



VEL/AR/18/10/2018

18<sup>th</sup> October, 2018

The General Manager-Listing National Stock Exchange Limited Exchange Plaza, Bandra-Kurla Complex Bandra(E) Mumbai-400051 Fax:- 022-26598235/36 NSE Symbol- VIKASECO	The General Manager-Listing Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Fort, Mumbai-400001 Scrip Code:- 530961
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**Sub: - Annual Report 2017-18**

Dear Sir

Please find attached Annual Report for the financial ended 2017-18 for your record and further dissemination.

Kindly place it on record and update your website.

Thanking you

For Vikas EcoTech Limited  
(Formerly Vikas GlobalOne Limited)

(Siddharth Agrawal)  
Company Secretary & Compliance Officer



# 17 18

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

## **FUTURE READY**

GREEN CHEMISTRY FOR  
SUSTAINABLE PLANET



## FORWARD-LOOKING STATEMENT

This Annual Report contains certain forward-looking statements with respect to the financial condition, results of operations and business of Vikas Ecotech Ltd. (VEL) and certain of the plans and objectives of VEL with respect to these items. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future EBITDA and future developments in our business. Forward-looking statements can be identified generally as those containing words such as "anticipates", "assumes", "believes", "estimates", "expects", "should", "will", "will likely result", "forecast", "outlook", "projects", "may" or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

These factors include, but are not limited to, domestic & global economic and business conditions, the successful implementation of our strategy and our ability to realize the benefits of this strategy, our ability to develop and market new products, changes in legislation, legal claims, changes in exchange and interest rates, changes in tax rates, pension costs and actuarial assumptions, raw materials and employee costs, our ability to identify and complete successful acquisitions and to integrate those acquisitions into our business, our ability to successfully exit certain businesses or restructure our operations, the rate of technological changes, political, economic and other developments in countries where VEL operates, industry consolidation and competition. As a result, VEL's actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements.

Any forward-looking statements made by or on behalf of the Company speak only as of the date they are made and are based upon the knowledge of and information available to the Directors on the date of the 2017 Annual Report.

The information in this report does not constitute an offer to sell or an invitation to buy shares in the company or an invitation or inducement to engage in any other investment activities. Past performance cannot be relied upon as a guide to future performance.



# 17 18

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

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# AT A GLANCE

## OUR FOOTPRINT

**21** COUNTRIES **5** CONTINENTS

## OUR PERFORMANCE

PAT GROWTH AT CAGR OF

**57%** OVER LAST  
5 YEARS

EBIDTA GROWTH AT CAGR OF

**37%** OVER LAST  
5 YEARS

## OUR STRENGTHS

R&D

TECHNOLOGY LEADERSHIP

MANUFACTURING EXCELLENCE

CUSTOMER-CENTRIC INNOVATION



## **SPECIALITY ADDITIVES**

ORGANOTINS

PLASTICIZERS

FLAME RETARDANTS



## **POLYMER COMPOUNDS**

THERMOPLASTIC RUBBER

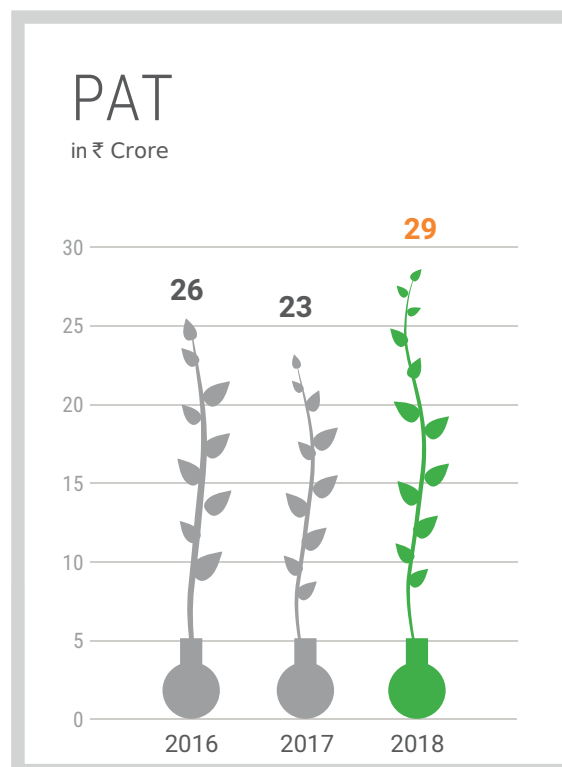
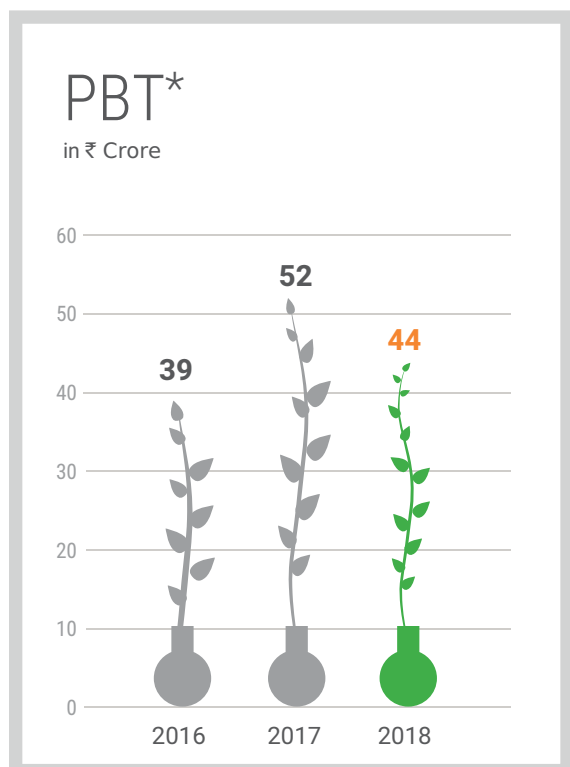
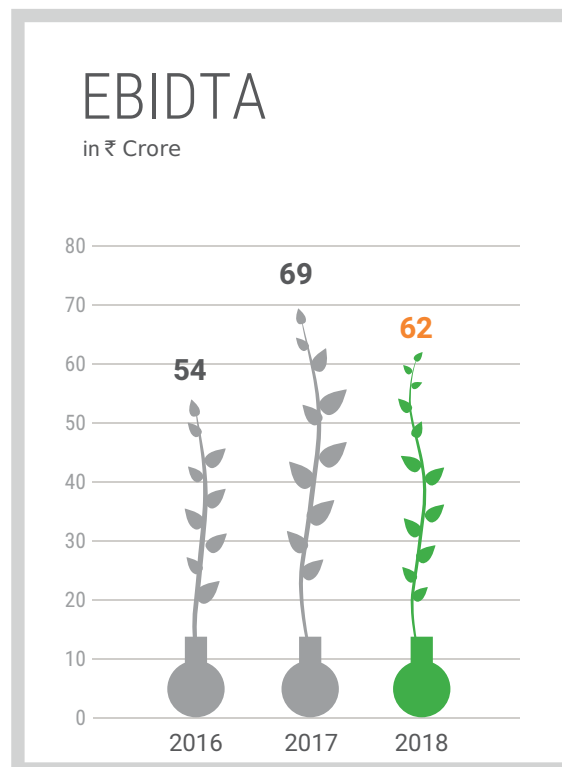
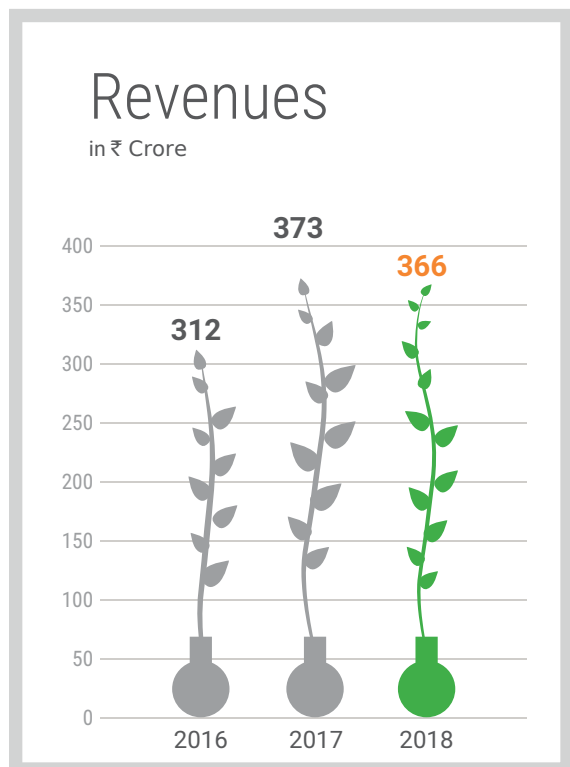
THERMOPLASTIC ELASTOMER

PVC, EVA & POLYPROPYLENE



## **RECYCLED & UPCYCLED MATERIALS**

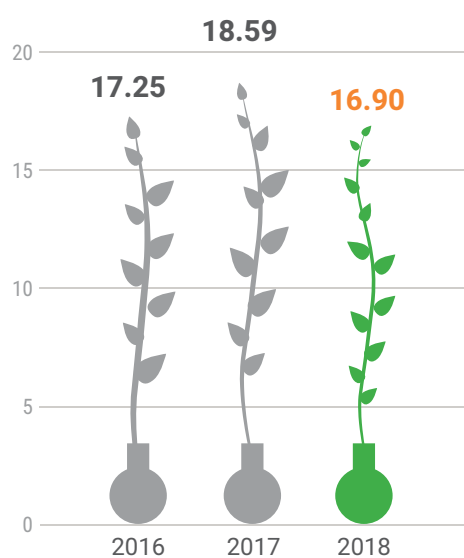
# Financial Performance



\*before extra-ordinary items

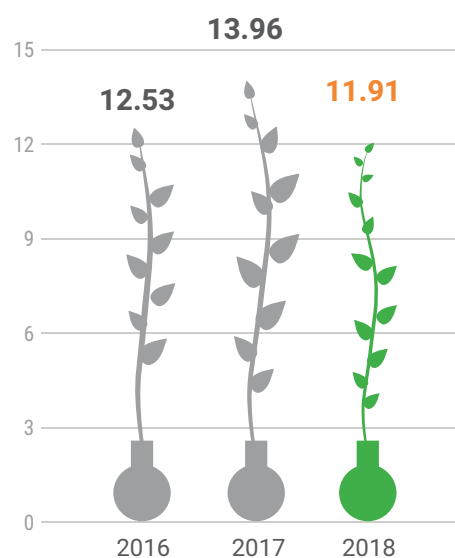
## EBIDTA Margin

in %



## PBT Margin\*

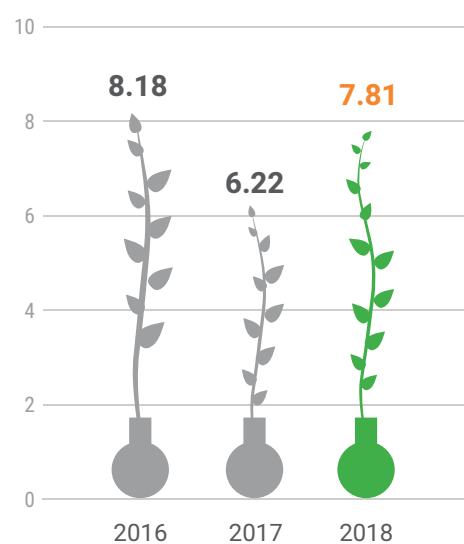
in %



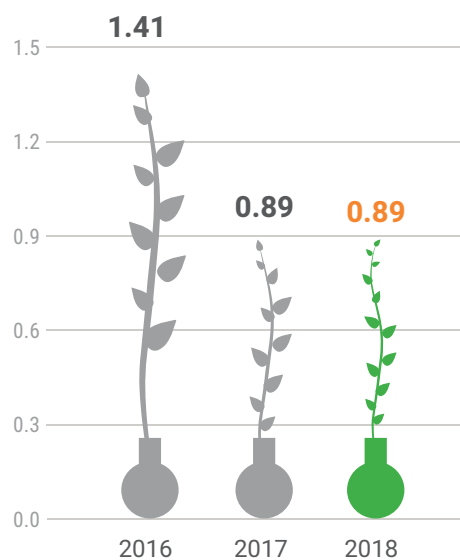
\*before extra-ordinary items

## PAT Margin

in %



## Debt Equity Ratio





# Company Information

## KEY MANAGERIAL PERSONNEL

Mr. Vikas Garg | **Managing Director**

Mr. Vivek Garg | **Whole-time Director**

Mr. Ashutosh Kumar Verma | **CEO & Whole-time Director**

Mr. Devender Kumar Garg | **Whole-time Director (Finance)**

Mr. Amit Dhuria | **Chief Financial Officer**

Mr. Siddharth Agrawal | **Company Secretary**

## NON-EXECUTIVE & INDEPENDENT DIRECTORS

Mr. Sumer Chand Tayal

Mr. Manoj Singhal

Mr. Madan Mohan Mandal

Mrs. Vibha Mahajan

## STATUTORY AUDITORS

M/s KSMC & Associates

G-5, Vikas Apartments, 34/1,  
East Punjabi Bagh,  
New Delhi - 110026.

## REGISTERED OFFICE

Vikas Apartments, 34/1,  
East Punjabi Bagh,  
New Delhi - 110026.

Website: [www.vikasecotech.com](http://www.vikasecotech.com)

## COST AUDITORS

M/s JSN & Co.

E-47A, Qutub Vihar, Phase-1,  
New Delhi - 110071.

## INTERNAL AUDITORS

M/s. Grant Thornton India LLP,

21st Floor, DLF Square, Jacaranda  
Marg, DLF Phase II,  
Gurgaon - 122002.

## SECRETARIAL AUDITORS

M/s AAA & Associates

105, C-2/4 Pragati Market,  
Ashok Vihar Phase II,  
New Delhi - 110052.

## REGISTRAR & SHARE TRANSFER AGENT

Alankit Assignments Limited

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

## MANUFACTURING PLANTS JAMMU & KASHMIR

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

## RAJASTHAN

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

## NOIDA SEZ

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

## BOARD COMMITTEES & THEIR COMPOSITION

### AUDIT COMMITTEE

Mr. Sumer Chand Tayal | **Chairman**

Mr. Manoj Singhal | **Member**

Mrs. Vibha Mahajan | **Member**

### EXECUTIVE COMMITTEE

Mr. Vikas Garg | **Chairman**

Mr. Vivek Garg | **Member**

Mr. Ashutosh Kumar Verma | **Member**

## STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Sumer Chand Tayal | **Chairman**

Mr. Vivek Garg | **Member**

Mr. Vikas Garg | **Member**

## NOMINATION AND REMUNERATION COMMITTEE

Mr. Sumer Chand Tayal | **Chairman**

Mrs. Vibha Mahajan | **Member**

Mr. Manoj Singhal | **Member**

## EQUITY WARRANT COMMITTEE

Mr. Manoj Singhal | **Chairman**

Mr. Sumer Chand Tayal | **Member**

Mr. Kapil Gupta | **Member**

## COMPENSATION COMMITTEE

Mr. Manoj Singhal | **Chairman**

Mr. Sumer Chand Tayal | **Member**

Mr. Vikas Garg | **Member**

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Manoj Singhal | **Chairman**

Mr. Sumer Chand Tayal | **Member**

Mr. Vikas Garg | **Member**

# Our Customers Base

## Industries



INFRASTRUCTURE &  
AGRICULTURE



PACKAGING



FMCG, FOOTWEAR  
& OTHER CONSUMER  
GOODS



ORGANIC & INORGANIC  
CHEMICALS



PHARMACEUTICALS



AUTOMOTIVE



MEDICAL DEVICES  
& COMPONENTS

## Select Customers



APAR INDUSTRIES LTD.



## Key Certifications



USA FDA Approved  
PVC Additive



Intertek Deutschland  
GmbH, Germany



FICCI Research &  
Analysis Center

## Board of Directors



**Vikas Garg**  
Promoter-Executive  
& Managing Director



**Vivek Garg**  
Promoter-Executive &  
Whole-time Director



**Ashutosh Verma**  
CEO & Whole-time  
Director



**Sumer Chand Tayal**  
Non-executive &  
Independent Director



**Vibha Mahajan**  
Non-executive &  
Independent Director



**Manoj Singhal**  
Non-executive &  
Independent Director

# Advisory Board



**Devender  
Kumar Garg**  
Whole-time Director



**Mr. Ghyanendra Nath Bajpai**  
Chairman - Advisory Board

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



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



**Mr. Sunil Alagh**  
Vice-Chairman - Advisory Board

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

# Letter to Shareholders



**VIKAS GARG**

Promoter-Executive &  
Managing Director

**STRONGER,  
BETTER,  
GREENER**

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

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

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

Dear Shareowners,

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

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

### Performance Review

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

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

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

### The Eye of the Tiger

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



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

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

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

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

## Harnessing Opportunities for Success

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

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

### The Sustainability Moat

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

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

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

### The Innovation Moat

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

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

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

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

### The Responsiveness Moat

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

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

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

### The Culture Moat

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

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

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

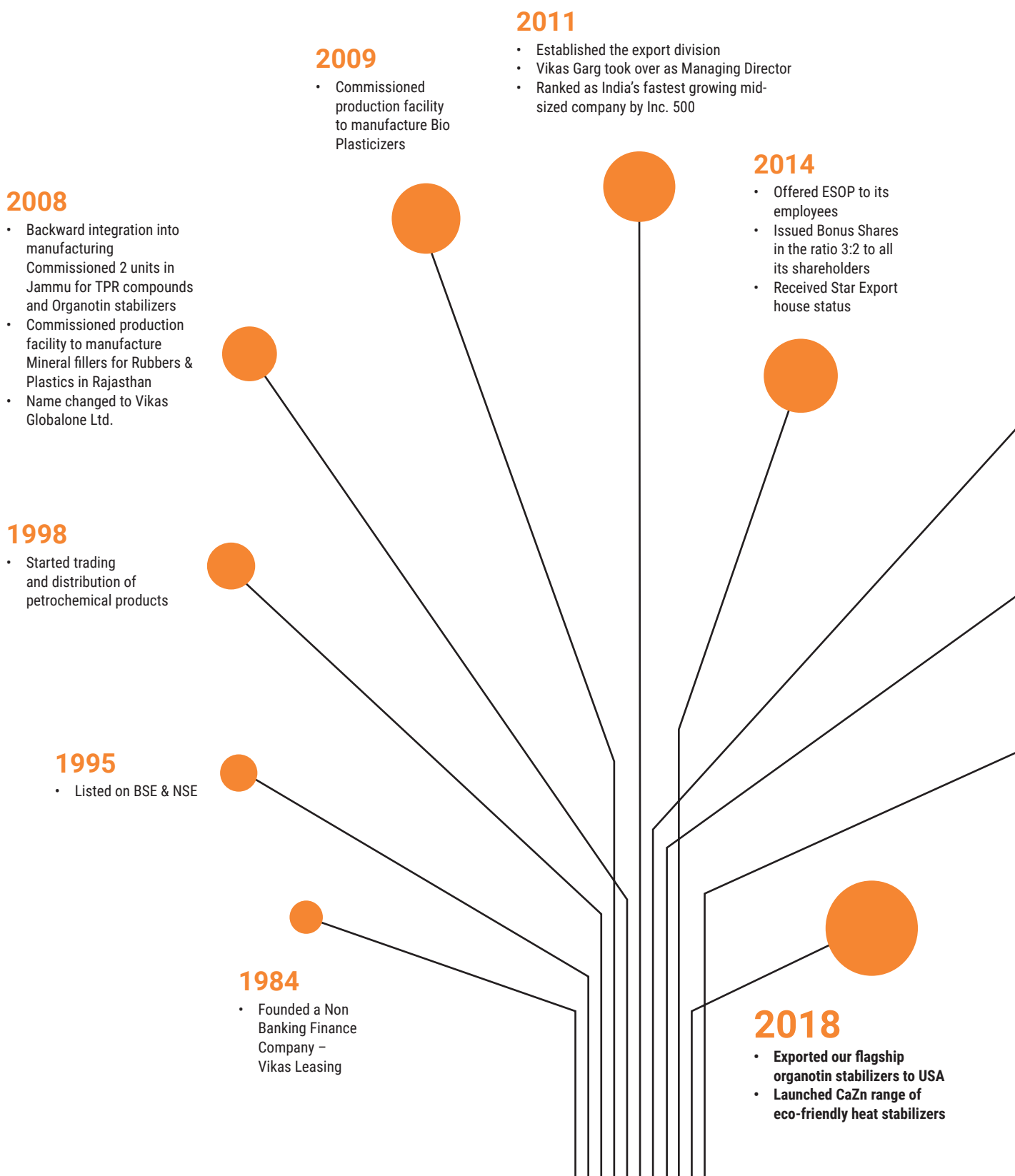
Thank you.  
Yours sincerely,

**Vikas Garg**

Managing Director

**Vikas Ecotech Limited**





# History & Timeline

## 2015

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

## 2016

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

## 2017

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

# Strategic Advantage



## Cost Advantage

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



## R&D Advantage

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



## Manufacturing Advantage

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



## One-stop solutions for clients

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

# Global Presence

## Country wise network

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



**North  
America**  
USA

**Central  
America**  
Mexico

**South  
America**  
Argentina  
Columbia

**Europe**  
Germany  
Italy  
Ukraine

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

**Africa**  
Tunisia  
Ethiopia

## Domestic manufacturing facilities

Dedicated R&D centre

Shahjahanpur,  
Rajasthan



Samba,  
Jammu & Kashmir



Dahej,  
Gujarat  
Kandla SEZ,  
Gujarat

New export-oriented unit

Noida SEZ,  
National Capital Region

Upcoming Plants

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

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

**Mission**

**Vision**

## Vision, Mission & Values

**Values**

### Responsibility

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

### Innovation

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

### Integrity

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

### Customer delight

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

# Key Events During the > Year 2018

## Capacity Expansion

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

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

## Product Launches & Developments

### Polymer Additives

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

### Polymer Compounds

- PVC pipes fitted with vulcanized rubber gaskets

### Recycled & Upcycled Materials

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

## Resource Optimization

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

## Competencies Addition

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

# Global Overview

## Winds of Change

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

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

### Focus on Eco-friendliness

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



THE INDIAN SPECIALITY CHEMICAL INDUSTRY  
GREW BY NEARLY

**12 percent**

IN THE LAST YEAR AND IS LIKELY TO WITNESS

**10–15 percent**

CAGR GROWTH OVER THE NEXT 5 YEARS.

