

38TH Annual Report 2022-23



Innovative Technology for a Safer World



VIKAS ecOTECH LTD.

(CIN - L65999DL1984PLC019465)

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MISSIONS, VISION & VALUES



Mission

To be a leading global player in specialty chemicals and polymers by providing premier-quality products niche & super consistent whilst leveraging science to create maximum value for all stakeholders



Vision

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



Values

We are a diverse team united by a shared set of values. Our values define the beliefs we strive to live up to in our corporate actions and customer relationships.



Responsibility

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



Integrity

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



Innovation

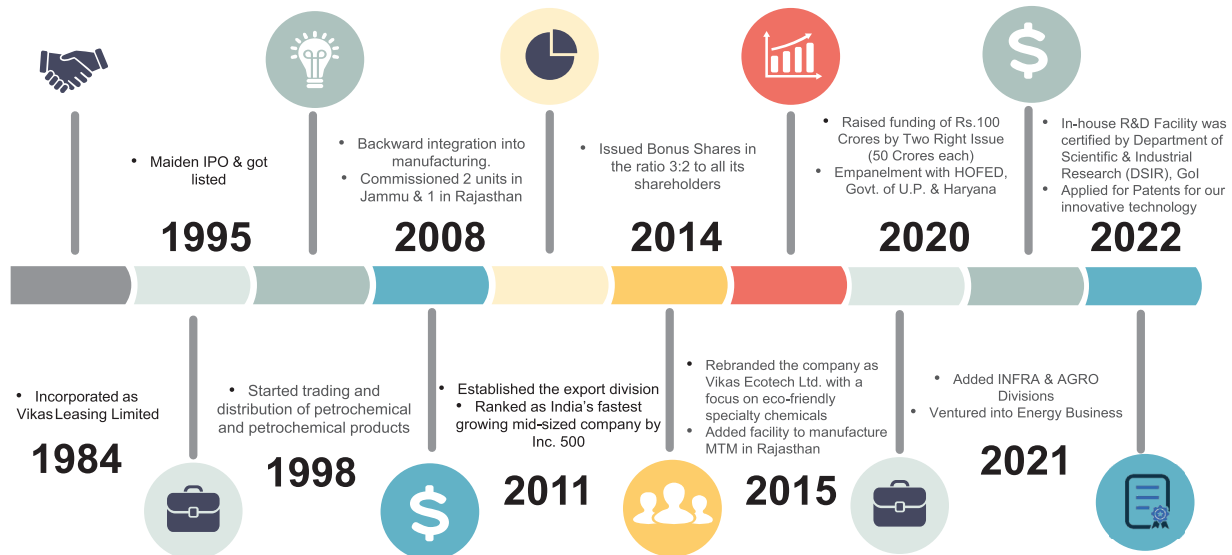
We encourage people to constantly look for novel ways to create value.



Customer delight

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

KEY MILESTONES



BOARD OF DIRECTORS

Dr. Vikas Garg
Managing Director

- 25 years +experience in the field of petrochemical products Steered the group's diversification into polymer compounds and specialty chemical additives for rubbers & Plastics.

- Spearheaded company's flair towards R&D and manufacturing expertise of Specialty chemicals.

- Provides strategic direction and guidance to all the activities of the company

Mr. Rajeev Kumar
Executive Director

Bachelor in Arts from Sam Higginbottom Institute of Agriculture, Allahabad University and having vide experience of 20 years in the field in handling Strategic planning and Commercial projects.

Dr. Ravi Kumar Gupta
Independent Director

- Master Degrees i.e. MFC, MIB, M.Com, PGDCA along with Ph. D in Commerce from the State University of Haryana.

- More than 23 years of experience in the field of Financial Management, Business Policy & Corporate Social Responsibility.

- Worked in Higher Education and is presently associated with Maharaja Agrasen Technical Education Society

Dr. Gyan Prakash Govil
Independent Director

- Ph.D. and M. Tech (Thermal) degree from IIT Delhi

- Has diverse experience in sphere of Research and presently working as Dean of Maharaja Agrasen University, Baddi and Advisor to MATES, Rohini, Delhi.

- In past he has also worked for Bharat Electronics Limited and Ministry of Defense, Government of India.

CS Kratika Godika
Independent Director

- B.COM Graduate and Associate member of The Institute of Company Secretaries of India (ICSI).

