



Energise | Engage | Emerge
Atul Ltd | Annual Report 2020-21

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A difficult situation (represented by cloud) has a more hopeful aspect (represented by the brighter lining) although it may not be immediately apparent. In other words, an adversity can be a good teacher to help us choose the right path. It is therefore unwise to reject it, but instead consider it as a learning.

Incorporated in 1947, the journey of Atul is closely linked to that of India. Our Company too has gone through trials and tribulations and survived the test of time. It is in uncertain times like these that our ability to stay true to our Company purpose is of utmost importance to us, and we are ready to energise, engage and emerge.

Adversity is the mother of progress.

- Mahatma Gandhi

44th Annual General Meeting



Friday, July 30, 2021



10:30 am



The meeting will be held through video conference.

Forward looking statements

In this annual report, we have shared information and made forward looking statements to enable investors to know our product portfolio, business logic and direction and thereby comprehend our prospects. Such statements that we make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'believe', 'estimate', 'intend', 'plan', 'project' or words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised although we believe we have been prudent in our assumptions. The actual results may be affected because of uncertainties, risks and even inaccurate assumptions. If uncertainties or known or unknown risks materialise or if underlying assumptions prove inaccurate, actual results may vary materially from those anticipated, believed, estimated, intended, planned or projected. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

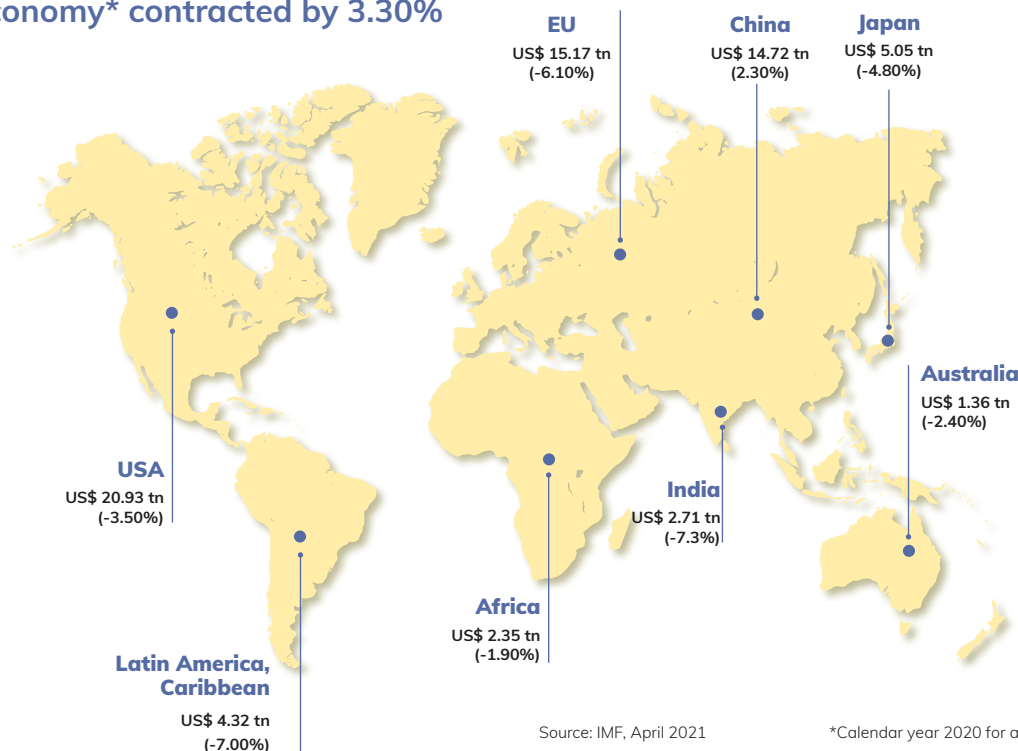
The Members may send in their comments or suggestions for improvement of the annual report by e-mail to shareholders@atul.co.in



To download or read this report online, please visit
www.atul.co.in

Reviewing 2020-21

World economy* contracted by 3.30%



Crude oil, steel prices and forex rates remained unpredictable and varied between

US\$ 9.12 and US\$ 69.95 per barrel

₹ 38,600 and ₹ 52,320 per mt

₹ 72.29 and ₹ 76.81 per US\$

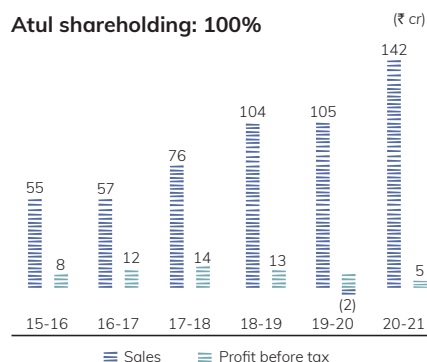
Atul sustained disruptions caused by the pandemic and grew

- Normal operations resumed from June 2020 by following the COVID-19 protocols
- Profit before tax from operations increased by 3% to ₹ 828 cr
- Net worth increased by 21% from ₹ 3,070 cr to ₹ 3,711 cr
- New assets of ₹ 277 cr added to the gross block
- 19 initiatives under six programs completed to serve the society



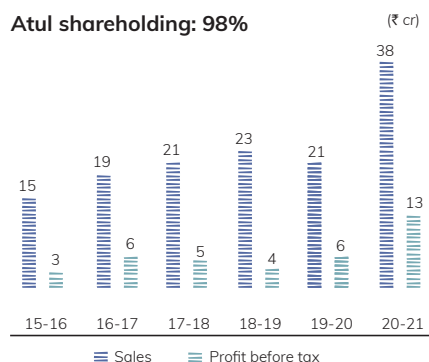
Atul Bioscience Ltd

Atul shareholding: 100%



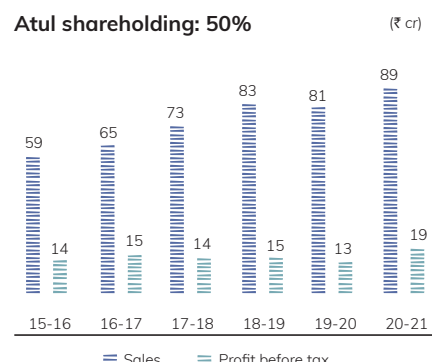
DPD Ltd

Atul shareholding: 98%



Rudolf Atul Chemicals Ltd

Atul shareholding: 50%



Corporate identity

Unity in diversity is one of the greatest strengths of India.

- Narendra Modi



Statue of Unity

The Statue of Unity in Gujarat, India, has a height of 182 metres, making it the tallest statue in the world. At the time of independence of India in 1947, the country was divided into 560 princely states. Sardar Vallabhbhai Patel played

a crucial role in persuading these princely states to accede to the Union of India and was instrumental in the unification of the country. India has a rich heritage and takes pride in her unity in diversity.

Team Atul based in five countries comprising 3,003 people of different nationality is working together for a sustainable journey into the future by serving the customers and fulfilling the aspirations of stakeholders.

We are a diversified Indian company (a part of Lalbhai Group, one of the oldest business houses of India with a legacy of conducting business with a larger purpose) meeting the needs of varied industries such as Adhesives, Agriculture, Animal Feed, Automobile, Composites, Construction, Cosmetic, Defence, Dyestuff, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Rubber, Soap and Detergent, Sport and Leisure, Textile, Tyre and Wind Energy. We manage complex chemical processes in a responsible way.

In order to enhance focus, we have placed the products belonging to the two reporting segments, namely Life Science Chemicals and Performance and Other Chemicals, under seven sub-segments (interchangeably called Businesses), namely Aromatics, Bulk Chemicals and Intermediates, Colours, Crop Protection, Floras, Pharmaceuticals and Polymers – these in turn are managed through a matrix organisation structure for achieving all-round functional excellence.

Pioneering past

- Founded on September 05, 1947, by Mr Kasturbhai Lalbhai, a legendary Indian, to create wealth in rural India, generate employment on a large-scale and make India self-reliant

... ..

- First private sector company of independent India to be inaugurated by the first Prime Minister of the country, Pandit Jawaharlal Nehru, on March 17, 1952
- A company that has manufactured many products for the first time in India

Persevering present

- Increasing efficiency, productivity and strengthening people and business processes
- Broadening and deepening its presence in the marketplace
- Serving the society, particularly in the areas of national priorities like education, empowerment and infrastructure

Promising future

- Seeking growth through existing, downstream, related, value added and diversified product portfolio
- Leveraging depth in science and technology and having integrated manufacturing
- Developing and growing a retail product portfolio to participate in the full value chain

- > Equity share capital of ₹ 30 cr, reserves of ₹ 3,682 cr and debt-free status as on March 31, 2021
- > Paid uninterrupted dividend* since commencement of operation in 1952 and recommended 200% dividend for 2020-21
- > Market capitalisation increased from ₹ 57 cr as at March 31, 1999, to ₹ 20,957 cr as at March 31, 2021

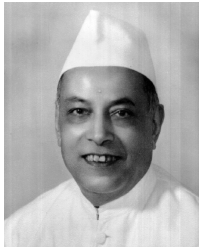
*except one year



Purpose led

We are committed to significantly enhancing value for our stakeholders by:

- fostering a spirit of continuous learning and innovation
- adopting developments in science and technology
- providing high quality products and services, thus becoming the most preferred partner
- having people who practice Values and exemplify a high standard of behaviour
- seeking sustained, dynamic growth and securing long-term success
- taking responsible care of the surrounding environment
- improving the quality of life of the communities we operate in

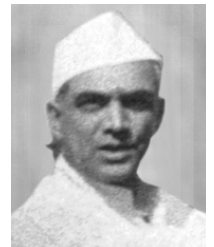


Kasturbhai Lalbhai
(1894 – 1980)

The legacy of our Founder has been synonymous with three terms: excellence, perseverance and trusteeship. At Atul, we have the most onerous responsibility to expand and diversify our footprint and follow his figurative footsteps. We are endeavouring to achieve this remit in full measure.

Balwantrao Mazumdar
(1902 – 1981)

An economist, Balwantrao Mazumdar was a voracious reader, sound thinker, patient listener and a farsighted professional. He created an atmosphere of camaraderie that brought out the collective best of the people of Atul. He was the moving force behind making Atul Complex one of the largest eco-friendly chemical sites of its kind in the world. He remained with the Group till the end of his life, as did most of the people who worked with our Founder.



Siddharth Lalbhai
(1923 – 1998)

A chemical engineer and the elder son of our Founder, Siddharth Lalbhai dedicated his life to the development of Atul. He accorded equal value to creation of wealth and service to society. The principles of trusteeship that he upheld, the personal qualities of integrity, perseverance and simplicity that he lived by and the single-minded devotion that he gave to tasks on hand will always remain our guiding force.

Values driven

The name 'Atul' is a unique asset, which represents a rich heritage of Values. In an environment where change is a way of life, continuity of Values provides stability and is fundamental to us. We have therefore formalised key Values and are committed to institutionalising them. We will seek to create an environment wherein these Values are consistently practised and nurtured and ensure that they are not compromised.



INTEGRITY

Working with honesty, following the highest standards of professionalism. Integrity is when our decisions and actions remain consistent with our thoughts and words, written or spoken.



UNDERSTANDING

How well we work with others depends on our ways to connect and this in turn is based on our level of Understanding of human relationships. This certainly does not mean that we accept poor performance, but that we do it the right way. Understanding is the external manifestation of internal realisation.



UNITY

Working together and taking advantage of synergy while harnessing unique abilities of each of us to achieve a larger goal. Unity is the realisation that though we may work in different areas, we are finally interconnected and that interdependence is a higher order of living than independence. Though we may be many, we share a common purpose.



RESPONSIBILITY

Delivering value and taking ownership of actions. Responsibility must also give us the realisation that what is good for the business must be in the overall good. In essence, we must work with a spirit of trusteeship for the shareholders and other stakeholders. What comes to us must be returned many times over.



EXCELLENCE

A drive that is more from inside than outside; it is about us seeking to continuously improve and develop an eye for innovation even in day to day work. Excellence is about excelling in everything we do and not giving up. Excellence is also a journey, not simply a destination in itself.

Business model

A business model is not a mere representation of the operations of an organisation, but how it is endeavouring to create, deliver and capture value. Ultimately, it is tested against time and adversity. When an organisation and its approach sustain through volatile and uncertain business cycles and still create, deliver and capture value for the stakeholders, then they can well be called a model business.

Research has shown that one business model may appear superior to others when analysed in isolation, but create, deliver and capture less value than others when interactions are considered. Appraising a business model in a standalone fashion may lead to faulty assessment of its strengths and weaknesses.



CUSTOMER SEGMENTS

- Serves 30 diverse industries
- Has a portfolio of products internally classified into Life Science Chemicals and Performance and Other Chemicals segments
- Is working to further broaden customer base



VALUE PROPOSITIONS

- Is a value-based company giving priority to people and processes
- Operates seven dissimilar sub-segments of which two have both non-retail and retail verticals
- Is an integrated manufacturer of 900 products and 400 formulations from basic chemicals



REVENUE STREAMS

- Is growing in existing, related, downstream and value added products | formulations
- Is adding unrelated products | formulations in a slow but steady way (such as tissue cultured date palms)
- Is working to acquire and | or form joint venture entities



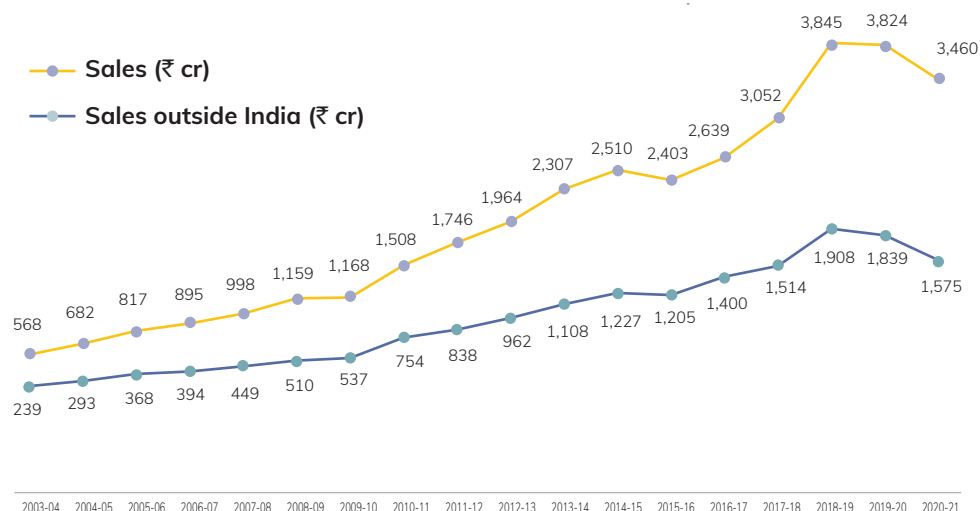
CUSTOMER RELATIONSHIPS

- Is supplying products to 4,000 customers
- Has long-term contracts
- Is working to promote contract manufacturing



CHANNELS

- Works with 2,250 distributors and retailers across India and is further strengthening this route to market
- Has its own salesforce of 484 professionals and subsidiary companies in Brazil, China, the UAE, the UK and the USA
- Is further enhancing its website and promoting social media initiatives



We have added this section for the last three years to give a better understanding to the investors about our Company. We have titled the components the same way as used conventionally and mentioned key strengths our Company has developed as well as improvements we are endeavouring so as to make its business model as robust as possible. We are working to formalise environmental, social and governance reporting.

The graphs below may overall reflect a reasonable growth, but it may have been possible for our Company to do far better. We say this because, in some of the sub-segments, competitors have performed better than us. The idea to look at the past is not to regret, but learn, improve, and face the future with confidence.



KEY RESOURCES

- Uses coal, salt, water and derivatives of crude oil and manufactures value-added products
- Has 2,991 team members in India and other countries and is focused on building strong people-related processes
- Has vast infrastructure at its first site of 1,250 acres and other manufacturing sites to grow further



KEY ACTIVITIES

- Has a strong research and development base
- Has a long experience and expertise in manufacturing complex products using varied unit operations and unit processes
- Has sales, technical service, marketing and business development departments



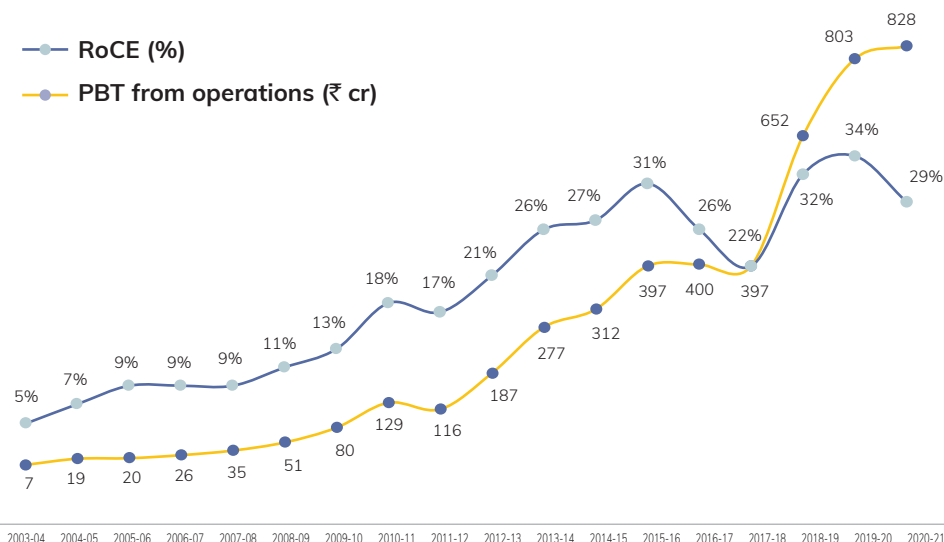
KEY PARTNERS

- Is held 45% by Lalbhai Group and the rest held widely 32% institutional investors, 22% Indian public and 1% others
- Has 14 operational subsidiary companies and two joint venture entities
- Works on a long-term basis with suppliers, customers and other service providers



COST STRUCTURE

- Accrues the benefit of vertical integration, as addition of new capacity results in decrease in cost per unit of the product.
- Has advantage of manufacturing in India
- Has a strong Balance Sheet without any debt

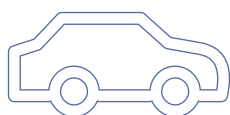


Serving diverse industries

touching lives in many ways ...



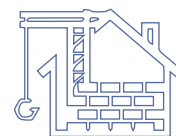
Agriculture



Automobile



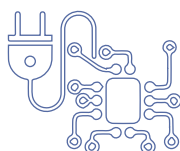
Composites



Construction



Cosmetic



Electrical and Electronics



Fragrance



Glass



Home Care



Horticulture



Paint and Coatings



Paper



Personal Care



Pharmaceuticals



Rubber



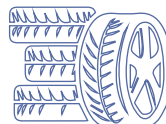
Soap and Detergent



Sport and Leisure



Textile



Tyre



Wind Energy

Footprint

- Production facilities in India (Ankleshwar, Atul, Panoli and Tarapur)
- Subsidiary companies with production facilities in India (Ambernath and Atul) and the UK (Bristol)
- Joint venture entities with production facilities in India (Atul and Jodhpur)
- Wholly-owned subsidiary companies in Brazil (São Paulo), China (Shanghai), the UAE (Dubai), the UK (Wilmslow) and the USA (Charlotte)
- Building distribution network of retail sales across India
- Operates through a network of 38,000 retail outlets in India
- Has started selling its retail products in neighbouring countries

**Manufactures
900 products and
400 formulations**

**Serves 4,000 customers
in 90 countries**

Owens 140 brands



Operational highlights

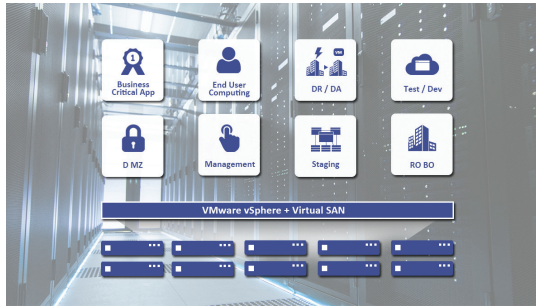
Action is inevitable to arouse curiosity. Without curiosity, we cannot gain knowledge. Without knowledge, we cannot improve. Thus, true knowledge resides in the rigour of action. It is our endeavour to develop deep insights and bring lasting improvements. The meaning of the word 'technology' for our Company is relevant beyond the realms of R&D and manufacturing – it now encompasses every function. We share below some of the highlights:

I do not think much of a man who is not wiser today than he was yesterday.

