR FOOTPRINT

21 COUNTRIES **5** CONTINENTS

OUR PERFORMANCE

PAT GROWTH AT CAGR OF

57% OVER LAST
5 YEARS

EBIDTA GROWTH AT CAGR OF

37% OVER LAST
5 YEARS

OUR STRENGTHS

R&D

TECHNOLOGY LEADERSHIP

MANUFACTURING EXCELLENCE

CUSTOMER-CENTRIC INNOVATION



SPECIALITY ADDITIVES

ORGANOTINS

PLASTICIZERS

FLAME RETARDANTS



POLYMER COMPOUNDS

THERMOPLASTIC RUBBER

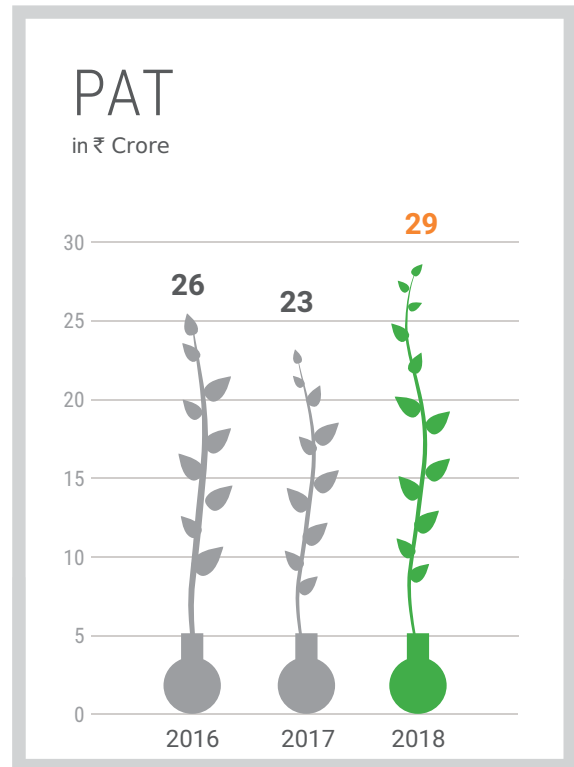
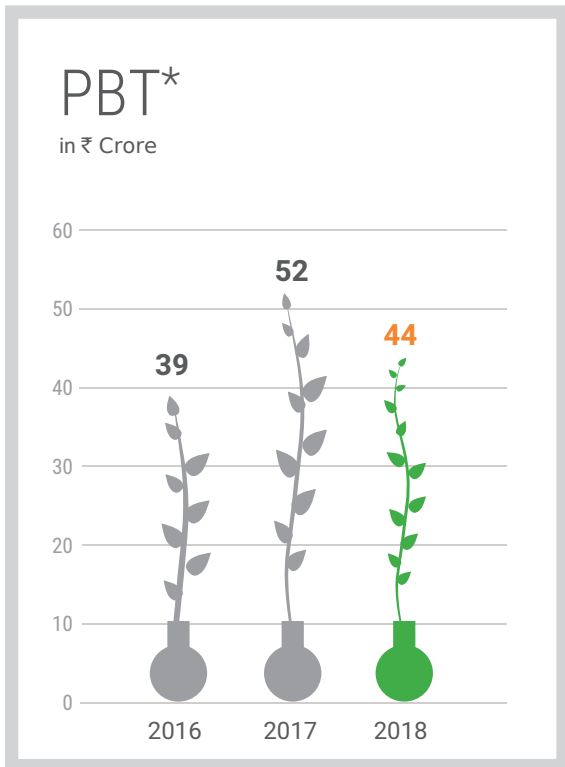
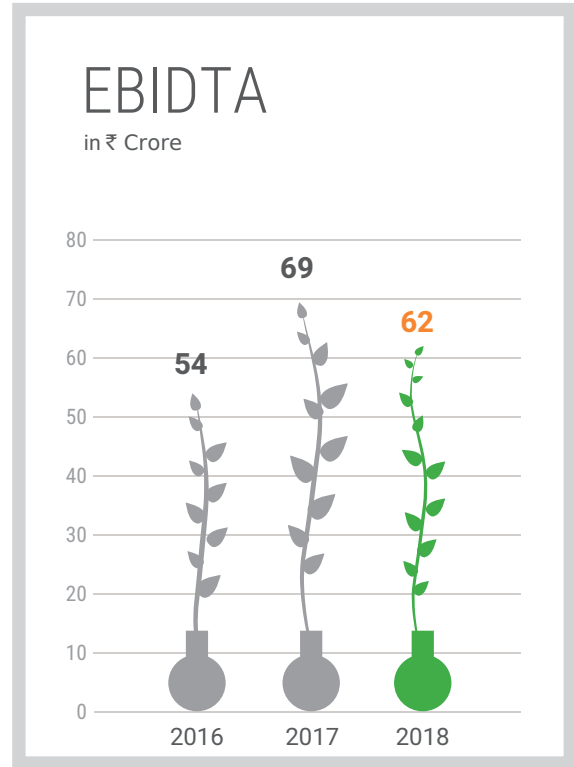
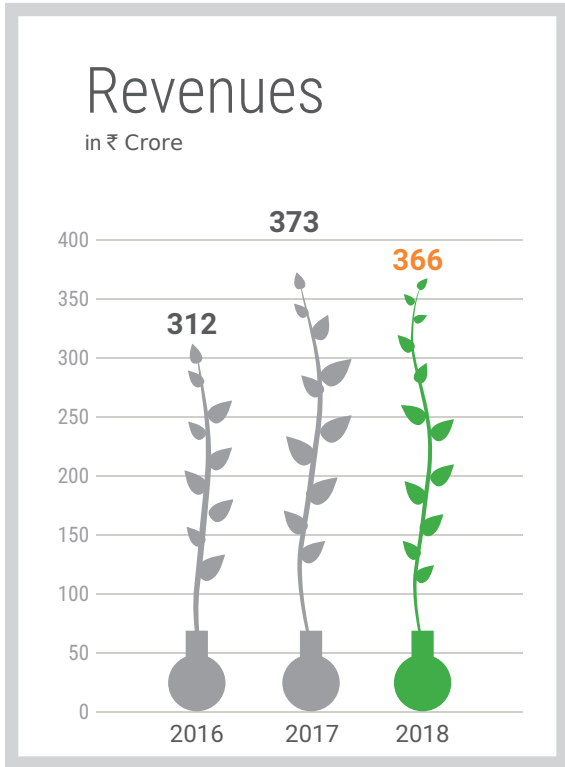
THERMOPLASTIC ELASTOMER

PVC, EVA & POLYPROPYLENE

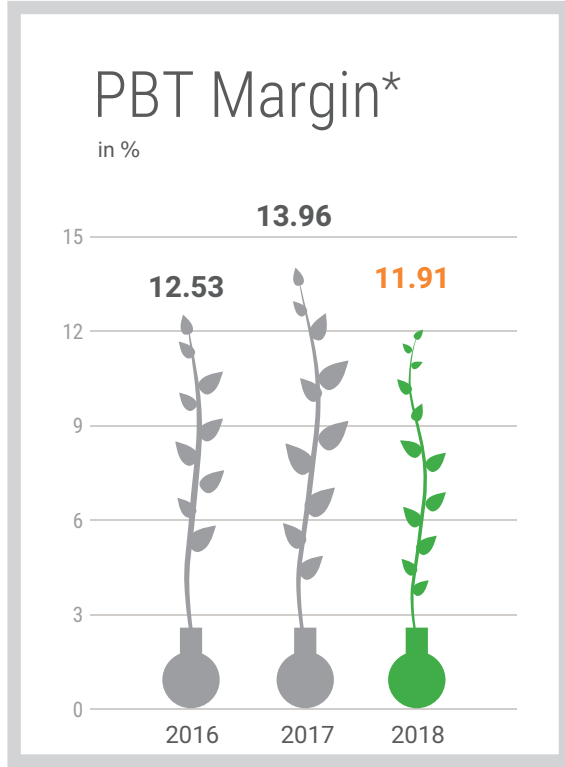
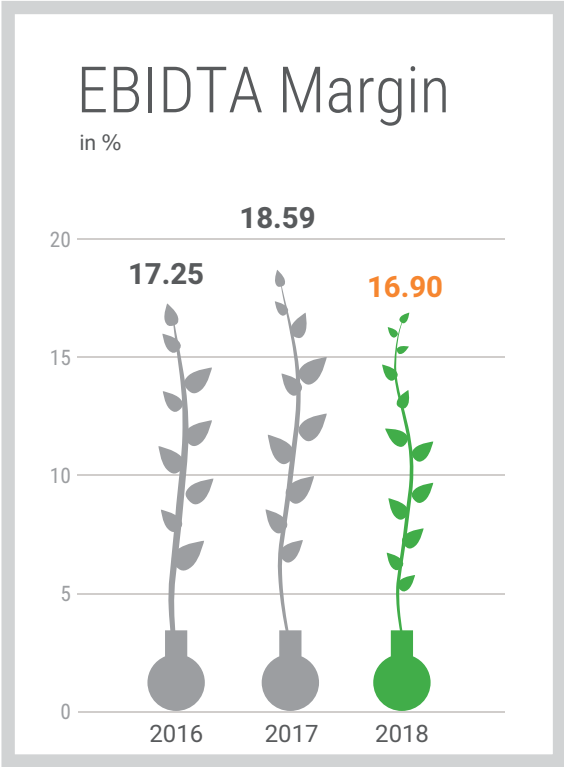


