

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 24<sup>th</sup> Annual Report of your Company together with the Audited Statements of Accounts for the year ended March 31, 2020.

### 1. Financial Highlights:

The Standalone and Consolidated Financial Results for the year ended March 31, 2020 are as follows:

(₹ In Million)

Particulars	Standalone		Consolidated	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Income from Operations (Net)	20,428	19,157	25,779	25,073
Other Income	109	115	121	154
Total Expenditure	16,731	16,118	21,350	21,224
<b>Profit Before Depreciation, Interest and Tax</b>	<b>3,806</b>	<b>3,154</b>	<b>4,550</b>	<b>4,003</b>
Finance Cost	337	281	394	319
Depreciation and amortisation expense	899	671	1,079	814
<b>Profit Before Exceptional Item &amp; Tax</b>	<b>2,570</b>	<b>2,202</b>	<b>3,077</b>	<b>2,870</b>
Exceptional Items	25	20	-	-
Share of profit/(loss) of joint venture	-	-	(16)	(36)
<b>Profit Before Tax</b>	<b>2,545</b>	<b>2,182</b>	<b>3,061</b>	<b>2,834</b>
Tax expense	537	768	565	861
<b>Profit for the year</b>	<b>2,008</b>	<b>1,414</b>	<b>2,496</b>	<b>1,973</b>
<b>Add:</b> Other Comprehensive Income (net of tax)	(2)	(1)	3	(2)
<b>Total Comprehensive Income</b>	<b>2,006</b>	<b>1,413</b>	<b>2,499</b>	<b>1,971</b>
<b>Less:</b> Currency Translation (Loss)/Gain	-	-	5	(1)
<b>Total</b>	<b>2,006</b>	<b>1,413</b>	<b>2,494</b>	<b>1,972</b>
<b>Attributable to:</b>				
Non- Controlling Interest	-	-	17	15
Shareholders of the Company	2,006	1,413	2,477	1,957
<b>Surplus in Statement of Profit &amp; Loss brought forward</b>	<b>7,060</b>	<b>5,741</b>	<b>8,314</b>	<b>6,451</b>
<b>Amount Available for Appropriation</b>	<b>9,066</b>	<b>7,154</b>	<b>10,791</b>	<b>8,408</b>
Payment of Dividend (Including tax on dividend)	240	94	240	94
<b>Balance carried to Balance Sheet</b>	<b>8,826</b>	<b>7,060</b>	<b>10,551</b>	<b>8,314</b>

### 2. Dividend:

During the year under review, the Board of Directors declared and paid two Interim Dividends totalling ₹ 1/- (100%) per equity share compared to ₹ 0.70/- (70%) total dividends paid in the previous year. First Interim Dividend of ₹ 0.40/- (40%) per equity share was declared on October 24, 2019 and Second Interim Dividend of ₹ 0.60/- (60%) per equity share was declared on February 11, 2020. The said interim dividends have absorbed ₹ 151 Million during the year under review compared to ₹ 84 Million absorbed in the previous year. In order to conserve resources, the Board of Directors has not recommended Final Dividend.

**3. Issue of Shares:**

Your Company allotted 7,23,200 equity shares of ₹ 1/- each on May 20, 2019 pursuant to Scheme of Amalgamation of Rex Polyextrusion Private Limited with your Company vide Hon'ble National Company Law Tribunal order dated May 2, 2019.

Your Directors are pleased to inform that during the year under review, your Company issued 3,01,32,441 bonus shares of ₹ 1/- each in the ratio of 1:4. 1. Further the net proceeds of the sale of fractional entitlement to the bonus issue were distributed to the eligible members. Accordingly, the paid up share capital of the Company was increased from ₹ 12,05,29,765 to ₹ 15,06,62,206.

**4. Consolidated Financial and Operational Review:**

- Consolidated Net Sales has increased by 3% from ₹ 25,073 Million to ₹ 25,779 Million.
- Consolidated EBIDTA has increased by 14% from ₹ 3,967 Million to ₹ 4,534 Million.
- Consolidated Profit Before tax has increased by 8% from ₹ 2,834 Million to ₹ 3,061 Million.
- Consolidated Profit after Tax has increased by 27% from ₹ 1,973 Million to ₹ 2,496 Million.

**5. Project Implementation and Performance Review:**

- During the year under review, your Company has increased its installed capacity by 16% from 205,290 M.T. to 238,730 M.T. Your Company has utilised its capacity to the tune of 135,636 M.T. as against last year's figure of 120,821 M.T. which shows a utilisation growth of 12%.
- During the year under review, your Company has incurred capital expenditure to the tune of ₹ 2,063 Million towards plant & machineries, factory building and other capital expenditure.

