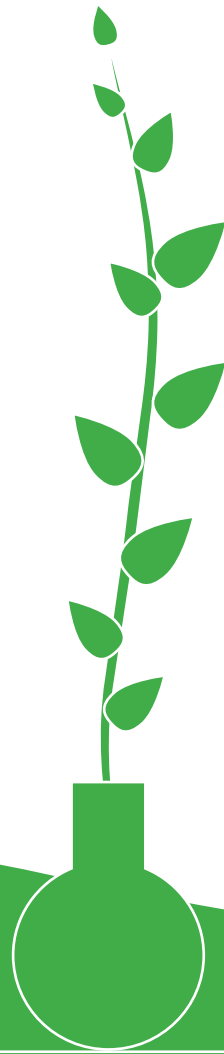




VIKAS ecOTECH LTD.

Annual Report  
2018-19





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## **CORPORATE INFORMATION**

### **CHAIRMAN**

Mr. Gyan Prakash Govil, Independent Director

### **KEY MANAGERIAL PERSONNEL**

Mr. Vikas Garg, Managing Director  
Mr. Devender Kumar Garg, Executive Director  
Mr. Dinesh Bhardwaj, Chief Executive Officer  
Mr. Amit Dhuria, Chief Financial Officer  
Ms. Pooja Vanjani, Company Secretary

### **STATUTORY AUDITORS**

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

### **INTERNAL AUDITORS**

M/s. Jha Gunjan & Associates  
S- 191, School Block  
Shakarpur , East Delhi  
Delhi -110092

### **COST AUDITORS**

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

### **SECRETARIAL AUDITORS**

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

### **REGISTRAR & SHARE TRANSFER AGENT**

Alankit Assignments Limited  
Alankit Heights , 3E/7 Jhandewalan Extension  
New Delhi - 110055,

### **NON-EXECUTIVE & INDEPENDENT**

#### **DIRECTORS**

Mr. Vivek Garg, Non-Executive Director  
Mr. Sumer Chand Tayal, Independent Director  
Mrs. Vibha Mahajan, Independent Director  
Mr. Ravi Kumar Gupta, Independent Director

#### **REGISTERED OFFICE**

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

#### **MANUFACTURING PLANTS**

##### **JAMMU & KASHMIR**

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

##### **RAJASTHAN**

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

##### **KANDLA SEZ**

Shed No. 350 A-II, Sector-IV, Kandla  
Specific Economic Zone, Kandla.

##### **NOIDA NSEZ**

SDF J-06, Noida Phase-II, Noida Specific  
Economic Zone, NSEZ, Noida, Distt.  
Gautam Budh Nagar.

## **BOARD COMMITTEES & ITS COMPOSITION**

### **AUDIT COMMITTEE**

Mr. Sumer Chand Tayal	Chairman
Mr. Gyan Prakash Govil	Member
Mrs. Vibha Mahajan	Member

### **EXECUTIVE COMMITTEE**

Mr. Vikas Garg	Chairman
Mr. Vivek Garg	Member
Mr. Devender Kumar Garg	Member
Mr. Dinesh Bhardwaj	Permanent Invitee

### **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. Gyan Prakash Govil	Member

### **EQUITY WARRANT COMMITTEE**

Mr. Ravi Kumar Gupta	Chairman
Mr. Sumer Chand Tayal	Member
Mrs. Vibha Mahajan	Member

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Mr. Ravi Kumar Gupta	Chairman
Mr. Sumer Chand Tayal	Member
Mr. Vikas Garg	Member

**BOARD'S REPORT**

Dear Members,

Your Directors have pleasure in presenting the 34<sup>th</sup> Annual Report of the Company and Audited Financial Statements for the year ended 31<sup>st</sup> March, 2019.

**FINANCIAL PERFORMANCE**

The financial performance of the Company for the year 2018-19 is summarized below:

(Rupees in Lac)

Particulars	2018-2019	2017-2018
Net Sales /Income from Business Operations	24,525.04	23,617.75
Other Income	2,451.86	403.96
<b>Total Income</b>	<b>26,976.90</b>	<b>24,021.71</b>
Cost of material consumed	20,983.74	16905.81
Employee Benefit Expense	407.03	447.91
Financial Costs	1,579.28	1,079.18
Other Expenses	1,210.62	1104.70
Profit before Depreciation	<b>2,796.22</b>	<b>4,484.11</b>
Less Depreciation	476.91	359.84
<b>Net Profit Before Tax</b>	<b>2,319.32</b>	<b>4,124.28</b>
Less Current Tax	595.11	1,402.81
Less Previous year adjustment of Income Tax	---	13.29
Less Deferred Tax	86.60	34.72
<b>Profit for the Period</b>	<b>1,637.61</b>	<b>2,673.46</b>

The financial statements for the year ended 31<sup>st</sup> March, 2019, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs. There is a marginal increase in Sales from 236.17 Crores in previous year to 245.25 Crores in current year however there has been a decline in profits of the Company i.e. from 26.73 Crore in previous year to 16.37 Crores in current year.

The demerger of 'Recycled and Trading Compounds Division' of the Company was successfully completed during the year under review and the Shareholders of the Company were allotted shares in ratio of 1:1 of Vikas Multicorp Limited (Resultant Company) acquiring the said division for each share of the Company held. Presently your Company is operating in remaining segments. The Company is now concentrating on its core business components i.e. the specialty chemicals and compounds. The Financial Statements have been prepared after taking effect of said demerger.

No material changes / commitments affecting financial position of the Company have occurred from end of the financial year to the date of this report.

**STATE OF AFFAIRS OF THE COMPANY**

During fiscal 2019, while the Company continued to augment its turnover however its profit margins have been under some stress due to high volatility in raw materials, in terms of fluctuations in both prices and Forex which further resulted in continued high working capital costs. Despite all the odds and challenging situations trailing one another, the Company has achieved a stable growth in terms of turnover and a profitable financial year.

During the year under review:

- The Company completed commercial scale production trials and the added capacity of Specialty Chemicals plant at Rajasthan is ready for utilization in anticipation of enhanced production and sales for the next fiscal year as well.

- The Company successfully designed & tried the new range of Eco-friendly Calcium Zinc Heat Stabilizer for PVC across various application areas like the PVC Rigid & Soft PVC Applications which have been included in the list with this new addition to the product mix offered by VEL. VEL is ready to start commercial scale production in anticipation of the huge demand that will be created with the implementation of the ban on Toxic Stabilizers.

The lag in raw materials & production due to disruptions based on the Directorate of Revenue Intelligence Survey as reported in the previous annual report is getting better and the operations are getting back on track. We hope that the effect in terms of the loss of optimum production shall be covered over the next 6 months.

## **FUTURE OUTLOOK**

As anticipated, targeted & projected for the FDA approved - Food Contact Safe Organotin Stabilizers, for which your Company is the only producer in India and one of the very few across the globe, the Company has successfully initiated the process for tapping the potential embedded in the largest market place for the Organotin Stabilizers the U.S.A. & has been received well by the market due to its consistent quality of the materials.

The Company is working towards exceeding the projected vitals for the Organotin business in the year 2019-20. During the first half of the current financial year, we anticipate that the exports to the U.S.A. would exceed the targeted 300 MT and the annual target of 1000 MT for Organotin business is also expected to be marginally exceeded for the year.

The Company is expecting to grow this product with pace & poise to effectively tap the business opportunity. Organotin as promising as it seemed a few years back, will be the driving force for the Company in achieving the planned projections for the specialty chemicals business during the next 3-5 years at least. The Company is accelerating in the direction towards accomplishment of the similar futuristic & promising business ideas including the cPVC.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') Management Discussion and Analysis report ("**MD&A Report**") providing a detailed overview of your Company's performance, industry trends, business and risks involved is provided separately and is forming part of the Annual Report.

## **SUBSIDIARY COMPANIES, JOINT VENTURE AND CONSOLIDATED FINANCIAL STATEMENTS**

Your Company does not have a subsidiary, joint venture or associates, hence reporting requirements are not applicable.

## **DIVIDEND**

Your Directors recommend payment of Dividend @5% of i.e. Rs. 0.05 (five paisa) per equity share of Re. 1/- each. Dividend, if approved by the Members of the Company at the ensuing Annual General Meeting, shall be payable on the outstanding equity share capital as at the Record Date i.e. 20th September, 2019. The outflow on account of equity dividend and the tax on dividend distribution aggregates to Rs. 1,69,23,411/-.

## **GOVERNANCE AND ETHICS**

Governance is not an action but a continuous endeavor which reflects in practices being followed by an Organization. Your Company strongly believes in developing best corporate governance policies and procedures based on principals of fair and transparent disclosures, equity, accountability and responsibility.

A detailed report on Corporate Governance, in terms of Regulation 34 of the Listing Regulations is forming part of the Annual Report. A certificate confirming compliance with requirements of Corporate Governance as enumerated under the extant provisions of Listing Regulations issued by Ms. Teena Rani, Partner, MSTR & Associates, Company Secretaries is also annexed to the said report.

**SOCIAL RESPONSIBILITY AND SUSTAINABILITY**

As a corporate citizen, your Company takes pride in its Corporate Social Responsibility (CSR) and sustainability initiatives and practices. The Company has duly constituted a Committee under the nomenclature of Corporate Social Responsibility Committee consisting of majority of non-executive independent Directors. The Committee has developed Corporate Social Responsibility Policy of the Company and is monitoring implementation of the same. The CSR Committee reports to the Board. The said CSR policy of the Company is also available on the Website of the Company at [www.vikasecotech.com](http://www.vikasecotech.com)

During the year under review, the Company undertook CSR initiative for the cause of Education through “St. Kabir Educational Society” aggregating to Rs. 90,00,000/-. The Annual Report on Company’s CSR activities is attached to this report.

**BOARD OF DIRECTORS**

The Board of Directors provide strategic direction and supervision to an organization. Your Company’s Board consists of learned professionals and experienced individuals from different fields. Presently, your Board comprises of Seven Directors of whom two are executive, one is non-executive and four are Independent Directors including one women Director. The Board met 4 (four) times during the year, details pertaining to Board and Committee Meetings held during the year are detailed in Corporate Governance Report.

Mr. Ravi Kumar Gupta and Mr. Gyan Prakash Govil were inducted in the Board as Additional Directors under category of Independent Directors of the Company by the Board w.e.f. 14<sup>th</sup> February, 2019 and 28<sup>th</sup> June, 2019, respectively. Being additional Directors, they shall vacate office at the commencement of ensuing Annual General Meeting. Your Board has recommended their appointment as Independent Directors and your approval is being sought as part of business to be transacted at the Meeting.

Mr. Devender Kumar Garg, Wholetime Director retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. Disclosures in terms of Regulation 36 of Listing Regulations and Secretarial Standards on General Meeting are forming part of AGM Notice in respect of Directors proposed to be appointed / re-appointed.

Mr. Ashutosh Kumar Verma, Wholetime Director and Chief Executive Officer of the Company resigned with effect from 28<sup>th</sup> June, 2019. Mr. Madan Mohan Mandal and Mr. Manoj Singhal, Independent Directors of the Company also resigned from the Directorship citing their personal reasons on 8<sup>th</sup> October, 2018 and 5<sup>th</sup> July, 2019, respectively. The Board is grateful for their support and places on record its appreciation for the responsibilities shouldered by them in their respective roles.

**DECLARATION OF INDEPENDENCE**

The Independent Directors have confirmed that they meet the criteria of Independence as stipulated under Section 149(6) of the Companies Act, 2013 read with the Regulation 16 (1) (c) of the Listing Regulations and they are not aware of any circumstances or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence as an Independent Director of the Company.

The Board conforms to the declaration of the Independent Directors and there being no doubts as to veracity of the same, places the same on record.

**BOARD COMMITTEES**

In compliance with the requirements of Companies Act, 2013 and Listing Regulations your Board had constituted various Board Committees including Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Details of the constitution of these Committees, which are in accordance with regulatory requirements, have been uploaded on the website of the Company viz. [www.vikasecotech.com](http://www.vikasecotech.com). Details of scope, constitution, terms of reference, number of meetings held during the year under review along with attendance of Committee Members are provided under Corporate Governance Report forming part of the Annual Report.

**BOARD EVALUATION**

In line with the statutory requirements enshrined under the Companies Act, 2013 and the Listing Regulations, the Board carried out a performance evaluation of itself, its Committees, the Chairman and each of the other Directors. The performance evaluation was carried out on the basis of framework approved by the Nomination and Remuneration Committee. The Committee had unanimously consented for an 'in-house' review built on suggestive parameters. Based on the suggestive parameters approved by the Nomination and Remuneration Committee, the following evaluations were carried out:

Review of performance of the non-independent Directors and Board as a whole by Independent Directors.

Review of the performance of the Chairperson by the Independent Directors.

Review of Board as a whole by all the Members of the Board.

Review of all Board Committees by all the Members of the Board.

Review of Individual Directors by rest of the Board Members except the Director being evaluated.

**KEY MANAGERIAL PERSONNEL**

Apart from executive Directors, your Company has following key managerial personnel:

**Chief Executive Officer**

Consequent to resignation of Mr. Ashutosh Kumar Verma, Whole time Director and Chief Executive Officer of the Company, Mr. Dinesh Bhardwaj has been appointed as a non-director Chief Executive Officer of the Company effective 28<sup>th</sup> June, 2019.

**Chief Financial Officer**

Mr. Amit Dhuria has been appointed and continuing as Chief Financial Officer of your Company effective 30<sup>th</sup> May, 2018.

**Company Secretary**

Mr. Siddharth Aggarwal resigned from office of Company Secretary and Compliance Officer on 21<sup>st</sup> December, 2018. Ms. Preeti Rai was thereafter appointed as Compliance Officer effective 22<sup>nd</sup> December, 2018 and also as Company Secretary w.e.f. 14<sup>th</sup> February, 2019. however she tendered her resignation effective 3<sup>rd</sup> August, 2019.

Your Board has considered and approved appointment of Ms. Pooja Vanjani as Company Secretary and Compliance Officer w.e.f. 19<sup>th</sup> August, 2019.

**AUDIT AND AUDITORS**
**Statutory Audit**

M/s KSMC & Associates, Chartered Accountants, are Statutory Auditors of the Company pursuant to Members' approval obtained at the 31<sup>st</sup> Annual General Meeting held on 30<sup>th</sup> September, 2016. Their term of appointment is five years and accordingly, they shall hold office till conclusion of the 36<sup>th</sup> Annual General Meeting of the Company. The financial results of the Company are subject to limited review by the Auditors on quarterly basis and Company's financial statements are audited on annual basis.

There are no qualifications, reservations or adverse remarks in the Report issued by M/s KSMC & Associates, Statutory Auditors, for the financial year ended 31<sup>st</sup> March, 2019. The Statutory Auditors have also not reported any incident of fraud to the Audit Committee during the year under review. Remarks made in the Auditors' Report are self-explanatory and do not call for any further comments from your Directors.

**Secretarial Audit and Secretarial Compliance Report**

M/s. MSTR & Associates, Company Secretaries were appointed as the Secretarial Auditors of your Company to carry out the Secretarial Audit for the financial year under review. The Secretarial Audit Report issued by the Secretarial Auditors in Form No. MR-3 is annexed with this Report. There are no qualifications or reservations in the Secretarial Audit Report requiring any comments from your Directors.



In terms of extant provisions of Listing Regulations read with SEBI circulars issued on the subject, a Secretarial Compliance Report was also obtained by the Company from the Secretarial Auditors and the same was also intimated to the Stock Exchange. There are no qualifications or reservations in the said report and the same is also attached with the Secretarial Audit report.

**Cost Audit**

As per the extant provisions of Section 148 of the Companies Act, 2013, the cost records for the products requiring cost audit has been maintained by the Company in a timely and proper manner, the same was also made available to the Cost Auditors of the Company for their audit. M/s. JSN & Co., Cost Accountants, were engaged to carry out Audit of Cost Records of the Company during Financial Year 2018-19.

Requisite proposal for approval of the Members seeking ratification of remuneration payable to the Cost Auditor for FY 2018-19 forms part of the Notice of the Annual General Meeting.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(3) (c) of the Companies Act, 2013, the Directors to the best of their knowledge hereby state and confirm that:

- a) The Financial Statements of the Company - comprising of the Balance Sheet as at 31<sup>st</sup> March, 2019 and the Statement of Profit & Loss for the year ended on that date, have been prepared on a going concern basis;
- b) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- c) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- d) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- e) the internal financial controls to be followed by the company were laid down and such internal financial controls were adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**VIGIL MECHANISM**

The Board of Directors of the Company has established a Policy on Vigil Mechanism for the Directors and Employees of the Company to report their genuine concerns or grievances relating to actual or suspected fraud, unethical behavior, violation of the Company's Code of Conduct or Ethics Policy, and any other event which would adversely affect the interests of the business of the Company. Direct access is provided to the whistle blowers to reach Chairman of the Audit Committee on reporting issues concerning the interests of co-employees and the Company. The Company has also provided adequate safeguards against victimization of employees and directors who express their concerns. The copy of Company's vigil mechanism is available at the website of the Company <https://www.vikasecotech.com>.

**REPORTING UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

Your Company believes in principles of gender equality and endeavors to provide a healthy and respectable work environment. It has developed a framework for employees to report sexual harassment cases at workplace and its process ensures complete anonymity and confidentiality of information. During the year under review, no complaints of any event / occurrence of an act of sexual harassment was reported / noticed by the management.

## **RELATED PARTY TRANSACTIONS**

Your Company follows the practice of undertaking related party transactions only in the ordinary and normal course of business and at arm's length basis as part of its philosophy of adhering to highest ethical standards, transparency and accountability. In line with the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has approved a policy on related party transactions. The same is available on the Company's website <https://www.vikasecotech.com>.

Omnibus approval of the Audit Committee and the Board is obtained for the transactions which are of a foreseeable and repetitive nature, in all other cases prior approval of Audit Committee is taken for entering into a related party transaction. All Related Party Transactions are placed on a quarterly basis before the Audit Committee and before the Board for their review.

During the year, no material contracts / contracts or arrangements with related parties non in Ordinary course of business or on arm's length basis were entered, hence no reporting under Form AOC-2 is required. Details of related party transactions are provided under notes to financial statements.

## **INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY**

The Audit Committee and Board periodically reviews adequacy of Company's checks and controls for risk management. The Board has developed a Risk Management Policy which identifies elements of business & other risks involved and constantly works towards curbing the same. Adequacy of internal financial controls with reference to the Financial Statements is also assessed and reviewed periodically. Your Board is of the view that the existing internal control framework is adequate and commensurate to the size and nature of the business of the Company.

In addition, testing of adequacy of internal controls was also carried out independently by the Statutory Auditors of the Company.

## **OTHER DISCLOSURES**

### **Details of Significant and Material Orders Passed by the regulators/Courts/Tribunals impacting the Going Concern Status and the Company's Operations in Future**

There are no significant and material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

**A certificate confirming that none of the Directors of the Company have been disqualified for appointment as such under the extant provisions of Companies Act, 2013 and Listing Regulations issued by Ms. Teena Rani, Partner, MSTR & Associates, Company Secretaries is also annexed to the Corporate Governance Report.**

### **Particulars Regarding Conservation of Energy and Research and Development and Technology Absorption**

Details of steps taken by your Company to conserve energy through its "Sustainability" initiatives, Research and Development and Technology Absorption have been disclosed as part of the Annual Report.

### **Remuneration of Directors, Key Managerial Personnel and Particulars of Employees**

Disclosures pertaining to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 are forming part of the Annual Report.

### **Annual Return**

Annual Return pursuant to Section 92(3) of the Companies Act, 2013, for the year ended 31<sup>st</sup> March, 2019 has been placed on the website of the Company at <https://www.vikasecotech.com>.

### **Particulars of Loans, Guarantees or Investments**

In terms of Section 186 of the Companies Act, 2013, particulars of inter-corporate loans, guarantees and investments are provided in the notes to Financial Statements.

**Deposits**

The Company has neither accepted any deposits during the year under review nor has any outstanding deposits from any of earlier years for repayment.

**Secretarial Standards**

During the year under review the Company has complied with all applicable Secretarial Standards issued by Institute of Company Secretaries of India.

**Remuneration Policy**

The Company has a remuneration policy which provides for basis for fixation of remuneration of Directors, Key Managerial Personnel and Senior Management Officials of the Company. The remuneration policy of the Company is largely based on factors like hierarchy, industry practices and performance of respective individuals. The policy is available on the website of the Company at <https://www.vikasecotech.com>.

The Board expresses its gratitude to all the customers, shareholders, suppliers, bankers, business partners/ associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company and its sincere appreciation to all the employees of the Company for their hard work and commitment. Their dedication and competence has ensured that the Company continues to be a significant and leading player in the industry. We look forward to continued support from all ends.

**For and on behalf of Board  
For Vikas EcoTech Limited**

**Sd/-  
Sumer Chand Tayal  
(Director)  
DIN: 00255661**

**Sd/-  
Vikas Garg  
(Managing Director)  
DIN: 00255413**

**Place: New Delhi  
Date: 14.08.2019**

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)**

A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programs.	Pursuant to Section 135 of the Companies Act, 2013, the Corporate Social Responsibility Committee of the Board had approved a CSR Policy with primary focus on Education, Healthcare, Women Empowerment and Sports. Besides these focus areas the Company shall also undertake any other CSR activities listed in Schedule VII of the Companies Act, 2013.  The CSR Policy of the Company can be accessed at <a href="http://www.vikasecotech.com">www.vikasecotech.com</a> .
The Composition of the CSR Committee.	The CSR Committee of the Board comprises of 3 Directors. Mr. Ravi Kumar Gupta, Non-Executive Independent Director is the Chairman of the Committee while Mr. Sumer Chand Tayal, Non-Executive Independent Director & Mr. Vikas Garg, Managing Director are its Members.
Average net profit of the Company for last three financial years	Rs. 38,99,45,224
Prescribed CSR expenditure (two percent of the average net profits for last three years)	Rs. 77,98,904
Details of CSR spent during FY	Rs. 90,00,000
Amount spent	Rs. 90,00,000
Unspent amount	NIL
Areas where spent	As detailed in Annexure A

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or Activity Identified	Sector in which the project is covered	Project or Program (1) Local Area or Other (2) Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the Projects or Programs Sub Heads: (1) Direct Expenditure on Projects or Programs (2) Overheads	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through Implementing Agency
1.	Promotion of Education	Education	Local Area, Delhi /NCR	Rs. 90,00,000/-	Direct Exp. Rs. 90,00,000	Rs. 90,00,000/-	Through registered trust / society

Note: CSR spend mentioned herein are amount contributed / remitted by the Company to NGO's or implementing agencies mentioned above, which may or may not be fully utilized toward purposes mentioned above.

