



CHEMISTRY AT **WORK**

ANNUAL
REPORT | **2018-19**
Astec LifeSciences Limited



CONTENTS

Particulars	Page No.
Board of Directors	2
Corporate Information	3
Managing Director's Message	5
Financial Highlights	7
Notice of Annual General Meeting (AGM) and Explanatory Statement	8
Management Discussion and Analysis Report	27
Directors' Report and Annexures	29
Corporate Governance Report	70
Auditors' Report (Standalone)	108
Standalone Financials	118
Auditors' Report (Consolidated)	172
Consolidated Financials	180
Proxy Form	-
Attendance Slip	-
Route Map for AGM Venue	-

Green Initiative : Important Communication to Shareholders

The Ministry of Corporate Affairs (MCA) 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 through e-mail to the Shareholders. To support this green initiative of the Government in full measure, Shareholders 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.

BOARD OF DIRECTORS



Mr. Nadir B. Godrej
Chairman



Mr. Ashok V. Hiremath
Managing Director



Mr. Balram Singh Yadav
Director



Mr. Rakesh Dogra
Director



Mr. Arijit Mukherjee
Whole Time Director



Mr. Sitendu Sharma
Director



Dr. Leena Raje
Director



Mr. Vinod Malshe
Director



Dr. Brahma Nand Vyas
Director



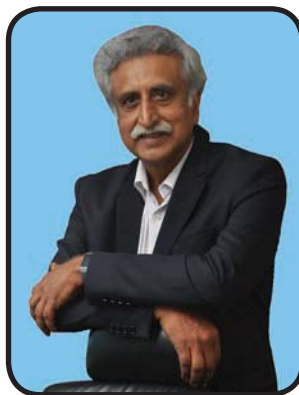
Mr. Vijay Kashinath Khot
Director

CORPORATE INFORMATION

BOARD OF DIRECTORS	: Mr. Nadir B. Godrej (Chairman) Mr. Ashok V. Hiremath (Managing Director) Mr. Arijit Mukherjee (Whole-Time Director) Mr. Balram Singh Yadav Mr. Rakesh Dogra Mr. Sitendu Sharma Mr. Vinod Malshe Dr. Leena Rajee Dr. Brahma Nand Vyas Mr. Vijay Kashinath Khot
STATUTORY AUDITORS	: B S R & Co. LLP, Chartered Accountants
SECRETARIAL AUDITORS	: BNP & Associates, Company Secretaries
COST AUDITORS	: NNT & Co., Cost Accountants
BOARD COMMITTEES	
AUDIT COMMITTEE	: Mr. Sitendu Sharma (Chairman) Mr. Vinod Malshe Dr. Leena Rajee Mr. Vijay Kashinath Khot Dr. Brahma Nand Vyas (w.e.f. 1 st August, 2018) Mr. Ashok V. Hiremath Mr. Balram Singh Yadav
NOMINATION AND REMUNERATION COMMITTEE	: Mr. Vinod Malshe (Chairman) Dr. Leena Rajee Mr. Balram Singh Yadav
STAKEHOLDERS' RELATIONSHIP COMMITTEE	: Mr. Balram Singh Yadav (Chairman) Mr. Sitendu Sharma Mr. Vinod Malshe
CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	: Mr. Vinod Malshe (Chairman) Dr. Leena Rajee Mr. Ashok V. Hiremath Mr. Balram Singh Yadav
RISK MANAGEMENT COMMITTEE	: Mr. Ashok V. Hiremath (Chairman) Mr. Sitendu Sharma Mr. Balram Singh Yadav Mr. Saurav Bhala
COMPENSATION COMMITTEE	: Mr. Sitendu Sharma (Chairman) Mr. Vinod Malshe Mr. Balram Singh Yadav
MANAGING COMMITTEE	: Mr. Balram Singh Yadav (Chairman) Mr. Ashok V. Hiremath Mr. Rakesh Dogra

