

Directors' Report

Dear Members,

The Board of Directors (Board) presents the annual report of Atul Ltd together with the audited Financial Statements for the year ended on March 31, 2026.

01. Financial results

					(₹ cr)
	Standalone		Consolidated		
	2025-26	2024-25	2025-26	2024-25	
Revenue from operations	5,564	5,075	6,274	5,583	
Other income	199	133	202	109	
Total income	5,763	5,208	6,476	5,692	
Profit before tax	760	623	901	692	
Tax expenses	(165)	(167)	(212)	(193)	
Profit for the year	595	456	689	499	
Profit is attributable to:	-	-	-	-	
Owners of the Company	595	456	678	484	
Non-controlling interests	-	-	11	15	
Balance in retained earnings at the beginning of the year	4,753	4,356	4,765	4,340	
Profit attributable to owners of the Company	595	456	678	484	
Other comprehensive income, net of tax	5	-	5	-	
Dividend	(74)	(59)	(74)	(59)	
Balance in retained earnings at the end of the year	5,279	4,753	5,374	4,765	

02. Performance

Standalone revenue for the year increased by 10% to ₹ 5,564 cr from ₹ 5,075 cr in the previous year; driven by an 8% increase in sales volumes and a 2% improvement in price realisations. Sales increased by 12% in India and 6% outside India; lower sales in China and the United States were offset by higher sales in other Asian countries, Africa and Oceania. Profit before tax (PBT) at ₹ 760 cr increased by 22% compared to that of the previous year, mainly due to higher sales volumes, favourable exchange rate movements and increased income from investments and other sources.

Consolidated revenue for the year increased by 12% to ₹ 6,274 cr from ₹ 5,583 cr in the previous year. The increase was driven by a 10% rise in sales volumes and a 2% improvement in price realisations. Sales of the Life Science Chemicals (LSC) segment increased by 7%, whereas those of the Performance and Other Chemicals (POC) segment increased by 14%. Sales increased by 12% in India and 6% outside India. The overall performance was further supported by

higher revenues from Atul Products Ltd (APL), Amal Ltd (Amal), and Atul Bioscience Ltd (ABL). PBT at ₹ 901 cr increased by 30% compared to that of the previous year, mainly due to higher sales volumes, favourable exchange rate movements and improved performance of subsidiaries, particularly APL and ABL.

03. Dividend

The Board recommended a dividend of ₹ 30 per equity share of ₹ 10 each fully paid-up for the year ended March 31, 2026, as against ₹ 25 in the previous year. The dividend will entail an outflow of ₹ 88.33 cr on the paid-up equity share capital of ₹ 29.44 cr. The payout stood at 15%.

04. Energy conservation, technology absorption, foreign exchange earnings and outgo

Information required under Section 134 (3)(m) of the Companies Act, 2013 (the Act), read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, forms a part of this report, which is given on page number 80.

05. Insurance

The Company has taken adequate insurance for its current and fixed assets, employees and products against various relevant risks.

06. Risk management

Risk management is an integral part of the business practice of the Company. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. With the help of a reputed international consultancy firm, the Company developed and implemented a comprehensive risk management system to ensure that risks to its continued existence as a going concern and to its growth are identified and remedied on a timely basis. The Company considered leading standards and practices while defining and developing the formal risk management system. The risk management system is relevant to the business reality, is pragmatic, simple and involves the following:

- a) Risk identification and definition – Focuses on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- b) Risk classification – Focuses on understanding the various impacts of risks and the level of influence on their root causes. This involves identifying various processes, identifying the root causes and a clear understanding of risk inter-relationships.
- c) Risk assessment and prioritisation – Focuses on determining risk priority and risk ownership for critical risks. This involves the assessment of the various impacts taking into consideration risk appetite and the existing mitigation controls.
- d) Risk mitigation – Focuses on addressing critical risks to restrict their impact(s) to an acceptable level (within the defined risk appetite). This involves a clear definition of actions, responsibilities and milestones.
- e) Risk reporting and monitoring – Focuses on providing to the Audit Committee and Board, periodic information on risk profile evolution and mitigation plans.