- Abraham Lincoln

People

- Took proactive steps to mitigate the impact of the COVID-19 pandemic on business continuity
- Increased focus on developing team members from within the Company
- Enhanced performance management



Systems

- Implemented Infobank - an integrated portal for a holistic view of primary and secondary sales
- Rolled out Atul Honeycomb - a mobility solution to help Marketing Development Officers to increase their productivity
- Implemented 'high availability' of critical business applications at in-house data center

Safety

- Conducted 120 HAZOP studies and 59 risk assessments
- Received ISO 45001:2018 certification for Ankleshwar site
- Provided EHS training to 3,175 employees and 6,610 contract workmen

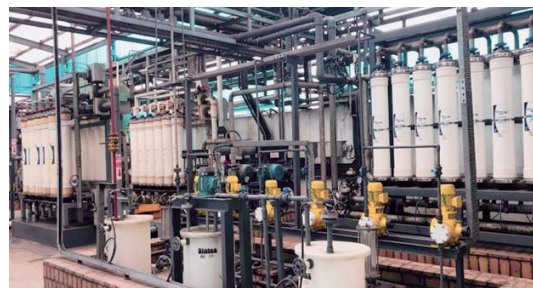


Health

- Carried out 8,089 health check-ups
- Created quarantine facilities and provided home treatment to 90 COVID-19 patients
- Conducted three health and wellness workshops

Environment

- Installed a zero liquid discharge system at Tarapur site
- Installed a 1,000 kL per day reverse osmosis plant and one multiple-effect evaporator for sustainability of zero liquid discharge operations at Ankleshwar site
- Created an advanced common intermediate hazardous waste storage



Technology and Manufacturing

- Completed 10 projects
- Improved quality of four products
- Reduced effluent quantity of five products

Research and Development

- Developed 24 new products and formulations
- Improved yield of four products
- Decreased raw material consumption of eight products



Sales and Marketing

- Added 251 new customers
- Added 17 new products
- Commenced sales in seven new geographies

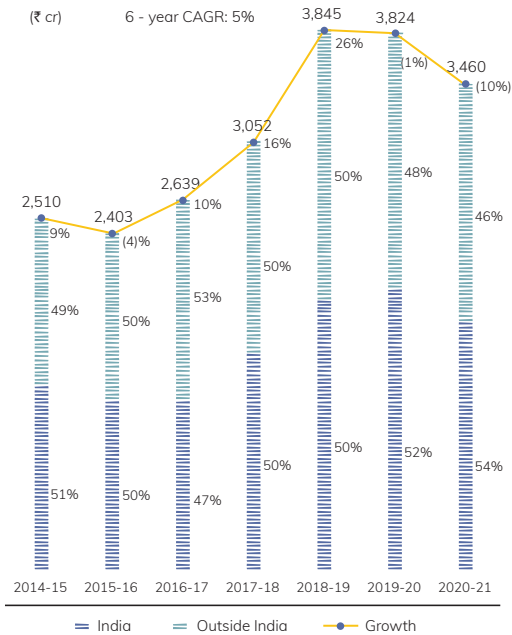
Growth

- Debottlenecked 24 products
- Executed eight expansion projects
- Implemented 35 process improvement steps

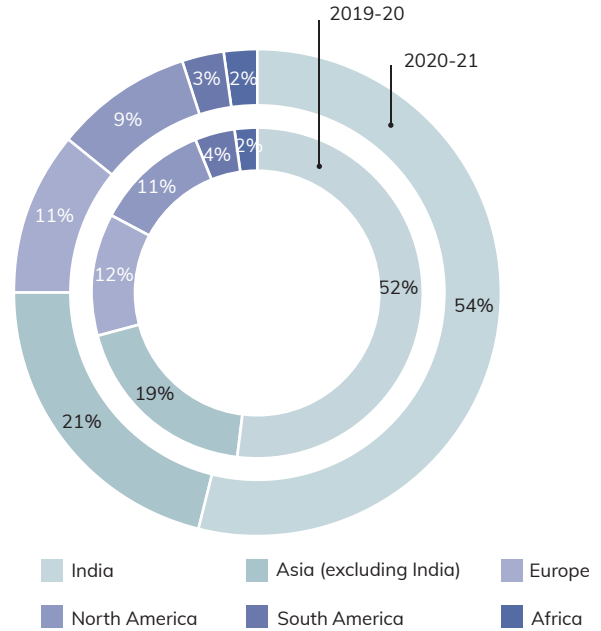


Financial charts

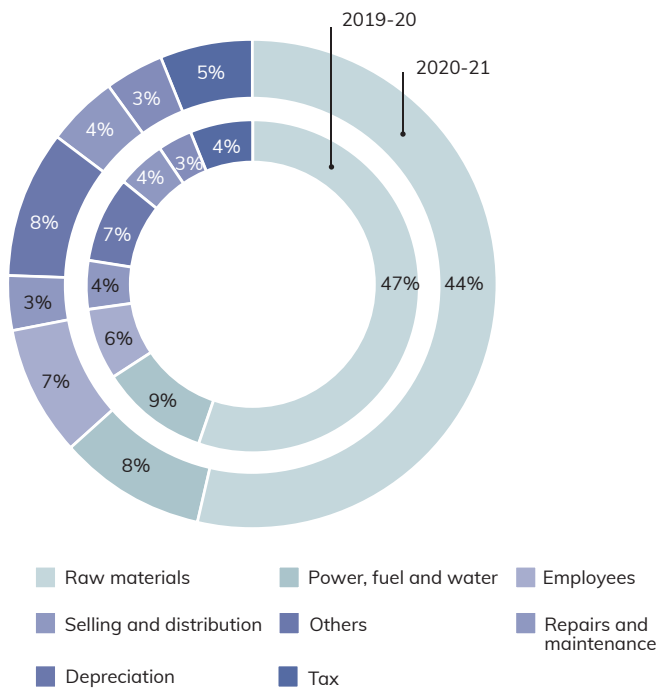
Sales



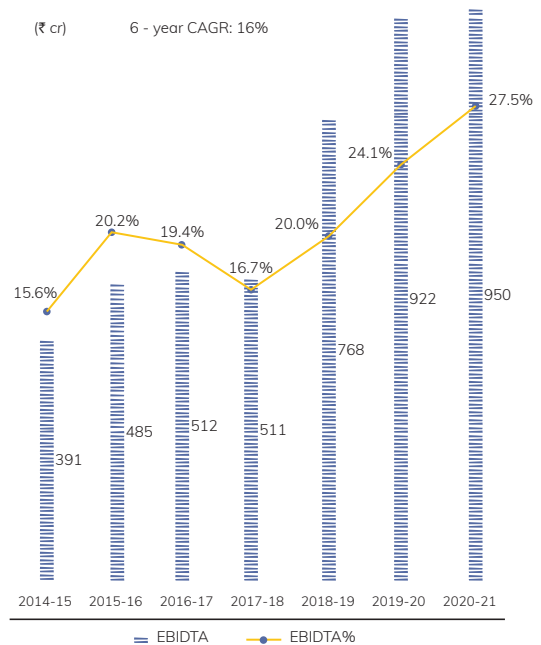
Sales by geography



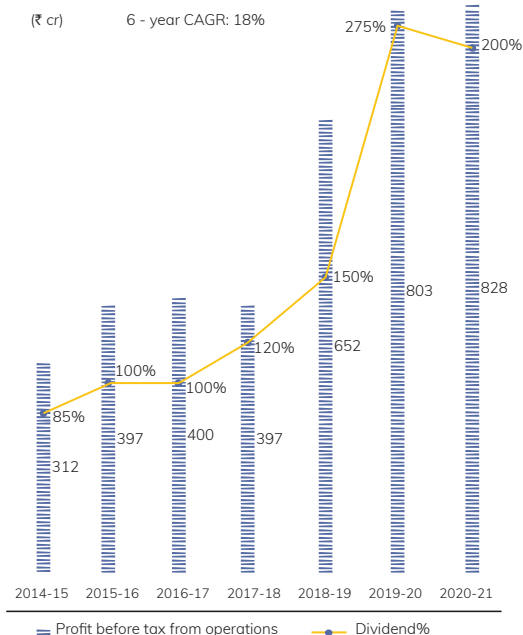
Expenses as % of revenue



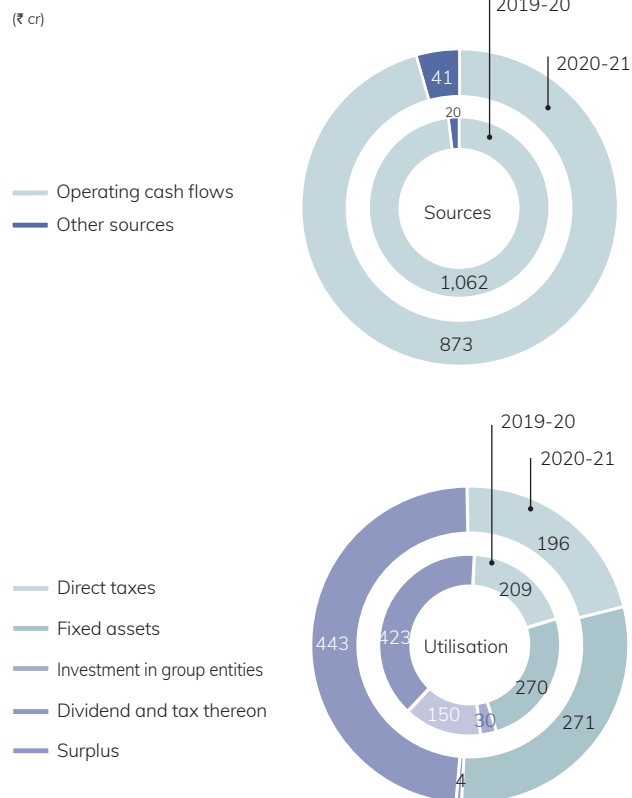
Earnings before interest, taxes, depreciation and amortisation



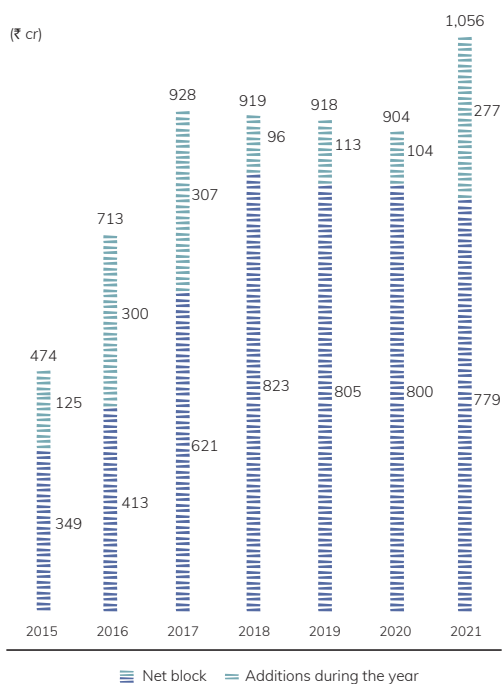
Profit before tax from operations and dividend



Sources and utilisation of cash

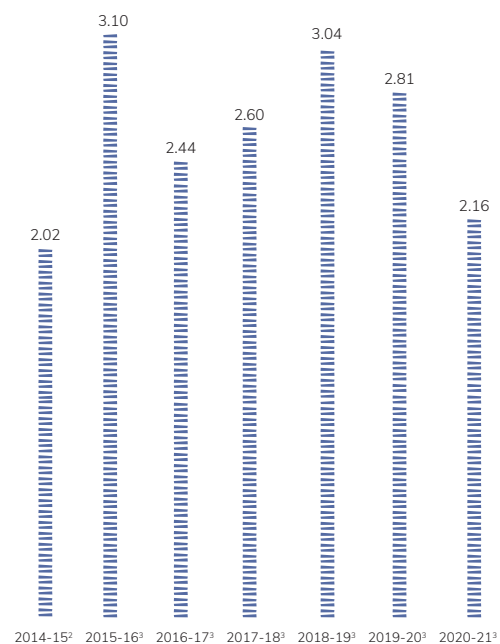


Property, plant and equipment*



* as at March 31

Asset turnover ratio¹



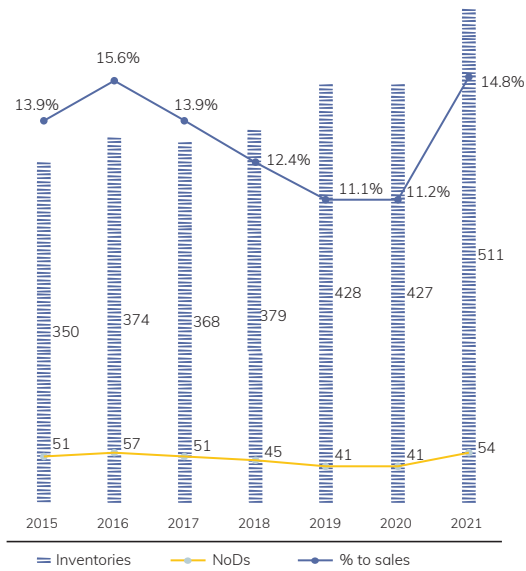
¹ Excluding capital work-in-progress

² As per revised schedule VI of the Companies Act, 1956

³ As per Ind AS

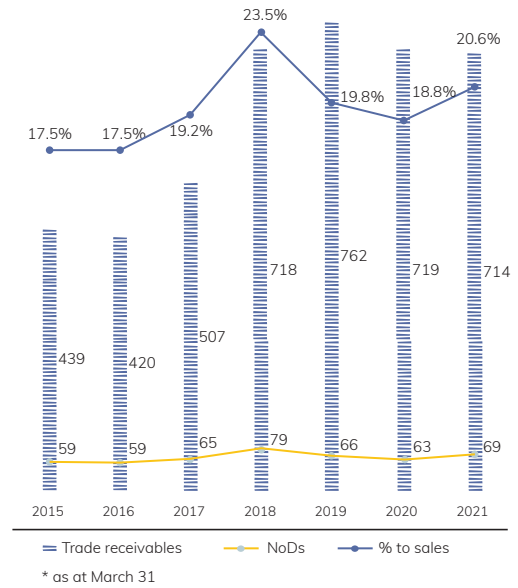
Inventories*

(₹ cr)



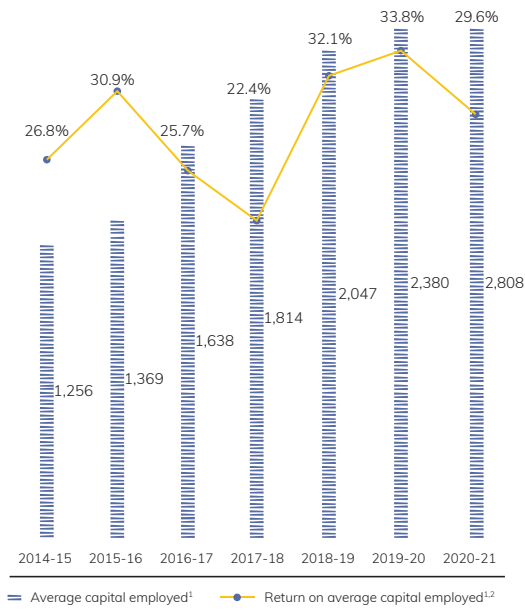
Trade receivables*

(₹ cr)



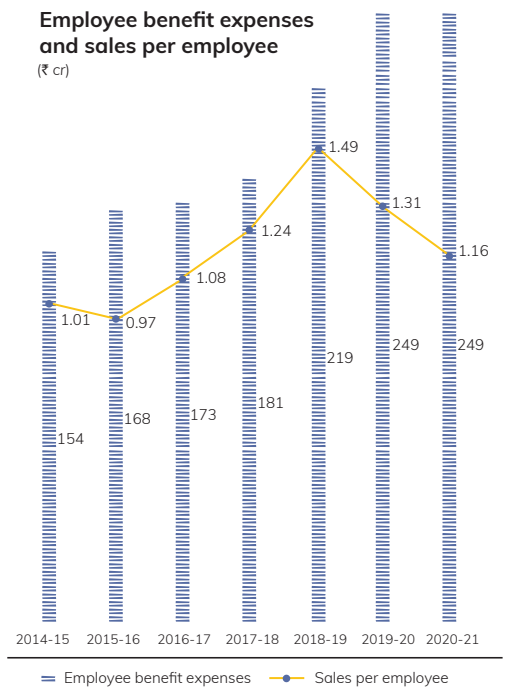
Return on average capital employed

(₹ cr)



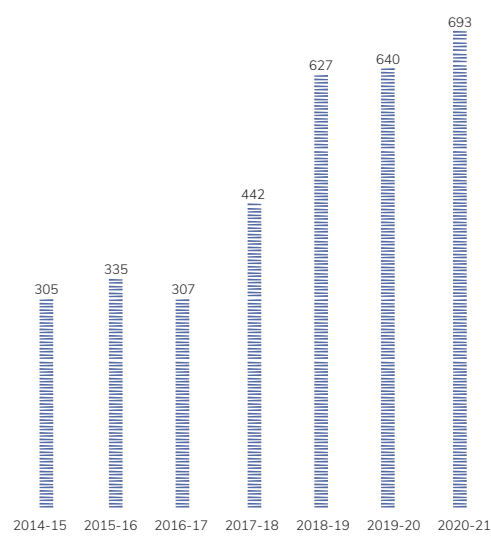
Employee benefit expenses and sales per employee

(₹ cr)



Payment to the exchequer

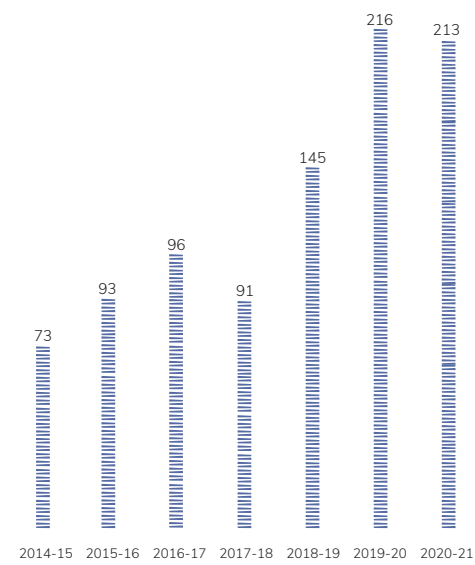
(₹ cr)



Earnings per share

(₹ cr)

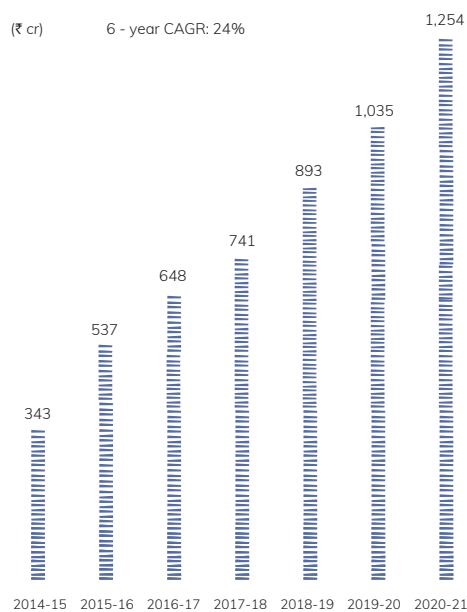
6 - year CAGR: 20%



Book value per share

(₹ cr)

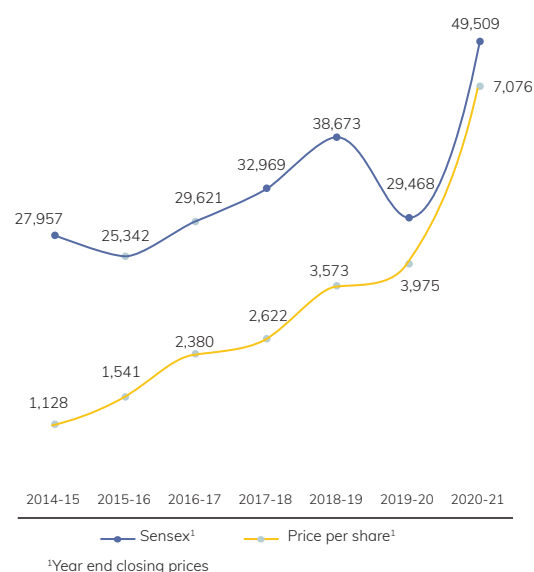
6 - year CAGR: 24%



BSE Sensex and share price

(₹ cr)

6 - year CAGR:
BSE sensex 10%
Share price 36%



Serving the society

For the Founder of our Company, Kasturbhai Lalbhai, work for business stopped at 12 noon; thereafter, it was work for society. He considered fulfilling needs of the poor as a command of God and believed that humanity sustains on service and cooperation. Ever since its incorporation in 1947, our Company has nurtured this legacy; in fact, it guides and inspires us.

I long to accomplish a great and noble task, but it is my chief duty to accomplish humble tasks as though they were great and noble.

- Helen Keller

EDUCATION

- Provided quality primary education to 5,655 children in 75 villages through trained Atul Adhyapikas
- Supported 1,746 students through enhancement of educational practices in Kalyani Shala
- Supported 187 students by improving educational practices in a tribal school
- Distributed writing materials to 3,778 students of 34 schools in 17 villages
- Provided computer education facilities to 183 students in a primary school



- Conducted science workshops for 2,045 students of 14 primary schools
- Supported 104 students by developing a computer lab in a Sanskrit college
- Provided speech therapy to 21 special children
- Supported digitalisation and creation of a portal to conserve about 80,000 ancient manuscripts
- Provided scholarships to six needy students

EMPOWERMENT

- Trained 255 students in 13 vocational courses
- Trained 122 tribal farmers in beekeeping
- Created livelihood opportunities for 125 tribal families by improving the breed of their cows
- Supported 121 microentrepreneurs by providing training and toolkits
- Generated employment for 22 women from two villages near Atul, through Urmi





HEALTH

- Supported 4,777 children to develop nutrition gardens in 135 villages
- Developed 1,000 nutrition gardens and 120 creeper vegetable gardens in four villages of Kaprada benefitting 5,600 people
- Conducted 18 anaemia awareness sessions for 1,655 children in association with nine schools and two primary health centers
- Organised 21 blood donation camps in 15 villages; 2,586 units of blood were collected
- Organised an eye camp benefitting 490 patients; 407 patients were provided with spectacles

RELIEF

- Provided kits of essential items to families of 125 special children from 51 villages
- Provided financial assistance to 68 needy and critically ill patients
- Distributed grocery kits and other essentials to 3,887 families from 27 villages
- Distributed farm kits to 68 farmers in a village
- Supported three hospitals with medical equipment to treat COVID-19 patients



INFRASTRUCTURE

- Developed seven model *anganwadis* in five villages benefitting 175 children
- Constructed a white-topping road in Atul village
- Installed paver blocks in five villages
- Renovated two schools, benefitting 2,164 students
- Constructed toilet blocks in three primary schools and a co-operative society

CONSERVATION

- Initiated a solid waste management project, Ujjwal Atul
- Conducted 69 awareness activities to educate people about the importance of solid waste management
- Planted 3,531 trees to preserve biodiversity
- Converted 39,500 kg of wet waste into organic fertiliser
- Supported deepening and desilting of two water bodies under Sujalam Sufalam Jal Sanchay Abhiyan in two villages



Letter to the shareholders

Dear Shareholders,

Confronted by compounding crises, 2020-21 remained an unprecedented fiscal – the world strived to find its way back from a pandemic as corrosive to the commercial and political order as it has been devastating to lives and livelihood. People, businesses and governments in India too tried to **endure, normalise and progress**. Team Atul had much to do – it remained steadfast to the legacy of the reflective Founder, Kasturbhai Lalbhai, of integrity, perseverance, discipline, creating more than consuming and larger purpose, to evolve further and brighten its path forward.

The **GDP of the world** at US\$85 tn declined by 3.3%. While the GDP of China at US\$15 tn grew by 2.3%, those of other key countries, namely, the USA, Germany, Japan, France and the UK de-grew between 3% and 9%. India was no exception whose GDP at US\$3 tn de-grew by 8% – it has been tested anew. These times have taught three lessons: one, there is no substitute for self-discipline, two, health infrastructure needs fast upgradation and three, interdependence, not independence is the way. Our Company is aligned with this and is taking its own small initiatives.

Sized at US\$4 tn, the **world chemical industry** declined by 2.6% and sized at US\$1.3 tn, the world **pharmaceutical industry** grew by 1.6%. China at US\$1.5 tn and US\$0.2 tn and the USA at US\$0.7 tn and US\$0.5 tn continued to be the biggest in the world chemical industry and the world pharmaceutical industry respectively. The Indian chemical industry at US\$136 bn declined by 6.1% and the Indian pharmaceutical industry at US\$42 bn grew by 2.4%. As a part of these industries which fulfil so many day-to-day needs of humanity, our Company is well positioned to serve its customers and thus seek to grow.

Sales of our Company at ₹3,460 cr (of which ₹301 cr Retail) declined by 10% mainly because of the closure of plants during the first quarter and also due to adverse impact of manufacturing and sales in two businesses. Profit before tax (excluding one-time dividend income of ₹55 cr) at ₹773 cr was lower by 4%. EBITDA margin at 26% was higher by 200 basis points and RoCE at 28% was lower by 600 basis points. There indeed exists a significant potential to better the **performance**. The Board has recommended a dividend of 200% (against 150% normal dividend last fiscal).