- More than 4 years of experience in corporate laws.

- Core areas are strengthening the existing risk compliance and governance framework.

KEY MANGERIAL PERSONNELS

Mr. Balwant K Bhushan
Chief Executive Officer & Director

- Studied commerce and a qualified Cost Management Accountant (CMA) from Institute of Cost Accountants of India.

- He has wide experience in the field of Finance & Costing.

Mr. Amit Dhuria
Chief Financial Officer

- A dynamic Chartered Accountant having 16+ years of experience in Finance, Accounting, Taxation and Auditing, a fellow member of the Institute of Chartered Accountants of India.

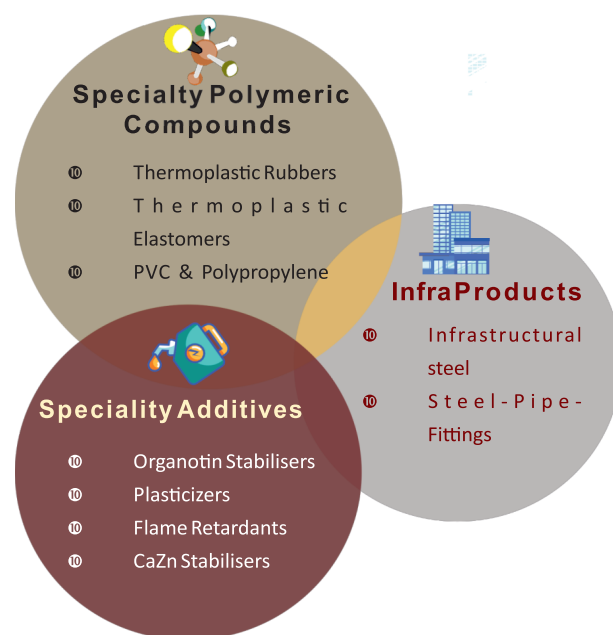
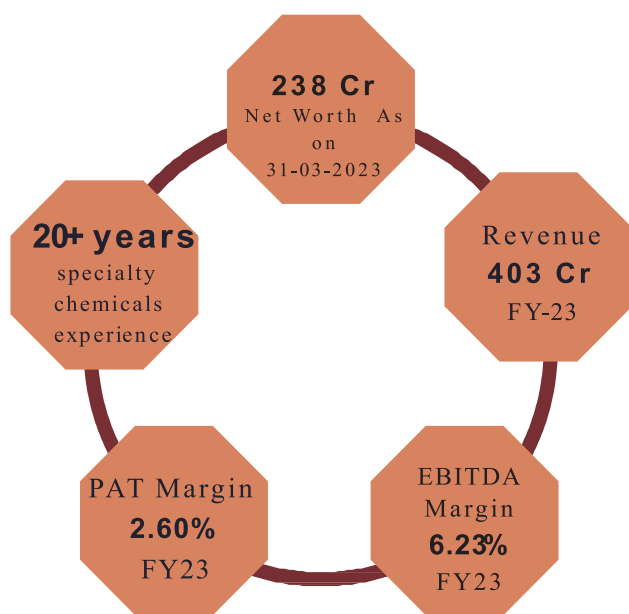
- As CFO, he is focused on driving financial performance of the group through rigor and synergy in capital allocation, investment management decisions & portfolio optimization.

FCS Prashant Sajwani
Company Secretary & Compliance Officer

- Fellow Member of The Institute of Company Secretaries of India (ICSI).

- More than 8 years experience in Corporate Secretarial, legal, Statutory Compliance, Corporate Governance, IPR and allied matters

BUSINESS SEGMENTS



STATE-OF-THE-ART FACILITY

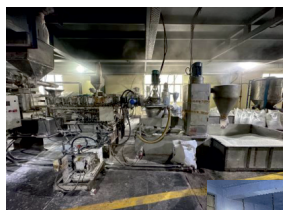
The Facility is equipped with all the modern machineries & equipment with in house R&D and Quality Testing Facility and Laboratory