Roles and responsibilities

Governance

The Board approved the Risk Management Policy of the Company. The Company laid down procedures to inform the Board on a) to d) listed above. The Audit Committee | the Risk Management Committee periodically reviews the risk management system and gives its recommendations, if any, to the Board.

The Board reviews and guides the Risk Management Policy.

Implementation

Implementation of the Risk Management Policy is the responsibility of the Management. It ensures the functioning of the risk management system as per the guidance of the Audit Committee and the Risk Management Committee. The Company has a risk management oversight structure in which each sub-segment has a Chief Risk and Compliance Officer.

The Management at various levels takes accountability for risk identification, appropriateness of risk analysis and timeliness, as well as the adequacy of risk mitigation decisions at both individual and aggregate levels. It is also responsible for the implementation, tracking and reporting of defined mitigation plans, including periodic reporting to the Audit Committee and Board.

07. Internal financial controls

The internal financial controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements. These include policies and procedures that:

- a) pertain to the maintenance of records, which in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company,
- b) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the Financial Statements in accordance with Generally Accepted Accounting Principles and that receipts and expenditures are being made only in accordance with the authorisations of the Management and Directors of the Company,
- c) provide reasonable assurance regarding the prevention or timely detection of unauthorised acquisition, use or disposition of the assets that can have a material effect on the Financial Statements. A reputed international consultancy firm has reviewed the adequacy of the internal financial controls concerning the Financial Statements.

The Management assessed the effectiveness of the internal financial controls over financial reporting as at March 31, 2026 and the Board believes that the controls are adequate.

08. Fixed deposits

The Company did not accept any deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as at March 31, 2026.

09. Loans, guarantees, investments and security

Particulars of loans, guarantees, investments and security provided are given on page numbers 200 and 201.

During 2025-26, the Company has received all stipulated amounts of principal and interest as per schedule in respect of loans granted, except that, in respect of the secured loan given to Anaven LLP, the amount of ₹ 12.20 cr (aggregate of ₹ 25.93 cr) as principal and an amount of ₹ 3.01 cr (aggregate of ₹ 7.25 cr) as interest are overdue as at March 31, 2026. The principal amount is secured, and hence the Company has not made any provision. As a matter of abundant precaution, the Company has made provision for the interest of ₹ 2.71 cr (aggregate of ₹ 6.53 cr) in the books as at March 31, 2026, though the Company is expecting to recover the same.

During 2025-26, the Company extended the repayment period of the unsecured loan of ₹ 1.74 cr given to Anaven LLP by 12 months.

The Company is evaluating various options to mitigate the unprecedented adverse business conditions that Anaven LLP is facing.

10. Subsidiary, joint venture and associate companies | entities and joint operation

During 2025-26, Atul-Buckman Specialities Pvt Ltd was incorporated as a joint venture company of the Company. There were no other changes in the subsidiary, joint venture and associate companies | entities and joint operation. Details of subsidiary, joint venture and associate companies | entities and joint operation are given on page number 82.

11. Related party transactions

All the transactions entered into with related parties were in the ordinary course of business and on an arm's length basis. Details of such transactions are given on page number 214. No transactions were entered into by the Company that required disclosure in Form AOC-2.

12. Corporate social responsibility

The Corporate Social Responsibility (CSR) Policy, the CSR report and the composition of the CSR Committee are given on page number 84.

13. Annual return

Annual return is available on the website of the Company at:
www.atul.co.in/investors/annual-general-meetings/

14. Auditors

Statutory Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants, were reappointed as the Statutory Auditors of the Company at the 45th Annual General Meeting (AGM) held on July 29, 2022, until the conclusion of the 50th AGM.

The Auditor's Report for the financial year ended on March 31, 2026, does not contain any qualification, reservation or adverse remark. The report is enclosed with the Financial Statements in this annual report.

Cost Auditors

The Company has maintained cost records as required under the Act and the Companies (Cost Records and Audit) Rules, 2014. The members ratified the appointment of R Nanabhoy & Co as the Cost Auditors for 2025-26, on July 25, 2025.