RECYCLED & UPCYCLED MATERIALS

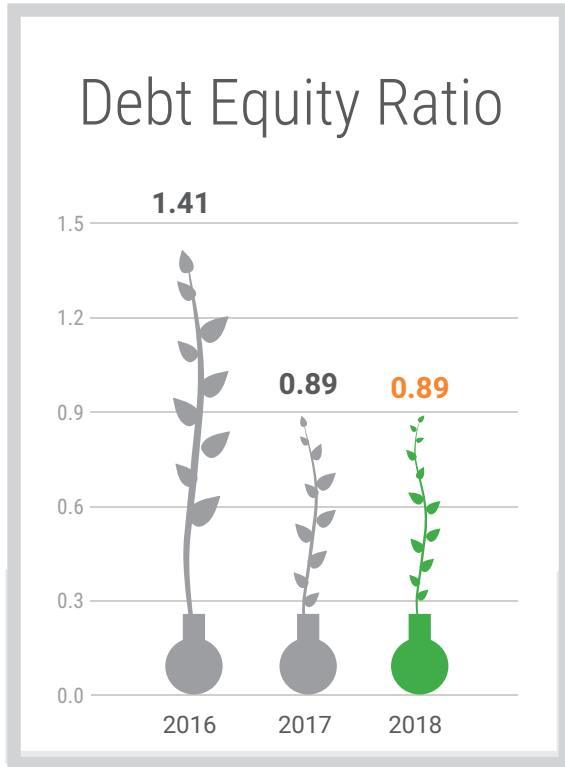
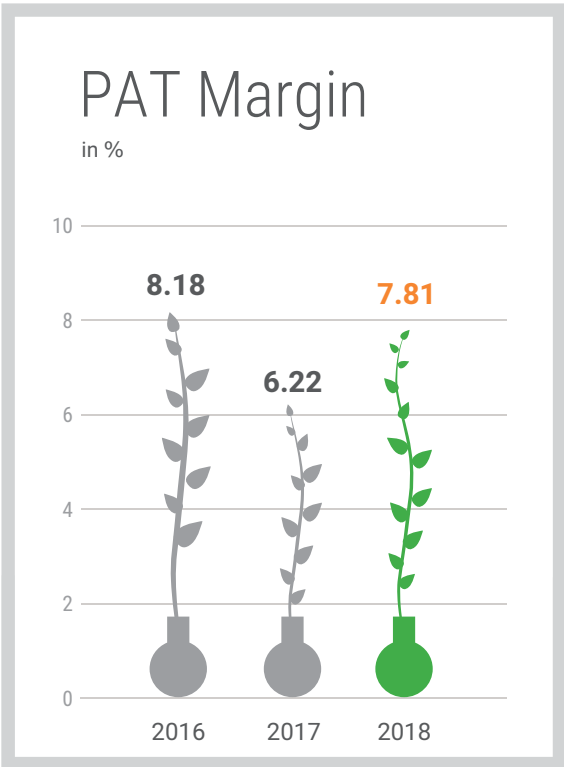
Financial Performance



*before extra-ordinary items



*before extra-ordinary items



Company Information

KEY MANAGERIAL PERSONNEL

Mr. Vikas Garg | **Managing Director**
 Mr. Vivek Garg | **Whole-time Director**
 Mr. Ashutosh Kumar Verma | **CEO & Whole-time Director**
 Mr. Devender Kumar Garg | **Whole-time Director (Finance)**
 Mr. Amit Dhuria | **Chief Financial Officer**
 Mr. Siddharth Agrawal | **Company Secretary**

NON-EXECUTIVE & INDEPENDENT DIRECTORS

Mr. Sumer Chand Tayal
 Mr. Manoj Singhal
 Mr. Madan Mohan Mandal
 Mrs. Vibha Mahajan

STATUTORY AUDITORS

M/s KSMC & Associates
 G-5, Vikas Apartments, 34/1,
 East Punjabi Bagh,
 New Delhi - 110026.

REGISTERED OFFICE

Vikas Apartments, 34/1,
 East Punjabi Bagh,
 New Delhi - 110026.
 Website: www.vikasecotech.com

COST AUDITORS

M/s JSN & Co.
 E-47A, Qutub Vihar, Phase-1,
 New Delhi - 110071.

INTERNAL AUDITORS

M/s. Grant Thornton India LLP,
 21st Floor, DLF Square, Jacaranda
 Marg,DLF Phase II,
 Gurgaon - 122002.

SECRETARIAL AUDITORS

M/s AAA & Associates
 105, C-2/4 Pragati Market,
 Ashok Vihar Phase II,
 New Delhi - 110052.

REGISTRAR & SHARE TRANSFER AGENT

Alankit Assignments Limited
 4E/2, Alankit House,
 Jhandewalan Extension, Delhi -
 110055.

MANUFACTURING PLANTS JAMMU & KASHMIR

Industrial Growth Centre,
 Phase-I, SIDCO Complex
 Dist. Samba,
 Jammu & Kashmir - 184121.

RAJASTHAN

G-24-30, and F-7 & F- 8, Vigyan Nagar,
 RIICO Industrial Area, Shahjahanpur,
 Dist., Alwar - 301706, Rajasthan.

NOIDA SEZ

SDF J-06, Noida Phase-II, Noida
 Specific Economic Zone, SEZ, Noida,
 Dist. Gautam Budh Nagar.

BOARD COMMITTEES & THEIR COMPOSITION

AUDIT COMMITTEE

Mr. Sumer Chand Tayal | **Chairman**
 Mr. Manoj Singhal | **Member**
 Mrs. Vibha Mahajan | **Member**

EXECUTIVE COMMITTEE

Mr. Vikas Garg | **Chairman**
 Mr. Vivek Garg | **Member**
 Mr. Ashutosh Kumar Verma | **Member**

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Sumer Chand Tayal | **Chairman**
 Mr. Vivek Garg | **Member**
 Mr. Vikas Garg | **Member**

NOMINATION AND REMUNERATION COMMITTEE

Mr. Sumer Chand Tayal | **Chairman**
 Mrs. Vibha Mahajan | **Member**
 Mr. Manoj Singhal | **Member**

EQUITY WARRANT COMMITTEE

Mr. Manoj Singhal | **Chairman**
 Mr. Sumer Chand Tayal | **Member**
 Mr. Kapil Gupta | **Member**

COMPENSATION COMMITTEE

Mr. Manoj Singhal | **Chairman**
 Mr. Sumer Chand Tayal | **Member**
 Mr. Vikas Garg | **Member**

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Manoj Singhal | **Chairman**
 Mr. Sumer Chand Tayal | **Member**
 Mr. Vikas Garg | **Member**

Our Customers Base




Industries

 INFRASTRUCTURE & AGRICULTURE	 PACKAGING	 FMCG, FOOTWEAR & OTHER CONSUMER GOODS
 ORGANIC & INORGANIC CHEMICALS	 PHARMACEUTICALS	 AUTOMOTIVE
 MEDICAL DEVICES & COMPONENTS		

Select Customers

Key Certifications

 USA FDA Approved PVC Additive	 Intertek Deutschland GmbH, Germany	 FICCI Research & Analysis Center
---	--	--

Board of Directors



Vikas Garg
Promoter-Executive
& Managing Director



Vivek Garg
Promoter-Executive &
Whole-time Director



Ashutosh Verma
CEO & Whole-time
Director



Sumer Chand Tayal
Non-executive &
Independent Director



Vibha Mahajan
Non-executive &
Independent Director



Manoj Singhal
Non-executive &
Independent Director

Advisory Board



**Devender
Kumar Garg**
Whole-time Director



Mr. Ghyanendra Nath Bajpai
Chairman - Advisory Board

Mr. Ghyanendra Nath Bajpai, a distinguished leader in Indian business, was the Chairman of the Securities and Exchange Board of India (SEBI). Earlier Mr. Bajpai was Chairman of the Life Insurance Corporation of India (LIC).



**Madan Mohan
Mandal**
Non-executive &
Independent Director



Mr. Sunil Alagh
Vice-Chairman - Advisory Board

Mr. Sunil Alagh, Founder and Chairman of SKA Advisors. He was earlier MD and CEO of Britannia Industries.

Letter to Shareholders



VIKAS GARG
Promoter-Executive &
Managing Director

**STRONGER,
BETTER,
GREENER**

At Vikas Ecotech, FY 17–18 was a year of both accomplishments and unseen challenges. The organisation saw a slowdown in operations due to an inquiry by a government authority in the last quarter of the year under review. We weathered it to emerge resilient. I am happy to report that our business performance was stable during the year – delivering continued value across the stakeholder ecosystem. In fact, our commitment towards accelerating growth for our customers, safeguarding stakeholder interests, conducting business responsibly and enhancing the sustainability of our planet became firmer.

I share with you our performance highlights of FY18 and the key trends and initiatives that will be fundamental to our next phase of growth. I am confident that you continue to share our excitement about the future prospects of the company and believe in our potential to optimise opportunities.

OUR REVENUES DURING THE YEAR WAS **INR 366 CRORE** AS COMPARED TO **INR 373 CRORE** OF THE PREVIOUS YEAR. THE PROFITABILITY LEVELS WERE POSITIVE – WELL **OVER 20 PERCENT** AS COMPARED TO THE LAST YEAR.

Dear Shareowners,

FY18 was a year of paradoxical performance at Vikas Ecotech. Our profitability margins reached historic peak levels. We expanded the global reach of our offerings by entering new geographical regions and our industry-leading position was strengthened by progressive green innovations.

During the year, we recorded superior performance in the first three quarters. The fourth quarter, however, witnessed a slowdown in operations due to a survey of our trading activities by a government agency. Our short-term performance was, hence, affected. With 80 percent of our raw materials being imported and exports constituting 50 percent of our revenues, the company was subject to certain examination. Consequently, our fourth quarter performance decelerated by approximately 70 percent. However, the silver lining was that our annual performance remained stable despite this temporary hurdle.

Performance Review

Our net revenues during the year came in at INR 366.16 crore as compared to INR 372.80 crore in FY17. Our net profitability levels stood at an all-time high of INR 28.61 crore - recording a growth of over 20 percent over the last year. The robust profitability growth translated into better earnings for our shareholders – the earnings per share (EPS) registered a 12 percent increase during the year.

We delivered a positive performance and improved profitability metrics. It reflects our strong business fundamentals and a resilient governance framework. I am happy to share that our revenues increased by over 160 percent in the first quarter of FY19 in comparison to last quarter of FY18. In addition, we successfully posted healthy profits during the period – undoing the losses registered in the preceding quarter.

Our ability to bounce back in the subsequent quarter of the disruption is testimony to our vigour and conviction. With the trials behind us, we are upbeat and optimistic about the future. Today, we are better poised than before to capitalise on the opportunities offered by India's emerging position as the global hub for specialty chemicals.

The Eye of the Tiger

During the last fiscal, the global supply chain of specialty chemicals witnessed severe constraints owing to environmental compliance-related clamp down on Chinese production units. The trade war between China and the USA added to the supply stress. In this context, India is in a ripe position to benefit from the situation and emerge as the global hub for specialty chemicals. Its popularity is underpinned by increased consumption in domestic end-

user industries, which in turn are benefitting from India's consumer story and a responsive green-oriented policy framework. Further, the country's skilled manpower and enhanced production capacity for specialty chemicals afforded by economies of scale are attracting large-scale domestic and foreign investments.

Beyond these inherent factors, India's specialty chemicals sector also benefits from the eco-friendly industry charter, innovative competencies and ability to deliver international quality of products. Further, our country's governance framework, especially regulations related to taxes and IPR protection, make it the preferred destination for R&D-intensive, early technology lifecycle production. In 2017, India's specialty chemicals industry market size was pegged at USD 52.1 billion. The industry is set to double its current market size by 2025 – growing at 10 to 15 percent annually.

As India's leading homegrown specialty chemicals company with an eco-friendly focus, Vikas Ecotech is a front-runner in benefitting from the country's emergence as a manufacturing hotspot. Over the last five years, we have acquired export customers that are some of the best players in the world. Last year, we added Mexichem, the Latin-American global leader in PVC pipes manufacturing, to our clientele. During FY18, we started exporting our flagship Organotin PVC heat stabilizers to the USA. The country is the world's largest market for Organotin – with its market size being approximately 10 times that of India.