LOCATION:
Shahjahanpur, Alwar
Rajasthan

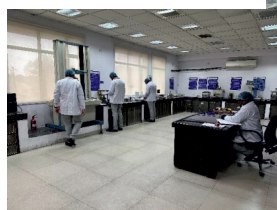
AREA:
14,000 square meter

ANNUAL CAPACITY:
30,000 MT

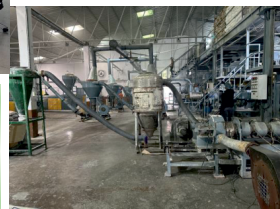
CAPACITY UTILIZATION (2023)
75%



Strategically Located State-of-the-art Manufacturing Facilities



The in-house Quality Testing facility ensures that product quality is maintained. The infrastructure facility is catering to many renowned clients globally





KEY DIFFERENTIATORS



CERTIFICATIONS & IPR

CERTIFICATIONS



ISO (9001:2015)
CERTIFIED



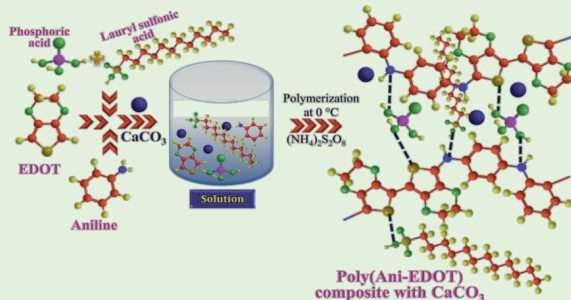
GLOBAL RECYCLED
STANDARDS (GRS)



DSIR CERTIFICATION
for In-House R&D
Govt. of India

ENHANCEMENTS IN INTELLECTUAL PROPERTY

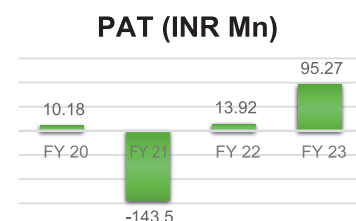
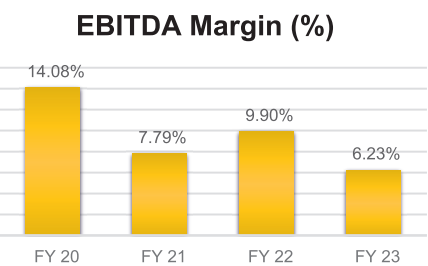
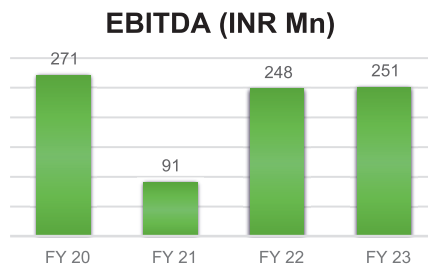
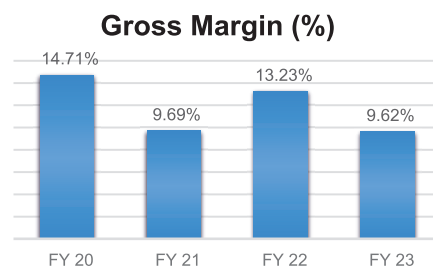
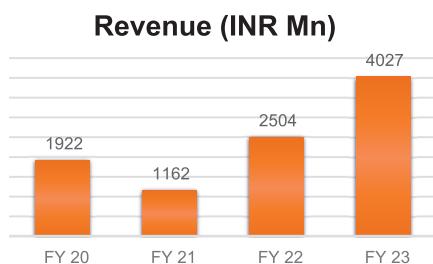
Successfully applied for grant of patent titled "Smart Intelligent Coatings using nano Calcium Carbonate blended in Conjugated polymer matrix for corrosion protection and a process for the preparation thereof".
PATENT APPLICATION No. : 202111052407



Benefits:

- ✓ As it gives in market an innovative conjugated polymer composite which on incorporation in paint formulations can protect iron and mild steel under corrosive conditions, first Self-Healing Smart Coating material.
- ✓ It will stimulate the growth of company, as with patented technology we can attract overseas investments & can develop products for export.
- ✓ Profits generated by patent exploitation can be invested in further research & development which may stimulate commercial growth.
- ✓ It can help cement joint ventures, strategic partnerships & acquisitions.

