

24th
ANNUAL REPORT
2019-20



WHEN THE
GOING GETS
TOUGH
THE TOUGH GETS
GOING

ACROSS THE PAGES

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CORPORATE INFORMATION

○ Board of Directors

Mr. K. R. Shenoy
Chairman (Independent Director)

Mr. Sandeep P. Engineer
Managing Director

Mrs. Jagruti S. Engineer
Whole Time Director

Mr. Anil Kumar Jani
Non-Executive Director

Mr. Pradip N. Desai
Independent Director

Mrs. Kaushal Nakrani
Independent Director

Mr. Viral Jhaveri
Independent Director

Mr. C. K. Gopal
Independent Director

Mr. Narasinh K. Balgi
Independent Director
(Upto January 27, 2020)

Mr. Kyle Thompson
Non-Executive Director
(Upto July 8, 2020)

○ Chief Financial Officer

Mr. Hiranand A. Savlani

○ Company Secretary

Mr. Krunal D. Bhatt

○ Statutory Auditors

S R B C & CO LLP

(Chartered Accountants)
12th Floor, The Ruby, 29 Senapati Bapat Marg,
Dadar (West), Mumbai - 400028

○ Registered & Corporate Office

Astral House
207/1, B/h. Rajpath Club, Off S. G. Highway,
Ahmedabad - 380 059, Gujarat, India
Ph: +91 79 6621 2000, Fax: +91 79 6621 2121

○ Registrar & Share Transfer Agent

Bigshare Services Private Limited
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (East), Mumbai - 400 059
Ph: +91 22 62638200
Fax: +91 22 62638299

○ Bankers

Corporation Bank
HDFC Bank Limited
HSBC Bank
IndusInd Bank
Standard Chartered Bank

○ Factory Location

PIPING DIVISION

India

Santej (Gujarat)
Dholka (Gujarat)
Hosur (Tamil Nadu)
Ghilothe (Rajasthan)
Sangli (Maharashtra)
Sitarganj (Uttarakhand)

Overseas

Kenya

ADHESIVE DIVISION

India

Santej (Gujarat)
Rania (Uttar Pradesh)
Unnao (Uttar Pradesh)

Overseas

USA
UK

For every challenge encountered, there is an opportunity for growth. One who is stronger and persistent, consistently reaches new heights by proactively calibrating its strategies and strengthening preparedness to face the uncertainties.

Over the years, Astral Group has evolved into a robust and resilient organisation. The Group has been consistently surging ahead on the back of its strong foundation, differentiated strategies, quality offerings and an experienced leadership. With robust capacities, the Group has marketed its presence across multiple locations to fulfil demand across the country. Prudent financials with low leveraging further aid the Group in remaining sturdy amidst the challenges in the operating environment.

Today, Astral is strongly positioned in organised space and ready to capitalise on the underlying opportunities. With sharp focus on serving the customers through innovative products in the piping and adhesive segments, the Group remains committed to create enduring value for its stakeholders.