IN 2017, INDIA'S
SPECIALTY CHEMICALS
INDUSTRY MARKET
SIZE WAS PEGGED AT
USD 52.1 BILLION. THE
INDUSTRY IS SET TO
DOUBLE ITS CURRENT
MARKET SIZE BY 2025
– GROWING AT 10 TO
15 PERCENT ANNUALLY.

Harnessing Opportunities for Success

What are the factors that determine the success of a company?

According to Warren Buffett, Chairman and CEO of Berkshire Hathaway, successful businesses are “economic castles with unbreachable moats around them”. Economic moats are competitive advantages of a company that protect its long-term profits and market share from competing firms. As the global economy unfolds its next phase of growth, the rules of success are fast-changing. I believe that Vikas Ecotech has four economic moats that will enable it to thrive in the context of an economy led by disruption and public policy-led environmental friendly regulations.

The Sustainability Moat

With sustainability becoming mainstream, increasing environmental consciousness in the stakeholder value chain is imperative to a successful business. A recent survey by a leading consumer firm estimates the global market for sustainable goods to be around USD 2.65 trillion. Accordingly, the need for organisations to prove their social and environmental commitment is more pronounced in emerging markets. The report also states that effectively marketed sustainable goods could represent a USD 1 trillion opportunity. India's specialty chemicals opportunity holds great potential owing to its inherent compliance-driven sustainability thrust. Unlike China, our policies are rooted in the green promise and long-term view.

At Vikas Ecotech, sustainability is a key pillar of our growth. We are steering the future of India's specialty chemicals industry through green leadership. The company is among the world eight and India's only manufacturer of methyl tin mercaptide (MTM) stabilizers. Also known as Organotins, these are non-toxic, safe alternatives to lead-based stabilizers. They are used in the manufacture of products made from polyvinyl chloride (PVC) -mainly pipes and films.

During the last fiscal, we launched our new range of Calcium-Zinc (CaZn) heat stabilizers for PVC, which are the eco-friendly alternative to toxic metal-based stabilizers. With this offering, our competencies to leverage the opportunities offered by India's changing policy landscape are further fortified.

The Innovation Moat

The specialty chemicals industry thrives on innovation. For instance, Germany's Merck KGaA invented liquid crystals more than a century ago; when they had no real-world application. However, the technology brought in unprecedented results following the advent of flat screens. Today, the business boasts of operating margins at well over 40 percent.

DURING THE LAST FISCAL, WE LAUNCHED OUR NEW RANGE OF CALCIUM-ZINC (CAZN) STABILIZERS WHICH ARE AN ECO-FRIENDLY ALTERNATIVE TO TOXIC METAL-BASED STABILIZERS.

The specialty chemicals industry has many such anecdotes. However, breakthrough innovations often take years to show commercial potential. Surviving the contemporary hypercompetitive milieu requires organisations to garner greater productivity from their R&D spend. Consequently, specialty chemical manufacturers have reined their focus on smaller innovations that make a big, immediate impact.

At Vikas Ecotech, we follow a dual R&D strategy. Firstly, our team focuses on leveraging immediate opportunities through a robust pipeline of small innovations. During the last fiscal year, for instance, we innovated the vulcanised rubber gaskets used for PVC pipes fittings. The small tweak in the traditional product offers customers the benefits of both flexible and rigid properties. Our offering solves the challenges faced during fitment and joining of PVC pipes. It has become popular in end-user applications in a short span since its launch. Alongside, our team also works on blockbuster innovations that can change the growth trajectory of the organisation in the IPR-led global specialty chemicals industry.

The Responsiveness Moat

In my letter last year, I had mentioned how organizations are rendered helpless in the face of geopolitical and economic vagaries. Little has changed since then; although the global economic performance is gradually returning to pre-crisis levels, the larger landscape continues to be marked with increasing uncertainties. For instance, the clamp down on Chinese chemical production houses affected the global supply chain during the last fiscal year.

The sudden curb had an undermining effect on Vikas Ecotech. We source 2-Ethylhexyl Thioglycolate (2-EHTG), a solvent chemical and a key material in the production of Organotin, from China. While our operations were not hit badly, we needed to ensure uninterrupted supply of the raw material in view of the anticipated domestic and global demand for Organotins.

Today, we are in the process of setting up India's first 2-EHTG manufacturing plant at our new production facility in Dahej, Gujarat. Our nimble-footedness and the ability to respond to changing business needs in an agile manner gives us an edge over larger players

The Culture Moat

Lastly, I would like to reiterate the focus on integrity and governance at Vikas Ecotech. It is our commitment to doing the right thing that has driven our success. Our ability to withstand challenges reflects our resilience, integrity and perseverance. Our efforts are supported by a culture of cohesiveness that drives us to be united amid trying circumstances. The wisdom of the members of our Board and the Advisory panel goes a long way in enabling us to drive 'win-win' solutions during such times.

Together, we are steering towards a better future. We are steadily picking up pace to transform our positioning as leaders of India's sustainable specialty chemicals segment. Since our inception, we have consciously strived to deliver solutions across the stakeholder ecosystem and be responsible towards our planet. In the long run, we believe that the prosperity of the stakeholder value chain will translate into profitable returns for our shareholders.

I would like to thank our employees for their efforts, our customers for their trust, our vendors for their co-operation, our regulators for their oversight and our investors for their confidence in our abilities. These are the pillars that will drive our success as we set out to become a better, greener and stronger organisation.

Thank you.
Yours sincerely,

Vikas Garg

Managing Director

Vikas Ecotech Limited

2008

- Backward integration into manufacturing
Commissioned 2 units in Jammu for TPR compounds and Organotin stabilizers
- Commissioned production facility to manufacture Mineral fillers for Rubbers & Plastics in Rajasthan
- Name changed to Vikas Globalone Ltd.

1998

- Started trading and distribution of petrochemical products

1995

- Listed on BSE & NSE

1984

- Founded a Non Banking Finance Company – Vikas Leasing

2009

- Commissioned production facility to manufacture Bio Plasticizers

2011

- Established the export division
- Vikas Garg took over as Managing Director
- Ranked as India's fastest growing mid-sized company by Inc. 500

2014

- Offered ESOP to its employees
- Issued Bonus Shares in the ratio 3:2 to all its shareholders
- Received Star Export house status

2018

- Exported our flagship organotin stabilizers to USA
- Launched CaZn range of eco-friendly heat stabilizers

History & Timeline

2015

- Added facility to manufacture Organotin stabilizers in Rajasthan
- Rebranded the company as Vikas Ecotech Ltd. with a focus on eco-friendly specialty chemicals
- Upgraded to 2 Star Export house status

2016

- Commenced construction of state-of-the-art manufacturing plant and Innovation (R&D) Center at Dahej, Gujarat
- Capacity to produce 6,000 MT of Organotin stabilizers (MTM) and 5,000 MT of special polymer compounds annually

2017

- Mexichem, the global leader in PVC piping comes on board as a customer
- Our Organotin stabilizer Tinmate is certified by Intertek Deutschland GmbH, Germany

Strategic Advantage



Cost Advantage

- SAVINGS IN INPUT COSTS FROM USAGE OF RECYCLED RAW MATERIALS
- INCREASED PROFITABILITY
- ENVIRONMENT-FRIENDLY



R&D Advantage

- IN-HOUSE MTM TECHNOLOGY
- ONLY COMPANY IN INDIA TO HAVE THIS KNOW-HOW
- SPECIALIZED, HIGHLY TECHNICAL PRODUCTION PROCESS
- LESS COMPETITION, BARRIER FOR ENTRY FOR NEW PLAYERS



Manufacturing Advantage

- MOST OFFERINGS ARE IMPORT REPLACEMENT PRODUCTS
- INCREASED PROFITABILITY
- ENVIRONMENT-FRIENDLY



One-stop solutions for clients

- B2B CUSTOMERS GET STABILIZERS, PLASTICIZERS, COMPOUNDS AND ADDITIVES FROM A SINGLE VENDOR
- SELLING PRICES ARE LOWER THAN IMPORTED REPLACEMENTS
- EFFICACY & STRENGTH IS MORE THAN COMPETITION

Global Presence

Country wise network

As a **two-star** export house, our products were exported to **20+ countries** across **Asia, Africa, Europe and the Americas**.



North America

USA

Central America

Mexico

South America

Argentina
Columbia

Europe

Germany
Italy
Ukraine

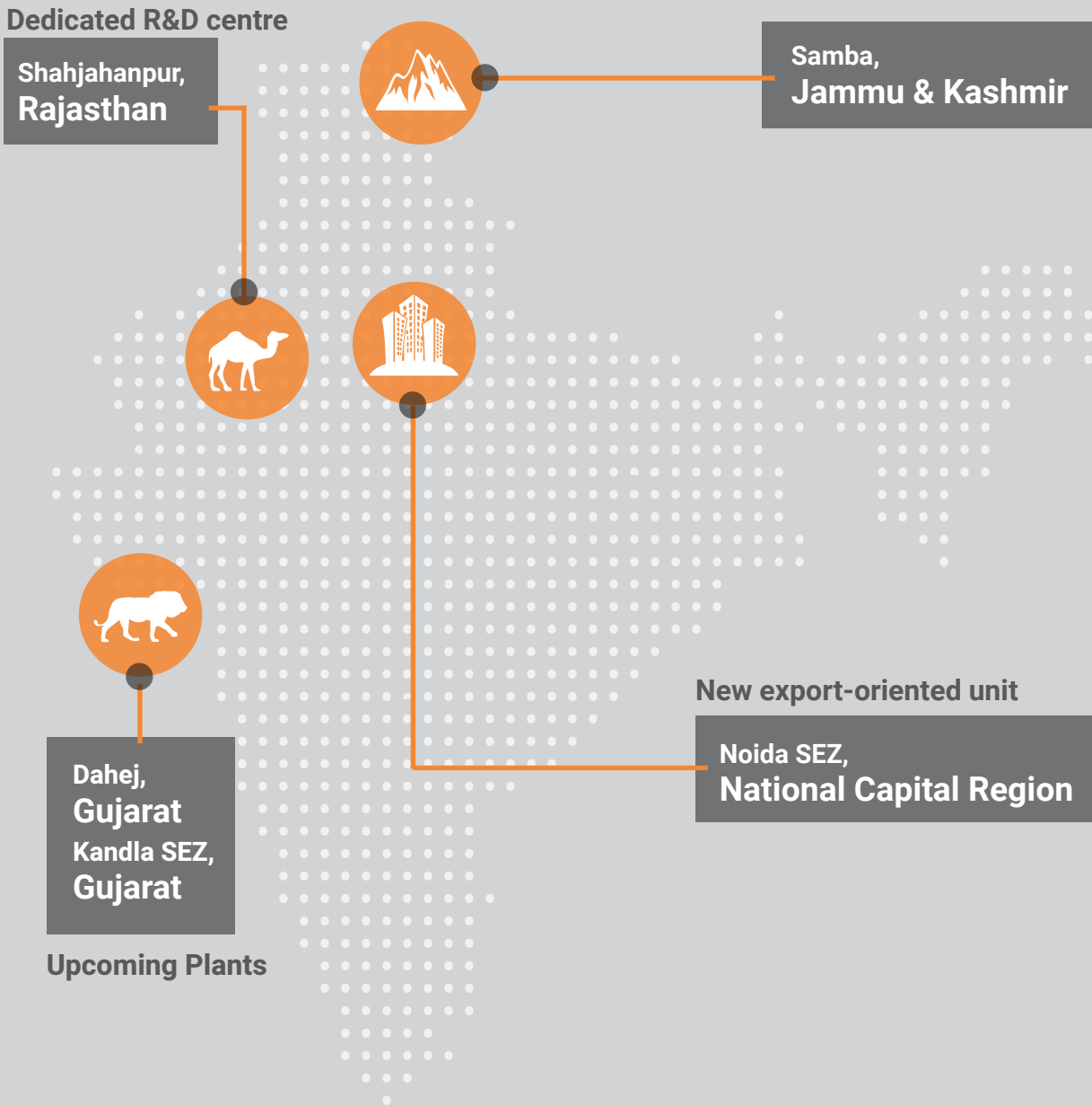
Asia

China
Turkmenistan
Kazakhstan
UAE
Turkey
Pakistan
Vietnam
Iran
Bangladesh
Sri Lanka
Nepal