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

### Escalating Geopolitical Tensions

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

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

### Evolution of Compliance into Competitiveness

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

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

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

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

### Green Innovation – the Key to Future Relevance

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

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

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



# India Performance

## Catalysing Opportunities into Performance

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

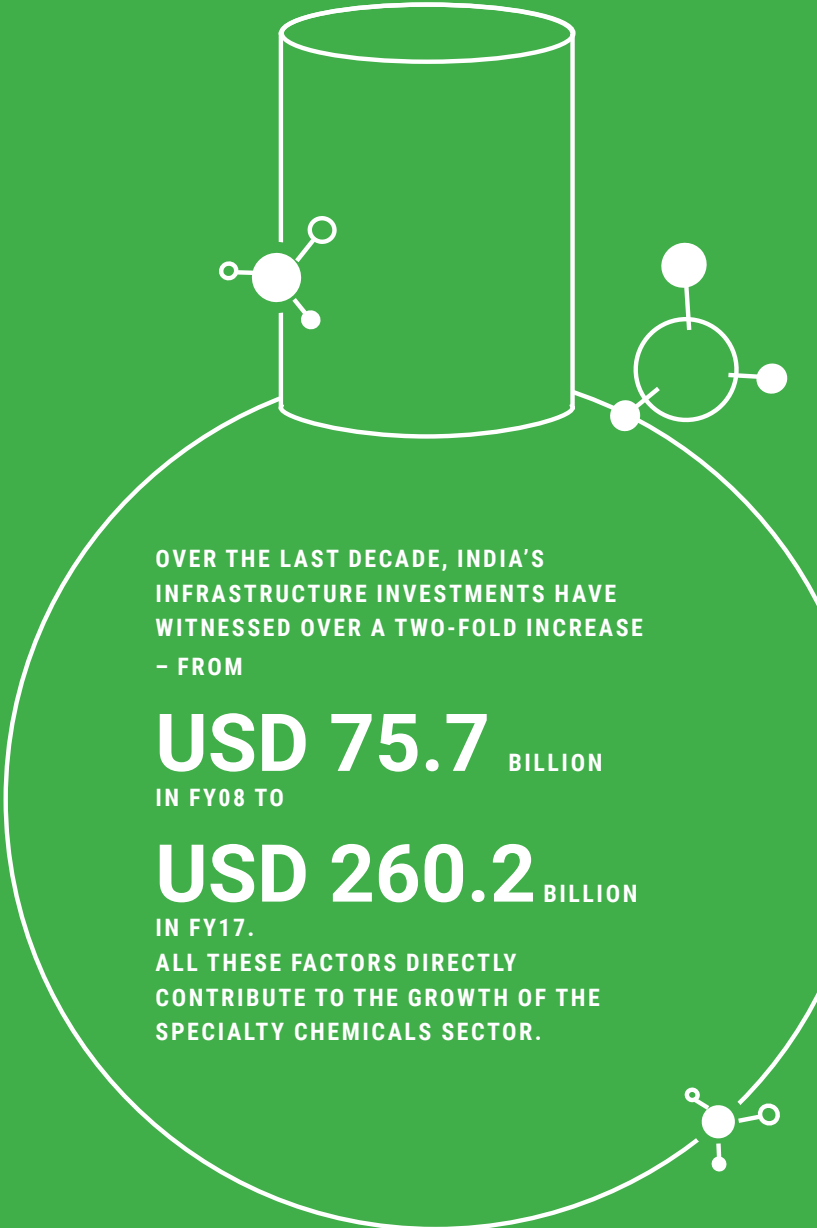
Domestic opportunities are complementing the global performance of the specialty chemical sector in India.

### India as the Next Green Manufacturing Hub

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

### Leveraging Competitive Value Propositions

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



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

**USD 75.7** BILLION  
IN FY08 TO

**USD 260.2** BILLION  
IN FY17.

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

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

### Upping the Demand Momentum

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

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

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

### The Future of Specialty Chemicals is in building a sustainable India

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

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

### Proactive Green Compliances with a Long-Term View

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

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

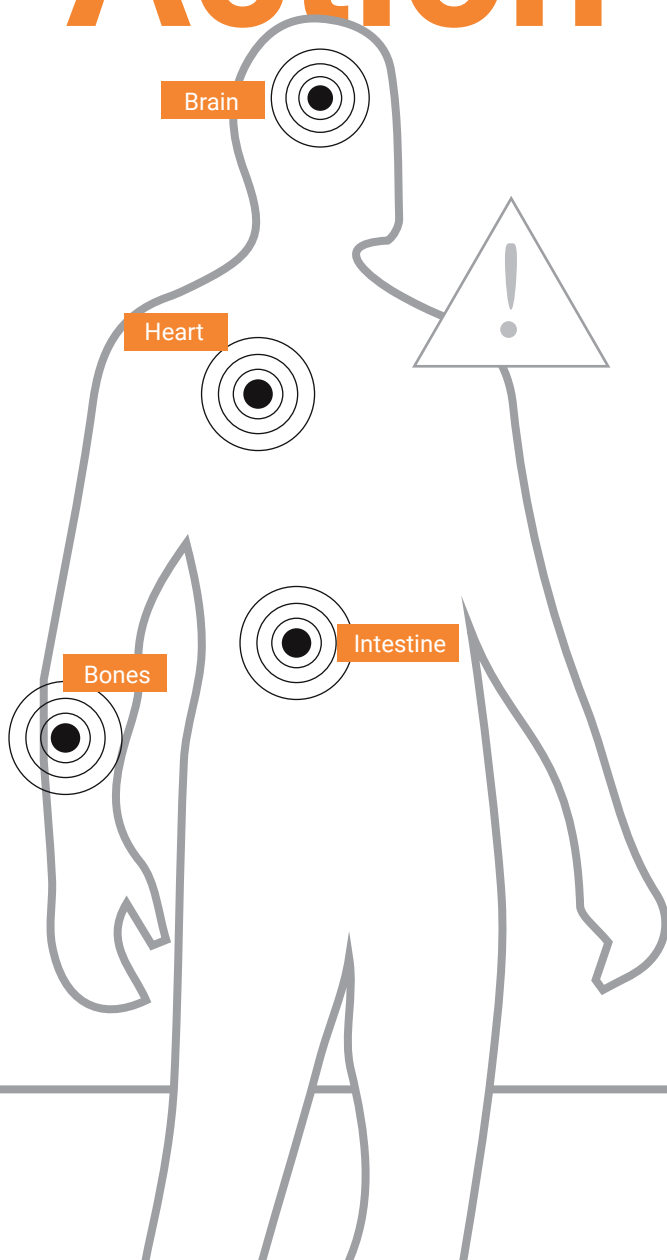
### India Is a Sweet Green Spot in the Current Context

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

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

## Phasing out Lead-based stabilizers in India

# Time for Green Action



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

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

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

LEAD EXPOSURE ACCOUNTED FOR

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

**3%** OF THE GLOBAL BURDEN OF ISCHAEMIC HEART DISEASE

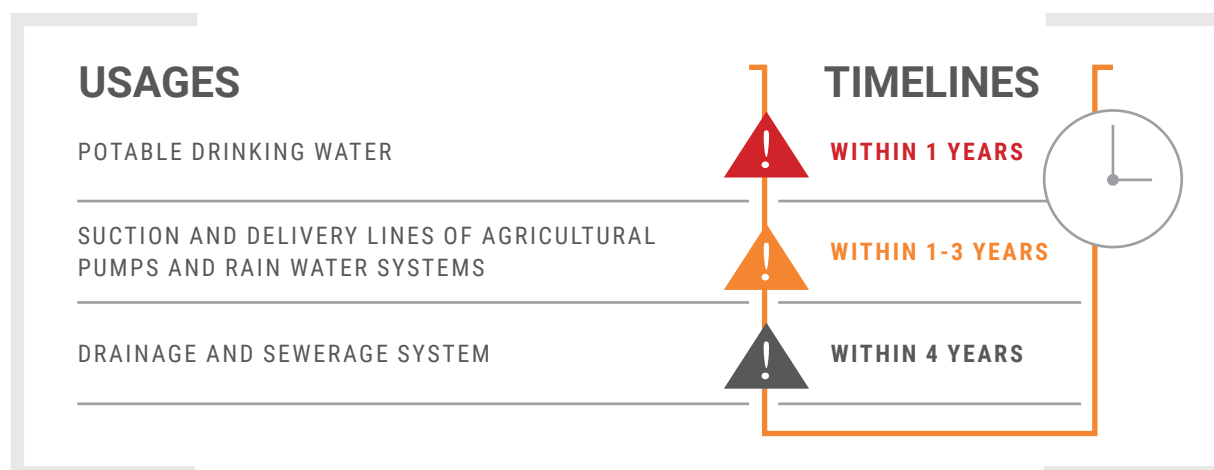
**3.1%** OF THE GLOBAL BURDEN OF STROKES.

## India's Call for Sustainable Change

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

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

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



## Stipulation on Lead Usage by the Proposed Law:

### Conformation to limits on usage of lead compounds

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

### Self-Certification

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

### Old Stock Sale

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

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

# Financial Performance

## Perseverance is Progress

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

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

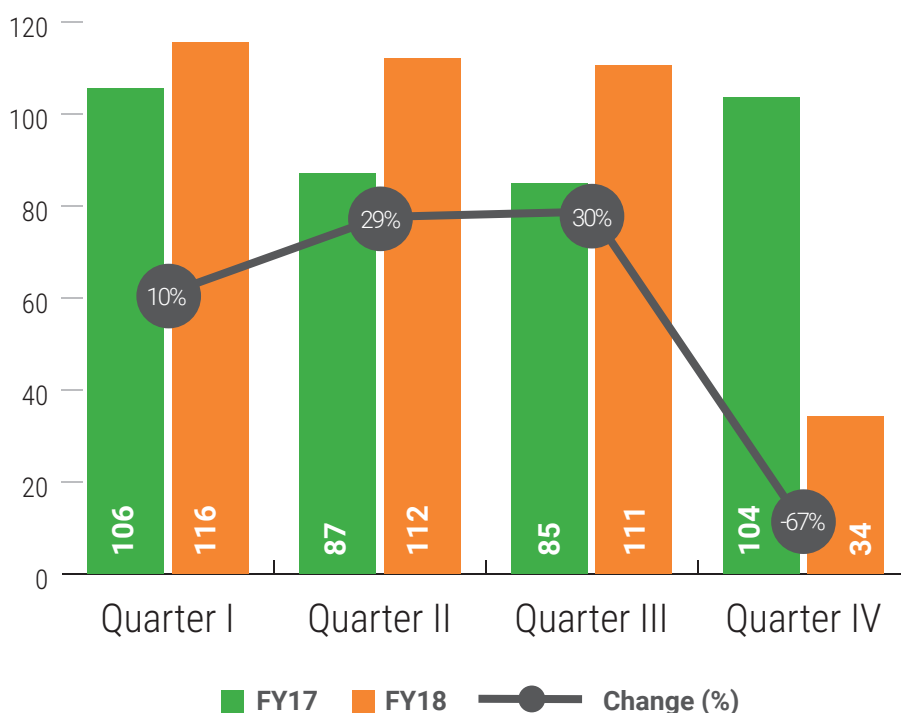
The flat financial performance of the company is largely attributable to a survey of the company's international trade operations by a government agency in the fourth quarter. Global operations affect a significant part of

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

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

QUARTERWISE Y-O-Y PERFORMANCE (FY18 V/S FY17)

in ₹ Crore



## Key events of the year:

### Sticking to Our Strategic Transformation Goals

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

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

### Enhanced Value Creation by Sharper Focus on Core Competencies

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

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

### Unparalleled Green Products Manufacturing Edge

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

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

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

### Progress Powered by People

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

### Other Cost Optimization Initiatives

#### Installation of 300 KW Solar Panels

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

#### Installation of Centralized Powerhouse

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

#### Revision in Interest Rates

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

#### Update on Insurance Claim

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

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

# SPECIALITY ADDITIVES



## Capitalizing Potential through Performance

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

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

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



## Product Updates



### Organotin Stabilizers

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

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

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

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

### CaZn Stabilizers

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

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

## Strategy Updates



### Setting Up of India's Only

#### 2-Ethylhexyl Thioglycolate (2-EHTG) Manufacturing Plant

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

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

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

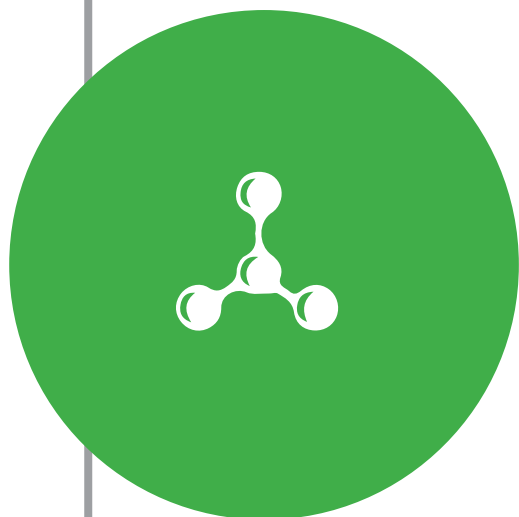
At full potential, the product will generate revenues of INR 70 crores in revenue and yield more than 20 percent EBITDA margins. 2-EHTG production is likely to start during FY20.

### Development of One-pack Heat Stabilizers for PVC

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



# POLYMER COMPOUNDS



## Building Green Competencies for New Opportunities

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

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

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

## Product Updates



### Thermoplastic Rubber (TPR)

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

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

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

### Thermoplastic Elastomer (TPE)

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

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

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

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

### EVA

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

## Strategy Updates



### Production Capacity Expansion

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

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

# RECYCLED & UPCYCLED MATERIALS



## Creating Value from Waste

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

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

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

## Product Updates

### Polyvinyl Chloride (PVC) Polymer Compounds

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

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

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

## Strategy Updates

### End-of-Life Product Recycling (EPR)

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

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

### Production & Competencies

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

# Research & Development

# Green

# Innovation for

# Betterment

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

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



# Impact Innovations

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

# People Power

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

# Customer Centricity

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

# Environment Friendliness

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



# Growth Focus

## Setting the right priorities

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

### Efficiencies to Ensure Opportunities

#### Optimization

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

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

### Commercial Excellence through Quality and Innovation

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

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

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

### An Unwavering Commitment to Ethical Business Conduct

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

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



# **Financial Reports and Statements**



## BOARD'S REPORT

The Members,

### Vikas EcoTech Limited

Your Directors have pleasure in presenting the 33<sup>rd</sup> Annual Report on the business and operations of the Company and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2018.

#### 1. 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:

- The Financial Statements of the Company - comprising of the Balance Sheet as at 31<sup>st</sup> March, 2018 and the Statement of Profit & Loss for the year ended on that date, have been prepared on a going concern basis;
- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- 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
- 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.

#### 2. FINANCIAL PERFORMANCE

The standalone financial statements for the financial year ended 31<sup>st</sup> March, 2018, forming part of this Annual Report, have been prepared in accordance with the Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs. On a consolidated basis, our sales declined to ₹ 367.33 Crores for the current year as against ₹ 387.64 crores in the previous year. Our net profits increased to ₹ 28.60 Crores for the current year as against ₹ 23.19 Crores in the previous year.

Key highlights of financial performance of your Company for the financial year 2017-18 are provided below:

	(₹ in Lac)	
Particulars	2017-2018	2016-2017
Net Sales /Income from Business Operations	36,733.59	38,764.57
Other Income	496.13	166.93
<b>Total Income</b>	<b>37,229.72</b>	<b>38,931.50</b>
Gross Expenditure	31,041.13	31,999.99
Less Interest	1,443.04	1,300.17
Profit before Depreciation	4,745.55	5,631.34
Less Depreciation	383.91	426.67
<b>Profit after depreciation and Interest/Net Profit Before Tax</b>	<b>4,361.64</b>	<b>5,204.67</b>
Less: Extra-ordinary Item	---	163.11
Less Current Tax	1,453.03	1,450.00
Less Previous year adjustment of Income Tax	13.29	0.00
Less Deferred Tax	34.72	(196.32)
Mat Credit Availed	0.00	0.00
<b>Net Profit after Tax</b>	<b>2,860.60</b>	<b>2,319.90</b>
<b>Profit for the Period</b>	<b>2,860.60</b>	<b>2,319.90</b>
Less Proposed Dividend	139.95	139.95
Less Provision for Dividend Distribution Tax	29.28	29.28
<b>Net Profit after dividend and Tax</b>	<b>2,691.37</b>	<b>2,147.80</b>
<b>Earnings per Share (Basic)</b>	<b>1.02</b>	<b>0.91</b>
<b>Earnings per Share (Diluted)</b>	<b>1.02</b>	<b>0.91</b>

There have been no material changes and commitments that have occurred after close of the financial year till the date of this report, which affect the financial position of the Company. Based on the internal financial control framework and compliance systems established in the Company, the work performed by Statutory, Internal, Secretarial Auditors and reviews performed by the management and/or the Audit Committee of the Board, your Board is of the opinion that the Company's internal financial controls were adequate and working effectively during financial year 2017-18.

### **DIVIDEND**

Your Directors recommend payment of Equity Dividend of ₹ 0.05 per equity share of ₹ 1/- each and such Equity Dividend, upon approval by the Members of the Company at the ensuing Annual General Meeting, shall be payable on the outstanding equity capital as at the Record Date i.e. 21<sup>st</sup> September, 2018. The outflow on account of equity dividend and the tax on such dividend distribution, based on current paid-up capital of the Company would aggregate to ₹ 1,69,23,411/-.

### **Transfer to Investor Education and Protection Fund Authority**

During the period under review, the company has not required to transfer any amount or shares in IEPF authority.

### **3. STATE OF AFFAIRS OF THE COMPANY**

During fiscal 2018, your Company witnessed yet another strong year of performance despite the uncertain macro-environment, reflecting the inherent strength of our business portfolio and continued to perform well in domestic markets while expanding our international reach.

During the year under review:

- The company got Food grade approval for its product TINMATE (Organotin Stabiliser) from FICCI Research and Analysis Centre.
- The company bagged a prestigious order from Petrochemical Giant "MEXICHEM" and tries to expand itself to the Latin American Countries.
- The company commenced trial runs for added capacity of 10,000 MT of speciality chemicals in plant at Rajasthan.
- The Company introduced new range of Eco-friendly Calcium Zinc heat stabilizer for PVC Compounds.

In the fourth quarter of FY18, the Directorate of Revenue Intelligence conducted a detailed survey of the company's international trade operations including import and export consignments. These surveys were carried out at the ports as well as office and factory premises. Almost 70-80 per cent of the company's raw materials are imported while exports constitute nearly 50 per cent of the total revenue. As a result, the company experienced a significant disruption of its day-to-day operations.

The Manufacturing plants of the Company are located in the state of J&K, Rajasthan and Noida SEZ. This has been done keeping in mind the strategic and locational advantages with regard to availability of raw material and potential for finished goods.

### **FUTURE OUTLOOK**

As a move forward and with the help of information technology, your Company is planning to introduce new products in market. The Company is scheduling manufacturing unit for its key raw material 2-EHTG at Gujarat Industrial Development Corporation (A Government of Gujarat undertaking) at Dehej, Gujarat to cater the market of Western and Southern India and also for exports its products like Methyle Tin Mercaptile and Epoxidised Soya Bean Oil.

### **CORPORATE RESTRUCTURING**

#### **During the period under review:-**

To unlock the true value of the business and to achieve prosperity in each segment of the business, the company had decided to demerge its business into 2 separate entities: High Value Groups and High Volume Groups. Consequently, Vikas Ecotech would house the High Value Group i.e. the specialty chemicals and compounds business while the resultant company Vikas Multicorp Ltd. would contain the recycled compounds and trading businesses, which traditionally have lower margins but higher revenues.

The final hearing for the above scheme of arrangement at the NCLT is scheduled for 6<sup>th</sup> September, 2018. Once the NCLT approval is granted, shareholders of Vikas Ecotech shall receive additional shares of Vikas Multicorp in the ratio of 1:1 at no extra cost and Vikas Multicorp would be listed as an independent entity.

### **Management Discussion and Analysis Report**

In terms of regulation 34 of the Listing Regulations Management Discussion and Analysis report ("**MD&A Report**"). The MD&A Report, capturing your Company's performance, industry trends and other material changes with respect to your Companies and its subsidiaries, wherever applicable, are presented in this Annual Report. The MD&A Report provides a

consolidated perspective of economic, social and environmental aspects material to your Company's strategy and its ability to create and sustain value to your Company's key stakeholders and includes aspects of reporting as required.

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

During the period under review the Company does not have any Subsidiary.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

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 posted 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 cause of Education through the "Maharaja Agrasen Technical Education Society (Regd.)" amounting to ₹ 21,00,000 & St. Kabir Educational society ₹ 35,00,000/- were allocated and spent for the said cause of promoting education being one of the areas Company is presently focusing.

The Annual Report on Company's CSR activities is attached to this report.

### **4. GOVERNANCE AND ETHICS**

#### **Corporate Governance**

Your Company believes in adopting best practices of corporate governance. Corporate governance principles are enshrined in the Spirit of VEL, which form the core values of VEL. These guiding principles are also articulated through the Company's code of conduct, Corporate Governance guidelines, charter of various sub-committees and disclosure policy.

Your Company has been constantly reassessing and benchmarking itself with well-established Corporate Governance practices besides strictly complying with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), applicable provisions of Companies Act, 2013 and applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

As per regulation 34 of the Listing Regulations, a separate section on corporate governance practices followed by your Company, together with a certificate from Shri. Anil Kumar Popli, Practising Company Secretaries, on compliance with corporate governance norms under the Listing Regulations, is provided in this Annual Report.

#### **BOARD OF DIRECTORS**

##### **Board's Composition and Independence**

Your Company's Board consists of leaders and visionaries who provide strategic direction and guidance to the organization. As on 31<sup>st</sup> March, 2018, the Board comprised Four Executive Directors and Three Non-Executive Independent Directors.

Definition of 'Independence' of Directors is derived from regulation 16 of the Listing Regulations and Section 149(6) of the Companies Act, 2013. The Company has received necessary declarations from the Independent Directors stating that they meet the prescribed criteria for independence.

Based on the confirmations/disclosures received from the Directors under Section 149(7) of the Companies Act 2013 and on evaluation of the relationships disclosed.