₹ **25,779** million

Revenue from Operations
as on March 31, 2020

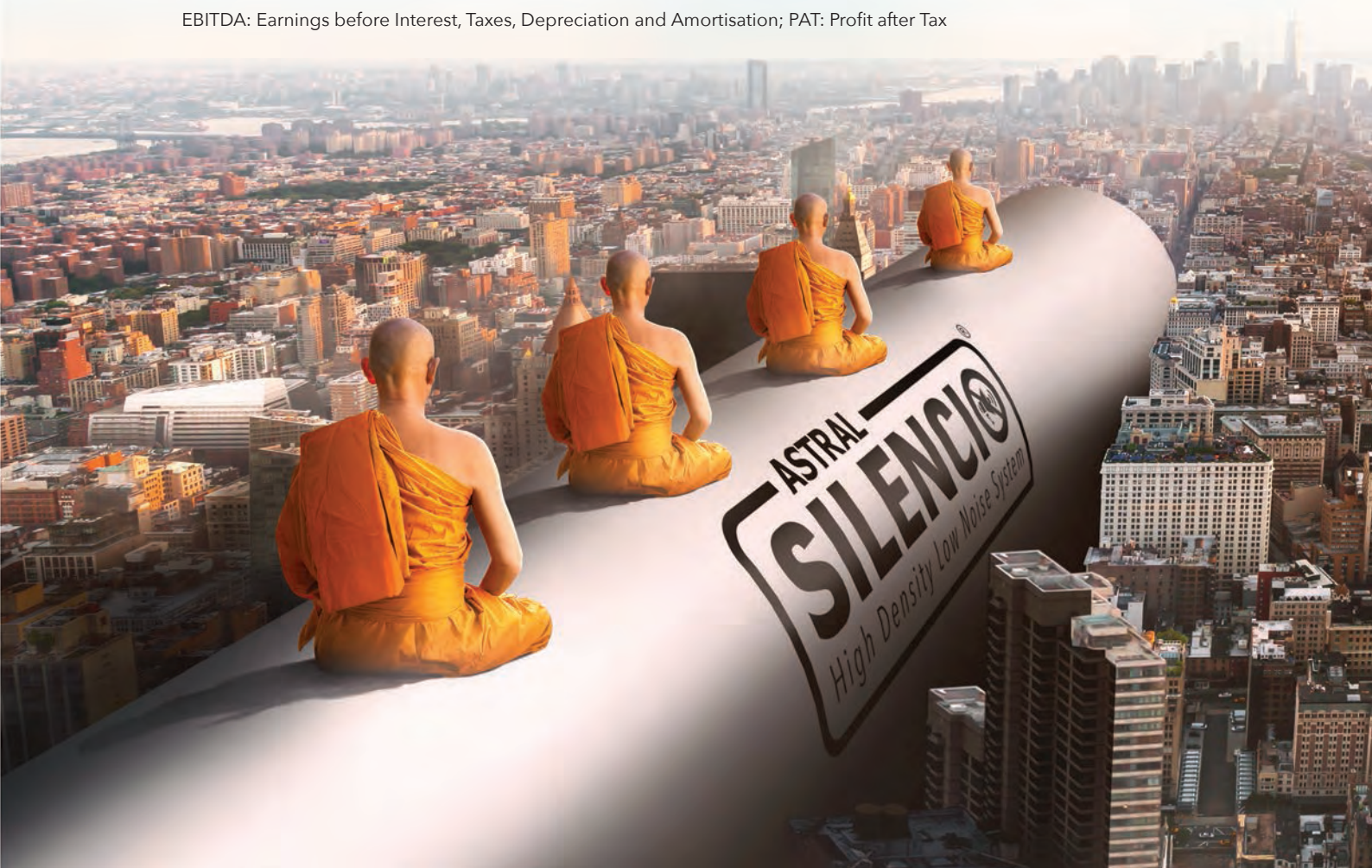
₹ **4,534** million

EBITDA as on
March 31, 2020

₹ **2,496** million

PAT as on
March 31, 2020

EBITDA: Earnings before Interest, Taxes, Depreciation and Amortisation; PAT: Profit after Tax



ABOUT ASTRAL GROUP

Over the past two decades, Astral has established itself as one of India's dominant brands in the plastic piping segment with diverse end-user applications. Incorporated in 1996, the Company is steadily progressing in the adhesive segment and infrastructure products as well.

Astral has been a pioneer in introducing Chlorinated Polyvinyl Chloride (CPVC) pipes and fittings in the country. The Company offers a wide array of products across piping and adhesives categories to meet the dynamic needs of the real estate sector and millions of Indian households. With 12 strategically-located manufacturing facilities in India and overseas, Astral is counted for bringing the most innovative piping and adhesive products with unmatched quality.

Underpinned by its entrenched market presence and wide geographical footprint, Astral today is an integrated CPVC player with robust capacity and execution prowess. The Company has strengthened its product portfolio by acquiring Rex Polyextrusion Private Limited (REPL) a couple of years back. The expanded product suit enables the Company to offer newer products in the infrastructure segment with varied applications. With strong focus on promotion, the Company has continuously increased its brand visibility and customer penetration across the country.

