

14<sup>th</sup> Annual Report  
2009-10



Healthy Generation  
Healthy Nation

## THE BRANDS

**ASTRAL**  
**FLOWGUARD**<sup>™</sup>  
PIPE & FITTINGS

**ASTRAL**  
**CORZAN**<sup>™</sup>  
INDUSTRIAL PIPING SYSTEMS

**FLOWGUARD**<sup>™</sup>  
**BENDABLE**  
COMPOSITE PIPE

**ASTRAL**  
**BlazeMaster**<sup>™</sup>  
FIRE SPRINKLER SYSTEMS

**ASTRAL**  
**Aquarius**<sup>®</sup>  
STANDARDS REDEFINED  
uPVC PLUMBING SYSTEM FOR OUTER LOOP LINES

**ASTRAL**  
**Aquatek**<sup>®</sup>  
HIGH IMPACT ABS PIPING SYSTEMS

**ASTRAL**  
**UNDERGROUND**<sup>®</sup>  
DRAINAGE SYSTEMS

**ASTRAL**  
**DWV**<sup>™</sup>  
DRAIN WASTE & VENT  
LEAK PROOF SYSTEM

**ASTRAL**  
**Foamcore**<sup>™</sup>  
PVC PIPE  
FOR DWV & UNDERGROUND SYSTEMS

**ASTRAL**  
**ULTRADRAIN**<sup>™</sup>  
CONVENTIONAL SYSTEM

**ASTRAL**  
**AquaSAFE**<sup>™</sup>



## INTERNATIONAL BUSINESS TIE - UPS

**HARVEL**<sup>®</sup>

**wavin**

**IPEX**

**IPS**

**Lubrizol**

**SIMONA**<sup>®</sup>

**SPEAR**

**tyco**  
Euratech (Malaysia) Sdn. Bhd.  
Tyco Pipe Systems

## THE VISION



Astral shall contribute significantly to building new India and become India's most valuable plastic company.

## THE CORE TEAM



Standing left to right  
M. M. Vakil  
President

Sandeep P. Engineer  
Managing Director

Hiranand Savlani  
CFO

## Key Highlights

(Rs. In Lacs)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
Capacity (In M.T.)	4,000	9,074	11,800	25,968	30,867
Utilisation (In M.T.)	2,417	5,090	6,895	11,164	19,411
Sales	5,606.01	10,169.75	14,452.80	20,524.90	30,452.36
Less : Excise Duty	440.63	477.97	871.28	1,198.72	1,433.56
Net Sales	5,165.38	9,691.79	13,581.52	19,326.19	29,018.80
Other Income	21.06	57.43	352.26	542.69	223.63
Total Income	5,186.44	9,749.21	13,933.78	19,868.87	29,242.43
Operating Profit (PBIDT)	789.08	1,397.53	2,421.64	3,507.88	4,418.24
Interest	125.74	188.37	268.67	531.19	484.21
Gross Profit	663.34	1,209.16	2,152.97	2,976.69	3,934.04
Depreciation	137.32	220.24	326.06	617.49	860.43
Profit Before Tax & Exceptional Items	526.01	988.92	1,826.91	2,359.20	3,073.60
Exceptional Items (Exchange Gain/(Loss))	(31.24)	87.09	115.63	(733.67)	299.18
Profit Before Tax	494.77	1,076.02	1,942.53	1,625.53	3,372.78
Tax	93.04	164.99	234.49	165.02	557.34
Profit After Tax	401.72	911.03	1,708.05	1,460.51	2,815.45
Prior Year Adjustments	(0.05)	-	1.13	41.45	12.64
Net Profit	401.77	911.03	1,706.92	1,419.07	2,802.81
Paid Up Equity Capital	907.72	1,123.81	1,123.81	1,123.81	1,123.81
Reserve and Surplus *	699.70	5,169.78	6,740.85	8,028.46	10,568.78
Shareholders' Funds	1,607.42	6,293.59	7,864.65	9,152.26	11,692.59
Loans	1,779.63	2,447.63	3,215.52	3,903.35	4,040.06
Deferred Tax Liability (Net)	135.28	169.00	169.00	169.00	169.00
Capital Employed **	3,515.11	9,143.99	9,533.52	12,623.50	15,286.11
Gross Fixed Assets	2,640.49	3,646.72	5,008.53	9,372.32	11,121.16
Capital Work In Progress	7.55	107.26	1,715.76	601.15	615.54
Net Fixed Assets ***	2,171.36	2,957.48	3,993.24	7,763.31	8,662.67
Net Current Assets	1,343.42	5,845.41	5,540.12	4,854.92	6,618.17
Book Value (Rs.)	90.72	80.81	69.98	81.44	104.04
Earning Per Equity Share (Rs.)	22.33	11.70	15.19	12.63	24.94
Cash Earning Per Equity Share (Rs.)	30.08	14.53	18.09	18.12	32.60
Dividend (%)	-	-	10%	10%	20%
ROACE % (PBIT/Average Capital Employed)	24.51	18.60	22.44	26.09	25.50
PBIDT/Average Capital Employed	29.67	22.08	25.93	31.66	31.66
ROANW(%) (PAT/Average Net Worth)	35.09	23.06	24.11	16.68	26.89
Debt : Equity ( Long Term Debt/Total Net Worth)	0.59	0.21	0.22	0.42	0.31
Debt : Equity ( Total Debt/Total Net Worth)	1.11	0.39	0.41	0.43	0.35

\* Excluding Revaluation Reserves and reducing miscellaneous expenditure.