#### **BOARD EVALUATION**

The Independent Directors of your Company, in a separate meeting held without presence of other Directors and management evaluated performance of the Chairman, Managing Director and other Non-Independent Directors along with performance of the Board / Board Committees based on various criteria recommended by Nomination & Remuneration Committee. A report on such evaluation done by Independent Directors was taken on record by the Board and further your Board, in compliance with requirements of Companies Act, 2013, evaluated performance of all Independent Directors based on various parameters including attendance, contribution etc.

#### **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 therein form part of the Corporate Governance Report annexed to this report.

## **VIGIL MECHANISM**

Your Company has adopted a process as a channel for receiving and redressing complaints from employees and Directors, as per the provisions of Section 177(9) and (10) of the Companies Act, 2013 and regulation 22 of the Listing Regulations. Under this policy, your Company encourages its employees to report any reporting of fraudulent financial or other information to the stakeholders, and any conduct that results in violation of the Company's code of business conduct, to the management. Further, your Company has prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the investigation. Mechanism followed is appropriately communicated within the Company across all levels and has been displayed on the Company's website at <https://www.vikasecotech.com>.

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

Your Company has a policy and framework for employees to report sexual harassment cases at workplace and its process ensures complete anonymity and confidentiality of information.

## **RELATED PARTY TRANSACTIONS**

Your Company has historically adopted the practice of undertaking related party transactions only in the ordinary and normal course of business and at arm's length 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. An abridged policy on related party transactions has been placed on the Company's website <https://www.vikasecotech.com>.

All Related Party Transactions are placed on a quarterly basis before the Audit Committee and before the Board for approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are of a foreseeable and repetitive nature.

The particulars of contracts or arrangements with related parties referred to in Section 188(1) and applicable rules of the Companies Act, 2013 in Form AOC-2 is provided as Annexure I to this Report.

## **5. INTERNAL FINANCIAL CONTROLS AND AUDIT**

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

The Board of your Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively. Your Company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the 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 disclosures.

### **Statutory Audit**

As per Section 139 of the Companies Act, 2013 and based on the recommendations of the Audit Committee and upon review of confirmations of satisfaction of criteria as specified in Section 141 of the Companies Act, 2013 read with Rule 4 of Companies (Audit & Auditors) Rules, 2014 and in accordance with the approval accorded by the Members at the 31<sup>st</sup> Annual General Meeting held on September 30, 2016, M/s KSMC & Associates, Chartered Accountants, New Delhi, having Firm Registration No. 003565N, appointed as Statutory auditor for a period of five years.

There are no qualifications, reservations or adverse remarks made by KSMC & ASSOCIATES, Statutory Auditors, in their report for the financial year ended March 31, 2018. Pursuant to provisions of Section 143(12) of the Companies Act, 2013, the Statutory Auditors have not reported any incident of fraud to the Audit Committee during the year under review.

### **Secretarial Audit:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Anil Kumar Popli, AAA & Associates, a firm of Company Secretaries in Practice, to conduct Secretarial Audit of the Company. The Report of the Secretarial Audit in Form MR-3 for the financial year ended March 31, 2018 is enclosed as Annexure III to this Report. There are no qualifications, reservations or adverse remarks made by the Secretarial Auditor in his report.

### **Cost Audit:**

Additionally, in compliance with the requirements of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended, M/s JSN & Co. Cost Accountants, was engaged to carry out Audit of Cost Records of the Company during Financial Year 2017-18. Requisite proposal seeking ratification of remuneration payable to the Cost Auditor for FY 2017-18 by the Members as per Rule 14 of Companies (Audit and Auditors) Rules, 2014, forms part of the Notice of ensuing Annual General Meeting.

## 6. SOCIAL RESPONSIBILITY AND SUSTAINABILITY

### Corporate Social Responsibility

Your Company is at the forefront of Corporate Social Responsibility (CSR) and sustainability initiatives and practices. Your Company believes in making lasting impact towards creating a just, equitable, humane and sustainable society.

As per the provisions of the Companies Act, 2013, companies having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or net profit of ₹ 5 Crores or more during the immediately preceding financial year are required to constitute a Corporate Social Responsibility (CSR) committee of the Board comprising three or more directors, at least one of whom should be an independent director and such company shall spend at least 2% of the average net profits of the company's three immediately preceding financial years towards CSR activities. Accordingly, your Company has spent ₹ 56,00,000 towards CSR activities during the financial year 2017-18. The contents of the CSR policy and CSR Report for the year 2017-18 is attached as Annexure IV to this Report. Contents of the CSR policy is also available on the Company's website at <https://www.vikasecotech.com>. The terms of reference of CSR committee, framed in accordance with Section 135 of the Companies Act, 2013.

### 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 MD&A Report.

## 7. OTHER DISCLOSURES

### MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this report.

### 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.

### DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL INCLUDING THOSE WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

Your Board currently comprises of 8 Directors including 4 Independent Directors, 4 Executive Director. Independent Directors provide their declarations both at the time of appointment and annually, confirming that they meet the criteria of independence as prescribed under Companies Act, 2013 and Listing Regulations. During FY 2017-18 your Board met 5 (Five) times details of which are available in Corporate Governance Report annexed to this report.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri. Vikas Garg, Managing Director, is due to retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. Your Board recommends his re-appointment.

The details of Director being recommended for re-appointment as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are contained in the accompanying Notice convening the ensuing Annual General Meeting of the Company.

During the period under review, Mrs. Anjavi pandya has resigned as CFO and Mr. Sumit Garg was appointed as Chief Finance Officer of the Company w.e.f. 11<sup>th</sup> August, 2017.

During the period under review Mr. Purushottam Dass Bhoot, Mr. Jagdish Capoor, Mr. Pradip Kumar Banerji has resigned from Board and Mr. Kapil Gupta and Mr. Devender Kumar Garg was appointed on Board. Further, on 14.02.2018, Mr. Kapil Gupta has resigned as Independent Director of the Company

After close of the financial year Mr. Madan Mohan Mandal was appointed as Independent Director w.e.f 14.05.2018 and Mr. Amit Dhuria as CFO w.e.f. 30.05.2018.

In compliance with the requirements of Section 203 of the Companies Act, 2013, Mr. Vikas Garg, Managing Director, Mr. Vivek Garg, Whole-time Director, Mr. Ashutosh Kumar Verma, Whole-time Director & CEO, Mr. Amit Dhuria, Chief Finance Officer and Mr Siddharth Agrawal Compliance Officer & Company Secretary of the Company continue as Key Managerial Personnel of the Company.

## CREDIT RATINGS

During the year under review Brickwork Ratings India Private Limited, A SEBI, RBI & NSIC registered credit rating agency in India, has upgraded the company's rating to BBB+ from BBB- for Long-term bank facilities. The upgraded ratings showcase the company's improved and strong fundamentals across finance, operations and governance parameters. The company has been continuously working to ensure better performance in terms of financial parameters as also garnering higher market share.

Dun & Bradstreet, a US based information and business rating MNC has upgraded the company's rating to 5A2 from the previous 4A3, due to improved performance and business metrics.

Crisil, a S & P Global Company has rated the bank facilities of Company has assigned CRISIL BBB for company's Long-Term Borrowings & CRISIL A3+ for the Short-Term Borrowings with stable outlook.

The ratings indicate company's comfortable financial risk profile and are in line with Company's strategy of profitable growth and improvement in quality of its financial parameters through better operational performance. The rating reinforces the company's practice for financial transparency and reporting.

The new ratings will help all stakeholders especially financial institutions appreciate the bettered credit quality of the company. In turn, the company going forward will be able to access debt and capital at more efficient terms for its various growth initiatives.

## LISTING OF SECURITIES

The shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

## 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 has commissioned 300 KW of solar panels at Rajasthan and also 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 will improve efficiency and generate cost savings for the company.

The company has 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.

VEL 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.

VEL 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 endeavor 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)

- 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.
- Benefits derived as a result of above R & D: Increased in market share.
- 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 incurred a total expenditure of ₹ 4.32 lacs (including capital and revenue expenses) towards Research and Development.

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

During the Financial Year 2017-18 the Company had foreign exchange earnings of ₹ 1,86,30,76,248 and outgo of ₹ 59,49,71,924.

### **Extract of Annual Return**

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, extract of the Annual Return as on March 31, 2018 in form MGT-9 is enclosed as Annexure V to this report.

### **Acknowledgements and Appreciation**

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/ associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. I am sure you will join our Directors in conveying our sincere appreciation to all employees of the Company and its subsidiaries and associates 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.

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

**Sumer Chand Tayal**  
(Director)  
DIN: 00255661

**Vikas Garg**  
Managing Director  
DIN: 00255413

Place: New Delhi  
Date: 19.07.2018

**Annexure-I****FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014. Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis.**

NONE, DURING THE REPORTING PERIOD, ALL TRANSACTIONS WERE AT ARM'S LENGTH BASIS

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Not Applicable
b)	Nature of contracts/arrangements/transaction	Not Applicable
c)	Duration of the contracts/arrangements/transaction	Not Applicable
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Not Applicable
e)	Justification for entering into such contracts or arrangements or transactions'	Not Applicable
f)	Date of approval by the Board	Not Applicable
g)	Amount paid as advances, if any	Not Applicable
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Not Applicable
2. Details of material contracts or arrangements or transactions at Arm's length basis.		
SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	There are no material contracts/arrangements entered into by the Company.
b)	Nature of contracts/arrangements/transaction	
c)	Duration of the contracts/arrangements/transaction	
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	

\*Details of other related party transactions are forming part of Notes to financial statements, refer note no. 38.



**ANNEXURE-II TO DIRECTORS' REPORT**

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. 2017-18 (Rs. In Lacs)	Remuneration in F.Y. 2016-17 (Rs. In Lacs)	No. of Stock options/ RSUs granted in F.Y. 2017- 18	% increase of remuneration in 2017-18 as compared to 2016-17	Excl. MP  Ratio of remuneration to MRE	Incl. MP  Ratio of remuneration to MRE and MP	Ratio of remuneration to Revenues (F.Y. 2017- 18)	Net Profit (F.Y. 2017-18)
Whole-Time Director and CEO	22.80	17.07	-	25.13%	8.98	8.65	0.06%	0.80%
Director	-	-	-	-	-	-	0.00%	0.00%
Chief Financial Officer	15.05	14.54	-	3.389%	7.63	7.35	0.04%	0.53%
Managing Director	12.00	7.14	-	40.50%	5.4	4.9	0.03%	0.42%
Company Secretary	5.17	3.85	-	25.53%	3.2	2.8	0.01%	0.18%

The Median Remuneration of Employees (MRE) excluding Managerial Personnel (MP) was ₹ 2,25,065/- and ₹ 2,16,067/- in F.Y. 2017-18 and F.Y. 2016-17 respectively. The increase in MRE (excluding MP) in F.Y. 2017-18, as compared to F.Y. 2016-17 is 3.99%.

The Median Remuneration of Employees (MRE) including Managerial Personnel (MP) was ₹ 2,45,565/- and ₹ 2,32,099/- in F.Y. 2017-18 and F.Y. 2016-17 respectively. The increase in MRE (including MP) in F.Y. 2017-18, as compared to F.Y. 2016-17 is 5.48%.

The number of permanent employees on the rolls of the Company as of March 31, 2018 and March 31, 2017 was 145 and 137 respectively.

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

**Sumer Chand Tayal**

(Director)

DIN: 00255661

Place: New Delhi

Date: 19.07.2018

**Vikas Garg**

Managing Director

DIN: 00255413

## Annexure III

## FORM MR-3

## SECRETARIAL AUDIT REPORT

(For the financial year ended 31st March, 2018)

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

The Members

Vikas EcoTech Limited,  
(Previously known as Vikas GlobalOne Limited)  
Regd. Office: 34/1 Vikas Apartments,  
East Punjabi Bagh,  
New Delhi - 110026.

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 our 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 ended on 31st March, 2018, 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 the Company for the period ended on 31st March, 2018 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; *it may be noted that during the year under review there was no Foreign Direct Investment, overseas Direct Investment and External Commercial borrowings.*
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - 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, 1992 and SEBI (Prohibition of Insider Trading) Regulations, 2015 as applicable from December 2015;
  - c. The Securities and Exchange Board of India (Share Benefits) Regulations, 2014
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - f. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - g. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
  - h. the Company has complied with the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Equity Listing Agreements entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited); and

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii) The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited and National Stock Exchange of India Limited (i.e. 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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 etc mentioned above.

2. We further report that the Company has, in our opinion, complied with the provisions of the Companies Act, 2013 and the Rules made under that Act and the Memorandum and Articles of Association of the Company, with regard to:

S. No.	Description	Observation
a)	maintenance of various statutory registers and documents and making necessary entries therein;	The Company has maintained statutory registers as required under the Act and all the entries have been properly recorded.
b)	Closure of the Register of Members	The Register of Member was closed at the time of Annual General Meeting.
c)	Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government	The company has duly filed forms, returns with the Registrar of Companies, Delhi and wherever there is delay the Company has paid the additional fee.
d)	Service of documents by the Company on its Members, Auditors and the Registrar of Companies	Duly served.
e)	Notice of Board meetings and Committee meetings of Directors	Duly sent
f)	The meetings of Directors and Committees of Directors including passing of resolutions by circulation	Duly convened
g)	The 32 <sup>nd</sup> Annual General Meeting held on 28th September 2017;	Duly convened
h)	Minutes of proceedings of General Meetings and of the Board and its Committee meetings;	Duly entered and signed
i)	Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;	Duly obtained
j)	Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;	Duly constituted, with proper balance of Executive, Non Executive and Independent Directors.
k)	Payment of remuneration to Directors including the Managing Director and Whole-time Directors,	Duly made in accordance with the approval of shareholders and Central Government
l)	Appointment and remuneration of Auditors and Cost Auditors;	Duly made as per applicable provisions
m)	Transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;	Duly made within prescribed time period.
n)	Declaration and payment of dividends;	Dividend of 5% i.e. 0.05/ paisa per share was declared and paid during the year under review
o)	Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;	Not required
p)	Borrowings and registration, modification and satisfaction of charges wherever applicable;	Duly complied
q)	investment of the Company's funds including investments and loans to others;	Duly complied
r)	form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;	Duly complied
s)	Directors' report;	Duly complied
t)	contracts, common seal, registered office and publication of name of the Company; and	Duly complied
u)	Generally, all other applicable provisions of the Act and the Rules made under the Act.	Duly complied with

3. We further report that:

- i) 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.
- ii) 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.
- iii) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- iv) The Company has obtained all necessary approvals under the various provisions of the Act; and
- v) There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers. (Except during the year under review, the Company has received summon notices served upon the employee the company from Revenue Department.)
- vi) The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

4. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.

5. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

6. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.

7. I further report that:

- a. the Company has complied with the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (erstwhile Equity Listing Agreements entered into with The Bombay Stock Exchange Limited and National Stock Exchange of India Limited)
- b. the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- c. the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;

I further report that

The Company had made an application of volume 'Recycled for Demerger of the High compounds and Trading Division ("Demerged Undertaking") of Vikas Ecotech Limited ("Demerged Company") and subsequent amalgamation with Vikas Multicorp Limited ("Resulting Company") during the year under review. In this regard, Company had complied with all applicable compliances including sending of notice of the National Tribunal Convened Meeting of the Unsecured Creditors/ shareholders of the Company.

I further report that

- a) 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.
- b) Complied with the following laws specifically applicable to the Company:
  - i) Factories Act, 1948
  - ii) Pollution laws including Environment Protection Act and rules made thereunder.
  - iii) Labour laws
  - iv) The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has constituted an internal complaints system.

## c) Legal cases

As per the information available, following is the status of legal cases pending in various Courts

S. No	Name of case	Court	Amount involved (₹ In lac)	Status
1	Vikas GlobalOne Ltd. Vs. ADM Agro Industries Kota and Akola Ltd.	Saket court, New Delhi	99.62	Case for recovery due to poor supply of Soya bean oil and suffering of losses by the Company which is pending disposal.
2	ADM Agro Industries Kota and Akola Ltd. Vs. Vikas GlobalOne Ltd.	Tis Hazari Court, New Delhi	41.15	For winding up of the Company and also filed another summary suit for recovery of debt which is pending adjudication.
3	Mr. Pradip Kumar Banerji And Vikas Ecotech Limited	High Court, New Delhi	110	For non allotment of 4,37,000 Equity shares under Employee Stock Option Scheme, 2011

Place : Delhi  
Date : 10.07.2018

**For AAA AND ASSOCIATES**  
Company Secretaries

**A. K Popli**  
Partner CP No.2544  
FCS 3387

## Annexure IV

## ANNEXURE

## 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 viewed on <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. Manoj Singhal, 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.
3 Average net profit of the Company for last three financial years	₹ 27,04,71,958/-
Prescribed CSR expenditure (two percent of the average net profits for last three years)	₹ 54,09,439
Details of CSR spent during FY	₹ 56,00,000
Amount spent	₹ 56,00,000
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	₹ 56,00,000/-	Direct Exp. ₹ 56,00,000/-	₹ 56,00,000/-	Through Implementing Agency

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**

**Sumer Chand Tayal**  
(Director)  
DIN: 00255661

**Vikas Garg**  
Managing Director  
DIN: 00255413

**Annexure-V**

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I	REGISTRATION & OTHER DETAILS:	
i	CIN	L65999DL1984PLC019465
ii	Registration Date	30.11.1984
iii	Name of the Company	Vikas EcoTech Limited (Formerly Vikas GlobalOne Limited)
iv	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office & contact details	Address : Vikas Apartments, 34/1, East Punjabi Bagh, New Delhi-110026 Telephone : 011-43144444 Fax : 011-43144488 Email : investors@vikasecotech.com Website : www.vikasecotech.com
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Name : Alankit Assignments Limited Address : 4E/2, Alankit House, Jhandewalan Extension, New Delhi- 110055 Telephone : 011-42541234 Email Address : info@alankit.com Website : www.alankit.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY  
 All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Thermoplastic Rubber Compounds	20119	31.3

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
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The Company has no subsidiary/associate as on 31st March, 2018.

**IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	69,512,805	-	69,512,805	24.83	69,537,805	-	69,537,805	24.84	0.01
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	41,106,140	-	41,106,140	14.69	41,106,140	-	41,106,140	14.69	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	110,618,945	-	110,618,945	39.52	110,643,945	-	110,643,945	39.53	0.01
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	82,423	-	82,423	0.03	0.03
b) Banks / FI	906,300	-	906,300	0.32	911,262	-	911,262	0.33	0.00
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	30,000	-	30,000	0.01	4,685,960	-	4,685,960	1.67	1.66
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	512,805	-	512,805	0.18	0.18
Sub-total (B)(1):-	936,300	-	936,300	0	6,192,450	-	6,192,450	2.21	1.88
2. Non-Institutions									
a) Bodies Corp.	29,147,928	32,500	29,180,428	10.43	27,287,138	32,500	27,319,638	9.76	-0.66
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	73,164,750	2,509,387	75,674,137	27.04	80,024,439	2,401,887	82,426,326	29.45	2.41
ii) Individual shareholders holding nominal share capital in excess of Rs2 lakh	39,543,954	-	39,543,954	14.13	21,695,922	-	21,695,922	7.75	-6.38
c) Others (huf)	20,500,000	-	20,500,000	7.32	25,112,733	-	25,112,733	8.97	1.65
c) Others (Clearing Member)	-	-	-	-	1,504,545	-	1,504,545	0.54	0.54
c-i) Non Resident Indian	3,271,061	112,500	3,383,561	-	4,855,776	112,500	4,968,276	1.78	1.78
c-ii) NBFC Registered with RBI	62,350	-	62,350	0.02	35,840	-	35,840	0.01	-0.01
Sub-total (B)(2):-	165,690,043	2,654,387	168,344,430	58.94	160,516,393	2,546,887	163,063,280	58.26	-0.68
Total Public Shareholding (B)=(B)(1)+ (B)(2)	166,626,343	2,654,387	169,280,730	60.48	166,708,843	2,546,887	169,255,730	60.47	1.20
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	277,245,288	2,654,387	279,899,675	100.00	277,352,788	2,546,887	279,899,675	100.00	



**(ii) SHARE HOLDING OF PROMOTERS**

S No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Asha Garg	8,025	0.00	-	8,025	0.00	-	-
2	Baby Sukriti Garg	378,325	0.14	-	378,325	0.14	-	-
3	Ishwar Gupta	2,800	0.00	-	2,800	0.00	-	-
4	Seema Garg	1,102,175	0.39	-	1,102,175	0.39	-	-
5	Vikas Garg	48,343,855	17.27	-	48,343,855	17.27	-	-
6	Vikas Garg (Sukriti Welfare Trust)	4,456,550	1.59	-	4,456,550	1.59	-	-
7	Vikas Garg(HUF)	3,302,750	1.18	-	3,302,750	1.18	-	-
8	Vivek Garg	1,071,550	0.38	-	1,071,550	0.38	-	-
9	Usha Garg	2,233,000	0.80	-	2,233,000	0.80	-	-
10	Jai Kumar Garg	1,019,750	0.36	-	1,019,750	0.36	-	-
11	Jai Kumar Garg (Huf)	1,118,500	0.40	-	1,118,500	0.40	-	-
12	Nand Kishore Garg	6,132,775	2.19	-	6,157,775	2.20	-	0.01
13	Nand Kishore Garg(HUF)	337,750	0.12	-	337,750	0.12	-	-
14	Vaibhav Garg	5,000	0.00	-	5,000	0.00	-	-
15	Vikas Multicorp Ltd. (Formerly Moonlite Technochem Pvt. Ltd.)	41,106,140	14.69	-	41,106,140	14.69	-	-
<b>TOTAL: -</b>		<b>110,618,945</b>	<b>39.52</b>	<b>-</b>	<b>110,643,945</b>	<b>39.53</b>	<b>-</b>	<b>0.01</b>

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change)**

S. No.	Promoters Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mrs. Asha Garg	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	8,025	0.003		
	No Changes	---	---	8,025	0.003
2	Baby Sukriti Garg	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	378,325	0.135		
	No Changes	---	---	378,325	0.135
3	Mr. Ishwar Gupta	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,800	0.001		
	No Changes	---	---	2,800	0.001
4	Mrs. Seema Garg	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,102,175	0.394		
	No changes	0	0.000	1,102,175	0.394
5	Mr. Vikas Garg	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	48,343,855	17.272		
	No changes		0.000	48,343,855	17.272
6	Vikas Garg (Sukriti Welfare Trust)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	4,456,550	1.592		
	No Changes	---	---	4,456,550	1.592
7	Vikas Garg (HUF)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3,302,750	1.180		
	No Changes	---	---	3,302,750	1.180
8	Mr. Vivek Garg	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,071,550	0.383		
	No Changes	---	---	1,071,550	0.383
9	Mrs. Usha Garg	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,233,000	0.798		
	No Changes	---	---	2,233,000	0.798
10	Mr. Jai Kumar Garg	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,019,750	0.364		
	No Changes	---	---	1,019,750	0.364
	At the End of the year	1,019,750	0.364		