**6. Subsidiary/Associate Companies:**

During the year under review, your Company incorporated a section 8 Company namely "Astral Foundation" w.e.f. February 18, 2020 as a subsidiary Company to carry out Corporate Social Responsibility activities in accordance with the CSR policy.

As at March 31, 2020, your Company had 4 direct subsidiaries, 1 step down subsidiary and 1 associate company.

A statement containing salient features of the financial statement of subsidiary/joint venture (associate) companies in the prescribed format (i.e. Form AOC-1 as per Companies (Accounts) Rules, 2014) is attached to the financial statements of the Company.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including consolidated financial statements and audited accounts of each of the subsidiary are available on [www.astralpipes.com](http://www.astralpipes.com). These documents will also be available for inspection during working hours at the registered office of your Company at Ahmedabad, Gujarat. Any member interested in obtaining such document may write to the Company Secretary and the same shall be furnished on request.

**7. Consolidated Financial Statements:**

The Consolidated Financial Statements of your Company prepared in accordance with the provisions of the Companies Act, 2013, Listing (Obligations and Disclosure Requirement) Regulations 2015 and applicable Accounting Standards prescribed under section 133 of the Companies Act, 2013 form part of this annual report.

**8. Management Discussion and Analysis Report:**

Management Discussion and Analysis Report prepared pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part this Directors' Report.

**9. Corporate Governance:**

Corporate Governance Report prepared pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Directors' Report.

During the year under review, your company has complied with the applicable Secretarial Standards.

**10. Business Responsibility Report:**

Business Responsibility Report prepared pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Directors' Report.

**11. Insurance:**

The Fixed Assets and Stocks of your Company are adequately insured.

**12. Fixed Deposits:**

Your Company has not accepted any Fixed Deposits as defined under Section 73 of the Companies Act, 2013 and rules framed there under.

**13. Particulars of Loans, Guarantees or Investment:**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

#### 14. Corporate Social Responsibility:

In accordance with the provisions of section 135 of the Companies Act, 2013 and the rules made thereunder, your Company has constituted Corporate Social Responsibility Committee of Directors. The role of the Committee is to review CSR activities of the Company periodically and recommend to the Board amount of expenditure to be spent on CSR annually.

Annual Report on CSR activities carried out by the Company during FY 2019-20 is enclosed as **Annexure - A** to this report.

#### 15. Directors' Responsibility Statement:

Pursuant to the requirements under Section 134(3) (c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, your Directors hereby confirm the following:

- a) In the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed;
- b) The directors have selected such accounting policies and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) The directors have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors have prepared the annual accounts on a going concern basis;
- e) The directors have laid down internal financial controls, which are adequate and operating effectively;
- f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

#### 16. Auditors:

##### Statutory Auditor:

M/s. S R B C & Co. LLP, Chartered Accountants were appointed as Auditors of the Company, for a term of 5 (five) consecutive years, at the Annual

General Meeting held on August 8, 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

##### Cost Auditors:

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, (including any statutory modifications and re-enactments thereof) the cost audit records maintained by the Company in respect of its plastic & polymers activity is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s V. H Savaliya & Associates, Cost Accountants to audit the cost accounts of the Company for the financial year 2020-21 at a remuneration of ₹ 0.12 Million. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to M/s V. H Savaliya & Associates is included in the Notice convening the ensuing Annual General Meeting.

Cost Audit Report for the year 2019-20 will be submitted to the Central Government in due course.

##### Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors appointed Ms. Monica Kanuga, Practising Company Secretary, to undertake the Secretarial Audit of the Company for FY 2019-20. Secretarial Audit Report for FY 2019-20 is enclosed as **Annexure - B** to this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### 17. Risk Management and Internal Financial Control:

Your Company has an Internal Financial Control System commensurate with the size, scale and complexity of its operations. Your Company has adopted proper system of Internal Control and Risk Management to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported quickly.

## 18. Significant and Material Orders:

There are no significant and material orders passed by any regulator or court or tribunal impacting the going concern status and your Company's operations in future.

## 19. Board Evaluation:

The Board carried out an annual performance evaluation of its own performance and that of its committees and independent directors as per the formal mechanism for such evaluation adopted by the Board. The performance evaluation of the Chairman, the Non-Independent Directors and the Board as a whole was carried out by the Independent Directors. The exercise of performance evaluation was carried out through a structured evaluation process covering various criteria as recommended by the Nomination and Remuneration Committee.

## 20. Related Party Transactions:

Pursuant to the provisions of section 188 of Companies Act, 2013. All the related party transactions entered into during the financial year under review were in ordinary course of business and on an arm's length basis. There were no material significant transactions with related parties during the financial year which were in conflict with the interest of the Company. Accordingly, information inform AOC-2 is not annexed.