Our Subsidiaries

Over the years, Astral has successfully diversified from manufacturing pipes and fittings to entering the adhesives business via acquisition of Resinova Chemie Limited and Seal IT Services

Resinova Chemie Limited

Resinova Chemie Limited, a subsidiary of Astral Poly Technik Limited, has evolved as one of the leading manufacturers of adhesives & sealants, construction chemicals, self-adhesive tapes and industrial maintenance products, among others. During the year, the Company carried out structural corrections in terms of distribution model and manpower which will be favourable in the long-run. Moreover, Resinova's strong position in the rural market will be conducive for the growth ahead.

The Company plans to build a state-of-the-art plant for adhesive products at Dahej, in the coming year to bolster the growth prospect. Its high-quality products, Resiquick, Rescue Tape and Resiwood are on the right growth path with aggressive branding activities. During the year, addressing the Covid-19 situation, the Company launched an instant hand sanitizer under the brand name 'Resi Shield'.

**Highlights for the
year 2019-20**

₹ **3,771** million

Net Sales as on
March 31, 2020

Seal IT (UK and USA)

Astral successfully diversified its product offerings by entering the adhesives business via acquisition of 80% stake in Seal IT Services Limited, UK, in the year 2014. Firmly established as a major player in the market and serving customers across Europe, the Middle East, Africa, Asia and North America, Seal IT offers a range of adhesive products. Further, in the year 2016, Seal IT announced its new venture into the United States by launching subsidiary company Seal IT Services Inc.

By leveraging Seal IT's brand equity, geographical strength and existing distribution network along with its own cross-selling opportunities, Astral is continuously gaining market share in the growing adhesive segment.

**Highlights for the
year 2019-20**

₹ **2,059** million

Net Sales as on
March 31, 2020

4

Countries Presence

12

Manufacturing Locations
across India and Overseas

₹ **2,450** million

Capex during the year

31,000+

Dealers in Piping Segment

800+

Distributors in Piping Segment

130,000+

Dealers in Adhesive Segment

1,300+

Distributors in Adhesive Segment

4,500+

Happy Employees

FINANCIAL PERFORMANCE

STANDALONE

(₹ in Million, except stated otherwise)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Capacity (In MT)	127,762	137,708	152,101	205,290	238,730
Utilisation (In MT)	77,909	87,694	105,753	120,821	135,636
Sales	14,675	16,473	16,026	19,121	20,385
Less: Excise Duty	1,502	1,714	227	-	-
Net Sales	13,173	14,759	15,799	19,121	20,385
Other Income	27	90	131	151	152
Total Income	13,200	14,849	15,930	19,272	20,537
PBIDT	1,678	2,153	2,477	3,154	3,806
Interest	122	137	132	219	170
Profit Before Depreciation, Tax & Exceptional Items	1,556	2,016	2,345	2,935	3,636
Depreciation	354	417	467	671	899
Profit Before Tax & Exceptional Items	1,202	1,599	1,878	2,264	2,737
Exceptional Items # (Exchange Gain/(Loss))	(163)	(6)	(72)	(82)	(192)
Profit Before Tax	1,039	1,593	1,806	2,182	2,545
Tax	311	526	616	768	537
Net Profit	728	1,067	1,190	1,414	2,008
Other Comprehensive Income (Net of tax)	(5)	(2)	-	(1)	(2)
Total Comprehensive Income	723	1,065	1,190	1,413	2,006
Paid Up Equity Capital	120	120	120	120	151
Reserve and Surplus ¹	7,190	8,230	9,356	11,408	13,154
Shareholders' Funds	7,310	8,350	9,476	11,528	13,305
Loans (Long term)	1,216	985	734	1,213	891
Deferred Tax Liability (Net)	215	262	288	466	372
Capital Employed ²	8,663	9,429	9,856	12,446	14,167
Gross Fixed Assets ³	3,964	4,858	5,713	8,097	10,342
Capital Work in Progress	81	173	647	775	426
Net Fixed Assets ⁴	3,599	4,079	4,474	6,254	7,681
Net Current Assets	1,396	1,722	1,668	1,548	2,006
Book Value Per Equity Share (in ₹) (Restated for bonus impact)	49.16	55.77	63.28	76.65	88.30
Earning Per Equity Share (in ₹) (Restated for bonus impact)	4.90	7.12	7.95	9.40	13.33
Cash Earning Per Equity Share (in ₹) ⁶ (Restated for bonus impact)	7.52	10.22	11.44	14.61	19.94
Dividend (in %) ⁵	40%	50%	60%	70%	100%
Debt: Equity (Long-term Debt/Total Net Worth)	0.23	0.18	0.12	0.15	0.09