Africa

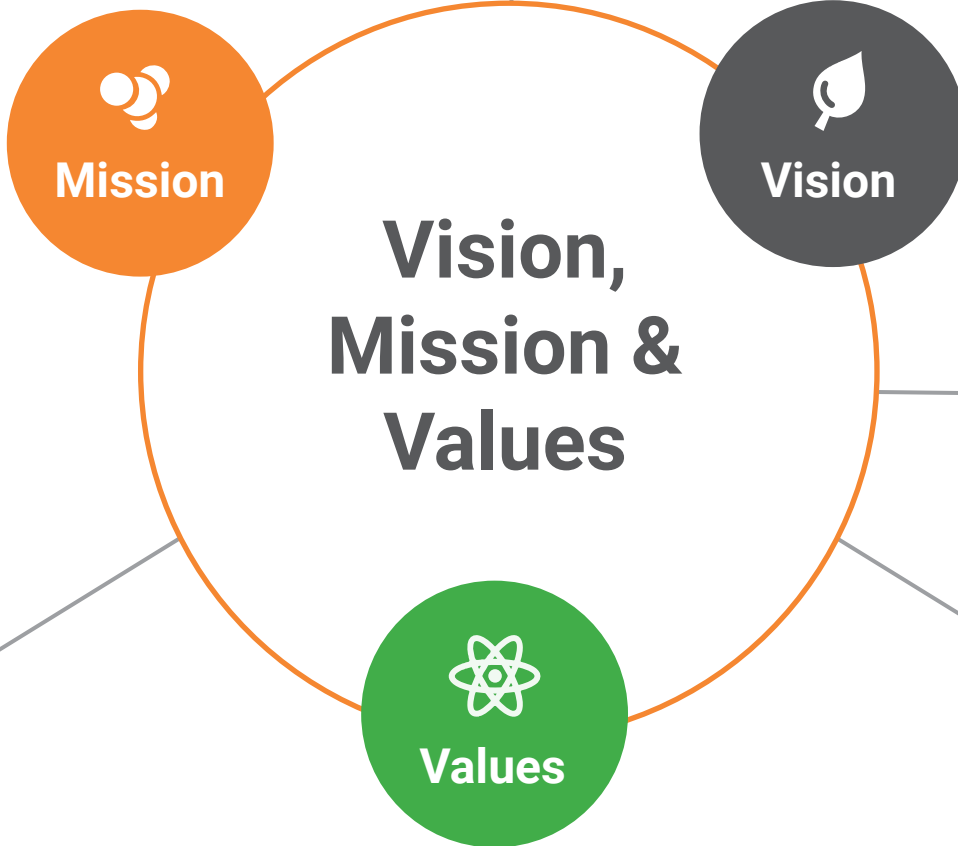
Tunisia
Ethiopia

Domestic manufacturing facilities



"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."

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



Responsibility

We are committed to safety and environmental stewardship in every sphere of our operations.

Innovation

We encourage people to constantly look for novel ways to create value.

Integrity

We inspire trust, transparency and credibility in all our business actions.

Customer delight

We go to extraordinary lengths to exceed our customer's expectations.

Key Events During the > Year 2018

Capacity Expansion

Production capacity of key products increased at our flagship manufacturing unit at Shahjahanpur, Rajasthan in FY18:

- Organotin Stabilizers – **1,200 MT per annum**
- Specialty Compounds – **10,000 MT per annum**

Product Launches & Developments

Polymer Additives

- Calcium-Zinc (CaZn) Stabilizers
- One-pack stabilizer which is a combination of Organotin and CaZn stabilizers

Polymer Compounds

- PVC pipes fitted with vulcanized rubber gaskets

Recycled & Upcycled Materials

- Ready-to-use PVC pipe compounds by upcycling old PVC pipes

Resource Optimization

- Installation of 300KW solar panels at our primary factory site in Shahjahanpur, Rajasthan
- Installation of a centralized powerhouse on a single high-tension line at our primary factory site in Rajasthan

Competencies Addition

- Setting up on India's only 2-Ethylhexyl thioglycolate manufacturing unit at our research and innovation centre in Dahej, Gujarat

Global Overview

Winds of Change

The global specialty chemicals industry will exceed USD 1 trillion in volume terms by 2020 – growing at a rate of five 5 percent annually . The demand is driven by replacement-led growth in developed economies such as the USA and Europe and economic expansion in emerging economies. While 2017 saw the global production of specialty chemicals increase by 2.5 percent, 2018 is likely to see a growth of 3 percent . As per industry estimates, the Indian speciality chemical industry grew by nearly 12 percent in the last year and is likely to witness 10–15 percent CAGR growth over the next 5 years.

Last year was a defining year for the global chemicals industry. A number of events impacted the industry's future evolution. Key global incidents show a definite trend in the global chemical industries' landscape. They are as follows:

Focus on Eco-friendliness

In 2017, an estimated 40 percent of China's factories were shut down at some point to facilitate inspection by environmental bureau officials. This was combined with the implementation of a host of new environment-related regulations. The clamp down had a major impact on China's chemical markets, especially its polyethylene and polypropylene industries. As a result, hundreds of downstream companies, producers and production units were shut down. These developments are a result of the globally accepted vision of implementing a more sustainable economic growth model – a factor that was ignored earlier in the quest for resource-intensive economic growth. Globally, the focus of chemical usage has shifted from effectiveness to eco-friendliness.

THE INDIAN SPECIALITY CHEMICAL INDUSTRY
GREW BY NEARLY

12 percent

IN THE LAST YEAR AND IS LIKELY TO WITNESS

10–15 percent

CAGR GROWTH OVER THE NEXT 5 YEARS.

This push for better chemical safety has set the stage for higher demand for biodegradable specialty chemicals.

Escalating Geopolitical Tensions

The trend of deglobalization continues as an increasing number of economies propagate inward-looking policies by imposing high import tariffs. The most significant events are perhaps trade protectionism and the ongoing trade war between the USA and China; this retreat that can have major implications for the global chemicals industry and benefit Indian companies. Historically, much of the sector's research and development was conducted near the company headquarters. The results were distributed to relevant regions across the Company's global network, often in partnership with local organizations.

The intensification of the trade war between major economies and the subsequent imposition of high export tariffs would render the strategy of relying on few low-cost manufacturing units to meet a companies' global demands unviable. Chemical companies are shifting their R&D and production across the world to have unfettered access to key markets, ensuring that production is within reach.

Evolution of Compliance into Competitiveness

The new reality of the specialty chemicals industry is defined by the scarcity of raw materials. To combat this, policymakers across the world are tightening norms to ensure more effective usage of resources and energy. Simultaneously, they are implementing regulations to

GLOBALLY, THE FOCUS
 OF CHEMICAL USAGE
 HAS SHIFTED FROM
 EFFECTIVENESS TO
 ECO-FRIENDLINESS.
 THIS PUSH FOR BETTER
 CHEMICAL SAFETY
 WILL SET THE STAGE
 FOR HIGHER DEMAND
 FOR BIODEGRADABLE
 SPECIALTY CHEMICALS.

POLICYMAKERS ACROSS
 THE WORLD ARE
 TIGHTENING NORMS TO
 ENSURE MORE EFFECTIVE
 USAGE OF RESOURCES
 AND ENERGY.

reduce waste and emission levels. Such requirements are expanding at global, regional and local levels. On their part, industry players realize that going forward, adhering to sustainability regulations is a key competitive advantage.

With rising awareness, their social license to operate stems from their actions for the betterment of the environment and by extension, for the planet. Consequently, specialty chemical manufacturers are disrupting their inherent business ecosystems to integrate C2C ('cradle-to-cradle') strategies in their business models. These optimize material health, recyclability, renewable energy use, water efficiency and quality, and social responsibility

Green Innovation – the Key to Future Relevance

The chemicals industry is a key stakeholder in the global fight against climate change. With 96 percent of manufactured products relying on chemicals, the sector is often held responsible for polluting upstream processes and an eighth of the global industrial carbon emissions. It is evident that chemical manufacturers will have to process rapid innovations to cut enough emissions to keep the rise in global average temperatures to "well below" 2° Celsius (3.6° F) above pre-industrial times.

While seemingly daunting, sustainability trends are giving rise to new opportunities for the specialty chemicals sector – making it a critical player of the solutions landscape. For instance, companies producing batteries for electric cars are looking to profit from the USD 83 billion opportunity in the low carbon transition. The approach of organizations to decarbonization initiatives and their ability to innovate to align their business strategies with ambitious carbon emission reduction goals will determine their relevance in the context. Owing to this, eco-friendly specialty chemicals such as organotin stabilizers are witnessing increased demand across the globe.

India Performance

Catalysing Opportunities into Performance

India's specialty chemical sector is pegged to register a double-digit growth at 10 to 15 percent annually – propelled by rising demand in end-user industries. Other factors affecting the sector include subdued oil prices and strong export demand. Given the pace of growth, it is estimated that the sector will double its market size by 2025.