The CSR committee hereby certifies that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

**For and on behalf of Board  
For Vikas EcoTech Limited**

**Sd/-  
Sumer Chand Tayal  
(Director)  
DIN: 00255661**

**Sd/-  
Vikas Garg  
(Managing Director)  
DIN: 00255413**

**Place: New Delhi  
Date: 14.08.2019**

**Form No. MR-3**

**Secretarial Audit Report**

**For the Financial year ended 2018-19**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,

**The Members,**

**VIKAS ECOTECH LIMITED,**

**34/1 VIKAS APARTMENT SEAST PUNJABI BAGH DELHI DL 110026 IN**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **VIKAS ECOTECH LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my Opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **VIKAS ECOTECH LIMITED** for the financial year ended on **31<sup>st</sup> March, 2019** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings (No Fresh FDI, ODI and ECB was taken by the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India as amended from time to time.
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

- 1) Pursuant to Section 203 of the Companies Act, 2013, the Company has duly appointed a Company Secretary in whole time employment; However, Mr. Siddharth Agrawal resigned from the post**

**of Company Secretary and Compliance officer w.e.f. 21.12.2018 and in place of him Ms. Preeti Rai was appointed as Compliance Officer w.e.f. 22.12.2018 and also as Company Secretary w.e.f. 14.02.2019**

- 2) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except that there was a delay of 37 days in filling the casual vacancy in the office of Independent Director by the Company, the same is reported in detail under Secretarial Compliance Report
- 3) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- 4) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Further, the Company has duly filed applicable forms and returns with the Registrar of Companies, Delhi & Haryana / Ministry of Corporate Affairs within the prescribed time or with additional fee in cases of delayed filings. Few forms / returns which were due for filing during the financial year 2018-19, including Form IEPF 1, is yet to be filed by the Company, the management has assured compliance with the same.

We further report that during the audit period, there were no instances of:

- (i) Public/Right/Preferential issue of shares / debentures/sweat Equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc. **(This is to be noted that the Company has hived off its "High Volume Recycled Compounds and Trading Division" through demerger vide Scheme of Arrangement entered with Vikas Multicorp Limited which acquired the same by amalgamation)**
- (v) Foreign technical collaborations

This Report is to be read with our letter of even date which is annexed as "Annexure 1" and forms an integral part of this report.

**For MSTR & Associates  
Companies Secretaries**

**Sd/-  
Teena Rani  
Partner  
M. No. 40050  
COP No. 21768**

**Place: New Delhi  
Date: 14.08.2019**

**"Annexure 1"**

To,

**The Members,**

**VIKAS ECOTECH LIMITED,**

**34/1 VIKAS APARTMENTSEAST PUNJABI BAGH DELHI DL 110026 IN**

**Sub: Secretarial Audit for the Financial Year ended March 31, 2019 of even date is to be read with this letter**

- 1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For MSTR & Associates  
Companies Secretaries**

**Sd/-  
Teena Rani  
Partner  
M. No. 40050  
COP No. 21768**

**Place: New Delhi**

**Date: 14.08.2019**

**Secretarial Compliance Report**

of VIKAS ECOTECH LIMITED for the year ended 31<sup>st</sup> March, 2019

We, MSTR & Associates, Company Secretaries, having our office at 105 & 302, C-2/4, Pragati Market, Ashok Vihar Phase II, Delhi-110052 have examined:

- (a) all the documents and records made available to us and explanation provided by VIKAS ECOTECH LIMITED (“the listed entity”),
- (b) the filings/ submissions made by the listed entity to the stock exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31<sup>st</sup> March, 2019 (“Review Period”) in respect of compliance with the provisions of :
  - (a) the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
  - (b) the Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018\*;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018\*;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014\*;
- (f) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

**\*No event took place under these Regulations during the review period.**

and based on the above examination, We hereby report that, during the Review Period:

- (a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No	Compliance Requirement (Regulations/ circulars /guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1.	Regulation 17 (1) read with Regulation 25 (6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015	Delay in filling of casual vacancy in the office of Independent Director.	Casual vacancy arising in the office of Independent Director on 8 <sup>th</sup> October, 2018 and was filled on 14 <sup>th</sup> February, 2019 i.e. by delay of 37 days.

- (b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.
- (c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued there under:



Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1.	Action Taken by Stock Exchanges (BSE Limited and National Stock Exchange of India Limited) on the Company	Regulation 17 (1) of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015	Fine @Rs. 5000/- per day for 37 days aggregating to Rs. 1,85,000/- plus taxes has been levied by BSE Limited and National Stock Exchange of India Limited respectively vide their notices dated May 2, 2019, in terms of SEBI Circular dated May 3, 2018.	The Company has paid the penalty under protest within due timeline.

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31 <sup>st</sup> March, 2019	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
Not Applicable - This being the first reporting period since the notification of the requirement to submit the present report.				

We further state that during the period under review, the listed entity had also received an investigation notice from SEBI with respect trading in its securities on 12<sup>th</sup> October, 2018 to which Company had responded by furnishing desired information/ details in due course. No further notice / query have been received from SEBI in this regard.

**For MSTR & Associates  
Companies Secretaries**

**Sd/-  
Teena Rani  
Partner  
M. No. 40050  
COP No. 21768**

**Place: New Delhi  
Date: 30.05.2019**

## CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION

### Energy Conservation measures taken, Steps taken for utilizing alternate source of energy, Capital investment on energy conservation equipment:

The Company had commissioned 300 KW of solar panels at Rajasthan and had installed a centralized power house on a single High Tension line in place of separate connections for individual unit at its manufacturing facility in Rajasthan . Both these measures had improve efficiency and cost savings for the company.

The company commissioned three dry cutting machines. This will help in generation of cost savings and water conservation for the company and the society.

These are specifically designed panels ensuring optimum use of the electricity being consumed at our factories.

The power factor calculations on our electricity consumption calculations show that VEL is nearing perfect results in getting the best output from the electrical energy consumed in the plants.

The Company closely monitors the throughput of all the machines to ensure that every part of the electrical energy consumed is justified with nearly nil wastage of energy.

Proper production planning also contributes positively to avoid wastage of electrical energy & optimum outputs.

Water conservation, Water extraction, storage, desalinization (softening hard water, filtration for further use in process) also involve a considerable consumptions of electrical energy.

The Company plants have the rainwater harvesting systems in place which not only help conserve water but also the electrical energy involved in extraction of the volume of water thus collected.

The Company shall continue its endeavors to improve energy conservation and utilization

### TECHNOLOGY ABSORPTION

#### 1) Efforts made in technology absorption & Benefits derived:

Major initiatives are being taken to upgrade the various processes by making use of latest and better techniques. Efforts are being made to make best use of available infrastructure and at the same time importing new technology to bring out efficiency and economy. As a step towards it, the Company has procured highly sophisticated machinery for its newly set up plant at Shahjahanpur, Rajasthan, for commencing production of an additional range of Polymer Additives.

#### **Research & Development (R & D)**

- a) **Specific Areas in which R & D carried out by the Company:** During the year, the Company has inclined its efforts in the development of its production efficiency by improving its methods and technology.
- b) **Benefits derived as a result of above R & D:** Increased in market share.
- c) **Future Plan of Action/Expansions Plans:** As the relevant industry is gearing up to cater to the growing demand, Vikas EcoTech Limited, is all set to expand their business in a big way in the coming years. The company is also progressive in installation of additional line to increase the production of Polymer and Polyester Compound at its existing plant located at Shahjahanpur, Alwar, Rajasthan.

With a host of expansion plans, the Company is confident of achieving new heights in the coming years.

#### 2) Imported Technology (imported during last 3 years reckoned from beginning of the financial year) None.

#### 3) Expenditure incurred on Research and Development (R&D)

The Company has not incurred any expenditure (including capital and revenue expenses) towards Research and Development.

### **FOREIGN EXCHANGE, EARNINGS AND OUTGO**

During the Financial Year 2018-19 the Company had foreign exchange earnings of Rs. 9868.60 Lacs and outgo of Rs. 8845.39 Lacs

**DISCLOSURE ON MANAGERIAL REMUNERATION PURSUANT TO SECTION 197 READ WITH RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

Remuneration of each Director and Key Managerial Personnel (KMP) along with particulars of increase during the financial year, ratio of remuneration of Directors to the Median remuneration of employees and comparison of remuneration of each KMP against Company's standalone performance:

Title	Remuneration in F.Y. 2018-19 (Rs. In Lacs)	Remuneration in F.Y. 2017-18 (Rs. In Lacs)	No. of Stock options/ RSUs granted in F.Y. 2018-19	% increase of remuneration in 2018-19 as compared to 2017-18	Excl. MP	Incl. MP	Ratio of remuneration to	
					Ratio of remuneration to MRE	Ratio of remuneration to MRE and MP	Revenues (F.Y. 2018-19)	Net Profit (F.Y. 2018-19)
Whole-Time Director and CEO	22.77	22.80	-	(0.13%)	7.65:1	7.25:1	0.09%	1.39%
Director	16.10	9.70	-	65.98%	5.41:1	5.12:1	0.07%	0.98%
Chief Financial Officer	16.99	15.05	-	12.89%	5.71:1	5.41:1	0.07%	1.04%
Managing Director	12.00	12.00	-	0.00%	4.03:1	3.82:1	0.05%	0.73%
Company Secretary	4.52	5.17	-	(12.57%)	1.52:1	1.44:1	0.02%	0.28%

The Median Remuneration of Employees (MRE) excluding Managerial Personnel (MP) was Rs. 2,97,480/- and Rs. 2,25,065/- in F.Y. 2018-19 and F.Y. 2017-18 respectively. The percentage increase in MRE (excluding MP) for FY 2018-19 in comparison to previous financial year is approx. 24%.

The Median Remuneration of Employees (MRE) including Managerial Personnel (MP) was Rs. 3,14,268/- and Rs. 2,45,565/- in F.Y. 2018-19 and F.Y. 2017-18 respectively. The percentage increase in MRE (including MP) for FY 2018-19 in comparison to previous financial year is approx. 22%.

The number of permanent employees on the rolls of the Company as of March 31, 2019 and March 31, 2018 was 139 and 145 respectively.

**For and on behalf of Board  
For Vikas EcoTech Limited**

**Sd/-  
Sumer Chand Tayal  
(Director)  
DIN: 00255661**

**Sd/-  
Vikas Garg  
(Managing Director)  
DIN: 00255413**

**Place: New Delhi  
Date: 14.08.2019**

## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

Your Directors' present Management Discussion and Analysis Report for the financial year 2018-19. Your Company recently completed its impending demerger and transfer of 'Recycled and Trading Compounds Division' to group concern 'Vikas Multicorp Limited' through corporate restructuring. And accordingly, the members of the Company were allotted equity shares of Vikas Multicorp Limited in the ratio of 1:1.

With the completion of aforesaid demerger, your Company is now operating in domain of Speciality additives and Rubber-Plastic Compounds only. The present report focuses on these two business areas.

### ***Industry structure, Developments, Opportunities and Threats***

Constant rise of population globally has not only resulted in scarcity of land and other resources but also has elevated food security concerns especially in underdeveloped and developing countries due to improper storage infrastructure and food grains distribution. This in turn shall lead to an increasing high yield-enhancing agrochemicals demand owing to propel speciality chemicals market share over the forecast timeframe.

According to the World Bank, farmers may have to upscale their yield by 50% per hectare by 2050 owing to boost agrochemicals, such as fungicides, demand by 2024. On the other hand, the global specialty fuel additives market size was valued at USD 6.15 billion in 2015 and has been expected to grow at a CAGR of 7.1% from 2016 to 2024. Also the global plastic compounds market size was estimated at USD 56.86 billion in 2018 and is projected to expand at a CAGR of 6.7% from 2019 to 2026. Increasing substitution for glass, metals, wood, natural rubber and man-made materials, such as concrete, is anticipated to drive the growth. The demand for plastic is rising owing to the various industrial applications due to its versatile benefits, easy moulding and ability to form desired shape.

In view of growing awareness of environment protection and initiatives taken by the Governments' worldwide demand for low emission and efficient energy source from the manufacturing, aviation and automobiles along with the stringent environmental regulations are projected to boost the market growth. This shall further lead an increased use of speciality additives across the world, which is expected to curb harmful gas emissions and help enhance efficiency of gasoline, distillates, diesel and other fuels as it reduces combustion and burn rate in high temperatures and avoids dreadful emissions of pollutants.

In an Indian Market perspective, India's speciality chemicals industry is valued at about USD 25 billion and has successfully delivered 13 per cent growth over the past five years, primarily led by domestic consumption. By constituting about 3 percent of the global speciality chemicals market, this sector has great potential and is projected to further grow 6-7 percent by 2023 with market size in the range of USD 80-100 billion. As per an estimate of the Indian government, the per capita plastics consumption will be doubled by 2022, this will result in presumably a surrogate measure for economic advancement and increased advanced manufacturing. With an increased plastic manufacturing and consumption, India is also seen as one of the biggest markets for Plastic Compounds business.

While opportunities of growth are in abundance both in domestic market and for exports, however the critical success factor for the Company's products are their capability to provide varied application at a favourable price-performance ratio. The cost centre in this sector is in the areas of product development and marketing activities, hence the focus on improving products and usage intensity of speciality chemicals, to develop new products to give them a competitive edge in the marketplace, with unique features and benefits.

One of the main challenges is to focus on taking the industry to the Green zone – Eco-friendly products and processes, addressing the pollution issues and to ensure zero discharge in water and air. This also requires development of proper technology that helps in moving towards green zone. Other systemic challenges of the sector are fragmentation and lack of scale, commoditization and regulations. Continuous endeavours are necessary to maintain Company's ability to scale up, offering of differentiated products through innovation, implementing an effective sales and marketing strategy and high levels of regulatory standards at all times.

### ***Segment / Product wise Performance & Future Outlook***

The Company operates under single segment which is manufacturing and trading of speciality additives including agrochemicals and rubber-plastic and polymer compounds. Product wise performance of the Company is discussed hereunder:

**SPECIALITY ADDITIVES**

Your Company is a leading manufacturer of speciality additives as we derive our competitive edge from our innovative products with real-world applications. We have a strong foothold in market which enables us to anticipate market trends ahead of the curve and respond with innovative solutions. Our extensive range of eco-friendly products are used in a variety of settings to enhance product performance. These are formulated to meet prescribed standards of safety, sustainability and quality.

Our exclusive range of eco-friendly stabilizers is set for a phase of high growth as policymakers in India firm up policies to phase out the usage of leaded stabilizers. The dialogue is also gaining momentum on a global platform as leading agencies are raising awareness about the inherent toxicity of metal-based stabilizers.

Accordingly, use of leaded stabilizers has witnessed a sharp decrease over the last three decades. Progressive nations across Americas, Europe and Asia have banned or voluntarily ceased the use of leaded stabilizers in PVC pipes. In FY19, the speciality additives contributed to 32% of the revenues at the Company. Some of the major highlights of the Company's products during the fiscal 2019 and Company's future outlook is discussed below:

**Organotin Stabilizers**

Organotin or Methyl Tin Mercaptide (MTM) continues to be the focus of our speciality additives segment. We are India's only indigenous manufacturer of organotin and among the eight global manufacturers of the additive.

In FY 2018, the Company entered US markets with the export of its flagship organotin stabilizers. Our products are certified by global agencies such as US Food & Drug Administration (FDA) and Intertek Deutschland GmbH, Germany. USA is the world's largest consumer of organotin – having banned leadbased stabilizers in the mid 1980's.

As the Company has successfully initiated the process for tapping the potential embedded in the largest market place for the Organotin Stabilizers the U.S.A. & has been received well by the market due to its consistent quality of the materials. The Company is now working towards the projected vitals for the Organotin business in the year 2019-20. During the first half of the current financial year, we anticipate that the exports to the U.S.A. would exceed the targeted 300 MT and the annual target of 1000 MT for Organotin business is also expected to be marginally exceeded for the year.

**CaZn Stabilizers**

During the last fiscal, the Company successfully designed & tried the new range of Eco-friendly Calcium Zinc (CaZn) Heat Stabilizer for PVC across various application areas like the PVC Rigid & Soft PVC Applications which have been included in the list with this new addition to the product mix offered by it. Now the Company is ready to start commercial scale production in anticipation of the huge demand that will be created with the implementation of the ban on Toxic Stabilizers.

Currently, the market for this compound is import-dependent with 70 percent of the requirements being traded in. The CaZn formulation promotes the government's 'Make in India' vision by offering an import substitute for essential additives.

**POLYMER COMPOUNDS**

Your Company is also a leading manufacturer of speciality rubber-plastic and polymer compounds. Our offerings under 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) backed by our robust R&D competencies and state-of-the-art manufacturing facilities.

We engineer high performance speciality 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 being faced by the industry.

In FY19, the polymer compounds accounted for 52% of the organization's revenues. Key highlights of the Company's products during the fiscal 2019 and way forward is discussed below:

**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, protective gear.

The Company is among India's leading manufacturers 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 & abrasion resistance. Consequently, we are the preferred TPR suppliers for leading footwear manufacturers. The Company kept its focus on expanding the reach of our TPR products to non-footwear industries. As a part of this strategy, we have added to OEM suppliers of leading automotive brands such as Maruti Suzuki, Yamaha Motors and Ford India to our TPR clientele.

#### **Thermoplastic Elastomer (TPE)**

TPE compounds comprise of 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 etc. The Company continued to enter into the medical devices segment for supply of its TPE compound to manufacturers of syringes and allied devices.

#### **Ethylene Vinyl Acetate (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 & cables. The Company continues to enlarge its EVA clientele and it includes leading brands such as Polycab, Shilpi, RR Kabel, Havells and KEI.

#### **Financial Performance**

The financials of the Company are restated after taking effect of demerger of its 'Recycled and Trading Compounds Division', consequently, the figures are not comparable from previous financial year. As on 31st March, 2019, the key financial indicators are discussed as under:

#### **Net worth**

The Company's net worth viz. paid up share capital, general reserves and retained earnings stood at Rs. 143.13 Crore. Details of the same are provided in notes to financial statements.

#### **Borrowings**

The Company's total borrowings aggregated to Rs. 157.51 Crore comprising of non-current borrowings of Rs. 24.91 Crore and current borrowings of Rs. 132.60 Crore. The details of borrowings is provided under note no. 17 of notes to financial statements. The debt - equity ratio of the Company as on 31<sup>st</sup> March, 2019 was 1.10:1.

#### **Trade Receivables & Trade Payables**

Trade receivables at the end of financial year was Rs. 164.89 Crore and trade payables aggregated to Rs. 60.31 Crore as detailed in notes to financial statements.

#### **Current Assets & Current Liabilities**

The Current Assets of the Company stood at Rs. 330.16 Crore whereas the current liabilities aggregated to Rs. 220.42 Crore. The Current Ratio of the Company as at 31<sup>st</sup> March, 2019 was 1.50:1.

#### **Earnings per Share**

The basic and diluted Earnings per Share (EPS) as at the end of financial year was 0.59.

#### **Risks, Concerns, Internal Control Systems and their Adequacy**

The major risk that concerns the Company is its business risk. The Company is subjected to a high business risk in terms of its high dependability on other Industries for demand of its products carrying the nature of raw materials.

Periodic checks are carried out on all systems and processes as part of internal audit. The Audit Committee and Board also periodically reviews adequacy of Company's checks and controls for risk management. The Board has developed a Risk Management Policy which identifies elements of business & other risks involved and constantly works towards curbing the same. Adequacy of internal financial controls with reference to the Financial Statements is also assessed and reviewed periodically.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The Statutory Auditors also evaluate the efficacy and adequacy of internal control systems including controls with respect to the financial statements, its compliance with operating systems, accounting procedures and policies in the Company. Corrective actions are undertaken basis findings of audits.

***Human Resource***

The Company places utmost importance on maintaining cordial employer-employee relations as Human Resource Capital is the most valuable asset for any organisation. A reward system has been developed by the Company to compensate efforts of all its employees adequately and recognize their contribution towards its growth. A remuneration policy has also been developed and adopted by the Company which provides for appointment and remuneration of Directors, Key Managerial Personnel and Senior Management. Key features of the policy are discussed as part of Board's Report and the policy is also available at website of the Company [www.vikasecotech.com](http://www.vikasecotech.com).

***Disclaimer***

Statements in the Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectations are "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax, corporate and other applicable laws together with the other incidental factors.

**CORPORATE GOVERNANCE REPORT**

**1) A brief statement on the company’s philosophy on code of governance:-**

Company’s governance framework is driven by the objective of enhancing long term stakeholder value without compromising on ethical standards and corporate social responsibilities. Efficient corporate governance requires a clear understanding of the respective roles of the Board of Directors (“Board”) and of senior management and their relationships with others in the corporate structure. The Company believes that the governance practices must ensure adherence and enforcement of the sound principles of Corporate Governance with the objectives of fairness, transparency, professionalism, trusteeship and accountability, while facilitating effective management of the businesses and efficiency in operations. The Board is committed to achieve and maintain highest standards of Corporate Governance on an ongoing basis.

A report on compliance with the principles of Corporate Governance as prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (The Listing Regulations) is given below:

**2) BOARD OF DIRECTORS**

As at March 31, 2019, the Board comprised of Four Executive Directors and Four Non-Executive Directors. The executive Directors included the Executive Chairman and Managing Director, two whole-time Directors and Chief Executive Officer (CEO) and whole-time Director. All the four Non-Executive Directors were Independent Directors including one women Director. As on date of this report, your Board comprised of Seven Directors of whom two are executive, one is non-executive and four are Independent Directors including one women Director and Chairman of the Company.