Secretarial Auditors

SPANJ & Associates, Company Secretaries, were appointed as the Secretarial Auditors of the Company at the 48th AGM held on July 25, 2025, to hold office until the conclusion of the 53rd AGM.

The Secretarial Audit Report for the financial year ended on March 31, 2026 is given on page number 87.

15. Directors' responsibility statement

- In the preparation of the annual accounts for the financial year that ended on March 31, 2026, the applicable accounting standards have been followed and there are no material departures.
- The accounting policies were selected and applied consistently and judgements and estimates thus made were reasonable and prudent 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.
- Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The attached annual accounts for the year ended on March 31, 2026, were prepared on a going concern basis.
- Adequate internal financial controls to be followed by the Company were laid down and they were adequate and operating effectively.

- f) Proper systems were devised to ensure compliance with the provisions of all applicable laws and the same were adequate and operating effectively.

16. Directors

16.1 Retirement | Reappointment | Appointment

a) Retirement:

Mr Bharathy Mohanan, Whole-time Director, ceased to be a Director during the year.

The Board places on record its deep appreciation for his valuable contribution, dedicated service and enduring commitment.

b) Reappointment:

i) According to Article 86 of the Articles of Association of the Company, Mr Vivek Gadre retires by rotation and being eligible, offers himself for reappointment at the ensuing AGM.

ii) Subject to the approval of the members at the ensuing AGM, Mr Samveg Lalbhai is reappointed as a Managing Director effective December 15, 2026.

c) Appointment:

Mr Shantanu Khosla was appointed as an Independent Director for a period of five consecutive years effective October 17, 2025.

In the opinion of the Board, Mr Shantanu Khosla, Independent Director, fulfils the requisite conditions as per applicable laws and is independent of the Management of the Company.

16.2 Policy on appointment and remuneration

The policy is displayed on the website of the Company at www.atul.co.in/investors/policies

The salient features of the Policy are as under:

16.2.1 Appointment

While recommending the appointment of Directors, the Nomination and Remuneration Committee considers the following factors:

- Qualification: well-educated and experienced in senior leadership positions within the industry
- Trait: positive attributes and qualities
- Independence: criteria prescribed in the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the

Regulations), for the Independent Directors, including no pecuniary interest and conflict of interest

16.2.2 Remuneration of the Non-executive Directors

- Sitting fees: up to ₹ 50,000 for attending a Board, Committee and any other meeting
- Commission: up to 1% of net profit, as may be decided by the Board, based on:
 - Membership of committee(s)
 - Profit
 - Attendance
 - Category (Independent or Non-executive)

16.2.3 Remuneration of the Executive Directors

This is given under paragraph number 17.2.

16.3 Criteria and method of the annual evaluation

16.3.1 The criteria for evaluation of the performance of a) the Executive Directors, b) the Non-executive Directors (other than Independent Directors), c) the Independent Directors, d) the Chairman, e) the Committees of the Board and f) the Board as a whole are summarised in the table at the end of the Directors' Report on page number 79.

16.3.2 The Independent Directors have carried out annual:

- review of the performance of the Executive Directors
- review of the performance of the Chairman and assessment of quality, quantity and timelines of the flow of information to the Board
- review of the performance of the Board as a whole

16.3.3 The Board has carried out an annual evaluation of the performance of:

- its committees, namely, Audit, Corporate Social Responsibility, Investment, Nomination and Remuneration, Risk Management and Stakeholders Relationship
- the Independent Directors

The templates for the above purpose were circulated in advance for feedback from the Directors.

16.4 Familiarisation programs for the Independent Directors

The Company has familiarisation programs for its Independent Directors. It comprises, amongst others, presentations by and discussions with the Senior Management on the nature of the industries in which it operates, its vision and strategy, its organisational structure and relevant regulatory changes. A visit is organised to one

or more of its manufacturing sites. Details of the familiarisation programmes are also available at www.atul.co.in/about/directors/

17. Key Managerial Personnel and other employees

17.1 Appointments and cessations of the Key Managerial Personnel

Mr Bharathy Mohanan retired as a Whole-time Director effective May 25, 2025. There were no other changes in the Key Managerial Personnel during 2025-26.