S. No.	Promoters Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
11	Jai Kumar Garg (HUF)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,118,500	0.400		
	No Changes	---	---	1,118,500	0.400
	At the End of the year	1,118,500	0.400		
12	Mr. Nand Kishore Garg	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	6,132,775	2.191		
	Purchase in April, 2017	25,000	0.009	6,157,775	2.200
	At the End of the year	6,157,775	2.200		
13	Nand Kishore Garg (HUF)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	337,750	0.121		
	No Changes	---	---	337,750	0.121
	At the End of the year	337,750	0.121		
14	Mr. Vaibhav Garg	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	5,000	0.002		
	No Changes	---	---	5,000	0.002
	At the End of the year	5,000	0.002		
15	Vikas Multicorp Ltd. (Formerly Moonlite Technochem Pvt. Ltd.)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	41,106,140	14.686		
	No changes		0.000	41,106,140	14.686
	At the End of the year	41,106,140	14.686		

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	PRIYA MITTAL				
	At the beginning of the year	3,200,000	1.143		
	No Transactions			3,200,000	1.143
	At the End of the year (or on the date of separation, if separated during the year)	3,200,000	1.143		
2	GIRABEN ATULBHAI SHAH				
	At the beginning of the year	0	0.000		
	Transactions (Purchase/sale) from 01.04.2017 upto 31.03.2018	1,550,000	0.554	1,550,000	0.554
	At the End of the year (or on the date of separation, if separated during the year)	1,550,000	0.554		
3	ANIL D GALA				
	At the beginning of the year	4,900,000	1.751		
	Shares Sold (from 01.04.2017 upto 01.12.2017)	-500,000	-0.018	4,400,000	1.572
	Shares Sold (from 01.12.2017 upto 04.12.2017)	-100,000	-0.004	4,300,000	1.536
	Shares Sold (from 04.12.2017 upto 08.12.2017)	-300,000	-0.011	4,000,000	1.429
	Shares Sold (from 08.12.2017 upto 05.01.2018)	-748,637	-0.027	3,251,363	1.162
	Shares Sold (from 05.01.2018 upto 12.01.2018)	-51,363	-0.002	3,200,000	1.143
	Shares Sold (from 12.01.2018 upto 02.02.2018)	-200,000	-0.007	3,000,000	1.072
	At the End of the year (or on the date of separation, if separated during the year)	3,000,000	1.072		
4	NOMURA SINGAPORE LIMITED				
	At the beginning of the year	NIL	0.000		
	Transactions (Purchase/sale) from 01.04.2017 upto 31.03.2018	1,500,000	0.536	1,500,000	0.536
	At the End of the year (or on the date of separation, if separated during the year)	1,500,000	0.536		
5	SANKARANARAYANAN SANGAMESWARAN				
	At the beginning of the year	NIL	0.000		
	Transactions (Purchase/sale) from 01.04.2017 upto 31.03.2018	1,265,694	0.452	1,265,694	0.452
	At the End of the year (or on the date of separation, if separated during the year)	1,265,694	0.452		
6	JAYANTILAL S. CHHEDA HUF				
	At the beginning of the year	20,000,000	7.145		
	No Transactions	--	--	20,000,000	7.145
	At the End of the year (or on the date of separation, if separated during the year)	20,000,000	7.145		

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	VISHANJI SHAMJI DEDHIA				
	At the beginning of the year	1,200,000	0.429		
	Shares Purchase (from 01.04.2017 upto 07.04.2017)	300,000	0.107	1,500,000	0.536
	Shares sold (from 07.04.2017 upto 28.04.2017)	-100,000	-0.036	1,400,000	0.500
	Shares sold (from 28.04.2017 upto 12.05.2017)	-200,000	-0.071	1,200,000	0.429
	Shares purchase (from 12.05.2017 upto 26.05.2017)	400,000	0.143	1,600,000	0.572
	Shares purchase (from 26.05.2017 upto 09.06.2017)	100,000	0.036	1,700,000	0.607
	Shares sold (from 09.06.2017 upto 07.07.2017)	-200,000	-0.071	1,500,000	0.536
	Shares sold (from 07.07.2017 upto 21.07.2017)	-100,000	-0.036	1,400,000	0.500
	Shares sold (from 21.07.2017 upto 20.10.2017)	-114,684	-0.041	1,285,316	0.459
	Shares sold (from 20.10.2017 upto 27.10.2017)	-185,316	-0.066	1,100,000	0.393
	Shares sold (from 27.10.2017 upto 04.12.2017)	-125,000	-0.045	975,000	0.348
	Shares sold (from 04.12.2017 upto 08.12.2017)	-75,000	-0.027	900,000	0.322
	At the End of the year (or on the date of separation, if separated during the year)	900,000	0.322		
8	MANJULA VENKATAKRISHNAMOHAN PRABHALA				
	At the beginning of the year	NIL			
	Shares purchase (from 01.04.2017 upto 15.12.2017)	150,000	0.054	150,000	0.054
	Shares purchase (from 15.12.2017 upto 05.01.2018)	600,000	0.214	750,000	0.268
	At the End of the year (or on the date of separation, if separated during the year)	750,000	0.268		
9	ANILKUMAR SWARUPCHAND KOTHARI				
	At the beginning of the year	340,000	0.121		
	Shares purchase (from 01.04.2017 upto 07.04.2017)	30,000	0.011	370,000	0.132
	Shares purchase (from 07.04.2017 upto 23.06.2017)	30,000	0.011	400,000	0.143
	Shares purchase (from 23.06.2017 upto 02.02.2018)	250,000	0.089	650,000	0.232
	Shares purchase (from 02.02.2018 upto 30.03.2018)	26,919	0.010	676,919	0.242
	At the End of the year (or on the date of separation, if separated during the year)	676,919	0.242		
10	BRIJ BHUSHAN SINGHAL				
	At the beginning of the year	625,000	0.223		
	No Transactions			625,000	0.223
	At the End of the year (or on the date of separation, if separated during the year)	625,000	0.223		

**(V) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Name of the Directors & KMP's	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Vikas Garg (Managing Director)				
	At the beginning of the year	48,343,855	17.272		
	No Transactions			48,343,855	17.272
	At the End of the year	48,343,855	17.272		
2	Mr. Vivek Garg (Whole-Time Director)				
	At the beginning of the year	1,071,550	0.383		
	No Changes	---	---	1,071,550	0.383
	At the End of the year	1,071,550	0.383		
3	Mr. Ashutosh Kumar Verma (CEO & Whole-Time Director)				
	At the beginning of the year	75,000	0.027		
	No Changes	---	---	75,000	0.027
	At the End of the year	75,000	0.027		
4	Mr. Sumer Chand Tayal (Director)				
	At the beginning of the year	23,850	0.009		
	Transactions (Purchase/sale) from 01.04.2017 upto 30.06.2017	-2,350	-0.001	21,500	0.008
	Transactions (Purchase/sale) from 01.07.2017 upto 30.09.2017	-1,000	-0.000	20,500	0.007
	Transactions (Purchase/sale) from 01.10.2017 upto 31.12.2017	-3,750	-0.001	16,750	0.006
	Transactions (Purchase/sale) from 01.01.2018 to 31.03.2018	-1,550	-0.001	15,200	0.005
	At the End of the year	15,200	0.005		
5	Mr. Manoj Singhal (Director)				
	At the beginning of the year	NIL	NIL		
	No Changes	---	---		
	At the End of the year	NIL	NIL		
6	Mrs. Vibha Mahajan (Director)				
	At the beginning of the year	NIL	NIL		
	No Changes	---	---		
	At the End of the year	NIL	NIL		
7	Mr. Kapil Gupta (Director)				
	At the beginning of the year	NIL	NIL		
	No Changes	---	---		
	At the End of the year	NIL	NIL		
8	Mr. Devender Kumar Garg (Director)				
	At the beginning of the year	NIL	NIL		
	No Changes	---	---		
	At the End of the year	NIL	NIL		

S. No.	Name of the Directors & KMP's	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	At the beginning of the year	NIL	NIL		
	No Changes	---	---		
	At the End of the year	NIL	NIL		
9	Mr. Siddharth Agrawal (Company Secretary)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL		
	No Changes	---	---		
	At the End of the year	NIL	NIL		
10	Mr. Sumit Garg (Chief Financial Officer, Appointed on 11.08.2017)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL		
	No Changes	---	---		
	At the End of the year	NIL	NIL		





**B. Remuneration to other directors:**

S I. Particulars of Remuneration no.	Name of Directors		
	Mr. Sumer Chand Tayal (Independent Director)	Mr. Pradip Kumar Banerji (Independent Director)	Total
1 Independent Directors			
Fee for attending board committee meetings	100,000	0	100,000
Commission	0	0	0
Others, please specify	0	0	0
Total (1)	100,000	0	100,000
2 Other Non-Executive Directors	0	0	0
Fee for attending board committee meetings	0	0	0
Commission	0	0	0
Others, please specify	0	0	0
<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (B)=(1+2)</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>
<b>Total Managerial Remuneration</b>			
Overall Ceiling as per the Act			

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

S. Particulars of Remuneration no.	Key Managerial Personnel		
	Mrs. Anjavi Kumar Pandya CFO (Resigned on 11.08.2017)	Mr. Sumit Garg, CFO (Appointed on 11.08.2017)	Siddharth Agrawal, Company Secretary
1 Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	693,959	811,622	516,900
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2 Stock Option			
3 Sweat Equity			
4 Commission			
- as % of profit			
others, specify...			
5 Others, please specify			
<b>Total</b>	<b>693,959</b>	<b>811,622</b>	<b>516,900</b>

**XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

NONE

## CORPORATE GOVERNANCE REPORT

### 1) A brief statement on the company's philosophy on code of governance:-

Vikas EcoTech Limited'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. VEL 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 (SEBI Listing Regulations) is given below:

### 2) BOARD OF DIRECTORS

As at March 31, 2018, our Board had three Non- Executive Directors and Four Executive Directors. Out of the four Executive Directors, the Executive Chairman and Managing Director and whole-time Director and are Promoter Directors. The Chief Executive Officer (CEO) and whole-time Director is a professional CEO who is responsible for the day to day operations of the Company. The whole-time Director (Finance) is a professional finance analyst who is responsible for the day to day financial operations of the Company. All the three Non-Executive Directors are Independent Directors free from any business or other relationship that could materially influence their judgment. All the Independent Directors satisfy the criteria of independence Companies Act, 2013 and the Listing Regulations.

The Board is well diversified and consists of one Woman Independent Director. The profiles of our Directors are available on our website at <https://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 maximum of 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 consistent with 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 our website at [www.vikasecotech.com](http://www.vikasecotech.com).

#### b) Composition of the Board

Category of Directors	No of Directors	Percentage to total no of Directors
Executive Director	4	57.14
Non-Executive Independent Directors	3	42.86
	7	100

During the financial year under review, 5 (Five) meetings of the Board were held on 29<sup>th</sup> May, 2017, 11<sup>th</sup> Aug, 2017, 14<sup>th</sup> November, 2017, 14<sup>th</sup> Feb, 2018 and 13<sup>th</sup> March, 2018. 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 2017-18 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, 2018 are as under:

Name of Director	Board Meeting	Attendance at AGM	No of Directorship in other public Companies as		No of Committee positions held in other public Companies as		Shareholding as at 31 <sup>st</sup> March, 2018
			Member	Chairman	Member	Chairman	
Vikas Garg	5	YES	1	0	1	0	48343855
Vivek Garg	5	YES	0	0	0	0	1071550
Sumer Chand Tayal	5	YES	0	0	0	0	15200
Vibha Mahajan	1	NO	0	0	0	0	0
Ashutosh Kumar Verma	5	YES	0	0	0	0	75000

Name of Director	Board Meeting	Attendance at AGM	No of Directorship in other public Companies as		No of Committee positions held in other public Companies as		Shareholding as at 31 <sup>st</sup> March, 2018
			Member	Chairman	Member	Chairman	
Manoj Singhal	4	NO	4	0	2	2	0
Kapil Gupta#	NIL	NO	0	0	0	0	0
Devender Kumar Garg*	3	NO	0	0	0	0	0

# Shri Kapil Gupta has appointed as Director w.e.f 29<sup>th</sup> May, 2017 and resigned on 14<sup>th</sup> February, 2018.

\* Shri. Devender Kumar Garg has appointed w.e.f. 11<sup>th</sup> August, 2017.

Shri. Jagdish Capoor has resigned w.e.f. 29<sup>th</sup> May, 2017.

Shri Pradip Banerji has resigned w.e.f. 11<sup>th</sup> August, 2017.

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 who is brother of Mr. Vikas Garg.

## 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 statements and annual financial statements 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. e four sub-committees of the Board as at 31<sup>st</sup> March, 2018.

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 11<sup>th</sup> August, 2017 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

### a) Composition, Name of Members and Chairperson:

The Audit Committee comprises 3 (Three) Non-Executive 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.

Name of Member	Category	Designation	Meetings Held	Meeting Attended
Shri. Sumer Chand Tayal	Non-Executive Independent Director	Chairman	5	5
Shri. Manoj Singhal	Non-Executive Independent Director	Member	5	5
Smt. Vibha Mahajan	Non-Executive Independent Director	Member	5	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, 2017. All members of our Audit Committee are Independent Directors and financially literate. The Chairman of our Audit Committee has the accounting and financial management related expertise.

Statutory Auditors as well as Internal Auditors always have independent meetings with the Audit Committee and also participate in the Audit Committee meetings. Our Chief Financial Officer make periodic presentations to the Audit Committee on various issues.

The Audit Committee met five times during the financial year 2017-18 on 27<sup>th</sup> May, 2017, 29<sup>th</sup> May, 2017, 11<sup>th</sup> August, 2017, 14<sup>th</sup> November, 2017, 14<sup>th</sup> February, 2018,

#### 4) NOMINATION AND REMUNERATION COMMITTEE

##### a) Composition, Name of Members and Chairperson:

The Nomination and Remuneration Committee comprises 3 (Three) Non-Executive Directors, the Chairman being Non-Executive and Independent. The Company Secretary of the Company acts as Secretary to the Nomination and Remuneration Committee. The Composition of Nomination and Remuneration Committee as on 31st March, 2018, is given below:

Name of Member	Category	Designation	Meetings Held	Meeting Attended
Shri. Sumer Chand Tayal	Non-Executive Independent Director	Chairman	2	2
Shri. Manoj Singhal	Non-Executive Independent Director	Member	2	2
Smt. Vibha Mahajan	Non-Executive Independent Director	Member	2	NIL

##### b) 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 Whole time Directors as well as the nomination and appointment of Directors. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

##### c) 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 such as Chairman and 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 imparted by the Company is available on our website at [www.vikasecotech.com](http://www.vikasecotech.com).

As part of ongoing training, the Company schedules quarterly meetings of business heads and functional heads with the Independent Directors. During these meetings, comprehensive presentations are made on the 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. These meetings also facilitate Independent Directors to provide their inputs and suggestions on various strategic and operational matters directly to the business and functional heads.

#### **Remuneration Policy and Criteria of Making Payments to Directors, Senior Management and Key Managerial Personnel**

The Independent Directors are entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board/Committee meetings and commission as detailed hereunder:

- sitting fees for each meeting of the Board or Committee of the Board attended by him or her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013.
- commission on a quarterly basis, of such sum as may be approved by the Board and Members on the recommendation of the Board Governance, Nomination and Compensation Committee. The total commission payable to the Independent Directors shall not exceed 1% of the net profits of the Company during any financial year. The commission is payable on pro-rata basis to those Directors who occupy office for part of the year.
- reimbursement of expenses for participation in Board/Committee meetings.
- Independent Directors are not entitled to participate in the stock option schemes of the Company.

#### **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 for the services rendered and stock options granted during the financial year 2017-18 are given below.

#### **Remuneration Payable to Executive Directors**

<b>Name of Directors</b>	<b>Amount</b>
Vikas Garg	12,00,000
Ashutosh Kumar Verma	22,80,000
Sumer Chand Tayal	1,00,000
Devender Kumar Garg	9,80,000

Shri Devender Kumar Garg has been appointed w.e.f. 11<sup>th</sup> August, 2017

The Non-Executive Independent Directors of the Company do not have any other material pecuniary relationship or transactions with the Company or its directors, senior management, subsidiary or associate, other than in the normal course of business.

## 5) STAKEHOLDER RELATIONSHIP COMMITTEE

### a) Name of Non-Executive Director heading the Committee:

The Stakeholders Relationship Committee comprises 3 (Three) members of which, One is Non-Executive Director, the Chairman being Non-Executive and Independent. The Company Secretary of the Company acts as Secretary to the Stakeholders Relationship Committee. The Composition of Stakeholders Relationship Committee as on 31st March, 2018, is given below:

Name of Member	Designation	Meetings Held	Meeting Attended
Sumer Chand Tayal	Chairman	1	1
Vikas Garg	Member	1	1
Vivek Garg	Member	1	1

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 investor's 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 are the Compliance Officer of the Company.

### b) Number of shareholders' complaints received so far:

The number of shareholder grievances received and resolved during financial year 2017-17 is given below:

Nature of Grievance	Received	Resolved	Max. period of Reply (in days)
Non-receipt of dividend	3	3	10
Annual Report	6	6	10
Revalidation of Dividend	1	1	10
<b>Total</b>	<b>10</b>	<b>10</b>	

### c) Number not solved to the satisfaction of shareholders:

None, all complaints were resolved to the satisfaction of shareholders.

### d) Number of pending complaints:

As at 31st March, 2018, no complaint was pending unresolved.

Besides the above, the Board of Directors has CSR Committee, an Executive Committee, Compensation Committee, Equity Warrant Committee. In respect of these Committees brief details of the role, terms of reference, composition and no. of meetings held etc. are given below:

## 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. 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 details of the Corporate Social Responsibility Policy of the Company have also been disclosed in the Directors' Report section of the Annual Report. 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. The Composition of Corporate Social Responsibility Committee as on 31<sup>st</sup> March, 2018, is given below:

Name of Member	Designation	Meetings Held	Meeting Attended
Mr. Manoj Singhal	Chairman	2	1
Sumer Chand Tayal	Member	2	1
Vikas Garg	Member	2	2

**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 of 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 31st March, 2018, is given below:

Name of Member	Designation	Meetings Held	Meeting Attended
Vikas Garg	Chairman	10	10
Vivek Garg	Member	10	10
Ashutosh Kumar Verma	Member	10	10

**8) COMPENSATION COMMITTEE**

The role of the Compensation Committee is to expeditiously administrate ESOP's granted to various employees of the Company. The Committee comprises 3 (Three) Directors. The Company Secretary of the Company acts as Secretary to the Committee. The Composition of Compensation Committee as on 31<sup>st</sup> March, 2018, is given below:

Name of Member	Designation	Meetings Held	Meeting Attended
Manoj Singhal	Chairman	NIL	NIL
Sumer Chand Tayal	Member	NIL	NIL
Vikas Garg	Member	NIL	NIL

**9) EQUITY WARRANT COMMITTEE**

The Equity Warrant Committee is authorized to convert the convertible warrants, issue and allot resultant equity shares, subject to such conditions or modifications that may be imposed, required or suggested by the Securities & Exchange Board of India (the SEBI), Stock Exchange(s) or other authorities and to settle all questions or difficulties that may arise with regard to the aforesaid in such manner as it may determine in its absolute discretion and to take such steps and to do all such acts, deeds, matters and things as may be required, necessary, proper or expedient. The Composition of Equity Warrant Committee as on 31<sup>st</sup> March, 2018, is given below:

Name of Member	Designation	Meetings Held	Meeting Attended
Manoj Singhal	Chairman	NIL	NIL
Sumer Chand Tayal	Member	NIL	NIL
Kapil Gupta	Member	NIL	NIL

**10) Governance Through Management process****Code of Conduct**

In our Company, the Board and all employees have a responsibility to understand and follow the Code of Business Conduct. All employees are expected to perform their work with honesty and integrity. VEL's Code of Business Conduct reflects general principles to guide employees in making ethical decisions. This Code is also applicable to our representatives. 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).

**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. This Code of Conduct also includes code for practices and procedures for fair disclosure of unpublished price sensitive information and has been made available on the Company's website at [www.vikasecotech.com](http://www.vikasecotech.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.

**Policy for Prevention, Prohibition & Redressal Sexual Harassment of Women at Workplace**

Pursuant to the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal)



Act, 2013, your Company has a policy and framework for employees to report sexual harassment cases at workplace and our process ensures complete anonymity and confidentiality of information. Adequate workshops and awareness programmes against sexual harassment are conducted across the organization.

### **Internal Audit**

The Company has a robust internal audit function with the stated vision of "To be the best in class Internal Audit function globally". In pursuit of this vision, the function provides an independent, objective assurance and consulting services to value-add and improve Operations of Business Units and processes by:

- Financial, Business Process and Compliance Audit
- Operation Reviews
- Best Practices and Benchmarking
- Leadership Development

The Head of Internal Audit reports to the Chairman of the Audit Committee and administratively to the Chief Financial Officer. Head of Internal Audit has regular and exclusive meetings with the Audit Committee.

The internal audit function is guided by its charter, as approved by the Audit Committee. The internal audit function formulates an annual risk based audit plan based on consultations and inputs from the Board and business leaders and presents its to the Audit Committee for approval. Findings of various audits carried out during the financial year are also periodically presented to the Audit Committee. The internal audit function adopts a risk based audit approach and covers core areas such as compliance audits, financial audits, technology audits, third party risk audits, M&A audits, etc.

The internal audit team comprises of personnel with professional qualifications and certifications in audit and is rich on diversity. The audit team hones its skills through a robust knowledge management program to continuously assimilate the latest trends and skills in the domain and to retain the knowledge gained for future reference and dissemination.

### **DISCLOSURES**

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

All related party transactions that were entered during the financial year were at an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Apart from receiving director remuneration, none of the Directors has any pecuniary relationships or transactions vis-à-vis the Company. During the year 2017-18, no transactions of material nature were entered by the Company with the Management or their relatives that may have a potential conflict of interest with the Company and the concerned officials have given undertakings to that effect as per the provisions of the Listing Regulations.