\*\* Excluding Revaluation Reserves, Miscellaneous Expenditure and Capital Work in Progress.

\*\*\* Excluding Revaluation Reserves and Capital Work in Progress.

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## COMPANY INFORMATION

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BOARD OF DIRECTORS	Mr. K.R. Shenoy	Chairman (Independent Director)
	Mr. Sandeep P. Engineer	Managing Director
	Mrs. Jagruti S. Engineer	Executive Director
	Mr. Pradip N. Desai	Independent Director
	Mr. Nimish G. Dalal	Non Executive Director
	Mr. Kyle A. Thompson	Non Executive Director
PRESIDENT	Mr. M. M. Vakil	
COMPANY SECRETARY	Mr. Nirav K. Shah	
CHIEF FINANCIAL OFFICER	Mr. Hiranand A. Savlani	
AUDITORS	Deloitte Haskins & Sells Chartered Accountants 'Heritage', 3rd Floor, Near Gujarat Vidhyapith, Off Ashram Road, Ahmedabad-380 014.	
OUR BANKERS	Corporation Bank Industrial Finance Branch, Ashram Road, Ahmedabad.	
	Standard Chartered Bank Abhijeet- II, Mithakhali Six Road, Ahmedabad.	
	IDBI Bank Nr. Lal Bungalow, Ahmedabad.	
REGISTERED OFFICE	901, Parshwa Towers, Opp. Rajpath Club, Sarkhej- Gandhinagar Highway, Ahmedabad-380 054, Gujarat, India.	
FACTORY (GUJARAT UNIT)	Plot No. 1253 & 1264, Village: Santej, Taluka : Kalol, Dist: Gandhinagar, Gujarat, India.	
FACTORY (HIMACHAL UNIT)	Khasra No. # 67-72, Village : Bated, P.O. : Barotiwala, Dist.: Solan, Tehsil: Kasauli, Himachal Pradesh, India.	
REGISTRAR & SHARE TRANSFER AGENTS	Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072.	

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## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 14th Annual Report of the Company together with the audited statements of accounts for the year ended on March 31, 2010.

### 1. FINANCIAL HIGHLIGHTS

The standalone financial results for the year are as follows:

(Rs. In Lacs)

Particulars	Financial Year	
	2009-10	2008-09
Net Sales/Income from Operations	29,018.80	19,326.18
Other Operating Income	80.40	121.86
Total Income	29,099.20	19,448.04
Total Expenditure	24,824.19	16,360.98
Profit Before Depreciation, Interest, Tax & Exceptional Items	4,275.01	3,087.06
Interest	484.21	531.19
Depreciation	860.43	617.49
Profit Before Exceptional Items	2,930.37	1,938.38
Other Non Operating (Income) Expenses / Exceptional Items	(442.41)	312.85
Profit Before Tax	3,372.78	1,625.53
Provision for Taxation	569.98	206.48
Net Profit for the year	2,802.80	1,419.05

### 2. DIVIDEND

Your Directors are pleased to recommend a final dividend of Re 1/- per share for the year 2009-2010 in addition to the Interim Dividend of Re 1/- per share, if approved by the shareholders at the Annual General Meeting. The dividend will absorb Rs. 112.38 Lacs in addition to the Interim Dividend of Rs. 112.38 Lacs paid during the year and the Dividend Distribution Tax payable by the Company will amount to Rs. 18.66 Lacs in addition to the Tax of Rs. 19.10 Lacs already paid on Interim Dividend.

### 3. FINANCIAL AND OPERATIONAL REVIEW

Continuing its growth momentum, your Company, during the year under review, has crossed a land mark figure of Rs. 300 Crores in Sales (Gross). Net sales amounted to Rs. 290.19 Crores compared to Rs. 193.26 Crores in the previous year recording a growth of 50%. The EBITA has increased by 38% from Rs. 30.87 Crores to Rs. 42.75 Crores and Net Profit has increased by 98% from Rs. 14.19 Crores to Rs. 28.03 Crores. Export Sales of your Company also increased from Rs. 379.95 Lacs to Rs. 544.40 Lacs recording a rise of 43.28%.