17.2 Remuneration

The Remuneration Policy related to the Key Managerial Personnel and other employees consists of the following:

17.2.1 Components:

- a) Fixed pay
 - i) Basic salary
 - ii) Allowances
 - iii) Perquisites
 - iv) Retirals
- b) Variable pay

17.2.2 Factors for determining and changing fixed pay:

- a) Existing compensation
- b) Education
- c) Experience
- d) Salary bands
- e) Performance
- f) Market benchmark

17.2.3 Factors for determining and changing variable pay:

- a) Company performance
- b) Business performance
- c) Individual performance
- d) Work level

18. Analysis of remuneration

The information required pursuant to Sections 134 (3)(q) and 197(12) of the Act, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company, forms a part of this Report. However, as per the provisions of Sections 134 and 136 of the Act, the Report and the Accounts are being sent to the members and others entitled thereto, excluding the information on particulars of employees, which are available for inspection by the members.

Any member who is interested in obtaining a copy of such statement may write to the Company Secretary at the registered office of the Company.

19. Management Discussion and Analysis

The Management Discussion and Analysis covering the performance of the two reporting segments, namely, LSC and POC, is given on page number 91.

20. Corporate Governance Report

20.1 Declaration by the Independent Directors

The Independent Directors have given declarations under Section 149(6) of the Act.

20.2 Report

The Corporate Governance Report, along with the certificate from the Practicing Company Secretary regarding the compliance of the conditions of corporate governance pursuant to Regulation 34(3), read with Schedule V of the Regulations, is given on page number 98. Details about the number of meetings of the Board held during 2025-26, are given on page number 102. The composition of the Audit Committee is given on page number 105.

All the recommendations given by the Audit Committee were accepted by the Board.

20.3 Whistleblower Policy

The Board, on the recommendation of the Audit Committee, had approved a vigil mechanism (Whistleblower Policy). The Policy provides an independent mechanism for reporting and resolving complaints about unethical behaviour, actual or suspected fraud and violation of the Code of Conduct of the Company and is displayed on the website of the Company at www.atul.co.in/investors/policies

No person has been denied access to the Audit Committee.

20.4 Secretarial standards

Secretarial standards as applicable to the Company were followed and complied with during 2025-26.

20.5 Prevention, prohibition and redressal of sexual harassment

Details required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules thereunder are given on page number 109.

20.6 Maternity benefit

The Company has complied with the provisions relating to maternity benefits.

21. Business Responsibility and Sustainability Report

As per Regulation 34 of the Regulations, the Business Responsibility and Sustainability Report is given on page number 118.

22. Dividend Distribution Policy

As per Regulation 43A of the Regulations, the Dividend Distribution Policy is displayed on the website of the Company at www.atul.co.in/investors/policies

23. Acknowledgements

The Board expresses its sincere thanks to all the employees, customers, suppliers, lenders, regulatory and government authorities, stock exchanges and investors for their support.

For and on behalf of the Board of Directors

(Sunil Lalbhai)

Chairman and Managing Director

DIN: 00045590

Mumbai
April 24, 2026

Evaluation of	Evaluation by	Criteria
Executive Director	Independent Directors	Qualification, experience, availability and attendance, integrity, commitment, governance, transparency, communication, business leadership, people leadership, investor relations
Non-executive Director (other than Independent Director)	Independent Directors	Qualification, experience, availability and attendance, integrity, commitment, governance, independence, communication, preparedness, participation and value addition
Independent Director	All other Board Members	Qualification, experience, availability and attendance, integrity, commitment, governance, independence, communication, preparedness, participation and value addition
Chairman	Independent Directors	Qualification, experience, availability and attendance, integrity, commitment, governance, impartiality, communication, business leadership, people leadership and meeting conduct
Committees	Board Members	Composition, process and dynamics
Board as a whole	Independent Directors	Composition, process and dynamics

Notes:

- Figures less than ₹ 50,000 have been shown as '0.00' at relevant places in the integrated annual report.
- DIN stands for Director identification number.