Your Company has a well-diversified Board, all the Independent Directors satisfy the criteria of independence as prescribed under the Companies Act, 2013 and the Listing Regulations. Detailed disclosures pertaining to Independence of Directors and changes in Board structure during the year are provided under Board’s Report. The profiles of all Directors are available on Company’s website at [www.vikasecotech.com](http://www.vikasecotech.com).

**a) Appointment of Directors**

As per the provisions of the Companies Act, 2013, the Independent Directors shall be appointed for not more than two terms of consecutive five years each and shall not be liable to retire by rotation.

Your Board has adopted the provisions with respect to appointment and tenure of Independent Directors is consistent with the requirements of the Companies Act, 2013 and the Listing Regulations. At the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a Director. The template of the letter of appointment is available on Company’s website at [www.vikasecotech.com](http://www.vikasecotech.com).

**b) Composition of the Board as on 31<sup>st</sup> March, 2019**

<b>Category of Directors</b>	<b>No of Directors</b>	<b>Percentage to total no of Directors</b>
Executive Director	4	50%
Non-Executive Independent Directors	4	50%
	8	100

During the financial year under review, 4 (Four) meetings of the Board were held on May 30, 2018, July 19, 2018, November 14, 2018 and February 14, 2019. The necessary quorum was present for all the meetings. The maximum interval between any two meetings did not exceed 120 days.

Particulars of Directors, their attendance at the Annual General Meeting and Board Meetings held during the Financial Year 2018-19 and also their other Directorships/Chairmanship held in Indian Public Companies and



Membership/Chairmanship of various Board Committees of other Indian Public Companies as at 31<sup>st</sup> March, 2019 are as under:

Name of Director	Board Meeting	Attendance at AGM	No of Directorships in other public Companies		No of Committee positions held in other public Companies as		Shareholding as at 31st March, 2019
			Listed	Unlisted	Member	Chairman	
Vikas Garg	4	YES	0	2	0	0	4,82,53,442
Vivek Garg <sup>1</sup>	3	YES	0	0	0	0	10,71,550
Sumer Chand Tayal	4	YES	0	0	0	0	15,650
Vibha Mahajan	1	NO	0	0	0	0	0
Ashutosh Kumar Verma <sup>2</sup>	4	YES	0	0	0	0	0
Manoj Singhal <sup>3</sup>	2	NO	0	5	1	0	0
Devender Kumar Garg	2	NO	0	1	0	0	62,640
Ravi Kumar Gupta <sup>4</sup>	Not Applicable		0	0	0	0	0
Madan Mohan Mandal <sup>5</sup>	1	0	0	0	0	0	0

1. Re-designated from Whole time Director to Non-Executive Director of the Company w.e.f. 28<sup>th</sup> June, 2019.
2. Ceased to be a Director w.e.f. 28<sup>th</sup> June, 2019.
3. Ceased to be a Director w.e.f. 5<sup>th</sup> July, 2019.
4. Appointed as additional Independent Director w.e.f. 14<sup>th</sup> February, 2019.
5. Ceased to be a Director w.e.f. 8<sup>th</sup> October, 2018.

None of the directors of the Company are related inter-se except for Mr. Vikas Garg, Managing Director and Mr. Vivek Garg, Whole-time Director being brothers, they are also Promoter Directors.

#### **MATRIX SETTING OUT THE SKILLS/EXPERTISE/COMPETENCE OF THE BOARD OF DIRECTORS**

The Board of Directors have identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Business	Understanding of business dynamics across various geographical markets, industry verticals and regulatory jurisdictions.
Strategy and Planning	Ability to strategize and plan for achievement of goals of the Company and implementation of the same.
Leadership & Management	Leadership experience, understanding of organization, its systems and processes and ability to lead and direct functions of the Company Management of men, machine and money including the risk involved.
Governance & Compliance	Insight of governance practices, serving the best interests of all stakeholders, accountability, building long term effective stakeholder engagements and driving corporate ethics and values.
Financial acumen	Understanding of financial data and ability to analysis and interpret figures, knowledge of finance as a function of organisation, ability to take decisions regarding procurement and usage of funds in most effective manner.

#### **BOARD PROCEDURE**

##### **Information Flow to the Board Members**

Information is provided to the Board Members on a continuous basis for their review, inputs and approval from time to time. More specifically, we present our annual Strategic Plan and Operating Plans of our business to the Board for their review, inputs and approval. Likewise, our quarterly financial results and annual financial results are first presented to the Audit Committee and subsequently to the Board of Directors for their approval. In addition, specific cases of acquisitions, important managerial decisions, material positive/negative developments and statutory matters are presented to the respective Committees of the Board and later with the recommendation of Committees to the Board for their approval.

As a system, in most cases, information to Directors is submitted along with the agenda papers well in advance of the Board meeting. Inputs and feedback of Board Members are taken and considered while preparation of agenda

and documents for the Board meeting.

The Board periodically reviews Compliance Reports in respect of various laws and regulations applicable to the Company.

### **BOARD COMMITTEES**

Our Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for information or approval.

During the financial year, the Board has accepted the recommendations of Committees on matters where such a recommendation is mandatorily required. There have been no instances where such recommendations have not been considered. There were four sub-committees of the Board as at March 31, 2019.

In compliance with the requirements of Regulation 25 of the Listing Regulations and Section 149 read with Schedule IV of the Companies Act, 2013, the Independent Directors of the Company met on July 19, 2018 to review performance of the Chairman, Managing Director and other Non-Independent Directors, evaluate performance of the Board and review flow of information between the management and the Board.

### **3) AUDIT COMMITTEE**

#### **Composition, Name of Members and Chairperson:**

The Audit Committee comprises 3 (Three) Non-Executive Independent Directors as members. All members are financially literate and possess sound knowledge of accounts, finance and audit matters. The Company Secretary of the Company acts as Secretary to the Audit Committee. The Statutory Auditors and Internal Auditors of the Company attend the Meetings of the Audit Committee on invitation of the Chairman of the Committee.

The Audit Committee met four times during the financial year 2018-19 on May 30, 2018, July 19, 2018, November 14, 2018 and February 14, 2019. The constitution of Committee as on 31<sup>st</sup> March, 2019 and details of attendance of members is as under:

<b>Name of Member</b>	<b>Category</b>	<b>Designation</b>	<b>Meetings Held</b>	<b>Meetings Attended</b>
Mr. Sumer Chand Tayal	Non-Executive Independent Director	Chairman	4	4
Mr. Manoj Singhal	Non-Executive Independent Director	Member	4	4
Mrs. Vibha Mahajan	Non-Executive Independent Director	Member	4	NIL

#### **The role of the Audit Committee shall include the following:**

The Audit Committee of the Board, reviews, acts on and reports to our Board with respect to various auditing and accounting matters. The primary responsibilities of the Committee, *inter alia*, are:

- Auditing and accounting matters, including recommending the appointment of our independent auditors to the shareholders.
- Compliance with legal and statutory requirements.
- Integrity of the Company's financial statements, discussions with the independent auditors regarding the scope of the annual audits, and fees to be paid to the independent auditors.
- Performance of the Company's internal audit function, independent auditors and accounting practices.
- Review of related party transactions and functioning of whistle blower mechanism; and
- Evaluation of internal financial controls and risk management systems and policies.

The Chairman of the Audit Committee was present at the Annual General Meeting held on September 28, 2018. All members of the Audit Committee are Independent Directors and financially literate. Statutory Auditors as well

as Internal Auditors are invited and attend meetings of the Audit Committee and periodic presentations are also made to the Audit Committee on various issues.

#### 4) **NOMINATION AND REMUNERATION COMMITTEE**

##### **Composition, Name of Members and Chairperson:**

The Nomination and Remuneration Committee comprises 3 (Three) Non-Executive Independent Directors including the Chairman. The Company Secretary of the Company acts as Secretary to the Nomination and Remuneration Committee. No meetings of the Committee were held during the year; however resolutions were passed through circulation as and when required. As on 31<sup>st</sup> March, 2019, the Nomination and Remuneration Committee comprised of Mr. Sumer Chand Tayal, as Chairman, Mr. Manoj Singhal and Mrs. Vibha Mahajan as Members.

##### **Brief description of terms of reference:**

The Nomination and Remuneration Committee determines on behalf of the Board and on behalf of the Shareholders, the Company's policy governing remuneration payable to the Directors, Key Managerial Personnel and Senior Management Officials as well as their nomination and appointment. The terms of reference of the Nomination and Remuneration Committee are as per the governing provisions of the Companies Act, 2013 (Section 178) and The Listing Regulations.

##### **Policy for Selection and Appointment of Directors and their Remuneration**

Nomination and Remuneration Committee has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors and payment of their remuneration.

The Committee considers, *inter alia*, the following attributes/criteria, whilst recommending to the Board the candidature for appointment as Independent Director:

- Qualification, expertise and experience in their respective fields such as Information Technology Business, Scientific Research & Development, International Markets, Leadership, Financial Analysis, Risk Management and Strategic Planning, etc.
- Personal characteristics which align with the Company's values, such as integrity, accountability, financial literacy, high performance standards, etc.
- Diversity of thought, experience, knowledge, perspective and gender in the Board.

In case of appointment of Independent Directors, the Committee satisfies itself about the independence of the Directors vis-à-vis the Company to enable the Board to discharge its functions and duties effectively. The Committee ensures that the candidates identified for appointment as Directors are not disqualified for appointment under Section 164 and other applicable provisions of the Companies Act, 2013. In case of re-appointment of Independent Directors, the Board takes into consideration the performance evaluation of the Independent Directors and their engagement level.

##### **Familiarization Programme and Training for Independent Directors**

At the time of appointment, the Company conducts familiarization programmes for an Independent Director through meetings with key officials including Chairman, Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and other senior business leaders. During these meetings, presentations are made on the roles and responsibilities, duties and obligations of the Board members, Company's business and strategy, financial reporting, governance and compliances and other related matters. Details regarding familiarization programme of Independent Directors is available on our website at [www.vikasecotech.com](http://www.vikasecotech.com).

The Independent Directors are given comprehensive presentations on various aspects such as business models, new strategic initiatives, risk minimization procedures, recent trends in technology, changes in domestic/ overseas industry scenario, and regulatory regime affecting the Company globally by the business heads and functional heads.

##### **Criteria of Making Payments to Non-Executive Directors**

The Non-Executive Directors are entitled to receive remuneration only by way of sitting fees for participation in the Board/Committee meetings within the overall limits prescribed under the Companies Act, 2013 and reimbursement of expenses for participation in Board/Committee meetings. Independent Directors are not entitled to participate

in the stock option schemes of the Company.

No other form of remuneration is paid to Non-Executive Directors either by way of commission or otherwise.

**Performance evaluation criteria for Independent Directors**

Performance of each of the Independent Directors are evaluated every year by the entire Board with respect to various factors like personal traits which include business understanding, communicate skills, ability to exercise objective judgement in the best interests of the Company and on specific criteria which include commitment, guidance to Management, deployment of knowledge and expertise, management of relationship with various stakeholders, independence of behaviour and judgment, maintenance of confidentiality and contribution to corporate governance practices within the Company.

**Details of Remuneration to Directors**

Details of remuneration paid to the Directors and stock options granted during the financial year 2018-19 are given below.

<b>Name of Directors</b>	<b>Amount</b>
Vikas Garg	12,00,000
Ashutosh Kumar Verma	22,77,163
Devender Kumar Garg	16,10,000
Sumer Chand Tayal	80,000
Madan Mohan Mandal	20,000

The Non-Executive Independent Directors of the Company do not have any other material pecuniary relationship or transactions with the Company or its Directors and Senior Management other than in the normal course of business.

**5) STAKEHOLDERS' RELATIONSHIP COMMITTEE**

**Composition of the Committee:**

The Stakeholders Relationship Committee comprises 3 (Three) members of which, the Chairman being Non-Executive and Independent. The Company Secretary of the Company acts as Secretary to the Stakeholders Relationship Committee. No meetings of the Committee were held during the year, however resolutions were passed through circulation as and when required. As on 31<sup>st</sup> March, 2019, the Stakeholders' Relationship Committee comprised of Mr. Sumer Chand Tayal, as Chairman, Mr. Vikas Garg and Mr. Vivek Garg as Members.

The Stakeholders relationship Committee carries out the role in compliance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The Committee is responsible for resolving investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate share certificates, transmission of shares and other shareholder related queries, complaints etc.

**a) Name and designation of Compliance Officer:**

Mr. Siddharth Agrawal Company Secretary and Manager- Corporate affairs was the Compliance Officer of the Company till December 21, 2018. Ms. Preeti Rai assumed this position effective December 22, 2018.

Presently, Ms. Pooja Vanjani is Company Secretary and Compliance Officer of the Company effective August 19, 2019. She assumed this position after resignation of Ms. Preeti Rai on August 3, 2019.

**b) Status of shareholders' complaints:**

During the year under review, only 2 (two) concerns, one pertaining to revalidation of dividend warrant and other seeking details from the Company, were received and resolved to the satisfaction of the Shareholders. The complaints / grievances of the shareholders were resolved within a maximum 30 days' time.

**c) Number of Investor Complaints remaining unresolved or not solved to the satisfaction of shareholders:**

None all complaints were resolved to the satisfaction of shareholders.

**d) Number of pending complaints:**

As at 31<sup>st</sup> March, 2019, no complaint was pending unresolved.

The Board of Directors had CSR Committee, an Executive Committee, Compensation Committee and Equity Warrant Committee as on 31<sup>st</sup> March, 2019. There were no meetings conducted for Equity Warrants Committee and Compensation Committee of the Board during the year. Composition of these committees is provided under Corporate Information Section of this Annual Report. Brief details of the role, terms of reference, composition and number of meetings held for other two Committees are as under:

**6) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility Committee was formed pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, to formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act, to recommend the amount of expenditure to be incurred on such activities and to monitor the Corporate Social Responsibility Policy of the Company from time to time. Annual report on CSR activities undertaken by the Company and amount spent during the year 2018-19 is forming part of Board’s Report and uploaded on the website of the Company. The Corporate Social Responsibility Policy of the Company is available on the website of the Company under ‘Company Policies’ in the ‘Corporate Governance’ section.

The Corporate Social Responsibility Committee comprises 3 (Three) members of which 2 (Two) are Non-Executive and Independent, the Chairman being Non-Executive and Independent. The Company Secretary of the Company acts as Secretary to the Corporate Social Responsibility Committee. One meeting of the Committee was held during the year on July 19, 2018, the Composition of Corporate Social Responsibility Committee as on 31<sup>st</sup> March, 2019, is given below:

<b>Name of Member</b>	<b>Designation</b>	<b>Meetings Held</b>	<b>Meeting Attended</b>
Mrs. Vibha Mahajan	Chairman	1	1
Mr. Sumer Chand Tayal	Member	1	1
Mr. Vikas Garg	Member	1	1

**7) EXECUTIVE COMMITTEE**

The role of the Executive Committee is to expeditiously decide business matters of routine nature and implementation of strategic decisions of the Board. The Committee functions within the approved framework and directions of the Board. The Committee also performs other activities as per the terms of reference approved by the Board. The Committee comprises 3 (Three) Executive Directors. The Company Secretary of the Company acts as Secretary to the Executive Committee. The Composition of Executive Committee as on 31<sup>st</sup> March, 2019, is given below:

<b>Name of Member</b>	<b>Designation</b>	<b>Meetings Held</b>	<b>Meeting Attended</b>
Mr. Vikas Garg	Chairman	12	12
Mr. Vivek Garg	Member	12	12
Mr. Ashutosh Kumar Verma	Member	12	12

**Governance Through Management process**

**Code of Conduct**

The Board and all senior management personnel of the Company are required to abide by the Code of Conduct as laid down by the Board ensuring minimum standards of Business and ethical Conduct. This Code outlines fundamental ethical considerations as well as specific considerations that need to be maintained for professional conduct. This Code has been displayed on the Company’s website at [www.vikasecotech.com](http://www.vikasecotech.com).

A declaration by the Chairman & Managing Director confirming that all the Directors and senior management personnel of the Company have affirmed compliance with Company’s Code of Conduct for the financial year ended March 31, 2019 is annexed at the end of this report.

**Code for Prevention of Insider Trading**

The Company has adopted a Code of Conduct to regulate, monitor and report trading by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015 and code for practices and procedures for fair disclosure of unpublished price sensitive information. The said codes have been altered in line with SEBI (Prohibition of Insider Trading) (Amendment), Regulations, 2018 effective 1<sup>st</sup> April, 2019. The altered code for practices and procedures for fair disclosure of unpublished price sensitive information was duly intimated to the Stock Exchanges and has been made available on the Company's website at [www.vikascotech.com](http://www.vikascotech.com).

#### ***Policy for Preservation of Documents***

Pursuant to the requirements under Regulation 9 of the Listing Regulations, the Board has formulated and approved a Document Retention Policy prescribing the manner of retaining the Company's documents and the time period up to certain documents are to be retained. The policy percolates to all levels of the organization who handle the prescribed categories of documents.

#### ***DISCLOSURES***

##### ***Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the year.***

The Company has complied with the requirements of the Stock Exchanges or SEBI on matters related to Capital Markets, as applicable, during the year. However there was a delay of 37 days in filling the casual vacancy in the office of one of the Independent Directors under the extant provisions of Listing Regulations against which the Company was imposed with a penalty by the Stock Exchanges vide their letter dated May 2, 2019 in terms of SEBI Circular dated May 3, 2018. Although the subject delay was inadvertent on part of the Company, penalties levied by the Stock Exchanges were duly paid in full within the prescribed time.

##### ***Disclosure of Materially Significant Related Party Transactions***

Detailed disclosure on Related Party Transactions including Company's policy has been made as part of Board's Report read with Financial Statements of the Company.

##### ***Whistle Blower Policy***

The Whistle Blower & Vigil Mechanism Policy approved by the Board has been implemented and no personnel has been denied access for making disclosure or report under the Policy to the Audit Committee. Detailed disclosure on vigil mechanism of the Company has been made under Board's Report.

##### ***Plant Location & Address for Correspondence***

Details of Plant locations and address of correspondence being corporate office of the Company are provided under Corporate Information section of Annual Report.

##### ***Certificate on Non-Disqualification of Directors***

A certificate from Practicing Company Secretary certifying that none of the Directors on the board of the Company have been debarred or disqualified from being appointed or continuing as a Director by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority forms part of the this report.

##### ***Total fees for all services paid by the Company to the Statutory Auditor and all entities in the network firm/network entity***

The total fees paid to Company's Auditors M/s. KSMC & Associates, Statutory Auditor by the Company for the Financial Year 2018-19 is Rs. 10 Lacs.

##### ***Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013***

During the financial year ended March 31, 2019, the Company has not received any complaint in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

##### ***CEO / CFO certification***

To comply with the Regulation 17(8) of Listing Regulations, the Chief Executive Officer and Chief Financial Officer has certified that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards. The said Certificate is also forming part of this Report.

**Compliance with Mandatory Requirements**

Your Company has complied with all the mandatory corporate governance requirements under the Listing Regulations. Specifically, your Company confirms compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub- regulation (2) of regulation 46 of the Listing Regulations except as stated or disclosed otherwise.

A Certificate from M/s MSTR & Associates, Practicing Company Secretary confirming compliance with the conditions of the Corporate Governance as stipulated under the Listing Regulations is forming part of this Report.

**Compliance with Non- Mandatory Requirements**

Your Company has also complied with many non- mandatory corporate governance requirements as prescribed under the Listing Regulations details of the same are as follows:

**1. Chairman**

The Board has recently appointed Mr. Gyan Prakash Govil, an Independent Director as Chairman of the Company effective 14<sup>th</sup> August, 2019 and thereby having a non-executive Chairman.

**2. Separation of office of CEO and Chairman**

The Company has an Independent Director as its Chairman and has also appointed a non-Director Chief Executive Officer to manage affairs of the Company.

**3. Modified Opinion(s) in Audit Report**

There is no modified opinion(s) in the Auditors Report for the financial year 2018-19 issued by the Auditors of the Company.

**4. Reporting of Internal Auditor**

The Internal Auditor reports to the Audit Committee.

**GENERAL SHAREHOLDER INFORMATION**

Date, Time and Venue of Shareholder’s Meeting	Meeting : Annual General Meeting Day & Date : Monday, 30 <sup>th</sup> September, 2019 Time : 11.30 A. M Venue : Haryana Maitri Bhawan Pitampura New Delhi-110034
Financial Year	2018-19
Record Date	20th September, 2019
Dividend Payment Date	On or after 05 <sup>th</sup> October, 2019
Registered office	Vikas Apartments, 34/1, East Punjabi Bagh, New Delhi-110026 Tel: 011-43144444 Website: www.vikasecotech.com
CIN	L65999DL1984PLC019465

Listing on Stock Exchanges	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400007 Scrip Code- 530961  National Stock Exchange of India Limited (NSE) “Exchange Plaza”, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051  Trading Symbol – VIKASECO The listing fees for the financial year 2018-19 have been duly paid by the Company.
Stock Code	BSE (530961) NSE (VIKASECO)
ISIN	INE806A01020
Registrar and Share Transfer Agent	Alankit Assignments Limited 4E/2, Jhandewalan Extension, New Delhi-110055 Tel. No. 011-42541234, 23541234 Email; info@alankit.com, rta@alankit.comwww.alankit.com

1) **GENERAL BODY MEETINGS**

a) **Location and time, where last three Annual /Extra-Ordinary General Meetings held:**

Financial year Date	Time	Venue	Special Resolution Passed
Friday, 30 <sup>th</sup> September, 2016	11.30 A.M	Haryana Maitri Bhawan, Pitampura, New Delhi	<ul style="list-style-type: none"> <li>Rescind the Employee Stock Option Scheme, 2011</li> <li>Appointment of Vikas Garg as Managing Director.</li> <li>Appointment of Vivek Garg as Whole-time Director.</li> </ul>
Wednesday, 23 <sup>rd</sup> November, 2016	11.00 A.M	5/2 Agarwal Bhawan Jaidev Park, East Punjabi Bagh, New Delhi110026	<ul style="list-style-type: none"> <li>Alteration of MOA in relation to Increase in Authorised Share Capital.</li> <li>Issue of 2,00,00,000 Equity shares on preferential basis.</li> </ul>
Wednesday, 15 <sup>th</sup> February, 2017	11.00 A.M	5/2 Agarwal Bhawan Jaidev Park, East Punjabi Bagh, New Delhi110026	<ul style="list-style-type: none"> <li>Issue of 2,56,60,000 Equity shares on preferential basis.</li> </ul>
Friday, 28 <sup>th</sup> September, 2018	11.30 A.M	Haryana Maitri Bhawan, Pitampura, New Delhi	None

**No resolution was passed through Postal Ballot during the year.**

2) **MEANS OF COMMUNICATION**

a) **Quarterly Results:**

The Company publishes limited reviewed un-audited financial results on quarterly basis. In respect of the fourth quarter, the Company publishes the audited financial results for the complete financial year.

b) **Newspapers wherein results normally published:**

The financial results are generally published in ‘Financial Express’ (English) and ‘Jansatta’ (Hindi).

c) **Website, where Displayed:**

The financial results and the official news releases are also placed on the Company’s website at www.vikasecotech.com in the ‘Investors’ section.

d) **Official news releases:**



The Company regularly publishes an information update on its financial results and also displays official news releases in the 'Investors' section under relevant sections.