The Register under Section 189 of the Companies Act, 2013 is maintained and particulars of the transactions have been entered in the Register, as applicable.

### **11) SUBSIDIARY COMPANIES MONITORING FRAMEWORK**

The Company does not have any subsidiary as on 31<sup>st</sup> March, 2018

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 last three years.

#### **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 Vigilance Officer and/or Audit Committee.

#### **Shareholder Information**

Various shareholder information required to be disclosed pursuant to Schedule V of the Listing Regulations are provided in Annexure I to 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.



### Uday Kotak Committee Recommendations

In June 2017, SEBI set up a committee under the chairmanship of Shri. Uday Kotak to advise on issues relating to corporate governance in India. In October 2017, the committee submitted a report containing its recommendations, which were considered by SEBI in its board meeting held in March 2018. On 9<sup>th</sup> May, 2018, SEBI notified SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 implementing majority of these recommendations effective from 1<sup>st</sup> April, 2019 or such other date as specified therein. The Company substantially complies with the amendments notified and wherever there are new requirements, it will take necessary steps to ensure compliance by the effective date.

### Declaration as required under Regulation 34(3) and Schedule V of the Listing Regulations

All Directors and senior management personnel of the Company have affirmed compliance with VEL's Code of Conduct for the financial year ended 31<sup>st</sup> March, 2018.

### GENERAL SHAREHOLDER INFORMATION

Date, Time and Venue of Shareholder's Meeting	Meeting : Annual General Meeting Day & Date : 28 <sup>th</sup> Friday, September, 2018 Time : 11.30 A. M Venue : Haryana Maitri Bhawan Pitampura New Delhi-1100
Financial Year	2017-18
Record Date	21 <sup>st</sup> September, 2018
Dividend Payment Date	On or after 03 <sup>rd</sup> October, 2018
Registered office	Vikas Apartments, 34/1, East Punjabi Bagh, New Delhi-110026 Tel: 011-43144444 Website: www.vikasecotech.com
CIN	L65999DL1984019465
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 2017-18 have been paid by the Company within the stipulated time.
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
Wednesday, 30th September, 2015	11.30 A.M	Haryana Maitri Bhawan, Pitampura, New Delhi	<ul style="list-style-type: none"> <li>Increase of Borrowing Powers of Board</li> <li>To make investment in Foreign Company.</li> <li>Change of Name of Company from Vikas GlobalOne Limited to Vikas EcoTech Limited.</li> <li>Appointment of Whole-time-Director of the Company.</li> </ul>
Friday, 30th 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, 23rd November, 2016	11.00 A.M	5/2 Agarwal Bhawan Jaidev Park, East Punjabi Bagh, New Delhi 110026	<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, 15th February, 2017	11.00 A.M	5/2 Agarwal Bhawan Jaidev Park, East Punjabi Bagh, New Delhi 110026	<ul style="list-style-type: none"> <li>Issue of 2,56,60,000 Equity shares on preferential basis.</li> </ul>

Special Resolution passed through postal ballot in Financial Year 2016-17 – details of voting pattern and the procedure thereof

The Board of Directors had appointed Mr. Anil Kumar Popli, Practicing Company Secretary, to act as the Scrutinizer for conducting the Postal Ballot. The Company had also offered e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with the National Securities Depository Limited (NSDL) to enable its members to cast their votes electronically pursuant to Regulation 44 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force). The postal ballot process was carried out as per the procedure laid down in terms of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014. Mr. Anil Kumar Popli, had carried out the scrutiny of all the postal ballot forms received upto the close of working hours (5 P.M.) on 25<sup>th</sup> November, 2016 and that he had submitted his Report thereon to the Chairman of the Company. Based on the Scrutinizer's Report, Shri Vikas Garg, Managing Director, declared the result of the voting exercise on 26<sup>th</sup> November, 2016 as follows:

#### 1. To authorize the Board to create charge on Company's property

Particulars	Physical	Electronic	Total
Total postal ballot forms received	0	4898094	4898094
Total number of votes casted	0	4898094	4898094
Less: Invalid no. of votes casted	0	0	0
Valid no. of votes casted (Net)	0	4898094	4898094
Total no. of votes with assent for the Resolution	0	4898094	4898094
Total no. of votes with dissent for the Resolution	0	0	0

All the above resolutions were passed with requisite majority.

## 2) MEANS OF COMMUNICATION

### a) Quarterly Results:

The Company publishes limited reviewed un-audited standalone financial results on a 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 quarterly/ half-yearly/ annual financial results are published in 'TOP STORY' (English) and 'Awam-E-Hind' (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](http://www.vikasecotech.com) in the 'Investors' section.

**d) Official news releases:**

Yes, 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 ₹ 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 at 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 21<sup>st</sup>, 2018 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 21<sup>st</sup>, 2018.

Final Dividend for the Financial Year ended 31<sup>st</sup> March, 2011, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund on completion of seven years in October 2018. Members who have not en-cashed 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**

Equity Shares sent for physical transfer and/or for dematerialization are generally registered and returned within a period of 7 days from the date of receipt of completed and validly executed documents.

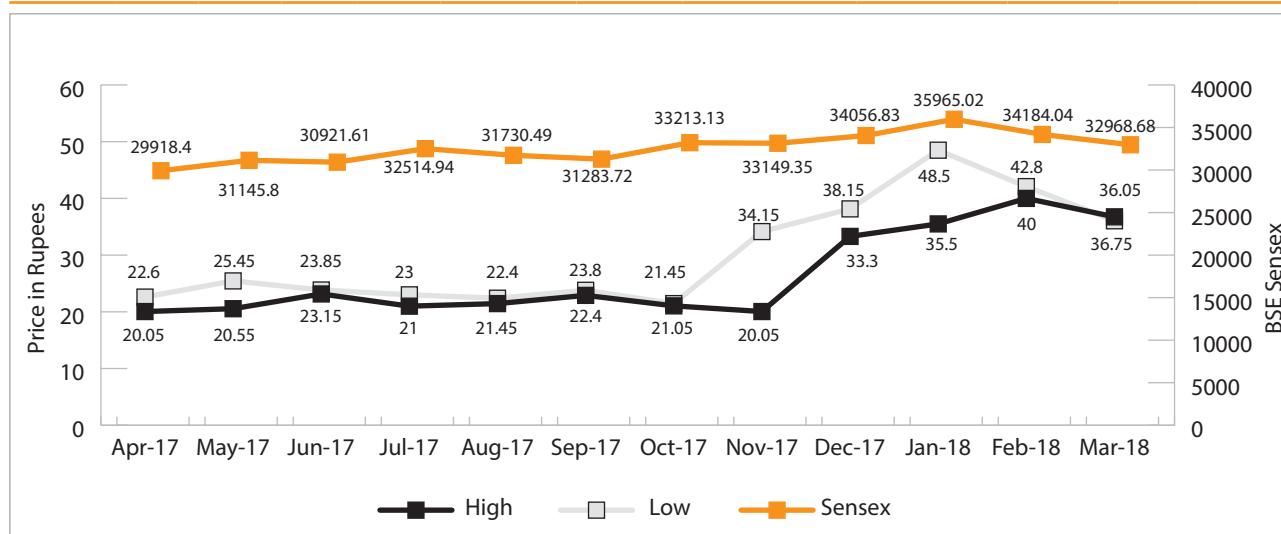
**DEMATERIALIZATION OF SHARES & LIQUIDITY**

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 31<sup>st</sup> March, 2018, 99.09% of the equity shares of the Company is in the dematerialized form and the balance 1.04% in physical form. Entire equity shareholding of the promoters in the Company is held in dematerialized form.

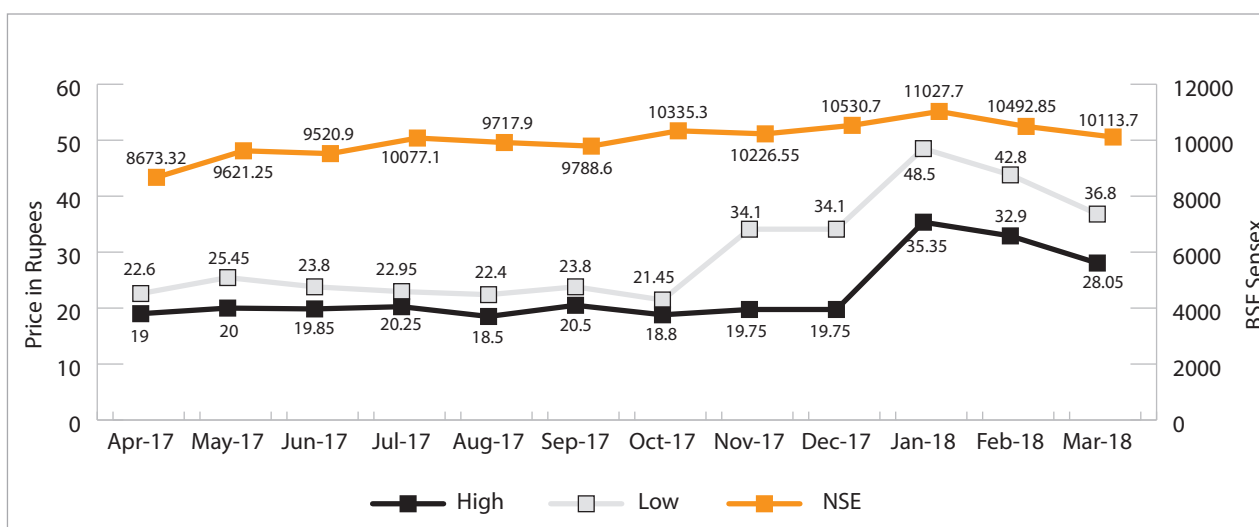
**a) Stock Market Price Data - high, low during each month in last financial year:**

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

Month	Open	High	Low	Close	No. of Shares	No. of Trades	Total Turnover	Deliverable Quantity	% Deli. Qty to Traded Qty	* Spread H-L	C-O
Apr 17	20.05	22.60	19.05	20.45	1,24,53,824	21,077	26,49,31,065	52,77,763	42.38	3.55	0.40
May 17	20.55	25.45	20.10	23.40	2,10,92,771	36,075	50,08,16,806	88,20,134	41.82	5.35	2.85
Jun 17	23.15	23.85	19.85	20.65	64,06,550	12,977	14,26,52,985	27,52,207	42.96	4.00	-2.50
Jul 17	21.00	23.00	20.00	21.35	78,54,283	13,888	17,03,60,090	37,70,578	48.01	3.00	0.35
Aug 17	21.45	22.40	18.50	22.05	41,11,480	9,449	8,47,88,519	20,70,428	50.36	3.90	0.60
Sep 17	22.40	23.80	20.40	20.95	74,90,834	14,468	16,59,28,687	32,66,056	43.60	3.40	-1.45
Oct 17	21.05	21.45	18.85	20.00	55,38,146	9,327	11,21,78,354	31,77,233	57.37	2.60	-1.05
Nov 17	20.05	34.15	19.70	32.80	3,25,50,148	60,387	89,09,09,226	1,16,10,908	35.67	14.45	12.75
Dec 17	33.30	38.15	30.70	35.70	2,77,83,106	55,440	97,02,05,511	87,08,297	31.34	7.45	2.40
Jan 18	35.50	48.50	35.40	39.85	3,66,08,151	80,909	1,54,49,88,796	1,12,87,992	30.83	13.10	4.35
Feb 18	40.00	42.80	33.10	36.20	1,87,38,896	41,868	71,78,40,353	45,73,095	24.40	9.70	-3.80
Mar 18	36.05	36.75	28.10	29.40	1,08,53,975	22,719	34,75,22,062	44,49,236	40.99	8.65	-6.65



NSE						
Month	Open	High Price	Low Price	Close	Volume	NSE
April 2017	20.00	22.60	19.00	20.35	4,21,41,935	8,673.32
May 2017	20.35	25.45	20.00	23.45	6,92,02,338	9,621.25
June 2017	23.20	23.80	19.85	20.65	2,11,01,904	9,520.90
July 2017	20.95	22.95	20.25	21.35	2,13,28,225	10,077.10
August 2017	21.45	22.40	18.50	21.95	1,81,03,357	9,917.90
September 2017	22.00	23.80	20.50	20.95	2,87,54,156	9,788.60
October 2017	20.95	21.45	18.80	19.95	2,45,59,906	10,335.30
November 2017	20.00	34.10	19.75	32.85	11,66,96,323	10,226.55
December 2017	20.00	34.10	19.75	32.85	11,66,96,323	10,530.70
January 2018	36.10	48.50	35.35	39.80	15,59,28,486	11,027.70
February 2018	40.00	42.80	32.90	36.10	6,19,19,328	10,492.85
March 2018	36.20	36.80	28.05	29.35	4,60,52,916	10,113.70

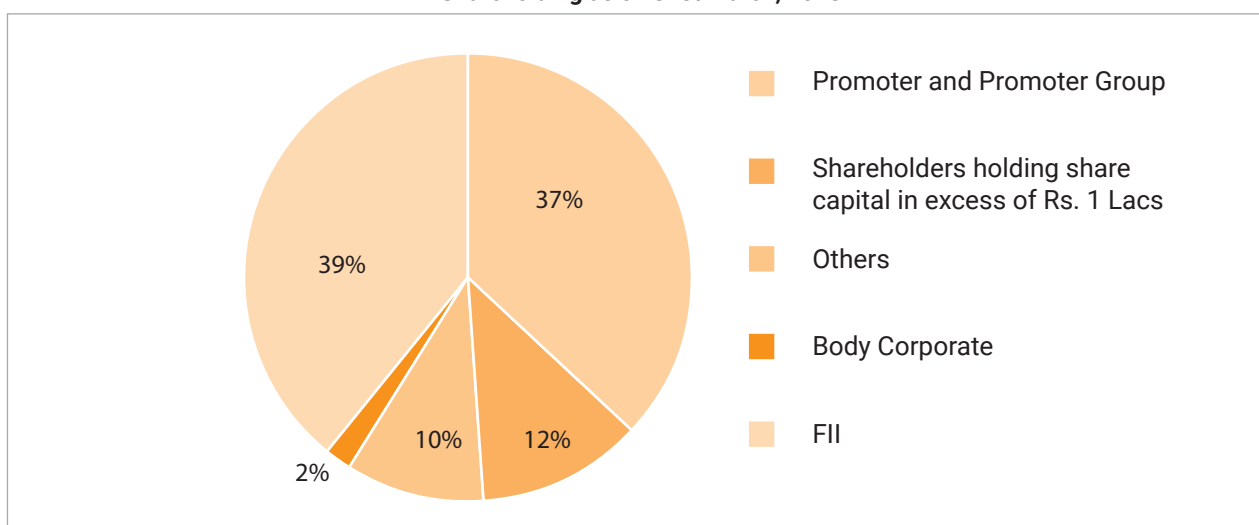


b) In case the securities are suspended from trading, the Directors Report shall explain the reason thereof: Not Applicable

**c) DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH 2018**

Category of Share	Number of shareholders	Total Number of Shares	Percentage	Category	Holders	Shares	% of Total Shares
Promoter and Promoter Group	15	11,06,43,945	39.53	1-100	12,102	7,23,912	0.26
Body Corporate	507	2,73,19,638	09.76	101-500	18,416	59,09,811	2.11
FII	9	46,85,960	1.67	501-1,000	8,434	73,74,177	2.63
Shareholders holding share capital in excess of ₹ 1 Lacs	48044	10,41,22,248	37.20	1,001-5,000	9,437	2,38,33,956	8.52
Others	2018	3,31,27,884	11.84	5,001-10,000	1,641	1,26,10,111	4.50
				10,001-20,000	866	1,27,30,918	4.55
				20,001-30,000	298	75,25,649	2.69
				30,001-40,000	131	46,15,888	1.65
				40,001-50,000	108	50,94,024	1.82
				50,001-100,000	170	1,24,40,575	4.45
				100,001-500,000	109	2,43,38,955	8.70
	50,593	27,98,99,675	100	500,001-Above	42	16,27,01,699	58.12

**Shareholding as on 31st March, 2018**



d) 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, 2018.

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

We, Ashutosh Kumar Verma, Whole-time Director and CEO and Amit Dhuria, CFO 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 31st March, 2018 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.

New Delhi, July 19, 2018

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

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

**AUDITOR'S CERTIFICATE**

To

The Members of Vikas EcoTech Limited

We have examined the compliance of conditions of corporate governance by Vikas EcoTech Limited, for the year ended on 31st March, 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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 in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchange(s).

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.

**For AAA & ASSOCIATES**

Company Secretaries

Place of Signature: Delhi

Date: 19.07.2018

Sd/-

**(A.K.Popli)**

Partner

C.P. No. 2544



# **Standalone Financial Statements**



**Independent Auditor's Report**

To

The Members of VIKAS ECOTECH LIMITED

**Report on the financial statements**

We have audited the attached Financial Statements of M/s VIKAS ECOTECH LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss for the year then ended and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "the financial statements").

**Management's responsibility for the 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 financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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, which have been used for the purpose of preparation of the financial statements by the Directors of the Company, as aforesaid.

**Auditor's responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Opinion**

Except for the possible effects due to anything otherwise stated in accounting policies and notes to financial statements and due to matters stated in emphasis of matters, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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, 2018; its profit and cash flows for the year ended on that date.

**Emphasis of Matters**

Certain balances as on year end such as Closing Stock, Fixed Assets and Cash in Hand are certified by the management and relied upon by us. Balances of Loans and Advances including advance from customers and advance paid to suppliers (domestic and overseas both), Creditors and Debtors (domestic and overseas both) are subject to confirmation/reconciliation and consequential adjustments, if any.

The Board of Directors of the Company in its meeting held on May 29<sup>th</sup>, 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 ₹ 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. As on date, the said application is pending for approval before Hon'ble NCLT and the scheme shall be effective only after the final order of Hon'ble NCLT Principle Bench, Delhi. NCLT has set 1st August, 2018 as the final hearing date for the scheme. In view of this, the financial statements are hereby prepared without considering the effect of scheme of Demerger and treating the said division proposed to be demerged as continuing operations. The financial statements are subject to amendment to give effect to the scheme once the same becomes effective after final order of Hon'ble NCLT.

Our opinion on the financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on financial statements / financial information certified by the Management.

#### **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, based on the comments in the auditors' reports of the Company, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The company is not having any branch office which has been audited under sub- section (8) by a other person and hence clause © of section 143(3) of the Companies Act, 2013 is not applicable.
  - d) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - e) In our opinion, 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 except as otherwise stated in accounting policies and notes to financial statements.
  - f) We have no observations or comments on financial transactions or matters which have any material adverse effect on the functioning of the Company.
  - g) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - h) We have no qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith.
  - i) With respect to the adequacy of internal financial controls over the financial reporting of the company and operating effectiveness of such control, refer to our separate report in 'Annexure B' ; and
  - j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 position of the company (Refer Note No 32) to financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. (Refer Note No 45) to financial statements.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

#### **For KSMC & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 003565N

#### **CA SACHIN SINGHAL**

Partner  
Membership No.: 505732

Place: New Delhi  
Date : 31.05.2018

**Annexure A****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 31<sup>st</sup> March, 2017. 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;	As informed and explained to us, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. However we have not seen and examined any fixed assets register and solely relied upon the management representation given to us in this regard.
	(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;	As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner and no material discrepancies were noticed on such physical verification. However we have not seen and examined any physical verification report and relied solely on management representation given to us in this regard.
	(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. However we have not seen and examined any physical verification report and relied solely on management representation given to us in this regard.
(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. However the company has made investment of ₹ 4,76,98,950/- in the shares of Vikas Surya Buildwell Pvt. Ltd which is within the prescribed limit given under section 186 of the Companies Act 2013.

S. No.	Particulars	Auditor's Remarks
(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. Accordingly the provision of clause 3(iv) of the order is not applicable.
(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 seen and examined any cost records and solely relied upon the management representation 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;	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.
	(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).	According to the information and explanations given to us, no other undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, goods and service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 <sup>st</sup> March, 2018 for a period of more than six months from the date they became payable. 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 31 <sup>st</sup> March 2018.
(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 or term loans and hence this clause is not applicable.
(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.

S. No.	Particulars	Auditor's Remarks
(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  
Firm Regn. No. 003565N

**CA SACHIN SINGHAL**

Partner  
Membership No.: 505732

Place: New Delhi  
Date : 31.05.2018

**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, 2018 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**

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, 2018, 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. However the company needs to improve its process for inventory physical verification, obtaining balances confirmations from suppliers or customers at regular interval etc.