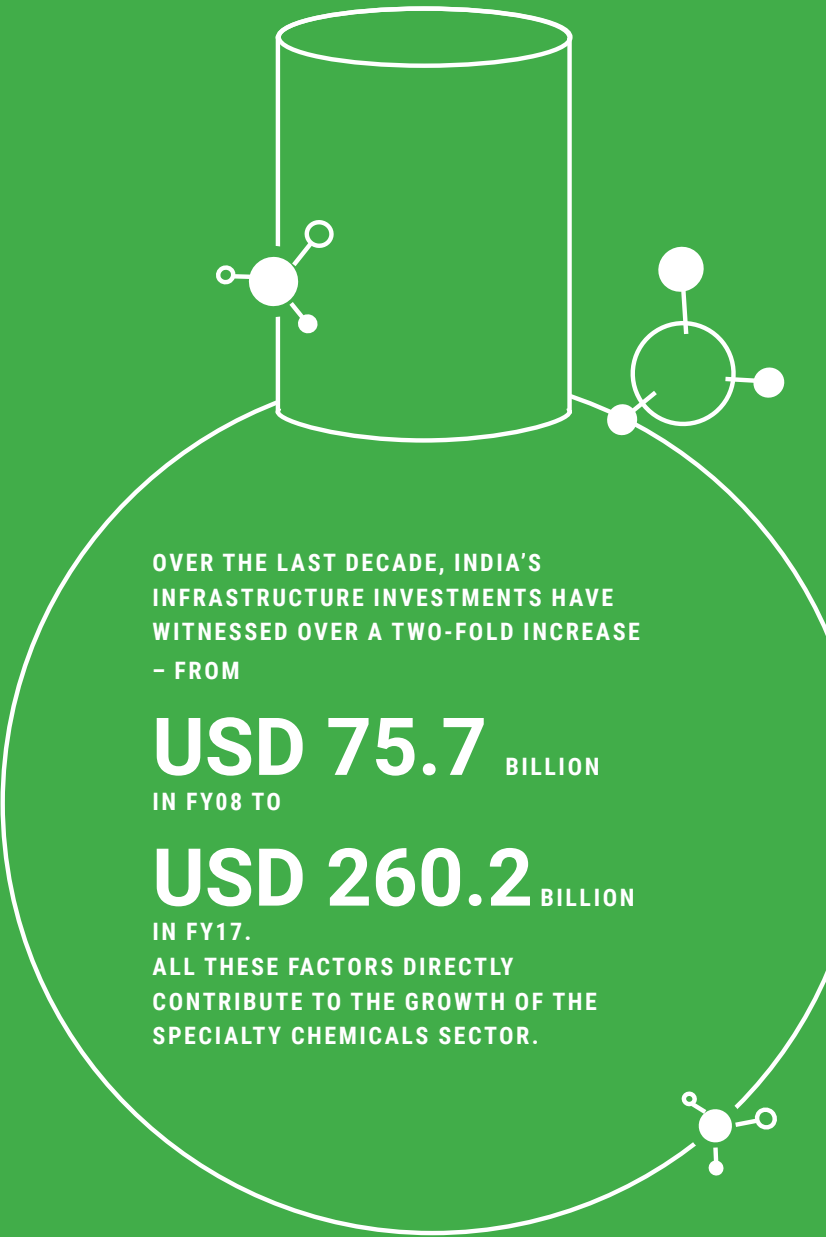
Domestic opportunities are complementing the global performance of the specialty chemical sector in India.

India as the Next Green Manufacturing Hub

On account of compliance, capital and capacity issues, India is displacing China as the world's manufacturing hub for specialty chemicals in an eco-friendly and green manner. Industry estimates concur that the cost of production of specialty chemicals in India is 10–15 percent lower than in China following the implementation of environment-related compliances. The opportunity is being leveraged by factors such as economies of scale, R&D skillsets and expansive production capacities supported by proactive government policies. However, at the same time, the super-specialized nature of the specialty chemicals sector makes it essential for incumbent companies to possess highly skilled scientific talent and meet stringent quality parameters set by global leaders.

Leveraging Competitive Value Propositions

India is evolving as the preferred global hub for manufacturing specialty chemicals because of R&D, talent and cost benefits. Over the years, the country has established a strong ecosystem of basic chemicals – which forms the foundational input of the specialty chemicals industry. Analysts believe that the country is becoming an increasingly favoured destination owing to its process capabilities, compliance with environmental norms and stringent implementation of IP protection laws.



OVER THE LAST DECADE, INDIA'S
INFRASTRUCTURE INVESTMENTS HAVE
WITNESSED OVER A TWO-FOLD INCREASE
- FROM

USD 75.7 BILLION
IN FY08 TO

USD 260.2 BILLION
IN FY17.

ALL THESE FACTORS DIRECTLY
CONTRIBUTE TO THE GROWTH OF THE
SPECIALTY CHEMICALS SECTOR.

Global trends such as extended product responsibility (EPR), through practices such as end-of-life recycling, are becoming increasingly popular and will soon be implemented in India through government-led regulations. These competitive propositions make it compelling for global and domestic players to deepen their base in the country as compared to other cheaper manufacturing destinations that end up having serious compliance issues.

Upping the Demand Momentum

In the recent past, the Indian specialty chemicals industry has witnessed growth at an annual average of 13 percent as compared to the global growth of around 5–7 percent. The momentum is supported by rising domestic demand rather than exports. This is due to the government's renewed focus on public health, affordable housing, agriculture and infrastructure development. For instance, the Pradhan Mantri Awas Yojana is the world's largest housing scheme while Aayushman Bharat is the world's largest public health protection scheme; both will further spur demand for performance-enhancing green specialty chemicals. Experts believe that in the view of rapidly depleting natural resources and excessive dependence on groundwater, the focus of agriculture should move away from quantity-centricity to water effectiveness. This will ensure long-term sustainability and generate greater profitability for the sector due to the use of green specialty chemicals in the PVC pipes sector.

Another important area of focus for the specialty chemicals segment is infrastructure. Over the last decade, India's infrastructure investments have witnessed a two-fold increase – from USD 75.7 billion in FY08 to USD 260.2 billion in FY17. All these factors directly contribute to the growth of the specialty chemicals sector.

THE INDIAN SPECIALTY CHEMICALS INDUSTRY HAS WITNESSED **GROWTH** AT AN ANNUAL AVERAGE OF **13%** AS COMPARED TO THE GLOBAL GROWTH OF AROUND **7%**.

The Future of Specialty Chemicals is in building a sustainable India

In spite of India's consumption boom, the per capita chemical consumption in the country remains low compared to competing economies. To illustrate, chemicals consumption in China amounted to Euro(€)1.37 trillion in 2016, while in the USA the figure was gauged at Euro(€)450.39 billion. In India, the estimated consumption was pegged at Euro(€)92.88 billion.

The estimates indicate that the Indian specialty chemicals sector consumption is less than 7 percent of China and around 20 percent of the USA. Evidently, the potential for growth is immense. This opens up huge opportunities for Indian businesses to scale up and grow on a sustained basis. Additionally, lower commodity prices, rising awareness and compliance led demand for eco-friendly specialty chemicals will lead to improved margins, and rising demand will facilitate volume growth.

Proactive Green Compliances with a Long-Term View

Realizing the potential of the specialty chemicals segment, policymakers have introduced a plethora of programmes and policies to enhance the sector's competitiveness and promote its growth. The ambitious Make-in-India initiative has delicensed manufacturing of most chemicals and permitted 100 percent foreign direct investments (FDI) in the sector. This will give a fillip to domestic players to attract capital and technology exchange from the best overseas players.

The government is providing support in the form of tax benefits and a vibrant ecosystem that supports industry and innovation. These include rules and infrastructure for effluent treatment and environmental norms. Consequently, Indian companies are adhering to environmental norms by investing in effluent treatment plants. While this investment does enhance their cost margins by 5-6 percent, the long-term benefits are far greater.

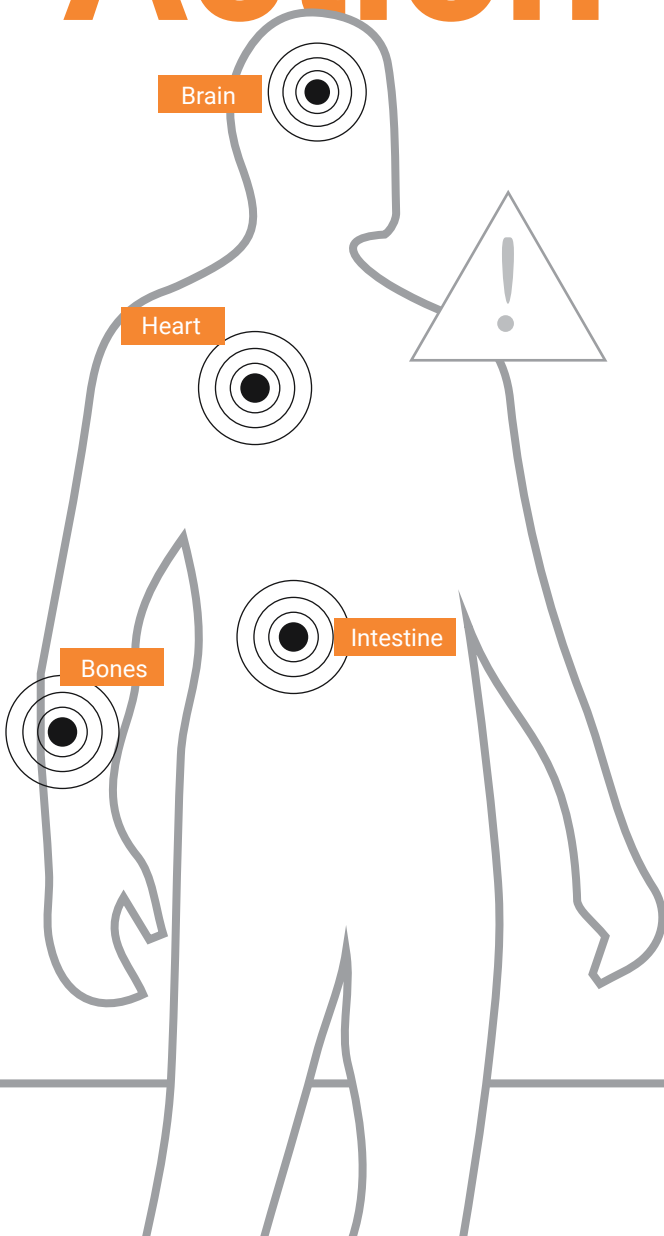
India Is a Sweet Green Spot in the Current Context

India's specialty chemicals industry is set to benefit from the ongoing global geopolitical strains. For instance, the talks of China lowering import tariffs for chemical products sourced from India is a positive development.

Further, the country's location close to the world's source of feedstock – Middle East – makes it a lucrative investment destination for manufacturing of specialty chemicals. These advantages will enable the country to participate across the specialty chemicals manufacturing value chain including green solutions and promote it from its current stance of a manufacturer of basic chemicals alone.

Phasing out Lead-based stabilizers in India

Time for Green Action



Lead is a cumulative toxicant that affects multiple body systems. Lead ingestion can cause metal to be accumulated in the human body – leading to permanent adverse health effects in the brain, nervous system, liver and bone.