VIKAS ECOTECH'S GROWTH TRAJECTORY



** FY21 PAT was effected due to the Covid-19

LATEST DEVELOPMENTS

Biodegradable Plastics



Entered MoU with Aurapha Private Ltd. (the 'AuraPHA') to invest in environment friendly Bioplastics (PHA) technology & in advance stage of finalising a Technology Tie-Up/ Joint Venture to produce Biodegradable Plastics

Recently ventured into trading and manufacturing of infra product, which not only enhancing company's revenues, product basket, profitability but also mitigating concentration risk.



Infra Product Division

DSIR Certification



DSIR Certification for our in-house R&D Facility by Ministry of Science & Technology, Govt. of India will encourage development of state-of-the-art globally competitive technologies of high commercial potential, will help in accelerating commercialization of lab-scale R&D and in increasing the share of technology-intensive exports in overall exports.

The company has been most recently empaneled as an approved vendor with the U.P. State Horticultural Co-Operative Marketing Federation (HOFED) a Uttar Pradesh Government.



Empanelment with HOFED

The Gas Pipes Manufacturing Project



The Civil work was begun in August 2021 for our company's plot number 2 which is completed now. For this plant we are giving orders for Gas pipe manufacturing machinery. We are confident that this plant will get operationalize in this financial year.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Your Board of Directors is pleased to share the present Management Discussion and Analysis Report based on the business of the company i.e. Polymer Compounds, Specialty Additives and Infra Products business along with the Financial Statements for the financial year ended March 31, 2023.

Our Company was originally incorporated on November 30, 1984 as "Vikas Leasing Limited" under the provisions of the Companies Act, 1956 with the Registrar of Companies, Delhi and Haryana. The name of our Company was changed from "Vikas Leasing Limited" to "Vikas Profin Limited" and a fresh certificate of incorporation was issued on January 7, 2002. Thereafter, again the name of our Company was again changed from "Vikas Profin Limited" to "Vikas Globalone Limited" and a fresh certificate of incorporation was issued on December 31, 2008. On October 21, 2015, the name of our Company was again changed from "Vikas Globalone Limited" to "Vikas Ecotech Limited" and a fresh certificate of incorporation was issued under the seal of Registrar of Companies, Delhi and Noida SEZ (Uttar Pradesh). However, the operation in Noida SEZ is in operative since covid 19.

We are primarily engaged in the business of manufacturing of Specialty Chemicals focused on Specialty Chemical Additives and Specialty Polymer Compounds. Presently, our manufacturing facilities are operating at Shahjahanpur (Rajasthan).

Your company engaged in the business of Specialty Polymers & Specialty Additives and Chemicals for Plastics & Rubbers industries, catering to a wide horizon of applications in Agriculture, Infrastructure, packaging, electrical, footwear, pharmaceuticals, automotive, medical devices and components and other consumer goods. We market our products under well recognized brand names "Tinmate", "Thermate", "Veeprene TPR compound" and "Veeprene TPE compound".

Vikas Ecotech is the only manufacturer of Organotin (Heat Stabilizers for Vinyl applications) in India with in-house R&D facilities and is one of the single digit number of manufacturers of this product worldwide, who have technology and expertise for manufacturing this material right from Tin Metal to the final product. Vikas Ecotech is expanding its business and product portfolio has added many consumer (final) products to its conventional (raw material businesses) profile. The new business segments include Infrastructure Products like Steel Pipe Fittings, MDPE Pipes for Gas applications to its business lines.



Success of our R&D

Trading and carrying out recycling process in the chemical industry, as vast as the chemical industry is spread, the greater is the need to continuously work on the Research and Development aspect of the sector. Our Company is well aware of the only improvisation and the product quality is the vital for the growth and sustainability of our Company. R&D is one of the driving forces for expansion in our Company. Research and development is one of our key strengths and is integral to our growth. We continue to build on our capabilities and competencies in the field of chemistry. Our in-depth expertise in process research, process development and analytical references enables us to provide integrated solutions to our global customers. If we fail to carry out Research and Development in a timely manner, it may adversely affect our business, results of operations, cash flows and financial condition.

Global Outlook

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's



invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.

The January 2023 World Economic Outlook Update projects that global growth will fall to 2.9 percent in 2023 but rise to 3.1 percent in 2024. The 2023 forecast is 0.2 percentage point higher than predicted in the October 2022 World Economic Outlook but below the historical average of 3.8 percent. Rising interest rates and the war in Ukraine continue to weigh on economic activity. China's recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic levels.