**e) Dividend**

As required under the Listing Regulations, the Board of Directors have recommended payment of Equity Dividend @ 0.05 per share on paid up value of Re. 1 per share i.e. 5% on the paid up equity capital of the Company and such Equity Dividend shall be payable upon approval by the Members of the Company on the outstanding capital as on the Record Date.

Equity Dividend, if approved by Members at the ensuing Annual General Meeting, will be paid to all those equity shareholders whose name appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company or its Registrars on or before September 20th, 2019 and in the list of beneficial owners furnished by National Securities Depository Limited and/or Central Depository Services (India) Limited, in respect of shares held in electronic form, as at the end of the business on September 20th, 2019.

Final Dividend for the Financial Year ended March 31, 2012, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund on completion of seven years in October 2019. Members who have not encashed their dividend warrant(s) issued by the Company for any subsequent financial year(s), are requested to seek issue of duplicate warrant(s) by writing to the Registrar and Share Transfer Agent of the Company.

In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Company will be arranging to transfer the corresponding shares to IEPF, where the dividends for the last seven consecutive years have not been claimed by the concerned shareholders. The concerned shareholders, however, may claim the dividend and shares from IEPF.

**f) Change of Address**

Members holding equity share in physical form are requested to notify the change of address/dividend mandate, if any, to the Company's Registrar & Share Transfer Agent, at the address mentioned above. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding equity share in dematerialized form are requested to submit their PAN, notify the change of address/dividend mandate, if any, to their respective Depository Participant (DP). Members holding shares in physical form can submit their PAN, notify the change of address/dividend mandate, if any, to the Company/Registrar & Share Transfer Agent.

**SHARE TRANSFER SYSTEM**

Effective 1st April, 2019, transfer of Shares in physical form is not permissible under Listing Regulations. Shareholders are thus advised to convert their shares in Dematerialised /Electronic form. No transfer or allotment of shares will be approved in physical form. Transfer of Equity Shares in dematerialised form is done through depositories with no intervention of the Company.

**DEMATERIALIZATION OF SHARES & LIQUIDITY**

To facilitate trading of Equity and Preference shares of the Company in dematerialised form the Company has made arrangements with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shareholders can open account with any of the Depository Participant registered with any of these two depositories. As on March 31, 2019, 99.11% of the equity shares of the Company is in the dematerialized form. Entire equity shareholding of the promoters in the Company is held in dematerialized form.

**g) Stock Market Price Data - high, low during each month in last financial year:**

Price details monthly High-Low as compared with broad based Index.

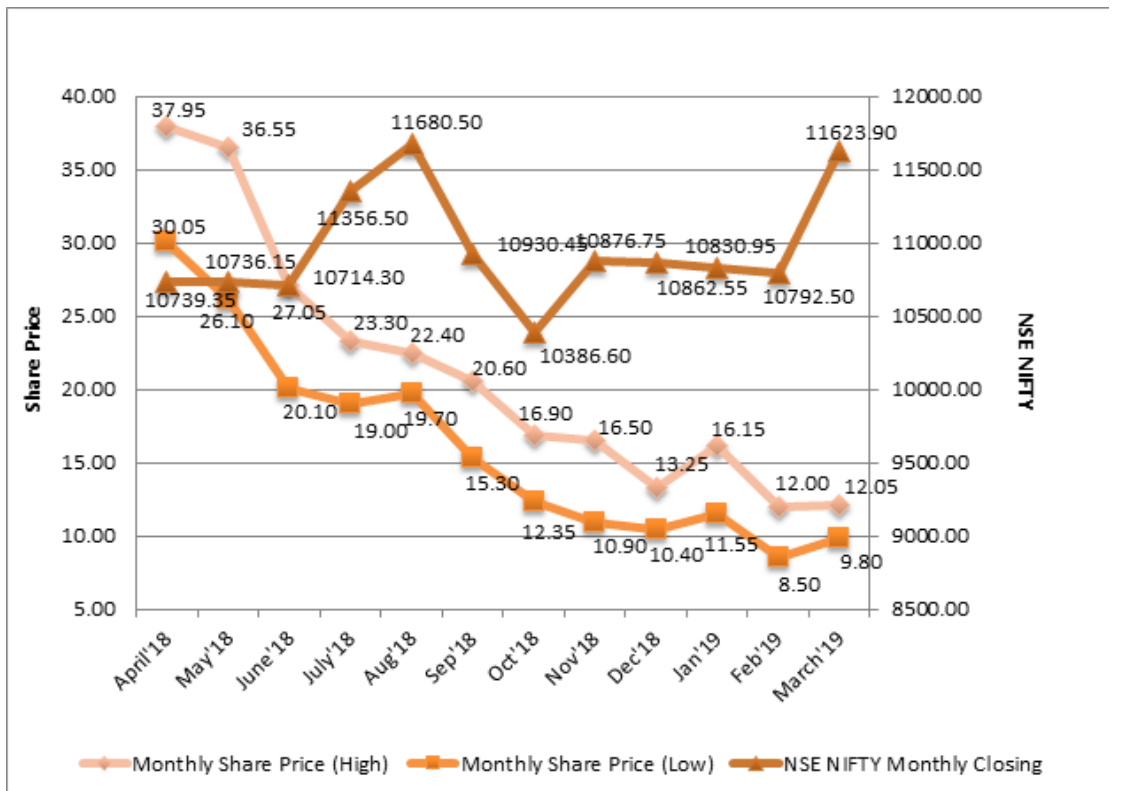
Stock trading details on NSE

NSE Scrip Code: VIKASECO

For the period: April, 2018-March, 2019

Month	Open	High	Low	Close	Total traded quantity	Turnover (in Rupees Lakhs)
April'18	30.10	37.95	30.05	36.30	6,01,73,206	21,084.58
May'18	36.55	36.55	26.10	27.45	3,08,10,594	9,541.69
June'18	22.00	27.05	20.10	21.40	7,03,64,954	16,177.28
July'18	21.60	23.30	19.00	20.65	3,41,24,823	7,190.67
Aug'18	21.10	22.40	19.70	19.95	2,93,27,634	6,046.49
Sep'18	20.20	20.60	15.30	15.75	3,14,77,179	5,616.19
Oct'18	15.00	16.90	12.35	14.00	2,74,01,571	4,089.80
Nov'18	14.00	16.50	10.90	10.90	2,40,12,106	3,466.68
Dec'18	10.50	13.25	10.40	11.85	2,11,46,379	2,579.47
Jan'19	11.90	16.15	11.55	11.80	4,82,09,381	6,729.25
Feb'19	11.90	12.00	8.50	9.80	2,86,41,485	2,863.51
March'19	9.80	12.05	9.80	11.40	3,04,19,578	3,350.72

Performance of equity shares in comparison with NSE NIFTY during the Financial Year 2018-19:



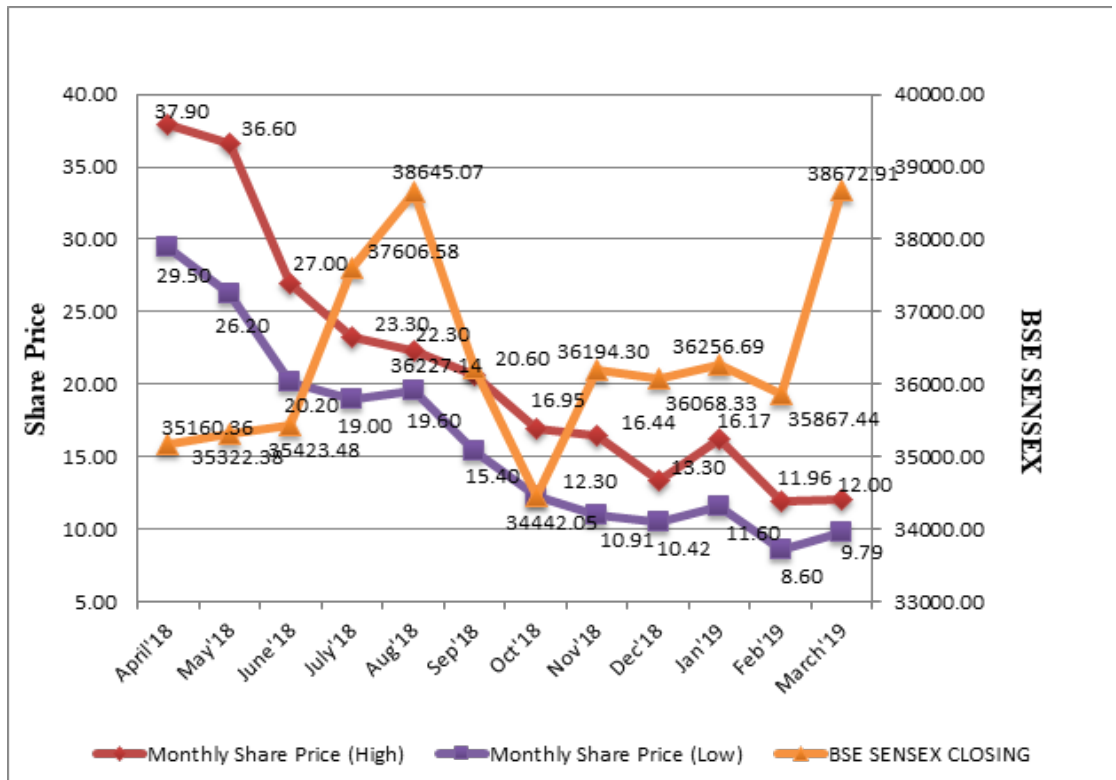
Stock trading details on BSE

BSE Scrip Code: 530961

For the period: April, 2018-March, 2019

Month	Open Price	High Price	Low Price	Close Price	Total traded quantity	Total Turnover (Rs.)
Apr-18	29.50	37.90	29.50	36.25	16351199	569476608
May-18	36.50	36.60	26.20	27.40	9314071	299380829
Jun-18	22.15	27.00	20.20	21.45	16266354	373675788
Jul-18	21.40	23.30	19.00	20.80	6659643	141204220
Aug-18	21.10	22.30	19.60	19.85	5952167	122328127
Sep-18	20.00	20.60	15.40	15.65	5358041	94961780
Oct-18	16.20	16.95	12.30	13.95	5645286	85384480
Nov-18	14.10	16.44	10.91	10.96	10135045	142130433
Dec-18	11.00	13.30	10.42	11.93	6580325	80706567
Jan-19	11.83	16.17	11.60	11.80	5524396	79156742
Feb-19	11.87	11.96	8.60	9.78	2148852	21244635
Mar-19	9.89	12.00	9.79	11.37	7700813	84307039

Performance of equity shares in comparison with BSE SENSEX during the Financial Year 2018-19:



h) In case the securities are suspended from trading, the Directors Report shall explain the reason thereof: Not Applicable

**i) DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2019**

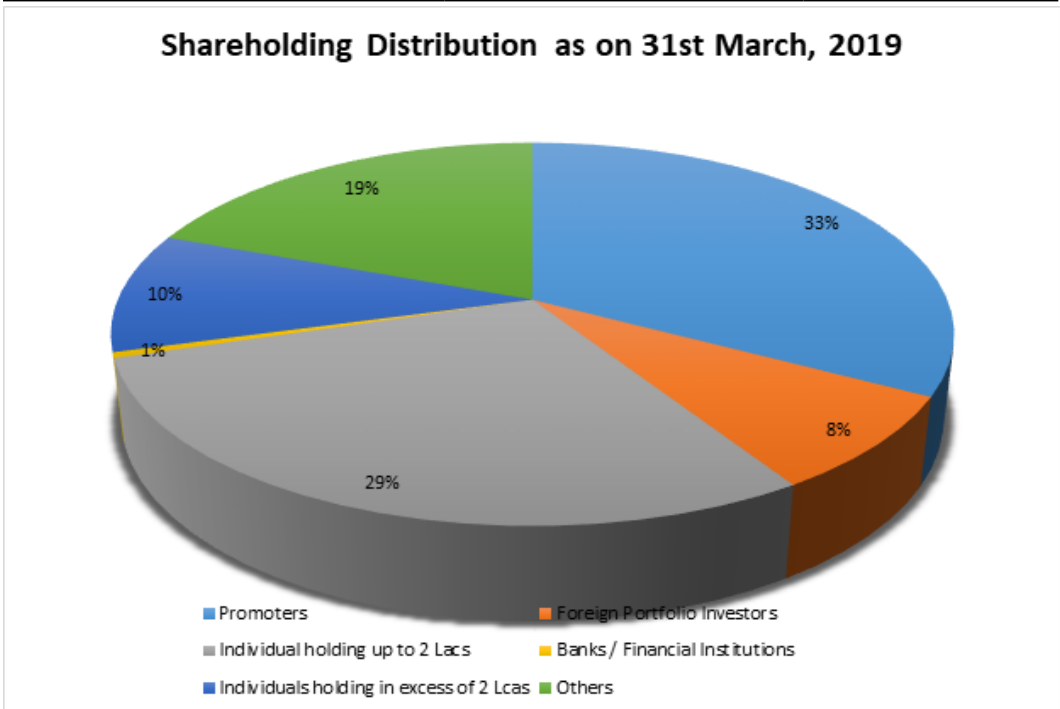
**A. DISTRIBUTION OF SHAREHOLDING**

The shareholding distribution of equity shares as on March 31, 2019 is given hereunder:

Number of Equity Shares Held	Number of Shareholders	% of Total Shareholders	Number of Shares Held	% Shareholding
1-5000	46960	93.576	37903650	13.542
50,001-10,000	1620	3.228	12440883	4.445
10,001-20,000	813	1.62	11913478	4.256
20,001-30,000	278	0.554	6988171	2.497
30,001-50,000	203	0.405	8402062	3.002
50,001-1,00,000	150	0.299	10927424	3.904
1,00,001- Above	160	0.319	191324007	68.354

**B. CATEGORY WISE SHAREHOLDING**

Description	Total No. of equity Shares held as on March 31, 2019	% Shareholding
Promoters	9,22,58,097	32.96
Foreign Portfolio Investors	2,26,84,674	8.10
Banks / Financial Institutions / NBFCs	1281494	0.47
Individual Share Capital up to 2 Lacs	81498774	29.12
Individual Share Capital in excess of 2 Lacs	28406679	10.15
Others	53724067	19.20



**j) Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any convertible instruments, conversion date and likely impact on equity:**

There are no GDRs/ADRs/Warrants outstanding as on 31<sup>st</sup> March, 2019.

**CEO'S/CFO'S CERTIFICATE**

We, Ashutosh Kumar Verma, Whole-time Director & Chief Executive Officer and Amit Dhuria, Chief Financial Officer of Vikas EcoTech Limited, to the best of our knowledge and belief, certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2019 and that to the best of our knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements, that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed, to the auditors and the Audit Committee, wherever applicable, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit Committee, wherever applicable,
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**For Vikas EcoTech Limited**  
**Sd/-**  
**(Ashutosh Kumar Verma)**  
**Chief Executive officer**

**For Vikas EcoTech Limited**  
**Sd/-**  
**(Amit Dhuria)**  
**Chief Financial officer**

**New Delhi, May 30, 2019**

**DECLARATION OF COMPLIANCE WITH COMPANY'S CODE OF CONDUCT**

The Members

Vikas EcoTech Limited

I hereby confirm that all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct during the financial year ended 31<sup>st</sup> March, 2019.

**For Vikas EcoTech Limited**  
**Sd/-**  
**(Vikas Garg)**  
**Managing Director**

**New Delhi, 14<sup>th</sup> August, 2019**

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members of

Vikas Ecotech Limited

34/1 Vikas Apartments, East Punjabi Bagh, Delhi 110026

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Vikas Ecotech Limited having CIN L65999DL1984PLC019465 and having registered office at 34/1 VIKAS APARTMENTS EAST PUNJABI BAGH DELHI DL 110026 IN (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications {including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)} as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any court or any other Statutory Authority:

S. No.	Name of Director	DIN	Date of Appointment in Company
1.	MANOJ SINGHAL <sup>1</sup>	00010647	14/02/2013
2.	VIKAS GARG	00255413	15/06/1992
3.	VIVEK GARG	00255443	25/07/2008
4.	SUMER TAYAL CHAND	00255661	07/07/2006
5.	RAVI KUMAR GUPTA <sup>2</sup>	01018072	14/02/2019
6.	DEVENDER KUMAR GARG	02316543	11/08/2017
7.	VIBHA MAHAJAN	06715766	12/08/2015
8.	ASHUTOSH KUMAR VERMA <sup>3</sup>	06935836	06/08/2014

1. Mr. Monoj Singhal resigned from Directorship w.e.f. 05.07.2019.
2. Mr. Ravi Kumar Gupta appointed as an additional director of the Company w.e.f. 14.02.2019.
3. Mr. Ashutosh Kumar Verma resigned from Directorship w.e.f. 28.06.2019.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For MSTR & Associates  
Company Secretaries**

**Sd/-**

**Teena Rani  
Partner**

**M. No. 40050  
COP No. 21768**

**Place: New Delhi  
Date: 14.08.2019**

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE**

The Members of

Vikas Ecotech Limited

34/1 Vikas Apartments, East Punjabi Bagh, Delhi 110026

We have examined the compliance of conditions of Corporate Governance by VIKAS ECOTECH LIMITED ("the Company") for the financial year ended March 31, 2019 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations except that there was a delay of 37 days in filling the casual vacancy in the office of one of the Independent Directors under the extant provisions of Listing Regulations during the year under review, against which the Company was imposed with a penalty by the Stock Exchanges vide their letter dated May 2, 2019 in terms of SEBI Circular dated May 3, 2018. Penalties levied by the Stock Exchanges were duly paid in full by the Company within the prescribed timeline. The same has also been reported under Secretarial Compliance Certificate for the financial year 2018-19.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company. The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

**For MSTR & Associates  
Company Secretaries**

**Sd/-**

**Teena Rani**

**Partner**

**M. No. 40050**

**COP No. 21768**

**Place: New Delhi**

**Date: 14.08.2019**

**INDEPENDENT AUDITORS' REPORT**

To the Members of **VIKAS ECOTECH LIMITED**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the standalone financial statements of **VIKAS ECOTECH LIMITED** (“the Company”), which comprise the balance sheet as at 31<sup>st</sup> March, 2019, the statement of Profit and Loss, and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

Subject to the possible impact due to matters reported in other matters para, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2019, its profit and its cash flows for the period ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined following matters as key audit matters to be communicated in our report.

S. No.	Key Audit Matters	How audit addressed the key audit matter
1	<b>Assessment of Impairment Losses</b>	
	<p>The Company has recognized provision for impairment loss related to fixed assets other than Land &amp; Building on account of Non Functional Unit at Sigma Plastic Industries (Jammu) and Vikas Global One Limited (Jammu) equivalent to carrying WDV of Rs. 12,25,416.50 &amp; 35,28,915.52 respectively. (Refer Note-5)</p> <p>The recognition process involves use of estimates and assumptions relating to value in use and expected benefits in future. Accordingly the same has been considered as key audit matter</p>	<p>Our procedures have focused on management’s process and assumptions in recognition of impairment losses. Our work included and were not limited to the following procedures:</p> <ul style="list-style-type: none"> <li>• Understanding the Company’s process of recognition of provision for impairment losses.</li> <li>• Testing of assumption used in determination of impairment losses.</li> </ul>



2	<b>Litigation Matters</b>	
	<p>The company has certain significant open legal proceedings under Direct and Indirect tax laws and civil suits, refer note 35.</p> <p>-Income Tax Demand Rs. 3144000 related to AY 2003-04. The appeal has been filed by the company and at present it is pending at ITAT New Delhi</p> <p>-Income Tax Demand Rs. 2360500 related to AY 2008-09. Letter of Request for rectification was submitted to The Asst. Commissioner of Income Tax [Circle 26(2)], New Delhi since TDS credit from Lupin Ltd.was not reflected in 26 AS of relevant year.</p> <p>-Income Tax Demand Rs. 1980580 related to AY 2009-10. Letter of Request for rectification was submitted to The Asst. Commissioner of Income Tax [Circle 26(2)], New Delhi since TDS credit from Lupin Ltd.was not reflected in 26 AS of relevant year.</p> <p>-Excise demand of Rs. 3124983 related M/s Sigma Plastic Industries pertaining to FY 2014-15. The appeal has been filed by the company and at present it is pending at CESTAT, New Delhi. The Company had acquired 100% share in Sigma Plastic Industries, which was merged in the Company during financial year 2014-15. Accordingly, pending litigation of Sigma Plastic Industries has also become part of pending litigation of the Company.</p> <p>The Company has filed civil suit against ADM Agro Industries Kota and Akola Limited supplier of Soya Bean Oil in Saket Court Delhi (Case No-CS OS No.-198/214) amounting Rs. 99,61,516 due to poor supply of soya bean oil. The Company has suffered a loss due to such poor quality of material supplied by them and non-recovery of money from debtors and it also affect goodwill of the Company. ADM Agro Industries Kota and Akola Limited has also filed winding up petition against the Company in High Court (Case No. CO PET N. 64/2014) due to non-payment of Rs. 41,15,664 along with interest at the rate of 18% from the due date of payment. ADM Agro Industries Kota and Akola Limited has also filed a summary suit for recovery of debts in Tis Hazari Court (Summary Suit No. – C S (OS) 3077/2014)</p> <p>Due to complexity involved in these litigation matters, management’s judgement regarding recognition and measurement of provisions for these legal proceedings is inherently uncertain and might change over time as the outcomes of the legal cases are determined. Accordingly, it has been considered as a key audit matter</p>	<p>Our audit procedures included and were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Assessing management’s position through discussions with the in-house legal expert, the probability of success in the aforesaid cases, and the magnitude of any potential loss.</li> <li>• Discussion with the management on the development in these litigations during the year ended March 31, 2019.</li> <li>• Obtained representation letter from the management on the assessment of these matters</li> </ul>

3	<b>Status of Insurance Claims</b>	
	<p>The company has reported exceptional item on account of fire loss of Unit-II of RIICO Industrial Area, Shahjahanpur, Alwar, Rajasthan, in the financial statement for the year ended 31.03.2017. In this regard surveyor has submitted final report to Oriental Insurance Co Ltd on 05.11.2018 with an Insurance claim of Rs. 9.34 Crs approx. Now, The Divisional Office of Oriental Insurance Company Limited has approved the report submitted by the surveyor without any modifications. Further the Divisional office has submitted their report to Head Office for Disbursal of claim. Management is expecting settlement of claim during the F.Y 2019-20. Refer note 39</p> <p>Due to element of uncertainty involved regarding expected time of settlement of claim and amount recoverability, it has been considered as key audit matter.</p>	<p>Our procedures have focused on management’s understanding on this insurance claim. Our work included and were not limited to the following procedures:</p> <ul style="list-style-type: none"> <li>• Review of communication held between the company and Insurance Company</li> <li>• Review of communication held between the company and M/s Protocol Insurance Surveyors &amp; Loss Assessors Pvt. Ltd. (loss assessor and surveyor appointed by insurance company)</li> </ul>

**Information other than the financial statements and auditors’ report thereon**

The Company’s board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board’s Report including Annexures to Board’s Report, Business Responsibility Report but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company’s financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**OTHER MATTERS**

Certain liabilities appearing in the financial statements such as Trade Payables (including creditors for capital goods) (Note-19), Advances from Customers (Note-21) are subject to party's confirmation and consequential adjustments, if any as the balance confirmations are not received fully yet from the parties.

