

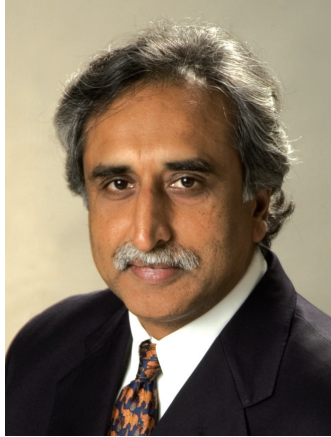


ASTEC



**Astec LifeSciences Limited**  
19<sup>th</sup> Annual Report 2012 - 2013

<b>Contents</b>	<b>Page No.</b>
Corporate Information	3
Financial Highlights	3
Notice	4
Management Discussion & Analysis	8
Report on Corporate Governance	12
Director's Report	29
Standalone Auditor's Report	35
Standalone Balance Sheet	39
Standalone Profit and Loss Account	40
Standalone Cash Flow Statement	41
Notes forming part of Standalone Accounts	43
Consolidated Auditor's Report	59
Consolidated Balance Sheet	61
Consolidated Profit and Loss Account	63
Consolidated Cash Flow Statement	64
Notes forming part of Consolidated Accounts	66
Financial Information of Subsidiary Companies	81
Attendance Slip & Proxy Form	83



**Ashok V. Hiremath**  
Chairman & Managing Director

### **Our Mission**

We will add value to our stakeholders namely our shareholders, employees and customers without compromising on ethics. We will be honest and transparent in our interactions.

We will foster long-term relationships with our customers. We will protect the safety of our employees and secure the environment.

## Corporate Information

### Board of Directors

**Ashok V. Hiremath**  
Chairman & Managing Director

**Janak J. Rawal**  
Whole Time Director

**Dr. P. L. Tiwari**  
Non-Executive - Non Independent Director

**Laxmikant Kabra**  
Non-Executive - Non Independent Director

**Prof. Vinod Malshe**  
Non-Executive - Independent Director

**Sitendu Sharma**  
Non-Executive - Independent Director

**Mohammed Zakir**  
Non-Executive - Independent Director

**Mandar K. Patil**  
Non-Executive - Independent Director

**Bankers**  
AXIS Bank Limited  
State Bank of Hyderabad  
IDBI Bank Limited

**Company Secretary & Compliance Officer**  
Vikas R. Chomal (till 25<sup>th</sup> June, 2013)  
Tejal V. Jariwala (w.e.f. 1<sup>st</sup> July, 2013)

**Cost Auditors**  
Ritesh N. Talathi & Company  
Cost Accountants

**Internal Auditors**  
P. S. V. Jain & Associates  
Chartered Accountants

### Registered Office

Elite Square, 7<sup>th</sup> Floor,  
274, Perin Nariman Street, Fort,  
Mumbai-400001, Maharashtra

### Auditors

M/s P. M. Kathariya & Co.  
Chartered Accountants  
Firm Reg. No. 104922W  
Mumbai, Maharashtra

### Plant Locations

- B-17, B-18 & B-21, MIDC Mahad, Birwadi Industrial Area, Mahad, Dist. Raigad - 413341, Maharashtra
- B-16, MIDC Mahad, Birwadi Industrial Area, Local Unit, Mahad, Dist. Raigad - 413341, Maharashtra
- Additional MIDC, Plot No: K-2/1/1, Mahad, Dist. Raigad - 413341, Maharashtra

### R & D Centre

F-39, MIDC - Phase-II  
Dombivali (East) - 421204,  
Dist. Thane, Maharashtra

### Website

[www.astecsls.com](http://www.astecsls.com)

### Registrar & Share Transfer Agents

Bigshare Services Private Limited  
E-2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (E), Mumbai - 400072,  
Maharashtra

## Financial Highlights

Rs. in lakhs

	2012-13	2011-12	2010-11	2009-10	2008-09
<b>Turnover (Gross)</b>	18,519	11,737	11,525	11,638	8,933
<b>EBDIT</b>	2,750	1,726	1,697	2,638	2,166
<b>PAT</b>	594	242	508	1,384	1,072