There was a delay in completing projects of ₹725 cr (which are at different stages of execution) related to our Company; all of them will be implemented by the third quarter of 2021-22. Thereafter, standalone sales are expected to go to ₹4,800 cr and sales including those from its subsidiary, joint venture (JV) and associate entities (mentioned below) are expected to go ₹5,500 cr. Further, our Company has taken up a new project via a newly formed 100% subsidiary company (namely Atul Products Ltd) with an investment of ₹700 cr which is expected to be completed in 2022-23.

Atul Bioscience Ltd (100% Atul holding) is stabilising its operations at Ambarnath site acquired in 2019-20. **DPD** Ltd (98% Atul holding) saw some benefit of the investment made in 2019-20 and is therefore making further investment during 2021-22. **Amal** Ltd (49.85% Atul holding) is implementing an expansion project – this is expected to be completed in mid of 2021-22. **Anaven** LLP (50% JV with Nouryon Holding BV) has completed the project and will step up its operations in 2021-22. **Rudolf Atul Chemicals** Ltd (50% JV with Rudolf GmbH) is gradually increasing its market share.

Our Company and its subsidiary, JV and associate entities have never undertaken so many projects at a time; so it is also a learning experience. Moreover, the **five mandates** I had shared with you last year – enhance people productivity, increase manufacturing and other efficiencies (focus on inputs; outputs will take care of themselves), pervade technologies in every function, conserve cash while growing and evolving the future (that is, measure performance by free cash flow) and work with the customers on ideas of high potential – continue, for they remain just as important.

The pandemic has brought uncertainties no doubt, but it has also reinforced what we already knew (about discipline, teamwork, for example) and also showed new ways of working (from home, incorporating technology, for example). I appreciate commitment and contribution of every member of **team Atul** who has worked tirelessly to sustain the operations. On behalf of the team, I wish to assure all **customers** that notwithstanding the internal structure of our Company, it will act as One Atul to deliver the products, services and solutions they may need.



Atul Complex gate 01 | Parnera hillock, Atul village

Our potential is developed and nurtured; it is not granted or predetermined. We can change our mindset. This is by realising that we are imperfect, but we can learn and get better and that we can close the gap between our espoused mindset and the lived experience. It is our endeavour to develop leadership at various levels in our Company with this firm belief so that we can empower every person we connect.

Atul Foundation continued to support the **community** in its own small way. As an example, I have given a link (at the end of this letter) of the video clip of one of the initiatives called Ankur (which incidentally was well-received also by the Government of India). One more example I may share with you is that the cows valued at ₹66 lakhs given to 121 poor families have generated an income of ₹66 lakhs in one year for them giving a simple 'payback' of one year. I trust you also agree that a business that does not create value for those it touches is not long for this world.

All this was and is possible because of team Atul (which consist of five nationalities). It is the responsibility of our Company and team Atul to enhance **people processes** (performance management, manpower planning, recruitment and training) as in it lies the essence of ultimate performance and governance of the business. Furthermore, how those in leadership positions behave, lead (themselves) and envision will determine the beliefs, character and dimensions of our Company. Such positions will therefore have to be held by people who provide exemplary self-leadership.

The involvement, analysis, incisive questioning and encouragement, all based on long experience and wisdom of the **Non-executive Directors** is augmenting and refining the efforts of the Management to better the performance, and I value their association. Share prices are not about the past, but prediction of the future cash flows discounted back to the present, and your trust in and support to our Company as its **shareholder** that it can deliver long-term, place even more responsibility on the Management. Our Company purpose is timeless; the way to approach it will continuously evolve.

The start of a new decade typically brings hope, but the external environment at this time, particularly in India, is blemished by the second 'tsunami' of the pandemic. Amid this disruption, it is easy to fall prey to pessimism, but team Atul will move ahead with **hope and hard work**. Our Company aims to reach new long-term milestones in 2021-22, pushing its boundaries to become better and more prepared, as it completes 70 years of operations on March 17, 2022, not settling for where it is, but where it ought to be – for this, I am optimistic. The best is yet to come.

Sincerely,

Sunil Siddharth Lalbhai
Chairman and Managing Director

<https://youtu.be/WDhe202OKyU>

Board of Directors



Rajendra Shah

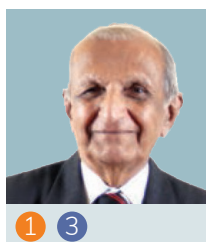
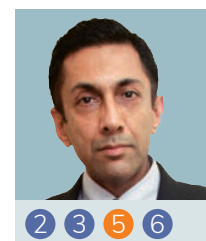
Mr Rajendra Shah is a Director of the Company since May 1983. He is a Senior Partner of Crawford Bayley & Co, a firm of Solicitors and Advocates.

Mr Shah holds a degree in Law from the University of Mumbai and has passed Solicitor exam from the Honourable High Court at Mumbai.

Sunil Lalbhai

Mr Sunil Lalbhai is a Managing Director since June 1984 and the Chairman of the Board of the Company since August 2007.

Mr Lalbhai holds a postgraduate degree in Chemistry from the University of Massachusetts and a postgraduate degree in Economic Policy and Planning from Northeastern University.



Banshi Mehta

Mr Banshi Mehta is a Director of the Company since April 1992. He is the Chief Mentor in Banshi S Mehta & Co since 2009.

Mr Mehta holds a graduate degree in Commerce from the University of Mumbai and is a Fellow Member of the ICAI.

Samveg Lalbhai

Mr Samveg Lalbhai is a Director of the Company since January 2000 and a Managing Director of the Company since December 2000.

Mr Lalbhai holds a graduate degree in Commerce from Gujarat University.



Susim Datta

Mr Susim Datta is a Director of the Company since October 2002. He was the Chairman of Hindustan Unilever Ltd in India and Nepal from 1990 to 1996.

Mr Datta holds a postgraduate degree in Science and Technology from the University of Calcutta and is a Chartered Engineer.

Bharathy Mohanan

Mr Bharathy Mohanan joined the Company in August 1992 and is a Whole-time Director since January 2009. He is currently President, Utilities and Services and the Occupier of the Company.

Mr Mohanan holds a graduate degree in Engineering (Honours) from the University of Calicut.





Srinivas Rangan

Mr Srinivasa Rangan is a Director of the Company since July 2010. He is an Executive Director of Housing Development Finance Corporation Ltd.

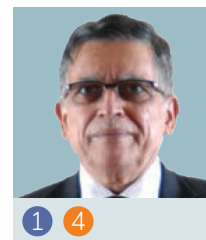
Mr Rangan holds a graduate degree in Commerce from the University of Delhi and is an Associate Member of the ICAI and the ICMAI.

1

Mukund Chitale

Mr Mukund Chitale is a Director of the Company since October 2014. He is a founder of the Chartered Accountancy firm, Mukund M Chitale & Co.

Mr Chitale holds a graduate degree in Commerce from the University of Mumbai and is a Fellow Member of the ICAI.



1 4



Gopi Kannan Thirukonda

Mr Gopi Kannan Thirukonda joined the Company in October 1993 and is a Whole-time Director since October 2014. He is currently the Chief Financial Officer.

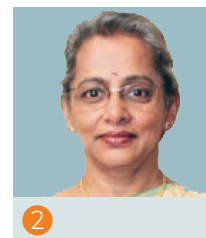
Mr Gopi Kannan holds a degree in Science from the University of Madras and a postgraduate diploma in management from IIMA. He is a Fellow Member of the ICAI, the ICMAI and the ICSI.

5 6

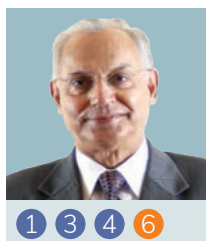
Shubhalakshmi Panse

Ms Shubhalakshmi Panse is a Director of the Board since March 2015. She was the Chairperson and Managing Director of Allahabad Bank Ltd.

Ms Panse holds a postgraduate degree in Science from Pune University and a postgraduate degree in Business Administration from Drexel University.



2



Baldev Arora

Mr Baldev Arora is a Director of the Board since April 2015. He was the Chairman of Cyanamid Agro Ltd and Chairman and Managing Director of Wyeth Lederle Ltd.

Mr Arora holds a graduate degree in Mechanical Engineering from the University of Punjab.

1 3 4 6

Board Committees

- | | |
|--|--|
| 1. Audit Committee | 4. Nomination and Remuneration Committee |
| 2. Corporate Social Responsibility Committee | 5. Risk Management Committee |
| 3. Investment Committee | 6. Stakeholders Relationship Committee |

● Chairperson ● Member

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 March 31, 2021.

01. Financial results

	(₹ cr)	
	2020-21	2019-20
Sales	3,460	3,824
Revenue from operations	3,512	3,906
Other income	104	77
Total revenue	3,616	3,983
Profit before tax	828	803
Provision for tax	197	163
Profit for the year	631	640
Balance brought forward	2,513	2,026
Transfer from comprehensive income	(1)	(2)
Disposable surplus	3,143	2,664
Less:		
Dividend paid	-	126
Dividend distribution tax (net)	-	25
Balance carried forward	3,143	2,513

02. Performance

Sales decreased by 10% from ₹ 3,824 cr to ₹ 3,460 cr mainly due to lower volumes sold, primarily on account of the outbreak of the COVID-19 pandemic across the world. Sales in India decreased by about 5% from ₹ 1,985 cr to ₹ 1,885 cr. Sales outside India decreased by about 14% from ₹ 1,839 cr to ₹ 1,575 cr. The PBT increased by 3% from ₹ 803 cr to ₹ 828 cr inspite of the adverse impact of the pandemic mainly due to favourable input prices and higher dividend income.

Sales of Life Science Chemicals (LSC) segment decreased by 4% from ₹ 1,174 cr to ₹ 1,124 cr, mainly because of lower sales volume in the sub-segments Crop Protection and Floras; the EBIT decreased by about 7% from ₹ 213 cr to ₹ 199 cr. Sales of Performance and Other Chemicals (POC) segment decreased by about 12% from ₹ 2,650 cr to ₹ 2,336 cr, mainly because of lower sales volume in three sub-segments; the EBIT decreased by about 1% from ₹ 579 cr to ₹ 574 cr. More details are given in the Management Discussion and Analysis (MDA).

03. Dividend and buy-back of equity shares

The Board recommends payment of dividend of ₹ 20 per share on 2,95,87,051 equity shares of ₹ 10 each fully paid-up. The dividend will entail an outflow

of ₹ 59.17 cr on the paid-up equity share capital of ₹ 29.59 cr.

During 2020-21, the Board approved ₹ 50 cr for buy-back of equity shares through the open market stock exchange route to return surplus funds to the shareholders of the Company and to improve earnings per share by a decrease in the equity base, thereby leading to a long-term increase in value for the shareholders. The buy-back of equity shares was completed as per details given below:

Buy-back opening date	February 10, 2021
Buy-back closure date	February 19, 2021
Average price per equity shares bought back	₹ 6,678.58
Aggregate consideration	₹ 49.88 cr
No. of equity shares bought back	74,682
Date of extinguishment of equity shares	February 25, 2021
Total no. of equity shares of ₹ 10 each, pre-buy-back	2,96,61,733
Total no. of equity shares of ₹ 10 each, post-buy-back	2,95,87,051

04. Conservation of energy, 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 at page number 28.

05. Insurance

The Company has taken adequate insurance to cover the risks to its employees, property (land and buildings), plant, equipment, other assets and third parties.

06. Risk management

Risk management is an integral part of 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 has developed and implemented a comprehensive risk management system to ensure that risks to the continued existence of the Company as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised risk management system, leading standards and practices have been considered. The risk management system is relevant to business reality, pragmatic and simple and involves the following:

- i) 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.
- ii) Risk classification – Focuses on understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes, generating the root causes and a clear understanding of risk inter-relationships.
- iii) Risk assessment and prioritisation – Focuses on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and the existing mitigation controls.
- iv) 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.
- v) 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 has approved the Risk Management Policy of the Company. The Company has laid down procedures to inform the Board on i) to iv) listed above. The Audit Committee | 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 functioning of the risk management system as per the guidance of the Audit Committee | 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 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:

- i) pertain to the maintenance of records, which in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company,
- ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Financial Statements in accordance with Generally Accepted Accounting Principles and that receipts and expenditures are being made only in accordance with authorisations of the Management and Directors of the Company,
- iii) provide reasonable assurance regarding 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 with respect to the Financial Statements.

The Management assessed the effectiveness of the internal financial controls over financial reporting as of March 31, 2021, and the Board believes that the controls are adequate.

08. Fixed deposits

During 2020-21, the Company did not accept any fixed deposits.

09. Loans, guarantees, investments and security

Particulars of loans, guarantees, investments and security provided are given at page numbers 116 and 118.

10. Subsidiary, associate and joint venture entities

During 2020-21, Atul Lifescience Ltd, Atul Natural Dyes Ltd, Atul Natural Foods Ltd, Atul Products Ltd and Atul Renewable Energy Ltd were incorporated as wholly-owned subsidiary companies of the Company and Amal Speciality Chemicals Ltd, was incorporated as its wholly-owned subsidiary by Amal Ltd, an associate company of the Company. There were no other changes in the subsidiary, associate and joint venture entities, which were reported earlier.

11. Related party transactions

All the transactions entered into with the related parties were in ordinary course of business and on arm's length basis. Details of such transactions are given at page number 128. No transactions were entered into by the Company that required disclosure in Form AOC-2.

12. Corporate social responsibility

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at page number 32.

13. Annual return

Annual return for 2020-21 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 appointed as the Statutory Auditors of the Company at the 40th Annual General Meeting (AGM) held on July 28, 2017, until the conclusion of the 45th AGM.

The Auditor's Report for the financial year ended March 31, 2021, 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. The shareholders ratified the appointment of R Nanabhoy & Co as the Cost Auditors for 2020-21 on July 31, 2020.

Secretarial Auditors

The Board appointed SPANJ & Associates, Company Secretaries, as the Secretarial Auditors for 2020-21 on March 23, 2018, and their report is given at page number 37.

15. Directors' responsibility statement

Pursuant to Section 134(5) of the Act, the Directors confirm that, to the best of their knowledge and belief:

- 15.1 In preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards have been followed and there are no material departures.
- 15.2 The accounting policies were selected and applied consistently and judgements and estimates thus made were 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.
- 15.3 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.
- 15.4 The attached annual accounts for the year ended March 31, 2021, were prepared on a going concern basis.
- 15.5 Adequate internal financial controls to be followed by the Company were laid down and they were adequate and operating effectively.
- 15.6 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 Appointments | Reappointments | Cessations

- i) Subject to the approval of the Members in the AGM, Mr S A Lalbhai was reappointed as a Managing Director effective December 15, 2021, for a period of five years.
- ii) According to Article 86 of the Articles of Association of the Company, Mr B N Mohanan retires by rotation and being eligible, offers himself for reappointment at the AGM scheduled on July 30, 2021.
- iii) In the opinion of the Board, the Independent Directors reappointed during the year possess integrity, rich experience and expertise relevant to the Company.

16.2 Policy on appointment and remuneration 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 appointment of Directors, the Nomination and Remuneration Committee considers the following factors:

- i) Qualification: well-educated and experienced in senior leadership positions in industry | profession
- ii) Trait: positive attributes and qualities
- iii) Independence: criteria prescribed in Section 149(6) of the Act for the Independent Directors, including no pecuniary interest and conflict of interest

16.2.2 Remuneration of the Non-executive Directors

- i) Sitting fees: up to ₹ 35,000 for attending a Board, Committee and any other meeting
- ii) Commission: up to 1% of net profit as may be decided by the Board based on the following factors:
 - a) Membership of committee(s)
 - b) Profit
 - c) Attendance
 - d) Category (Independent or Non-independent)

16.2.3 Remuneration of the Executive Directors

This is given under para number 17.2.

16.3 Criteria and method of annual evaluation

16.3.1 The criteria for evaluation of performance of

- i) The Non-independent Directors (Executive),
- ii) the Non-independent Director (Non-executive),
- iii) the Independent Directors, iv) the Chairman,
- v) the Committee of the Board and vi) the Board as a whole are summarised in the table at the end of the Directors' Report at page number 27.

16.3.2 The Independent Directors have carried out annual:

- i) review of performance of the Non-independent Directors – Executive
- ii) review of performance of the Non-independent Director – Non-executive
- iii) review of performance of the Chairman and assessment of quality, quantity and timeliness of the flow of information to the Board
- iv) review of performance of the Board as a whole

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

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

The templates for the above purpose were circulated in advance for feedback of 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 organisation structure and relevant regulatory changes. A visit is organised to one or more of its manufacturing sites. Details of the familiarisation programs 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

There were no appointments | cessations of the Key Managerial Personnel during 2020-21.

17.2 Remuneration

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

17.2.1 Components:

- i) Fixed pay
 - a) Basic salary
 - b) Allowances
 - c) Perquisites
 - d) Retirals
- ii) Variable pay

17.2.2 Factors for determining and changing fixed pay:

- i) Existing compensation
- ii) Education
- iii) Experience
- iv) Salary bands
- v) Performance
- vi) Market benchmark

17.2.3 Factors for determining and changing variable pay:

- i) Business performance
- ii) Individual performance
- iii) Grade

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 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 performance of the two reporting segments, namely, LSC and POC, is given at page number 41.

20. Corporate Governance Report

20.1 Statement of declaration given 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 compliance of the conditions of Corporate Governance pursuant to Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given at page number 48. Details about the number of meetings of the Board held during 2020-21 are given at page number 53. The composition of the Audit Committee is given at page number 56.

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

20.3 Whistleblowing Policy

The Board, on the recommendation of the Audit Committee, had approved a vigil mechanism (Whistleblowing Policy). The Policy provides an independent mechanism for reporting and resolving complaints pertaining to 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 personnel have been denied access to the Audit Committee.

20.4 Secretarial standards

Secretarial standards as applicable to the Company were followed and complied with during 2020-21.

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 at page number 60.

21. Business Responsibility Report

As per Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report is given at page number 68.

22. Dividend Distribution Policy

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy is given at page number 74.

23. COVID-19

The COVID-19 pandemic is a worldwide crisis and has meant that the economies will have to operate alongside the disease.

The Company strictly followed the guidelines issued by the local, state and central governments and also went beyond to protect the health and well-being of its workforce and ensured minimum disruption to its customers. Despite this, the sales of the Company in the first quarter were affected due to the pandemic.

The Company provided support to its employees and their families to undergo vaccination.

24. 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

Atul
April 30, 2021

(Sunil Siddharth Lalbhai)
Chairman and Managing Director

Evaluation of	Evaluation by	Criteria
Non-independent Director (Executive)	Independent Directors	Qualification, Experience, Availability and attendance, Integrity, Commitment, Governance, Transparency, Communication, Business leadership, People leadership, Investor relations
Non-independent Director (Non-executive)	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

Annexure to the Directors' Report

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1. Conservation of energy, technology absorption and foreign exchange earnings and outgo

1.1 Conservation of energy

1.1.1 Measures taken:

- i) Centralisation of utility facility for sulfa plants
- ii) Installation of VFD chiller and energy efficient cooling water pump with VFD-PT logic
- iii) Utilisation of 3-bar steam in place of 7-bar steam to increase electricity generation

1.1.2 Additional investments and proposals, if any, being implemented:

- i) Identification and implementation of renewable energy sources
- ii) Monitoring efficiency of utility generation features
- iii) Replacement of conventional agitators and pumps by energy efficient agitators and pumps

1.2 Technology absorption

1.2.1 Research and Development

- i) Specific areas in which Research and Development (R&D) was carried out by the Company:
The Company focused its R&D efforts on process improvement of its existing products, recovery of products from pollutants and process development of new products and formulations.
- ii) Benefits derived from R&D:
The Company increased yield of four products, decreased consumption of raw materials in eight products, decreased consumption charge of solvent in one product, recovered one product from pollutants and introduced 24 new products.
- iii) Future plan:
The Company is investing further in people and equipment so as to strengthen its R&D and thereby enhance its capability.
- iv) R&D expenditure:

(₹ cr)			
Capital	Recurring	Total	Total R&D expenditure as a percentage of total sales
3.24	25.98	29.22	0.84%

1.2.2 Technology absorption, adaptation and innovation

- i) Efforts in brief, made towards technology absorption, adaptation and innovation:
The Company upgraded many of its processes and operations by imbibing new technology using more efficient equipment and automation.
- ii) Benefits derived as a result of the above efforts, for example, product improvement, cost reduction, product development and import substitution:
The above efforts have resulted in improvement in quality, increase in yield, increase in throughput and decrease in manpower.
- iii) Technology, if any, imported during the last three years reckoned from the beginning of the financial year:
The Company did not import any technology.

1.3 Foreign exchange earnings and outgo

1.3.1 Export sales: activities, development initiatives and future plans

The Company sold its products in 87 countries, directly and through its subsidiary companies in the USA, the UK, the UAE, China and Brazil. Sales outside India* decreased by 14% from ₹ 1,794 cr to ₹ 1,535 cr, mainly due to lower volume on account of outbreak of the pandemic across the world. The Company is taking further steps to strengthen its international marketing network.