Certain assets appearing in the financial statements such as Advance to Suppliers (Note-14) are subject to confirmation and consequential adjustments, if any. Trade Receivables balances (Note- 10) are subject to party's confirmation and

consequential adjustments, if any and include unconfirmed balances which are outstanding for a period exceeding 12 months however considered good. Realizations from debtors including balances that are offset with other party's balances are subject to verification from bank realization certificates.

The valuation of Inventories (Note-9) comprising raw materials & packing material, semi finished goods, stores and spares and finished goods has been done by the management of the company and Independent Cost Accountant and relied upon by us.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure-"A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books. .
  - c) The company is not having any branch office and hence clause (c) of section 143(3) of the Companies Act 2013 is not applicable.
  - d) The Balance Sheet, the Statement of Profit and Loss dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the financial statements.
  - e) In our opinion, except as otherwise disclosed in accounting policies and notes to the financial statements, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014
  - f) On the basis of the written representations received from the directors of the Company as on 31st March, 2019 taken on record by the Board of Directors of the Company, none of the directors of the company is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note35 to the financial statements;
    - ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii. There is unclaimed dividend amounting to 1,61,226.00 pertaining to FY 2009-10, 2010-11 & 2011-12 which needs to be transferred to Investor Education Protection Fund of India by the Company, however the same has not been transferred yet as on date and it is still under process of transfer. The Company has already passed instructions for such transfer however the respective Bank is yet to transfer the same to IEPFI.

**For KSMC & ASSOCIATES**  
**Chartered Accountants**  
**FRN: 003565N**

**Sd/-**  
**(CA SACHIN SINGHAL)**  
**Partner**  
**M. No.:505732**

**Place: New Delhi**  
**Date: 30.05.2019**

**ANNEXURE TO THE AUDITOR'S REPORT**

The Annexure referred to in our report to the members of VIKAS ECOTECH LIMITED ("the Company") for the year ended March 31, 2018. We report that:

S. No.	Particulars	Auditor's Remarks
(i)	(a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;	In the absence of requisite documents and explanation, we are unable to comment on this.
	(b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	In the absence of requisite documents and explanation, we are unable to comment on this.
	(c) Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof;	According to information and explanations given to us and on the basis of examination of the records of the company, the title deeds of immovable properties are held in the name of the Company
(ii)	whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account;	In our opinion according to information given to us, the inventories have been physically verified during the year by the Management at reasonable intervals and as explained to us no material discrepancies were noticed on physical verification.
(iii)	Whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so,	The company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
	(a) whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;	NA.
	(b) whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;	NA
	(c) if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;	NA
(iv)	In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	The company has not given any loan or guarantee or provided any security during the year.
(v)	in case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	According to the information and explanations given to us, the Company has not accepted any deposit within meaning of section 73 to 76 of the Companies Act, 2013 and rules framed there under during the year.

(vi)	Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained.	As explained to us, the Company has maintained cost records as required as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. However we have not examined in detail such cost records and solely relied upon the management representation and cost accountant certificate given to us in this regard.
(vii)	(a) whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;	<p>According to the information and explanations given to us and on the basis of our examination of the records of the Company, in respect of undisputed statutory dues including Provident Fund, Employee's State Insurance Fund, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Custom Duty, Value Added Tax, cess and other material statutory dues have been deposited during the year by the Company with the appropriate authorities but delay in deposit of the same has been observed in some of the cases. As on year end following are the unpaid statutory dues which are remaining unpaid since very long time:</p> <ol style="list-style-type: none"> <li>1. Central Sales Tax Demand Payable Rs. 1691</li> <li>2. Custom Duty Payable Rs. 1,06,38,175**</li> <li>3. Ed Cess Payable (Raj) Rs. 1020031</li> <li>4. High Ed Cess Payable (Rajasthan) Rs. 464344</li> <li>5. Custom Duty Payable: Rs. 69648</li> </ol> <p>** This amount is payable against goods damaged in fire for which claim has been filed by the company with Insurance Company. The amount has been put on hold for payment and shall be paid as and when insurance company settles the insurance claim.</p>
	(b) where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute).	For amounts which are not paid on account of disputes for which appeals are pending, refer Note 35 to Financial Statements for the year ended 31st March 2019.
(viii)	Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided).	In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and Government or dues to debenture holders during the year.
(ix)	Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;	During the year, the company has not raised any money by way of public offer. The amount raised by way of term loans were applied for the purpose for which those are raised.
(x)	whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;	Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

(xi)	Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;	In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
(xii)	whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;	The Company is not a Nidhi Company and hence reporting under clause (xii) of Paragraph 3 of the Order is not applicable.
(xiii)	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;	In our opinion and according to the information and explanations given to us the Company's transactions with its related party are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
(xiv)	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;	During the year under review the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence this clause is not applicable.
(xv)	whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;	The company has not entered into any non-cash transactions with directors or persons connected with him, hence the provisions of section 192 of Companies Act, 2013 are not applicable
(xvi)	Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.	In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For KSMC & ASSOCIATES  
Chartered Accountants  
FRN: 003565N**

**Sd/-  
(CA SACHIN SINGHAL)  
Partner  
M. No.:505732**

**Place: New Delhi  
Date: 30.05.2019**

**Annexure “B” to the Independent Auditors Report on the Financial Statements of VIKAS ECOTECH LIMITED**

(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

**REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

We have audited the internal financial controls over financial reporting of VIKAS ECOTECH LIMITED (“the Company”) as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**AUDITORS’ RESPONSIBILITY**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on my/our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



**OPINION**

Except for the possible impact due to matter reported in other matters para, in our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Other Matters**

With reference to stock and inventory, the company needs to make its inventory management system including physical stock taking process more effective and robust. Further the company also needs to improve its process for conduct of physical verification of fixed assets in phased manner at regular intervals and also process for obtaining balances confirmations from suppliers or customers at regular interval. The company is still under process of implementation of ERP and as on date only manual controls exists in company's control system.

**For KSMC & ASSOCIATES  
Chartered Accountants  
FRN: 003565N**

**Sd/-  
(CA SACHIN SINGHAL)  
Partner  
M. No.:505732**

**Place: New Delhi  
Date: 30.05.2019**

**Balance Sheet as at 31 March 2019**

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	395,661,526	272,300,623
Financial assets			
Loans	6	2,161,958	5,120,651
Investments	6A	-	47,698,950
Deferred tax assets (net)	7	9,664,947	18,325,025
Other non-current assets	8	179,697,133	134,262,626
		<b>587,185,563</b>	<b>477,707,875</b>
<b>Current assets</b>			
Inventories	9	1,067,783,345	785,894,887
Financial assets			
Trade receivables	10	1,648,884,496	1,391,460,524
Cash and cash equivalents	11	6,746,468	32,730,958
Other bank balances	12	136,783,416	55,550,566
Other financial assets	13	4,387,527	1,166,108
Assets Held for Sale	5	-	32,984,656
Other current assets	14	437,045,147	400,811,897
		<b>3,301,630,399</b>	<b>2,700,599,597</b>
<b>TOTAL ASSETS</b>		<b>3,888,815,962</b>	<b>3,178,307,472</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	279,899,675	279,899,675
Other equity	16	1,152,761,431	1,004,059,677
<b>Total equity</b>		<b>1,432,661,106</b>	<b>1,283,959,352</b>
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	17	249,087,552	54,071,082
Provisions	18	2,819,588	4,260,961
		<b>251,907,140</b>	<b>58,332,043</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	17	1,303,650,962	1,334,731,635
Trade payables	19	603,089,468	295,546,136
Other financial liabilities	20	24,689,658	26,853,294
Provisions	18	459,246	723,765
Other current liabilities	21	214,684,029	44,449,101
Current tax liabilities (net)	7	57,674,352	133,712,146
		<b>2,204,247,716</b>	<b>1,836,016,077</b>
<b>Total liabilities</b>		<b>2,456,154,856</b>	<b>1,894,348,120</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,888,815,962</b>	<b>3,178,307,472</b>

**NOTES TO ACCOUNTS: forming part of Financial Statement 1 – 42**
**As per our report of even date attached**

The previous year figures have been regrouped / reclassified, wherever necessary to confirm to the current year presentation.

Financial Statements of FY 2017-18 & 2018-19 are prepared after taking into consideration effect of split of demerged divisions of M/s Vikas Ecotech Ltd. which got merged into M/s Vikas Multicorp Ltd. vide scheme of demerger duly approved by the Hon'ble National Company Law Tribunal Delhi, vide certified copy of order received on 06/11/2018.

**FOR KSMC AND ASSOCIATES**

Chartered Accountants  
(FRN: 003565N)

SD/-  
CA SACHIN SINGHAL  
Membership No.: 505732  
Place: NEW DELHI  
Date: 30.05.2019

SD/-  
PREETI RAI  
(COMPANY SECRETARY)

SD/-  
VIKAS GARG  
(MANAGING DIRECTOR)  
DIN: 00255413

SD/-  
ASHUTOSH KUMAR VERMA  
(CHIEF EXECUTIVE OFFICER)

SD/-  
SUMER CHAND TAYAL  
(DIRECTOR)  
DIN: 00255661

SD/-  
AMIT DHURIA  
(CHIEF FINANCIAL OFFICER)

**Statement of Profit and Loss for the year ended 31 March 2019**

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
Revenue from operations	22	2,452,503,531	2,361,775,432
Other income	23	245,186,486	40,395,906
<b>Total Revenue</b>		<b>2,697,690,017</b>	<b>2,402,171,338</b>
Cost of raw material and components consumed	24	2,098,373,649	1,654,552,097
Purchase of traded goods	25	3,660,154	-
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	26	(3,660,154)	230,560
Excise duty		-	35,798,074
Employee benefits expense	27	40,702,970	44,790,792
Depreciation expense	28	47,690,505	35,983,835
Finance costs	29	157,928,370	107,917,653
Other expenses	30	121,062,333	110,470,152
<b>Total expense</b>		<b>2,465,757,827</b>	<b>1,989,743,163</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>231,932,190</b>	<b>412,428,175</b>
Exceptional items	31	-	-
<b>Profit/(loss) before and tax</b>		<b>231,932,190</b>	<b>412,428,175</b>
<b>Income tax expense:</b>			
Current tax		59,510,897	140,280,730
Excess/ Short provision relating earlier year tax			1,329,352
Interest on Income Tax			
Deferred tax		8,660,079	3,472,149
<b>Income tax expense</b>		<b>68,170,976</b>	<b>145,082,231</b>
<b>Profit for the year</b>		<b>163,761,214</b>	<b>267,345,944</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains (losses) on defined benefit plans		2,629,728	(874,813)
Income tax effect		(765,777)	302,755
<b>Net other comprehensive income (net of tax) not to be reclassified to profit or loss in subsequent periods</b>		<b>1,863,951</b>	<b>(572,058)</b>
<b>Total Comprehensive income for the year</b>		<b>165,625,165</b>	<b>266,773,886</b>
<b>Earnings per share</b>			
Basic and Diluted earnings per share	32	0.59	0.95

Financial Statements of FY 2017-18 & 2018-19 are prepared after taking into consideration effect of split of demerged divisions of M/s Vikas Ecotech Ltd. which got merged into M/s Vikas Multicorp Ltd. vide scheme of demerger duly approved by the Hon'ble National Company Law Tribunal Delhi, vide certified copy of order received on 06/11/2018.

As per our report of even date attached

FOR KSMC AND ASSOCIATES  
Chartered Accountants  
(FRN: 003565N)

SD/-  
CA SACHIN SINGHAL  
Membership No.: 505732  
Place: NEW DELHI  
Date: 30.05.2019

SD/-  
VIKAS GARG  
(MANAGING DIRECTOR)  
DIN: 00255413

SD/-  
PREETI RAI  
(COMPANY SECRETARY)

SD/-  
ASHUTOSH KUMAR VERMA  
(CHIEF EXECUTIVE OFFICER)

SD/-  
SUMER CHAND TAYAL  
(DIRECTOR)  
DIN: 00255661

SD/-  
AMIT DHURIA  
(CHIEF FINANCIAL OFFICER)

**Statement of Cash Flows for the year ended 31 March 2019**

	As at 31 March 2019	As at 31 March 2018
<b>Operating activities</b>		
Profit before tax	231,932,190	419,910,900
<b>Profit before tax</b>		
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation and impairment of property, plant and equipment	52,444,837	35,983,835
Gain on disposal of property, plant and equipment	(9,666,171)	(2,825,234)
Reduction on account of Demerger of Undertaking	-	(295,690,222)
Loss on account of fire	-	-
Finance income	(7,489,533)	(4,484,883)
Finance costs	157,928,370	107,917,653
<i>Working capital adjustments:</i>		
(Increase)/ decrease in inventories	(281,888,458)	(219,481,063)
(Increase)/ decrease in trade receivables	(257,423,972)	124,492,636
(Increase)/ decrease in other bank balances	(81,232,850)	(5,620,283)
(Increase)/ decrease in other financial assets	(3,221,419)	497,227
(Increase)/ decrease in other assets	(36,233,250)	26,729,561
(Decrease)/ increase in trade payables	307,543,332	(129,719,603)
(Decrease)/ increase in other financial liabilities	(2,163,635)	(1,263,184)
(Decrease)/ increase in provisions	923,836	1,279,594
(Decrease)/ increase in other current liabilities	170,234,928	(6,410,680)
<b>Cash generated from operations</b>	<b>241,688,206</b>	<b>51,316,254</b>
Income tax paid	(135,588,168)	(124,188,760)
<b>Net cash flows from operating activities</b>	<b>106,100,038</b>	<b>(72,872,506)</b>
<b>Investing activities</b>		
Proceeds from sale of property, plant and equipment	42,961,577	42,124,298
(Increase)/ decrease in Loans	2,958,693	(1,461,994)
(Increase)/ decrease in Investments	47,698,950	(47,698,950)
(Increase)/ decrease in Other Non Current Assets	(45,434,507)	(103,255,351)
Purchase of property, plant and equipment	(176,842,790)	(116,317,567)
Interest received	7,489,533	4,484,883
<b>Net cash flows used in investing activities</b>	<b>(121,168,544)</b>	<b>(222,124,681)</b>
<b>Financing activities</b>		
Proceeds from issue of shares	-	-
Proceeds from borrowings	195,016,470	261,241,507
Repayment of borrowings	(31,080,673)	(26,188,954)
Interest paid	(157,928,370)	(107,917,653)
Dividends paid to equity holders of the parent	(13,994,984)	(13,994,984)
Dividend distribution tax	(2,928,427)	(2,928,427)
<b>Net cash flows from/(used in) financing activities</b>	<b>(10,915,984)</b>	<b>110,211,488</b>
<b>Net increase in cash and cash equivalents</b>	<b>(25,984,490)</b>	<b>(184,785,700)</b>
Cash and cash equivalents at the beginning of the year	32,730,958	217,516,658
<b>Cash and cash equivalents at year end</b>	<b>6,746,468</b>	<b>32,730,958</b>

As per our report of even date attached

**FOR KSMC AND ASSOCIATES**

Chartered Accountants  
(FRN: 003565N)

SD/-  
CA SACHIN SINGHAL  
Membership No.: 505732  
Place: NEW DELHI  
Date: 30.05.2019

SD/-  
PREETI RAI  
(COMPANY SECRETARY)

SD/-  
VIKAS GARG  
(MANAGING DIRECTOR)  
DIN: 00255413

SD/-  
ASHUTOSH KUMAR VERMA  
(CHIEF EXECUTIVE OFFICER)

SD/-  
SUMER CHAND TAYAL  
(DIRECTOR)  
DIN: 00255661

SD/-  
AMIT DHURIA  
(CHIEF FINANCIAL OFFICER)

Statement of Changes in Equity for the year ended 31 March 2019

A. Equity share capital	For the year ended 31 March 2019					
	Number of Shares	Amount (INR)				
Balance as at 1 April 2018	279,899,675	279,899,675				
Shares issued during the year	-	-				
<b>Balance as at 31 March 2019</b>	<b>279,899,675</b>	<b>279,899,675</b>				

B. Other equity	For the year ended 31 March 2019					
	Share premium	General Reserve	Retained Earnings	Other Reserves	Other Comprehensive income	Total
Balance as at 1 April 2018	114,869,778	147,120,475	742,525,528	965,934	(1,422,038)	<b>1,004,059,677</b>
Profit for the year	-	-	163,761,214	-	-	<b>163,761,214</b>
Other comprehensive income	-	-	-	-	1,863,951	<b>1,863,951</b>
<b>Total comprehensive income</b>	<b>114,869,778</b>	<b>147,120,475</b>	<b>906,286,742</b>	<b>965,934</b>	<b>441,913</b>	<b>1,169,684,842</b>
Premium on shares issued during the year	-	-	-	-	-	-
Final dividend on equity shares	-	-	(13,994,984)	-	-	<b>(13,994,984)</b>
Tax on final dividend on equity shares	-	-	(2,928,427)	-	-	<b>(2,928,427)</b>
<b>Balance as at 31 March 2019</b>	<b>114,869,778</b>	<b>147,120,475</b>	<b>889,363,331</b>	<b>965,934</b>	<b>441,913</b>	<b>1,152,761,431</b>

FOR KSMC AND ASSOCIATES  
Chartered Accountants  
(FRN: 003565N)

SD/-  
CA SACHIN SINGHAL  
Membership No.: 505732  
Place: NEW DELHI  
Date: 30.05.2019

SD/-  
PREETI RAI  
(COMPANY SECRETARY)

SD/-  
VIKAS GARG  
(MANAGING DIRECTOR)  
DIN: 00255413

SD/-  
ASHUTOSH KUMAR VERMA  
(CHIEF EXECUTIVE OFFICER)

SD/-  
SUMER CHAND TAYAL  
(DIRECTOR)  
DIN: 00255661

SD/-  
AMIT DHURIA  
(CHIEF FINANCIAL OFFICER)

**1. Corporate information**

Vikas Ecotech Limited ('the Company') is a Delhi based professionally managed Company incorporated on 30 November, 1984 under the Companies Act, 1956, having its registered office at Vikas Apartments, 34/1, East Punjabi Bagh, New Delhi – 110 026 and is listed on National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE).

The Company is an emerging player in the global arena engaged in the business of high-end specialty chemicals. It is an integrated, multi-specialty product solutions company, producing 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 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. The Company has its manufacturing plants in the state of Rajasthan, Noida SEZ (UP) & Kandla SEZ (Gujrat).

**2. Basis of preparation**

**a) Statement of compliance:**

The Company has adopted Indian Accounting Standards (Ind AS) with effect from 1 April 2017 with transition date of 1 April 2016, pursuant to notification issued by Ministry of Corporate Affairs dated 16 February 2015, notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, these financial statements have been prepared to comply in all material aspects with the Indian Accounting Standard (Ind AS) notified under section 133 of the Companies Act, 2013 ('the Act'), read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India.

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). The transition was carried out from the accounting principles generally accepted in India (Indian GAAP) which is considered as previous GAAP, as defined in Ind AS 101. An explanation of how the transition to Ind AS has impacted the Company's equity and profits.

**b) Basis of measurement:**

The financial statements have been prepared on accrual and going concern basis and historical cost convention, except for certain financial assets and liabilities which have been measured at fair value or amortised cost, as required under relevant Ind AS.

**c) Significant accounting judgements, estimates and assumptions:**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Judgments**

Information about significant areas of estimation/ uncertainty and judgements in applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Reference	Significant judgement and estimates
Note 3(b)	Measurement of useful life and residual values of property, plant and equipment
Note 3(c)	Impairment test of non-financial assets: key assumptions underlying recoverable amounts
Note 3(l) and 31	Measurement of defined benefit obligations: key actuarial assumptions
Note 33	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
Note 3(o) and 35	Fair value measurement of financial assets and liabilities

Note 3(i)	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
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There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

**3. Summary of significant accounting policies**

**a) Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

**Assets**

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

**Liability**

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Current liabilities include the current portion of non-current financial liabilities. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Operating cycle**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle basis the nature of business.