1. Excluding Revaluation Reserves and reducing Miscellaneous Expenditure

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

3. Excluding Goodwill, Brand and Capital Work in Progress.

4. Excluding Revaluation Reserves, Goodwill, Brand and Capital Work in Progress

5. Dividend for the year 2017-18 and 2018-19 includes final dividend declared at 35% and 40%, respectively by the Board of Directors in their meeting held, approved by shareholders in AGM

6. Cash profit considered for cash earning per share is Net Profit + Depreciation + Deferred tax + Exceptional item excluding realised foreign gain (loss)

Exceptional items for the year 2015-16 includes ₹ 8 Million paid by the Company towards full and final settlement of employees dues in respect of Baddi Plant

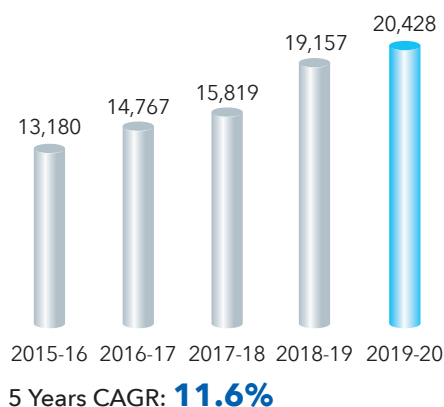
Exceptional items for the year 2017-18, 2018-19 and 2019-20 includes ₹ 30 Million, ₹ 20 Million and ₹ 25 Million, respectively, for provision made by the Company for diminution on its investment in Joint Venture viz : Astral Pipes Limited

ROBUST FINANCIALS

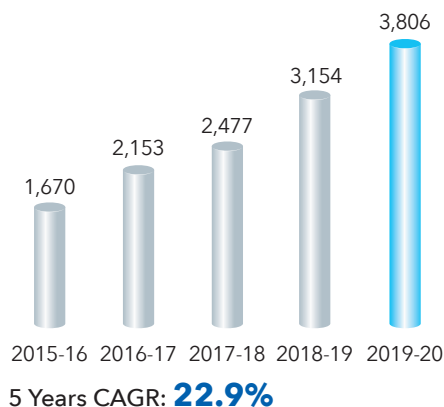
Focused Efforts to Ensure Financial Prudence

PIPING SEGMENT

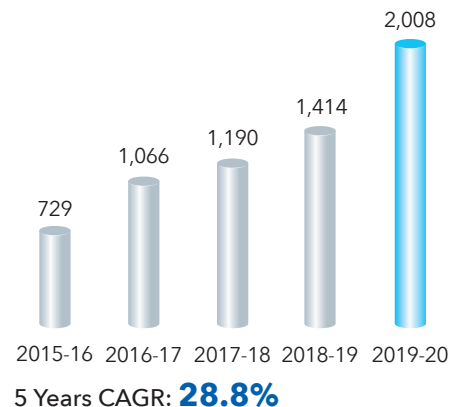
Net Revenue
(₹ Million)



EBIDTA
(₹ Million)

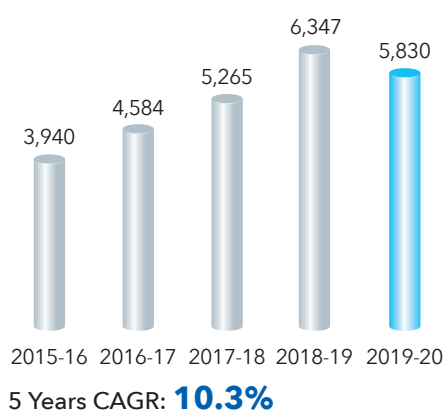


PAT
(₹ Million)

