



Annual Report 2018-19

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CORPORATE INFORMATION

CHAIRMAN

Mr. Gyan Prakash Govil, Independent Director

KEY MANAGERIAL PERSONNEL

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

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

COST AUDITORS

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

SECRETARIAL AUDITORS

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

REGISTRAR & SHARE TRANSFER AGENT

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

NON-EXECUTIVE & INDEPENDENT

DIRECTORS

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

REGISTERED OFFICE

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

MANUFACTURING PLANTS

JAMMU & KASHMIR

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

RAJASTHAN

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

KANDLA SEZ

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

NOIDA NSEZ

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

BOARD COMMITTEES & ITS COMPOSITION

AUDIT COMMITTEE

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

EXECUTIVE COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

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

EQUITY WARRANT COMMITTEE

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

BOARD'S REPORT

Dear Members,

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

FINANCIAL PERFORMANCE

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

(Rupees in Lac)

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

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

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

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

STATE OF AFFAIRS OF THE COMPANY

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

During the year under review:

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

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

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

FUTURE OUTLOOK

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

SUBSIDIARY COMPANIES, JOINT VENTURE AND CONSOLIDATED FINANCIAL STATEMENTS

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

DIVIDEND

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

GOVERNANCE AND ETHICS

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

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

SOCIAL RESPONSIBILITY AND SUSTAINABILITY

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

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

BOARD OF DIRECTORS

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

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

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

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

DECLARATION OF INDEPENDENCE

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

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

BOARD COMMITTEES

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

BOARD EVALUATION

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

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

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

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

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

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

KEY MANAGERIAL PERSONNEL

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

Chief Executive Officer

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

Chief Financial Officer

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

Company Secretary

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

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

AUDIT AND AUDITORS**Statutory Audit**

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

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

Secretarial Audit and Secretarial Compliance Report

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

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

Cost Audit

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

VIGIL MECHANISM

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

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

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

RELATED PARTY TRANSACTIONS

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

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

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

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

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

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

OTHER DISCLOSURES

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

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

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

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

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

Remuneration of Directors, Key Managerial Personnel and Particulars of Employees

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

Annual Return

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

Particulars of Loans, Guarantees or Investments

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