The World Health Organization (WHO) states that no known levels of lead exposure are considered safe. The Institute for Health Metrics and Evaluation (IHME) estimates that in 2016, lead exposure accounted for 63.8 percent of the global burden of idiopathic developmental intellectual disability, 3 percent of the global burden of ischaemic heart disease and 3.1 percent of the global burden of strokes.

For the large populace, lead exposure happens through the usage of lead-based PVC pipes and lead-glazed containers that are used to transport water. Lead is the oldest known heat stabilizer to be used in polyvinyl chloride (PVC) pipes. Recognizing the toxicity of the metal, several countries and corporations have phased out the use of lead stabilizers. They promote the usage of alternative, toxic-free and cost-effective eco-friendly metals such as tin, calcium and zinc. A compliance-led movement has started in India with lead being banned from PVC pipe manufacturing and thus greatly benefitting the society. It gives a fillip to domestic players who have built alternate eco-friendly specialty chemical solutions.

LEAD EXPOSURE ACCOUNTED FOR

63.8% OF THE GLOBAL BURDEN OF IDIOPATHIC DEVELOPMENTAL INTELLECTUAL DISABILITY,

3% OF THE GLOBAL BURDEN OF ISCHAEMIC HEART DISEASE

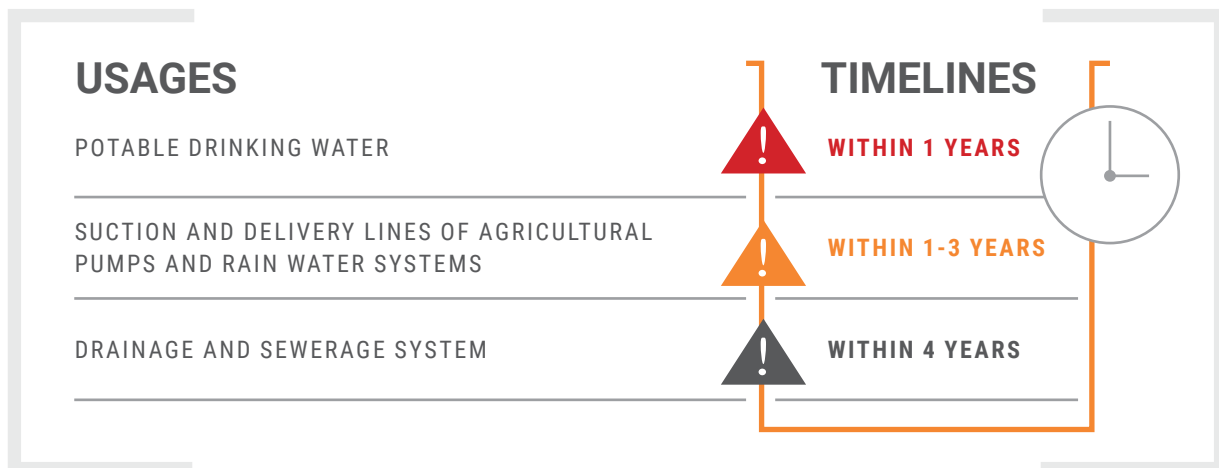
3.1% OF THE GLOBAL BURDEN OF STROKES.

India's Call for Sustainable Change

Earlier this year, India joined the league of nations that have banned the use of lead-based stabilizers by undertaking concrete steps towards phasing out lead-based PVC pipes and fittings. In May 2018, the Ministry of Environment, Forest and Climate Change (MoEF & CC) proposed draft rules to regulate the use of lead stabilizers in the manufacture of PVC pipes and fittings.

The landmark judgement reinforces the fact that Indian lives are precious and can no more be exposed to various 'slow death' situations.

Timelines for phasing out of use of lead stabilizers following the publication of Regulation on Lead Stabilizers in Manufacturing of PVC Pipes and Fittings Rules, 2018



Stipulation on Lead Usage by the Proposed Law:

Conformation to limits on usage of lead compounds

All PVC pipes and fittings manufacturers and importers would be required to conform to the lead extraction limits as prescribed by the Bureau of Indian Standards (BIS). To ensure compliance, they would be required to obtain a license from the BIS within six months from the date of publication of these rules. The pipes and fittings shall bear the standard mark under license from BIS.

Self-Certification

All products shall be labelled stating that the lead extraction content does not exceed the limit prescribed by the BIS.

Old Stock Sale

Sale of products manufactured or imported before the notification of these rules will be permitted for six months.

True to the democratic spirit of the country, the draft rules address the views and concerns of all stakeholders. The ultimate objective of the proposed rules is to ensure the well-being of the larger public and safeguard the health of our ecosystem and future generations.

Financial Performance

Perseverance is Progress

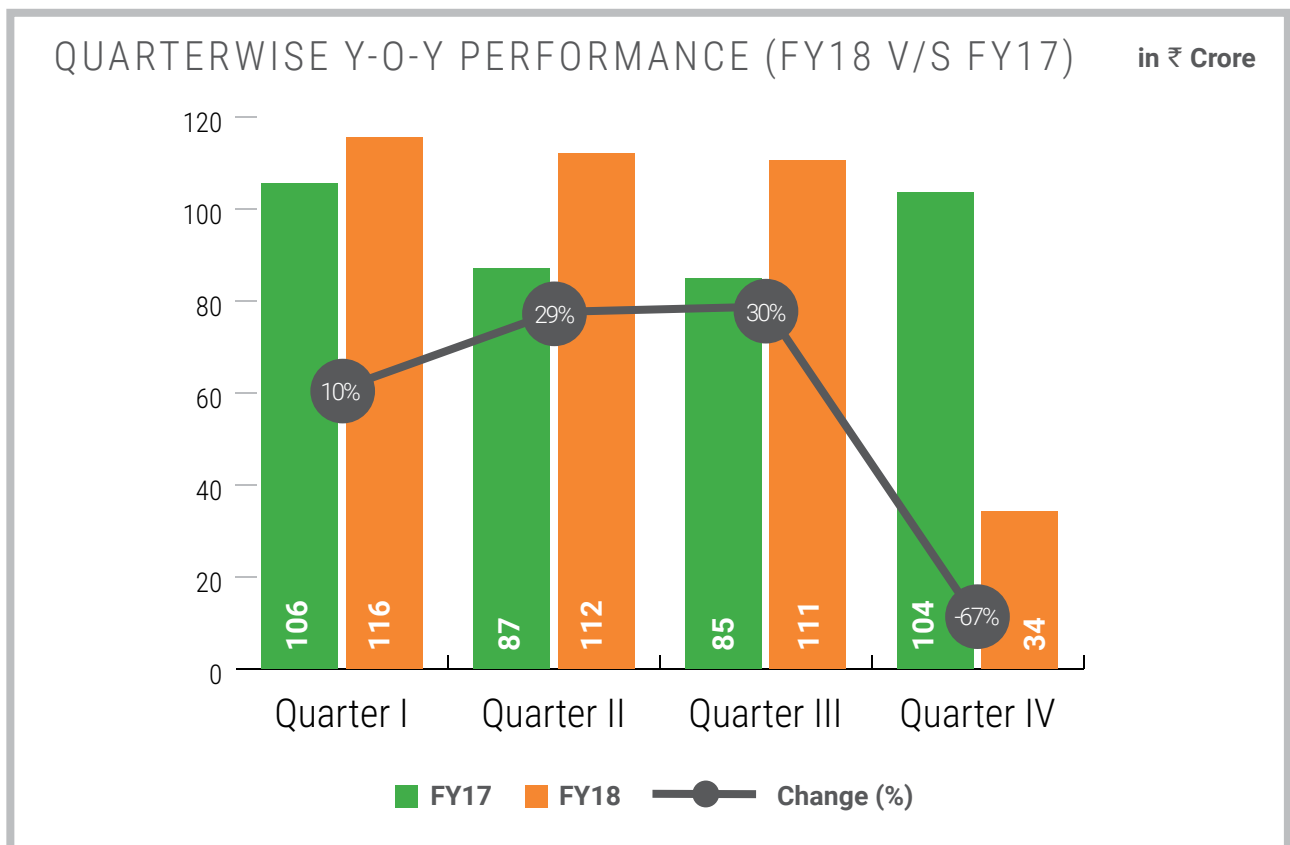
In FY18, the Company reported stable financial performance despite witnessing a disruptive fourth quarter. During the year, we registered net revenues of INR 366.16 crore as compared to INR 372.80 crore during FY17.

EBIDTA marginally declined by 10.7 percent at INR 61.9 crore as compared to INR 69.3 crore during the previous fiscal. However, at INR 28.6 crore, profits after tax registered a robust 23.3 percent increase over the last year. In FY17, the company had registered INR 23.2 crore as profits after tax

The flat financial performance of the company is largely attributable to a survey of the company's international trade operations by a government agency in the fourth quarter. Global operations affect a significant part of

the business at Vikas Ecotech – up to 80 percent of the raw materials used in our manufacturing operations are imported, while exports constitute 50 percent of the overall revenues. These surveys were carried out across company's locations – at our corporate premises, factories and port units – disrupting the company's day-to-day operations for a large part of the fourth quarter. Consequently, our financial performance was affected although we posted reasonable growth during the first three quarters (refer graph quarterwise Y-O-Y performance).

In Q1FY19, we have successfully reined in our revenues to normalcy and hope to be back to our previous growth trajectories. Our ability to deliver positive results in spite of the challenge is reflective of our robust business practices, cutting-edge innovation abilities and pioneering technological investments. As an organisation, we remain committed to robust governance and business practices with self-belief to follow the rule of the land, allow ourselves to stringent scrutiny, yet come out with renewed vigour and conviction.



Key events of the year:

Sticking to Our Strategic Transformation Goals

Over the last three years, we have undertaken conscious initiatives to transform the inherent business model at Vikas Ecotech. Our efforts are channelized towards offering eco-friendly and efficacy-led solutions to our customers. In FY13, we derived 64 percent of our revenues from trading.

The specialty compounds and additive businesses constituted the remaining 36 percent of the revenues with an EBIDTA margin of approximately 4 percent. In FY18, the ratio has significantly changed with specialty compounds and additive businesses constituting 78 percent of the company's revenues. The EBIDTA margins of these businesses vastly improved to 17 percent during the last fiscal year.

Enhanced Value Creation by Sharper Focus on Core Competencies

The company is adept at both, value-based business (manufacturing of specialty chemicals) and volume-based business (trading and recycled compounds). To capitalize both the competencies, in FY18, the management decided to demerge the organization into two separate entities – each with a distinct focus area. While Vikas Ecotech will continue to deal with high-value business, its spin-off entity, Vikas Multicorp, will deal with high-volume businesses.

Vikas Multicorp will be independently listed on the bourses and shareholders of Vikas Ecotech will receive shares of Vikas Multicorp in the ratio of 1:1. The demerger is expected to be completed during the current fiscal year.