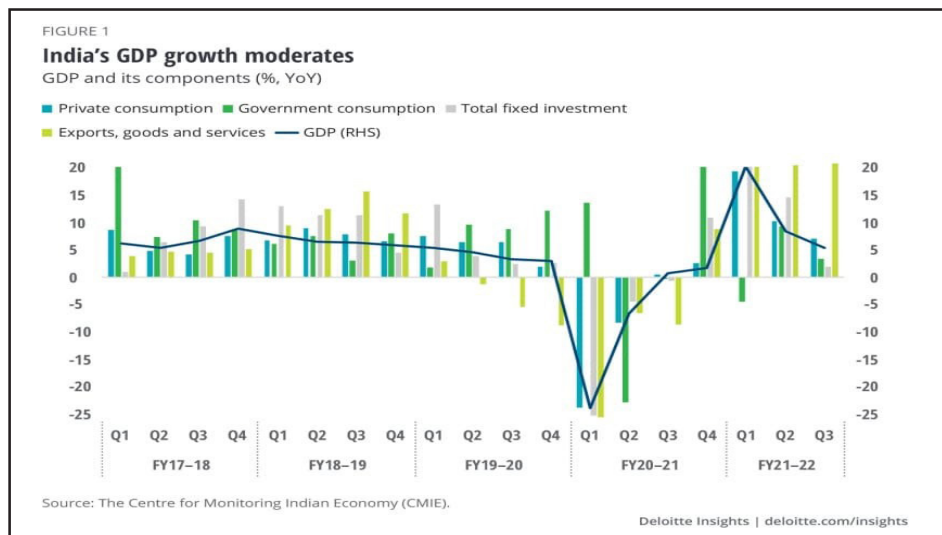
The escalation of geopolitical tensions into war from late February 2022 has delivered a brutal blow to the world economy, battered as it has been through 2021 by multiple waves of the pandemic, supply chain and logistics disruptions, elevated inflation and bouts of financial market turbulence, triggered by diverging paths of monetary policy normalisation.

Over the first half of 2021, an uneven and divergent global recovery began to take shape with the ebbing of the "Delta" variant-driven infections and the gathering pace and scale of vaccination. In its April 2021 World Economic Outlook (WEO), the IMF estimated world GDP to grow by 6.0 per cent in 2021 and world trade by 8.4 per cent.³ Emerging market and developing economies (EMDEs) were seen as lagging in view of limited space for maintaining policy stimulus and uneven access to vaccines.

In the second half of 2021, the global recovery became hostage to the "Omicron" variant. This wave turned out to be short-lived and global trade recovered amidst supply and logistics bottlenecks to grow by 10.1 per cent over the year as a whole. Underpinning this upturn, global manufacturing accelerated to 9.4 per cent in 2021 from 4.2 per cent a year ago. The IMF's April 2022 WEO has placed global GDP growth for the year at 6.1 per cent, a shade higher than its projection made a year ago. This experience reflects the innate resilience that has built up in the global economy as it contended with the pandemic, the shortages, and supply chain disruptions that unravelled in its wake.

In India, first the Delta-driven and then the Omicron-induced waves of the pandemic unsettled the recovery in domestic economic activity. That the third wave turned out to be shorter-lived and less debilitating in terms of impact on economic activity than the first two waves attests to the efficacy of the nationwide vaccination drive and no less to learning and adaptation. The success in navigating two waves of the pandemic owes a lot to the coordinated efforts with central and state governments and third tiers of administration, running multiple awareness campaigns to quell vaccination hesitancy and the selfless, courageous and determined efforts of various stakeholders which imparted speed to the vaccination drive. In spite of the severity of the second wave, the loss of output in Q1:2021-22 was about one-third of what was suffered during Q1:2020-21 when measured from the level of GDP recorded in Q1:2019-20 (pre-pandemic). This resilience and the underlying strengthening of the impulses of growth were evident in the recommencement of the recovery from Q2:2021-22 onwards. In fact, the third wave starting end-December 2021 was flattened in a month's time, with infections back to levels seen at the start of the pandemic. The National Statistical Office (NSO) has placed real GDP growth at 8.9 per cent in 2021-22, surpassing its pre-pandemic level (of 2019-20) by 1.8 per cent. Fiscal reprioritisation of expenditure towards infrastructure, robust crop production, ebullient export growth in the face of hostile international conditions, and congenial monetary and financial conditions engendered by the Reserve Bank underpinned this macroeconomic performance. Nevertheless, private final consumption expenditure (PFCE) and gross fixed capital formation (GFCF) remain work in progress, having barely exceeded their pre-pandemic levels.

