

May 10, 2024

## Astec LifeSciences Limited: Update on material event

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long Term-Fund Based-Cash Credit	348.0	348.0	[ICRA]AA- (Stable)
Long Term-Fund Based-Term Loan	208.0	208.0	[ICRA]AA- (Stable)
Short Term-Non Fund Based-Others	425.0	425.0	[ICRA]A1+
Commercial Paper	300.0	300.0	[ICRA]A1+
<b>Total</b>	<b>1,281.0</b>	<b>1,281.0</b>	

\*Instrument details are provided in Annexure-1

### Rationale

#### Material Event

Astec LifeSciences Limited (Astec or the company), vide a BSE release dated April 30, 2024, informed about the family settlement agreement (FSA) and a brand and non-compete agreement entered into amongst some of the members of the Godrej Family. As part of this arrangement, Mr. Adi Burjorji Godrej (ABG) and Mr. Nadir Burjorji Godrej (NGB) family and their immediate relatives will continue to be promoters with controlling/management interest, of companies including – GIL, Godrej Consumer Products Limited (GCPL, rated [ICRA]AAA (Stable)/ [ICRA]A1+), Godrej Properties Limited (GPL, rated [ICRA]AA+ (Stable)/ [ICRA]A1+), Godrej Agrovet Limited (GAVL, rated [ICRA]AA (Stable)/ [ICRA]A1+), Godrej Seeds and Genetics Limited (rated [ICRA]AA (Stable)/ [ICRA]A1+), Innovia Multiventures Private Limited and Astec Lifesciences Limited (Astec, rated [ICRA]AA- (Stable)/ [ICRA]A1+) (collectively the “GILAC Group Companies”) and all of their respective subsidiaries and joint ventures, and Anamudi Real Estates LLP.

Mr. Jamshyd Naoroji Godrej (JNG) and Ms. Smita Godrej Crishna (SVC) and their immediate relatives will be managing Godrej & Boyce Manufacturing Company Limited (rated [ICRA]A1+), Godrej Holdings Private Limited and Godrej Infotech Limited (collectively the “G&B Group Companies”) and all of their respective subsidiaries and joint ventures, and RKNE Enterprises.

The “Godrej” name and brand will be equally owned and shared by both the family groups. The family groups have also entered into a non-compete agreement for a period of six years, post which a family group can enter into the exclusive business of the other family group without the use of the ‘Godrej’ brand (including in their corporate/ entity names).

The FSA and the Brand and Non-Compete Agreement will become effective post the receipt of requisite approvals (including from the Competition Commission of India).

#### Impact of Material Event

The announced FSA is expected to be credit neutral for ICRA-rated entities in the Godrej group from strategic, business and operations standpoint. Further, ICRA does not anticipate any increase in leverage in any of the ICRA-rated companies in the Group specifically owing to the announced FSA. However, timely completion of the FSA subject to regulatory approvals and potential change in shareholding of rated entities within the group, if any, will remain a monitorable.

Overall, ICRA does not expect any material impact of the arrangement on the credit profile of Astec and, therefore, ratings remain unchanged at [ICRA]AA- (Stable)/[ICRA]A1+.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Environmental and Social Risks, Liquidity position, and Rating sensitivities. [Click here](#).

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Methodology for Entities in the Agrochemicals Industry</a>
Parent/Group Support	Parent/Group Company: Godrej Agrovet Limited (GAVL, rated [ICRA]AA (Stable)/[ICRA]A1+) ICRA expects GAVL to be willing to extend financial support to Astec, should there be a need.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Astec. The details are given in Annexure-2.

## About the company

Astec is involved in manufacturing and sale of intermediates, active ingredients and formulations, with a focus on the agro-chemicals sector. The company has five manufacturing plants in Mahad (Maharashtra) and two R&D centres in Dombivali and Rabale (Maharashtra). While the Dombivali unit was acquired by the company in 1994, one of the three units of Mahad was procured from Behram Chemicals Private Limited in 2002. In FY2012, Astec forayed into the contract manufacturing segment by securing contracts from reputed global players. The company also started manufacturing herbicides from August 2021 onwards.