**b) Property, plant and equipment**

Property, plant and equipment including capital work in progress is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditures related to an item of property, plant and equipment are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized, when replaced. All other repair and maintenance costs are recognised in the Statement of Profit and Loss during the reporting period in which they are incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

**Depreciation methods, estimated useful lives and residual values**

Assets are depreciated to the residual values on a written down value method over the estimated useful lives of the assets, derived as per the Schedule II of the Companies Act, 2013, which are as follows:-

Useful lives	
Office building	60 years
Leasehold Improvement (Office)	60 years
Leasehold Improvement (Factory Building)	30 years
Plant and machinery	10 - 15 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles – Motor cycles and scooters	10 years
Vehicles – Motor cars	8 years
Computers	3 years
Leasehold land	Period of lease or useful life, whichever is less

The residual values are not more than 5% of the original cost of the asset. The assets’ residual values and useful lives are reviewed at each financial year end or whenever there are indicators for impairment, and adjusted prospectively, as appropriate.

As asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss within other gains/ (losses). Depreciation is calculated on a pro-rata basis for assets purchased/ sold during the year.

**c) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that a non-financial asset maybe impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating units’ (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses, if any, are recognized in Statement of Profit and Loss.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognised. The reversal is limited to the extent the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the Statement of Profit and Loss when the asset is carried at the revalued amount, in which case the reverse is treated as a revaluation increase.

**d) Leases – Company as a lessee**

The determination of whether an arrangement is (or contains) a lease is based on the substance of an arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.



Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's policy on the borrowing costs.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term and escalation in the contract, which are structured to compensate expected general inflationary increase are not straight-lined. Contingent rents are recognized as expense in the period in Statement of Profit and Loss in which they are incurred.

**e) Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

**f) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

Initial recognition and measurement

All financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets are recognised initially at fairvalue plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

**Classification and subsequent measurement**

For the purpose of subsequent measurement, the Company classifies financial assets in following categories:

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity investments measured at fair value through other comprehensive income (FVTOCI)

**Financial assets at amortised cost**

The category applies to the Company's trade receivables, unbilled revenue, other bank balances, security deposits, etc.

A financial asset being a 'debt instrument' is measured at amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

**Financial assets at FVTOCI**

A financial asset being a 'debt instrument' is measured at FVTOCI if both the following conditions are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

- The asset's contractual cash flows represent SPPI.  
Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss.

#### **Financial assets at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization at amortized cost or at FVTOCI, is classified at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss. The Company does not have any financial assets which are measured through FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument at FVTPL.

#### **Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. There are no such investments in the Company.

#### **De-recognition**

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The contractual rights to receive cash flows from the asset have expired, or
- The Company has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### **Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and are initially measured at fair value with subsequent measurement at amortised cost e.g. Trade receivables, unbilled revenue etc.

The Company follows 'simplified approach' for recognition of impairment loss allowance for trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in the subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on a twelve month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, security deposits, etc.

**Classification and subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at FVTPL**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit or Loss.

**Financial liabilities at amortised cost**

This category includes security deposit received, trade payables etc. After initial recognition, such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

**De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**g) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The following specific recognition criteria must also be met before revenue is recognized:

**Sale of goods**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the customer. Sales are net off sales returns, free quantities delivered and trade discounts.

**Export Incentives**

Considering uncertainties involved regarding eligibility and/or applicable terms & Conditions, The Company recognises Export incentives such as MEIS License at the time of issuance by respective authorities of Govt of India.

**Commission**

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission earned by the Company. Further, Company also provides services related to Export Facilitation and the same has been recognised as sale of services under Revenue from Operations.

**Rental income**

Rental income from investment property is recognised as part of revenue from operations in profit or loss on a straight line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leasing is also recognised in a similar manner and included under other income.

**Interest income**

Interest income on financial assets (including deposits with banks) is recognised as it accrues in Statement of Profit and Loss, using the effective interest rate (EIR) method (i.e. time proportionate basis) which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

**Government grants**

An unconditional government grant related to a biological asset that is measured at fair value less cost to sell is recognised in profit or loss as other income when the grant becomes receivable. Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant, they are recognised in profit or loss as other operating revenue on a systematic basis. Grants that compensate the Company for expenses incurred are recognised in profit or loss as other operating revenue on systematic basis in which such expenses are recognised.

**Other operating income**

Other operating income is recognised on accrual basis (i.e. time proportionate basis) in the accounting period in which services are rendered and in accordance with the terms of the agreement.

**h) Inventories**

Inventories are valued at the lower of cost or net realisable value. The cost of inventories is based on the first-in-first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition.

Cost incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials: Purchase cost on first-in-first out basis
- Finished goods and work in progress: Cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs
- Inventory related to real estate division: Valued at cost incurred

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Raw materials, components and other supplies held for use in production of finished goods are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

Obsolete, slow moving, defective inventories, shortage/ excess are identified at the time of physical verification of inventories and wherever necessary provision/ adjustment is made for such inventories.

**i) Income taxes**

Income tax expenses comprises of current tax and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

**Current tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax ('MAT') credit entitlement under the provisions of the Income-tax Act, 1961 is recognised as a deferred tax asset when it is probable that future economic benefit associated with it in the form of adjustment of future income tax liability, will flow to the Company and the asset can be measured reliably. MAT credit entitlement is set off to the extent allowed in the year in which the Company becomes liable to pay income taxes at the enacted tax rates. MAT credit entitlement is reviewed at each reporting date and is recognised to the extent that is probable that future taxable profits will be available against which they can be used. MAT credit entitlement has been presented as deferred tax asset in the Balance sheet. Significant management judgement is required to determine the probability of recognition of MAT credit entitlement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**j) Dividend payments**

Final dividend is recognized, when it is approved by the shareholders and the distribution is no longer at the discretion of the Company. However, interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**k) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**l) Retirement and other employee benefits**

Short term employee benefits are measured on undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

The Company post-employment benefits include defined benefit plan and defined contribution plans.

Contribution payable by the Company to the central government authorities in respect of provident fund, pension fund and employee state insurance are defined plans. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts. The Company contributions to defined contribution plans are recognized in Statement of Profit & Loss when the related services are rendered. The Company has no further obligations under these plans beyond its periodic contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under the defined benefit retirement plan, the Company provides retirement obligation in the form of Gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Company.

The cost of providing benefits under this plan is determined on the basis of actuarial valuation carried out as at the reporting date by an independent qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the Statement of Profit and Loss. The obligation towards the said benefit is recognised in the balance sheet as the difference between the fair value of the plan assets and the present value of the plan liabilities. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of Balance Sheet. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Gratuity is covered under the Gratuity policy respectively, of Life Insurance Corporation of India (LIC).

All expenses excluding re-measurements of the net defined benefit liability (asset), in respect of defined benefit plans are recognized in the profit or loss as incurred. Re-measurements, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognized immediately in the Balance Sheet with a corresponding debit or credit through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

**m) Provisions**

**i) General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount) is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

ii) **Contingent assets/ liabilities**

Contingent assets are not recognised. However, when realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

Contingent liabilities are disclosed in notes to accounts when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

n) **Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity shareholders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares (such as preferential shares, ESOP, share warrants, share application money, etc.) into equity shares.

o) **Fair value measurement**

The Company measures financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- I. Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- II. Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- III. Level 3- Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)  
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value measurement. Other fair value related disclosures are given in the relevant notes.

**p) Foreign currency**

Functional and presentation currency

The Company's financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. All the financial information is presented in INR, except where otherwise stated.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit or Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fairvalue is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange gains/ (losses) arising on translation of foreign currency monetary loans are presented in the Statement of Profit and Loss on net basis.

**q) Corporate social responsibility expenditure**

Pursuant to the requirements of section 135 of the Act and rules thereon and guidance notion "Accounting for expenditure on Corporate Social Responsibility activities" issued by ICAI, with effect from 1 April 2015, CSR expenditure is recognised as an expense in the Statement of Profit and Loss in the period in which it is incurred.

**4. Amendment to Ind AS 21**

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind-AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment has come into force from April 1, 2018, The Company has evaluated the effect of this on the Financial Statements and the impact is not material.



**Notes forming part of financial statements for the year ended 31 March 2019**  
(All amounts in Indian rupees, except share data or if otherwise stated)

**5. Property, plant and equipment**

Particulars	Leasehold Land	Land	Office Building	Lease Hold Improvements (Factory Building)	Lease Hold Improvements (Office)	Plant and equipment	Furniture & fixtures	Vehicles	Office Equipment	Computers	Total
<b>Cost or valuation</b>											
At 1 April 2018	47,817,604	-	3,064,595	68,385,163	-	265,976,602	2,981,517	34,370,447	11,687,101	7,484,260	441,767,289
Additions	-	-	109,538,660	6,103,949	-	60,261,108	5,200	-	168,313	765,559	176,842,790
Disposals*	-	-	-	-	-	20,203,040	123,535	-	2,402,346	20,260	22,749,181
<b>At 31 March 2019</b>	<b>47,817,604</b>	<b>-</b>	<b>112,603,255</b>	<b>74,489,112</b>	<b>-</b>	<b>306,034,670</b>	<b>2,863,182</b>	<b>34,370,447</b>	<b>9,453,068</b>	<b>8,229,559</b>	<b>595,860,897</b>
<b>Depreciation</b>											
At 1 April 2018	2,142,605	-	978,046	24,439,896	-	102,740,712	2,366,394	20,790,990	10,445,041	5,562,981	169,466,665
Charge for the year	628,896	-	1,109,869	4,779,347	-	35,056,958	153,547	4,149,244	368,756	1,443,889	47,690,505
Disposals*	-	-	-	-	-	(14,693,954)	(114,344)	-	(2,131,171)	(18,328)	(16,957,797)
<b>At 31 March 2019</b>	<b>2,771,501</b>	<b>-</b>	<b>2,087,914</b>	<b>29,219,244</b>	<b>-</b>	<b>123,103,716</b>	<b>2,405,598</b>	<b>24,940,233</b>	<b>8,682,626</b>	<b>6,988,542</b>	<b>200,199,373</b>
<b>Net book value</b>											
At 31 March 2019	45,046,103	-	110,515,341	45,269,868	-	182,930,955	457,584	9,430,214	770,442	1,241,017	395,661,526
At 31 March 2018	45,674,999	-	2,086,549	43,945,266	-	163,235,890	615,122	13,579,457	1,242,060	1,921,279	272,300,623

\*The Company has recognized provision for impairment loss related to fixed assets other than Land & Building on account of Non Functional Unit at Sigma Plastic Industries (Jammu) and Vikas Global One Limited (Jammu) equivalent to carrying WDV of Rs. 12,25,416.50 & 35,28,915.52 respectively.

**Notes forming part of financial statements for the year ended 31 March 2019**

(All amounts in Indian rupees, except share data or if otherwise stated)

**6. Loans**

	<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
<i>Unsecured, considered good unless otherwise stated</i>		
Security deposit	2,161,958	5,120,651
	<b>2,161,958</b>	<b>5,120,651</b>

**6A. Investments**

	<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
<i>(Valued at Fair value)</i>		
Investments in Shares	-	47,698,950
	-	<b>47,698,950</b>

7,93,000 Equity Shares of Vikas Surya Buildwell Pvt. Ltd. purchased at cost of Rs. 4,76,98,950/- (including stamp duty of Rs. 1,18,950/-). The Investment was sold on 14.06.2018 at cost of Rs. 4,79,76,501/-.

**7. Taxes**
**a) Amounts recognised in Statement of profit and loss**
**comprises:**

The major component of income tax expense:

**i) Statement of profit and loss**

	<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
Current tax	59,510,897	140,280,730
Deferred tax	8,660,079	3,472,149
Excess/ Short provision relating earlier year tax	-	1,329,352
<b>Income tax expense</b>	<b>68,170,976</b>	<b>145,082,231</b>

**ii) Other comprehensive income**

	<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
Deferred tax benefit on re-measurement of defined benefit plan	765,777	(302,755)
<b>Income tax charged to OCI</b>	<b>765,777</b>	<b>(302,755)</b>

**b) Current tax liabilities (net)**

	<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
Current tax assets	2,602,322	6,265,829
Current tax liabilities	(60,276,674)	(139,977,975)
	<b>(57,674,352)</b>	<b>(133,712,146)</b>

**c) Reconciliation of effective tax rate**

<b>Particulars</b>	<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
Net income before tax	231,932,190	412,428,175
Enacted tax rate in India	29.12%	34.61%
<b>Computed tax expense</b>	<b>67,538,654</b>	<b>142,733,143</b>
<b>Increase/ decrease in taxes on account of:</b>		
Tax effect on exempted income under Income-tax Act	(1,487,132)	(6,752,912)
Adjustment on account of Demerger	-	602,643
Tax impact of restatement of Prior period items	(2,178,970)	2,589,621
Adjustment on account of permanent difference	(4,361,655)	7,239,088
Excess/ Short provision relating earlier year tax	-	(1,329,352)

Income tax expense recognised in the statement of profit and loss (including portion of other comprehensive income)

**59,510,897**                      **145,082,231**

**d) Deferred tax asset/ (liabilities)**

**Deferred tax asset in respect of:**

Property, plant and equipment  
Provision for Gratuity, Bonus & Leave Encashment  
**Total deferred tax asset**

<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
8,537,586	16,755,061
1,127,360	1,569,964
<b>9,664,947</b>	<b>18,325,025</b>

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by same taxation authority. During the year the Company has reversed its existing Deferred Tax Assets by Rs. 86,60,079.00.

**e) Reconciliation of deferred tax assets**

**Particulars**  
Opening balance  
Tax credit during the year recognised in Statement of profit and loss  
**Closing balance**

<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
18,325,025	21,797,174
8,660,079	3,472,149
<b>9,664,947</b>	<b>18,325,025</b>

**8. Other non-current assets**

*Unsecured, considered good unless otherwise stated*

Capital advances  
Other Non Current Assets

<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
179,460,126	134,262,626
237,007	
<b>179,697,133</b>	<b>134,262,626</b>

**9. Inventories**

*At cost or net realisable value, whichever is lower*

Raw materials  
Finished goods  
Goods in transit  
Real estate Inventory

<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
1,005,170,345	635,405,170
52,126,330	61,539,662
-	82,123,538
10,486,671	6,826,517
<b>1,067,783,345</b>	<b>785,894,887</b>

(Valued and certified by the Company's Management, Independent Cost Accountant and Relied upon by Auditors The Company is in the business of High End additives and rubber-plastic compounds and accordingly deals in numerous items such as Tin Alloy / Ingots, 2EthylhexylThioglycolate, Tinmate, Hydrogen Peroxide, PVC Resin, Styrene Butadiene Copolymer, Styrene Butadiene Styrene, Methyl Chloride (Gas) etc. Keeping in view the nature of industry and vast number of items, it is not practical for the Company to give item wise break up of different type of products.

**10. Trade receivables**

Unsecured, considered good unless otherwise stated

<b>Demerged As at 31 March 2019</b>	<b>Demerged As at 31 March 2018</b>
1,648,884,496	1,391,460,524
<b>1,648,884,496</b>	<b>1,391,460,524</b>

Trade receivables are subject to confirmation / reconciliation, consequential adjustment if any and verification from Bank realisation certificates  
The carrying amount of trade receivables approximates their fair value, is included in note 37.

The Company's exposure to credit risk and impairment allowances related to trade receivables is disclosed in Note 41.

#### 11. Cash and cash equivalents

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
Cash in hand	226,417	79,008
Balance with banks	-	
On current accounts	4,248,571	30,569,445
On cash credit limits - Repayable on demand	-	-
Unpaid dividend account *	2,271,483	2,082,508
	<b>6,746,471</b>	<b>32,730,961</b>

\*During the year Company has identified Rs. 1,61,226.00 pertaining to Fy 2009-10, 2010-11 & 2011-12 which needs to be transferred to Investor Education Protection Fund of India. The Company has already passed instructions for such transfer however the respective Bank is yet to transfer the same to IEPFI.

#### 12. Other bank balances

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Deposits with bank held as margin money</b>		
Bank deposits (with maturity within 12 months from the reporting date)	136,783,416	
		55,550,566
	<b>136,783,416</b>	<b>55,550,566</b>

#### 13. Other financial assets

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
Unsecured, considered good unless otherwise stated		
Interest accrued but not due on deposits	4,387,527	1,166,108
	<b>4,387,527</b>	<b>1,166,108</b>

#### 14. Other current assets

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
Advance to suppliers*	324,629,198	342,506,366
Security Deposits Refundable	1,099,098	2,194,300
MEIS Licence	584,280	3,006,231
Advance to employees	235,630	196,070
Other taxes recoverable	17,316,529	35,363,664
Prepaid expenses	5,777,453	10,134,819
Other Current Assets	87,402,959	448,307
Current Capital advances	-	6,962,141
	<b>437,045,147</b>	<b>400,811,897</b>

\*Advance to suppliers are subject to confirmation / reconciliation, consequential adjustment if any.

**15. Share capital**

**a) Equity share capital**

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Authorised shares</b>		
320,000,000 equity shares of Re. 1 each	320,000,000	320,000,000
<b>Issued, subscribed and fully paid-up shares</b>		
279,899,675 equity shares of Re. 1 each	279,899,675	279,899,675
	<u>279,899,675</u>	<u>279,899,675</u>

**b) Reconciliation of number of shares outstanding at the beginning and end of year**

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Equity shares, issued, subscribed and fully paid-up</b>		
Shares at the beginning of the year	279,899,675	279,899,675
Issued during the year	-	-
<b>Shares at the end of the year</b>	<u>279,899,675</u>	<u>279,899,675</u>

**c) Terms / rights attached to equity shares**

The Company has only one class of equity shares having par value of Re 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company in proportion to the number of equity shares held by the shareholders, after distribution of all preferential amounts.

On 30 May 2019, the Board of Directors have proposed a dividend of Rs. 0.05 per equity share (FY 2018-19 - Rs. 0.05 per equity share) to all equity shareholders for the year ended 31 March 2019. The dividend proposed by the Board of Directors is subject to approval of the shareholders of the Company in the ensuring general meeting.

**d) Details of shareholders holding more than 5% shares in the Company**

	As at 31 March 2019	
<b>Equity shares, issued, subscribed and fully paid-up</b>	<b>No. of shares</b>	<b>%age</b>
Vikas Garg	27,844,711	9.95%
Vikas Multicorp Limited	38,166,140	13.64%
Jayanti Shamji Chedda HUF	20,000,000	7.15%

	As at 31 March 2018	
<b>Equity shares, issued, subscribed and fully paid-up</b>	<b>No. of shares</b>	<b>%age</b>
Vikas Garg	48,343,855	17.27%
Vikas Multicorp Limited	41,166,140	14.71%
Jayanti Shamji Chedda HUF	20,000,000	7.15%

**e) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

The Company has not issued any share for consideration other than cash during the period of five year immediately preceding 31 March 2019.

**16. Other equity**

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
Share premium	114,869,778	114,869,778
General reserve	147,120,475	147,120,475
Retained earnings	889,363,331	742,525,528
Other reserve	965,934	965,934
Other comprehensive income	441,913	(1,422,038)
	<u>1,152,761,431</u>	<u>1,004,059,677</u>

a) Share premium

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Opening balance</b>	114,869,778	410,560,000
Additions during the year on account of issue of equity shares	-	-
Reduction on account of Demerger of Undertaking	-	(295,690,222)
<b>Closing balance</b>	<b>114,869,778</b>	<b>114,869,778</b>

b) General reserve

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Opening balance</b>	147,120,475	147,120,475
<b>Closing balance</b>	<b>147,120,475</b>	<b>147,120,475</b>

c) Retained earnings

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Opening balance</b>	742,525,528	492,102,995
Additions during the year	163,761,214	267,345,944
Less: Final dividend on equity shares	(13,994,984)	(13,994,984)
Less: Tax on final dividend on equity shares	(2,928,427)	(2,928,427)
<b>Closing balance</b>	<b>889,363,331</b>	<b>742,525,528</b>

d) Other reserves (capital reserve)

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Opening balance</b>	965,934	965,934
Additions during the year	-	-
<b>Closing balance</b>	<b>965,934</b>	<b>965,934</b>

e) Dividends

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Cash dividend on equity shares declared and paid</b>		
Final dividend for 31 March 2018: Rs.0.05 per share	13,994,984	13,994,984
Dividend distribution tax on final dividend	2,928,427	2,928,427
<b>Total cash dividend</b>	<b>16,923,411</b>	<b>16,923,411</b>
<b>Proposed dividend on equity shares*</b>		
Dividend proposed for 31 March 2019: Rs. 0.05 per share	13,994,984	13,994,984
Dividend distribution tax on dividend proposed	2,928,427	2,928,427
<b>Total proposed dividend</b>	<b>16,923,411</b>	<b>16,923,411</b>

\* Proposed dividend on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at 31 March 2019.

**f) Other Comprehensive Income – Re-measurement of defined benefit plans (net of tax)**

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Opening balance</b>	(1,422,038)	(849,980)
Actuarial gains/ (losses) on defined benefit plan for the year (net of tax)	1,863,951	(572,058)
<b>Closing balance</b>	<u>441,913</u>	<u>(1,422,038)</u>

**17. Borrowings**

**a) Non-current borrowings**

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Loan from banks and Others</b>		
Vehicle loans	622,747	2,904,242
Business loan	5,997,977	31,052,196
Fixed assets loans	60,788,875	20,114,644
Unsecured Loan	181,677,953	-
<b>Total non-current borrowings</b>	<u>249,087,552</u>	<u>54,071,082</u>

**b) Current borrowings**

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Current portion of secured term loan from banks</b>		
Vehicle loans	2,296,791	4,831,016
Business loan	15,594,988	4,578,939
Fixed assets loans	4,446,052	15,399,996
<b>Cash credit limits – Repayable on demand</b>		
Bank of Baroda	154,180,770	126,637,234
DBS bank	66,418,878	4,669,175
Oriental Bank of Commerce	526,059,122	417,066,599
Punjab National Bank	98,597,237	91,530,360
HSBC Bank Limited	-	58,368,446
State Bank of India	197,519,859	-
PCFC Bank of Baroda	10,784,897	49,839,865
PCFC DBS	-	139,440,304
PCFC Oriental Bank of Commerce	183,178,724	284,001,882
PCFC Punjab National Bank	66,911,474	69,844,420
PCFC HSBC Bank Limited	-	93,333,351
	<u>1,325,988,793</u>	<u>1,359,541,586</u>
<b>Less: Amount disclosed under 'Other financial liabilities' *</b>	<u>(22,337,832)</u>	<u>(24,809,951)</u>
	<b>1,303,650,962</b>	<b>1,334,731,635</b>

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 41.