### 4. PROJECT IMPLEMENTATION AND PERFORMANCE REVIEW

We are pleased to inform you that in the year 2008-09, your Company increased its installed capacity by 120% from 11,800 M.T. to 25,968 M.T. Your Company has utilized the capacity to the extent of 19,411 M.T. during the year 2009-10 with a utilization rate of 75%. Further, looking to the growth of the Indian economy, particularly in the segment in which your Company operates, your Directors feel that the industry offers good potential for growth and hence decided to further increase the capacity from 25,968 M.T. to 30,867 M.T. during the year. Your Company is planning to further increase its installed capacity during the year 2010-11.

Various products launched by the Company during the last year, such as SWR Pipes, Underground Drainage Pipes, Foam Core Pipes etc. are getting very good response from the local markets. Your Company is planning to launch these products on PAN INDIA basis during the current year 2010-11. Further during the current year, your Company completed the trials of Manholes and Inspection Chambers which will be shortly launched in the Indian Market. Your Company expects a good market for these new products.

We are proud to state that as of now, Astral is the only Company in the Indian market whose CPVC products



are approved by the NSF, signifying the commitment of your Company to maintain the superior quality of its products and its unique brand image.

#### 5. CREDIT RATING

Your Company has secured the following Credit Ratings for various Bank facilities aggregating to Rs. 100 Crores. :

Sr. No.	Facility	Rating
1.	Cash Credit Limit	A-/ Stable
2.	Long Term Loan	A-/ Stable
3.	Proposed Long Term Bank Facility	A-/ Stable
4.	Letter of Credit	P2+
5.	Bank Guarantee	P2+
6.	Proposed Short Term Bank Loan Facility	P2+

#### 6. ADDITIONAL INVESTMENT IN JOINT VENTURE

Your Directors are pleased to inform you that during the year, your Company has increased its stake in ASTRAL TECHNOLOGIES LIMITED - KENYA from 26% to 31.90%. Accordingly, your Company has made additional investment of Rs. 71.01 Lacs by way of investment in equity and unsecured loan in the Joint Venture Company. The JV Company has already placed orders for machineries which are expected to arrive in the month of June, 2010 and it will start commercial production by August 2010. Till then, the Company will import pipes and fittings for trading from Astral Poly Technik Limited, India. After commencing production in Nairobi, it will import only the fittings and also the various pipes which it will not manufacture in its plant. We are quite sure that once the production in Nairobi picks up, the volume growth will increase substantially, as the products will become relatively cheap due to lower import duty and logistic cost.

#### 7. SUBSIDIARY COMPANY

Astral Biochem Private Limited is a wholly owned subsidiary of your Company. The subsidiary Company has already acquired land admeasuring 67,796 Square Mtrs at GIDC-Dahej Dist: Bharuch and is looking forward to setting up a suitable project during the coming years. During the year, there was no activity in the subsidiary Company.

#### 8. CONSOLIDATED FINANCIAL STATEMENT

The shareholders may refer to the statement under Section 212 of the Companies Act, 1956 and information on the financial statements of subsidiary Company appended to the above Statement under Section 212 of the Companies Act, 1956 in this Annual Report, for further information on the subsidiary.

The consolidated financial statements, in terms of Clause 32 of the Listing Agreement and in terms of Accounting Standard 21 issued by the Institute of Chartered Accountants of India (ICAI) also form part of this Annual Report.

#### 9. MANAGEMENT DISCUSSIONS AND ANALYSIS STATEMENT

Management Discussion and Analysis Report which is required under the Listing Agreement with the Stock Exchange is given in Annexure – D to the Directors' Report.

#### 10. CORPORATE GOVERNANCE

A separate report on Corporate Governance, along with Auditors' Certificate relating thereto is given in Annexure – C to the Directors' Report.

#### 11. INSURANCE

The fixed assets and stocks of the Company are adequately insured.

#### 12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed ;
- (ii) the directors have selected such accounting policies and have applied them consistently and have 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 or loss of the Company for the period;

(iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The annual accounts have been prepared on a going concern basis.

13. DIRECTORS

Mr. K.R. Shenoy and Mr. Pradip N. Desai are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The requisite particulars in respect of directors seeking reappointment are given in Annexure C to the Directors' Report.

14. AUDITORS

M/s. Deloitte Haskins & Sells, the Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue.

15. PARTICULARS OF EMPLOYEES

The list of Employees covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is provided in Annexure- A to the Directors' Report.

16. DISCLOSURE WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of Section 217(1)(e) with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are provided in the Annexure-B to the Report.

17. ACKNOWLEDGMENTS

Your Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinted efforts of the employees have enabled your Company to remain at the forefront of the industry. The Directors place on record their sincere appreciation for significant contributions made by the employees through their dedication, hard work and commitment towards the success and growth of the Company. The Directors wish to thank Specialty Process LLC., U.S.A. for the technical and financial support extended to the Company throughout the year. The Management would like to express its deep appreciation for the support extended by Corporation Bank, Standard Chartered Bank, IDBI Bank and other agencies working with the Company.

For Astral Poly Technik Limited

For Astral Poly Technik Limited

Sandeep P. Engineer  
Managing Director

Pradip N. Desai  
Director

Place: Ahmedabad  
Date: May 21, 2010