Unparalleled Green Products Manufacturing Edge

To enhance our operational efficiencies, we are setting up two additional state-of-the-art manufacturing plants at Dahej and Kandla SEZ in Gujarat, in addition to our existing manufacturing units at Shahjahanpur in Rajasthan

and Noida SEZ in Uttar Pradesh. The new manufacturing and innovation centre at Dahej in Gujarat will focus on the production of our flagship product, Organotin, specialty compounds and 2-Ethylhexyl thioglycolate (2-EHTG). In FY18, we carried out expansion of our two main product verticals – Organotin by 1,200 MT per annum and specialty compounds by 10,000 MT per annum.

The enhanced capacity at our existing factories and the new manufacturing units in western India will deepen our market penetration in the country with greater access to the western and southern states and also aid in exports.

Progress Powered by People

Since inception, Vikas Ecotech has adopted gold standards of governance. Our efforts in this direction are fortified by leading industry experts joining our advisory board. The advisory board members work alongside the management to fine-tune the strategic growth path of the company. In FY18, senior leaders from the industry joined in principal positions. This move will reinforce our focus on customer-centricity and customizing innovative solutions to cater to their precise needs.

Other Cost Optimization Initiatives

Installation of 300 KW Solar Panels

During the last fiscal year, the Company successfully completed thei of 300KW solar panels at its primary factory site in Shahjahanpur, Rajasthan. Solar panelling of the factory will result in significant cost savings for the Company. Further, it reinforces our commitment to do business in a responsible and eco-friendly manner.

Installation of Centralized Powerhouse

During the last year, we installed a centralized powerhouse on a single high-tension line at our primary factory site in Rajasthan. The installation will enable us to optimize costs and decrease the inefficiencies arising from having multiple connections for different production units within the factory

Revision in Interest Rates

In the second quarter of the last fiscal year, Vikas Ecotech re-negotiated borrowing terms with its panel of bankers. Our team was successful in reducing the average interest rates by 1.25 percent. This will add to our financial efficiencies and ease the working capital flow at the organization.

Update on Insurance Claim

In FY17, the company registered an extraordinary loss of INR 16.8 crores following a fire outbreak at our Shahjahanpur factory premises. The insurers are in advanced stages of processing the claim. We are hopeful of settling the insurance claim during the current fiscal.

SINCE INCEPTION, VIKAS
ECOTECH HAS ADOPTED
GOLD STANDARDS OF
GOVERNANCE.

SPECIALITY ADDITIVES



Capitalizing Potential through Performance

Vikas Ecotech is a leading manufacturer of specialty additives. We derive our competitive edge from our range of innovative products with real-world applications. Our nimble-footed approach enables us to anticipate market trends ahead of the curve and respond with innovative solutions. The extensive range of eco-friendly products are used in a variety of settings to enhance product performance. They are formulated to meet exacting standards of safety, sustainability and quality.

Our exclusive range of eco-friendly heat stabilizers is set for a phase of high growth as policymakers in India firm up policies to phase out the usage of widely used lead and other toxic metal-based stabilizers. The dialogue is also gaining momentum on global platforms, as leading agencies raise awareness about the inherent toxicity of lead-based stabilizers both on human health and our ecosystem. Consequently, use of lead-based stabilizers has witnessed a sharp decrease over the last few decades. Progressive nations across Americas, Europe and Asia have banned or voluntarily ceased the use of lead-based stabilizers in PVC pipes.

In FY18, the specialty additives segment contributed to 22 percent of the revenues at Vikas Ecotech. Here are the highlights of the segment during the previous fiscal year:

Product Updates



Organotin Stabilizers

Tin metal-based stabilizers for PVC pipes, Methyl Tin Mercaptide (MTM) generally referred as Organotin continue to be the focus of our specialty additives segment. We are India's only indigenous manufacturer of Organotin and amongst the eight global manufacturers of this highly specialised additive.

In FY18, Vikas Ecotech entered the US markets with the export of its flagship organotin stabilizers. Our products are certified by reputed global and local testing agencies such as Intertek Deutschland GmbH, Germany, and FICCI Research & Analysis Centre, India.

Organotin stabilizers are the only alternative to lead-based stabilizers in PVC pipes to be approved by the US Food and Drug Administration (FDA) agency. USA is the world's largest consumer of organotin – having banned lead-based stabilizers in the mid 1980's. The country consumes up to 80,000 MT of organotin per annum.

The foray into the world's largest market is a testament to the best-in-class quality of our product offerings. It enhances our position as a global player in the organotin segment - offering new opportunities for growth. In view of the anticipated high demand for organotin, we are in the process of ramping up our manufacturing capacities by an additional 3,000 MT per annum to meet the increasing demand.

CaZn Stabilizers

During the last fiscal, we launched a new range of Calcium-Zinc (CaZn) stabilizers. This range of eco-friendly heat stabilizers are used in the manufacture of flexible PVC applications such as cables and pipes, toys, healthcare products and so on.

Currently, the market for this compound is import-dependent with 70 percent of the raw material requirements being imported. The CaZn formulation promotes the government's 'Make in India' vision by offering an import substitute for essential additives. The company has installed a CaZn manufacturing unit at its primary manufacturing facility in Shahjahanpur in Rajasthan. The installed capacity is 7,000 MT per annum. At full capacity, the CaZn unit is likely to generate revenues of around INR 70 crores.

Strategy Updates



Setting Up of India's Only 2-Ethylhexyl Thioglycolate (2-EHTG) Manufacturing Plant

2-EHTG is a key raw material used in production of organotin stabilizers. As India's only manufacturer of organotin, Vikas Ecotech consumes a significant quantity of the material annually. Currently, the entire requirement of the compound is met through imports – primarily from China. However, during the last fiscal year, the supply of the material was constrained. This was a result of the closure of few manufacturing units following a clamp down by environmental authorities in the country. Consequently, the manufacturing of organotin stabilizers at Vikas Ecotech was affected.

In view of the anticipated rise in demand for organotin stabilizers, it is important to ensure uninterrupted supply of the 2-EHTG chemical. The Company is setting up India's first 2-EHTG manufacturing plant at its new production facility in Dahej, Gujarat. The set-up is a part of the backward integration strategy of the company.

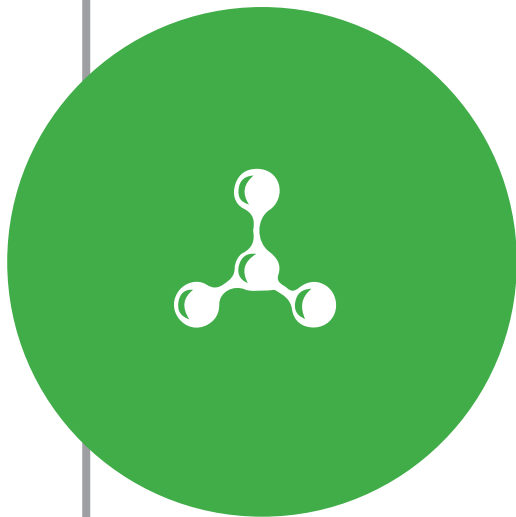
The project will be set up at a cost of INR 35 crore with a production capacity of approximately 3,600 MT per annum. Vikas Ecotech will consume around 70–80 percent of the 2-EHTG output in-house. The surplus production will be sold in open markets. The Company has collaborated with a leading, reputed manufacturer based in Europe of the compound chemical for technology transfer. The agreement terms are on a build-operate-transfer (BOT) basis.

At full potential, the product will generate revenues of INR 70 crores in revenue and yield more than 20 percent EBIDTA margins. 2-EHTG production is likely to start during FY20.

Development of One-pack Heat Stabilizers for PVC

Our R&D team is in the process of developing a one-pack stabilizer which is a combination of Organotin and CaZn stabilizers. This non-toxic formulation is an eco-friendly alternative to lead-based stabilizers widely used in the manufacture of PVC pipes. This offering is in line with the efforts of our R&D team to innovate specialty additives for a greener, safer and more efficient world.

POLYMER COMPOUNDS



Building Green Competencies for New Opportunities

Vikas Ecotech is a leading manufacturer of specialty rubber-plastic and polymer compounds. Our offerings in this segment include a sophisticated range of differentiated compounds such as thermoplastic rubber (TPR), thermoplastic elastomer (TPE), Ethylene Vinyl Acetate (EVA), impact modifiers, Polyethylene (PE) and Polypropylene (PP). Our abilities are reinforced by robust R&D competencies and state-of-the-art manufacturing facilities.

We engineer high-performance specialty compounds to meet consumer product demands. Our products find application across the varied segments of consumer goods manufacturing, infrastructure construction, healthcare devices and automotive component manufacturing. Our ability to attract an increasing number of industry leaders as our clientele is testament to our commitment towards material innovation and ability to meet stringent quality parameters. Further, our innovations and production efficiencies enable us to effectively meet the challenges facing the industry.

In FY18, the polymer compound segment accounted for 58 percent of the organization's revenues. During the previous fiscal year, the polymer compound vertical registered highest levels of production per month and garnered peak sales levels. Here are the segment highlights of the fiscal year:

Product Updates



Thermoplastic Rubber (TPR)

TPR compounds are replacement materials for rubber and soft plastic. They are widely used in the manufacturing of footwear soles and the production of automotive components such as gaskets, profiles and protective gear. Vikas Ecotech is India's leading manufacturer of the TPR compound – owing ~20 percent of the market share. Our SATRA-certified range of TPR products are synonymous with flexibility, durability, and fatigue and abrasion resistance.

Consequently, we are the preferred TPR suppliers for leading footwear manufacturers. In FY18, we focussed on expanding the reach of our TPR products to non-footwear industries. As a part of this strategy, we added OEM suppliers of leading automotive brands such as Maruti Suzuki, Yamaha Motors and Ford India to our TPR clientele.

Product	End-user Brands
Omega Polymicron	Alcott, Louis Phillip, Zara, Manz
Euro Shoes	TATA
Capsta Rubber	Miss Sixty, Capre, Giorgio Armani
Royal Polymer	Bugatti, Aldo, Lee Cooper, Lumberjack
Indcoat Footwear	Lee Cooper, Bata, Lacoste, Chicco
DSM Soles	Cole Haan
Suolificio Linea Italia	Lee Cooper, Bata, Geox, Clarks, Hush Puppies
Alvin Leather Craft	Colorado
Unisal India	Clarks, Geox, Wrangler, Delta
FB Footwear	Filanto

Thermoplastic Elastomer (TPE)

TPE compounds comprise hybrid properties of rubber and plastic and have excellent synergistic qualities. These compounds find application in a wide range of product manufacturing such as healthcare devices, auto component, consumer goods, industrial and household devices, and so on. In FY18, Vikas Ecotech forayed into the medical devices segment with the supply of its TPE compound to manufacturers of syringes and allied devices.

Today, we supply the compound to leading healthcare brands such as Polymed, Medibank,

JHS, Escorts, SRS and Disposafe among others. Following the commercialization of our products, we expect the vertical to be a significant revenue opportunity for the company and gain market leadership.

