

## 16th ANNUAL REPORT 2011-12



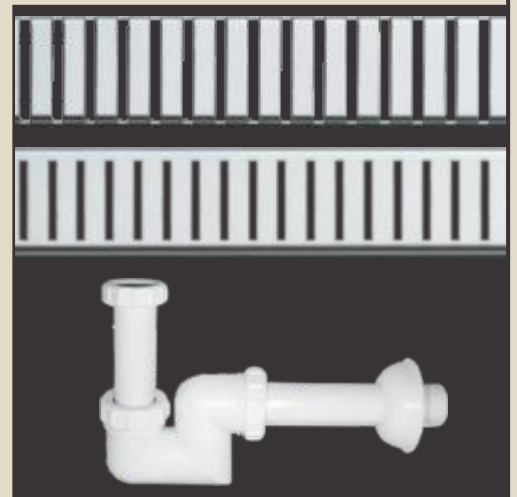
**Team Work • Growth • Innovation**

## INTRODUCTION OF NEW PRODUCTS



**Alca** PLAST<sup>®</sup>

## BATHROOM ACCESSORIES



## THE VISION



With continuous growth in Indian infrastructure, Astral always introduce new innovative and cost effective products for its share. Our vision shall always to be one of the leading companies for the products & services to our customers, shareholders and community. Astral will approach the future with great enthusiasm and optimism.

## THE CORE TEAM





## Key Highlights

(₹In Lacs)

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Capacity (In M.T.)	11,800	25,968	30,867	48,432	65,496
Utilisation (In M.T.)	6,895	11,164	19,411	28,289	38,824
Sales	14,452.80	20,524.90	30,452.36	43,676.35	62,221.01
Less : Excise Duty	871.28	1,198.72	1,433.56	2,593.87	4,289.20
Net Sales	13,581.52	19,326.19	29,018.80	41,082.48	57,931.81
Other Operating Income	20.69	121.87	80.40	64.28	189.85
Total Income	13,602.21	19,448.05	29,099.20	41,146.76	58,121.66
Operating Profit (PBITD)	2,090.07	3,087.06	4,275.01	5,663.42	8,372.83
Non Operating Income	331.57	420.82	143.23	62.62	199.93
Interest	268.67	531.19	484.21	459.17	655.46
Gross Profit	2,152.97	2,976.69	3,934.04	5,266.87	7,917.30
Depreciation	326.06	617.49	860.43	1,071.92	1,337.75
Profit Before Tax & Exceptional Items	1,826.91	2,359.20	3,073.60	4,194.95	6,579.54
Exceptional Items (Exchange Gain/(Loss))	115.63	(733.67)	299.18	24.47	(1,542.97)
Profit Before Tax	1,942.53	1,625.53	3,372.78	4,219.42	5,036.57
Tax	234.49	165.02	557.34	794.97	992.62
Profit After Tax	1,708.05	1,460.51	2,815.45	3,424.45	4,043.95
Prior Year Adjustments	1.13	41.45	12.64	65.17	68.48
Net Profit	1,706.92	1,419.07	2,802.81	3,359.28	3,975.46
Paid Up Equity Capital	1,123.81	1,123.81	1,123.81	1,123.81	1,123.81
Reserve and Surplus *	6,740.85	8,028.46	10,568.78	13,633.80	17,315.39
Shareholders' Funds	7,864.65	9,152.26	11,692.59	14,757.60	18,439.20
Loans	3,215.52	3,903.35	4,040.06	3,113.37	6,354.89
Deferred Tax Liability (Net)	169.00	169.00	169.00	169.00	169.00
Capital Employed **	9,533.52	12,623.50	15,286.11	17,230.14	23,725.90
Gross Fixed Assets	5,008.53	9,372.32	11,121.16	13,798.71	20,236.72
Capital Work In Progress	1,715.76	601.15	615.54	809.84	1,237.18
Net Fixed Assets ***	3,993.24	7,763.31	8,662.67	10,400.96	15,505.43
Net Current Assets	5,540.12	4,854.92	6,618.17	5,791.00	7,228.58
Book Value (₹)	34.99	40.72	52.02	65.66	82.04
Earning Per Equity Share (₹) (F.V. of ₹5/- each)	7.59	6.31	12.47	14.95	17.69
Cash Earning Per Equity Share (₹) (F.V. of ₹5/- each)	9.05	9.06	16.30	19.72	23.64
Dividend (%)	10%	10%	20%	22.50%	22.50%
ROACE % (PBIT/Average Capital Employed)	18.89	22.29	24.47	28.24	34.35
PBITD/Average Capital Employed	22.38	27.87	30.63	34.83	40.89
ROANW(%) (PAT/Average Net Worth)	24.11	16.68	26.89	25.40	23.95
Debt : Equity ( Long Term Debt/Total Net Worth)	0.22	0.42	0.31	0.38	0.42
Debt : Equity ( Total Debt/Total Net Worth)	0.41	0.43	0.35	0.21	0.34

\* Excluding Revaluation Reserves and reduneous Expenditure and Capital Work in Progress

\*\*\* Excluding Revaluation Reserves and Cacing miscellaneous expenditure

\*\* Excluding Revaluation Reserves, Miscellapital Work in Progress.