The gross fiscal deficit (GFD) for the central government declined by 2.5 percentage points of GDP in 2021-22 (revised estimates) in response to a calibrated withdrawal of pandemic related fiscal stimulus and robust tax and non-tax collections. Despite the consolidation, the net fiscal impulse remained positive with a focus on capital expenditure and welfare measures to mitigate the second wave of the pandemic. Under the disinvestment programme, the privatisation of Air India was an important milestone. States' revenue and capital receipts posted strong recoveries and central tax devolution exceeded the Centre's budget estimates. Notably, the surge in states' capital expenditure improved the quality of spending. Key sub-national deficit indicators also showed improvement during the year.



Right when the global economy seemed to be at the point of perceiving green shoots of recovery after leaving the worst of the COVID-19 pandemic behind, the Russia-Ukraine crisis escalated. Subsequently, prices of crude oil and gas, food grains such as wheat and corn, and several other commodities have shot up.

Understandably, the crisis has clouded India's growth outlook as well. Crude oil prices are persistent above US\$100 per barrel, wheat has gone up by 50%, and edible oil prices are up 20%—all of which are critical imports from the two warring nations. India also partly meets its fertilizer needs from the region. For India, which has been battling inflation for a while now, this situation is making matters worse. Higher fuel and fertilizer prices will reduce government revenues and increase subsidy costs.

Furthermore, capital outflows and rising import bills will weigh on the current account balance and currency valuation. Consumer price inflation broken the upper band of the Reserve Bank of India's (RBI's) comfort zone (of 4%+2%) and grew by 6% in January 2022 as against 5.7% in the previous month. Wholesale price inflation also jumped to a decadal high of 12.96%. Prices rose primarily because of logistics and supply chain disruption as the number of infections increased and regional lockdowns was imposed. Prices of food commodities—led by vegetables, edible oils, and poultry products—witnessed sharp increases.

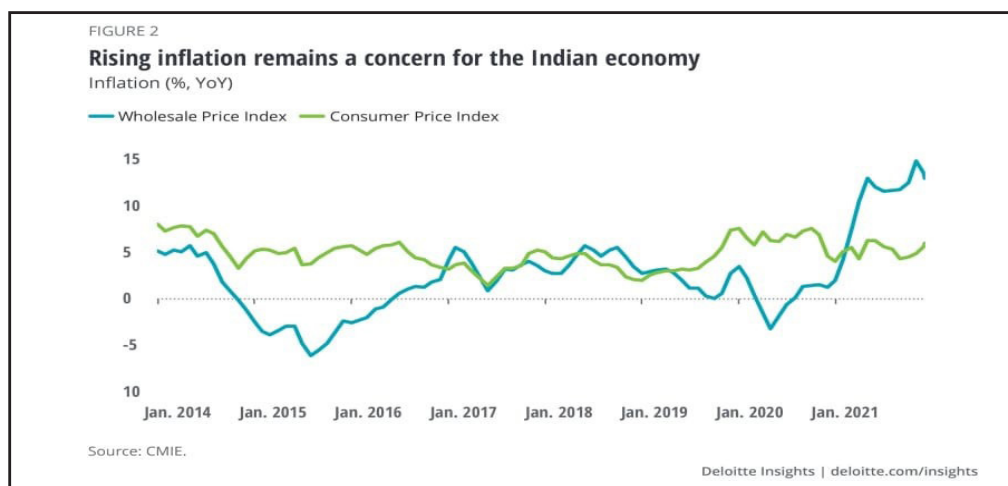


Figure: Wholesale price inflation overview

Global Industry Overview

For Polymer compounds:



The global plastic compounding market is estimated to account for over US\$ 420 Bn by the end of 2017 and registering a CAGR of 5.2% during the forecast period (2017-2025), is projected to reach a market value of about US\$ 645 Bn by 2025 end. Owing to the plastic industries growth, the government has given emphasis on strengthening the industry as it currently hosts over 30,000 processing units, 85-90% of which are small and medium-sized enterprises. Among all the regions, Asia Pacific is estimated to account for 40.3% value share in the global plastic