In August 2015, the company's erstwhile promoters sold 45.29% of its paid-up equity shares to GAVL (rated [ICRA]AA (Stable)/[ICRA]A1+), pursuant to which an open offer was announced for an additional 26.05% of the paid-up equity shares. By the closure date of December 2015, GAVL had subscribed to an additional 6.99% in Astec, thus becoming a majority shareholder with a stake of 52.28%. Over the years, GAVL has been consistently increasing the stake held in Astec by procuring shares from the open market, and held 64.76% stake in Astec as on March 31, 2024.

## Key financial indicators

Astec (consolidated)	FY2023*	FY2024
Operating Income (Rs. crore)	637.0	458.2
PAT (Rs. crore)	25.6	- 46.9
OPBDIT/OI (%)	13.4%	- 1.3%
PAT/OI (%)	4.0%	- 10.2%
Total Outside Liabilities/Tangible Net Worth (times)	1.3	1.6
Total Debt/OPBDIT (times)	4.0	- 83.5
Interest Coverage (times)	4.1	- 0.2

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Source: Astec, ICRA Research; \* Forex gain is classified as a part of other operating income

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

	Instrument	Current Rating (FY2025)			Chronology of Rating History for the past 3 years					
		Type	Amount Rated	Amount Outstanding as of September 30, 2023	Date & Rating on	Date & Rating in FY2024	Date & Rating in FY2023			Date & Rating in FY2022
			(Rs. crore)	(Rs. crore)	10-May-2024	7-Nov-23	14-Mar-23	23-Jun-22	7-Apr-22	28-Jun-21
1	Fund-based Working Capital Facilities	Long-term	348.0	51.3	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Positive)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)
2	Term Loan	Long-term	208.0	110.7	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Positive)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)
3	Non-fund Based Facilities	Short-term	425.0	26.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
4	Commercial Paper Programme	Short-term	300.0	220.0	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Source: Company

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term, Fund-based Working Capital Facilities	Simple
Term Loan	Simple
Non-fund based limits	Very Simple
Commercial Paper Programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, are available on ICRA's website: [Click Here](#)

**Annexure-1: Instrument details**

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Long-term, Fund-based Working Capital Facilities	NA	NA	NA	348.0	[ICRA]AA- (Stable)
NA	Term Loan -1	Apr-2022	NA	Sep-2024 <sup>^</sup>	88.0	[ICRA]AA- (Stable)
NA	Term Loan -2	Jun-2023	NA	Apr-2028	112.5	[ICRA]AA- (Stable)
NA	Term Loan*	NA	NA	NA	7.5	[ICRA]AA- (Stable)
NA	Non-fund Based Limits	NA	NA	NA	425.0	[ICRA]A1+
INE563J14BE3	Commercial Paper	21-Dec-23	NA	18-Jun-24	25.0	[ICRA]A1+
INE563J14BL8	Commercial Paper	5-Apr-24	NA	5-Jun-24	25.0	[ICRA]A1+
INE563J14BM6	Commercial Paper	12-Apr-24	NA	11-Jun-24	25.0	[ICRA]A1+
INE563J14BN4	Commercial Paper	16-Apr-24	NA	11-Jul-24	25.0	[ICRA]A1+
INE563J14BO2	Commercial Paper	26-Apr-24	NA	19-Jul-24	25.0	[ICRA]A1+
INE563J14BP9	Commercial Paper	25-Apr-24	NA	22-Jul-24	25.0	[ICRA]A1+
INE563J14BQ7	Commercial Paper	29-Apr-24	NA	29-Jul-24	25.0	[ICRA]A1+
INE563J14BR5	Commercial Paper	6-May-24	NA	6-Aug-24	25.0	[ICRA]A1+
Not placed	Commercial Paper Program	NA	NA	7-365 days	100.0	[ICRA]A1+

Source: Company; \*proposed; <sup>^</sup>maturity date for the disbursement of final tranche of the term loan

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure-2: List of entities considered for consolidated analysis**

Company Name	Astec Ownership (March 31, 2023)	Consolidation Approach
Behram Chemicals Pvt Ltd	65.63%	Full Consolidation
Comercializadora Agricola Agroastrachem Cia Ltda	100.00%	Full Consolidation

Source: Company

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