*Free On Board (FOB) value

1.3.2 Total foreign exchange earnings and outgo

(₹ cr)		
Particulars	2020-21	2019-20
Earnings		
Exports – FOB value	1,534.61	1,794.40
Dividends, etc	-	2.15
Outgo		
Payment for raw materials, books and periodicals, dividend, etc	549.12	683.39

2. Subsidiary, associate and joint venture companies | entities and joint operations

2.1 Operational

No.	Name	Equity share capital	Reserves and surplus	Total asset	Total liability	Investment	Revenue	Profit before tax	Provision for tax	Profit after tax	Dividend	% shareholding	Reporting currency
	Subsidiary companies												
01.	Aaranyak Urmi Ltd	0.21	(0.04)	0.25	0.08	-	0.37	0.02	-	0.02	-	100%	INR
02.	Atul Bioscience Ltd	29.02	44.32	184.42	111.08	0.01	143.38	5.47	1.55	3.92	-	100%	INR
03.	Atul Biospace Ltd	11.03	6.07	17.84	0.74	9.73	8.85	1.17	0.34	0.83	-	100%	INR
04.	Atul Brasil Quimicos Ltda	0.91	0.14	1.36	0.31	-	0.63	0.03	-	0.03	-	100%	BRL
05.	Atul China Ltd	3.79	4.56	24.61	16.26	-	121.19	1.61	0.08	1.53	-	100%	CNY
06.	Atul Europe Ltd	33.20	8.40	88.07	46.47	9.34	162.71	0.13	0.05	0.08	-	100%	GBP
07.	Atul Fin Resources Ltd	7.15	1.50	8.80	0.15	-	0.53	0.41	0.12	0.29	-	100%	INR
08.	Atul Finserv Ltd	37.74	60.49	98.35	0.12	92.21	1.44	0.58	0.13	0.45	-	100%	INR
09.	Atul Infotech Pvt Ltd	0.30	20.45	21.48	0.73	0.02	4.35	(0.01)	(0.05)	0.04	-	100%	INR
10.	Atul Middle East FZ-LLC	0.60	1.24	2.11	0.27	-	1.56	0.67	-	0.67	-	100%	AED
11.	Atul Products Ltd	0.01	-	0.30	0.29	-	-	-	-	-	-	100%	INR
12.	Atul Rajasthan Date Palms Ltd	8.11	(0.31)	20.24	12.44	-	2.52	(1.47)	(0.10)	(1.37)	-	73.98%	INR
13.	Atul USA Inc	14.70	17.63	61.88	29.55	-	258.22	5.99	1.43	4.56	-	100%	USD
14.	DPD Ltd	2.52	32.80	49.12	13.80	-	37.67	12.70	2.94	9.76	-	98.00%	GBP
	Associate companies												
01.	Amal Ltd	9.43	24.94	44.64	10.27	5.43	30.42	10.86	2.01	8.85	-	49.85%	INR
02.	Amal Speciality Chemicals Ltd	5.00	(0.07)	8.84	3.91	-	-	(0.01)	-	(0.01)	-	49.85%	INR
03.	Atul Crop Care Ltd	0.05	3.38	5.65	2.22	0.19	14.64	1.19	0.34	0.85	-	26.00%	INR
04.	Lapox Polymers Ltd	0.05	2.82	5.03	2.16	1.48	16.02	1.09	0.33	0.76	-	20.00%	INR
05.	Osia Infrastructure Ltd	2.45	(0.10)	3.73	1.38	0.05	0.03	(0.13)	(0.03)	(0.10)	-	42.53%	INR
	Joint venture company												
01.	Rudolf Atul Chemicals Ltd	5.84	42.78	67.41	18.79	-	88.88	18.60	4.81	13.79	-	50.00%	INR
	Joint operations												
01.	Anaven LLP	134.00	(10.33)	278.64	154.97	-	6.82	(6.18)	-	(6.18)	-	50.00%	INR

(₹ cr)

2.2 Non-operational

(₹ cr)

No.	Name	Equity share capital	Reserves and surplus	Total asset	Total liability	Investment	Turnover	Profit before tax	Provision for tax	Profit after tax	Dividend	% shareholding	Reporting currency
	Subsidiary companies												
01.	Aasthan Dates Ltd	2.10	(0.33)	1.77	-	-	0.02	0.01	-	0.01	-	100%	INR
02.	Anchor Adhesives Pvt Ltd	0.59	(0.10)	0.49	-	-	0.03	0.03	0.01	0.02	-	100%	INR
03.	Atul Deutschland GmbH	0.86	(0.49)	0.64	0.27	-	-	(0.05)	-	(0.05)	-	100%	Euro
04.	Atul Ireland Ltd	-	(0.05)	0.07	0.12	-	-	(0.05)	-	(0.05)	-	100%	Euro
05.	Atul Lifescience Ltd	0.01	-	0.01	-	-	-	-	-	-	-	100%	INR
06.	Atul Natural Dyes Ltd	0.01	-	0.01	-	-	-	-	-	-	-	100%	INR
07.	Atul Natural Foods Ltd	0.01	-	0.01	-	-	-	-	-	-	-	100%	INR
08.	Atul Nivesh Ltd	2.50	0.51	3.01	-	-	0.21	0.21	0.05	0.16	-	100%	INR
09.	Atul Renewable Energy Ltd	0.01	-	0.01	-	-	-	-	-	-	-	100%	INR
10.	Biyaban Agri Ltd	1.09	(0.57)	0.52	-	-	0.01	0.01	-	0.01	-	100%	INR
11.	Raja Dates Ltd	4.10	(0.49)	3.69	0.08	-	0.09	(0.01)	(0.02)	0.01	-	100%	INR
	Associate companies												
01.	Atul Aarogya Ltd	0.07	0.07	0.14	-	0.07	-	-	-	-	-	41.67%	INR
02.	Atul Ayurveda Ltd	0.08	0.02	0.10	-	0.04	-	-	-	-	-	41.67%	INR
03.	Atul Clean Energy Ltd	0.10	(0.01)	0.09	-	0.05	-	-	-	-	-	28.47%	INR
04.	Atul Entertainment Ltd	0.07	0.02	0.09	-	0.04	-	-	-	-	-	41.67%	INR
05.	Atul Hospitality Ltd	0.06	0.02	0.08	-	0.02	-	-	-	-	-	41.67%	INR
06.	Atul Polymers Products Ltd (formerly known as Atul Elkay Polymers Ltd)	0.05	(0.11)	0.07	0.13	0.01	-	-	-	-	-	50.00%	INR
07.	Atul (Retail) Brands Ltd	0.10	(0.01)	0.09	-	0.05	-	-	-	-	-	43.05%	INR
08.	Atul Seeds Ltd	0.09	(0.01)	0.08	-	0.03	-	-	-	-	-	43.98%	INR
09.	Jayati Infrastructure Ltd	0.09	(0.01)	0.08	-	0.03	-	-	-	-	-	43.98%	INR
10.	Osia Dairy Ltd	0.09	(0.01)	0.08	-	0.03	-	-	-	-	-	43.98%	INR

AED: United Arab Emirates Dirham, BRL: Brazilian Real, CNY: Chinese Yuan, GBP: Great Britain Pound, INR: Indian Rupee, USD: United States Dollar

Rate of exchange considered as on March 31, 2021 are 1 AED = ₹ 19.92, 1 BRL = ₹ 12.94, 1 CNY = ₹ 11.17, 1 Euro = ₹ 86.10, 1 GBP = ₹ 100.95, 1 USD = ₹ 73.50.

Gujarat Synthwood Ltd (subsidiary company) is under liquidation

3. Corporate social responsibility

3.1 Brief outline on CSR Policy of the Company

Policy, programs and scope

3.1.1 Policy

Atul will help enhance the quality of life of people belonging to the marginalised sections of the society and volunteer its resources to the extent it can reasonably afford to Atul Foundation Trust (AFT) and (or) other entities under its umbrella. The Foundation will particularly undertake projects in and around the locations where the Company operates.

3.1.2 Programs and scope

Atul Foundation will take up projects and | or carry out activities under three broad programs: i) Education and Empowerment, ii) Health and Relief and iii) Infrastructure and Conservation with varied scope of work.

i) Education and Empowerment

- a) Establish and | or support schools
- b) Establish and | or support colleges
- c) Establish and | or support vocational institutes
- d) Encourage sports
- e) Promote integrated development of tribal areas

ii) Health and Relief

- a) Enhance rural hygiene and sanitation
- b) Establish mobile medical care facilities
- c) Organise medical camps
- d) Establish medical care centers
- e) Assist during natural calamities

iii) Infrastructure and Conservation

- a) Protect environment
- b) Develop and | or maintain rural utilities
- c) Develop and | or maintain rural amenities
- d) Restore sites of historical importance
- e) Promote use of renewable resources

3.2 Composition of the CSR Committee:

No.	Name of Directors	Designation Nature of Directorship	Number of meetings held during the year	Number of meetings attended during the year
1.	S A Panse	Chairperson Independent	1	1
2.	S S Lalbhai	Member Non-independent	1	1
3.	B N Mohanan	Member Non-independent	1	1

3.3 Details of URL for disclosure of composition of the CSR Committee, CSR Policy and CSR projects on the website of the Company:

www.atul.co.in/pdf/investors/policies/CSR.pdf

3.4 Impact assessment (attach the report):

not applicable

- 3.5 Details of the amount available for set-off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any:

(₹ lakhs)

No.	Financial year	Amount available for set-off from preceding financial years	Amount required to be set-off for the financial year, if any
-	-	-	-

- 3.6 Average net profit of the Company as per Section 135(5):

₹ 62,010 lakhs

- 3.7 CSR obligation:

(₹ lakhs)

a)	Two percent of average net profit of the Company as per Section 135(5)	1,240.20
b)	Surplus arising out of the CSR projects or programs or activities of the previous financial years	-
c)	Amount required to be set-off for the financial year, if any	-
d)	Total CSR obligation for the financial year (a+b-c)	1,240.20

- 3.8 a) CSR amount spent or unspent for the financial year:

(₹ lakhs)

Total amount spent for the financial year	Amount unspent				
	Total amount transferred to the Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per the second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
1,241.35	-	-	-	-	-

- b) Details of CSR amount spent against ongoing projects for the financial year:

(₹ lakhs)

No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (yes no)	Location of the project		Project duration	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to the Unspent CSR Account for the project as per Section 135 (6)	Mode of implementation - direct (yes no)	Mode of implementation - through implementing agency	
				State	District						Name	CSR registration number
-	-	-	-	-	-	-	-	-	-	-	-	-

c) Details of CSR amount spent against other than the ongoing projects for the financial year:

(₹ lakhs)

No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (yes no)	Location of the project		Amount spent for the project	Amount transferred to the Unspent CSR Account for the project as per Section 135 (6)	Mode of implementation - Direct (yes no)	Mode of implementation - through implementing agency	
				State	District				Name	CSR registration number
01.	Enhancement of education practices in Kalyani Shala	promoting education	Yes	Gujarat	Valsad	24.00	NA	No	Atul Foundation	CSR00000635
02.	Support to tribal children in Atul Vidyamandir	promoting education	Yes	Gujarat	Valsad	3.75	NA	No	Atul Foundation	CSR00000635
03.	Improvement of teaching methodology for primary school children - Atul Adhyapika project	promoting education	Yes	Gujarat	Valsad	57.50	NA	No	Atul Foundation	CSR00000635
04.	Support to develop a school in a tribal area	promoting education	Yes	Gujarat	Navasari	5.00	NA	No	Atul Foundation	CSR00000635
05.	Enhancement of rural education	promoting education	Yes	Gujarat	Valsad	6.25	NA	No	Atul Foundation	CSR00000635
06.	Conservation of manuscripts	promoting education	Yes	Gujarat	Ahmedabad	10.00	NA	No	Atul Foundation	CSR00000635
07.	Empowerment of women through various vocational training courses	empowering women	Yes	Gujarat	Valsad	5.00	NA	No	Atul Foundation	CSR00000635
08.	Skills training to youth as apprentices	enhancing livelihood	Yes	Gujarat	Valsad	110.17	NA	Yes	-	-
09.	Capacity building of tribal farmers in beekeeping	enhancing livelihood	Yes	Gujarat	Valsad	3.00	NA	No	Atul Foundation	CSR00000635
10.	Development of nutrition gardens	eradicating hunger and malnutrition	Yes	Gujarat	Valsad	12.00	NA	No	Atul Foundation	CSR00000635
11.	Enhancement of rural health through health camps	promoting health care	Yes	Gujarat	Valsad	6.50	NA	No	Atul Foundation	CSR00000635

No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area (yes no)	Location of the project		Amount spent for the project	Amount transferred to the Unspent CSR Account for the project as per Section 135 (6)	Mode of implementation - Direct (yes no)	Mode of implementation - through implementing agency	
				State	District				Name	CSR registration number
12.	Support to disaster relief for the COVID-19 pandemic	promoting health care	Yes	Gujarat	Valsad	20.00	NA	No	Atul Foundation	CSR00000635
13.	Contribution to the PM Cares Fund	contribution to the PM Cares Fund	Yes	Gujarat	Valsad	300.00	NA	Yes	-	-
14.	Provision of fertilisers to farmers	rural development projects	Yes	Gujarat	Valsad	2.50	NA	No	Atul Foundation	CSR00000635
15.	Development of infrastructure in villages	rural development projects	Yes	Gujarat	Valsad	44.59	NA	No	Atul Foundation	CSR00000635
16.	Construction of white-topping road	rural development projects	Yes	Gujarat	Valsad	554.28	NA	Yes	-	-
17.	Establishment of solid waste management system in Atul village	promoting health care and sanitation	Yes	Gujarat	Valsad	10.00	NA	No	Atul Foundation	CSR00000635
18.	Implementation of afforestation initiatives	environment sustainability	Yes	Gujarat	Valsad	4.31	NA	Yes	-	-
19.	Conservation of water in villages	environment sustainability	Yes	Gujarat	Valsad	2.91	NA	No	Atul Foundation	CSR00000635
Total						1,181.76				

- d) Amount spent in administrative overheads:
₹ 59.59 lakhs
- e) Amount spent on impact assessment, if applicable:
nil
- f) Total amount spent for the financial year (b+c+d+e):
₹ 1,241.35 lakhs
- g) Excess amount for set-off, if any:

(₹ lakhs)

No.	Particular	Amount
(i)	Two percent of average net profit of the Company as per Section 135(5)	1,240.20
(ii)	Total amount spent for the financial year	1,241.35
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.15
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	Nil*

*Being a small amount, no set-off is considered

3.9 (a) Details of the unspent CSR amount for the preceding three financial years:

(₹ lakhs)

No.	Preceding financial year	Amount transferred to the Unspent CSR Account under Section 135 (6)	Amount spent in the reporting financial year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
-	-	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(₹ lakhs)

No.	Project ID	Name of the project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting financial year	Cumulative amount spent at the end of reporting financial year	Status of the project - completed ongoing
-	-	-	-	-	-	-	-	-

3.10 In case of creation or acquisition of capital asset, furnish the details relating to the asset(s) so created or acquired through CSR spent in the financial year:

No.	Detail	Name of the asset
a)	Date of creation or acquisition of the capital asset(s)	-
b)	Amount of CSR spent for creation or acquisition of the capital asset	-
c)	Details of the entity or public authority or beneficiary under whose name such capital asset(s) is are registered, their address, etc	-
d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	-

3.11 Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5): not applicable

Chairman and Managing Director	Chairperson CSR Committee
S S Lalbhai	S A Panse

4. Secretarial Audit Report

Form number MR – 3 Secretarial Audit Report

For the financial year ended March 31, 2021

{Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

The Members
Atul Ltd
Atul House
G I Patel Marg
Ahmedabad 380 014, Gujarat
India

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Atul Ltd (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts | statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives, in the electronic form in the online system in view of the COVID-19 pandemic and the prevailing situation in the country, during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as per Annexure I for the financial year ended March 31, 2021, according to the provisions of:

- i. The Companies Act, 2013 (Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- iii. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
 - d. The Securities and Exchange Board of India (Share-based Employee Benefits) Regulations, 2014
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
 - h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018
- vi. Other sector specific laws as applicable to the Company, including product laws, pollution laws, manufacturing laws and safety laws as per confirmations of compliances placed before the Board of Directors, which were made available to us in the electronic form for our verification carried out on test-check basis and considered as assurance for existence of a proper compliance management system; however, in view of the prevailing situation in the country, physical verification was not possible.

However, it has been found that there were no instances requiring compliance with the provisions of the laws indicated at points (c), (d), (e) and (g) of paragraph (v) mentioned hereinabove during the period under review.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial standards issued by the Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with BSE Ltd and National Stock Exchange of India Ltd and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

During the period under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, mentioned hereinabove and there is an adequate compliance management system for the purpose of other sector specific laws as reported hereinabove. We have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances under other sector specific laws and regulations applicable to the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of the Executive Directors and the Non-executive Directors (Independent and Non-independent). The changes in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the Directors to schedule the Board meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the views of the dissenting Members are captured and recorded as part of the minutes, wherever required.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no specific events | actions having a major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc, except buy-back of 74,682 equity shares from open market through stock exchanges at an average price of ₹ 6,678.58 per equity share {volume weighted average price calculated in terms of the SEBI (Buy-back of Securities) Regulations, 2018} during the year under review.

For SPANJ & ASSOCIATES
Company Secretaries

(Ashish C Doshi)

Partner

Membership number: F 3544

Certificate of practice number: 2356

UDIN: 003544C000215030

Peer review certificate number: 702 | 2020

Ahmedabad
April 30, 2021

Atul Ltd

Annexure I – List of documents verified in electronic form

01. Memorandum and Articles of Association of the Company.
02. Minutes of the meetings of the Board of Directors, Audit Committee, Buy-back Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders Relationship Committee along with attendance register held during the period under report.
03. Minutes of General Body meetings held during the period under report.
04. Statutory registers | records under the Companies Act, 2013 and Rules made thereunder, namely:
 - Register of Directors and the Key Managerial Personnel
 - Register of Directors' shareholding
 - Register of loans, guarantees and security and acquisition made by the Company
 - Register of renewed and duplicate share certificate
 - Register of Members
 - Periodical BENPOS, registers of DEMAT | REMAT and records made available from registrar and transfer agents
05. Agenda papers submitted to all the Directors | Members for the Board meetings and Committee meetings.
06. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013.
07. Intimations received from the Directors under the Prohibition of Insider Trading and SEBI Takeover Code.
08. e-Forms and attachments thereof filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 during the period under report.
09. Intimations | Documents | Reports | Returns filed with the stock exchanges pursuant to the provisions of Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period under report.
10. Filings made with the Reserve Bank of India under the foreign direct investment guidelines and for overseas direct investments made by the Company.
11. Documents related to payments of dividend made to its shareholders during the period under report.
12. Communications | Letters issued to and acknowledgements received from the Independent Directors for their appointment.
13. Various policies framed by the Company from time to time as required under the Companies Act, 2013 as well as Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with circulars issued by the SEBI from time to time as mentioned hereunder:
 - Archival Policy
 - Business Responsibility Policy
 - Code of Conduct for the Directors | Key Managerial Personnel
 - Corporate Social Responsibility Policy
 - Determination of material events
 - Dividend Distribution Policy
 - Material Subsidiary Companies Policy
 - Policy framed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
 - Preservation of documents
 - Related Party Transactions Policy
 - Risk Management Policy
 - Whistleblowing Policy
14. Manual maintained for compliance management system for applicable laws to the Company

5. Statement of particulars under Sections 134(3)(q) and 197(12) of the Companies Act, 2013*

Particulars		Status	
i)	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Number of times	
		if total remuneration of the Director is considered	if total remuneration of the Director, excluding variable pay and commission, is considered
		R A Shah	3.55
		B S Mehta	4.47
		S M Datta	4.22
		V S Rangan	4.84
		M M Chitale	5.19
		S A Panse	3.78
		B R Arora	6.49
		S S Lalbhai	365.09
		S A Lalbhai	72.34
		B N Mohanan	40.54
		T R Gopi Kannan	51.53
ii)	Percentage increase in remuneration of the Directors, the Chief Executive Officer, the Chief Financial Officer and the Company Secretary, if any, in the financial year	Directors	%
		R A Shah	11.48
		B S Mehta	(12.15)
		S M Datta	14.89
		V S Rangan	62.15
		M M Chitale	7.57
		S A Panse	13.73
		B R Arora	16.63
		Chairman and Managing Director	
		S S Lalbhai	16.26
		Managing Director	
		S A Lalbhai	3.23
		Whole-time Director	
		B N Mohanan	1.32
		Whole-time Director and Chief Financial Officer	
		T R Gopi Kannan	(6.41)
		Company Secretary	
		L P Patni	(3.59)
iii)	Percentage increase in the median remuneration of employees in the financial year		9.57%
iv)	Number of permanent employees on the rolls of the Company		2,991
v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and explanation if there are any exceptional circumstances for increase in the managerial remuneration	Average increase for Key Managerial Personnel and for other employees was about 8%. There is no exceptional increase in remuneration of Key Managerial Personnel.	
vi)	Affirmation that the remuneration is as per the Remuneration Policy of the Company	It is affirmed that the remuneration is as per the Remuneration Policy of the Company.	

*Read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2021.

Management Discussion and Analysis

Ratios	UoM*	2020-21	2019-20	Increase (Decrease)	Remark
Return on Net Worth (RoNW) #	%	18.61	22.38	(20%)	higher capitalisation during last quarter

#RoNW for operating activities are 23% and 25% for financial year 2020-21 and 2019-20, respectively (excluding treasury investment and income)

*Unit of measurement

Atul Ltd has identified two reporting segments, namely, Life Science Chemicals and Performance and Other Chemicals.

Life Science Chemicals segment

Sales (₹ cr)	1,124 2020-21	1,174 2019-20	(4) % change
Share in total sales (%)	32 2020-21	31 2019-20	1 % change

Life Science Chemicals segment consists of three sub-segments, namely, Crop Protection, Pharmaceuticals and Intermediates and Aromatics - I.

CROP PROTECTION

Product groups: Herbicides, Insecticides, Fungicides, Others



The products falling under these product groups are used by customers belonging to the Agriculture and Crop Protection Chemicals industries.

The product groups comprise 20 products and 70 formulations. 2,4-D, Indoxacarb and Isoprothiolane are some of the key products.

During 2020-21, sales decreased by 12% from ₹ 703 cr to ₹ 618 cr. Sales in India decreased by 12% from ₹ 335 cr to ₹ 295 cr; bulk sales in India decreased by 38% from ₹ 229 cr to ₹ 142 cr, whereas retail sales, which are currently only in India, increased by 44% from ₹ 106 cr to ₹ 153 cr. Sales outside India decreased by 12% from

₹ 368 cr to ₹ 323 cr and formed 52% of the total. The Company completed three projects and undertook two projects for implementation.

The size of the world Crop Protection Chemicals industry is estimated at US\$ 58 bn and is growing at about 2.4%. The world Food and



Agribusiness is estimated at around US\$ 5 tn. If the current trend continues, caloric demand will increase by about 70% and crop demand for human consumption and animal feed will nearly double by 2050. One of the significant dimensions of Agribusiness is biologicals. World biological market is estimated to reach at US\$ 11 bn by 2025 from US\$ 7.2 bn in 2019.

This necessitates increased use of crop protection chemicals. The Company will participate in this growth by - i) improving internal efficiencies and working capital management, ii) promoting retail sales, iii) expanding the product portfolio and securing more registrations and iv) evaluating investment opportunities in vertical integration.

Floods or famines may adversely

affect the demand. Fluctuations in foreign exchange may impact sales realisations. Given that some of these chemicals can be hazardous, it is essential to take due care in their manufacture and use. Registration costs are high in certain countries.

PHARMACEUTICALS AND AROMATICS – I

Product groups: API intermediates, Active Pharmaceutical Ingredients, Others



The products falling under these product groups are used by customers belonging to the Pharmaceutical industry for various therapeutic categories such as antidepressant, antidiabetic, anti-infective, antifungal, antiretroviral and cardiovascular. The product groups comprise 76 products. Dapsone, fluconazole and metoprolol salts are some of the active pharmaceutical ingredients (API) and carbonates, chloroformates and amino acid derivatives are some of the key intermediates.

which the conventional pharmaceutical segment is estimated to be US\$ 1.3 tn. Of this, the size of the world API industry is estimated to be US\$ 160 bn. Biologics is estimated to contribute about 52% of sales of top 100 products by 2022, while oncology will remain the largest therapy area with sales growing at about 12.7% CAGR. Worldwide pharmaceutical R&D spend is estimated to grow by 2.4% CAGR to about US\$ 181 bn in 2022.

There are 20 major companies that dominate the world marketplace. The main user industry, namely,

Pharmaceutical, is doing well and meeting the expectations of mankind. The Company along with the ABL will participate in this growth by - i) increasing manufacturing efficiencies, ii) debottlenecking and adding capacities, iii) introducing new products and iv) forming long-term strategic alliances with other companies.

The price and demand of products have seen consistency during the year, but is likely to vary widely over the short-term. Fluctuations in foreign exchange may impact sales.