## Notice

---

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Astec LifeSciences Limited will be held on Tuesday, 17<sup>th</sup> September, 2013 at 4.00 P.M. at M. C. Ghia Hall, 4<sup>th</sup> Floor, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kaala Ghoda, Mumbai- 400001, Maharashtra, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2013, Profit and Loss Account for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Laxmikant Kabra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mandar Patil, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors in place of retiring Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** M/s Shah & Kathariya, Chartered Accountants be and are hereby appointed as Auditors of the Company in place of existing Statutory Auditors M/s P. M. Kathariya, to hold office from the conclusion of this annual general meeting of the Company until the conclusion of next annual general meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

6. To note and approve the exercise price and method of calculation of exercise price for ESOP Scheme. And, to consider and if thought fit, to pass, with or without modification(s) the following resolution as Ordinary Resolution, to grant, issue and allot ESOPS to whole time employees of Subsidiary Companies on the terms and conditions similar to the ESOPS granted, issued and allotted to the Employees of the Astec LifeSciences Limited under the Existing ESOP Scheme "Astec Employees Stock Options Plan 2012".

**"RESOLVED THAT** in continuation of the ESOP Scheme namely "Astec Employees Stock Options Plan 2012" approved by the shareholders in the extra ordinary general meeting held on Tuesday, 27<sup>th</sup> March, 2012, the ESOP Scheme shall also extend to the whole time employees of the subsidiary companies of Astec LifeSciences Limited on the terms and conditions similar to the ESOPS granted, issued and allotted to the Employees of the Astec LifeSciences Limited under the Existing ESOP Scheme and noted that the Company has granted ESOPS to employees at a price of Rs. 34/- (Rupees Thirty Four Only) per option which is calculated by fair value method."

Members are requested to take note and approve the same.

7. To give to a Whole time Director or Managing Director of the Company, Managerial Remuneration within the ceiling limits as per the provisions of Companies Act, 1956 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 and Schedule XIII thereto, approval be and is hereby given, to pay to a director who is in whole-time employment of the company or a Managing Director, during the period of his continuance in the office of the Whole Time Director or Managing Director, as the case may be, remuneration by way of salary, dearness allowance, perquisites, commission and other allowances, either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one and partly by the other, which shall not exceed the ceiling of total managerial remuneration which is five percent of the net profits for one such director, and if there is more than one such director, ten percent of all of them together, or such other limits as may be prescribed by the government from time to time."

**“RESOLVED FURTHER THAT** in the event of any statutory amendment or modification in the provisions of Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase or modify the remuneration including salary, commission, perquisites, allowances etc.”

None of the directors of the Company except the Whole time Director or Managing Director, as the case may be, is in any way concerned or interested in the aforesaid proposed resolution. Members are requested to consider the matter and pass the resolution to approve the same.

## **Explanatory Statement**

### **Item No. 5.**

M/s P. M. Kathariya, Chartered Accountants, the existing Auditors of the Company has resigned from the office of Auditor of the Company, and the Company has received a letter u/s 224 of the Companies Act, 1956 from M/s Shah & Kathariya, Chartered Accountants informing their eligibility and signifying their intention to be appointed as the Statutory auditors of the company for the year 2013-14. In terms of the provision of section 225 of the Companies Act, the appointment of Auditors in place of existing Auditors of the Company requires the approval of Shareholders in General Meeting by way of Ordinary Resolution.

Therefore, the Board recommends to pass necessary resolution by way of Ordinary Resolution to appoint M/s Shah & Kathariya, Chartered Accountants, as the Statutory Auditors of the Company for the year 2013-14 in place of M/s P. M. Kathariya, Chartered Accountants to hold office of the Auditors of the Company till the conclusion of the next Annual General Meeting on the remuneration as may be fixed by the Board.

A copy of the resignation tendered by the Auditors and eligibility letter as referred elsewhere are available for inspection of the members till the date of the meeting during business hours.

None of the directors of the Company is concerned or interested in the proposed resolution.