CHIEF FINANCIAL OFFICER	: Mr. Saurav Bhala
COMPANY SECRETARY & COMPLIANCE OFFICER	: Ms. Tejal Jariwala (upto 31 st October, 2018) Ms. Tejashree Pradhan (w.e.f. 1 st November, 2018)
REGISTRAR AND SHARE TRANSFER AGENT	: Bigshare Services Private Limited 1 st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai – 400 059, Maharashtra Tel. No.: 022 - 6263 8200, Fax No.: 022 - 6263 8299 Website: www.bigshareonline.com E-mail: info@bigshareonline.com
REGISTERED OFFICE	: “Godrej One”, 3 rd Floor, Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai – 400 079, Maharashtra Tel. No.: 022 - 2518 8010 Fax No.: 022 - 2261 8289 Website: www.astecsls.com Email: astecinfo@godrejastec.com Corporate Identity Number (CIN): L99999MH1994PLC076236
FACTORIES	: (1) B-17, B-18 and B-21, MIDC Mahad, Birwadi Industrial Area, Mahad, District Raigad – 402 309, Maharashtra (2) B-16, MIDC Mahad, Birwadi Industrial Area, Mahad, District Raigad – 402 309, Maharashtra (3) Additional MIDC Plot No.: K-2/1/1, Mahad, District Raigad – 402 302, Maharashtra (4) Additional MIDC Plot No.: K-2/1/2, Mahad, District Raigad – 402 302, Maharashtra
RESEARCH & DEVELOPMENT CENTRE	: F-39, MIDC - Phase-II Dombivili (East) – 421 204, District Thane, Maharashtra
BANKERS	: ICICI Bank Limited

MANAGING DIRECTOR'S MESSAGE



Mr. Ashok V. Hiremath
Managing Director

Dear Shareholders,

Astec continued on its journey of sustained growth during the Financial Year 2018-19. Total Revenues grew by 16.64% from ₹ 37,895 Lakh during 2017-18 to ₹ 44,200 Lakh during 2018-19. Exports increased from 54.61% of Sales during 2017-18 to 56.38% of Sales during 2018-19. Profit After Tax (PAT) improved by 2.05%, from ₹ 3,497 Lakh during 2017-18 to ₹ 3,569 Lakh during 2018-19. PAT growth did not keep up with Revenue growth due to sudden changes in input costs in the last Quarter, which we were unable to pass on to our customers.

Problems in China continued due to strict environmental controls introduced by their Government in line with their 'blue skies' policy. This was compounded by some major accidents that shut down several major industrial hubs in China resulting in sharp and frequent increases in input costs which led to pressure on margin. However, Western and Japanese customers continue their strategy to de-risk their supply chain from China and this will result in further increase in demand for our products.

Astec's increased capacities were essential to responding to the increased demand for our products. Astec's long term relationships are key to getting a significant share of the increased demand.

The Company's contract manufacturing business also performed well and we saw strong demand for our products. We also have several projects in the pipeline which will be rolled out over the next few years.

A new plant to manufacture the intermediates was commissioned during 2018-19 and is performing as per expectations. This has led to improvement and stability in margins and less dependence on China.

We have also undertaken additional projects in this Financial Year to cater to new products and backward integration with a clear strategy to reduce our dependence on China and to be a preferred partner for new products that our customers need. We will also be installing and commissioning a new herbicide plant.

Our Research & Development (R&D) team continues to develop new products at a healthy pace. We will commercialize 2 (two) new products in the current Financial Year. We will also expand our R&D footprint during this year.

We are in the final stages of purchasing a new site for a major R&D Centre, which will result in a quantum jump in our R&D capabilities. We hope to commission this facility in the next 18 (eighteen) months.

Our Environment, Health and Safety team continued its excellent work. Your Company received the prestigious Indian Chemical Council award for "Excellence in Management of Health and Safety".

Your Company's short term rating has been upgraded from "A1" to "A1+" and the long term rating from "A" to "AA-".

Our CSR activities continued in line with the Group's Good and Green philosophy. We worked on projects in the area of education, water and sanitation. Our programme to enhance rural livelihood of communities in the areas of our manufacturing plants yielded good results.