During 2020-21, sales increased by 8% from ₹ 462 cr to ₹ 498 cr. Sales in India increased by 6% from ₹ 283 cr to ₹ 300 cr. Sales outside India increased by 11% from ₹ 179 cr to ₹ 198 cr and formed 40% of the total. Growth on account of volume was 14%. Sales of Atul Bioscience Ltd (ABL), a 100% subsidiary company, increased from ₹ 105 cr to ₹ 142 cr. The Company completed one major project at the acquired facility in Ambarnath, while two projects are under implementation at the Atul site.

The size of the world Pharmaceutical industry is estimated at US\$ 1.75 tn, of



Performance and Other Chemicals segment

Sales (₹ cr)	2,336 2020-21	2,650 2019-20	(12) % change
Share in total sales (%)	68 2020-21	69 2019-20	(1) % change

Performance and Other Chemicals segment consists of four sub-segments, namely, Aromatics - II, Bulk Chemicals and Intermediates, Colors, and Polymers.

AROMATICS – II

Product groups: Intermediates, Perfumery, Others



The products falling under these product groups are mainly used by customers belonging to the Fragrance and Personal Care industries. The product groups comprise 31 products. para-Cresol, para-Anisicaldehyde and para-Cresidine are some of the key products.

During 2020-21, sales decreased by 19% from ₹ 694 cr to ₹ 562 cr. Sales in India decreased by 7% from ₹ 228 cr to ₹ 211 cr. Sales outside India decreased by 25% from ₹ 466 cr to ₹ 351 cr and formed 62% of the total. Degrowth on account of volume was 10%. The Company completed one project during the year.

The world market for para-Cresol (a key product) is estimated at 67,600 MT and is growing at about 2%. Though earlier the product used to be manufactured in the UK and the USA, China and India are now major suppliers of the product. The size of the world Fragrance industry is estimated at US\$ 14 bn and is growing at about

5%. The size of the world Personal Care industry is estimated at US\$ 445 bn, of which personal care ingredients segment is US\$ 26 bn and is growing at about 5%.

The main user industries, namely, Fragrance and Personal Care are growing well due to an improved standard of living. The Company

will participate in this growth by -
i) increasing manufacturing efficiencies,
ii) debottlenecking and adding capacities,
iii) broadening market reach and
iv) introducing new products.

The price of some products may come down in the short-term. Fluctuations in foreign exchange may impact sales realisations.



BULK CHEMICALS AND INTERMEDIATES

Product groups: Bulk chemicals, Adhesion promoters, Others

The products falling under the bulk chemicals product groups are mainly used for internal consumption, while the products in the intermediate product groups are used by customers belonging to the Cosmetic, Dyestuff, Pharmaceutical and Tyre industries. The product groups comprise 23 products. Resorcinol, Resorcinol-formaldehyde resin and 1, 3-Cyclohexanedione are some of the key products.

During 2020-21, sales remained at ₹ 286 cr, despite the lockdown and disruption in production in the initial two months. Sales in India increased by 3% from ₹ 153 cr to ₹ 157 cr. Sales outside India decreased by 3% from ₹ 133 cr to ₹ 129 cr and formed 45% of the total. The Company undertook two projects for implementation.

The world market for Resorcinol (a key product) is estimated at US\$ 564 mn and is growing at about 2.5%. The size of the world Tyre industry is estimated

at US\$ 237 bn and is growing at about 3.7%.

The Tyre industry is projected to grow supported by resurgence in the Asia Pacific market region. The size of the world Chlor-alkali industry is estimated at US\$ 46 bn and is growing at about 3.2%. The captive consumption of bulk chemicals is expected to grow as the Company expands manufacturing capacities

of various products. The Company will participate in this growth by - i) increasing manufacturing efficiencies, ii) debottlenecking and adding capacities, iii) introducing downstream products and iv) widening market reach.

The demand and price of bulk chemicals are cyclical in nature. Fluctuations in foreign exchange may impact sales realisations.



COLORS

Product groups: Dyestuffs, Pigments, Dye-intermediates, Textile chemicals, Others



The product groups comprise 587 products. The products are used by customers belonging to the Textile, Paint and Coatings and Paper industries. Vat Green 1, Sulphur Black 1 and Pigment Red 168 are some of the key products.

During 2020-21, sales decreased by 6% (of which volume decrease was 7%) from ₹ 626 cr to ₹ 591 cr. Sales in India decreased by 5% from ₹ 332 cr to ₹ 315 cr. Sales outside India decreased by 6% from ₹ 294 cr to ₹ 276 cr and formed 47% of the total sales. The reduced demand in the denim and



apparel industries affected sales of Sulphur Black and reactive dyes, whereas sales of vat dyes has reached to pre-Covid levels due to improved demand for workwear. Rudolf Atul Chemicals Ltd (RACL), a joint venture company formed in 2011-12, provides a complete range of textile chemicals in Indian market; its sales increased by 9% from ₹ 82 cr to ₹ 89 cr, primarily because of volume.

The size of the world Textile Dyestuff industry is estimated at US\$ 6.5 bn and is growing at about 3%. China continues

to be the largest manufacturer of dyes followed by India. The world market for high performance pigments is estimated at US\$ 5.5 bn (constitutes both organic and inorganic pigments) and is expected to grow at about 4% in the coming years.

The main user industries, namely, Textile, Paper, Paint and Coatings will continue to grow because of increasing demands from the middle-class population and increase in discretionary spending. The Company along with RACL will participate in this growth by - i) increasing manufacturing and working capital

efficiencies, ii) introducing new dyes, pigments, textile chemicals and products for non-textile applications, iii) broadening market reach in new geographies and iv) investing in newer capacities of existing and new products.

Fluctuations in foreign exchange and availability of raw materials may impact sales realisations. Treatment costs are expected to remain high because of stricter regulatory norms and increasing demand for cleaner and greener products from user industries.

POLYMERS

Product groups: Epoxy resins, Curing agents, Reactive diluents, Sulfones, Protective paints and Adhesives based on Epoxy, Synthetic rubber, Polyurethane, Cyanoacrylate, PVC and PVA



The products falling under these product groups are used by customers belonging to the Aerospace, Automobile, Composites, Construction, Defence, Electrical and Electronics, Footwear, Paint and Coatings, Paper, Sport and Leisure, and Wind Energy industries. The product groups comprise 96 synthetic products and 300 formulations. B11, P62 and P101 are some of the key products. Synthetic and formulated products are versatile and have significant applications in Aerospace, Automobile, FRP Composites, Wind Energy, Electrical and Electronics, Paint and Coatings, Construction, Defence, Sports and Leisure, and Paper industries.

During 2020-21, sales decreased by 16% from ₹ 1,041 cr to ₹ 878 cr. Sales in India decreased by 7% from ₹ 642 cr to ₹ 596 cr; bulk sales in India decreased by 11% from ₹ 517 cr to ₹ 460 cr, whereas retail sales increased by 9% from ₹ 125 cr to ₹ 136 cr. Sales outside India decreased by 29% from ₹ 399 cr to ₹ 282 cr and formed 32%

of the total. Degrowth on account of volume was 22%.

The world market for epoxy resins and curing agents is estimated at US\$ 7.6 bn and is growing at about 3%, while the Indian market is estimated at US\$ 285 mn and is growing at about 8%. There are seven major companies that dominate the world marketplace. The world market for sulfones (curing agents) is estimated at US\$ 393 mn and is growing at about 6%.

The user industries, Construction, Defence, Electrical and Electronics,

Paint and Coatings are growing well, particularly in India. The Company will participate in this growth by - i) improving manufacturing and working capital efficiencies, ii) debottlenecking and adding capacities, iii) introducing new products and iv) widening market reach in new geographies.

Cheaper imports and new entrants in the market will keep the market competitive and may keep margins under pressure. Since the two main raw materials, namely Bisphenol-A and Epichlorohydrin, are imported, fluctuations in foreign exchange may impact margins.



INTERNAL CONTROL SYSTEMS



The Company has comprehensive internal control systems commensurate with the nature of its business and size and complexity of its operations. They provide reasonable assurance on effectiveness and efficiency of its operations, reliability of financial reporting and compliance with the applicable laws and regulations.

The internal control systems that deploy an amalgam of modern and traditional processes are routinely tested and upgraded for both design and operational effectiveness by the Management and the same is audited by the Statutory Auditors. Significant audit observations and follow-up actions and recommendations thereon are also reported to the Senior Management and the Audit Committee for their review.

Internal Audit

The Company has an in-house Internal Audit department which includes professionals from finance, data analytics and engineering disciplines and is also working with reputed audit firms specialising in internal audits and assurance domain. Together, they have the responsibility to bring in excellence in the function, continuously identify areas of operations requiring strengthening and introduce best processes and practices to manage a growing business which comprises subsidiary, associate and joint venture entities (including Atul Foundation and entities overseen by it).

The annual internal audit plan is reviewed and approved by the Audit Committee in beginning of the

financial year to ensure adequate coverage. Progress of internal audit plan, significant observations noted during internal audits and status of identified actions are reviewed by the Management periodically and by the Audit Committee on quarterly basis.

The Company is planning to further strengthen its Internal Audit department for improved focus on retail processes, data analytics and technical audit.

Enterprise Risk Management

The Company has separated enterprise risk management (ERM) function which was so far a part of Internal Audit department and staffed it with one senior team member with the responsibility to work with the businesses so as to enhance risk management processes.

The Company believes that risks are inevitable in any business and its approach is to identify, track

and mitigate instead of avoiding them. ERM is an integral part of a business and its framework includes identification, classification, assessment, prioritisation, mitigation, monitoring and reporting of key risks.

The Company has adopted a bottom-up and top-down approach to drive ERM. The bottom-up approach includes identification and regular assessment of risks by respective businesses and cross-functional teams and plan for mitigating such risks in a structured manner. This is complemented by a top-down approach where the senior management identifies and assesses long-term and macro risks. Risks are consolidated under major risk themes to create focus areas and prioritise mitigation plans.

ERM is driven by the Board of Directors through the Risk Management Committee of the Board.



HUMAN RESOURCES



2020-21 commenced with lockdown because of the COVID-19 pandemic that remained the single biggest threat throughout the year. HR function remained actively engaged with the entire workforce to ensure safety and smooth resumption of operations post lockdown including making appropriate arrangements and changes to facilitate 'work from home' for the concerned team members.

People and culture are the cornerstones for building a company and for it to face the test of time. The Company took further initiatives to enhance i) its HR processes (particularly using technology) related to recruitment, performance management, learning and development, manpower planning and employee care and ii) work environment related to culture and code of conduct to manage a growing business (which comprises subsidiary, associate and joint venture entities).

The Company is gradually broadening its online learning programs not only

to enable its people to upskill and reskill for their roles, but also help them prepare for the changing landscape of work. The mandate is to be future-fit.

The Company concluded a unique wage settlement with the workmen of Atul site (signed on April 22, 2021). A similar wage settlement with the workmen of Ankleshwar site was signed on November 20, 2018. Employee relations at all locations remained cordial.

HR managers comprise those in the central team and those partnering with the different businesses | functions (including subsidiary, associate and joint venture entities). In addition, the Company regularly works with external experts for specific initiatives.

During the fiscal, the number of team members increased by 82 from 2,907 to 2,991.



Corporate Governance Report

Conscience is the chamber of justice.

- Origen Adamantius



1. Philosophy

Transparency and accountability are the two basic tenets of Corporate Governance. Atul is proud to belong to a Group whose Founder lived his life with eternal Values and built the business enterprises on the foundation of good governance.

The Company is committed to conducting business the right way, which means taking decisions and acting in a way that is ethical and in compliance with the applicable legal requirements. It endeavours to continuously improve its Corporate Governance performance with a view to earn trust and respect of all its stakeholders.

The Board of Directors (Board) is responsible for and is committed to good Corporate Governance and plays a critical role in overseeing how the Management serves the short and long-term interests of the shareholders and other stakeholders.

2. Board

2.1 Board business

The normal business of the Board comprises:

2.1.1 Approving:

- i) appointment of the Cost Auditors
- ii) short, medium or long-term borrowings
- iii) capital expenditure and operating budgets
- iv) commission payable to the Directors within the limit set by the shareholders
- v) contracts in which the Director(s) are deemed to be interested
- vi) cost audit reports
- vii) creation of charge on assets in favour of lenders
- viii) declaration of interim dividend
- ix) joint ventures, collaborations, mergers and acquisitions
- x) loans and investments
- xi) matters requiring statutory | Board consent
- xii) sale of investments and assets
- xiii) unaudited quarterly financial results and audited annual accounts, both consolidated and on a standalone basis, including segment revenue, results and capital employed

2.1.2 Monitoring:

- i) potential conflicts of interest of the Management, the Board Members and the shareholders, including misuse of corporate assets and abuse in related party transactions
- ii) implementation of performance objectives and corporate performance
- iii) effectiveness of the governance practices and making desirable changes
- iv) the Board nomination process such that it is transparent and results in diversity of experience, gender, knowledge, perspective and thoughts in the Board
- v) the Management and providing strategic guidance while ensuring that encouraging positive thinking does not result in over-optimism that either leads to significant risks not being recognised or exposes the Company to excessive risk

2.1.3 Noting:

- i) general notices of interest of the Directors
- ii) minutes of the meetings of the Board and its committees and also the resolution(s) passed by circulation

2.1.4 Recommending:

- i) appointment of the Statutory Auditors
- ii) final dividend

2.1.5 Reviewing:

- i) corporate strategy, major plans of action, Risk Policy, annual budgets and business plans
- ii) default in payment of statutory dues
- iii) fatal or serious accidents, dangerous occurrences and material environmental matters
- iv) foreign exchange exposure and exchange rate movement
- v) the integrity of the accounting and financial reporting systems, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards

2.1.6 Setting:

- i) a corporate culture and the Values
- ii) a well-defined mandate, composition and working procedures of the committees

2.1.7 Others:

- i) Acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the shareholders
- ii) Aligning remuneration of the key executives and the Board Members with the long-term interests of the Company and the shareholders
- iii) Applying high ethical standards
- iv) Assigning sufficient number of the Non-executive Board Members capable of exercising independent judgement to items where there is a potential for conflict of interest
- v) Assisting the Executive Management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of focus of the Company
- vi) Encouraging training of the Directors on a continuous basis to ensure that the Board Members are kept updated
- vii) Exercising objective and independent judgement on corporate affairs
- viii) Facilitating the Independent Directors to perform their roles effectively as the Board Members and also as the Members of Committees
- ix) Meeting the expectations of operational transparency of the stakeholders while maintaining confidentiality of information in order to foster a culture of good decision-making

2.2 Appointment and tenure

2|3rd of the Directors (other than the Independent Directors) are rotational Directors. 1|3rd of rotational Directors retire in every Annual General Meeting (AGM) and, if eligible, offer themselves for reappointment.

The Whole-time Directors are appointed by the Members for a period up to five years. The contracts with Whole-time Directors provide notice period of six months and severance pay as per the provisions of the Companies Act, 2013.

2.3 Composition, name, other directorships | committee memberships

The Board comprises experts drawn from diverse fields | professions. At this time, it consists of 11 Members comprising seven Non-executive Directors (six Independent and one Non-independent), four Executive Directors (including two promoters). The Independent Directors account for 55% of the strength of the Board, as against minimum requirement of 50% as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and 33.33% as per the Companies Act, 2013.

The Independent Directors fulfill the conditions specified in the Regulations and are independent of the Management. The Board has identified certain skills | expertise | competence as required to be possessed by the Board of Directors to ensure effective functioning of the business(es) and sectors of the Company. The mapping of these skills | expertise | competence among the Directors is as given here:

Skills expertise competence	Name of Directors
Commercial	S S Lalbhai, S A Lalbhai, B N Mohanan
Finance	B S Mehta, V S Rangan, M M Chitale, S A Panse, T R Gopi Kannan
Sales and marketing	S M Datta, B R Arora, S S Lalbhai
Science and technology	S M Datta, B R Arora, B N Mohanan
Domain industry	B R Arora, S S Lalbhai
General management	S M Datta, S A Panse, B R Arora, S S Lalbhai
Legal, including laws related to corporate governance	R A Shah, B S Mehta, V S Rangan, M M Chitale, T R Gopi Kannan

The Non-executive Directors are eminent professionals drawn from the above areas. Relevant details about the Board Members are as under:

No.	Name	Directorship(s) in other company(ies) ¹	Membership(s) of the Committee(s) of the Board(s) ²	Chairmanship(s) of the Committee(s) of the Board(s) ²
	Chairman and Managing Director			
01.	S S Lalbhai	6	3	1
	Managing Director			
02.	S A Lalbhai	2	-	-
	Whole-time Directors			
03.	B N Mohanan	8	-	-
04.	T R Gopi Kannan	8	4	-
	Non-executive Directors			
05.	R A Shah	3	2	1
06.	B S Mehta	1	-	2
07.	S M Datta	5	2	2
08.	V S Rangan	7	5	-
09.	M M Chitale	6	4	3
10.	S A Panse	3	2	2
11.	B R Arora	-	1	1

Mr S S Lalbhai and Mr S A Lalbhai are promoter Directors.

Except Mr R A Shah, all other Non-executive Directors are Independent.

¹Excludes Directorships in foreign companies and private limited companies

²In compliance with Regulation 27 of the Regulations, Memberships | Chairmanships of only the Audit Committees and the Stakeholders Relationship Committees of all public limited companies, including the Company were considered.

The details of the Directors with respect to directorships in other listed entities along with category are as under:

No.	Name	Brief résumé	Name of other listed entities in which the Director is a director and Category
01.	S S Lalbhai	<p>Mr S S Lalbhai is a Managing Director since June 1984 and the Chairman of the Board of the Company since August 2007.</p> <p>Mr Lalbhai holds a postgraduate degree in Chemistry from the University of Massachusetts and a postgraduate degree in Economic Policy and Planning from Northeastern University.</p>	<p>Amal Ltd Non-independent Director</p> <p>Navin Fluorine International Ltd Independent Director</p> <p>Pfizer Ltd Independent Director</p> <p>The Bombay Dyeing and Manufacturing Company Ltd Independent Director</p>
02.	S A Lalbhai	<p>Mr S A Lalbhai is a Director of the Company since January 2000 and a Managing Director of the Company since December 2000.</p> <p>Mr Lalbhai holds a graduate degree in Commerce from Gujarat University.</p>	<p>Bengal Tea and Fabrics Ltd Non-independent Director</p> <p>The Anup Engineering Ltd Non-independent Director</p>
03.	B N Mohanan	<p>Mr B N Mohanan joined the Company in August 1992 and is a Whole-time Director since January 2009. He is currently the President, Utilities and Services and the Occupier of the Company.</p> <p>Mr Mohanan holds a graduate degree in Engineering (Honours) from the University of Calicut.</p>	-
04.	T R Gopi Kannan	<p>Mr T R Gopi Kannan joined the Company in October 1993 and is a Whole-time Director since October 2014. He is currently the Chief Financial Officer of the Company.</p> <p>Mr Gopi Kannan holds a degree in Science from the University of Madras and a postgraduate diploma in management from the Indian Institute of Management Ahmedabad. He is a Fellow Member of the Institute of Chartered Accountants of India, the Institute of Cost and Management Accountants of India and the Institute of Company Secretaries of India.</p>	Amal Ltd Non-independent Director
05.	R A Shah	<p>Mr R A Shah is a Director of the Company since May 1983. He is a Senior Partner of Crawford Bayley & Co, a firm of Solicitors and Advocates.</p> <p>Mr Shah holds a degree in Law from the University of Mumbai and has passed Solicitor exam from the Honourable High Court at Mumbai.</p>	<p>BASF India Ltd Independent Director</p> <p>Godfrey Phillips India Ltd Non-independent Director</p> <p>Pfizer Ltd Independent Director</p>
06.	B S Mehta	<p>Mr B S Mehta is a Director of the Company since April 1992. He is the Chief Mentor in Bansi S Mehta & Co since 2009.</p> <p>Mr Mehta holds a graduate degree in Commerce from the University of Mumbai and is a Fellow Member of the Institute of Chartered Accountants of India.</p>	Pidilite Industries Ltd Independent Director

No.	Name	Brief résumé	Name of other listed entities in which the Director is a director and Category
07.	S M Datta	Mr S M Datta is a Director of the Company since October 2002. He was the Chairman of Hindustan Unilever Ltd as well as of all Unilever Group companies in India and Nepal from 1990 to 1996. Mr Datta holds a postgraduate degree in Science and Technology from the University of Calcutta and is a Chartered Engineer.	IL&FS Investment Managers Ltd Independent Director
08.	V S Rangan	Mr V S Rangan is a Director of the Company since July 2010. He is an Executive Director of Housing Development Finance Corporation Ltd. Mr Rangan holds a graduate degree in Commerce from the University of Delhi and is an Associate Member of the Institute of Chartered Accountants of India and the Institute of Cost and Management Accountants of India.	Computer Age Management Services Ltd Non-independent Director Housing Development Finance Corporation Ltd Non-independent Director
09.	M M Chitale	Mr M M Chitale is a Director of the Company since October 2014. He is a founder of the Chartered Accountancy firm, Mukund M Chitale & Co. Mr Chitale holds a graduate degree in Commerce from the University of Mumbai and is a Fellow Member of the Institute of Chartered Accountants of India.	Bhageria Industries Ltd Independent Director Larsen & Toubro Infotech Ltd Independent Director Larsen & Toubro Ltd Independent Director
10.	S A Panse	Ms S A Panse is a Director of the Board since March 2015. She was the Chairperson and Managing Director of Allahabad Bank Ltd. Ms Panse holds a postgraduate degree in Science from Pune University and a postgraduate degree in Business Administration from Drexel University and is a certified Associate of the Indian Institute of Bankers.	Can Fin Homes Ltd Independent Director KPIT Technologies Ltd Independent Director Sudarshan Chemical Industries Independent Director
11.	B R Arora	Mr B R Arora is a Director of the Board since April 2015. He was the Chairman, Cyanamid Agro Ltd, Managing Director, Cyanamid India Ltd, Chairman and Managing Director, Wyeth Lederle Ltd, Regional President - Asia, Pfizer Nutrition, Regional President - Asia and Pacific RIM, Nestle S A, Chairman, PT Wyeth Nutrition Indonesia and Board Member, Wyeth Philippines Inc. Mr Arora holds a graduate degree in Mechanical Engineering from the University of Punjab.	-

2.4 Board meetings

The Board meeting dates were normally determined well in advance. During 2020-21, the Board met seven times.

No.	Day	Date	Venue*
1.	Tuesday	April 28, 2020	Atul
2.	Friday	July 24, 2020	Atul
3.	Friday	October 23, 2020	Atul
4.	Friday	December 11, 2020	Atul
5.	Tuesday	December 22, 2020	Atul
6.	Friday	January 29, 2021	Atul
7.	Friday	March 19, 2021	Atul

*All meetings were held through video conference.