### **Item No. 6.**

The Company has taken approval of Shareholders vide special resolution in the extra ordinary general meeting held on 27<sup>th</sup> March, 2012 to grant, issue and allot 5,00,000 ESOPS to the employees of Astec LifeSciences Limited. However, the resolution does not include the granting of ESOPS to employees of Subsidiary Companies of Astec LifeSciences Limited.

Grant, issue and allotment of ESOPS to employees of Subsidiary Companies require approval of shareholders in the General Meeting. Members are requested to note and approve the same.

The Whole Time Directors (other than promoter directors) who may be eligible to avail the benefit of the above-referred plan(s) may be deemed to be interested in the said Resolution to the extent of shares, which may be offered to them.

The Company has granted ESOPS to employees at a price of Rs. 34/- per option convertible into equity shares at a price of Rs. 34/- per option. The exercise price was calculated by Fair Value Method. However the exercise price and method of calculation was not disclosed in the notice of the extra ordinary general meeting of the company held on 27<sup>th</sup> March, 2012 in which the approval of shareholders was sought for the allotment of the same.

We, therefore now disclose to the shareholders that the exercise price is Rs. 34/- per option and exercise price was calculated by Fair Value Method for their noting and approval.

None of the other Directors can be considered to be interested in or concerned with the said Resolution.

### **Item No. 7**

The remuneration payable to Whole Time Director or Managing Director, as the case may be will be within the permissible limits specified by provisions of Section 198, 269, 309 and Schedule XIII of the Companies Act, 1956 and all other applicable provisions, if any, and is commensurate with the their responsibility in a company of this size and to the extent of business operations. Thus, the Managerial remuneration within the ceiling limits is justified. Sections 269, 309, 310, schedule XIII read with applicable sections/schedules of the Act, requires approval of the shareholders in a General Meeting for amending the terms of appointment and or remuneration of managerial personnel and hence this resolution is being proposed.

None of the directors of the Company except the Whole Time Director or Managing Director, as the case may be, is in any way concerned or interested in the proposed resolution.

By the order of the Board

Sd/-

**Ashok V. Hiremath**

Chairman & Managing Director

**Date: 24<sup>th</sup> May, 2013**

**Place: Mumbai**

**Notes:**

1. A member entitled to attend and vote at the Annual General Meeting (the “meeting”) is entitled to appoint a proxy and vote on a poll instead of himself and a proxy need not be a member of the Company. The instrument appointing proxy should, however be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
2. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.
3. Members are requested to bring their attendance slip along with their copy of annual report to the meeting.
4. In case of joint holders attending meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, after 1.00 p.m. up to the date of the Meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 4<sup>th</sup> September, 2013 to Friday, 6<sup>th</sup> September, 2013, both days inclusive.
7. The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched between 18<sup>th</sup> September, 2013 to 25<sup>th</sup> September, 2013, to those members whose names shall appear on the Company’s Register of Members on 4<sup>th</sup> September, 2013; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
8. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the members.
9. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company/Registrars and Transfer Agents, M/s Big Share Services Private Limited.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrars and Transfer Agents, M/s Big Share Services Private Limited.
11. Non-Resident Indian Members are requested to inform Big Share Services, immediately of:
  - a. Change in their residential status on return to India for permanent settlement.
  - b. Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

12. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company secretary at least Five days before the date of meeting, so that the information required may be made available at the meeting.
13. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years is to be transferred to the Investor Education and Protection Fund. Details of dividend declared from the year 2005-06 onwards are given below.

Financial Year	Declared on	Dividend %	Dividend/Share (Rs.)
2005-06	22.08.2006	33%	33*
2006-07	27.09.2007	15%	15*
2007-08	28.08.2008	10%	1
2008-09	27.08.2009	7.5%	0.75
2009-10	23.08.2010	10%	1
2010-11	23.09.2011	5%	0.50
2011-12	25.09.2012	5%	0.50

\*Face value is Rs. 100/- per share.

Members, who have not encashed the dividend warrants for the above years, are requested to write to the Company giving the necessary details.

The equity Shares of the Company are listed on BSE Limited, Dalal Street, Mumbai-400001 and National Stock Exchange of India Limited, Exchange Plaza, Bandra Kurla Complex, Bandra, Mumbai-400051. The listing fees have been paid up-to-date to these Exchanges.

14. Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (pursuant to clause 49 of the listing agreement entered into with the Stock Exchanges).

Name of Director	Laxmikant Ramprasad Kabra	Mandar Kamlakar Patil
Date of Birth	09/03/1969	24/05/1970
Relationship with other Directors interse	None	None
Date of Appointment	25/01/1994	27/05/2012
Expertise in specific Functional Area	Mr. Laxmikant Kabra, is an eminent Chartered Accountant. He has over 23 years of experience in the fields of Income Tax, Company Law, Banking, Finance etc. During his tenure he has worked with Ficom Organics Limited and Rishiroop Rubber International Limited for two years each after which he started his own practice as a Chartered Accountant in Mumbai under the firm name Laxmikant Kabra & Co.	Mr. Mandar Kamlakar Patil is a Chartered Accountant in Practice for over 19 Years. He is practicing from Thane and is specialized in Statutory Audits, Direct Taxation and Indirect Taxation. He is the major contributor to the Company in the field of taxation.
Qualification	B.com, F.C.A	B.com, F.C.A
No. of Equity Shares held in the Company	1100	Nil
Directorship in other Indian Public Limited Companies	5	1
Chairmanship/Membership of Committees in other Indian Public Limited Companies	1	1



## Management Discussion & Analysis

---

*(Statements in this Report, particularly those which relate to the Company's objectives, projections, estimates and expectations may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.)*

### **Business Environment**

The Agro-chemicals Industry grows in tandem with the agricultural sector. Agricultural growth itself is greatly affected by monsoon, especially in the agrarian economies with large tracts of land-mass remaining uncovered with water irrigation systems. Thus, a year of good monsoon is a harbinger of growth for the agrarian economies, including Agro-chemicals Industry. Conversely, the vagaries of monsoon tend to be a spoiler for the sector.

As is well known, countries with large and growing population are forever under pressure for higher food produce from their limited land mass; the arable land itself is limited and getting shrunk all over the world in the wake of industrial development and urbanization. The scenario makes it imperative for the stakeholders in the agriculture space to look for and adopt new and more efficient methods of crop protection and of maximizing their yields from the given land resources under cultivation. Agro-chemicals are gaining acceptance worldwide with increasing awareness of their beneficial role in minimizing losses due to pests and thereby improving yields. For the players in the Agro-chemicals Industry, the challenge is to develop new products through research and innovation for more efficient crop protection through safe and efficient products and product applications across broad spectrum of agricultural crops in all parts of the world.

### **Global Agrochemical Industry**

Globally, the standout markets are the ones in Asia, Europe and Latin America where the Agro-chemicals business has been reporting consistently high growth, riding on increasing agricultural production and strong commodity prices. Latin America at 13% is the highest growing region; Brazil happens to be the country with highest consumption of Agro-chemicals and has a market size of about US \$ 9 Billion.

The Industry growth has been around 7-8% globally in recent years, thanks in good part to good monsoons over several years in most markets. In the year 2012, the industry witnessed a growth of 6.4% on nominal terms and 8.9% on real terms and has reached a turnover size of \$ 47.3 Billion. Along with non-agricultural consumption the industry size is about 53 Billion. Global Commodity prices have been ruling firm at high levels since 2012, on the back of growing demand and the situation is unlikely to be any different in 2013, given present levels of global commodity stocks and growing demand. Going by the current scenario of continuing high prices of commodity stocks, the expectation is that 2013 would be a good year for the agrarian economies across the Globe. The Agro-chemicals Industry is likewise expected to fare well in 2013. Over the next 5 years, the Industry is expected to grow at about 5% annually, at which rate it should be a \$67 Billion Industry by 2017 including non-agricultural consumption.

### **Indian Agrochemical Industry**

Indian Agro-chemicals Industry is the 11<sup>th</sup> largest globally and the sixth fastest growing market across the world. However, consumption of crop protection products in India is among the lowest in the world at 0.6 kg/ha compared to 13 kg/ha in China and 7 kg/ha in US. Crop losses in India due to pest attack are about 28% among the highest in the world. There is thus a huge scope and potential for wider and intensive use of quality pesticides hand in hand with use of modern farming techniques through education and creating awareness among the farming community.