\* Current portion of secured term loan from banks is disclosed under note 20, 'Other financial liabilities'.

## 18. Provisions

### a) Long-term provisions

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
Gratuity	2,819,588	4,260,961
	<u>2,819,588</u>	<u>4,260,961</u>

### b) Short-term provisions

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
Gratuity	459,246	723,765
	<u>459,246</u>	<u>723,765</u>

## 19. Trade payables

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
Total outstanding to micro and small enterprises*		-
Total outstanding to creditors other than micro and small enterprises	603,089,468	295,546,136
	<u>603,089,468</u>	<u>295,546,136</u>

\* Based on the information presently available with the management, there are no dues outstanding to micro and small enterprises covered under the 'Micro, Small and Medium Enterprises Development Act, 2006'.

The Company exposure to liquidity risk related to the above financial liabilities is disclosed in Note 41.

Trade Payables are subject to confirmation / reconciliation, consequential adjustment if any.

## 20. Other financial liabilities

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
Current maturities of non-current borrowings	22,337,832	24,809,951
Unclaimed dividend	2,271,483	2,043,343
Bank overdrafts	80,344	-
	<u>24,689,658</u>	<u>26,853,294</u>

## 21. Other liabilities, current

	Demerged As at 31 March 2019	Demerged As at 31 March 2018
Advance from customers*	189,571,641	7,598,907
Advance received against assets held for sale	-	4,500,000
Accrued expenses	8,417,346	15,244,018
Statutory dues payable	16,695,042	17,106,176
	<u>214,684,029</u>	<u>44,449,101</u>

\*Advance from customers are subject to confirmation / reconciliation, consequential adjustment if any.



**17. Terms and repayment schedule of Borrowings**

Terms and conditions of outstanding secured term loan are as follows:

Particulars	Interest rate	Year of maturity	Demerged As at 31 March 2019	Demerged As at 31 March 2018
<b>Non-current borrowings</b>				
Vehicle loan				
HDFC - Volvo loan (Account No 38982281)	9.37% p.a.	2019	-	206,191
ICICI - Jaguar loan (Account No 00035146099)	9.10% p.a.	2019	-	1,724,769
Toyota Financial Services India Limited – Innova (Account No NDEL1085441)	9.24% p.a.	2021	622,747.00	973,282
Business loan				
ICICI loan (Account No. LADEL00002038205) (in the name of Sigma Plastic Industries)	10.95% p.a.	2023	-	31,052,196
ICICI LAP A/c No. LBDEL00004899038	10.20% p.a.	2029	60,788,875.00	-
Fixed assets loan				
OBC – TL (Account No 08767025001865)	MCLR+2%	2020	900,000.00	5,850,000
OBC – TL (Account No 08767025002281)	MCLR+2%	2020	5,097,977.00	14,264,644
<b>Current borrowings</b>				
Vehicle loan				
HDFC - Volvo loan (Account No 38982281)	9.37% p.a.	2019	207,544.73	2,353,271
ICICI - Jaguar loan (Account No 00035146099)	9.10% p.a.	2019	1,733,629.04	2,158,066
Toyota Financial Services India Limited – Innova (Account No NDEL1085441)	9.24% p.a.	2021	355,617.68	319,679
Business loan				
ICICI loan (Account No. LADEL00002038205) (in the name of Sigma Plastic Industries)	10.95% p.a.	2023	-	4,578,939
ICICI LAP A/c No. LBDEL00004899038	10.20% p.a.	2029	4,446,052.06	9,999,996
Fixed assets loan				
OBC – TL (Account No 08767025001865)	MCLR+2%	2020	5,457,387.00	5,400,000
OBC – TL (Account No 08767025002281)	MCLR+2%	2020	10,137,601.00	9,999,996

**Secured term loans from banks**

- HDFC-Vehicle Loan Agreement No 38982281 was taken during 2016 year and carries interest @ 9.37% per annum. The loan is repayable in 36 instalments of Rs. 207,805 each along with interest from the date of Loan. The loan is secured by hypothecation of car of the Company. This loan has been discharged completely during the FY 2019-20.
- ICICI Loan No-LADEL00035146099 was taken during 2016 year and carries interest @ 9.10% per annum. The loan is repayable in 36 instalments of Rs. 201,906 each along with interest from the date of Loan. The loan is secured by hypothecation of car of the Company. The loan shall be fully repaid by 10.12.2019.
- Toyota Financial Services India Ltd - NDEL1085441 was taken during 2016 year and carries interest @ 9.24% per annum. The loan is repayable in 60 instalments of Rs. 35,496 each along with interest from the date of loan. The loan is secured by hypothecation of car of the Company. The loan shall be fully repaid by 10.10.2021.
- Term Loan II-8767025001865 (Oriental Bank of Commerce). The Term Loan is secured on the 1st exclusive charge by way of hypothecation on plant & machinery financed by OBC. The rate of interest shall be MCLR+2%. The loan shall be fully repaid by 30.04.2020.
- Term Loan III-8767025002281 (Oriental Bank of Commerce). The Term Loan is secured on the 1st exclusive charge by way of hypothecation on plant & machinery and construction of Building financed by OBC. The rate of interest shall be MCLR+2%. The loan shall be fully repaid by 30.09.2020.

- f) ICICI Bank Loan No LADEL00002038205: By virtue of acquisition of remaining share in Sigma Plastic Industries, the Loan (Firm has taken term loan from ICICI Bank of Rs.500 Lacs repayable in 120 EMI of Rs 717,355 each on 12th Nov 2013, this is secured against House No-10, Road No-4 East Punjabi Bagh New Delhi, the property in the name of the Directors of the Company) become the part of capital structure of the Company and the loan is in the process of transferring the name of the borrower from Sigma Plastic Industries to Vikas Ecotech Limited and has not been transferred in the name of Company as on balance sheet date. This loan account has been foreclosed on 22.03.2019 by paying off the entire liability.
- g) ICICI LAP A/c No. LBDEL00004899038: Vikas Ecotech Ltd. has taken Loan Against Immovable Commercial property from ICICI Bank during February'2019. Repayable in 120 EMI of Rs 8,67,358.00 each & Date of EMI is 05th of next month. The Term loan is secured against Office No. 404, 405, 408,409,410 & 411 in the Building known as "Express Zone", Western Express Highway, Malad (East) Mumbai, Maharashtra and the property is in the name of the Company.

**Secured Fund Based (Cash Credit, PCFC etc.) & Non Fund Based limits from Banks**

- The Company is availing working capital limits under consortium from Oriental Bank of Commerce, Bank of Baroda, Punjab National Bank, Development bank of Singapore and State Bank of India with Oriental Bank of Commerce as lead banker in consortium and others banks are member banks. Further, SBI has been introduced in Consortium during the current FY by taking over full exposure of HSBC Bank and parital exposure of DBS bank. However, overall Consortium exposure remains at same level.
- The Company is availing a cash credit (Hypothetical) limit of Rs.6,120 Lacs which include PCFC Limit of RS 2,880 Lacs from Oriental Bank of Commerce against Hypothecation of stock, receivable, and advance to suppliers and other current assets on pari-passu basis with consortium members. No DP against stock and Book debts exceeding 180 days to be allowed. Margin 20% and the rate of interest are Bank MCLR + 1.5%. Further the Company is also availing LC / DA / DP basis non Fund Based Limit of Rs.2,760 Lacs (which includes both side inter change ability LC to CC for Rs.1,000 Lacs) for procurement of Raw Material and spares. Cash Margins is 15% in the shape of FDR on LC limits.
- The Company is also availing Cash Credit limit of Rs.1,550 Lacs from Bank of Baroda with a sublimit of PC / PCFC / FBP / FBD of Rs. 575 Lacs under the same Cash Credit limit. The limit is secured by way of hypothecation of stock, receivables & other current assets on pari-passu basis with consortium members. DP shall be permitted against receivable upto 180 days. Margin is 20% & Rate of interest is MCLR+Strategic Premium+3.25%. Further the Company is availing Non Fund Based LC (Import /Inland / DP / DA / BG, Buyers Credit) limits of Rs.650 Lacs (which includes both side inter change ability LC to CC for Rs.300 Lacs) for procurement of raw material and spares. Cash Margin is 15% in the shape of FDR on LC limits.
- The Company is also availing Cash Credit limit of Rs.1,530 Lacs from Punjab National Bank with a sub limit of PC / PCFC/ FBP / FBD of Rs. 720 Lacs under the same Cash Credit limit. The limit is secured by way of hypothecation of stock, receivables & other current assets on pari-passu basis with consortium members. DP shall be permitted against receivable upto 180 days. Margin is 20% & Rate of interest is MCLR +2.65%. Further the Company is availing Non-Fund Based LC (Import /Inland /DP /DA /BG, Buyers Credit) limits of Rs.690 Lacs (which includes both side inter change ability LC to CC for Rs.170 Lacs) for procurement of raw material and spares. Cash Margin is 15% in the shape of FDR.
- The Company is also availing Cash Credit limit of Rs.1,500 Lacs from Development Bank of Singapore with a sub limit of PC / PCFC / FBP / FBD of Rs. 1,500 Lacs, NFB 400 Lacs & BG 200 Lacs under the same Cash Credit limit which has been partially repaid during the FY by way of takeover of exposure by SBI. The limit is secured by way of hypothecation of stock, receivables & other current assets on pari-passu basis with consortium members. DP shall be permitted against receivable upto 180 days. Margin is 20% & Rate of interest is 3 months MCLR +1.65%. Company has reduced the facilities to Rs. 700 Lacs and SBI has taken over the limit of Rs. 800 Lacs.
- The Company had also availed Cash Credit limit of Rs.1,500 Lacs from The Hongkong Shanghai Banking Corporation Ltd with a sub limit of PC / PCFC / FBP / FBD of Rs. 1,500 Lacs under the same Cash Credit limit which has been fully repaid during the FY by way of takeover of exposure by SBI. The limit was secured by way of hypothecation of stock, receivables & other current assets on pari-passu basis with consortium members. DP shall be permitted against receivable upto 180 days. Margin is 20% & Rate of interest is 3 months MCLR +1.05%. Further the Company had availed Non Fund Based LC (Import /Inland /DP/ DA/ BG, Buyers Credit) limits of Rs. 700 for procurement of raw material and spares .Cash Margin is 15% in the shape of FDR. This facility has been fully paid off by Company by way of takeover of limits by SBI and HSBC has issued No Dues Certificate on 13.11.2018 against the same.

- SBI has been introduced in Consortium during the current FY by taking over full exposure of HSBC Bank and parital exposure of DBS bank. However, overall Consortitum exposure remains at same level. Currently, the Company is also availing Cash Credit limit of Rs.2,000 Lacs from State Bank of India with a sub limit of PC / PCFC / FBP / FBD of Rs. 500 Lacs under the same Cash Credit limit. The limit is secured by way of hypothecation of stock, receivables & other current assets on pari-passu basis with consortium members. DP shall be permitted against receivable upto 180 days. Margin is 20% & Rate of interest is 1.75% above MCLR. Further the Company is availing Non Fund Based LC (Import /Inland /DP/ DA/ BG, Buyers Credit) limits of Rs. 1000 for procurement of raw material and spares .Cash Margin is 15% in the shape of FDR.

**Further, the Fund Based & Non Fund Based limits from Banks are secured by Mortgage of following Collateral Assets:**

- a) Property bearing Khasra No.14/5/2 6min, 15/1/2, 9/2 &10 min Vill Ghevra, Near Mundka Railway Crossing, Delhi owned by Ms. Seema Garg and Ms. Namita Garg.
- b) Roof right of Property 34/1, Vikas Apartments, East Punjabi Bagh, New Delhi owned by Company.
- c) Industrial property at Industrial Growth Centre, Phase1, Dist. Samba, J&K owned by Company.
- d) Land & building situated at Industrial Growth Centre, Phase-1, Dist. Samba, J&K owned by Company.
- e) F-5, Vikas Apartment, 34/1, 1st Floor, East Punjabi Bagh, New Delhi owned by Ms. Seema Garg.
- f) Industrial property at G-30 RIICO Industrial Area, Vigyan Nagar, Shahjahanpur Dist. Alwar, Rajasthan.
- g) Property situated at Khasra no. 710/201 in Village Rithala, Delhi owned by Mr. Vivek Garg.
- h) A-28 Khasra No.12/10 and 13/6 Village Kamrudin Nagar Nangloi owned by Ms. Seema Garg and Ms. Usha Garg.
- i) 770, Khasra No.142/770, situated at Village Khanjawala, New Delhi owned by Ms. Usha Garg
- j) B-1, 34/1, Vikas Apartment, Punjabi Bagh, New Delhi owned by Ms. Usha Garg.
- k) Land situated village Sultanpur Dabas, New Delhi owned by Company.
- l) Industrial property at G-24-29 RIICO Industrial Area, Vigyan Nagar, Shahjahanpur Dist. Alwar Rajasthan, owned by Company.
- m) Industrial Property at Dahej –II, Industrial Estate, Dist. Bharuch Gujarat owned by Company. The Property has been disposed off on 29.05.2018 of Rs. 4,26,50,827.00 and entire proceeds kept by Bank as Colleteral vide FDR No. ‘00073021044520 Dt. 29.05.2018 of Rs. 65,00,000.00 & ‘00073021044490 Dt. 29.05.2018 of Rs. 3,61,50,827.00 with Oriental Bank of Commerce.
- n) Industrial Property No. - F-7 & 8, Vigyan Nagar RIICO Indl. Area, Shahjahanpur, Tehsil Neemrana Distt. Alwar, Rajasthan.

**Further, the Fund Based & Non Fund Based limits are guaranteed by personal guarantee of the following persons:**

- a) Mr. Nand Kishore Garg
- b) Mr. Vikas Garg
- c) Mr. Vivek Garg
- d) Ms. Seema Garg
- e) Ms. Usha Garg
- f) Ms. Namita Garg

## 22. Revenue from operations

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
<b>Revenue from operations</b>		
Sale of products	2,419,877,482	2,361,775,432
Sale of Services	32,626,049	-
	<b>2,452,503,531</b>	<b>2,361,775,432</b>

## 23. Other income

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
Foreign exchange fluctuation gain	8,144,584.62	13,695,491.42
Interest income	7,489,532.50	4,484,882.94
Rebates and discounts received	177,943,043.41	13,308,057.62
Profit on sale of fixed assets	9,666,170.88	2,825,234.15
Excise refund received	-	453,745.00
Other Receipts	37,315,783.80	888,987.81
Rental income	513,885.00	1,200,000.00
Export incentive	4,113,486.00	3,539,507.00
	<b>245,186,486</b>	<b>40,395,906</b>

## 24. Cost of material consumed\*

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
Opening inventory of raw material, work in progress and finished goods	696,944,833	367,903,436
Add: Purchases (including direct expenses and overheads)	2,458,725,490	1,983,593,493
Less: Closing inventory of raw material, work in progress and finished goods	(1,057,296,674)	(696,944,833)
	<b>2,098,373,649</b>	<b>1,654,552,097</b>

## Details of inventory

Particulars	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
<b>Closing Inventory*</b>		
Inventory of raw material, work in progress and finished goods	1,057,296,674	696,944,833

## 25. Purchase of traded goods\*

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
Purchase of traded goods ( including direct expenses and overheads)	3,660,154	-
	<b>3,660,154</b>	-

## 26. Change in inventory\*

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
Closing stock of traded goods and real estate inventory	10,486,671	6,826,517
Opening stock of traded goods and real estate inventory	6,826,517	7,057,077
<b>(Increase)/ Decrease in Inventory (traded goods and real estate inventory)</b>	<b>(3,660,154)</b>	<b>230,560</b>

\*The Company is in the business of High End additives and rubber-plastic compounds and accordingly deals in numerous items such as Tin Alloy / Ingots, 2 Ethylhexyl Thioglycolate, Tinmate, Hydrogen Peroxide, PVC Resin, Styrene Butadiene Copolymer, Styrene Butadiene Styrene, Methyl Chloride (Gas) etc. Keeping in view the nature of industry and vast number of items, it is not practical for the Company to give item wise break up of different type of products.

## 27. Employee benefit expenses

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
Salaries, wages and bonus	31,979,250	42,363,615
Contribution to provident and other funds	1,322,411	934,336
Staff welfare expenses	4,771,581	1,492,841
	<u>38,073,242</u>	<u>44,790,792</u>

\*'Salaries, wages and bonus' includes gratuity and other post-employment benefits. Refer note 33 for details.

## 28. Depreciation expense

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
Depreciation on tangible assets	47,690,505	35,983,835
	<u>47,690,505</u>	<u>35,983,835</u>

## 29. Finance costs

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
<b>Interest expenses</b>		
- On borrowings	118,627,395	80,784,534
- On others	19,099,220	12,079,607
Other financing charges	20,201,755	15,053,512
	<u>157,928,370</u>	<u>107,917,653</u>

## 30. Other expenses

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
Demurrage on export	2,466,144	4,183,623
Freight outward	42,391,953	27,063,683
Legal and professional	21,361,915	19,797,995
Statutory Audit Fees	1,000,000	649,364
Directors' sitting fees	78,537	64,936
Travelling and conveyance	5,623,403	5,372,891
Donation	736,300	7,923,626
Corporate social responsibility expenditure	9,000,000	3,636,440
Insurance	7,476,832	3,762,753
Electricity Expenses	962,397	590,442
Loading and unloading expenses	2,108,784	710,668
Security Charges	2,891,394	3,035,045
Advertisement and promotion	478,856	1,783,623
Plant and machinery	3,910,638	3,458,670
Buildings	194,278	75,718
Others	238,863	442,012
Printing and stationery	862,984	390,081
Postage and courier	301,568	396,940
Communication costs	843,850	901,859
Rent	3,967,333	3,578,365
Brokerage and discounts	-	-
Provision for Impairment of Assets	4,754,332	-

Rates and taxes	5,578,138	3,691,780
Vehicle Running Expenses	425,613	761,238
Miscellaneous expenses	3,408,220	18,198,400
	<b>121,062,333</b>	<b>110,470,152</b>

#### Payments to Statutory auditors

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
Statutory Audit fees	1,000,000	1,000,000
Taxation and Other matters – fees	275,000	226,000
	<b>1,275,000</b>	<b>1,226,000</b>

#### 31. Exceptional items Particulars

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
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#### 32. Earnings per share

	For the year ended 31 March 2019 (Demerged)	For the year ended 31 March 2018 (Demerged)
Nominal value per share	1.00	1.00
Profit attributable to equity shareholders for computing Basic and Diluted EPS (A)	163,761,214	267,345,944
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	279,899,675	279,899,675
Diluted effect on weighted average number of equity shares outstanding during the year		
Weighted average number of equity shares outstanding during the year for computing Diluted EPS (C)	<b>279,899,675</b>	<b>279,899,675</b>
<b>Basic earnings per share (A/B)</b>	<b>0.59</b>	<b>0.96</b>
<b>Diluted earnings per share (A/C)</b>	<b>0.59</b>	<b>0.96</b>

#### 33. Employee benefits

The Company has recognised the following amounts in the statement of profit and loss:

##### Defined contribution plan

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
Employer's contribution to provident fund	761,200	721,020
	<b>761,200</b>	<b>721,020</b>

##### Defined benefit plan

The Company operates a defined benefit gratuity plan, wherein every employee, who has rendered at least five years of continuous service, is entitled to the gratuity benefit equivalent to 15 days of total basic salary last drawn for each completed year of service, in terms of Payments of Gratuity Act, 1972. The Company has taken Group Gratuity Scheme for the employees from the LIC of India. Gratuity liability is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of the each reporting period, as required under Ind-AS 19 – Employee Benefits.

**a) Reconciliation of present value of defined benefit obligation:**

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
Present value of benefit obligation at beginning of year	4,984,726	2,799,063
Current services cost	535,304	1,101,070
Interest cost	388,532	209,780
Benefits paid	-	-
Re-measurements of Actuarial (gain)/ loss arising from		
- Change in financial assumptions	41,450	(199,562)
- Experience variance (i.e. Actual experience vs. assumptions)	(2,671,178)	1,074,375
<b>Present value of benefit obligation at end of year</b>	<b>3,278,834</b>	<b>4,984,726</b>

**b) Reconciliation of present value of plan assets:**

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
Fair value of plan assets at beginning of year	448,307	417,051
Investment income	34,943	31,256
Return on plan assets, excluding amount recognised in net interest expense	-	-
<b>Fair value of plan assets at end of year</b>	<b>483,250</b>	<b>448,307</b>

**c) Expense recognised in the statement of profit and loss**

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
Service cost	535,304	1,101,070
Interest cost	353,589	178,524
	<b>888,893</b>	<b>1,279,594</b>

**d) Amount recognised in other comprehensive income:**

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
Actuarial (gain)/ losses		
Changes in financial assumptions	41,450	(199,562)
Experience variance (i.e. actuarial experience vs. assumptions)	(2,671,178)	1,074,375
Return on plan assets, excluding amount recognised in net interest expense	-	-
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(2,629,728)</b>	<b>874,813</b>

**e) Assumptions used to determine the benefit obligation are as follows:**

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
Discount rate	7.70%	7.80%
Expected rate of increase in compensation levels	6.00%	6.00%
Retirement age	60 years	60 years
Withdrawal rates:		
Upto 30 years	3.00%	3.00%
31 – 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

Mortality Rate (% of Indian Assured Live Maturity 2006-08)

Assumptions regarding future mortality rate are based on published statistics and mortality tables.