2.5 Attendance at the Board meetings and the AGM

No.	Name	Board meetings		AGM on July 31, 2020
		Total	Attended	
01.	S S Lalbhai	7	7	Present
02.	R A Shah	7	7	-
03.	B S Mehta	7	6	-
04.	S A Lalbhai	7	7	Present
05.	S M Datta	7	7	Present
06.	B N Mohanan	7	7	Present
07.	V S Rangan	7	7	Present
08.	M M Chitale	7	7	Present
09.	T R Gopi Kannan	7	7	Present
10.	S A Panse	7	7	Present
11.	B R Arora	7	7	Present

2.6 Appointment | Cessation

2.6.1 Appointed: nil

2.6.2 Ceased: nil

2.6.3 Resigned: nil

2.7 Remuneration

No.	Name	Remuneration during the year (₹)			
		Sitting fees	Salary and perquisites	Commission	Total
	Chairman and Managing Director				
01.	S S Lalbhai	-	5,56,41,778	8,43,64,000	14,00,05,778
	Managing Director				
02.	S A Lalbhai	-	1,17,47,812	1,59,94,560	2,77,42,372
	Whole-time Directors				
03.	B N Mohanan	-	1,55,46,765 ¹	-	1,55,46,765
04.	T R Gopi Kannan	-	1,97,61,306 ²	-	1,97,61,306
	Non-executive Directors				
05.	R A Shah	3,85,000	-	9,75,000	13,60,000
06.	B S Mehta	4,55,000	-	12,58,000	17,13,000
07.	S M Datta	4,20,000	-	12,00,000	16,20,000
08.	V S Rangan	4,55,000	-	14,00,000	18,55,000
09.	M M Chitale	4,90,000	-	15,00,000	19,90,000
10.	S A Panse	3,50,000	-	11,00,000	14,50,000
11.	B R Arora	6,90,000	-	18,00,000	24,90,000

¹Includes variable pay ₹ 30,65,000

²Includes variable pay ₹ 41,03,000

Sitting fees of up to ₹ 35,000 per meeting constitute fees paid to the Non-executive Directors for attending Board, Committee and other meetings.

Commission of up to 1% of the net profit of the Company to the Non-executive Directors was approved by the Members of the Company at the AGM held on July 27, 2018, for a period of five years, effective April 01, 2018. The Board approves, within the aforesaid limit as per the Remuneration Policy of the Company, commission payable to each Non-executive Director. The Remuneration policy is disclosed on the website of the Company at www.atul.co.in/investors/policies

3. Committees of the Board

The Board has constituted the following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Investment Committee
- Risk Management Committee

3.1 Audit Committee

3.1.1 Role

- i) Approving:
 - appointment of the Chief Financial Officer
 - transactions with related parties and subsequent modifications thereof
- ii) Conducting:
 - pre-audit discussions with the Auditors regarding nature and scope of the audit and post-audit discussion to ascertain any areas of concern
 - valuation of undertakings or assets, wherever necessary
- iii) Formulating:
 - scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditor
 - Code of Conduct and related matters
- iv) Reviewing:
 - adequacy of the internal audit function, including the structure of Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
 - compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively
 - significant transactions and arrangements entered into by the unlisted subsidiary companies
 - the Auditors' independence, performance and effectiveness of the audit process
 - periodically with the Auditors the internal control systems, the scope of audit, including the observations of the Auditors and the Financial Statements before submission to the Board
 - the annual Financial Statements and Auditor's Report with the Management before submission to the Board for approval with particular reference to:
 - > any change in accounting policies and practices
 - > compliance with accounting standards
 - > compliance with the stock exchanges and legal requirements concerning the Financial Statements
 - > disclosure of any related party transactions
 - > going concern assumption
 - > major accounting entries involving estimates based on exercise of judgement by the Management
 - > matters required to be included in the Directors' Responsibility Statement for the Directors' Report
 - > qualifications in the draft Audit Report
 - > significant adjustments made in the Financial Statements arising out of audit findings

- with the Internal Auditors any significant findings and follow-up thereon, including findings of any internal investigations into matters where there is suspected fraud or irregularity or failure of the internal control systems of material nature and reporting such matters to the Board
- financial reporting process and the disclosure of financial information to ensure that the Financial Statements are correct, credible and sufficient
- compliance reports of all applicable laws as well as steps taken to rectify instances of non-compliances periodically
- reasons for substantial defaults, if any, in the payment to the depositors, the debenture holders, the Members (in case of non-payment of declared dividends) and creditors
- the Financial Statements, in particular, investments made by unlisted subsidiary companies
- the functioning of whistleblowing mechanism
- the following information mandatorily:
 - › appointment, removal and terms of remuneration of the Chief Internal Auditor
 - › Internal Audit Reports relating to weaknesses in the internal control systems
 - › Management Discussion and Analysis of financial condition and results of operations
 - › management letters | letters of internal control weaknesses issued by the Statutory Auditors
 - › statement of related party transactions submitted by the Management
- with the Management the statement of uses | applications of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilised for the purposes other than those stated
- utilisation of loans | advances from the holding company to the subsidiary company or investments by the holding company in the subsidiary company exceeding ₹ 100 cr or 10% of the asset size of the subsidiary company, whichever is lower

v) Others:

- Evaluating internal financial controls and risk management system
- Recommending appointment, remuneration and terms of appointment of the Auditors and approval for payment for any other services
- Scrutinising inter-corporate loans and investments
- Carrying out any other function as mentioned in the terms of reference of the Audit Committee

3.1.2 Composition

The Committee comprises the following Members, all having relevant experience in financial matters:

No.	Name	Designation
1.	B S Mehta	Chairman
2.	V S Rangan	Member
3.	B R Arora	Member
4.	M M Chitale	Member

3.1.3 Meetings and attendance

During 2020-21, four meetings were held.

No.	Name	Total	Attended
1.	B S Mehta	4	2
2.	V S Rangan	4	4
3.	B R Arora	4	4
4.	M M Chitale	4	4

The Statutory Auditors, the Cost Auditors, the Chairman and Managing Director, the Whole-time Director and Chief Financial Officer (CFO), the Company Secretary, and the heads of Finance, Accounts, Costing and Internal Audit are permanent invitees to the meetings. The Board notes the minutes of the Audit Committee meetings.

3.2 Nomination and Remuneration Committee

3.2.1 Role

- i) Devising a policy on the Board diversity
- ii) Formulating criteria for evaluation of the Independent Directors and the Board
- iii) Formulating criteria for determining qualifications, traits and independence of a Director and recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees
- iv) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of performance of every Director
- v) Recommending | Determining remuneration of the Executive Directors | Senior Management Personnel as per the policy

3.2.2 Composition

The Committee comprises the following Members:

No.	Name	Designation
1.	M M Chitale	Chairman
2.	R A Shah	Member
3.	B R Arora	Member

3.2.3 Meetings and attendance

During 2020-21, one meeting was held.

No.	Name	Total	Attended
1.	M M Chitale	1	1
2.	R A Shah	1	1
3.	B R Arora	1	1

The Board notes the minutes of the Nomination and Remuneration Committee meetings.

3.3 Stakeholders Relationship Committee

3.3.1 Role

- i) Considering and resolving grievances (including complaints related to non-receipt of annual report, non-receipt of declared dividends and transfer of shares) of security holders (including the shareholders, debenture holders and other security holders)
- ii) Resolving the grievances of the security holders related to general meetings, issue of new | duplicate certificates, non-receipt of annual report, non-receipt of declared dividends and transfer | transmission of shares, etc
- iii) Reviewing any other related matter, which the Committee may deem fit in the circumstances of the case, including the following:
 - Adherence to the service standards in respect to various services being rendered by the Registrar and Share Transfer Agent
 - Change of name(s) of the Members on share certificates
 - Consolidation of share certificates
 - Deletion of name(s) of guardian(s)
 - Deletion of name(s) from share certificates
 - Dematerialisation of shares
 - Issue of duplicate share certificates
 - Measures taken for effective exercise of voting rights by the shareholder(s)
 - Measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants | annual reports | statutory notices by the shareholder(s) of the Company

- Rematerialisation of shares
- Replacement of shares
- Splitting-up of shares
- Transfer of shares
- Transmission of shares
- Transposition of names

3.3.2 Composition

The Committee comprises the following Members:

No.	Name	Designation
1.	B R Arora	Chairman
2.	S S Lalbhai	Member
3.	T R Gopi Kannan	Member

Mr L P Patni, Company Secretary, is the Chief Compliance Officer.

3.3.3 Meetings and attendance

During 2020-21, four meetings were held.

No.	Name	Total	Attended
1.	B R Arora	4	4
2.	S S Lalbhai	4	4
3.	T R Gopi Kannan	4	4

During 2020-21, 22 complaints were received from the investors. All the grievances were solved to the satisfaction of the investors.

No.	Nature of complaint	Received	Redressed
1.	Non-receipt of dividend warrant	4	4
2.	Non-receipt of share certificates	1	1
3.	Non-receipt of duplicate share certificates	5	5
4.	Others	12	12
	Total	22	22

The Board notes the minutes of the Stakeholders Relationship Committee meetings.

3.4 Corporate Social Responsibility Committee

3.4.1 Role

- Formulating and recommending the Corporate Social Responsibility (CSR) Policy to the Board
- Indicating reasons to the Board in case the amount of expenditure is less than 2% of the average net profit in a given year
- Monitoring the CSR Policy from time to time
- Recommending the amount of expenditure to be incurred on the CSR activities, which may not be less than 2% of the average net profit of the last three years
- Formulating and recommending to the Board the annual action plan, which must include:
 - the list of CSR projects or programs that are to be undertaken
 - the manner of execution
 - the modalities of utilisation of funds and implementation schedules
 - monitoring and reporting mechanism
 - details of need and impact assessment

3.4.2 Composition

The Committee comprises the following Members:

No.	Name	Designation
1.	S A Panse	Chairperson
2.	S S Lalbhai	Member
3.	B N Mohanan	Member

3.4.3 Meetings and attendance

During 2020-21, one meeting was held.

No.	Name	Total	Attended
1.	S A Panse	1	1
2.	S S Lalbhai	1	1
3.	B N Mohanan	1	1

The Board notes the minutes of the CSR Committee meetings.

3.5 Investment Committee

3.5.1 Role

- Approving capital expenditure proposals exceeding ₹ 5 cr, but not exceeding ₹ 25 cr each
- Recommending to the Board for approval of capital expenditure proposals exceeding ₹ 25 cr each
- Recommending to the Board acquisition, disinvestment and divestment proposals
- Reviewing business strategies
- Reviewing progress of the approved projects

3.5.2 Composition

The Committee comprises the following Members:

No.	Name	Designation
1.	R A Shah	Chairman
2.	B S Mehta	Member
3.	S M Datta	Member
4.	S S Lalbhai	Member
5.	B R Arora	Member

3.5.3 Meetings and attendance

During 2020-21, three meetings were held.

No.	Name	Total	Attended
1.	R A Shah	3	3
2.	B S Mehta	3	3
3.	S M Datta	3	3
4.	S S Lalbhai	3	3
5.	B R Arora	3	3

The Board notes the minutes of the Investment Committee meetings.

3.6 Risk Management Committee

3.6.1 Role

- Coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities
- Monitor and review risk management plan (including plan for cyber security)
- Monitor and review the process and progress of:

- risk identification and definition
- risk classification
- risk assessment and prioritisation
- risk mitigation
- risk tracking | reporting mechanism

iv) Review periodically and suggest changes in the Risk Management Policy to the Board

3.6.2 Composition

The Committee comprises the following Members:

No.	Name	Designation
1.	S S Lalbhai	Chairman
2.	B N Mohanan	Member
3.	T R Gopi Kannan	Member

3.6.3 Meetings and attendance

During 2020-21, two meetings were held.

No.	Name	Total	Attended
1.	S S Lalbhai	2	2
2.	B N Mohanan	2	2
3.	T R Gopi Kannan	2	2

Mr B R Arora, Independent Director, the Company Secretary and the Chief Assurance Officer and the Chief Risk Officer are permanent invitees to the meetings. The Board notes the minutes of the Risk Management Committee meeting.

4. Subsidiary companies registered in India

As on March 31, 2021, the Company had 17 non-material Indian subsidiary companies:

- twelve wholly-owned - Aaranyak Urmi Ltd, Aasthan Dates Ltd, Anchor Adhesives Pvt Ltd, Atul Bioscience Ltd, Atul Biospace Ltd, Atul Fin Resources Ltd, Atul Finserv Ltd, Atul Infotech Pvt Ltd, Atul Nivesh Ltd, Atul Products Ltd, Biyaban Agri Ltd and Raja Dates Ltd
- four others - Atul Lifescience Ltd, Atul Natural Dyes Ltd, Atul Natural Foods Ltd and Atul Renewable Energy Ltd
- one joint venture - Atul Rajasthan Date Palms Ltd

The Financial Statements of the above companies were reviewed by the Audit Committee. The minutes of the meetings of all the subsidiary companies were placed before the Board.

5. Company policies

5.1 Compliance

Compliance certificates confirming due compliance with statutory requirements are placed at the Board meeting for review by the Directors. A system of ensuring material compliance with the laws, orders, regulations and other legal requirements concerning the business and affairs of the Company is in place. Instances of non-compliance, if any, are also separately reported to the Board and subsequently rectified.

5.2 Code of Conduct

The Code of Conduct is available on the website of the Company at www.atul.co.in/investors/policies. All the Directors and the Senior Management Personnel have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Chairman and Managing Director forms a part of this report.

5.3 Prevention of sexual harassment of women at workplace

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has framed a policy on prevention of sexual harassment of women at workplace and constituted Internal Complaints Committee. Status of complaints during 2020-21 is as under:

Filed during 2020-21	Nil
Disposed of during 2020-21	Nil
Pending as at the end of 2020-21	Nil

5.4 Related party transactions

The Company has formulated a Related Party Transactions Policy and the same is disclosed on the website of the Company at www.atul.co.in/investors/policies

5.5 'Material' subsidiary companies

The Company has formulated a policy for determining 'material' subsidiary companies and the same is disclosed on the website of the Company at www.atul.co.in/investors/policies

5.6 Familiarisation programs

The details of Familiarisation programs imparted to Independent Directors are disclosed on the website of the Company at www.atul.co.in/about/directors/

5.7 Commodity price risk or foreign exchange risk and hedging activities

i) Risk management policy on commodities, including through hedging

The Company has in place a Risk Management Policy and mechanism to assess risks, periodically review it and steps are taken to mitigate the risks. The Company uses certain raw materials, which are derivatives of various commodities, from various sources, for manufacturing products of the Company. Hedging products are not available for the major chemicals purchased by the Company. However, for minimising procurement risk for short duration, the Company enters into annual purchase contracts for key raw materials linked to input costs | published benchmark prices.

ii) Exposure of the Company to commodity and commodity risks faced throughout the year: not applicable

iii) Foreign exchange risks are tracked and managed within the risk management framework. Short-term foreign currency asset - liability mismatch is continuously monitored and hedged. The foreign exchange market is highly regulated and the Company ensures compliance with all the regulations.

5.8 Credit ratings

Credit Analysis and Research Ltd maintained its credit rating at 'AA+' and stable outlook for long-term borrowings and 'A1+' for short-term borrowings.

6. Affirmation and disclosure

There were no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors or the Management and their subsidiary companies or relatives, among others, during 2020-21 that may have a potential conflict with the interests of the Company at large. All details relating to financial and commercial transactions where the Directors may have a pecuniary interest are provided to the Board. The interested Directors neither participate in the discussion nor vote on such matters.

The Company complied with the statutory provisions, rules and regulations relating to the capital markets during the last three years and the stock exchanges or the Securities and Exchange Board of India or any statutory authority did not impose any penalties or strictures on the Company for the said period.

7. Shareholders' information

7.1 General Body meetings

7.1.1 Location and time where the last three AGMs were held:

Year	Location	Date	Time
2017-18	H T Parekh Hall Ahmedabad Management Association Dr Vikram Sarabhai Marg Ahmedabad 380 015, Gujarat, India	July 27, 2018	10:30 am
2018-19	H T Parekh Hall Ahmedabad Management Association Dr Vikram Sarabhai Marg Ahmedabad 380 015, Gujarat, India	July 31, 2019	10:30 am
2019-20	Through video conference at deemed venue Atul House, G I Patel Marg Ahmedabad 380 014, Gujarat, India	July 31, 2020	10:30 am

7.1.2 Special resolutions passed in the previous three AGMs: yes

7.1.3 Resolutions passed through postal ballot: nil

7.2 Annual General Meeting 2021

Details of the 44th AGM are as under:

Year	Location	Date	Time
2020-21	Through video conference at deemed venue Atul House G I Patel Marg Ahmedabad 380 014, Gujarat, India	July 30, 2021	10:30 am

As required under Regulation 36(3) of the Regulations, particulars of the Directors seeking reappointment | appointment are given in the Notice of the AGM.

7.3 Financial year

April 01 to March 31

7.4 Date of book closure

July 16, 2021 to July 23, 2021

7.5 Date of dividend payment

August 04, 2021

7.6 Listing on the stock exchanges

Equity shares of the Company are listed on the BSE Ltd (BSE) and the National Stock Exchange of India Ltd (NSE). The Company has paid listing fees for 2021-22 to the stock exchanges where securities are listed. Pursuant to a circular of the Securities and Exchange Board of India, custody charges were also paid to the Depositories, namely National Securities Depository Ltd and Central Depository Services (India) Ltd. The International Securities Identification Number of the equity shares of the Company is INE100A01010. The corporate identity number is L99999GJ1975PLC002859.

7.7 Stock code

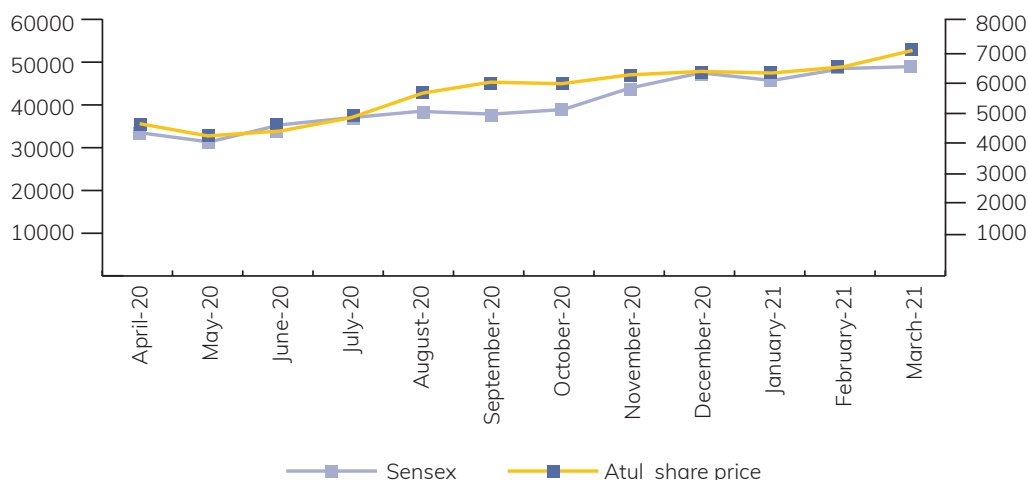
BSE: 500027 and NSE: ATUL

7.8 Share price data and comparison with the BSE Sensex

The monthly high and low share prices of the Company in comparison with the BSE Sensex during 2020-21 are as under:

Month	Share price of the Company on BSE		BSE Sensex	
	High ₹	Low ₹	High ₹	Low ₹
April 2020	5,085.00	3,750.00	33,887.25	27,500.79
May 2020	4,844.00	4,183.45	32,845.48	29,968.45
June 2020	4,812.45	4,375.50	35,706.55	32,348.10
July 2020	5,149.95	4,479.80	38,617.03	34,927.20
August 2020	6,441.40	5,019.50	40,010.17	36,911.23
September 2020	7,021.25	5,776.05	39,359.51	36,495.98
October 2020	6,249.00	5,755.00	41,048.05	38,410.20
November 2020	6,660.00	5,868.00	44,825.37	39,334.92
December 2020	6,700.00	5,951.10	47,896.97	44,118.10
January 2021	6,219.80	6,219.80	50,184.01	46,160.46
February 2021	7,021.25	6,278.20	52,516.76	46,433.65
March 2021	7,234.30	6,415.00	51,821.84	48,236.35

Atul share price vis-à-vis S&P Sensex closing price



7.9 Registrar and transfer agent

Link Intime India Pvt Ltd

506-508, Amarnath Business Centre - 1, Umashankar Joshi Marg, Off C G Road, Ahmedabad 380 006, Gujarat, India, Telephone: (+91 79) 26465179 | 86 | 87.

7.10 Share transfer system

Securities lodged for transfer at the office of the Registrar are processed within 15 days from the date of lodgement, if the documents are clear in all respect. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 15 days or the additional time allowed by the SEBI, as the case may be.

Pursuant to Regulation 40(9) of the Regulations, certificates on a half-yearly basis were issued by the Company Secretary in practice for due compliance of share transfer formalities by the Company. Pursuant to the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, certificates were also received from the Company Secretary in practice for timely dematerialisation of the shares and for conducting the Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company. All the certificates were filed with the stock exchanges where the shares of the Company are listed.

7.11 Distribution of shareholding as on March 31, 2021

7.11.1 Shareholding-wise:

Holding	Shareholders		Shares	
	Numbers	% of total	Numbers	% of total
1 - 10	28,488	55.11	1,07,150	0.36
11 - 50	12,904	24.96	3,36,528	1.14
51 - 100	3,884	7.51	3,15,625	1.07
101 - 500	4,708	9.11	11,01,005	3.72
501 - 1,000	846	1.64	6,21,014	2.10
1,001 - 2,000	362	0.70	5,14,360	1.74
2,001 - 3,000	124	0.24	3,08,109	1.04
3,001 - 4,000	73	0.14	2,60,778	0.88
4,001 - 5,000	51	0.10	2,36,159	0.80
5,001 - 10,000	95	0.18	6,90,258	2.33
10,001 and above	161	0.31	2,50,96,065	84.82
Total	51,696	100	2,95,87,051	100

7.11.2 Category-wise:

Category	Shares (numbers)	Shareholding (%)
Promoter group	1,32,94,397	44.93
Mutual funds	61,53,568	20.80
Indian public	60,40,909	20.42
Foreign institutional investors	28,07,069	9.49
Insurance companies	6,39,569	2.16
Bodies corporate	4,85,882	1.64
Non-resident Indians other body corporates	1,48,407	0.50
Banks	16,914	0.06
State government	336	0.00
Total	2,95,87,051	100

7.12 Dematerialisation of shares and liquidity

The paid-up share capital of the Company is held by the Members as on March 31, 2021, as follows:

98.60% in an electronic form and 1.40% in the physical form.

7.13 Outstanding American Depositary Receipts | Global Depositary Receipts | warrants or any convertible instruments, conversion date and their likely impact on equity

Paid-up share capital of the Company comprises equity shares. It does not have any preference shares, outstanding American Depositary Receipts, Global Depositary Receipts, warrants or any convertible instruments.