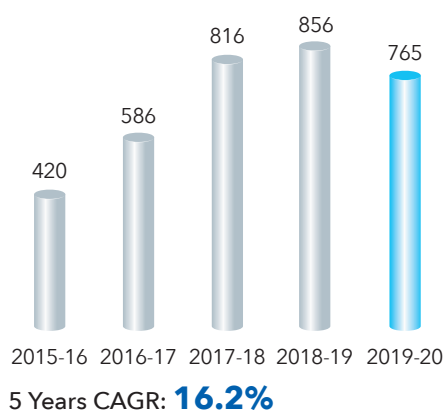


ADHESIVE SEGMENT

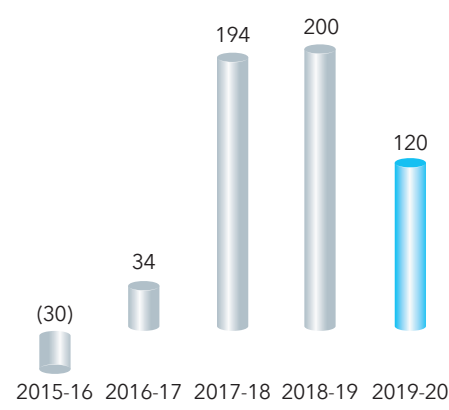
Net Revenue
(₹ Million)



EBIDTA
(₹ Million)

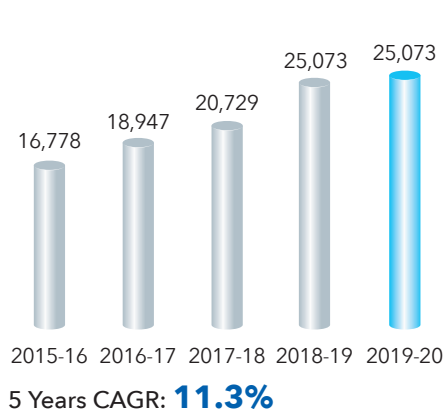


PAT
(₹ Million)

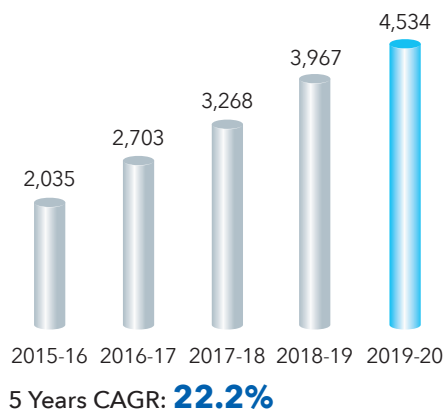


CONSOLIDATED

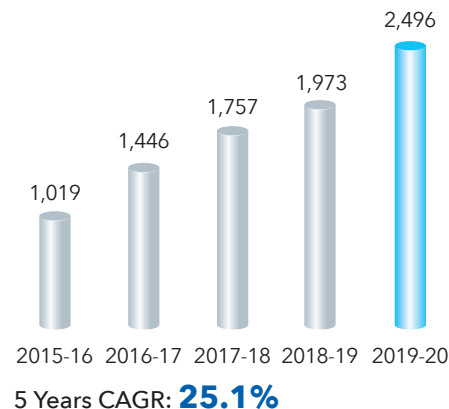
Net Revenue
(₹ Million)



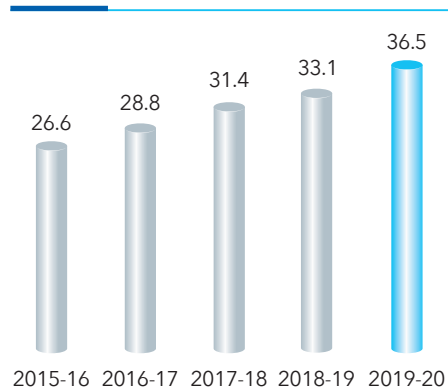
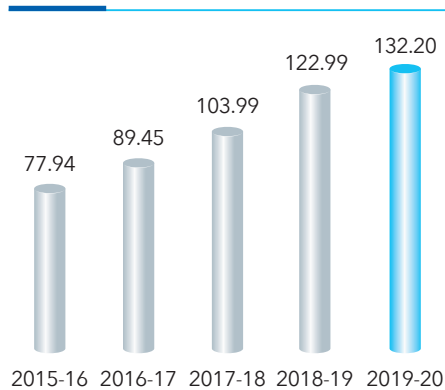
EBIDTA
(₹ Million)