All Related Party Transactions are placed before the Audit Committee and the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee and the Board of Directors for their review and approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and the same can be accessed at [https://www.astralpipes.com/uploads/investor\\_broucher/1538992703\\_108\\_1.pdf](https://www.astralpipes.com/uploads/investor_broucher/1538992703_108_1.pdf). The details of the transactions with Related Party are provided in the accompanying financial statements.

## 21. Numbers of Board Meetings:

The Board of Directors met 6 (six) times during the year under review. The details of Board Meetings and the attendance of the Directors are provided in the Corporate Governance Report.

## 22. Directors:

Pursuant to Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Anil Kumar Jani is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Viral Jhaveri was, on recommendation of Nomination and Remuneration Committee, appointed by the Board of Directors as an additional director (Independent) under section 161 of the Companies Act, 2013 w.e.f. October 24, 2019 who shall hold office upto the date of ensuing Annual General Meeting. The Company has received a notice as per the provisions of Section 160 of the Companies Act, 2013 from a member proposing his appointment as Director. He is proposed to be appointed as an Independent Director for a period of five years i.e. to hold office upto October 23, 2024. The Board of Directors proposes to regularise his appointment by way of passing resolution.

Further Mr. C. K. Gopal was, on recommendation of Nomination and Remuneration Committee, appointed by the Board of the Directors as an additional director (Independent) under section 161 of the Companies Act, 2013 w.e.f. February 11, 2020 who shall hold office upto the date of ensuing Annual General Meeting. The Company has received a notice as per the provisions of section 160 of the Companies Act, 2013 from a member proposing his appointment as Director. He is proposed to be appointed as an Independent Director for a period of five years i.e. to hold office upto February 10, 2025. The Board of Directors proposed to regularise his appointment by way of passing resolution.

The requisite particulars in respect of Directors seeking appointment /re-appointment are given in Notice convening the Annual General Meeting.

The Company has received necessary declaration from each independent director under section 149(7) of the Companies Act, 2013 that they meet the criteria of independence laid down in section 149(6) of the Companies Act, 2013.

All the directors of the Company have confirmed that they are not disqualified from being appointed as director's in terms of Section 164 of the Companies Act, 2013.

Details of policy of appointment and remuneration of directors has been provided in the Corporate Governance Report.

**23. Changes in Key Managerial Personnel:**

During the year under review, there was no change in Key Managerial Personnel.

**24. Extract of Annual Return:**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure - C** to this report.

**25. Employees Stock Option Scheme:**

Your Company approved formulation of Employee Stock Option Scheme ('ESOS') viz. Astral Poly Technik Limited Employee Stock Option Scheme 2015 (Astral ESOS 2015) in October, 2015. The said scheme is administered by the Nomination and Remuneration Committee for the benefit of the employees of the Company. During the year under review your Company obtained in principle approval for additional 23,429 equity shares under Astral Employee Stock Option Scheme, 2015 pursuant to Bonus issue of shares by the Company vide shareholders' resolution dated September 6, 2019. Further during the year under review, an aggregate of 18,620 stock options (post Bonus adjustment) at an exercise price of ₹ 40 per option (post Bonus adjustment) were granted to eligible employees.

There is no material change in Astral ESOS 2015 during the year under review and the Scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014. The disclosures as required under Regulation 14 of the said regulations have been placed on the investor relation page of the website of the Company at [https://www.astralpipes.com/uploads/investor\\_broucher/1595062971\\_esos\\_sebi\\_disclosure\\_-\\_2020.pdf](https://www.astralpipes.com/uploads/investor_broucher/1595062971_esos_sebi_disclosure_-_2020.pdf).

**26. Particulars of Employees:**

A statement containing the names and other particulars of employees in accordance with the provisions of section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended as **Annexure - D** to this report.

However, in terms of Section 136(1) of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the Statement of Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended. The said statement is available for inspection by the Members at the Registered Office of the Company during business hours on working days upto the date of the ensuing Annual General Meeting.

**27. Disclosure with Respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

The particulars under Section 134(3)(m) with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo, pursuant to the Companies (Accounts) Rules, 2014 are provided in the **Annexure - E** to the Report.

**28. Acknowledgments:**

Your Company has maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinted efforts of the employees have enabled your Company to remain at the forefront of the industry. Your directors place on record their sincere appreciation for significant contributions made by the employees through their dedication, hard work and commitment towards the success and growth of your Company. The Directors wish to thank Specialty Process LLC, U.S.A for the support extended to your Company throughout the journey of your Company. Your Directors take this opportunity to place on record their sense of gratitude to the Banks, Financial Institutions, Central and State Government Departments, their Local Authorities and other agencies working with the Company for their guidance and support.

On behalf of the Board of Directors

**Sandeep P. Engineer**  
Managing Director

**Jagruati S. Engineer**  
Whole Time Director

Place: Ahmedabad  
Date: May 25, 2020