**For KSMC & ASSOCIATES**

Chartered Accountants  
Firm Regn. No. 003565N

**CA SACHIN SINGHAL**

Partner  
Membership No.: 505732

Place: New Delhi  
Date: 31.05.2018



**Balance Sheet as at March 31, 2018****Amount in ₹**

Particulars	Notes	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	5	282,651,531	274,588,583	279,026,018
Financial assets				
Loans	6	5,170,651	3,658,657	1,887,674
Investments	6A	47,698,950	-	-
Deferred tax assets (net)	7	18,325,025	21,797,174	1,714,757
Other non-current assets	8	134,262,626	23,025,252	6,800,000
		<b>488,108,783</b>	<b>323,069,666</b>	<b>289,428,449</b>
<b>Current assets</b>				
Inventories	9	876,171,455	566,413,825	375,455,547
Financial assets				
Trade receivables	10	2,082,714,154	1,515,953,160	1,406,362,596
Cash and cash equivalents	11	33,084,518	217,516,658	2,874,344
Other bank balances	12	55,550,566	49,930,283	41,199,825
Other financial assets	13	1,166,108	1,663,335	3,704,967
Assets Held for Sale	5	32,984,656	-	-
Other current assets	14	411,246,555	427,093,151	143,821,051
		<b>3,492,918,012</b>	<b>2,778,570,411</b>	<b>1,973,418,330</b>
<b>TOTAL ASSETS</b>		<b>3,981,026,795</b>	<b>3,101,640,077</b>	<b>2,262,846,779</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	15	279,899,675	279,899,675	254,239,675
Other equity	16	1,318,463,108	1,049,899,424	423,498,801
<b>Total equity</b>		<b>1,598,362,783</b>	<b>1,329,799,099</b>	<b>677,738,476</b>
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	17	54,071,082	80,260,036	97,080,604
Provisions	18	3,812,654	2,319,712	489,443
		<b>57,883,736</b>	<b>82,579,748</b>	<b>97,570,047</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	17	1,334,731,635	1,073,490,128	814,720,370
Trade payables	19	786,771,035	425,265,739	448,941,277
Other financial liabilities	20	26,853,294	28,116,478	90,063,616
Provisions	18	723,765	62,300	16,182
Other current liabilities	21	36,966,376	43,377,056	15,084,276
Current tax liabilities (net)	7	138,734,171	118,949,528	118,712,535
		<b>2,324,780,276</b>	<b>1,689,261,230</b>	<b>1,487,538,256</b>
<b>Total liabilities</b>		<b>3,981,026,795</b>	<b>3,101,640,077</b>	<b>2,262,846,779</b>

**NOTES TO ACCOUNTS: forming part of Financial Statement 1 – 43**

As per our report of even date attached

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

For and on behalf of the Board of Directors

**FOR KSMC AND ASSOCIATES**Chartered Accountants  
(FRN: 003565N)**VIKAS GARG**(Managing Director)  
00255413**SUMER CHAND TAYAL**(Director)  
00255661**CA.SACHIN SINGHAL**Partner  
Membership No.: 505732  
Place: NEW DELHI  
Date: 31.05.2018**SIDDHARTH AGRAWAL**

(Company Secretary)

**ASHUTOSH KUMAR VERMA**

(Chief Executive Officer)

**AMIT DHURIA**

(Chief Financial Officer)

**Statement of Profit and loss for the year ended March 31, 2018****Amount in ₹**

Particulars	Notes	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Revenue from operations	22	<b>3,673,359,532</b>	3,876,457,323
Other income	23	<b>49,612,616</b>	16,692,842
<b>Total Revenue</b>		<b>3,722,972,148</b>	3,893,150,165
Cost of raw material and components consumed	24	<b>2,057,449,604</b>	2,075,853,753
Purchase of traded goods	25	<b>792,234,399</b>	768,812,060
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	26	<b>230,560</b>	30,295,454
Excise duty		<b>61,332,379</b>	165,180,550
Employee benefits expense	27	<b>56,954,946</b>	53,268,896
Depreciation expense	28	<b>38,391,198</b>	42,667,371
Finance costs	29	<b>144,304,473</b>	130,017,137
Other expenses	30	<b>135,911,180</b>	106,589,107
<b>Total expense</b>		<b>3,286,808,739</b>	3,372,684,328
<b>Profit/(loss) before exceptional items and tax</b>		<b>436,163,409</b>	520,465,836
Exceptional items	31	-	163,107,918
<b>Profit/(loss) before and tax</b>		<b>436,163,409</b>	357,357,918
<b>Income tax expense:</b>			
Current tax		<b>145,302,755</b>	145,000,000
Excess/ Short provision relating earlier year tax		<b>1,329,352</b>	-
Deferred tax		<b>3,472,149</b>	(19,632,575)
<b>Income tax expense</b>		<b>150,104,256</b>	125,367,425
<b>Profit for the year</b>		<b>286,059,153</b>	231,990,493
<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		<b>(874,813)</b>	(1,299,822)
Income tax effect		<b>302,755</b>	449,842
<b>Net other comprehensive income (net of tax) not to be reclassified to profit or loss in subsequent periods</b>		<b>(572,058)</b>	(849,980)
<b>Total Comprehensive income for the year</b>		<b>285,487,095</b>	231,140,513

**Earnings per share**

Basic and Diluted earnings per share	32	<b>1.02</b>	0.91
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As per our report of even date attached

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

For and on behalf of the Board of Directors

**FOR KSMC AND ASSOCIATES**Chartered Accountants  
(FRN: 003565N)**VIKAS GARG**(Managing Director)  
00255413**SUMER CHAND TAYAL**(Director)  
00255661**CA.SACHIN SINGHAL**Partner  
Membership No.: 505732  
Place: NEW DELHI  
Date: 31.05.2018**SIDDHARTH AGRAWAL**

(Company Secretary)

**ASHUTOSH KUMAR VERMA**

(Chief Executive Officer)

**AMIT DHURIA**

(Chief Financial Officer)



## Statement of Cash Flows for the year ended 31st March 2018

Amount in ₹

	Notes	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Operating activities</b>			
Profit before tax		436,163,409	357,357,918
<b>Profit before tax</b>			
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment		38,391,198	42,667,371
Gain on disposal of property, plant and equipment		(2,825,234)	(831,116)
Loss on account of fire		-	163,107,918
Finance income		(4,484,883)	(4,201,269)
Finance costs		144,304,473	130,017,137
Working capital adjustments:			
(Increase)/ decrease in inventories		(309,757,630)	(297,508,067)
(Increase)/ decrease in trade receivables		(566,760,993)	(109,590,564)
(Increase)/ decrease in other bank balances		(5,620,283)	(8,730,458)
(Increase)/ decrease in other financial assets		1,096,026	270,649
(Increase)/ decrease in other assets		(97,501,571)	(299,497,352)
(Decrease)/ increase in trade payables		361,898,654	(23,675,538)
(Decrease)/ increase in other financial liabilities		(1,263,184)	(61,947,138)
(Decrease)/ increase in provisions		(51,114,489)	576,565
(Decrease)/ increase in other current liabilities		(6,804,038)	28,292,780
<b>Cash generated from operations</b>		<b>(64,278,546)</b>	<b>(83,691,162)</b>
Income tax paid		(124,269,875)	(144,763,007)
<b>Net cash flows from operating activities</b>		<b>(188,548,422)</b>	<b>(228,454,169)</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		42,124,298	2,210,000
Purchase of property, plant and equipment		(116,317,567)	(96,166,949)
Interest received		4,484,883	4,201,269
<b>Net cash flows used in investing activities</b>		<b>(69,708,386)</b>	<b>(89,755,680)</b>
<b>Financing activities</b>			
Proceeds from issue of shares		-	436,220,000
Proceeds from borrowings		261,241,507	258,769,758
Repayment of borrowings		(26,188,954)	(16,820,568)
Interest paid		(144,304,473)	(130,017,137)
Dividends paid to equity holders of the parent		(13,994,984)	(12,711,984)
Dividend distribution tax		(2,928,427)	(2,587,906)
<b>Net cash flows from/(used in) financing activities</b>		<b>73,824,668</b>	<b>532,852,163</b>
<b>Net increase in cash and cash equivalents</b>		<b>(184,432,139)</b>	<b>214,642,314</b>
Cash and cash equivalents at the beginning of the year		217,516,658	2,874,344
<b>Cash and cash equivalents at year end</b>		<b>33,084,518</b>	<b>217,516,658</b>

As per our report of even date attached

For and on behalf of the Board of Directors

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

**VIKAS GARG**  
(Managing Director)  
00255413

**SUMER CHAND TAYAL**  
(Director)  
00255661

**CA. SACHIN SINGHAL**  
Partner  
Membership No.: 505732  
Place: NEW DELHI  
Date: 31.05.2018

**SIDDHARTH AGRAWAL**  
(Company Secretary)

**ASHUTOSH KUMAR VERMA**  
(Chief Executive Officer)

**AMIT DHURIA**  
(Chief Financial Officer)

## Notes forming part of financial statements for the year ended 31<sup>st</sup> March, 2018

### 1. Corporate information

Vikas Ecotech Limited ('the Company') is a Delhi based professionally managed Company incorporated on 30<sup>th</sup> 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). Also, the Company has planned for construction of a new State-of-the-art Plant & Innovation Centre at Dahej in Gujarat to cater to Export and Western Indian markets.

### 2. Basis of preparation

#### a) Statement of compliance:

The Company has adopted Indian Accounting Standards (Ind AS) with effect from 1<sup>st</sup> April 2017 with transition date of 1<sup>st</sup> April 2016, pursuant to notification issued by Ministry of Corporate Affairs dated 16<sup>th</sup> 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.

These financial statements are covered by Ind AS 101: First time adoption of Indian Accounting Standards (Ind AS) being first Ind AS annual financial statements for the year ended 31<sup>st</sup> March 2018 and are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended. The Ind AS accounting policies are compared to most recent annual financial statements prepared under Indian GAAP ("Previous GAAP"). Accounting policies have been consistently applied to all periods presented in the financial statements.

For all periods up to and including the year ended 31<sup>st</sup> 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 is provided in Note 41.

The financial statements were authorised for issue by the Company's Board of Directors on 31.05.2018.

#### 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

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

The accounting policies set out below have been applied consistently to all periods in these financial statements and in preparing the opening Ind AS Balance Sheet as at 1<sup>st</sup> April, 2016 for the purposes of the transition to Ind AS.

#### 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

##### 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.

#### **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1<sup>st</sup> April, 2016 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment. (Refer note 41).

#### **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 as a component of depreciation and amortisation expense.

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.

Interest earned whilst holding FVTOCI debt instrument is reported as interest income. The Company does not have any financial assets which are measured through FVTOCI.

#### **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 AS 103 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 fairvalue 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.

#### **Construction contracts**

The Company follows percentage of completion method of accounting in respect of its construction activity. Under this method, the profit on unit sold is recognised on the basis of percentage of work completed which is determined on technical estimations.

#### **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.

#### **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 on construction activities: 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 it 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.

**r) Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to their chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

**4. Recent accounting pronouncement issued but not yet effective upto the date of issuance of financial statements**

**a) 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 will 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.

**b) Introduction to Ind AS 115:**

Ind-AS 115- Revenue from Contracts with Customers: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Moreover, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

- Retrospective approach-Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8-Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018.

The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31st March 2018 will not be retrospectively adjusted.

While, the Company is in the process of implementing Ind AS 115 on financial statement, it is of the view that the accounting policy for certain streams of revenue and related expenses may undergo a change primarily on account of estimating and recognizing extended warranty and unspecified free upgrades in certain contracts, adjusting cost of acquisition of customer, etc.

**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
Cost or valuation											
At 1 April 2017	78,342,995	33,967,500	659,100	62,333,706	2,405,495	194,538,566	2,709,750	34,927,447	11,344,930	5,539,914	426,769,403
Additions	2,999,943	-	-	6,051,457	-	104,707,883	271,767	-	342,171	1,944,346	116,317,567
Disposals	-	(33,967,500)	-	-	-	(4,233,886)	-	(557,000)	-	-	(38,758,386)
Assets Held for Sale*	(33,525,334)	-	-	-	-	-	-	-	-	-	(33,525,334)
<b>At 31<sup>st</sup> March, 2018</b>	<b>47,817,604</b>	<b>-</b>	<b>659,100</b>	<b>68,385,163</b>	<b>2,405,495</b>	<b>295,012,563</b>	<b>2,981,517</b>	<b>34,370,447</b>	<b>11,687,101</b>	<b>7,484,260</b>	<b>470,803,250</b>
Depreciation											
At 1 April 2017	1,866,954	-	185,848	19,894,418	684,270	97,685,123	2,159,917	14,989,254	9,806,323	4,908,713	152,180,819
Charge for the year	816,329	-	23,263	4,545,478	84,665	25,162,239	206,477	6,259,760	638,718	654,268	38,391,198
Disposals	(0)	-	-	-	-	(1,421,596)	-	(458,024)	-	-	(1,879,621)
Assets Held for Sale*	(540,678)	-	-	-	-	-	-	-	-	-	(540,678)
<b>At 31<sup>st</sup> March, 2018</b>	<b>2,142,606</b>	<b>-</b>	<b>209,111</b>	<b>24,439,896</b>	<b>768,935</b>	<b>121,425,766</b>	<b>2,366,393</b>	<b>20,790,991</b>	<b>10,445,041</b>	<b>5,562,980</b>	<b>188,151,719</b>
<b>Net book value</b>											
<b>At 31<sup>st</sup> March, 2018</b>	<b>45,674,998</b>	<b>-</b>	<b>449,989</b>	<b>43,945,266</b>	<b>1,636,560</b>	<b>173,586,798</b>	<b>615,123</b>	<b>13,579,456</b>	<b>1,242,060</b>	<b>1,921,280</b>	<b>282,651,531</b>
<b>At 31<sup>st</sup> March, 2017</b>	<b>76,476,041</b>	<b>33,967,500</b>	<b>473,252</b>	<b>42,439,287</b>	<b>1,721,225</b>	<b>96,853,443</b>	<b>549,833</b>	<b>19,938,193</b>	<b>1,538,607</b>	<b>631,201</b>	<b>274,588,583</b>

**Assets Held for Sale\***

During the year under consideration, The company has entered into MOU with M/s Bodal Chemicals Ltd. dated 23.09.2017 for sale of land situated at Dahej (Gujrat) for consideration of ₹ 4,26,50,827.74/- and received an advance of ₹ 45,00,000/- against the same. Further, Execution of Sale deed will take place in F.Y. 2018-19 and accordingly as on year end the said land has been classified as Assets held for Sale at lower of carrying value and fair value less cost to sell.

**6. Loans**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Unsecured, considered good unless otherwise stated			
Security deposit	5,170,651	3,658,657	1,887,674
	<b>5,170,651</b>	<b>3,658,657</b>	<b>1,887,674</b>

**6A. Investments**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
(Valued at Fair value)			
Investments in Shares	47,698,950	-	-
	<b>47,698,950</b>	<b>-</b>	<b>-</b>

7,93,000 Equity Shares of Vikas Surya Buildwell Pvt. Ltd. purchased at cost of ₹ 4,76,98,950/- (including stamp duty of ₹ 1,18,950/-). The fair value of shares as on 31<sup>st</sup> March, 2018 is ₹ 4,76,98,950/-

**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**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Current tax	145,302,755	145,000,000
Deferred tax	3,472,149	(19,632,575)
Excess/ Short provision relating earlier year tax	1,329,352	
<b>Income tax expense</b>	<b>150,104,256</b>	<b>125,367,425</b>

**ii) Other comprehensive income**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Deferred tax benefit on re-measurement of defined benefit plan	(302,755)	(449,842)
Income tax charged to OCI	(302,755)	(449,842)

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

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Current tax assets	6,265,829	26,050,472	13,723,913
Current tax liabilities	(145,000,000)	(145,000,000)	(132,436,448)
	<b>(138,734,171)</b>	<b>(118,949,528)</b>	<b>(118,712,535)</b>

**c) Reconciliation of effective tax rate**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Net income before tax	436,163,409	357,357,918
Enacted tax rate in India	34.61%	34.61%
Computed tax expense	150,947,433	123,674,428
Increase/ decrease in taxes on account of:		
Tax effect on exempted income under Income-tax Act	(6,752,912)	(5,869,787)
Adjustment on account of permanent difference	7,239,088	7,562,784
Income tax expense recognised in the statement of profit and loss (including portion of other comprehensive income)	<b>150,104,257</b>	<b>125,367,425</b>

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

Deferred tax asset in respect of:	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Property, plant and equipment	<b>16,755,061</b>	21,797,174	1,714,757
Provision for Gratuity	<b>1,569,964</b>	-	-
Total deferred tax asset	<b>18,325,025</b>	21,797,174	1,714,757

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.

**e) Reconciliation of deferred tax assets**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Opening balance	<b>21,797,174</b>	1,714,757
Tax credit during the year recognised in Statement of profit and loss (including portion of other comprehensive income)	<b>3,472,149</b>	20,082,417
Closing balance	<b>18,325,025</b>	21,797,174

**8. Other non-current assets**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Unsecured, considered good unless otherwise stated			
Capital advances	<b>134,262,626</b>	23,025,252	6,800,000
	<b>134,262,626</b>	23,025,252	6,800,000

**9. Inventories**

	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017	As at 1 April 2016
At cost or net realisable value, whichever is lower			
Raw materials	<b>706,122,276</b>	379,602,388	280,195,935
Traded goods	-	-	30,295,454
Finished goods	<b>61,539,662</b>	43,778,989	25,365,043
Goods in transit	<b>82,123,538</b>	116,415,909	12,982,576
Real estate Inventory	<b>26,385,979</b>	26,616,539	26,616,539
	<b>876,171,455</b>	566,413,825	375,455,547

(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**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Unsecured, considered good unless otherwise stated	<b>2,082,714,154</b>	1,515,953,160	1,406,362,596
	<b>2,082,714,154</b>	1,515,953,160	1,406,362,596

(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 42.



**11. Cash and cash equivalents**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Cash in hand	<b>432,568</b>	2,242,197	1,209,411
Balance with banks			
On current accounts	<b>30,569,445</b>	139,428,450	531,225
On cash credit limits - Repayable on demand	-	74,246,777	-
Unpaid dividend account *	<b>2,082,508</b>	1,599,233	1,133,708
	<b>33,084,521</b>	217,516,658	2,874,344

\* There is no amount in unpaid dividend account which is transferrable to Investor Protection Fund Account.

**12. Other bank balances**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Deposits with bank held as margin money			
Bank deposits (with maturity within 12 months from the reporting date)	<b>55,550,566</b>	49,930,283	41,199,825
	<b>55,550,566</b>	49,930,283	41,199,825

**13. Other financial assets**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Unsecured, considered good unless otherwise stated			
Interest accrued but not due on deposits	<b>1,166,108</b>	1,663,335	3,704,967
	<b>1,166,108</b>	1,663,335	3,704,967

**14. Other current assets**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Advance to suppliers*	<b>351,926,531</b>	351,936,080	87,807,530
Security Deposits Refundable	<b>2,194,300</b>	2,769,300	1,372,500
MEIS Licence	<b>3,006,231</b>	1,184,591	4,150,959
Advance to employees	<b>196,070</b>	1,670,407	616,750
Other taxes recoverable	<b>36,826,464</b>	64,716,598	48,523,046
Prepaid expenses	<b>10,134,819</b>	3,184,955	900,546
Current Capital advances	<b>6,962,141</b>	163,1220	449,720
	<b>411,246,555</b>	427,093,151	143,821,051

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



## 15. Share capital

### a) Equity share capital

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
<b>Authorised shares</b>			
320,000,000 equity shares of Re. 1 each (260,000,000 equity shares of Re. 1 each as at 1 April 2016)*	<b>320,000,000</b>	320,000,000	260,000,000
<b>Issued, subscribed and fully paid-up shares</b>			
279,899,675 equity shares of Re. 1 each (254,239,675 equity shares of Re. 1 each as at 1 April 2016)**	<b>279,899,675</b>	279,899,675	254,239,675
	<b>279,899,675</b>	279,899,675	254,239,675

\* The shareholders' at the EGM/ AGM of the Company held on 23<sup>rd</sup> November, 2016 approved increase in the authorised share capital of the Company from ₹ 260,000,000 comprising of 260,000,000 equity shares of Re 1 each to ₹ 320,000,000 comprising 320,000,000 equity shares of Re. 1 each.

\*\* During the year ended 31<sup>st</sup> March, 2017, the Company has issued 25,660,000 equity shares of face value of Re. 1 each to its existing shareholders in proportion of their existing shareholding on preferential allotment basis for issue price of ₹ 17 per share. The new shares shall rank pari-passu with the existing equity shares of the Company in all respects.

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

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Equity shares, issued, subscribed and fully paid-up			
Shares at the beginning of the year	<b>279,899,675</b>	254,239,675	254,239,675
Issued during the year	-	25,660,000	-
Shares at the end of the year	<b>279,899,675</b>	279,899,675	254,239,675

### 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 31<sup>st</sup> May, 2018, the Board of Directors have proposed a dividend of ₹ 0.05 per equity share (FY 2017-18 - ₹ 0.05 per equity share) to all equity shareholders for the year ended 31<sup>st</sup> March, 2018. The dividend proposed by the Board of Directors is subject to approval of the shareholders of the Company in the ensuing general meeting.

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

	As at 31 <sup>st</sup> March, 2018	
Equity shares, issued, subscribed and fully paid-up	<b>No. of shares</b>	<b>%age</b>
Vikas Garg	<b>48,343,855</b>	<b>17.27%</b>
Vikas Multicorp Limited (formerly known as Moonlite Technochem Private Limited)	<b>41,106,140</b>	<b>14.69%</b>
Jayanti Shamji Chedda HUF	<b>20,000,000</b>	<b>7.15%</b>
	As at 31 <sup>st</sup> March, 2017	
Equity shares, issued, subscribed and fully paid-up	No. of shares	%age
Vikas Garg	48,343,855	17.27%
Vikas Multicorp Limited (formerly known as Moonlite Technochem Private Limited)	41,106,140	14.69%
Jayanti Shamji Chedda HUF	20,000,000	7.15%
	As at 31 <sup>st</sup> March, 2016	
Equity shares, issued, subscribed and fully paid-up	No. of shares	%age
Vikas Multicorp Limited (formerly known as Moonlite Technochem Private Limited)	43,221,141	17.00%
Athena Multitrade Private Limited	20,431,500	8.04%

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<sup>st</sup> March 2018.

**16. Other equity**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Share premium	410,560,000	410,560,000	-
General reserve	147,120,475	147,120,475	147,120,475
Retained earnings	761,238,737	492,102,995	275,412,392
Other reserve	965,934	965,934	965,934
Other comprehensive income	(1,422,037)	(849,980)	-
	<b>1,318,463,108</b>	<b>1,049,899,424</b>	<b>423,498,801</b>

**a) Share premium**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Opening balance	410,560,000	-	-
Additions during the year on account of issue of equity shares	-	410,560,000	-
<b>Closing balance</b>	<b>410,560,000</b>	<b>410,560,000</b>	<b>-</b>

**b) General reserve**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Opening balance	147,120,475	147,120,475	147,120,475
<b>Closing balance</b>	<b>147,120,475</b>	<b>147,120,475</b>	<b>147,120,475</b>

**c) Retained earnings**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Opening balance	492,102,995	275,412,392	20,070,173
Additions during the year	286,059,153	231,990,493	255,342,219
Less: Final dividend on equity shares	(13,994,984)	(12,711,984)	-
Less: Tax on final dividend on equity shares	(2,928,427)	(2,587,906)	-
<b>Closing balance</b>	<b>761,238,737</b>	<b>492,102,995</b>	<b>275,412,392</b>

**d) Other reserves (capital reserve)**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Opening balance	965,934	965,934	965,934
Additions during the year	-	-	-
<b>Closing balance</b>	<b>965,934</b>	<b>965,934</b>	<b>965,934</b>

**e) Dividends**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>Cash dividend on equity shares declared and paid</b>		
Final dividend for 31 <sup>st</sup> March 2017: ₹ 0.05 per share	13,994,984	12,711,984
Dividend distribution tax on final dividend	2,928,427	2,587,906
<b>Total cash dividend</b>	<b>16,923,411</b>	<b>15,299,890</b>
<b>Proposed dividend on equity shares*</b>		
Dividend proposed for 31 <sup>st</sup> March 2018: ₹ 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<sup>st</sup> March, 2018.