Finally, I would like to express my sincere appreciation to all our employees, for their contribution towards the performance of the Company. I also appreciate the support received from our customers, suppliers, various Government departments and gratefully acknowledge the continuous support of all our Shareholders.

Your sincerely,

Ashok Hiremath
Managing Director
Astec LifeSciences Limited

FINANCIAL HIGHLIGHTS

Standalone Financial Highlights:

(₹ in Lakh)

Particulars	2018-19	2017-18	2016-17
Revenue from Operations	43,090.12	37,084.52	31,275.74
Earnings Before Exceptional Items, Interest, Tax, Depreciation and Amortisation	8,750.98	7,685.74	6,513.22
Profit / (Loss) Before Exceptional Items and Tax	5,579.33	5,152.57	3,922.93
Profit / (Loss) Before Tax	5,579.33	5,567.78	2,862.72
Profit / (Loss) After Tax	3,568.60	3,497.08	1,909.42
Other Comprehensive Income (Net of Tax)	18.69	(28.30)	(10.64)
Total Comprehensive Income	3,587.29	3,468.78	1,898.78
Earnings Per Share - Basic (in ₹)	18.26	17.91	9.79
Earnings Per Share - Diluted (in ₹)	18.23	17.88	9.77
Total Equity	20,246.49	16,968.69	13,798.55
Total Debt	17,566.79	12,457.48	12,655.96
Proposed Dividend, subject to approval of the Shareholders at the ensuing 25 th AGM (per Equity Share of Face Value of ₹ 10/- each) (in ₹)	1.50	1.50	1.50

Consolidated Financial Highlights:

(₹ in Lakh)

Particulars	2018-19	2017-18	2016-17
Revenue from Operations	43,090.12	37,084.52	31,340.35
Earnings Before Exceptional Items, Interest, Tax, Depreciation and Amortisation	8,762.94	7,690.13	6,526.23
Profit / (Loss) Before Exceptional Items and Tax	5,590.41	5,155.95	3,934.51
Profit / (Loss) Before Tax	5,590.41	5,571.16	2,874.30
Profit / (Loss) After Tax	3,576.54	3,503.74	1,917.86
Other Comprehensive Income (Net of Tax)	19.45	(28.89)	(4.97)
Total Comprehensive Income	3,595.99	3,474.85	1,912.90
Earnings Per Share - Basic (in ₹)	18.28	17.88	9.81
Earnings Per Share - Diluted (in ₹)	18.26	17.84	9.78
Total Equity	20,279.90	16,993.41	13,817.22
Total Debt	17,566.79	12,457.48	12,655.96



ASTEC

ASTEC LIFESCIENCES LIMITED

Corporate Identity Number (CIN): L99999MH1994PLC076236

Registered Office: "Godrej One", 3rd Floor, Pirojshanagar, Eastern Express Highway,
Vikhroli (East), Mumbai – 400 079, Maharashtra

Tel.: +91 22 2518 8010; **Fax:** +91 22 2261 8289; **Website:** www.astecsls.com;

Email: astecinvestors@godrejastec.com

NOTICE OF THE 25TH (TWENTY FIFTH) ANNUAL GENERAL MEETING

NOTICE is hereby given that the 25th (Twenty Fifth) Annual General Meeting ("AGM") of the Shareholders of ASTEC LIFESCIENCES LIMITED will be held on Friday, 26th July, 2019 at 3.30 p.m. (IST) at the Auditorium, "Godrej One", Pirojshanagar, Eastern Express Highway, Vikhroli (East), Mumbai – 400 079, Maharashtra, to transact the following business:

ORDINARY BUSINESS:

1. Adoption of Financial Statements for the Financial Year ended 31st March, 2019:

To consider and adopt the Audited Financial Statements (including Standalone and Consolidated Financial Statements) of the Company for the Financial Year ended 31st March, 2019 and the Reports of the Board of Directors and the Statutory Auditors thereon.

2. Declaration of Final Dividend on Equity Shares for the Financial Year ended 31st March, 2019:

To declare Final Dividend @ 15% (Fifteen per cent) [i.e., @ ₹ 1.50 (Rupee One Paise Fifty Only) per Equity Share of Face Value of ₹ 10/- (Rupees Ten Only)] for the Financial Year ended 31st March, 2019.