The Indian agricultural industry, post a poor Rabi season in the previous year, witnessed inconsistent monsoon in 2012-13, impacting farm economy across the States in North, Gujarat, Maharashtra and some parts of Karnataka. Cotton acreage fell by nearly 10% over the previous year and Paddy crop was affected due to lower water storage in dams in key states. These conditions materially affecting the Agro-chemicals Industry have been offset to some extent as a result of increased consumption of herbicides and insecticides in Soya and Pulses segments. Overall, the Industry estimated to be around 9000 Crores achieved a modest growth of less than 5%. MNCs continue to maintain their market leadership by virtue of new molecules.

The overall food production is estimated to be close to 250 Million tons in 2012-13, marginally short of the record level of 252 Million tons of food production achieved in 2011-12. Government continues to permit export of wheat and other selected commodities whose stocks are far in excess of the buffer levels of storage. Sustained demand for food crops and high commodity prices for most of the crops (other than cotton) are expected to boost consumption of Agro-chemicals driving the domestic industry towards double-digit growth, under normal monsoon conditions.

### Company's Performance

The focus of the Company in the year 2012-13 has been on improving performance across all aspects of its business operations namely; enhance manufacturing capability and consistency in production, becoming fully compliant with environmental regulations, achieving competitiveness through efficiency in operations and enhance market presence and access leading to accelerated and profitable growth.

In the year 2011-12, the Company had to incur high spends on effluent treatment in order to meet the environmental regulations; it had to resort to further borrowing to address capital expenditure requirements and the infrastructure requirements for environment management.

The remedial measures initiated since the latter half of the year 2011-12 and carried through in the year 2012-13 have led to significant progress in the year 2012-13 in various critical areas of Company performance:

- Capacity of key large volume molecules enhanced through de-bottlenecking to support higher volumes of production in peak season.
- The overall portfolio of registrations held by the Company is 92, spread over 44 countries and in addition to it, Company has about 100 registrations to cater the Indian market.
- Your Company has identified contract manufacturing as a platform for future growth. India is well positioned to capitalize on this opportunity as multinationals are moving manufacturing from high cost western economies to India and China. India has a strong pool of scientific manpower and a well developed eco-system for the production of fine chemicals. Last year your company commenced commercial production of at its new state of the art facility at its new site at MIDC Mahad, Maharashtra (K-2). The said facility incorporates the proprietary process technology developed by our multinational major customer. We are pleased to inform you that work of the second project is also completed and the commercial production has already started. The commencement of these new projects will have a substantial positive impact on the Company's agrochemical business in coming years.

These initiatives contributed to Production Volumes going up. During the year 2012-13 Turnover (Net) was Rs.165.65 Crores as against Rs.110.84 Crores in the year 2011-12. The export Turnover was at Rs. 77.01 Crores as against Rs. 38.44 Crores in 2011-12.

### Outlook

The Company has product offerings mainly in the segments of the crop protection Industry i.e., Fungicides, Insecticides, Herbicides. The Company's strategy is to consolidate its presence through a few key products and access customers across the globe with a view to ensure stable performance quarter on quarter in an otherwise seasonal industry. Export volumes complement domestic sales and insulate us against vagaries and shifts in market behavior, which is not an uncommon experience in the agrochemical business. For the year 2012, it is estimated that the growth in fungicides sales, a key segment of Astec's business, had outpaced the growth of the Industry. It is expected that this trend of higher growth of fungicides is to continue in the coming years. The initiatives taken by Astec over the preceding couple of years, more so in 2012-13 and its strategic plans going forward are expected to put the Company in a position to capitalize on this opportunity significantly in the markets of its presence.

Your company has increased capacities of its plants. It has also implemented many cost reduction measures. In addition to this it has introduced new measures to improve its EHS performance.

Investment already made in additional capacities including waste water treatment facilities would make it possible to undertake treatment of higher volumes of production and reduce effluent treatment costs.