Figures of Financial Year 2010-11 &amp; 2011-12 are as per Revised Schedule VI.

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## COMPANY INFORMATION

**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. Kyle A. Thompson - Non Executive Director

**COMPANY SECRETARY** : Ms. Zankhana V. Trivedi

**CHIEF FINANCIAL OFFICER (CFO)** : Mr. Hiranand A. Savlani

**STATUTORY AUDITORS** : **M/s. Deloitte Haskins & Sells**  
 Chartered Accountants  
 'Heritage', 3rd Floor,  
 Near Gujarat Vidhyapith, Off Ashram Road,  
 Ahmedabad-380 014, Gujarat, India.

**REGISTERED & CORPORATE OFFICE** : **"ASTRAL HOUSE"**  
 207/1, B/h Rajpath Club, Off. S.G. Highway,  
 Ahmedabad-380 059, Gujarat, India.  
 Ph. No.: +91 79 66212000  
 Fax No.: +91 79 66212121

**REGISTRAR & SHARE TRANSFER AGENT** : **Bigshare Services Private Limited**  
 E-2/3, Ansa Industrial Estate,  
 Sakivihar Road, Saki Naka,  
 Andheri (E), Mumbai – 400 072.  
 Ph. No.: +91 22 28470652  
 Fax No.: +91 22 28475207

### OUR BANKERS :

<b>CORPORATION BANK</b> Industrial Finance Branch, Ashram Road, Ahmedabad, Gujarat, India.	<b>STANDARD CHARTERED BANK</b> Abhijeet- II, Mithakhali Six Road, Ahmedabad, Gujarat, India.
<b>IDBI BANK LIMITED</b> Opp. Municipal Staff Quarters, Nr. Lal Bunglow, Off. C.G. Road, Ahmedabad, Gujarat, India.	<b>HDFC BANK LIMITED</b> Navrangpura Branch, Ahmedabad, Gujarat, India.

### FACTORY LOCATIONS :

Gujarat Units		Himachal Pradesh Unit
<b>Plot No. 1253 &amp; 1264,</b> Village: Santej, Taluka: Kalol, Dist.: Gandhinagar, Gujarat, India.	<b>Survey No. 149/1,</b> Dholka-Kheda Road, Rampur, Dholka, Gujarat, India.	<b>Khasra No. 67-72,</b> Village: Bated, P.O. Barotiwala, Dist.: Solan, Tehsil: Kasauli, Himachal Pradesh, India.

## Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the **16th Annual Report** of the Company together with the Audited Statements of Accounts for the year ended on 31st March, 2012.

### 1. FINANCIAL HIGHLIGHTS

The Standalone Financial Results for the year ended on 31st March, 2012 are as follows: (₹ In Lacs)

Particulars	Financial Year	
	2011-12	2010-11
Net Sales/Income from Operations	57,931.81	41,082.48
Other Operating Income	189.85	64.22
Total Income	58,121.66	41,146.70
Total Expenditure	49,748.84	35,483.29
<b>Profit Before Depreciation, Interest and Tax</b>	<b>8,372.82</b>	<b>5,663.41</b>
Finance Cost	655.46	459.17
Depreciation	1,337.75	1,071.92
<b>Profit Before Exceptional Items</b>	<b>6,379.61</b>	<b>4,132.32</b>
Other Non-Operating (Income) Expenses/Exceptional Items	1,343.05	(87.15)
<b>Profit Before Tax</b>	<b>5,036.56</b>	<b>4,219.47</b>
Provision for Taxation (Including Prior Year Adjustment)	1,061.10	860.14
<b>Net Profit for the year</b>	<b>3,975.46</b>	<b>3,359.33</b>

### 2. DIVIDEND

- During the year under review, Interim Dividend of ₹ 0.50 per share was declared and paid.
- The Board of Directors of the Company has recommended a Final Dividend of ₹ 0.625 per share for the FY 2011-2012 subject to the approval of the members at the ensuing Annual General Meeting. The Final Dividend, if approved, will be paid to the eligible members within the period stipulated by the Companies Act, 1956.
- The Final Dividend will absorb ₹ 140.48 Lacs in addition to the Interim Dividend of ₹ 112.38 Lacs paid during the year under review and the Dividend Distribution Tax payable on Final Dividend by the Company will amount to ₹ 22.79 Lacs in addition to the Dividend Distribution Tax of ₹ 18.23 Lacs already paid on Interim Dividend.

### 3. FINANCIAL AND OPERATIONAL REVIEW

- During the year under review, your Company has continued its growth momentum and has crossed a landmark figure of ₹600 Crores in Sales (Gross).
- Net sales amounted to ₹579.32 Crores as compared to ₹410.82 Crores in the previous year, recording a growth of 41%.
- The EBDITA has increased by 48% from ₹56.63 Crores to ₹83.73 Crores.
- Net Profit has increased by 18% from ₹33.59 Crores to ₹39.75 Crores.
- Export Sales of your Company during the year under review amounted to ₹659.13 Lacs.
- Earnings per share (basic) amounted to ₹17.69 per Share, as against ₹14.95 per Share in the previous year.