**f) Maturity profile of defined benefit obligation**

The weighted average duration of the defined benefit obligation is 13 years. The expected maturity analysis of undiscounted gratuity is as follows:

Expected cash flows over the next (valued on undiscounted basis)	Amount	
	31-Mar-19	31-Mar-18
1 year	459,246	723,765
2 to 5 years	300,315	455,452
6 to 10 years	638,285	1,083,760
More than 10 years	9,731,441	15,619,058

**g) Sensitivity analysis**

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	31-Mar-19		31-Mar-18	
	Decrease	Increase	Decrease	Increase
Discount rate (1% movement)	3,736,420	2,898,399	56,97,016	43,95,710
Salary growth rate (1% movement)	2,889,490	3,739,708	43,81,448	57,02,881
Attrition Rate (- / + 50% of attrition rates)	3,230,370	3,320,814	49,14,062	50,43,872
Mortality Rate (- / + 10% of mortality rates)	3,275,825	3,281,828	49,80,041	49,89,388

The sensitivity analyses are based on change in above assumption while holding all other assumptions constant. The changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with projected unit credit method at the end of the reporting year) has been applied, as has been applied when calculating the provision for defined benefit plan recognised in the Balance Sheet.

**34. Operating lease**

The Company has taken various premises on operating leases. The underlying agreements are executed for a period generally ranging from one year to three years except long term leases, renewable at the option of the Company and the lessor. There are no restrictions imposed by such leases and there are no sub leases. The rent charged and minimum rental payments to be made in the future in respect of these operating leases are as under:

Particulars	Year ended	
	31-Mar-19	31-Mar-18
Lease rental charged to the Statement of profit and loss	3,967,333	3,578,365
<b>Obligation on non-cancellable lease</b>		
Within one year	2,356,639	5,256,510
Later than one year but not later than three years	4,713,277	10,582,073
	<b>7,069,916</b>	<b>15,838,582</b>

**35. Contingencies**

**a) Guarantees**

Particulars	Year ended	
	31-Mar-19	31-Mar-18
Bank guarantees issued by banks on behalf of the Company*	31,100,000	700,000
Duty against advance license	1,342,943	-
	<b>32,442,943</b>	<b>700,000</b>

\* Above Figures are stated without considering margin money given by the company, for margin money details please refer Note no. 12

**b) Claims not acknowledged as debts**

Nature of statute	Period to which amount relates	Nature of dues/ demand	Amount	Forum in which Dispute is pending
Income Tax Act	A.Y. 2003-04	Income tax demand	31,44,000	ITAT, Delhi
Income Tax Act (refer below point-1)	A.Y. 2008-09	Income tax demand	23,60,500	ACIT Circle 26(2), Delhi
Income Tax Act (refer below point-2)	A.Y. 2009-10	Income tax demand	19,80,580	ACIT Circle 26(2), Delhi
Excise (refer below point-3)	Excise Duty Demand (Sigma Plastic Industries)		31,24,983	CESTAT, Chandigarh



- 1) Letter of Request for rectification was submitted to The Asst. Commissioner of Income Tax [Circle 26(2)], New Delhi since TDS credit from Lupin Ltd. was not reflected in 26 AS of relevant year.
- 2) Letter of Request for rectification was submitted to The Asst. Commissioner of Income Tax [Circle 26(2)], New Delhi since TDS credit from Lupin Ltd was not received.
- 3) The Company acquired 100% share in Sigma Plastic Industries, which was merged in the Company during financial year 2014-15. Accordingly, pending litigation of Sigma Plastic Industries has also become part of pending litigation of the Company.

The Company has filed civil suit against ADM Agro Industries Kota and Akola Limited supplier of Soya Bean Oil in Saket Court Delhi (Case No-CS OS No.-198/214) amounting Rs. 99,61,516 due to poor supply of soya bean oil. The Company has suffered a loss due to such poor quality of material supplied by them and non-recovery of money from debtors and it also affect goodwill of the Company. ADM Agro Industries Kota and Akola Limited has also filed winding up petition against the Company in High Court (Case No. CO PET N. 64/2014) due to non-payment of Rs. 41,15,664 along with interest at the rate of 18% from the due date of payment. ADM Agro Industries Kota and Akola Limited has also filed a summary suit for recovery of debts in Tis Hazari Court (Summary Suit No. – C S (OS) 3077/2014).

**36. Capital commitment**

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
Estimated amount of contracts to be executed on capital account and not provided for in the financial statements (net of capital advances)*	3,041,274	39,512,075

\* The Company has intended to purchase the property for Rs. 18,25,01,400 at New Rohtak Road, New Delhi. The Company has made the payment of Rs. 17,94,60,126/- for the same till 31 March 2019, which is shown as per Note No. 8 under “other non-current assets” in the Balance Sheet. Balance payment and the registration will be done in upcoming years and the same will be registered in the name of the Company after completing all the formalities after taking over possession of units.

**g) Sensitivity analysis**

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	31-Mar-19		31-Mar-18	
	Decrease	Increase	Decrease	Increase
Discount rate (1% movement)	37,36,420	28,98,399	56,97,016	43,95,710
Salary growth rate (1% movement)	28,89,490	37,39,708	43,81,448	57,02,881
Attrition Rate (- / + 50% of attrition rates)	32,30,370	33,20,814	49,14,062	50,43,872
Mortality Rate (- / + 10% of mortality rates)	32,75,825	32,81,828	49,80,041	49,89,388

The sensitivity analyses are based on change in above assumption while holding all other assumptions constant. The changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with projected unit credit method at the end of the reporting year) has been applied, as has been applied when calculating the provision for defined benefit plan recognised in the Balance Sheet.

**34. Operating lease**

The Company has taken various premises on operating leases. The underlying agreements are executed for a period generally ranging from one year to three years except long term leases, renewable at the option of the Company and the lessor. There are no restrictions imposed by such leases and there are no sub leases. The rent charged and minimum rental payments to be made in the future in respect of these operating leases are as under:

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
Lease rental charged to the Statement of profit and loss	39,67,333	35,78,365
Obligation on non-cancellable lease		
Within one year	23,56,639	52,56,510
Later than one year but not later than three years	47,13,277	1,05,82,073
	70,69,916	1,58,38,582

### 35. Contingencies

#### a) Guarantees

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
Bank guarantees issued by banks on behalf of the Company*	3,11,00,000	7,00,000
Duty against advance license	13,42,943	-
	3,24,42,943	7,00,000

\* Above Figures are stated without considering margin money given by the company, for margin money details please refer Note no. 12

#### b) Claims not acknowledged as debts

Nature of statute	Period to which amount relates	Nature of dues/ demand	Amount	Forum in which dispute is pending
Income Tax Act	A.Y. 2003-04	Income tax demand	31,44,000	ITAT, Delhi
Income Tax Act (refer below point-1)	A.Y. 2008-09	Income tax demand	23,60,500	ACIT Circle 26(2), New Delhi
Income Tax Act (refer below point-2)	A.Y. 2009-10	Income tax demand	19,80,580	ACIT Circle 26(2), New Delhi
Excise (refer below point-3)	Excise Duty Demand (Sigma Plastic Industries)		31,24,983	CESTAT (Chandigarh)

1) Letter of Request for rectification was submitted to The Asst. Commissioner of Income Tax [Circle 26(2)], New Delhi since TDS credit from Lupin Ltd. was not reflected in 26 AS of relevant year.

2) Letter of Request for rectification was submitted to The Asst. Commissioner of Income Tax [Circle 26(2)], New Delhi since TDS credit from Lupin Ltd was not received.

3) The Company acquired 100% share in Sigma Plastic Industries, which was merged in the Company during financial year 2014-15. Accordingly, pending litigation of Sigma Plastic Industries has also become part of pending litigation of the Company.

The Company has filed civil suit against ADM Agro Industries Kota and Akola Limited supplier of Soya Bean Oil in Saket Court Delhi (Case No-CS OS No.-198/214) amounting Rs. 99,61,516 due to poor supply of soya bean oil. The Company has suffered a loss due to such poor quality of material supplied by them and non-recovery of money from debtors and it also affect goodwill of the Company. ADM Agro Industries Kota and Akola Limited has also filed winding up petition against the Company in High Court (Case No. CO PET N. 64/2014) due to non-payment of Rs. 41,15,664 along with interest at the rate of 18% from the due date of payment. ADM Agro Industries Kota and Akola Limited has also filed a summary suit for recovery of debts in Tis Hazari Court (Summary Suit No. – C S (OS) 3077/2014).

**36. Capital commitment**

Particulars	Year ended	Year ended
	31-Mar-19	31-Mar-18
Estimated amount of contracts to be executed on capital account and not provided for in the financial statements (net of capital advances)*	30,41,274	3,95,12,075

\* The Company has intended to purchase the property for Rs. 18,25,01,400 at New Rohtak Road, New Delhi. The Company has made the payment of Rs. 17,94,60,126/- for the same till 31 March 2019, which is shown as per Note No. 8 under "other non-current assets" in the Balance Sheet. Balance payment and the registration will be done in upcoming years and the same will be registered in the name of the Company after completing all the formalities after taking over possession of units.

**37. Fair value measurement and financial instruments**

Financial instruments – by category and fair value hierarchy

The following table shows the carrying amounts of financial assets and financial liabilities, including their levels in the fair value hierarchy:

Financial assets	Carrying Amount	
	31-Mar-19	31-Mar-18
- At amortised cost		
Loans	21,61,958	51,20,651
Investments in Shares	-	4,76,98,950
Trade receivables	1,64,88,84,496	1,39,14,60,524
Cash and cash equivalents	67,46,468	3,27,30,958
Other bank balances	13,67,83,416	5,55,50,566
Other financial assets	43,87,527	11,66,108
	1,79,89,63,865	1,53,37,27,757
Financial liabilities		
- At amortised cost		
Borrowings (non-current)	27,93,09,599	5,40,71,082
Borrowings (current)	1,30,36,50,962	1,33,47,31,635
Trade payables	60,30,89,468	29,55,46,136
Other financial liabilities	2,46,89,658	2,68,53,294
	2,21,07,39,688	1,71,12,02,147

Fair Value		
	31-Mar-19	31-Mar-18
Financial assets		
- At amortised cost		
Loans	21,61,958	51,20,651
Investments in Shares	0	4,76,98,950
Trade receivables	1,64,88,84,496	1,39,14,60,524
Cash and cash equivalents	67,46,468	3,27,30,958
Other bank balances	13,67,83,416	5,55,50,566
Other financial assets	43,87,527	11,66,108
	1,79,89,63,865	1,53,37,27,757
Financial liabilities		
- At amortised cost		
Borrowings (non-current)	24,90,87,552	5,40,71,082
Borrowings (current)	1,30,36,50,962	1,33,47,31,635
Trade payables	60,30,89,468	29,55,46,136
Other financial liabilities	2,46,89,658	2,68,53,294
	2,18,05,17,641	1,71,12,02,147

The following methods / assumptions were used to estimate the fair values:

- The carrying value of cash and cash equivalents, trade receivables and trade payables and liabilities approximate their fair values mainly due to short-term maturities of these instruments.
- The fair value of investment in shares, which are acquired during the year itself only, is assessed by the management to be same as carrying value and is not expected to be significantly different.
- The fair value of other financial assets and other financial liabilities is estimated by discounting future cash flows using rates applicable to instruments with similar terms, currency, credit risk and remaining maturities. The fair values of other financial assets and other financial liabilities are assessed by the management to be same as their carrying value and is not expected to be significantly different if estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs.
- The Company's borrowings have been contracted at floating rate of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value. Borrowings (non-current) includes unsecured loan accepted from Director of the company amounting to Rs. 21,19,00,000/- for two years tenure has been discounted using the rate 9.65% p.a and stated at amortised cost of Rs. 18,16,77,953/-.

There are no significant unobservable inputs used in the fair value measurement.

#### Fair value hierarchy

All financial instrument for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole;

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs)

The following table presents the financial instruments measured at fair value, by level within the fair value measurement hierarchy:

Financial assets	Level	As at	
		31-Mar-19	31-Mar-18
Financial assets			
- At amortised cost			
Loans	Level 3	21,61,958	51,20,651
Investments in Shares	Level 3	-	4,76,98,950
Trade receivables	Level 3	1,64,88,84,496	1,39,14,60,524
Cash and cash equivalents	Level 3	67,46,468	3,27,30,958
Other bank balances	Level 3	13,67,83,416	5,55,50,566
Other financial assets	Level 3	43,87,527	11,66,108
		1,79,89,63,865	1,53,37,27,757
Financial liabilities			
- At amortised cost			
Borrowings (non-current)	Level 3	24,90,87,552	5,40,71,082
Borrowings (current)	Level 3	1,30,36,50,962	1,33,47,31,635
Trade payables	Level 3	60,30,89,468	29,55,46,136
Other financial liabilities	Level 3	2,46,89,658	2,68,53,294
		2,18,05,17,641	1,71,12,02,147

During the year ended 31 March 2019, there were no transfers between Level 1, Level 2 or Level 3 fair value measurements.

### 38. Related party disclosures

In accordance with the requirements of Ind-AS - 24 "Related Party Disclosures", the names of the related parties where control exists and/ or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are as below:

#### A. List of related parties

##### 1. Company with common Director

Vikas Multicorp Limited  
Ketav Multicorp Pvt Ltd.  
MM Infosystems Pvt. Ltd.

##### 2. Key management personnel (KMP)

Vikas Garg	Managing Director
Vivek Garg	Whole time Director
Ashutosh Kumar Verma	Chief Executive Officer and Whole time Director
Devender Kumar Garg	Director (Finance)
Amit Dhuria	Chief Financial Officer
Preeti Rai	Company Secretary
Siddhartha Agrawal	Ex-Company Secretary

##### 3. Relative of Key management personnel (KMP)

Seema Garg

Related party transactions represent transactions entered into by the Company with directors, key management personnel and relatives of key management personnel. The transactions with these related parties for the year ended 31 March 2019 and balances as at 31 March 2019 are described below:

Nature of transaction	Company with Common Director	KMP and relative	Total
Sales	19,80,25,236	-	19,80,25,236
Purchases including capital assets	12,26,57,180	-	12,26,57,180
Advance against supplies	13,51,81,820	-	13,51,81,820
Rent paid	-	4,52,806	4,52,806
Director remuneration	-	50,87,167	50,87,167
Legal & Professional Charges	5,93,358	-	5,93,358
Acceptance of Unsecured Loan (without impact of fair valuation)	-	21,19,00,000	21,19,00,000
Salary and allowances to KMP*	-	21,51,856	21,51,856
	45,64,57,594	21,95,91,829	67,60,49,423
Balances as at 31 March 2019			
Unsecured Loan (without impact of fair valuation)	-	21,19,00,000	21,19,00,000
Advance against supplies	13,60,43,822	-	13,60,43,822
Trade Receivable	1,60,52,520	-	1,60,52,520
Other current Liabilities	-	5,95,148	5,95,148

\* Segregation of post-employment benefit plans of gratuity for individuals cannot be ascertained.

Terms and conditions of transactions with related parties:

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

### 39. Status of Insurance Claim

The company has reported exceptional item on account of fire loss of Unit-II of RIICO Industrial Area, Shahjahanpur, Alwar, Rajasthan, in the financial statement for the year ended 31.03.2017. In this regard surveyor has submitted final report to Oriental Insurance Co Ltd on 05.11.2018 with an Insurance claim of Rs. 9.34 Crs approx. Now, The Divisional Office

of Oriental Insurance Company Limited has approved the report submitted by the surveyor without any modifications. Further the Divisional office has submitted their report to Head Office for Disbursal of claim. Management is expecting settlement of claim during the FY 2019-20.

#### 40. Scheme of amalgamation

The scheme of amalgamation was filed under section 391 read with section 394 of the Companies Act 1956 w.e.f 1 April 2007 for the amalgamation of following three transferor companies with the transferee company, Vikas Ecotech Limited (formerly known as Vikas Globalone Limited):

- a) Hulchul International Private Limited
- b) Vikas Utilities Private Limited
- c) South Delhi Projects Private Limited

The scheme was approved by approved by High Court vide order no. 18457/1 dated 17 October 2008. In absence of any specific guidance under Ind AS with respect to amalgamation under court scheme, the Company has continued to apply the accounting prescribed under the scheme as applied under Indian GAAP. Accordingly, surplus of Rs. 965,934/- arising on account of amalgamation is shown under "Other reserves".

#### 41. Financial risk management objectives and policies

The Company's principal financial liabilities comprise borrowings, trade payables etc. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents, security deposits, etc. that derive directly from its operations.

The Company is exposed to market risk (interest rate risk), credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance frame work for the Company are accountable to the Board Audit Committee. This process provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and Company's risk appetite. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

##### Market Risk – Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates related primarily to the Company's borrowings with floating interest rates.

##### Exposure to interest rate risks

The Company's interest rate risk arises majorly from the borrowings carrying floating rate of interest. These obligations exposes the Company to cash flow interest rate risk. The exposure of the Company's borrowing to interest rate changes as reported to the management at the end of the reporting period are as follows:

Variable rate instruments	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
Secured loan from banks (including current maturities)	1,39,04,78,854	1,40,58,77,410	1,16,81,23,085

**Interest rate sensitivity analysis**

A reasonably possible change of 0.5% in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant.

Particulars	Statement of Profit and Loss 31.03.2019		Statement of Profit and Loss 31.03.2018	
	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Decrease
Interest on loan for the year ended 31 March 2019	69,90,891	(69,90,891)	64,35,001	(64,35,001)

**Credit risk**

The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
Trade receivables	10	1,64,88,84,496	1,39,14,60,524
Cash and cash equivalents	11	67,46,471	3,27,30,961
Other bank balances	12	13,67,83,416	5,55,50,566
Other financial assets	13	43,87,527	11,66,108

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk on cash and cash equivalents and bank deposits is generally limited as the Company transacts with Banks having a high credit ratings assigned by domestic credit rating agencies.

**Trade receivables**

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. On adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment gain or loss. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Company's historical experience of customers. Based on the business environment in which the Company operates, management considers that the trade receivables are not in default (credit impaired) as there is very good track record against sales realisations and further there is Zero bad debts in past, hence the Company based upon past trends determined that an impairment allowance for loss on trade receivables is not required.

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Within due date	Less than 30 days	30 to 60 days	60 to 90 days	90 days & Above	Total
Trade receivables as at 31 March 2019	1,175,653,069	61,657,855	61,613,031	56,303,166	293,657,374	1,648,884,496
Trade receivables as at 31 March 2018	585,460,548	156,931,987	153,173,423	62,905,935	432,988,632	1,391,460,524

### Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk on account of its borrowings, receivables and other payables in foreign currency. The functional currency of the company is Indian Rupee.

The foreign currency exchange management policy is to minimize economic and transactional exposures arising from currency movements against the US dollar & Euro. The Company manages the risk by netting off naturally-occurring opposite exposures wherever possible, and then dealing with any material residual foreign currency exchange risks if any.

### Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2019 and 31 March 2018 are as below:

Particulars	Currency	31-Mar-19	31-Mar-18
Trade receivables	INR	6,346,472	1,118,521,437
Trade Payables	INR	63,557,647	560,878,796
Borrowings	INR	260,875,096	636,459,821
Net Foreign Currency Exposure	INR	(318,086,271)	(78,817,180)

### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollar & Euro at reporting date would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in thousands of INR	Year ended 31 March 2019		Year ended 31 March 2018	
	Strengthening	Weakening	Strengthening	Weakening
INR for Foreign Currency Exposure	(3,180,863)	3,180,863	(788,172)	788,172

### Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company principal sources of liquidity are cash and cash equivalents and the cash flow generated from operations. The Company closely monitors its liquidity position and deploys a robust cash management system.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:-

	As at 31 March 2019					
	Carrying amount	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Bank Borrowings	1,303,650,962		1,303,650,962			1,303,650,962
Trade payables	603,089,468	542,240,213	60,849,256	-	-	603,089,468
Unpaid interim dividend	-		-			-
Other financial liabilities	24,689,658	13,520,743	11,168,916	-	-	24,689,658
	As at 31 March 2018					
	Carrying amount	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	Total
Bank Borrowings	1,334,731,635		1,334,731,635			1,334,731,635
Trade payables	295,546,136	295,546,136	-	-	-	295,546,136



Unpaid interim dividend	-	-	-	-	-
Other financial liabilities	26,853,294	14,448,318	12,404,975	-	26,853,294

### Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No major changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2019 and 31 March 2018.

The Company's capital consists of equity attributable to equity holders that includes equity share capital, retained earnings and long term borrowings.

Particulars	As at	As at
	31-Mar-19	31-Mar-18
Total liabilities	1,575,076,345	1,413,612,668
Less: Cash and cash equivalent	6,746,471	32,730,961
<b>Adjusted net debt (a)</b>	<b>1,568,329,874</b>	<b>1,380,881,707</b>
Total equity (b)	1,432,661,106	1,283,959,352
Total equity and net debt (a+b) = c	3,000,990,980	2,664,841,059
<b>Capital gearing ratio (a/c)</b>	<b>52.26%</b>	<b>51.82%</b>

### 42. Note on Demerger

The Board of Directors of the Company in its meeting held on May 29th, 2017 had approved the 'Scheme of Arrangement' for the Demerger of High Volume 'Recycled Compounds and Trading Division' of Vikas EcoTech Limited (Demerged Undertaking) (having net assets of approx. book value of Rs. 29.57 Crores as on 1st April, 2017) into Vikas Multicorp Limited (Resulting Company). An application was moved before the Hon'ble NCLT principal bench, New Delhi for obtaining necessary orders under Section 230-232 of the Companies Act, 2013, with a view of vesting of demerged undertaking, the appointed date under the Scheme for demerger is 1st April, 2017. The order of Hon'ble NCLT Delhi was received by company on 06.11.2018 and all the effects related to approved scheme has taken into consideration while finalizing the Books of Accounts for FY 2017-18 & 2018-19.

*If undelivered please return to:*

**VIKAS ECOTECH LIMITED**

**CIN: L6599DL1984PLC019465**

**Regd. Office: Vikas Apartments, 34/1, East Punjabi Bagh,  
New Delhi- 110026**