3. Appointment of Mr. Rakesh Dogra as a "Director", liable to retire by rotation, who has offered himself for re-appointment:

To appoint a Director in place of Mr. Rakesh Dogra (DIN: 07334098), who retires by rotation and, being eligible, offers himself for re-appointment.

The Shareholders are requested to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:-**

"RESOLVED THAT pursuant to provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the Shareholders of the Company, be and is hereby accorded to the re-appointment of Mr. Rakesh Dogra [Director Identification Number (DIN): 07334098] as a "Director", to the extent that he is required to retire by rotation."

SPECIAL BUSINESS:

4. Re-appointment of Mr. Ashok V. Hiremath as the "Managing Director" of the Company:

To re-appoint Mr. Ashok V. Hiremath (DIN: 00349345) as the "Managing Director" of the Company for a period of 1 (one) year with effect from 1st April, 2019 upto 31st March, 2020, and to consider and if thought fit, to pass the following as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force], read with Schedule V to the Companies Act, 2013 (as may be amended from time to time), and pursuant to resolutions passed by the Nomination and Remuneration Committee and the Board of Directors at their respective Meetings held on 29th March,

2019, the approval of the Shareholders of the Company be and is hereby granted for re-appointment of Mr. Ashok V. Hiremath [Director Identification Number (DIN): 00349345] as the “Managing Director” of the Company for a period of 1 (one) year with effect from 1st April, 2019 upto 31st March, 2020, on the terms and conditions as set out in the Explanatory Statement annexed to the Notice of the 25th (Twenty Fifth) Annual General Meeting.”

“RESOLVED FURTHER THAT the remuneration and perquisites within the limit as set out in the Explanatory Statement be paid and allowed to Mr. Ashok V. Hiremath for the Financial Year ending 31st March, 2020, notwithstanding any loss or inadequacy of profit during the said Financial Year, subject to necessary compliance with the provisions of the Companies Act, 2013 and the Rules framed thereunder [including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force].”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the said re-appointment and remuneration of Mr. Ashok V. Hiremath at its discretion and as it may deem fit from time to time, so as to not exceed the limit specified under Schedule V to the Companies Act, 2013 and/or any other provisions of the Companies Act, 2013 and the Rules framed thereunder [including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force].”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”

5. **Re-appointment of Mr. Arijit Mukherjee as the “Whole-Time Director” of the Company:**

To re-appoint Mr. Arijit Mukherjee (DIN: 07334111) as the “Whole-Time Director” of the Company for a period of 3 (three) years with effect from 4th May, 2019 upto 3rd May, 2022, and to consider and if thought fit, to pass the following as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 [including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force], read with Schedule V to the Companies Act, 2013 (as may be amended from time to time), and pursuant to resolutions passed by the Nomination and Remuneration Committee and the Board of Directors at their respective Meetings held on 30th April, 2019, the approval of the Shareholders of the Company be and is hereby granted for re-appointment of Mr. Arijit Mukherjee [Director Identification Number (DIN): 07334111] as “Whole-Time Director” of the Company for a period of 3 (three) years with effect from 4th May, 2019 upto 3rd May, 2022, on the terms and conditions as set out in the Explanatory Statement annexed to the Notice of the 25th (Twenty Fifth) Annual General Meeting.”

“RESOLVED FURTHER THAT the remuneration and perquisites within the limit as set out in the Explanatory Statement be paid and allowed to Mr. Arijit Mukherjee for any Financial Year, notwithstanding any loss or inadequacy of profit during such Financial Year, subject to necessary compliance with the provisions of the Companies Act, 2013 and the Rules framed thereunder [including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force].”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms and conditions of the said re-appointment and remuneration of Mr. Arijit Mukherjee at its discretion and as it may deem fit from time to time, so as to not exceed the limit specified under Schedule V to the Companies Act, 2013 and/or any other provisions of the Companies Act, 2013 and the Rules framed thereunder [including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force].”