7.14 Equity shares held by the Non-executive Directors

No.	Name	Shares
1.	R A Shah	14,960
2.	B S Mehta	162
3.	S M Datta	10,000
4.	V S Rangan	5,000
5.	M M Chitale	50
6.	S A Panse	50
7.	B R Arora	100

7.15 Location of plants

- Atul 396 020, Gujarat, India
- GIDC, Ankleshwar 393 002, Gujarat, India
- GIDC, Kharod 394 115, Gujarat, India
- MIDC, Tarapur 401 506, Maharashtra, India

7.16 Address for correspondence

Secretarial and Legal department, Atul Ltd, Atul 396 020, Gujarat, India
E-mail address: sec@atul.co.in

7.17 E-mail address of grievance redressal office

shareholders@atul.co.in

7.18 Nomination facility

A Member can nominate a person who will have rights to shares and | or amount payable in respect of shares registered in his | her name in the event of his | her death. This facility is available to the Members and the nomination form can be obtained from the Company.

7.19 Communication

Half-yearly report sent to each household of the Members	Half-yearly report was not sent to the Members
Quarterly and half-yearly results	Quarterly and half-yearly results of the Company were sent to the stock exchanges immediately after approval by the Board and published in The Economic Times (English) Ahmedabad and Mumbai editions and The Economic Times (Gujarati) Ahmedabad edition. The results were published in accordance with the guidelines of the stock exchanges.
Websites where displayed	On the website of the Company: www.atul.co.in On the website of the stock exchanges: 1. www.bseindia.com 2. www.nseindia.com
Official news releases	Official news releases as and when issued are placed on the website of the Company.
Presentations made to the institutional investors or to analysts	No presentation was made to analysts during 2020-21 due to the COVID-19 pandemic.
Management Discussion and Analysis	Management Discussion and Analysis is a part of the annual report.

7.20 Tentative Board meeting dates for consideration of results for 2021-22

No.	Particulars	Dates
1.	First quarter results	July 23, 2021
2.	Second quarter and half-yearly results	October 28, 2021
3.	Third quarter results	January 28, 2022
4.	Fourth quarter and annual results	April 26, 2022

8. Details of compliance with the mandatory requirements and extent of compliance with non-mandatory requirements

8.1 Compliance with the mandatory requirements

The Company complied with the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Regulations.

8.2 Extent of compliance with the non-mandatory requirements

The Company complies with the following non-mandatory requirements:

- Reporting of the Internal Auditor to the Audit Committee
- Unqualified Financial Statements

9. Payment to Statutory Auditors

During 2020-21, ₹ 0.82 cr was paid by the Company and its subsidiary companies to the Statutory Auditors | entities in network firm | network entity of which the Statutory Auditors are a member.

10. Evaluation by the Independent Directors

The Independent Directors at their meeting held on March 19, 2021, carried out annual evaluation in accordance with the Regulation 25(4) of the Regulations.

11. Role of the Company Secretary in overall governance process

The Directors have access to the suggestions and services of the Company Secretary | Legal department in ensuring an effective functioning of the Board and its Committees. The Company Secretary administers, attends and prepares minutes of the Board and the Committee proceedings in accordance with the statutory requirements as well as the norms of Corporate Governance.

12. Certification by the Chief Executive Officer and the Chief Financial Officer

Mr S S Lalbhai, Chairman and Managing Director and Mr T R Gopi Kannan, Whole-time Director and CFO, issued a certificate to the Board as prescribed under Regulation 17(8) of the Regulations.

The said certificate was placed before the Board at the meeting held on April 30, 2021, in which the accounts for the year ended March 31, 2021, were considered and approved by the Board.

13. Certification by the Practicing Company Secretary

Certificate from Rajesh Parekh & Co, Practicing Company Secretary, regarding compliance of conditions of Corporate Governance as stipulated in Schedule V of the Regulations, forms a part of the annual report.

14. Declaration by the Chairman and Managing Director

In accordance with Schedule V of the Regulations with the stock exchanges, all the Directors and Senior Management Personnel have, respectively, affirmed compliance with the Code of Conduct as approved and adopted by the Board.

Atul
April 30, 2021

For Atul Ltd
(S S Lalbhai)
Chairman and Managing Director

Certificate regarding compliance of conditions of Corporate Governance

To the Members of Atul Ltd

We have examined the compliance of conditions of Corporate Governance by Atul Ltd for the year ended March 31, 2021, as stipulated in Regulations 17, 17A, 18, 19, 20, 21, 22, 23, 24, 24A, 25, 26, 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as 'SEBI Listing Regulations, 2015').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination and verification of records were conducted online due to the prevailing COVID-19 situation in the country and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015 and that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI, the Ministry of Corporate Affairs or any other statutory authority.

We state that such compliance is neither an assurance to the future viability nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Rajesh Parekh & Co
Company Secretary

(Rajesh Parekh)
Proprietor

Membership number: 8073
UDIN: A008073C000215643

Ahmedabad
April 30, 2021



Business Responsibility Report

Securities and Exchange Board of India (SEBI) has mandated the requirement of submission of Business Responsibility Report (BRR) for the first 1,000 listed entities under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Atul is pleased to present its fifth BRR for 2020-21 based on the suggested framework provided by SEBI.

Section A: General information

01. Corporate identity number: L99999GJ1975PLC002859
02. Name: Atul Ltd
03. Registered office address: Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India
04. Website: www.atul.co.in
05. E-mail address: sec@atul.co.in
06. Financial year reported: 2020-21
07. Sector(s) engaged in (industrial activity code-wise): 201 - basic chemicals, 202 - other chemical products
08. Three key products | services manufactured | provided:
 - i) Epoxy resins and hardeners
 - ii) Herbicides
 - iii) Textile dyes
09. Number of locations where business activity is undertaken:
 - i) International locations: five*
 - ii) National locations: nine*through subsidiary companies
10. Markets served: national and international

Section B: Financial details

1. Paid-up capital: ₹ 29.59 cr
2. Turnover: ₹ 3,460 cr
3. Profit after tax: ₹ 631 cr
4. Spending on corporate social responsibility: ₹ 12.41 cr
5. Activities in which the corporate social responsibility expenditures have been incurred: refer to page number 34.

Section C: Other details

1. Number of subsidiary companies: 25
2. Participation of the subsidiary companies in Business Responsibility (BR) initiatives: all operating subsidiary companies are participating in the BR initiatives of the Company.
3. Percentage of participation in BR initiatives by other entities (suppliers | customers) with whom the Company does business: 30-60%.

Section D: Business Responsibility information

1. Details of the Director (responsible for Business Responsibility) and the head of Business Responsibility

a. Details of the Director:

Name:**Bharathy Mohanan**

Designation:

Whole-time Director and President - Utilities and Services

DIN:

00198716

b. Details of the head of Business Responsibility

Name:**Deepak Ahuja**

Designation:

Vice President - Human Resources

E-mail address:

deepak_ahuja@atul.co.in

Telephone:

(+91 2632) 230398

2. Principles related to Business Responsibility as per National Voluntary Guidelines

The National Voluntary Guidelines on Economic, Environmental and Social responsibilities of businesses released by the Ministry of Corporate Affairs has adopted nine principles related to BRR. They are as follows:

P1 Ethics, transparency and accountability

Businesses will conduct and govern themselves with ethics, transparency and accountability.

P2 Product life cycle sustainability

Businesses will provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Well-being of the employees

Businesses will promote the well-being of all employees.

P4 Engagement with the stakeholders

Businesses will respect the interests of and be responsive towards all the stakeholders, especially those who are disadvantaged, marginalised and vulnerable.

P5 Human rights

Businesses will respect and promote human rights.

P6 Environment

Businesses will respect, protect and make efforts to restore the environment.

P7 Policy advocacy

Businesses, when engaged in influencing public and regulatory policy, will do so in a responsible manner.

P8 Equitable development

Businesses will support inclusive growth and equitable development.

P9 Value to the customers

Businesses will engage with and provide value to their customers and consumers in a responsible manner.

a. Details of the compliance (Y: yes, N: no)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
01.	Does the Company have policies for the nine principles of BR?	Y	Y	Y	Y	Y	Y	Y	Y	Y
02.	Have the policies been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
03.	Do the policies conform to any national international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has developed policies for its significant operations in conformance with the international standards (such as ISO 9000, ISO 14000, OHSAS 18000), UNGC guidelines and ILO Principles.								
04.	Have the policies been approved by the Board? If so, has it been signed by the owner MD CEO appropriate Board of Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		All the policies have been approved by the Board and have been signed by a Whole-time Director (WtD).								
05.	Does the Company have a specified Committee of the Board Directors Officials to oversee the implementation of the policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has appointed a WtD to oversee implementation of the policies.								
06.	What is the URL to view the policies online?	The policies are not yet made available online.								
07.	Have the policies been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies have been communicated to most relevant internal and external stakeholders.								
08.	Does the Company have an in-house structure to implement the policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
09.	Does the Company have a grievance redressal mechanism to address grievances of the stakeholders (related to the policies)?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit evaluation of the working of the policies by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

3. Governance

No.	Questions	Frequency
a.	What is the frequency with which the Board, Committee of the Board or the CEO assesses the BR performance?	The WTD assesses the BR performance once a quarter.
b.	Whether BR and Sustainability reports are published and if so, its frequency and the URL of the published reports?	Published annually URL: https://www.atul.co.in/pdf/brr/BRR.pdf

Section E: Principle-wise performance

Principle 1: Ethics, transparency and accountability

Businesses must conduct and govern themselves with ethics, transparency and accountability.

- Does the policy relating to ethics, bribery and corruption cover only the Company or does it extend to the Group | joint ventures | suppliers | contractors | non-governmental organisation (NGO) | others?
The policy extends to the Group | joint ventures | suppliers | contractors | NGOs | others.
- How many stakeholders' complaints have been received in 2020-21 and what percentage was satisfactorily resolved by the Management?
For the status on the shareholders for the period 2020-21, please refer to page number 58. No complaints were received from the stakeholders and there were no outstanding complaints as on March 31, 2021.

Principle 2: Product life cycle sustainability

Businesses will provide goods and services that are safe and contribute to sustainability throughout their life cycle.

- List up to three products or services of the Company whose design(s) has (have) incorporated social or environmental concerns, risks and | or opportunities.
 - para-Cresol
 - Epoxy resins
 - Caustic | Chlorine
- Does the Company have procedures in place for sustainable sourcing (including transportation)? If so, what percentage of inputs was sourced sustainably?
The Company is in the process of institutionalising procedures for sustainable sourcing, including transportation and has communicated its Supplier Code of Conduct to all the suppliers to follow.
- Has the Company taken any steps to procure goods and services from local and small producers | providers, including communities surrounding its place of work? If so, what steps have been taken to improve their capacity and capability?
The Company gives preference to local and small producers | providers of goods and services based near its manufacturing sites. Its managers regularly interact with such producers | providers of goods and services to improve their capacity and capability, particularly in the areas of manufacturing, fabrication, quality and environment, health and safety standards.
- Does the Company have a mechanism to recycle its products and waste? If so, what percentage of products and waste is recycled (separately as <5%, 5-10%, >10%) and what are the details thereof?
The Company has in-house facilities to recycle its waste and is continuously striving to maximise it. At present, it is recycling more than 10% of its waste. Ankleshwar and Tarapur manufacturing sites are fully Zero Liquid Discharge (ZLD) and implementation is under progress to make the North and South sites at Atul fully ZLD. Projects to recover and recycle water from processed waste are in progress for 2,4-D and Resorcinol plants. In addition, it is planning to utilise treated sewage water from the nearby municipal corporations at the Atul site. With facilities of two secure landfill sites, the Company is self-reliant in waste management.

Principle 3: Well-being of the employees

Businesses will promote the well-being of all employees.

1. Number of employees: 2,991 permanent employees as on March 31, 2021
2. Number of employees on temporary | contractual | casual basis: 3,294 as on March 31, 2021
3. Number of permanent women employees: 117 as on March 31, 2021
4. Number of permanent employees with disabilities: six as on March 31, 2021
5. Recognition of employee association by the Management: the Management has recognised employee associations for workmen
6. Percentage of permanent employees who are members of the recognised employee associations: 100% of workmen constituting 35% of the permanent employees
7. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment, discriminatory employment in 2020-21 and pending as on March 31, 2021: nil
8. Percentage of employees given safety and skill upgradation training in 2020-21:

Employee category	Employees imparted safety training	Employees imparted skill upgradation training
Permanent employees	35%	14%
Temporary contractual casual employees	100%	58%
Permanent women employees	9%	25%
Permanent employees with disabilities	40%	40%

Principle 4: Engagement with the stakeholders

Businesses will respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, marginalised and vulnerable.

1. Has the Company mapped its internal and external stakeholders?
The Company has mapped its internal and external stakeholders; they are community, suppliers, consumers, customers, employees, educational institutes, government, lenders, NGOs and the shareholders.
2. Out of the above, has the Company identified the disadvantaged, marginalised and vulnerable stakeholders?
The Company has identified poor, tribals, women and children as the disadvantaged, marginalised and vulnerable stakeholders.
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, marginalised and vulnerable stakeholders?

Stakeholder groups	Program	Initiatives (not exhaustive)*
Poor	<ul style="list-style-type: none"> Education Empowerment Health Relief 	<ul style="list-style-type: none"> Enhanced education facilities in Kalyani Shala Generated employment by hiring apprentices Supported hospitals treating patients suffering from COVID-19 Provided financial assistance to needy people
Tribals	<ul style="list-style-type: none"> Education Empowerment Health 	<ul style="list-style-type: none"> Supported two tribal schools to improve learning environment Imparted vocational training to tribal youth Supported development of creeper vegetable gardens
Women	<ul style="list-style-type: none"> Education Health 	<ul style="list-style-type: none"> Trained women to become skilled elementary school teachers Supported development of nutrition gardens
Children	<ul style="list-style-type: none"> Education Health 	<ul style="list-style-type: none"> Distributed educational kits to needy children in village schools Supported children to develop poshanwadi

*Details of various initiatives undertaken by the Company are furnished at page numbers 34 and 35.

Principle 5: Human rights

Businesses will respect and promote human rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group | joint ventures | suppliers | contractors | NGOs | others?
The policy extends to the Group | joint ventures | suppliers | contractors | NGOs | others.
2. How many stakeholder complaints have been received in 2020-21 and what percentage was satisfactorily resolved by the Management?
During 2020-21, no complaints were received.

Principle 6: Environment

Businesses will respect, protect and make efforts to restore the environment.

1. Does the policy related to environment cover only the Company or extend to the Group | joint ventures | suppliers | contractors | NGOs | others?
The policy extends to the Group | joint ventures | suppliers | contractors | NGOs | others.
2. Does the Company have strategies | initiatives to address global environmental issues such as climate change and global warming? If so, what is the URL?
The Company has strategies | initiatives for enhancing its own performance related to issues concerning the environment. For example, rainwater harvesting and plantation of trees to preserve biodiversity and conservation. There is a URL on the Company website - www.atul.co.in/sustainability/environmental-sustainability
3. Does the Company identify and assess potential environmental risks?
The Company identifies and assesses potential environmental risks for its existing and new products.
4. Does the Company have any project related to Clean Development Mechanism? If so, state the details thereof and mention whether any environmental compliance report is filed.
The Company is actively exploring and evaluating opportunities related to Clean Development Mechanism.
It is continuously improving its environmental performance for its existing products and undertakes thorough investigation for new products. It avoids any project, even if financially viable, if it does not meet norms of Central Pollution Control Board | State Pollution Control Board (CPCB | SPCB).
5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? If so, what is the URL?
The Company regularly undertakes many initiatives related to clean technology, energy efficiency, renewable energy, etc. For example, it has implemented initiatives such as installation of energy efficient chiller, improved solvent recovery through process optimisation and installation of various close sampling systems. Projects to harness solar energy are in progress for new buildings being built at Atul site. The Company conforms to renewable energy stipulations with renewable energy certifications and has installed wind mills. At present, it does not have a URL.
6. Are the emissions | waste generated by the Company within permissible limits given by CPCB | SPCB for 2020-21?
The effluents | emissions | waste generated by the manufacturing facilities of the Company are within the permissible limits given by CPCB | SPCB for 2020-21.
7. Number of show cause | legal notices received from CPCB | SPCB that are pending (not resolved to satisfaction) as on end of 2020-21.
There were no pending show cause notices as on March 31, 2021.

Principle 7: Policy advocacy

Businesses, when engaged in influencing public and regulatory policy, will do so in a responsible manner.

1. Is the Company a member of any trade chamber or association?
The Company is a member of various associations such as:
 - i) Alkali Manufacturers Association of India
 - ii) Agrochem Federation of India
 - iii) Basic Chemicals, Cosmetics and Dyes Export Promotion Council of India
 - iv) Crop Care Federation of India

- v) The Dyestuffs Manufacturers Association of India
 - vi) The Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers
 - vii) The Federation of Indian Chambers of Commerce and Industry
 - viii) Federation of Indian Export Organisations
 - ix) Fragrances and Flavours Association of India
 - x) Indian Chemical Council
 - xi) Indian Date Palm Society
 - xii) The Indian Pest Control Association
 - xiii) Indian Resins Manufacturers' Association
 - xiv) The Pesticides Manufacturers and Formulators Association of India
2. Has the Company advocated | lobbied through above associations for advancement or improvement of public good? If so, which are the broad areas?
- The Company works with trade associations from time to time for advancement or improvement of public good.

Principle 8: Equitable development

Businesses will support inclusive growth and equitable development.

1. Does the Company have specified programs | projects | initiatives in pursuit of the policy related to equitable development? If so, what are the details thereof?

The Company has six programs, namely, Education, Empowerment, Health, Relief, Infrastructure and Conservation in support of inclusive growth and equitable development. Serving the society is embedded in its working since its inception - for example, its first site was established not only as a factory, but an integrated township. The details of initiatives undertaken for such programs are given at page numbers 16 and 17.

2. Are the programs | projects undertaken through in-house teams | own foundation | external NGOs | government structures | any other organisation?

The Company undertakes projects through Atul Foundation (a trust established by the Company), NGOs and other selected trusts.

3. Has the Company done any impact assessment of its initiatives?

Every initiative is monitored and reviewed for its effective implementation, quantitatively and qualitatively.

4. What is the direct contribution of the Company towards community development in terms of amount (in ₹) and what are the details of the projects | initiatives undertaken?

The direct contribution of the Company was ₹ 12.41 cr (2020-21); details of the projects | initiatives undertaken are mentioned at page number 35.

5. Has the Company taken steps to ensure that community development projects | initiatives are successfully adopted by the community?

Atul Foundation Trust identifies and implements projects along with the beneficiaries to ensure their successful adoption; for example, the Atul Nutrition Garden project is being implemented with active participation of all the beneficiaries.

Principle 9: Value to the customers

Businesses will engage with and provide value to their customers and consumers in a responsible manner.

1. What percentage of customer complaints | consumer cases is pending as on March 31, 2021? Around 6%
2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

The Company proactively displays product information on the label as per applicable national and international laws. Any additional information required is provided to the customers | consumers.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and | or anti-competitive behaviour during the last five years and pending as on March 31, 2021?

No cases were filed by any stakeholder against the Company for the above reasons.

4. Did the Company carry out any consumer survey | satisfaction trends?

The Company undertakes customer satisfaction surveys periodically. The feedback received is compiled and analysed to take corrective actions.

Dividend Distribution Policy

Background

The Dividend Distribution Policy is formulated as required by the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Philosophy

The Company believes that ploughing back of profits for driving growth is important in the long run for creating value for shareholders. At the same time, it recognises the need to distribute a portion of the profit as payout by way of appropriate rate of dividend to the shareholders. Thus, the Company strikes a judicious balance between the two while recommending the dividend rate for approval of the shareholders.

Parameters for declaration of dividend

A) Financial parameters | Internal factors

- i) Consolidated net operating profit after tax
- ii) Working capital requirements
- iii) Capital expenditure requirements
- iv) Resources required to fund acquisitions and | or new businesses
- v) Cash required to meet contingencies
- vi) Quantum of outstanding debt
- vii) Past dividend trends
- viii) Investments in subsidiary | associate companies
- ix) Outlook for the near-term

B) External factors

- i) Government policies
- ii) Economic environment and outlook for growth
- iii) Trade cycles
- iv) Dividend declared by companies in the same industry
- v) Any other factor having impact on the business of the Company

Circumstances under which the shareholders may or may not expect dividend

The shareholders may generally expect a reasonable dividend in case of significant profit and cash flow from operations.

Utilisation of retained earnings

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of dividend, after having due regard to the parameters laid down in this policy.

Parameters adopted with regard to various classes of shares

- a) The authorised share capital of the Company is divided into equity shares of ₹ 10 each and preference shares of ₹ 100 each. The issued and paid-up share capital of the Company comprises only equity shares.
- b) The Company will first declare dividend on outstanding preference shares, if any, at the rate of dividend fixed at the time of issue of preference shares and thereafter, the dividend will be declared on equity shares.

Amendment

The Policy may be amended by the Board of Directors.

Notice

NOTICE is hereby given that the 44th Annual General Meeting of the Members of Atul Ltd will be held on Friday, July 30, 2021, at 10:30 am through video conferencing | other audiovisual means to transact the following businesses:

Ordinary business

1. To receive, consider and adopt:
 - i) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021, and the Reports of the Directors and the Auditors thereon and
 - ii) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021, and the Report of the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr B N Mohanan (Director identification number: 00198716) who retires by rotation and being eligible, offers himself for reappointment.

Special business

4. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V of the Companies Act, 2013 and any other applicable provisions for the time being in force (including any statutory modification(s) or re-enactment thereof), approval be and is hereby accorded to the reappointment of Mr S A Lalbhai (Director identification number: 00009278) as a Managing Director of the Company, and his receiving of remuneration, including minimum remuneration for a period of five years effective December 15, 2021, as per the draft agreement submitted to this meeting and for identification initialled by the Chairman.

RESOLVED FURTHER THAT the Board of Directors (Board) be and is hereby authorised to alter and vary any or all of the terms and conditions and the draft of agreement as approved vide this resolution as may be deemed fit from time to time, which may have the effect of increasing the remuneration and for considering modifications, if any, by the Central Government in regard to the policy | guidelines pertaining to managerial remuneration and for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem expedient, necessary, proper or in the best interest of the Company."

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹3.10 lakhs plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2022, as recommended by the Audit Committee and approved by the Board of Directors of the Company, to be paid to R Nanabhoy & Co, Cost Accountants, (Firm registration number: 000010) for conducting cost audit of the applicable products in the category of Bulk Drugs, Chemicals, Insecticides, Inorganic Chemicals, Organic Chemicals and their derivatives and Polymers be and is hereby ratified and confirmed."

Notes

01. The 44th Annual General Meeting (AGM) is being held through video conferencing | other audiovisual means (VC) in accordance with the procedure prescribed in circular number 20 | 2020 dated May 05, 2020, read with circular number 14 | 2020 dated April 08, 2020, circular number 17 | 2020 dated April 13, 2020, and circular number 2 | 2021 dated January 13, 2021, issued by the Ministry of Corporate Affairs and circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, read with circular number SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, issued by the Securities and Exchange Board of India (the e-AGM circulars). The Members can attend the AGM through VC by following instructions given in Note number 19.4 of the Notice. For the purpose of recording the proceedings, the AGM will be deemed to be held at the registered office of the Company at Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India. Keeping in view the guidelines to fight the COVID-19 pandemic, the Members are requested to attend the AGM from their respective locations by VC and not to visit the registered office to attend the AGM.
02. Since the Annual General Meeting (AGM) is being held pursuant to the e-AGM circulars through video conferencing | other audiovisual means, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form, Attendance Slip and route map of the AGM venue are not annexed to this Notice. However, a Member may appoint a representative as per applicable provisions of the Companies Act, 2013 to attend and | or vote.
03. Copies of the Balance Sheet, the Statement of Profit and Loss, the Directors' Report, the Auditor's Report and every other document required by law

to be annexed or attached to the Balance Sheet for the financial year ended March 31, 2021, are annexed | attached.