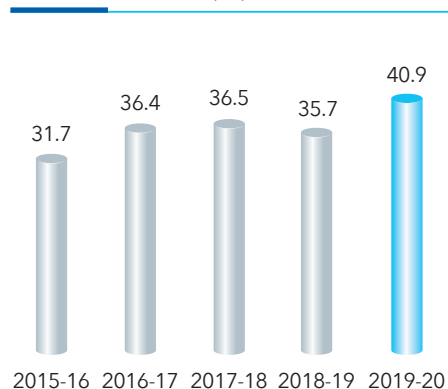
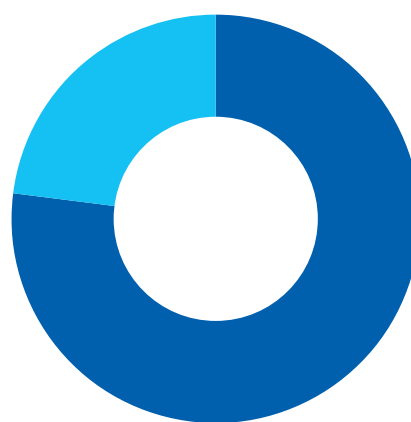
PAT
(₹ Million)



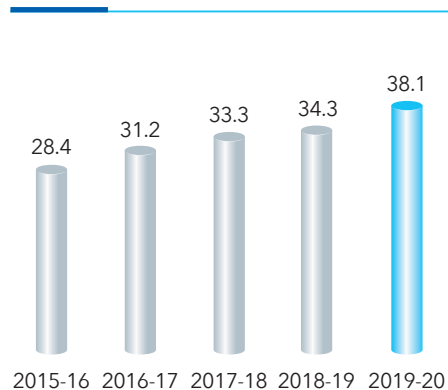
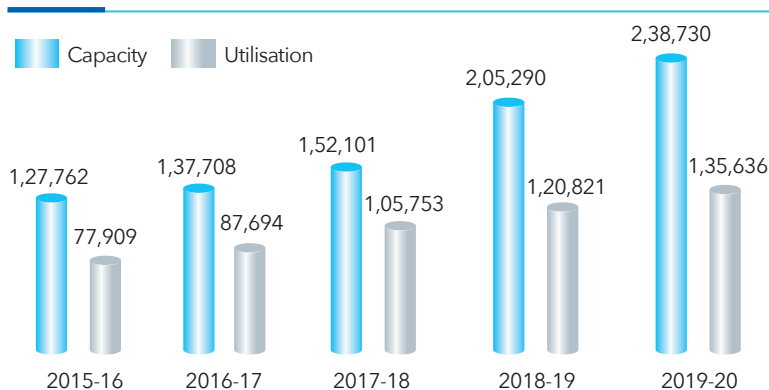
PIPING SEGMENT

Gross Profit Margin
(%)Sales Volume
(‘000 MT)5 Years CAGR: **14.1%**

ADHESIVE SEGMENT

Gross Profit Margin
(%)Revenue Mix
(%)Piping **77**Adhesive **23**

CONSOLIDATED

Gross Profit Margin
(%)Piping Capacity VS Utilisation
(Metric Tonne)

Our Vision



To be a truly global, high-performing organisation delivering quality products and services to its customers and attain leadership position in the industries we operate in.

Astral Values



Safety

- Strive to prevent accidents, injuries, and illness at work
- Provide products that meet the highest safety standards



Excellence

- Be trendsetters in the industry by delivering exceptional performance
- Deliver quality products and services to our customers



Integrity

- Be honest, fair, and do the right thing in the right way
- Operate in letter and spirit of the highest standards of corporate ethics



Equitability

- Be unbiased and respect individual contributions that stem from their diverse backgrounds
- Accept criticism and promote an open culture that enables sharing of ideas across the organisation



Teamwork

- Unleash hidden potential of employees by promoting a culture of teamwork across the organisation
- Leverage collective capabilities to achieve greater heights

Our Business Segments

With comprehensive product offerings, Astral is uniquely placed to capitalise on growing opportunities in the lucrative segments of piping, adhesive and infrastructure products.

