



Astec LifeSciences Limited

20th Annual Report 2013-2014

Contents	Page No.
Corporate Information	3
Financial Highlights	3
Notice	4
Management Discussion And Analysis	19
Corporate Governance Report	22
Director's Report	40
Standalone Auditor's Report	47
Standalone Balance Sheet	51
Standalone Profit and Loss Account	52
Standalone Cash Flow Statement	53
Notes forming part of Standalone Accounts	55
Consolidated Auditor's Report	68
Consolidated Balance Sheet	70
Consolidated Profit and Loss Account	72
Consolidated Cash Flow Statement	73
Notes forming part of Consolidated Accounts	75
Financial information of Subsidiary Companies	87
Attendance Slip	88
Proxy Form	90

Important Communication To Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.



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 Ltd.
State Bank of Hyderabad
IDBI Bank Ltd.

Company Secretary & Compliance Officer
Tejal Jariwala

Cost Auditors
M/s NNT & Co.
Nikita Nimesh Talati
Cost Accountants
Membership No: 28904

Registered Office

Elite Square, 7th Floor, 274,
Perin Nariman Street, Fort,
Mumbai-400001, Maharashtra

Plant Locations

- i) B-17, B-18 & B-21, MIDC Mahad
Birwadi Industrial Area, Mahad,
Dist. Raigad-413341, Maharashtra
- ii) B-16, MIDC Mahad, Birwadi Industrial
Area, Local Unit, Mahad,
Dist. Raigad- 413341, Maharashtra
- iii) 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

Registrar & Share Transfer Agents

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

Statutory Auditors

M/s. Shah & Kathariya
Chartered Accountants
Firm Reg. No.115171W
Mumbai, Maharashtra

Financial Highlights

Rs.in Lacs

	2013-14	2012-13	2011-12	2010-11	2009-10
Turnover (Gross)	22,004	19,431	11,937	11,357	11,649
EBDIT	3,516	2,806	1,611	1,685	2,648
PAT	865	590	127	488	1,384

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the members of Astec LifeSciences Limited will be held on 23rd September, 2014 at 3.30 P.M. at Kilachand Conference Room, 2nd Floor, IMC Building, IMC Marg, Churchgate, Mumbai-400020, to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements as at 31st March, 2014 together with Reports of Directors and Auditors thereon.
2. To declare Dividend for the year 2013-14.
3. To appoint a Director in place of Dr. P. L. Tiwari, who retires by rotation and, being eligible offers himself for re-appointment.
4. To appoint 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 pursuant to provisions of Section 139 of Companies Act, 2013 and other applicable provisions, if any, for the time being in force, M/s Shah & Kathariya, Chartered Accountants, Mumbai (ICAI Regn No. 115171W) be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as agreed upon by the Board of Directors for the financial year 2014-15."

5. To appoint Mr. Vinod Malshe (DIN:00642540) as an Independent Director 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 Section 149, 152 read with Schedule IV and all other applicable provisions of Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof at any time being in force) and Clause 49 of the Listing Agreement, Mr. Vinod Malshe (DIN:00642540), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 1 year upto the conclusion of next Annual General Meeting which shall be held in the year 2015."

6. To appoint Mr. Sitendu Sharma (DIN:01956423) as an Independent Director 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 Section 149, 152 read with Schedule IV and all other applicable provisions of Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof at any time being in force) and Clause 49 of the Listing Agreement, Mr. Sitendu Sharma (DIN:01956423), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible

for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 1 year upto the conclusion of next Annual General Meeting which shall be held in the year 2015.”

7. To appoint Mr. Mohammed Zakir (DIN:00331018) as an Independent Director 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 Section 149, 152 read with Schedule IV and all other applicable provisions of Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof at any time being in force) and Clause 49 of the Listing Agreement, Mr. Mohammed Zakir (DIN:00331018), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 1 year upto the conclusion of next Annual General Meeting which shall be held in the year 2015.”

8. To appoint Mr. Mandar Patil (DIN:05284076) as an Independent Director 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 Section 149, 152 read with Schedule IV and all other applicable provisions of Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof at any time being in force) and Clause 49 of the Listing Agreement, Mr. Mandar Patil (DIN: 05284076), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 1 year upto the conclusion of next Annual General Meeting which shall be held in the year 2015.”

9. To appoint Dr. Leena Raje, (DIN: 06961551) as a Director on the Board of the Company as an Independent Director 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 provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing agreement, Dr. Leena Raje (DIN:06961551), who has submitted a declaration that she meets the criteria for independence and as provided in Section 149(6) of the Act and who is eligible for appointment be and is hereby appointed as a Non Executive Independent Director of the Company to hold office for a period of 1 year upto the conclusion of next Annual General Meeting which shall be held in the year 2015.”