**f) Other comprehensive income – Re-measurement of defined benefit plans (net of tax)**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Opening balance	(849,980)	-
Actuarial gains/ (losses) on defined benefit plan for the year (net of tax)	(572,058)	(849,980)
<b>Closing balance</b>	<b>(1,422,037)</b>	<b>(849,980)</b>

**17. Borrowings****a) Non-current borrowings**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
<b>Non-current</b>			
<b>Secured term loan from banks</b>			
Vehicle loans	2,904,242	7,735,258	-
Business loan	31,052,196	35,631,135	39,694,710
Fixed assets loans	20,114,644	36,893,644	57,385,894
<b>Total non-current borrowings</b>	<b>54,071,082</b>	<b>80,260,036</b>	<b>97,080,604</b>

**b) Current borrowings**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
<b>Current portion of secured term loan from banks</b>			
Vehicle loans	4,831,016	4,406,232	256,381
Business loan	4,578,939	4,063,575	3,606,217
Fixed assets loans	15,399,996	18,044,603	20,280,209
<b>Cash credit limits – Repayable on demand</b>			
Bank of Baroda	126,637,234	102,044,985	237,276,415
DBS bank	4,669,175	-	-
Oriental Bank of Commerce	417,066,599	369,082,767	279,539,571
Punjab National Bank	91,530,360	76,784,460	-
HSBC Bank Limited	58,368,446	-	-
<b>PCFC &amp; FCBRD limits - Repayable on demand</b>			
Bank of Baroda	49,839,865	56,088,065	109,728,142
DBS	139,440,304	138,429,209	-
Oriental Bank of Commerce	284,001,882	261,409,063	188,176,242
Punjab National Bank	69,844,420	69,651,579	-
HSBC Bank Limited	93,333,351	-	-
	<b>1,359,541,586</b>	<b>1,100,004,538</b>	<b>838,863,177</b>
<b>Less: Amount disclosed under 'Other financial liabilities' *</b>	<b>(24,809,951)</b>	<b>(26,514,410)</b>	<b>(24,142,807)</b>
	<b>1,334,731,635</b>	<b>1,073,490,128</b>	<b>814,720,370</b>

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 42.

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

**18. Provisions****a) Long-term provisions**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Gratuity	<b>3,812,654</b>	2,319,712	489,443
	<b>3,812,654</b>	2,319,712	489,443

**b) Short-term provisions**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Gratuity	<b>723,765</b>	62,300	16,182
	<b>723,765</b>	62,300	16,182

**19. Trade payables**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Total outstanding to micro and small enterprises*	-	-	-
Total outstanding to creditors other than micro and small enterprises	<b>786,771,035</b>	425,265,739	448,941,277
	<b>786,771,035</b>	425,265,739	448,941,277

\* 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 42.

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

**20. Other financial liabilities**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
<b>Current maturities of non-current borrowings</b>	<b>24,809,951</b>	26,514,410	24,142,807
Unclaimed dividend	<b>2,043,343</b>	1,560,068	1,104,584
Bank overdrafts	-	-	64,774,225
Security deposit received	-	42,000	42,000
	<b>26,853,294</b>	28,116,478	90,063,616

**21. Other liabilities, current**

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
Advance from customers*	<b>7,598,907</b>	14,175,792	8,777,696
Advance received against assets held for sale	<b>4,500,000</b>	-	-
Accrued expenses	<b>7,761,293</b>	9,417,172	4,286,198
Statutory dues payable	<b>17,106,176</b>	19,784,092	2,020,382
	<b>36,966,376</b>	43,377,056	15,084,275

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

### Terms and repayment schedule

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

	Interest rate	Year of maturity	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April 2016
<b>Non-current borrowings</b>					
<b>Vehicle loan</b>					
HDFC - Volvo loan (Account No 38982281)	9.4% p.a.	2019	<b>206,191</b>	2,559,462	-
ICICI - Jaguar loan (Account No 00035146099)	9.10% p.a.	2019	<b>1,724,769</b>	3,882,834	-
Toyota Financial Services India Limited - Innova (Account No NDEL1085441)	9.24% p.a.	2021	<b>973,282</b>	1,292,961	-
<b>Business loan</b>					
ICICI loan (Account No. LADEL00002038205) (in the name of Sigma Plastic Industries)	EMI of ₹ 7.17 lacs	2023	<b>31,052,196</b>	35,631,135	39,694,710
<b>Fixed assets loan</b>					
OBC - TL (Account No 08767025002281)	MCLR+2%	2020	<b>14,264,644</b>	25,211,644	35,260,747
OBC - TL (Account No 11167015000461)	MCLR+2%	2017	-	-	4,792,386
OBC - TL (Account No 08767025001865)	MCLR+2%	2020	<b>5,850,000</b>	11,682,000	17,332,761
<b>Current borrowings</b>					
<b>Vehicle loan</b>					
HDFC - Vehicle loan (Account No 24353585)	15.65% p.a.	2016	-	-	45,066
HDFC - Volvo loan (Account No 38982281)	9.4% p.a.	2019	<b>2,353,271</b>	2,143,667	-
ICICI - (Account No LADEL00026874591)	9.09% p.a.	2016	-	-	211,315
ICICI - Jaguar loan (Account No 00035146099)	9.10% p.a.	2019	<b>2,158,066</b>	1,971,026	-
Toyota Financial Services India Limited - Innova (Account No NDEL1085441)	9.24% p.a.	2021	<b>319,679</b>	291,539	-
<b>Business loan</b>					
ICICI loan (Account No. LADEL00002038205) (in the name of Sigma Plastic Industries)	EMI of ₹ 7.17 lacs	2023	<b>4,578,939</b>	4,063,575	3,606,217
<b>Fixed assets loan</b>					
OBC - TL (Account No 08767025002281)	MCLR+2%	2020	<b>9,999,996</b>	9,052,992	9,840,209
OBC - TL (Account No 11167015000461)	MCLR+2%	2017	-	4,023,611	5,040,000
OBC - TL (Account No 08767025001865)	MCLR+2%	2020	<b>5,400,000</b>	4,968,000	5,400,000

### Secured term loans from banks

- HDFC-Vehicle Loan Agreement No 38982281 was taken during 2016 year and carries interest @ 9.4% per annum. The loan is repayable in 36 instalments of ₹ 207,805 each along with interest from the date of Loan. The loan is secured by hypothecation of car of the Company.
- HDFC-Vehicle Loan Agreement No 24353585 was taken during 2013 year and carries interest @ 15.65% per annum. The loan is repayable in 36 instalments of ₹ 22,837 each along with interest from the date of Loan. The loan has been discharged completely in F.Y. 2016-17.
- ICICI Loan No-LADEL00026874591 was taken during 2013 year and carries interest @ 9.09% per annum. The loan is repayable in 36 instalments of ₹ 1,1450 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 in F.Y. 2016-17.
- ICICI Loan No-LADEL00035146099 was taken during 2016 year and carries interest @ 9.10% per annum. The loan is repayable in 36 instalments of ₹ 201,906 each along with interest from the date of Loan. The loan is secured by hypothecation of car of the Company.

- e) 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 ₹ 35,496 each along with interest from the date of loan. The loan is secured by hypothecation of car of the Company.
- f) Term Loan III-11167015000461 (Oriental Bank of Commerce). The Term Loan is secured on the Plant and Building located at G-24-29 & 30, RIICO Industrial Area, Vigyan Nagar, Shahjahanpur, Dist. Alwar, Rajasthan owned by Vikas Ecotech Limited. The rate of interest shall be MCLR+2%. This loan has been discharged completely during the year under consideration.
- g) Term Loan IV-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 period of maturity from the balance sheet date is 24 months.
- h) Term Loan V-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 period of maturity from the balance sheet date is 30 months.

#### **Secured cash credit and PCFC limits from banks**

- The Company is availing working capital limits under consortium of Oriental Bank of Commerce, Bank of Baroda, Punjab National Bank, Development bank of Singapore and The Hongkong Shanghai Banking Corporation Ltd with Oriental Bank of Commerce as lead banker in consortium and others banks are member bank.
- The Company is availing a cash credit (Hypothetical) limit of ₹ 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 ₹ 2,760 Lacs (which includes both side inter change ability LC to CC for ₹ 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 ₹ 1,550 Lacs from Bank of Baroda with a sublimit of PC / PCFC / FBP / FBD of ₹ 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+SP+1.85%. Further the Company is availing Non Fund Based LC (Import / Inland / DP / DA / BG, Buyers Credit) limits of ₹ 650 Lacs (which includes both side inter change ability LC to CC for ₹ 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 ₹ 1,530 Lacs from Punjab National Bank with a sub limit of PC / PCFC / FBP / FBD of ₹ 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 ₹ 690 Lacs (which includes both side inter change ability LC to CC for ₹ 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 ₹ 1,000 Lacs from Development Bank of Singapore with a sub limit of PC / PCFC / FBP / FBD of ₹ 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 3 months MCLR +1.35%. Further the Company is availing Non Fund Based LC (Import / Inland / DP / DA / BG, Buyers Credit) limits of ₹ 500 (which includes both side inter change ability LC to CC for ₹ 500 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 ₹ 1,500 Lacs from The Hongkong Shanghai Banking Corporation Ltd with a sub limit of PC / PCFC / FBP / FBD of ₹ 1,500 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 3 months MCLR +1.05%. Further the Company is availing Non Fund Based LC (Import / Inland / DP / DA / BG, Buyers Credit) limits of ₹ 700 for procurement of raw material and spares. Cash Margin is 15% in the shape of FDR.

#### **Further, the limit is secured on following collateral properties:**

- 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, Phase 1, 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 RILCO 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 RILCO 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.
- n) Industrial Property No. - F-7 & 8, Vigyan Nagar RILCO Indl. Area, Shahjahanpur, Tehsil Neemrana Distt. Alwar, Rajasthan.

**Further limit is guaranteed by personal guarantee of the following:**

- 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 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Revenue from operations		
Sale of products	<b>3,673,359,532</b>	3,876,457,323
	<b>3,673,359,532</b>	3,876,457,323

**23. Other income**

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Foreign exchange fluctuation gain	<b>22,659,328</b>	5,328,102
Interest income	<b>4,484,883</b>	4,201,269
Rebates and discounts received	<b>13,322,650</b>	713,315
Profit on sale of fixed assets	<b>2,825,234</b>	831,116
Excise refund received	<b>453,745</b>	1,339,123
Other Receipts	<b>1,127,269</b>	-
Rental income	<b>1,200,000</b>	1,200,000
Export incentive	<b>3,539,507</b>	3,079,917
	<b>49,612,616</b>	16,692,842

**24. Cost of material consumed**

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Opening inventory of raw material, work in progress and finished goods	<b>423,381,377</b>	305,560,978
Add: Purchases (including direct expenses and overheads)	<b>2,401,730,165</b>	2,300,223,941
Less: Inventory lost by fire (refer note no. 31)	-	(106,549,789)
Less: Closing inventory of raw material, work in progress and finished goods	<b>(767,661,938)</b>	(423,381,377)
	<b>2,057,449,604</b>	2,075,853,753

**Details of inventory**

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Closing Inventory		
Inventory of raw material, work in progress and finished goods	<b>767,661,938</b>	423,381,377

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.

**25. Purchase of traded goods**

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Purchase of traded goods ( including direct expenses and overheads)	<b>792,234,399</b>	768,812,060
	<b>792,234,399</b>	768,812,060

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.



**26. Change in inventory**

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Closing stock of traded goods and real estate inventory	<b>26,385,979</b>	26,616,539
Opening stock of traded goods and real estate inventory	<b>26,616,539</b>	56,911,993
(Increase)/ Decrease in Inventory (traded goods and real estate inventory)	<b>230,560</b>	30,295,454

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.

**27. Employee benefit expenses**

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Salaries, wages and bonus	<b>53,922,162</b>	48,428,961
Contribution to provident and other funds	<b>1,135,342</b>	1,016,985
Staff welfare expenses	<b>1,897,443</b>	3,822,950
	<b>56,954,946</b>	53,268,896

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

**28. Depreciation expense**

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Depreciation on tangible assets	<b>38,391,198</b>	42,667,371
	<b>38,391,198</b>	42,667,371

**29. Finance costs**

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Interest expenses		
- On borrowings	<b>108,022,824</b>	95,819,040
- On others	<b>16,152,514</b>	17,203,566
Other financing charges	<b>20,129,136</b>	16,994,532
	<b>144,304,473</b>	130,017,137

**30. Other expenses**

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Demurrage on export	<b>4,183,623</b>	6,837,523
Freight outward	<b>31,018,533</b>	27,420,673
Legal and professional	<b>26,566,617</b>	17,021,979
Statutory Audit Fees	<b>1,000,000</b>	800,000
Directors' sitting fees	<b>100,000</b>	280,000
Travelling and conveyance	<b>8,093,519</b>	8,589,842
Consumption of stores and spares	<b>4,725,208</b>	5,482,447
Donation	<b>12,186,300</b>	4,138,600
Corporate social responsibility expenditure	<b>5,600,000</b>	3,530,120
Insurance	<b>5,517,075</b>	3,220,341
Electricity Expenses	<b>909,261</b>	917,138
Loading and unloading expenses	<b>710,668</b>	781,826
Security Charges	<b>3,651,346</b>	2,818,054
Advertisement and promotion	<b>2,715,854</b>	2,215,421
<b>Repairs and maintenance</b>		
Plant and machinery	<b>4,269,379</b>	2,249,347
Others	<b>586,277</b>	1,282,981
Printing and stationery	<b>551,313</b>	1,632,400
Postage and courier	<b>601,980</b>	715,997
Communication costs	<b>1,315,764</b>	1,285,992
Rent	<b>4,076,745</b>	1,045,031
Brokerage and discounts	-	901,319
Rates and taxes	<b>4,722,937</b>	6,741,156
Vehicle Running Expenses	<b>1,117,492</b>	613,713
Miscellaneous expenses	<b>11,599,283</b>	6,034,745
Other expenditure	-	5,000
	<b>135,911,180</b>	106,589,107
Payments to Statutory auditors		
	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Statutory Audit fees	<b>1,000,000</b>	800,000
Taxation and Other matters – fees	<b>226,000</b>	74,177
	<b>1,226,000</b>	874,177

**31. Exceptional items**

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Loss by fire (Plant and machinery)	-	39,730,955
Loss by fire (Building)	-	16,827,174
Loss by fire (Inventory)	-	106,549,789
	-	163,107,918

On 31<sup>st</sup> March 2017, the Company's newly opened polypropylene manufacturing plant was destroyed in a fire that engulfed this particular section of Company's manufacturing facility in Shahjahanpur, Rajasthan. The damage was limited to only one building that housed the polypropylene section and a material warehouse. The Company's four other manufacturing units in the same factory plot are intact and fully operational. No human casualties were reported and all Company's employees and workers were safe. The fire destroyed plant and machinery, building and inventory as mentioned above, however, the same were fully insured with the Oriental Insurance Company Limited and the Company has successfully filed and lodged the claim with the insurance company.

The management of the Company has recognised the complete loss during the year ended 31<sup>st</sup> March 2017, as the claim is under process of approval as on date. In accordance with the accounting policies, the Company shall account for insurance claims in the year in which the same is approved by the insurance company and accordingly consider the same as income in the respective financial year.

**32. Earnings per share**

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Nominal value per share	1	1
Profit attributable to equity shareholders for computing Basic and Diluted EPS (A)	286,059,153	231,990,493
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	279,899,675	254,568,649
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)	279,899,675	254,568,649
Basic earnings per share (A/B)	1.02	0.91
Diluted earnings per share (A/C)	1.02	0.91

### 33. Employee benefits

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

#### Defined contribution plan

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Employer's contribution to provident fund	721,020	700,621
	<b>721,020</b>	<b>700,621</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	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Present value of benefit obligation at beginning of year	2,799,063	891,804
Current services cost	1,101,070	537,154
Interest cost	209,780	69,511
Benefits paid	-	-
Re-measurements of Actuarial (gain)/ loss arising from		
- Change in financial assumptions	(199,562)	117,200
- Experience variance (i.e. Actual experience vs. assumptions)	1,074,375	1,183,394
Present value of benefit obligation at end of year	<b>4,984,726</b>	<b>2,799,063</b>

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

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Fair value of plan assets at beginning of year	417,051	386,179
Investment income	31,256	30,100
Return on plan assets, excluding amount recognised in net interest expense	-	772
Fair value of plan assets at end of year	<b>448,307</b>	<b>417,051</b>

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

	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Service cost	1,101,070	537,154
Interest cost	178,524	39,411
	<b>1,279,594</b>	<b>576,565</b>

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

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Actuarial (gain)/ losses		
Changes in financial assumptions	(199,562)	117,200
Experience variance (i.e. actuarial experience vs. assumptions)	1,074,375	1,183,394
Return on plan assets, excluding amount recognised in net interest expense	-	-772
Components of defined benefit costs recognised in other comprehensive income	<b>874,813</b>	<b>1,299,822</b>

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

	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Discount rate	<b>7.80%</b>	7.50%
Expected rate of increase in compensation levels	<b>6.00%</b>	6.00%
Retirement age	<b>60 years</b>	60 years
Withdrawal rates:		
Upto 30 years	<b>3.00%</b>	3.00%
31 – 44 years	<b>2.00%</b>	2.00%
Above 44 years	<b>1.00%</b>	1.00%
Mortality Rate (% of Indian Assured Live Maturity 2006-08)	<b>100%</b>	100%
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 15 years. The expected maturity analysis of undiscounted gratuity is as follows:

	Amount	Amount
Expected cash flows over the next (valued on undiscounted basis)		
1 year	<b>723,765</b>	62,300
2 to 5 years	<b>455,452</b>	587,167
6 to 10 years	<b>1,083,760</b>	400,896
More than 10 years	<b>15,619,058</b>	9,264,234

**g) Sensitivity analysis**

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

Particulars	31 <sup>st</sup> March, 2018	
	Decrease	Increase
Discount rate (1% movement)	<b>5,697,016</b>	4,395,710
Salary growth rate (1% movement)	<b>4,381,448</b>	5,702,881
Attrition Rate (- / + 50% of attrition rates)	<b>4,914,062</b>	5,043,872
Mortality Rate (- / + 10% of mortality rates)	<b>4,980,041</b>	4,989,388

Particulars	31 <sup>st</sup> March, 2017	
	Decrease	Increase
Discount rate (1% movement)	3,240,039	2,436,957
Salary growth rate (1% movement)	2,429,157	3,242,315
Attrition Rate (- / + 50% of attrition rates)	2,758,368	2,833,743
Mortality Rate (- / + 10% of mortality rates)	2,796,496	2,801,616

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	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Lease rental charged to the Statement of profit and loss	<b>4,076,745</b>	1,045,031
Obligation on non-cancellable lease		
Within one year	<b>5,256,510</b>	2,175,185
Later than one year but not later than three years	<b>10,582,073</b>	4,476,404
	<b>15,838,582</b>	6,651,589

### 35. Contingencies

#### a) Guarantees

Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Bank guarantees issued by banks on behalf of the Company*	<b>700,000</b>	6,700,000
Letter of credit* (Limit utilised against trade payables outstanding in note 19)	<b>240,842,059</b>	273,600,000
Duty against advance license	-	50,954,000
	<b>241,542,059</b>	331,254,000

\* 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	2002-03	Income tax demand	3,144,000	ITAT, Delhi
Income Tax Act	AY 2012-13	Income tax demand	Refer Note Below**	ITAT, Delhi
Income Tax Act	AY 2015-16	Income tax demand		Commissioner of Income Tax Appeal-IX, Delhi
Custom Act	2011-12	Custom duty demand	360,387	Custom Authorities, Rajasthan
VAT	2012-13	VAT demand	88,000	VAT Authorities, Jammu
VAT	2013-14	VAT demand	9,067,107	Special commissioner Deptt. of Trade and Taxes, Rajasthan
Excise*	Excise Duty Demand (Sigma Plastic Industries)		3,124,983	CESTAT (Delhi)
Excise		Excise Duty Refund	409,226	CESTAT (Delhi)

\* 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.

\*\*Income Tax Appeal case pending before CIT (A) pertaining to AY 2012-13 has been decided vide order dated 15.03.2018 deleting the additions of ₹ 2,10,05,398 and confirming the additions of ₹ 6,64,416. The CIT (A) has further enhanced income by ₹ 3,39,19,015. Aggrieved by this order, the company has filed an appeal before Hon'ble ITAT Delhi. The tax demand notice on this confirmed addition and enhanced addition has not been received by the company as on date.

Income Tax Appeal case pending before CIT (A) pertaining to AY 2013-14 has been decided vide order dated 17.05.2018 deleting the additions of ₹ 15,48,731 and confirming the additions of ₹ 1,88,553. The decision to file appeal further before higher authorities against this order has not been taken yet by the management of the company.

Income Tax Appeal case pending before CIT (A) pertaining to AY 2014-15 has been decided vide order dated 23.05.2018 deleting the additions of ₹ 46,17,263 and confirming the additions of ₹ 3,21,594. The decision to file appeal before higher authorities against this order has not been taken yet by the management 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 ₹ 9,961,516 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 ₹ 4,115,664 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	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Estimated amount of contracts to be executed on capital account and not provided for in the financial statements (net of capital advances)*	<b>39,512,075</b>	82,249,748

\* The Company has intended to purchase the property for ₹ 16,79,88,400 at New Rohtak Road, New Delhi. The Company has made the payment of ₹ 13,42,62,626 for the same till 31<sup>st</sup> March 2018, 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 for taking over the units.