PIPING

- **Plumbing Pipes & Fittings**
CPVC, PVC & Pex
- **Sewerage Drainage Pipes & Fittings**
SWR, DWC Piping, Low Noise drainage, Sewerage, Storm-water
- **Agriculture Pipes & Fittings**
- **Industrial Pipes & Fittings**
- **Fire Sprinklers Pipes & Fittings**
- **Conduit & Cable Protection**
- **Ancillary Products**
- **Urban Infrastructure**
- **Ducting**

ADHESIVES

- **Epoxy Adhesives & Putty**
- **Silicone Sealants**
- **Construction Chemicals**
- **PVA**
- **Cyanoacrylate**
- **Solvent Cements**
- **Tapes**
- **Polymeric Filling Compound**
- **Anaerobic Adhesives**
- **Industrial Adhesives**
- **Instant Hand Sanitizer**
- **Surface Cleaning Products**



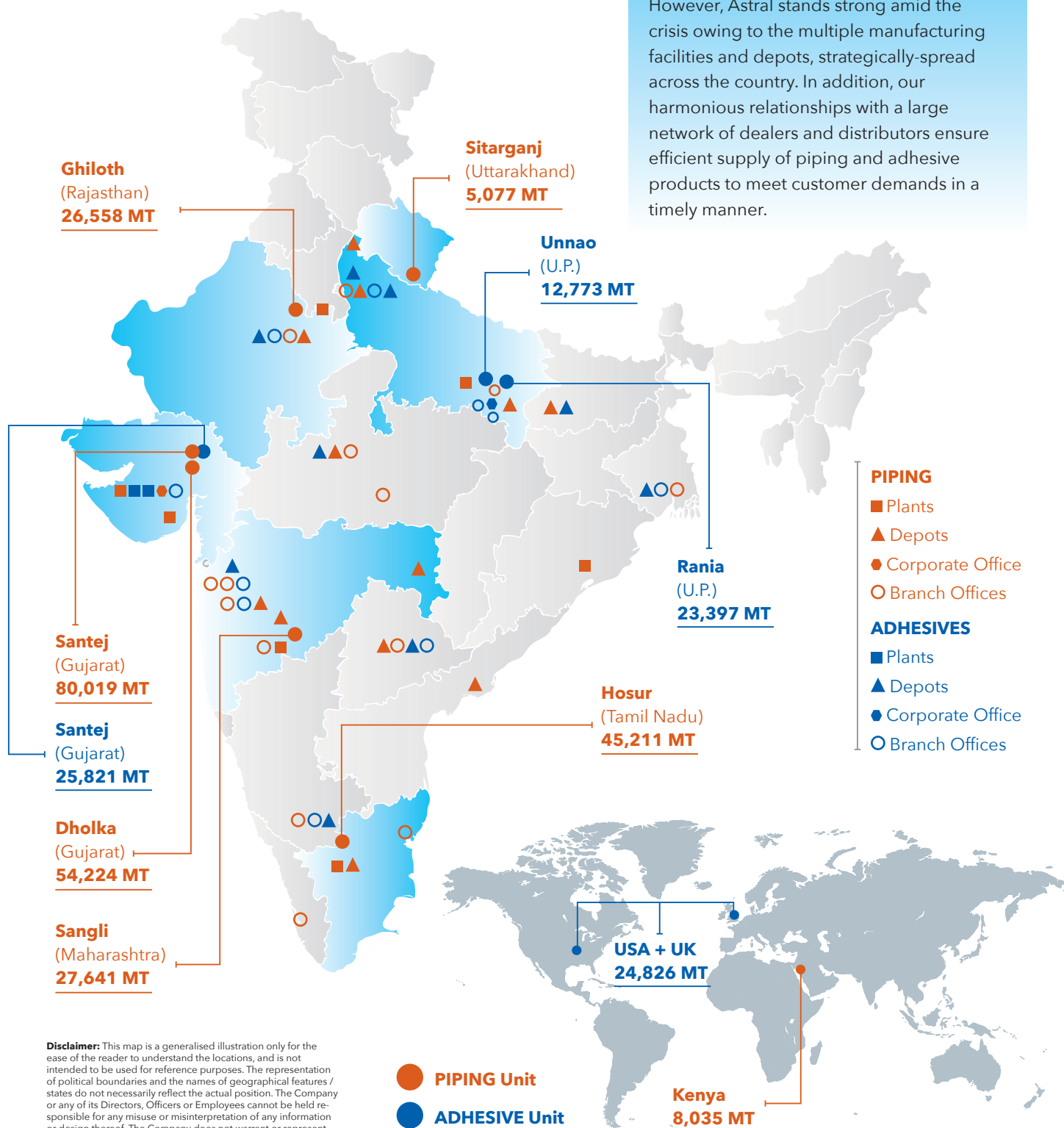
WIDESPREAD PRESENCE

We continue to stay true to our commitment of delivering excellent piping and adhesive products at a domestic and global level. Today, our presence in various geographies has enabled us to be more competitive by catering a wider range of customer segments and minimising the transport cost at the same time.

Astral Group - Pan India Presence

Our Multi-Location Footprint and Sturdy Network

In recent times, business operations and supply chains have been severely impacted by the unprecedented Covid-19 crisis. However, Astral stands strong amid the crisis owing to the multiple manufacturing facilities and depots, strategically-spread across the country. In addition, our harmonious relationships with a large network of dealers and distributors ensure efficient supply of piping and adhesive products to meet customer demands in a timely manner.



MANAGING DIRECTOR's MESSAGE



With steady performance during the year, we stand confident even in turbulent times. Diversified product range, extensive distribution network, and cutting-edge technologies, are the cornerstone of our business strategy. More importantly, robust balance sheet quality and manufacturing efficiencies remain the distinctive characteristics of our operations.

Dear Shareholders,

We are indeed living through unusual times. Countries across the globe continue to face multitude of challenges in the form of Covid-19 health crisis that contributed to an economic slowdown. The Government of India intervened by taking prompt measures to contain the spread of the virus and boost demand.

At Astral, we responded to these headwinds by being well-prepared through our strong core competencies and resilient business model. The Company implemented adequate steps to protect employees and its immediate communities. Though we faced temporary disruption in our manufacturing operations, our robust IT infrastructure ensured uninterrupted services for our customers by enabling seamless 'work from home' facility.