10. To adopt new set of Memorandum of Association of the Company in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

"RESOLVED THAT, pursuant to provisions of section-13 and other applicable provisions of Companies Act, 2013, read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s), or re-enactment thereof, for the time being in force), a new set of Memorandum of Association of Astec LifeSciences Limited, be and is hereby approved and adopted in substitution, and the entire exclusion, of the existing Memorandum as placed before the Members and duly initialed by the Chairman for identification purpose."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

11. To adopt new set of Articles of Association of the Company in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

"RESOLVED THAT, pursuant to provisions of section-14 and other applicable provisions of Companies Act, 2013, read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s), or re-enactment thereof, for the time being in force), a new set of Article of Association of Astec LifeSciences Limited, be and is hereby approved and adopted in substitution, and the entire exclusion, of the existing Article of Association as placed before the Members and duly initialed by the Chairman for identification purpose."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

12. To consider and if thought fit to pass with or without modification(s) the following resolution as **Special Resolution:**

"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and Sections 62 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the board of directors of the company (hereinafter referred to as "the board" which term shall be deemed to include any committees thereof), consent of the members be and is hereby accorded for amending the existing clauses 11 & 12.3(a) of ESOP Scheme as follows. The existing Clause 11 & 12.3(a) of the ESOP Scheme be changed with the following.

Clause 11. Options shall be granted in the following manner in case of all category i.e. 1, 2, 3 & 4.

Category	1	2	3	4
No. of options eligible in respective category	40,000	10,000	3,000	2,000

Clause 12.3 (a). The Options granted by the Compensation Committee shall vest & may be exercised in the following manner:

- (i) 40% of the options at the end of One year from the date of grant.
- (ii) 30% of the options at the end of the Two years from the date of grant.
- (iii) 20% of the Options at the end of the Three years from the date of grant
- (iv) 10% of the options at the end of Four Years form the date of grant.

The Options other than those vested in the first lot, shall vest on a yearly basis. The options under the first lot shall vest at the end of One year from the date of grant.

- (b) Subject to the provisions of sub clause (c) herein below, at the end of each Vesting Period, the employee has a period of 7 years to exercise the Options covered under the said Vesting Period.
- (c) Options not exercised during any particular exercise period, can be carried forward to the subsequent exercise period(s), provided however that all the Options, have to be exercised within a period of 7 years from the date of the vesting period in respect of the final lot, after which any unexercised options shall lapse.
- (d) The exercise period determined by the Compensation Committee under Clause 21 of the ESOP 2012 shall be the period within which the options shall be exercised.
- (e) Notwithstanding anything contained in the relevant provisions of ESOP 2012, it shall always be a pre-condition for the exercise of the options that the employee should be in services with the Company or its subsidiaries, as the case may be and in the event the employee ceases from the services of the Company or its subsidiaries by reason of resignation or termination, the entire lot of the options granted and vested but not exercised shall lapse.
- (f) There shall be no lock-in period after the shares are issued pursuant to exercise of options by the employees.

“RESOLVED FURTHER THAT the Company be and is hereby authorized to enter a new clause 22 & 23 after the existing clause 21 in the ESOP Scheme in compliance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

Clause 22. Appraisal Process

Before granting the options to the employees under the Plan, the Board including the Compensation Committee) would, apart from examining and valuating overall group corporate performance, inter alia, take into consideration the length of service, grade, performance, merit, key position, future potential contribution and conduct of the employee and such other factors as may be deemed appropriate by it.

Clause 23. Compliance with Accounting Standards

At all times Company shall comply with all the applicable Accounting Standards and Policies in respect of the ESOP Scheme, 2012.”

“RESOLVED FURTHER THAT the information to be mentioned in Schedule V pertaining to maximum number of options to be granted per employee be increased to 40,000 options to bring it in compliance with clause 11 of the ESOP Scheme 2012”.

“RESOLVED FURTHER THAT the ESOP Compensation Committee be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary

or desirable for the purpose of giving effect to this resolution with power to settle any issues, questions, difficulties or doubts that may arise in this regard.”

13. To increase the Authorised Capital of the Company, and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to provisions of Section 61 of the Companies Act, 2013 and other applicable provisions, if any, the Authorised Capital of the Company be and is hereby increased from Rs.20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 Equity Shares of Rs.10 each to Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 Equity Shares of Rs.10/- each, each ranking pari-passu with the existing Equity Shares.”

14. To amend the capital clause of Memorandum of Association of the Company, and in this regard, if thought fit to pass, with or without modification(s), the following resolution as **Special Resolution**:

“**RESOLVED THAT** consequent upon increase in share capital as aforesaid, the existing clause V of the Memorandum of Association of the Company be and is hereby substituted by the following: The Authorised Capital of the Company is Rs.25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 Equity Shares of Rs.10/- each.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to make necessary amendments in the Memorandum of Association of the Company and to do all such acts, deeds and things as may be necessary to give effect to the above resolution.”

15. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment thereof for the time being in force, Nikita Nimesh Talati, M/s NNT & Co., Cost Accountants (Firm Registration Number 28904), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration of Rs.40,000/- for conducting the Cost Audit.”

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. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

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/proxies are requested to bring duly filled attendance slips and Ballot form along with their copy of annual report sent herewith to attend the meeting.
4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the Attendance Form for attending the meeting.
5. In case of joint holders attending meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. 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, during business hours up to the date of the Meeting.
7. (a) The Company has notified closure of Register of Members and Share Transfer Books from 17th September, 2014 to 23rd September, 2014 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
(b) The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched between 24th September, 2014 and 30th September, 2014 to those members whose names shall appear on the Company's Register of Members on 17th September, 2014; 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, Bigshare Services Private Limited 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 or bank mandates immediately to the Company/Registrars and Transfer Agents, M/s. Bigshare 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. Bigshare Services Private Limited.