In addition, we also made headways in the infrastructure and construction segment during the last year. Our R&D team innovated PVC pipes fitted with vulcanized vulcanised rubber gaskets. The outer layer of the pipes is flexible while the internal components containing TPE compounds are rigid. This product is an important step in resolving the challenges faced during fitment and usage of PVC pipes. The currently available product often gets damaged during transportation and usage. Consequently, our product, has gained wide acceptance and has attained a market-leading position in a short period of time.

EVA

The EVA compound is used in the compression and injection moulding of cross-linked foams. It is used in the manufacture of jackets and coating applications for wires and cables. During the last year, Vikas Ecotech added multiple domestic electrical companies to its EVA clientele. These included leading brands such as Polycab, Shilpi, RR Kabel, Havells and KEI.

Strategy Updates



Production Capacity Expansion

In view of the rising domestic and export demand for our polymer compounds, we increased our production capacity by 10,000 MT per annum during FY18. We installed additional state-of-the-art machinery in a new unit located adjacent to the company's flagship manufacturing facility at Shahjahanpur in Rajasthan.

Our production capacity of polymer compounds now aggregates to 36,000 MT per annum.

RECYCLED & UPCYCLED MATERIALS



Creating Value from Waste

At Vikas Ecotech, we continually evolve our strategy to make our operations and offerings more eco-friendly and sustainable. Recycling and upcycling are integral aspects of our business responsibility. We believe that the processes are sustainable solutions for the challenges caused by rapidly depleting natural resources. Further, in the backdrop of intensifying global dialogue on the advantages of recycling and upcycling, the segment also has the potential to open up new growth trajectories for the organization.

Our team of engineers and scientists work on chemical innovations in waste materials to convert them to high-performance, low-value, eco-friendly products. Materials recycled and/or upcycled by Vikas Ecotech are custom-innovated and often better than virgin-compound quality. The demand for our offerings under this vertical has witnessed a steady growth since its inception in FY15.

In FY18, the recycled and upcycled compounds vertical contributed to 20 percent of the company's topline. Here are the highlights of the segment during the year:

Product Updates



Polyvinyl Chloride (PVC) Polymer Compounds

Vikas Ecotech is a leading producer of PVC compounds. Our offerings are extremely versatile and strong. During the year, our team innovated ready-to-use PVC pipe compounds by upcycling old PVC pipes.

The upcycled PVC pipes are equivalent in strength and properties as compared to the ones manufactured from virgin materials. This offering enables customers to reduce their raw material costs without compromising on the quality of the final product outcome. A few leading and mid-sized PVC pipes manufacturers are our customers in this segment.

RECYCLING AND
UPCYCLING ARE
INTEGRAL ASPECTS
OF OUR BUSINESS
RESPONSIBILITY.
WE BELIEVE THAT
THE PROCESSES
ARE SUSTAINABLE
SOLUTIONS FOR THE
CHALLENGES CAUSED
BY RAPIDLY DEPLETING
NATURAL RESOURCES.

Strategy Updates



End-of-Life Product Recycling (EPR)

At Vikas Ecotech, we are working towards introducing global best practices in recycling and upcycling to India. As a part of these efforts, we envision to integrate End-of-Life Product Recycling (EPR) strategy among Indian manufacturers of consumer products. The strategy is an important method to ensure zero waste and keep as much material as possible out of landfills. Besides contributing to a community's sustainability efforts, we recognize that EPR also presents significant business opportunities.

We are currently in advanced stages of discussions with leading electronic manufacturers to establish a sourcing supply chain for plastic components from discarded company products. This plastic will be used to produce PVC compounds, which are in high demand among our customers. This will be done on a tripartite basis – manufacturer, government and us.

Production & Competencies

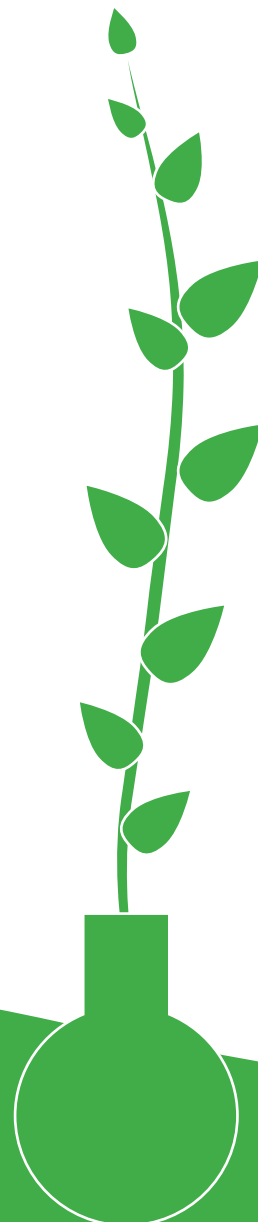
Vikas Ecotech currently houses a capacity of 10,000 MT per annum for the production of recycled and upcycled compounds. The facility is located at its flagship production unit at Shahjahanpur in Rajasthan. Continued R&D investments in this segment will enable us to avoid the effects of commoditization that are likely to impede the specialty chemicals industry over the long term.

Research & Development

Green Innovation for Betterment

Considering that chemical components are used in 96 percent of all products manufactured, innovation in the specialty chemicals segment is central to creating a sustainable world. In a recent industry survey conducted by a leading global consultancy, two-thirds of the respondents agreed that innovation is a top priority . However, the definition of innovation in context of the chemicals industry has changed significantly. In an age of intensified competition, blockbuster innovations are becoming rare. Instead, the emphasis is on enhancing functionalities (small innovations that can have big impact) and introducing products that suit the demands of new market opportunities.

In a world of rapidly depleting resources, specialty chemical innovation is the key to replacing traditional and scarce raw materials. While the opportunity opens up many avenues for the industry, the success of organizations will be determined by their ability to address end-user challenges and resolve real-world problems. At Vikas Ecotech, our R&D capabilities are the backbone of our success. Our R&D proficiencies address these precise parameters. Our competencies centre around the four strategic pillars of impact innovation, customer centricity, people power and environment friendliness.



Impact Innovations

Cross-functional innovation across departments is essential to ensure the on-ground success of our efforts. Our team of scientists and engineers works with various departments across the organization including marketing, sales and supply chain. Together, they create products that provide solutions to practical challenges faced by customers. The interaction ensures that our innovation pipeline is robust enough to meet our growth goals. This strategy also ensures that the R&D spend by the organization leads to tangible results in the foreseeable future.

People Power

We believe that people are our real asset. Talent acquisition and nurturing are important aspects of our core strategy at Vikas Ecotech. We hired fresh graduate scientists from the Central Institute of Plastics Engineering and Technology (CIPTTE) during the last year. The young professionals will infuse a fresh perspective to our R&D capabilities. Simultaneously, we will prepare them for future roles as imminent leaders of the organization.

Customer Centricity

During the last fiscal year, we made important senior-level recruitments to enhance our focus on customer centricity. This move will lend the organization a strategic edge by enabling us to better understand customer priorities and offer solutions in accordance with their product roadmaps. Reorienting our R&D investments to align with customer product development efforts will help enhance relationships and create long-term growth prospects for the organization.

Environment Friendliness

Our robust pipeline of eco-friendly product offerings lends us a competitive edge for long-term success. During the last year, the R&D department developed a hybrid compound – a one-pack non-toxic product comprising a combination of organotin and Calcium-Zinc stabilizers. A replacement for the traditional lead-based stabilizers dominating India's PVC pipes industry, the product offers the best features of both its inherent eco-friendly components. We anticipate a huge demand for the product as policymakers' firm up a framework to phase out the use of lead-based stabilizers in PVC pipes over the next few years.



Growth Focus

Setting the right priorities

As Vikas Ecotech enters a new phase of growth, emphasis green innovation, efficient investments and nimble productivity remains central to our strategy. Our commitment to conduct business with the highest levels of integrity and transparency remains steadfast. We combine these factors with our wide geographic presence and industry leadership to capitalize business opportunities for growth.

Efficiencies to Ensure Opportunities

Optimization

India is fast emerging as the global hub for speciality chemicals. Companies offering an integrated product range and eco-friendly innovations will be better poised to leverage rising business opportunities. With its end-to-end business offerings, Vikas Ecotech is well-positioned to be a frontrunner in the markets.

- *Our integrated business model makes us a one-stop solution provider for B2B customers for eco-friendly plasticizers, stabilizers, compounds and additives. The efficacy and strength demonstrated by our indigenous 'Made in India' products is higher than competitor offerings.*
- *Our well-equipped, state-of-the-art production facilities and strategic sourcing supply chain enable us to offer our products at a significantly better selling price, delivering value to customers.*
- *The volume of business ensures economies of scale for our products – thus impacting margins positively.*

Commercial Excellence through Quality and Innovation

We maintain robust margins and accelerate our growth by investing in initiatives that are commercially viable with the potential to address large-scale practical challenges. For instance, Vikas Ecotech is among the eight manufacturers of Organotin PVC heat stabilizer globally and the only manufacturer in India. Organotins are considered to be a safe, non-toxic alternative to the toxic, lead-based stabilizers used in manufacture of PVC pipes.

Industry estimates peg the Indian demand market size for this speciality additive at approximately ~7,000 MT per annum. With the Government of India's new plan of phasing out lead from PVC pipes coming into effect in this fiscal year, the Indian market should expand to nearly five times its current size in next 3–5 years. We are equipped with the right quality, reach and capacity to capitalise on these opportunities.

- *Our products are certified by leading international agencies such as Intertek Deutschland GmbH, Germany, and FICCI Research and Analysis Centre, India.*
- *During the last fiscal year, we made our maiden sale of the Organotin additives in the USA – the world's largest market for Organotin. We are now devising strategies to increase our market share in the country.*
- *Anticipating greater demand for our product, we are significantly planning to increase our production capacity for Organotin. Further, the company is also investing in backward integration to improve the margins and ensure continuous supply of raw materials.*

An Unwavering Commitment to Ethical Business Conduct

Since inception, Vikas Ecotech is committed to conducting business with the highest levels of ethics. Our management committee strives continually to adopt gold standards of governance in our operations. Our efforts are strengthened by the induction of the advisory panel comprising industry leaders.

- *Shri G. N. Bajpai, former Chairman of Securities Exchange Board of India (SEBI) and Life Insurance Corporation (LIC), heads the Advisory Committee as its chairperson. The company immensely benefits from his visionary leadership, exemplary integrity coupled with valuable boardroom experience and strategic advice.*
- *Shri Sunil Alagh, Founder and Chairman of SKA Enterprises and former Managing Director of Britannia Industries, is the Vice Chairman of the Advisory Committee. With over four decades of extensive experience in brand building and marketing, he brings unparalleled expertise to the marketing initiatives at the organization.*



**Financial
Reports and
Statements**