### 4. PROJECT IMPLEMENTATION AND PERFORMANCE REVIEW

We are pleased to inform you that during the year under review-

- Your Company has increased its installed Capacity by 35.23% from 48,432 M.T. to 65,496 M.T. by creating an additional Capacity at its Dholka Plant involving a Capex outflow of ₹53.43 Crores.
- Your Company has utilized its Capacity to the tune of 38,824 M.T. as against the last year's figure of 28,289 M.T. which shows a growth of 37%.
- Your Company has incurred Capital Expenditure to the tune of ₹11.06 Crores towards the Corporate Office and purchase of new Office at Satyam Corporate Square situated just opposite to Company's Corporate House, in the Registration District-Ahmedabad & Sub-District of Ahmedabad-3 (Memnagar).



- Your Company has commenced the trial commercial production of Bendable Pipes for the first time in the world with the technical support of Lubrizol during the month of May-2012 with Capacity of **1,100 M.T.**

## 5. CREDIT RATING

During the year under review, the Company has been able to maintain the following Credit Ratings from CRISIL for its various Bank facilities. :

Sr. No.	Facility	Rating
1	Cash Credit Limit	A/Stable (Reaffirmed)
2	Long Term Loan	A/Stable (Reaffirmed)
3	Letter of Credit	A1 (Reaffirmed)
4	Bank Guarantee	A1 (Reaffirmed)

## 6. INVESTMENT IN JOINT VENTURE COMPANY IN KENYA

The Company's total Investment in Ordinary Shares of M/s. Astral Technologies Limited, the Kenyan Joint Venture Company as on the 31st March, 2012 amounts to ₹193.21 Lacs for 31.90% ownership interest in Joint Venture Company.

## 7. SUBSIDIARY COMPANIES

### Astral Biochem Private Limited:

During the year under review, there was no activity in the said Subsidiary Company.

### Advanced Adhesives Limited:

During the year under review, the Company has commenced commercial production of PVC Solvent Cement on a royalty sharing arrangement with IPS-Corporation of USA. This being the first year of operation, the Company's growth will be seen from current financial year onwards. However, the Company was able to generate revenue of ₹259.93 Lacs and EBDITA of ₹32.10 Lacs which reflects a reasonably good EBDITA Margin of 12.35% during the year under review inspite of very low utilization of Capacity.

## 8. CONSOLIDATED FINANCIAL STATEMENTS

The Shareholders may refer to the Statement under Section 212 of the Companies Act, 1956 and information on the Financial Statements of Subsidiary Companies appended to the above Statement under Section 212 of the Companies Act, 1956 in this Annual Report, for further information on the Subsidiaries.

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 DISCUSSION AND ANALYSIS STATEMENT

Management Discussion and Analysis Statement which is required under the Listing Agreement with the Stock Exchanges 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:

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- 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;
- 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;
- the Annual Accounts have been prepared on a going concern basis.

### **13. RESIGNATION OF DIRECTOR**

During the year under review, Mr. Nimish Dalal has resigned from the Board of Directors of the Company w.e.f. August 31, 2011 on account of his personal pre-occupations.

The Board of Directors of the Company places on record its deep appreciation for the valuable services rendered by Mr. Nimish Dalal during his tenure as the Director on the Board of the Company.

### **14. DIRECTORS - RETIRING BY ROTATION**

Pursuant to Article 157 of the Articles of Association of the Company, Mr. K. R. Shenoy is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The requisite particulars in respect of Director seeking reappointment is given in Corporate Governance Report which is given in **Annexure C** to the Directors' Report.

### **15. STATUTORY 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.

### **16. APPOINTMENT OF COST AUDITOR**

The Government of India, Ministry of Corporate Affairs, Cost Audit Branch vide its Order dated January 24, 2012 bearing no. F.No. 52/26/CAB-2010 has directed all Companies to which the Companies (Cost Accounting Records) Rules, 2011 apply, to get their cost accounting records, in respect of each of its financial year commencing on or after April 1, 2012 and for every financial year thereafter, audited by a Cost Auditor. In compliance with the said directive, the Company has appointed M/s. V. H. Savaliya & Associates, Cost Accountants, Ahmedabad, having Membership No. 13867 as the Cost Auditors for the purpose of conduct of Cost Audit of the Cost Accounting Records of the Company for the Financial Year 2012-2013.

### **17. 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.

### **18. 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 & 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.

### **19. ACKNOWLEDGMENTS**

Your Company has 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 journey of the Company. The Management would like to express its deep appreciation for the support extended by Corporation Bank, Standard Chartered Bank, IDBI Bank, HDFC Bank and other agencies working with the Company.

For, **Astral Poly Technik Limited**

**Sandeep P. Engineer**  
Managing Director

Place : Ahmedabad  
Date : May 22, 2012

For, **Astral Poly Technik Limited**

**Jagruti S. Engineer**  
Executive Director