

ANNUAL REPORT 2022-23



ASTEC

ASTEC LIFESCIENCES LIMITED



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Disclaimer

The statements in the "Management Discussion and Analysis Report" describe your Company's objectives, projections, estimates and expectations which may be "forward-looking statements" within the meaning of the applicable laws and regulations. The actual results could differ materially from those expressed or implied, depending upon the economic and climatic conditions, government policies, taxation and other laws and other incidental factors.

THE GODREJ WAY

To live our purpose,
we need to ensure that we are
guided by the right values

Our Values



Trust

- We hold ourselves to the highest standards of personal and business integrity
- Our word is stronger than any contract
- We put people and our planet alongside profits



Be Bold

- We have bold ambitions. We set the bar high. We outperform expectations.
- We adapt, We are agile and resilient.
- We continuously innovate. We champion new ideas. We take risks.



Create Delight

- We place our consumers at the heart of all we do.
- We obsess over current and future needs of our consumers. And then deliver
- We offer consumers amazing quality products at great value.



Own It

- We are 100/0. Take 100% accountability with 0 excuses.
- We speak our mind. We challenge the status quo.
- We focus on the details, but never forget the bigger picture.



Be Humble

- We own up to and learn from our mistakes.
- We ask for feedback. And then grow with it
- We give credit wherever due.



Show Respect

- We treat people like we would want to be treated
- We embrace and celebrate diversity
- We foster collaboration

BOARD OF



Mr. Nadir Godrej
Chairman - Non Executive



Mr. Ashok V. Hiremath
Non-Executive Director



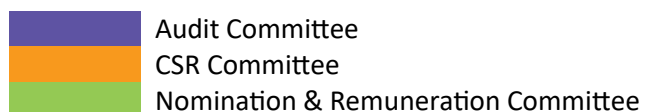
Mr. B. S. Yadav
Non-Executive Director



Mr. Vijay K. Khot
Independent Director



Dr. Brahma Nand Vyas
Independent Director



DIRECTORS



Mr. Burjis Godrej
Non-Executive Director



Mr. Anurag Roy
Whole Time Director &
Chief Executive Officer



Mr. R. R. Govindan
Independent Director



Ms. Anjali Gupte
Independent Director



Mr. Nandkumar Dhekne
Independent Director



Stakeholders' Relationship Committee
Risk Management Committee
Managing Committee

From CEO's Desk



Dear Shareholders,

I hope this letter finds you and your families well and safe.

FY 2022-23 was a challenging year for the global economic growth riddled with several impediments such as geopolitical turbulence, energy crisis, supply chain challenges, unprecedented inflationary environment and rapid rise in interest rates by central banks across the globe. Nonetheless, Indian economy continued to cement its position of fastest growing economy while bypassing United Kingdom to become the fifth largest economy in the world.

Embarking upon a Journey of Innovation with Future-ready R&D Facility

In April'23, your Company commissioned a new state-of-the-art Research and Development Center in Rabale, Maharashtra. Named as Adi Godrej Center for Chemical Research and Development, this world-class facility reflects your Company's steadfast commitment to long-term growth and value creation despite challenging external environment. The launch of R&D Center is a significant milestone for Astec LifeSciences as well as Godrej Group in our quest to provide advanced solutions to our customers. With a focus on green chemistry and sustainability, Astec embarks upon a journey of innovation and transformation focussed on strategic partnerships, operational excellence and offering cost leadership to its customers. The R&D Center is equipped with cutting-edge infrastructure including Synthesis Laboratory – for the synthesis and development of complex molecules, Analytical Laboratory – to aid analytical method development and analysis, and Formulation Development Laboratory – to develop new formulations and generate chemistry data for registrations and technology transfer. The Center also houses a Kilo Laboratory to perform scale-up studies, Process Safety Laboratory and Bio-efficacy Laboratory. Managed by experienced engineers and chemists, all of these facilities are supported by sophisticated process safety infrastructure for safe and sustainable research. It is our ambition to become an application-agnostic and trusted partner for global innovator companies and help them cut down time to market while providing end-to-end solutions for faster scale-up.