\* The Company has intended to purchase the property for ₹ 1,15,54,987/- at Dahej, Gujrat. The Company has made the payment of ₹ 57,68,686/- for the same till 31<sup>st</sup> March, 2018, which is shown under Current Capital Advances as per Note no. 14 "other 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 for taking over the 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:

	Carrying Amount		
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017	1 <sup>st</sup> April, 16
<b>Financial assets</b>			
<b>- At amortised cost</b>			
Loans	<b>5,170,651</b>	3,658,657	1,887,674
Investments in Shares	<b>47,698,950</b>	-	-
Trade receivables	<b>2,082,714,154</b>	1,515,953,160	1,406,362,596
Cash and cash equivalents	<b>33,084,518</b>	217,516,658	2,874,344
Other bank balances	<b>55,550,566</b>	49,930,283	41,199,825
Other financial assets	<b>1,166,108</b>	1,663,335	3,704,967
	<b>2,225,384,947</b>	1,788,722,093	1,456,029,407
<b>Financial liabilities</b>			
<b>- At amortised cost</b>			
Borrowings (non-current)	<b>54,071,082</b>	80,260,036	97,080,604
Borrowings (current)	<b>1,334,731,635</b>	1,073,490,128	814,720,370
Trade payables	<b>786,771,035</b>	425,265,739	448,941,277
Other financial liabilities	<b>26,853,294</b>	28,116,478	90,063,616
	<b>2,202,427,046</b>	1,607,132,382	1,450,805,867

	31 <sup>st</sup> March, 2018	Fair Value 31 <sup>st</sup> March, 2017	1 <sup>st</sup> April, 16
<b>Financial assets</b>			
<b>- At amortised cost</b>			
Loans	5,170,651	3,658,657	1,887,674
Investments in Shares	47,698,950	-	-
Trade receivables	2,082,714,154	1,515,953,160	1,406,362,596
Cash and cash equivalents	33,084,518	217,516,658	2,874,344
Other bank balances	55,550,566	49,930,283	41,199,825
Other financial assets	1,166,108	1,663,335	3,704,967
	<b>2,225,384,947</b>	<b>1,788,722,093</b>	<b>1,456,029,407</b>
<b>Financial liabilities</b>			
<b>- At amortised cost</b>			
Borrowings (non-current)	54,071,082	80,260,036	97,080,604
Borrowings (current)	1,334,731,635	1,073,490,128	814,720,370
Trade payables	786,771,035	425,265,739	448,941,277
Other financial liabilities	26,853,294	28,116,478	90,063,616
	<b>2,202,427,046</b>	<b>1,607,132,382</b>	<b>1,450,805,867</b>

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.

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 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 16
<b>Financial assets</b>				
<b>- At amortised cost</b>				
Loans	Level 3	5,170,651	3,658,657	1,887,674
Investments in Shares	Level 3	47,698,950	-	-
Trade receivables	Level 3	2,082,714,154	1,515,953,160	1,406,362,596
Cash and cash equivalents	Level 3	33,084,518	217,516,658	2,874,344
Other bank balances	Level 3	55,550,566	49,930,283	41,199,825
Other financial assets	Level 3	1,166,108	1,663,335	3,704,967
		<b>2,225,384,947</b>	<b>1,788,722,093</b>	<b>1,456,029,407</b>



**Financial liabilities**

- At amortised cost

Borrowings (non-current)	Level 3	<b>54,071,082</b>	80,260,036	97,080,604
Borrowings (current)	Level 3	<b>1,334,731,635</b>	1,073,490,128	814,720,370
Trade payables	Level 3	<b>786,771,035</b>	425,265,739	448,941,277
Other financial liabilities	Level 3	<b>26,853,294</b>	28,116,478	90,063,616
		<b>2,202,427,046</b>	1,607,132,382	1,450,805,867

During the year ended 31st March 2018, 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 (formerly known as Moonlite Technochem Private Limited)

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)
Sumit Garg	Chief Financial Officer
Anjavi Pandya	Ex- Chief Financial Officer
Siddharth Agrawal	Company Secretary

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

Seema Garg

Shashi Prabha Verma

**4. Other related parties**

Vikas Polymer (India)

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 31st March 2018 and balances as at 31st March 2018 are described below:

Nature of transaction	Company with common director	KMP and relative	Other related parties	Total
Sales	100,357,378	-	-	100,357,378
Purchases	157,561,147	-	33,034,234	190,595,381
Advance against supplies	133,341,252	-	15,455,024	148,796,276
Current Capital Advances	614,903	-	-	614,903
Rent paid	-	425,967	-	425,967
Director remuneration	-	4,449,854	-	4,449,854
Legal & Professional Charges	478,958	-	-	478,958
Salary and allowances to KMP*	-	2,022,481	-	2,022,481
<b>Balances as at 31st March 2018</b>	<b>392,353,638</b>	<b>6,898,302</b>	<b>48,489,258</b>	<b>447,741,198</b>
Advance against supplies	133,919,804	-	15,455,024	149,374,828
Current Capital Advances	1,193,455	-	-	1,193,455
Other current Liabilities	346,293	253,091	-	599,384

\* 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. Segment reporting****Factors used to identify the entity's segments, including the basis of organisation**

Operating segment is a component of the Company that engages in the business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance.

The Company has determined following reportable segments, which are the Company's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Company's CEO reviews internal management reports on at least a quarterly basis.

**a) Chemical division**

- i. Manufacturing division
- ii. Trading division

**b) Real Estate division****Information about reportable segments**

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Company's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Particulars	Chemical Division		Real Estate Division	Unallocated amounts	Total
	Manufacturing	Trading			
Segment revenue	2,864,532,107	807,302,425	1,525,000	-	3,673,359,532
Segment expenditure	2,326,825,467	815,227,389	451,410	-	3,142,504,266
Segment results	537,706,640	(7,924,964)	1,073,590	-	530,855,266
Other income	35,363,009	5,739,490	-	8,510,117	49,612,616
Interest expense	116,629,075	27,623,218	52,180	-	144,304,473
<b>Segment profit before tax</b>	<b>456,440,574</b>	<b>(29,808,692)</b>	<b>1,021,410</b>	<b>8,510,117</b>	<b>436,163,409</b>
<b>Segment assets –</b>					
Capital employed	1,626,805,799		25,628,066	-	1,652,433,865

**Geographical information**

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on geographical location of customers and segment assets have been based on the geographical location of the assets.

Particulars	Domestic	Export	Total
Segment Revenue	2,022,101,509	1,651,258,023	3,673,359,532

Particulars	Domicile (India)	Other countries	Total
Segment Assets	3,981,026,795	0	3,981,026,795

**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<sup>th</sup> 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 ₹ 965,934 arising on account of amalgamation is shown under "Other reserves".

#### **41. First-time adoption of Ind AS**

As stated in note 2, the Company has prepared its first annual Ind AS financial statements for the year ended 31st March 2018. These financial statements for the year ended 31st March 2018 have been prepared in accordance with Ind AS. The preparation of these financial statements resulted in changes to the accounting policies as compared to most recent annual financial statements prepared under prepared under Indian GAAP ("Previous GAAP"). Accounting policies have been applied consistently to all periods presented in the financial statements. They have also been applied in preparing the Ind AS opening balance sheet as at 1 April 2016 for the purpose of transition to Ind AS and as required by Ind AS 101: First Time adoption of Indian Accounting Standards.

##### **Exemptions applied**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions with respect to transition to Ind AS:

##### **a) Deemed cost exemption**

The Company has elected to continue with the carrying value of all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per previous GAAP and used it as its deemed cost at the date of transition.

##### **b) Merger Accounting**

The Company has continued to follow the accounting treatment pursuant to the Merger Scheme prescribed by the Hon'ble High Court under Ind AS which is in line with Previous GAAP. Use of the accounting as mandated by the merger scheme means that the Indian GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. The Company did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

##### **Mandatory exceptions availed**

Ind AS 101 allows first-time adopters following mandatory exceptions:

##### **a) Estimates**

Under Ind AS 101, an entity's estimates in accordance with Ind AS at the 'date of transition to Ind AS' (i.e. 1 April 2016) or 'the end of the comparative period presented in the entity's first Ind AS financial statements' (i.e. 31<sup>st</sup> March, 2017), as the case may be, should be consistent with the estimates made for the same date in accordance with Previous Indian GAAP.

The Company's Ind AS estimates as at the transition date are consistent with the estimates made as at the same date made under Previous Indian GAAP. Key estimates considered in preparation of the financial statements that were not required under the Previous Indian GAAP are listed below:

- Determination of the discounted value for financial instruments carried at amortised cost

##### **b) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exists at the date of transition to Ind AS.

The Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

##### **Reconciliations between Previous Indian GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity and total comprehensive income for the previous years. The following table and notes represents the reconciliations from Previous Indian GAAP to Ind AS.

**Reconciliation of Equity as at 1<sup>st</sup> April, 2016 (date of transition) to Ind AS**

Particulars	Footnote	Previous Indian GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
Non-current assets				
Property, plant and equipment		279,026,018	-	279,026,018
Financial assets				
Loans		1,887,674	-	1,887,674
Deferred tax assets (net)		1,714,757	-	1,714,757
Other non-current assets		6,800,000	-	6,800,000
		289,428,449	-	289,428,449
<b>Current assets</b>				
Inventories		375,455,547	-	375,455,547
Financial assets				
Trade receivables		1,406,362,596	-	1,406,362,596
Cash and cash equivalents		2,874,344	-	2,874,344
Other bank balances		41,199,825	-	41,199,825
Other financial assets		3,704,967	-	3,704,967
Other current assets		143,821,051	-	143,821,051
		<b>1,973,418,330</b>	-	<b>1,973,418,330</b>
<b>Total Assets</b>		<b>2,262,846,779</b>	-	<b>2,262,846,779</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity share capital		254,239,675	-	254,239,675
Other equity	41.1	408,198,911	15,299,890	423,498,801
		<b>662,438,586</b>	<b>15,299,890</b>	<b>677,738,476</b>
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings		97,080,604	-	97,080,604
Provisions		489,443	-	489,443
		<b>97,570,047</b>	-	<b>97,570,047</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings		814,720,370	-	814,720,370
Trade payables		448,941,277	-	448,941,277
Other financial liabilities		90,063,616	-	90,063,616
Provisions	41.1	15,316,072	-15,299,800	16,182
Other current liabilities		15,084,276	-	15,084,276
Current tax liabilities (net)		118,712,535	-	118,712,535
		1,502,838,146	-15,299,800	1,487,538,256
<b>Total Equity and Liabilities</b>		<b>2,262,846,779</b>	-	<b>2,262,846,779</b>

\* Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**Reconciliation of Equity as at 31<sup>st</sup> March, 2017 (date of transition) to Ind AS**

Particulars	Footnote	Previous Indian GAAP*	Adjustments	Ind AS
<b>ASSETS</b>				
Non-current assets				
Property, plant and equipment		274,588,583	-	274,588,583
Financial assets				
Other financial assets		3,658,657	-	3,658,657
Deferred tax assets (net)		21,797,174	-	21,797,174
Other non-current assets		24,034,252	-	24,034,252
		<b>324,078,666</b>	<b>-</b>	<b>324,078,666</b>
<b>Current assets</b>				
Inventories		566,413,825	-	566,413,825
Financial assets				
Trade receivables		1,515,953,160	-	1,515,953,160
Cash and cash equivalents		217,516,658	-	217,516,658
Other bank balances		49,930,283	-	49,930,283
Other financial assets		1,663,335	-	1,663,335
Other current assets		426,084,151	-	426,084,151
		<b>2,777,561,412</b>	<b>-</b>	<b>2,777,561,412</b>
<b>Total Assets</b>		<b>3,101,640,078</b>	<b>-</b>	<b>3,101,640,078</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Equity share capital		279,899,675	-	279,899,675
Other equity	41.1	1,033,538,263	16,361,161	1,049,899,424
		<b>1,313,437,938</b>	<b>16,361,161</b>	<b>1,329,799,099</b>
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings		80,260,036	-	80,260,036
Provisions		2,319,712	-	2,319,712
		<b>82,579,748</b>	<b>-</b>	<b>82,579,748</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings		1,073,490,128	-	1,073,490,128
Trade payables		425,265,739	-	425,265,739
Other financial liabilities		28,116,478	-	28,116,478
Provisions	41.1	16,985,711	-16,923,411	62,300
Other current liabilities		42,814,806	562,250	43,377,056
Current tax liabilities (net)		118,949,528	-	118,949,528
		1,705,622,390	-16,361,161	1,689,261,229
<b>Total Equity and Liabilities</b>		<b>3,101,640,076</b>	<b>-</b>	<b>3,101,640,076</b>

\* Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**Reconciliation of total comprehensive income for the year ended 31<sup>st</sup> March, 2017**

Particulars	Footnote	Previous Indian GAAP*	Adjustments	Ind AS
<b>REVENUE</b>				
Revenue from operations		3,876,457,323	-	3,876,457,323
Other income		16,692,842	-	16,692,842
		<b>3,893,150,165</b>	<b>-</b>	<b>3,893,150,165</b>
<b>EXPENSES</b>				
Cost of raw material and components consumed		2,075,853,753	-	2,075,853,753
Purchase of traded goods		768,812,060	-	768,812,060
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods		30,295,454	-	30,295,454
Excise duty		165,180,550	-	165,180,550
Employee benefits expense	41.2	54,568,718	-1,299,822	53,268,896
Depreciation expense		42,667,371	-	42,667,371
Finance costs		130,017,137	-	130,017,137
Other expenses		106,026,857	562,250	106,589,107
		<b>3,373,421,900</b>	<b>-737,572</b>	<b>3,372,684,328</b>
<b>Profit before exceptional items and tax</b>		<b>519,728,265</b>	<b>-737,572</b>	<b>520,465,837</b>
Exceptional items		163,107,918	-	163,107,918
<b>Profit before tax</b>		<b>356,620,347</b>	<b>737,572</b>	<b>357,357,919</b>
Tax expense				
Current tax		145,000,000	-	145,000,000
Deferred tax	41.2	-20,082,417	449,842	-19,632,575
<b>Total tax expense</b>		<b>124,917,583</b>	<b>449,842</b>	<b>125,367,425</b>
<b>Profit after tax</b>		<b>231,702,764</b>	<b>287,730</b>	<b>231,990,494</b>
Other comprehensive income				
Items that will not be recycled to profit or loss				
Adjustment Retated to Prior Period Items		0	-	-
Re-measurement of defined benefit plan	41.2	-	-1,299,822	-1,299,822
Income tax relating to those items	41.2	-	449,842	449,842
		<b>0</b>	<b>-849,980</b>	<b>-849,980</b>
<b>Total comprehensive income for the year</b>		<b>231,702,764</b>	<b>-562,250</b>	<b>231,140,514</b>

\* Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**Reconciliation of total equity as at 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016**

Particulars	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
Equity under Previous GAAP	1,033,538,263	408,198,911
Impact of dividend recognised on actual payment basis	16,923,411	15,299,890
Actuarial valuation of defined benefit plans reclassified to other comprehensive income	1,299,822	-
Adjustment Retated to Prior Period Items	-562,250	-
Other comprehensive income (net of tax)	-849,980	-
Deferred tax adjustments	-449,842	-
Equity under Ind AS	1,049,899,424	423,498,801

Reconciliation of other comprehensive equity for the year ended 31<sup>st</sup> March, 2017

Particulars	Year ended 31 <sup>st</sup> March, 2017
Net profit as per Previous GAAP	231,702,764
Adjustment Retated to Prior Period Items	-562,250
Actuarial valuation of defined benefit plans reclassified to other comprehensive income	1,299,822
Deferred tax adjustments	-449,842
Net profit as per Ind AS	231,990,494
Other comprehensive income (net of tax)	-849,980
Total comprehensive income for the year as per Ind AS	231,140,514

**41.1 Proposed dividend**

Under Indian GAAP, proposed dividends including Dividend distribution tax (DDT) are recognised as a liability in the period to which they relate, irrespective of when they are declared.

Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the Company (usually when approved by shareholders in a general meeting) or paid.

The final dividend are declared and approved post the period to which it relates to, therefore, the liability of 15,299,890 for the year ended on 31<sup>st</sup> March, 2016 recorded for dividend including dividend distribution tax has been derecognised against retained earnings on 1 April 2016. The proposed dividend for the year ended on 31<sup>st</sup> March, 2017 of ₹ 16,923,411 recognized under Indian GAAP was reduced from Short term provisions and with a corresponding impact in the retained earnings.

**41.2 Defined benefit plan on retirement benefits**

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is impacted by ₹ 1,299,822 and re-measurement gains/ losses on defined benefit plans has been recognized in the other comprehensive income (net of tax) for the year ended 31<sup>st</sup> March 2017.

**41.3 Financial Assets at Amortised cost**

This category generally applies to trade and other receivables, security deposits, interest accrued on deposits, etc. Under Indian GAAP these kind of financial assets are stated at transaction value.

Under Ind AS, financial assets which are non-derivative with fixed or determinable payments that are not quoted in an active market and recognised initially at fair value. 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 profit or loss. The losses arising from impairment are recognised in the profit or loss.

Such financial assets are classified at Amortised cost which needs to be initially recognised at Fair value under Ind AS. The corresponding fair value impact on 1 April 2016 resulting is not considered to be material, for any adjustment.

#### 41.4 Financial Liabilities at Amortised cost

This category applies to Trade payables, security deposits received, etc. Under Indian GAAP, these kind of financial liabilities are stated at transaction value.

Under Ind AS Financial liabilities at amortised cost are non-derivative financial liabilities with fixed or determinable payment that are not quoted in an active market and recognised initially at fair value. After initial measurement, such liability are subsequently measured at amortised cost using the effective interest rate (EIR) method. The EIR amortisation is included in finance cost in the Statement of Profit or Loss.

Such financial assets are classified at Amortised cost which needs to be initially recognised at Fair value under Ind AS. The corresponding fair value impact on 1 April 2016 is not considered to be material, for any adjustment.

#### 41.5 Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

### 42. 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 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Secured loan from banks (including current maturities)	1,405,877,410	1,168,123,085	935,687,400

#### 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	
	0.5% Increase	0.5% Decrease
Interest on loan		
For the year ended 31st March 2018	6,435,001	(6,435,001)



### 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 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
Trade receivables	10	<b>2,082,714,154</b>	1,515,953,160	1,406,362,596
Cash and cash equivalents	11	<b>33,084,521</b>	217,516,658	2,874,344
Other bank balances	12	<b>55,550,566</b>	49,930,283	41,199,825
Other financial assets	13	<b>1,166,108</b>	1,663,335	3,704,967

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 no default risk for trade receivables and accordingly no impairment allowance for loss on trade receivables is required.

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

	Within due date	Less than 30 days	30 to 60 days	60 to 90 days	90 days & Above	Total
Trade receivable as at 31 <sup>st</sup> March 2018	959,811,786	164,781,704	159,680,423	79,379,523	719,060,718	2,082,714,154
Trade receivable as at 31 <sup>st</sup> March 2017	1,111,014,019	46,317,763	97,322,593	43,861,705	217,437,080	1,515,953,160
Trade receivable as at 31 <sup>st</sup> March 2016	648,199,088	246,952,924	196,132,549	216,757,452	98,320,583	1,406,362,596

### 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<sup>st</sup> March 2018, 31<sup>st</sup> March 2017 and 1 April 2016 are as below:

Particulars	Currency	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017	1 <sup>st</sup> April, 2016
Trade receivables	INR	<b>1,118,521,437</b>	808,737,009	943,739,649
Trade Payables	INR	<b>560,878,796</b>	234,345,740	163,939,690
Borrowings	INR	<b>636,459,821</b>	525,577,916	297,904,383
Net Foreign Currency Exposure	INR	<b>(78,817,180)</b>	48,813,353	481,895,576

### 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 <sup>st</sup> March, 2018	
1% movement	<b>Strengthening</b>	<b>Weakening</b>
USD & EURO	<b>(788,172)</b>	<b>788,172</b>

### 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 <sup>st</sup> March, 2018					Total
	Carrying amount	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Bank overdraft	<b>1,334,731,635</b>		<b>1,334,731,635</b>			<b>1,334,731,635</b>
Trade payables	<b>786,771,035</b>	<b>605,877,790</b>	<b>57,660,620</b>	<b>115,242,262</b>	<b>7,990,363</b>	<b>786,771,035</b>
Unpaid interim dividend	-		-			-
Other financial liabilities	<b>26,853,294</b>		<b>25,293,226</b>	<b>455,484</b>	<b>1,104,584</b>	<b>26,853,294</b>
	As at 31 <sup>st</sup> March, 2017					Total
	Carrying amount	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Bank overdraft	1,073,490,128		1,073,490,128			1,073,490,128
Trade payables	425,265,739	293,746,434	114,411,813	12,806,352	4,301,140	425,265,739
Unpaid interim dividend	-		-			-
Other financial liabilities	28,116,478		26,969,894	235,609	910,975	28,116,478
	As at 31 <sup>st</sup> March, 2016					Total
	Carrying amount	Less than 6 months	6 to 12 months	1 to 2 years	> 2 years	
Trade payables	448,941,277	423,859,760	19,593,269	1,384,725	410,352	448,941,277
Unpaid interim dividend	-		-			-
Other financial liabilities	90,063,616		89,152,641	336,212	574,763	90,063,616

### 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<sup>st</sup> March, 2018, 31<sup>st</sup> March, 2017 and 1<sup>st</sup> April, 2016.

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 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016
Total liabilities	<b>1,413,612,668</b>	1,180,264,575	935,943,781
Less: Cash and cash equivalent	<b>33,084,521</b>	217,516,658	2,874,344
<b>Adjusted net debt (a)</b>	<b>1,380,528,147</b>	962,747,917	933,069,437
Total equity (b)	<b>1,598,362,783</b>	1,329,799,099	677,738,476
Total equity and net debt (a+b) = cv	<b>2,978,890,930</b>	2,292,547,016	1,610,807,912
Capital gearing ratio (a/c)	<b>46.34%</b>	41.99%	57.93%

#### 43. Note on Demerger

The Board of Directors of the Company in its meeting held on May 29<sup>th</sup>, 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 ₹ 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. As on date, the said application is pending for approval before Hon'ble NCLT and the scheme shall be effective only after the final order of Hon'ble NCLT Principle Bench, Delhi. NCLT has set 1st August, 2018 as the final hearing date for the scheme. In view of this, the financials statements are hereby prepared without considering the effect of scheme of Demerger and treating the said division proposed to be demerged as continuing operations. The financial statements are subject to amendment to give effect to the scheme once the same becomes effective after final order of Hon'ble NCLT.

For and on behalf of the Board of Directors

#### FOR KSMC AND ASSOCIATES

Chartered Accountants  
(FRN: 003565N)

#### VIKAS GARG

(Managing Director)  
00255413

#### SUMER CHAND TAYAL

(Director)  
00255661

#### CA. SACHIN SINGHAL

Partner  
Membership No.: 505732  
Place: NEW DELHI  
Date: 31.05.2018

#### SIDDHARTH AGRAWAL

(Company Secretary)

#### ASHUTOSH KUMAR VERMA

(Chief Executive Officer)

#### AMIT DHURIA

(Chief Financial Officer)

## Notes

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