With steady performance during the year, we stand confident even in turbulent times. Diversified product range, extensive distribution network, and cutting-edge technologies are the cornerstone of our business strategy. More importantly, robust balance sheet quality and manufacturing efficiencies remain the distinctive characteristics of our operations.

On the financial front, our consolidated revenue during the year stood at ₹ 25,779 million in FY 2019-20 from ₹ 25,073 million in FY 2018-19. The piping segment recorded a revenue of ₹ 20,428 million with sales volume of 132,200 metric tons. The consolidated EBITDA margin and PAT margin stood at 17.59% and 9.68%, respectively, during the year under review. The anti-dumping duty imposed on CPVC resin proved to be an opportunity for the Company to gain market share, as one of the leading organised industry players.

Our state-of-the art manufacturing units and distribution channels across the country enabled us to timely deliver products to our customers despite the nationwide lockdown. We expect our new piping plant in Odisha to be ready by FY 21, which will help us expand in the North-East markets. Moreover, we acquired additional land measuring 157,648 sq. meter, adjacent to our plants located at Sangli, Hosur, Santej and Odisha. With our right expansion strategies, we are well-poised to cater a larger customer base, optimise logistic cost and explore potential opportunities in the country.

We prioritised driving technological excellence, enhancing operational efficiencies while focusing on customer-centricity. Our innovative product PEX-A-PRO has been growing consistently with great response from the customers. We further plan to manufacture the high quality PEX product in-house by sourcing the best technology and machinery from the global experts. Astral has extended its product basket by supplying double wall corrugated piping solutions in the infrastructure segment through Rex Polyextrusion Private Limited (REPL). During the year, we took various steps to fortify our brand identity. One such initiative was to bring on board the famous Bollywood celebrity, Ranveer Singh, as our new brand ambassador which will further add to the brand's visibility. We also launched a unique loyalty program for plumbers across the country and a dealer attachment program to strengthen the distributor connect.

In our Adhesive & Sealant business, we registered a consolidated revenue ₹ 5,830 million and EBITDA of ₹ 765 million during the year. We initiated structural changes in Resinova to strengthen distribution system and human capital, which impacted margins to some extent. We introduced robust IT system to track active number of