Financial Performance for FY 2022-23 – a Tale of two halves for Enterprise Segment

Riding on the stellar performance from the previous year, your Company posted healthy growth in topline as well as profitability in the first half of FY 2022-23. The growth was led by robust export volumes and higher sales price realisations as compared to corresponding period of the previous year. However, in the second half of FY 2022-23, your Company encountered unforeseen dual challenge – volume headwinds as well as rapid correction in prices of Enterprise products. This was attributed to high level of channel inventories in India as well as key export markets, demand-supply imbalance and subsequent correction in prices of key Active Ingredients (AI) impacting Indian Agrochemical sector at large. Consequently, Astec witnessed drop in revenues and margin contraction.

Contract Manufacturing (CDMO) Business continued at a full throttle

While Enterprise business was plagued with dual challenge, your Company achieved 1.9x growth in CDMO business, in line with its expectations. The robust topline performance was also accompanied by improved profitability through emphasis on process efficiencies. Astec has successfully achieved desired stability and planned utilisation at Herbicides plant commissioned in August'21. Your Company, during the year, mobilised capacity expansion and commercialisation of second herbicides plant to leverage product development initiatives through the new R&D Center. The ongoing and planned capacity expansion in CDMO business

will enable Astec to tap fast growing speciality chemicals space and become a partner of choice for global innovator companies.

Commitment to Sustainability, the Godrej Way

While the year was marked with significant volatilities and unexpected turns, Astec LifeSciences maintained its highest level of unwavering dedication to Environment, Health and Safety (EHS) standards. Your Company's safety record remained excellent, and it had no lost time injuries in FY 2022-23 as well. We remain committed to Godrej Group's Good and Green philosophy and have made meaningful progress towards achieving long-term sustainability objectives by 2026. Under its Corporate Social Responsibility (CSR) activities, your Company worked on projects in the area of agriculture and rural livelihoods, women empowerment, water security, education, entitlements and community development. The various CSR programmes of your Company have positively impacted livelihoods for 4,800+ households and 1,000+ students.

Way Forward

Over the years, our singular focus on agrochemical active ingredients has earned us a strong reputation for specialisation in complex chemistries at scale. We believe that our entry into Herbicides space coupled with newly established R&D capability has now put us at the right place in the Agrochemicals sector at the right time. Going forward, our investments would be focussed on scaling up manufacturing capacities, adopting advanced technologies and strengthening research competences. Being part of the Godrej group with strong legacy, emphasis in the coming year would be on establishing ourselves as a trusted partner for our innovator multi-national clients and provide them customised solutions. Our ongoing investments would aid us in delivering end-to-end solutions, from R&D to product commercialization and cutting down time to market through our operational excellence and customer-first approach.

Having said that, we also recognise the need for diversification in our existing Enterprise portfolio. Our endeavour would be to maintain our market leadership in the Enterprise segment through process innovation while exploring new market segments and chemistries.

As Indian Agrochemical sector is poised to become a global manufacturing hub for innovators, we, at Astec LifeSciences, are confident of delivering on our intent of proudly manufacturing in India for the world.

Note of Thanks to All Our Stakeholders

To conclude, on behalf of the Board of Directors and the management team, I would like to express our sincere appreciation and deep gratitude to all our employees, business partners, customers, vendors, investors and other stakeholders, for their continued trust, efforts and contribution to the Company.

Regards,

Anurag Roy

Chief Executive Officer



World of Astec LifeSciences

About Us

A Proud Member of the Godrej Family

Since our inception in the year 1994, we have come a long way and have successfully established ourselves as one of the major players in the agrochemical and intermediate sector. We became a majority-owned subsidiary of Godrej Agrovet Limited in 2015 and came under the umbrella of the Godrej Group. With almost three decades of experience in development and production of various chemicals, Astec has forged enduring relationships with large and small companies all over the world.

Astec is engaged in the manufacturing of agrochemical active ingredients (technical), bulk, formulations and intermediate products and has a healthy sales mix of both exports and domestic sales. We have strong export presence in 18 countries worldwide including the United States and countries across Europe, West Asia, South East Asia and Latin America and Africa. We also undertake contract development and manufacturing of a wide range of agrochemicals and pharmaceutical intermediates for our multi-national clients.