04. The Register of Members and Share Transfer Books of the Company will remain closed from July 17, 2021, to July 23, 2021 (both days inclusive).

05. The dividend, if approved, will be paid to those Members whose names stand on Register of Members on July 16, 2021.

The Members holding shares in the electronic form may please note that:

- i) Instructions regarding bank details that they wish to incorporate in future dividend warrants must be submitted to their Depository Participants (DPs). As per the regulation of National Securities Depository Ltd and Central Depository Services (India) Ltd, the Company is obliged to print bank details as furnished by these depositories, on the dividend warrants.
- ii) Instructions already given by the Members for shares held in the physical form will not be automatically applicable to the dividend paid on shares held in the electronic form. Fresh instructions regarding bank details must be given to the DPs.
- iii) Instructions regarding change in address, nomination and power of attorney must be given directly to the DPs.

06. The Members may note that the Income Tax Act, 1961, as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 01, 2020, will be taxable in the hands of the Members. The Company will therefore be required to deduct Tax at Source (TDS) at the time of making the final dividend. In order to enable the Company to determine the appropriate TDS rate as applicable, the Members are requested to submit the documents in accordance with the provisions of the Income Tax Act, 1961.

- i) For Resident Members, TDS will be deducted under Section 194 of the Income Tax Act, 1961 at 10% on the amount of dividend declared and paid by the Company during the financial year 2021-22, provided PAN is registered by the Members. If PAN is not registered, TDS will be deducted at 20% rate as per Section 206AA of the Income Tax Act, 1961.

However, no tax will be deducted on the dividend payable to resident individuals if the total dividend to be received by them during the financial year 2020-21 does not exceed ₹ 5,000. Please note that this includes the future dividends, if any, which may be declared by the Board in the financial year 2021-22.

Separately, in cases where the shareholder provides Form 15G (applicable to any person other than a Company or a Firm) | Form 15H

(applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met, no TDS will be deducted.

- ii) For non-resident Members, taxes are required to be withheld in accordance with the provisions of Section 195 of the Income Tax Act, 1961 at the rates in force. As per the relevant provisions of the Income Tax Act, 1961, the withholding tax will be at 20% rate (plus applicable surcharge and cess) on the amount of dividend payable to them. However, as per Section 90 of the Income Tax Act, 1961, the non-resident Members have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the Members, if they are more beneficial to them. For this purpose, that is, to avail the Tax Treaty benefits, the non-resident Members will have to provide the following:

- a) Self-attested copy of Tax Residency Certificate (TRC) obtained from the tax authorities of the country of which the Members are a resident.
- b) Self-declaration in Form 10F if all the details required in this form are not mentioned in the TRC.
- c) Self-attested copy of the PAN card allotted by the Indian income tax authorities.
- d) Self-declaration, certifying the following points:
 - The Members are and will continue to remain tax residents of the countries of their residence during the financial year 2021-22
 - The Members are eligible to claim the beneficial DTAA rate for the purposes of tax withholding on the dividend declared by the Company
 - The Members have no reason to believe that their claim for the benefits of the DTAA are impaired in any manner
 - The Members are the ultimate beneficial owners of their shareholding in the Company and dividend receivable from the Company
 - The Members do not have taxable presence or permanent establishments in India during the financial year 2021-22

07. Please note that the Company is not obligated to apply the beneficial DTAA rates at the time of tax deduction | withholding on dividend amounts. Application of the beneficial DTAA rate will depend upon the completeness and satisfactory review of the

documents submitted by the non-resident Members, by the Company.

08. Accordingly, in order to enable the Company to determine the appropriate TDS | withholding tax rate applicable, the Company vide its e-mail dated May 24, 2021, requested the Members to provide the above mentioned details and documents by Thursday, July 01, 2021.
09. Kindly note that the aforementioned documents were required to be submitted at dividend@atul.co.in on or before Thursday, July 01, 2021, in order to enable the Company to determine and deduct an appropriate TDS | withholding tax rate. The Members who have not submitted the aforesaid details and documents, may submit the same by July 10, 2021. It may be further noted that in case the tax on said dividend is deducted at a higher rate in absence of receipt

of the aforementioned details | documents from the Members, there will still be an option available with the Members to file the return of income and claim an appropriate refund, if eligible.

10. The Company will arrange to e-mail the soft copies of TDS certificates to the Members at their registered e-mail addresses in due course, post payment of the dividend.
11. Unpaid dividend payable to the Members in respect of the 26th dividend onwards, that is, from the financial year ended March 31, 2014, will be transferred to the Investor Education and Protection Fund (IEPF). Information in respect of such unclaimed dividends as to when they are due for transfer to the said fund is given below:

Dividend	Financial year ended	Date of declaration of dividend	Rate of dividend	Expected date of transfer of unpaid dividend to IEPF
26 th	March 31, 2014	July 25, 2014	75%	July 24, 2021
27 th	March 31, 2015	August 04, 2015	85%	August 03, 2022
28 th	March 31, 2016	July 29, 2016	100%	July 28, 2023
29 th	March 31, 2017	July 28, 2017	100%	July 27, 2024
30 th	March 31, 2018	July 27, 2018	120%	July 26, 2025
31 st	March 31, 2019	July 31, 2019	150%	July 30, 2026
32 nd special interim dividend	March 31, 2020	October 25, 2019	125%	October 24, 2026
33 rd interim dividend	March 31, 2020	March 11, 2020	150%	March 10, 2027

No claim will lie from the Members once the transfers are made to the said funds. The Members who have not encashed their dividend warrants are requested to encash the same before the said transfer, in their own interest.

12. Pursuant to the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), the Company has transferred the equity shares in respect of which dividend has not been claimed | encashed for seven or more consecutive years to the Investor Education and Protection Fund of the Central Government during the financial year 2020-21. The Company regularly sends letters to the Members whose dividend has not been claimed | encashed for seven or more consecutive years. The details of such Members are posted on the website of the Company at www.atul.co.in/investors/dividends Please note that the shares transferred to the IEPF can be claimed from the IEPF Authority as per the procedure prescribed under the Rules.
13. An electronic copy of the annual report for 2020-21, including the Notice which includes the process and manner of attending the Annual General Meeting through video conferencing | other audiovisual means, and e-voting is being sent to all the Members whose e-mail addresses are registered with the Company | Depository Participants.
14. Printed copies of the annual report (including the Notice) are not being sent to the Members in view of the e-AGM circulars.

15. The Members who have not registered their e-mail addresses are requested to register them with the Company to receive e-communication from the Company. For registering an e-mail address, the Members are requested to follow these steps:

- i) The Members holding shares in the physical mode are requested to provide their names, folio numbers, mobile numbers, e-mail addresses, scanned copies of share certificate(s) (both sides), self-attested PAN and Aadhar cards through e-mail on shareholders@atul.co.in
- ii) The Members holding shares in the dematerialised mode are requested to provide their names, depository participant and client IDs, mobile numbers, e-mail addresses, scanned copies of self-attested client master or consolidated account statements through e-mail on shareholders@atul.co.in

16. The Members may note that the Notice of the Annual General Meeting and the annual report for 2020-21 will also be available on the website of the Company, www.atul.co.in, which can be downloaded. The electronic copies of the documents that are referred to in this Notice but not attached to it will be made available for inspection. For inspection, the Members are requested to send a request through e-mail on shareholders@atul.co.in with their depository participant and client IDs or folio numbers.

17. Electronic copy of the Register of Directors and Key Managerial Personnel and their shareholding, maintained under the Companies Act, 2013, will be available for inspection by the Members on request by sending an e-mail on shareholders@atul.co.in.
18. The Members desiring any information relating to the accounts or having any questions, are requested to write to the Company on shareholders@atul.co.in at least seven days before the date of the Annual General Meeting (AGM) so as to enable the Management to keep the responses ready and expeditiously provide them at the AGM, as required.
19. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and the e-AGM circulars, the Company is pleased to provide the Members with the facility to attend the Annual General Meeting (AGM) through video conferencing | other audiovisual means (VC) and exercise their right to vote at the AGM by electronic means. The business will be transacted through remote e-voting prior to and during the AGM.
- 19.1 The instructions for remote e-voting for the individual Members holding shares in the dematerialised (demat) form are given below:

Having share holding with Central Depository Services (India) Ltd (CDSL)	<ol style="list-style-type: none"> i. The Members registered on the CDSL Myeasi facility are requested to follow the steps given below: <ol style="list-style-type: none"> a. Log on to web.cdslindia.com/myeasi/home/login using the existing user ID and password. b. Go to the e-voting menu. c. Go to the link of the respective e-voting service provider. d. Follow the steps given at Note number 19.2.5 - from step ii) to vii). ii. The Members not registered on the CDSL Myeasi facility are requested to follow the steps given below for the first-time registration: <ol style="list-style-type: none"> a. Go to the Myeasi website: web.cdslindia.com/myeasi/Registration/EasiRegistration b. Enter the 16-digit beneficiary ID. c. Enter Permanent Account Number (PAN) in capital letters followed by first four digits of the Date of Birth (DoB), in the DDMM format) of the first sole holder. d. Tick the checkbox of 'terms and conditions' and click on 'Submit'. e. A One-time password (OTP) will be sent on the registered mobile numbers of the Members. f. Enter the OTP in the OTP box and click on 'Submit'. g. The registration form will appear, fill the form to create a username, password and an answer to the secret question and click on 'Continue' h. The message 'Successfully registered' will appear. i. A list of other demat account(s) available for grouping will appear. j. Select the other demat accounts to club in single login of Myeasi. k. Click on 'Continue'. l. The message 'Registration Completed' will appear. m. Log on to web.cdslindia.com/myeasi/home/login using user ID and password. n. Go to the e-voting menu. o. Go to the link of respective e-voting service provider. p. Follow the steps given at Note number 19.2.5 - from step ii) to vii).
Having shareholding with National Securities Depository Ltd (NSDL)	<ol style="list-style-type: none"> i. The Members registered on the NSDL IDeAS facility are requested to follow the steps given below: <ol style="list-style-type: none"> a. Log on to eservices.nsdl.com b. Go to the IDeAS section and log in through Beneficial Owner using the existing user ID and password. c. Click on "Access to e-voting". d. Click on e-voting. e. Follow the steps given at Note number 19.2.5 - from step ii) to vii). ii. The Members not registered on the NSDL IDeAS facility are requested to follow the steps given below for the first-time registration: <ol style="list-style-type: none"> a. Go to the IDeAS website: eservices.nsdl.com b. Click on 'Register Online for IDeAS'. c. Enter the eight-character depository participant (DP) ID followed by the eight-digit client ID and registered mobile number.

	<ul style="list-style-type: none"> d. Select any of the following options for verification of the demat account: Option 1: Bank account – enter the last four digits of the bank account. Option 2: One-time password (OTP) – enter the six-digit OTP sent on the registered mobile number. e. Fill in personal information and click on 'Submit'. f. Confirm details. g. A message 'Successfully registered' will appear. h. Log on to eservices.nsdl.com i. Go to the IDeAS section and log in through Beneficial Owner using the user ID and password. j. Click on "Access to e-voting". k. Click on e-voting. l. Follow the steps given at Note number 19.2.5 - from step ii) to vii).
Log in through Depository Participants	<ul style="list-style-type: none"> i. E-voting can be done through Depository Participant registered with NSDL CDSL by using login credentials of the demat account. ii. Click on the e-voting option and the Members are redirected to the NSDL CDSL Depository website. iii. Click on the e-voting link for casting the e-vote. iv. Follow the steps given at Note number 19.2.5 - from step ii) to vii).
Log in through Depository by OTP	<p>Alternatively, the Members can directly access e-Voting without registration, through OTP as below:</p> <ul style="list-style-type: none"> i. The Members holding shares with CDSL may log on to www.evotingindia.com and click on "Shareholders Members", enter the DP ID followed by the eight-digit client ID and PAN. ii. The Members holding shares with NSDL may log on to the www.evoting.nsdl.com and click on "Shareholder Member", enter the DP ID followed by the eight-digit client ID. <p>The system will authenticate the Members by sending OTP on registered mobile numbers and e-mail addresses as recorded with the DPs. After successful authentication, the Members will be provided the links for e-voting. Follow the steps given at Note number 19.2.5 - from step ii) to vii).</p>

19.2 The instructions for remote e-voting by the Members other than those referred in Note number 19.1 are as under:

19.2.1 Log on to the e-voting website: www.evotingindia.com

19.2.2 Click on the 'Shareholders' tab.

19.2.3 Enter user ID as determined in the following table:

User ID for the Members holding shares in the demat form with CDSL	the 16-digit beneficiary ID
User ID for the Members holding shares in the demat form with NSDL	the eight-character depository participant (DP) ID followed by the eight-digit client ID
User ID for the Members holding shares in the physical form	the folio numbers of the shares held in the Company

19.2.4 Enter image verification details as displayed on the screen and click on 'Login'.

19.2.5 The Members who are already registered with CDSL and have exercised e-voting through www.evotingindia.com earlier may follow the steps given below:

- i) Use the existing password.
- ii) Click on the electronic voting serial number 210615001 of Atul Ltd to vote.
- iii) The 'Resolution description' message will appear on the e-voting page with 'Yes | No' options for e-voting. Select the option 'Yes' or 'No' as desired. The option 'Yes' implies assent and option 'No' implies dissent to the resolution.
- iv) Click on the 'Resolutions file link' to view the details.
- v) After selecting the resolution, click on the 'Submit' tab. A confirmation box will be displayed. To confirm vote, click on 'Ok'; else click on 'Cancel'.

- vi) After voting on a resolution, the Members will not be allowed to modify their votes.
- vii) A print of the e-voting done may be taken by clicking on the 'Click here to print' tab on the e-voting page.
- viii) In case the Members holding shares in the demat form forget their password, they can enter the User ID and the image verification details and click on 'Forgot password' to generate a new one.

19.2.6 The Members (holding shares in the demat | physical form) who are not already registered with CDSL and are using the e-voting facility for the first time may follow the steps given below:

- i) Register as under:
 - a) The Members who have already submitted their Permanent Account Number (PAN) to the Company | DP may enter their 10-digit alpha-numeric PAN issued by the Income Tax department. Others are requested to use the sequence number in the PAN field. The sequence number is mentioned in the e-communication.
 - b) Enter date of birth (DoB) as recorded in the demat account or in the records of the Company for the said demat account or folio in the dd | mm | yyyy format
or
Enter the dividend bank details (DBD) as recorded in the demat account or in the records of the Company for the said demat account or folio
or
If the DoB or DBD details are not recorded with the DP or the Company, enter the Member ID | folio number in the DBD field as under:

User ID for the Members holding shares in the demat form with CDSL	the 16-digit beneficiary ID
User ID for the Members holding shares in the demat form with NSDL	the eight-character DP ID followed by the eight-digit client ID
User ID for the Members holding shares in the physical form	the folio number of the shares held in the Company

- ii) After entering these details appropriately, click on 'Submit'.
- iii) The Members holding shares in the physical form will reach the Company selection screen. However, the Members holding shares in the demat form will reach the 'Password creation' menu and will have to enter the login password in the 'new password' field. It is strongly recommended not to share the password with any other person and take utmost care to keep it confidential.
- iv) The Members holding shares in the physical form can use login details only for e-voting on the resolutions contained in this Notice.
- v) Click on the electronic voting serial number 210615001 of Atul Ltd to vote.
- vi) The 'Resolution description' message will appear on the voting page with 'Yes | No' options for voting. Select the option 'Yes' or 'No' as desired. The option 'Yes' implies assent and option 'No' implies dissent to the resolution.
- vii) Click on the 'Resolutions file link' to view the details.
- viii) After selecting the resolution, click on the 'Submit' tab. A confirmation box will be displayed. To confirm vote, click on 'Ok'; else click on 'Cancel'.
- ix) After voting on a resolution, the Members will not be allowed to modify their votes.
- x) A print of the e-voting done may be taken by clicking on the 'Click here to print' tab on the e-voting page.
- xi) In case the Members holding shares in the demat form forget their passwords, they can enter the user ID and the image verification details and click on 'Forgot password' to generate a new one.

19.2.7 Note for the non-individual Members and the Custodians:

- i) The non-individual Members (that is, other than individuals, Hindu Undivided Family, non-resident individual) and custodians are required to log on to www.evotingindia.com and register themselves as Corporates.
- ii) A scanned copy of the registration form bearing the stamp and sign of the entity will be e-mailed by the Members to helpdesk.evoting@cdslindia.com
- iii) After receiving the login details, a Compliance user will be created using the admin login and password. The Compliance user will be able to link the account(s) for which they wish to vote on.
- iv) The list of accounts will be e-mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, votes can be cast.
- v) A scanned copy of the Board Resolution and Power of Attorney issued in favour of the Custodian, if any, will have to be uploaded in the portable document format in the system for verification by the Scrutiniser.

19.2.8 The Members can also use mobile application 'm-Voting' of CDSL for e-voting using their e-voting credentials.

19.2.9 The remote e-voting period commences on July 27, 2021 (at 9:00 am) and ends on July 29, 2021 (at 5:00 pm). During this period, the Members holding shares either in the physical form or in the demat form, as on the cut-off date of July 23, 2021, may cast their votes electronically. The remote e-voting module will be disabled by CDSL for voting after the said period. Once the votes on a resolution are cast by the Members, no change will be allowed subsequently. Only the

Members who have not cast their votes through remote e-voting may cast their votes during the AGM by attending the AGM through VC by following the aforesaid process.

19.2.10 The voting rights of the Members will be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of July 23, 2021.

19.3 The instructions for e-voting during the AGM are as under:

19.3.1 The facility for voting through ballot | polling paper will not be available. The Members attending the AGM through VC and who have not cast their votes through remote e-voting will be able to exercise their voting rights during the AGM through the e-voting facility. The Members who have already cast their votes through remote e-voting may attend the AGM, but will not be able to cast their votes again.

19.3.2 The procedure for e-voting during the AGM is same as per the instructions mentioned in Note numbers 19.1 and 19.2, as the case may be, for remote e-voting.

i) Only those Members who will be present at the AGM through VC and have not cast their votes on the resolutions through remote e-voting and are otherwise not barred from doing so, will be eligible to vote through e-voting system available in the AGM.

ii) If any votes are cast by the Members through e-voting available during the AGM without participating in the AGM through VC, then the votes cast by such Members will be considered invalid as the facility of e-voting during the AGM is available only to the Members participating in the AGM.

19.4 The Company has availed services of Cisco Webex to provide the VC facility to the Members to attend the AGM in collaboration with CDSL. More than 1,000 Members, excluding promoters, large shareholders (holding 2% or more shares in the Company), Directors, Key Managerial Personnel, Auditors and the Chairmen of Committees of the Board, can participate in the AGM through VC on a first-come, first-served basis.

19.4.1 The instructions for attending the AGM through VC are as under:

i) The individual Members holding shares in the demat form can log in at any time starting from 10:15 am on July 30, 2021, as per Note number 19.1.

ii) Other Members can log in to www.evotingindia.com during any time starting from 10:15 am on July 30, 2021, and follow the steps mentioned below:

a) Click on the 'Shareholders | Members' tab.

b) The 'Shareholders | Members' message will appear, enter user ID | verification code and click on the 'Log in' tab. If the Members are not having remote e-voting login credentials, then they may create the same by following the instructions given in Note number 19.2.6.

c) When 'Character validation was successful. Kindly enter other login details to proceed' appears, enter password in the 'Password' tab and click on the 'Submit' tab.

iii) When 'Member Voting Screen' appears, click on the 'Click Here' tab on the Live Streaming column.

iv) When the message 'This is external link, are you sure you want to continue' appears, click on the 'OK' tab to proceed.

v) When 'Event information' appears, enter first name and last name and click on the 'Join Now' tab.

vi) When 'Meeting room joining confirmation' appears, click on the 'Join Event' tab.

19.4.2 The Members are encouraged to join the meeting through laptops for better experience. The Members will be required to ensure high-definition web cameras and high-speed internet connectivity to avoid any disturbance during the AGM.

19.4.3 The participants connecting through mobile devices | tablets | laptops using mobile hotspots may experience audio | video loss due to fluctuations in their respective networks. It is therefore recommended to use a stable Wi-Fi | LAN connection to mitigate such possible glitches.

19.4.4 The Members who wish to express their views | ask questions during the AGM are requested to register themselves as speakers by providing their names, demat account numbers | folio numbers, e-mail addresses, mobile | telephone numbers along with questions, if any, to the Company on shareholders@atul.co.in. Such requests need to reach the Company at least seven days before the date of the AGM.

19.4.5 Those Members who have registered themselves as speakers may only be allowed to express their views | ask questions during the AGM.

19.5 In case of queries or issues regarding e-voting or attending the AGM through VC, the Members may refer to the 'frequently asked questions' and e-voting manual available at www.evotingindia.com under the 'help' section. The Members may also contact Mr Rakesh Dalvi, Manager, Central Depository Services (India) Ltd, 25th Floor, A Wing, Marathon Futurex, Mafatlal Mills Compound, N M Joshi Marg, Lower Parel (E), Mumbai 400 013, Maharashtra, India, e-mail address: helpdesk.evoting@cdslindia.com, telephone: (+91 22) 23058542 | 43 or Ms Sarita Mote, National Securities Depository Ltd, 4th Floor, Trade World A wing, Kamala Mills Compound, Lower Parel, Mumbai 400 013, Maharashtra, India, e-mail address: evoting@nsdl.co.in, telephone: 1800 1020 990 or Mr Nilesh Dalwadi, Team Member, Link Intime India Pvt Ltd, 506-508, Amarnath Business Centre - 1, Umashankar Joshi Marg, Off C G Road, Ahmedabad 380 006, Gujarat, India, e-mail address: nilesh.dalwadi@linkintime.co.in, telephone: (+91 79) 26465179 | 86 | 87 or Mr Sharad Bhavsar, General Manager, Atul Ltd, Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India, e-mail address: shareholders@atul.co.in,

telephone: (+91 79) 26461294 | 26463706 or Mr Ankit Patadiya, Joint Manager, Atul Ltd, e-mail address: legal@atul.co.in, telephone: (+91 2632) 230400.

- 19.6 SPANJ & Associates, Company Secretaries has been appointed as the Scrutiniser to scrutinise the remote e-voting and the voting process at the AGM in a fair and transparent manner.
- 19.7 The Scrutiniser will within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, and forward it to the Chairman of the Company.
- 19.8 The results will be declared at or after the AGM. The results declared along with the Scrutiniser's Report will be placed on www.atul.co.in, the website of the Company and on www.evotingindia.com the website of CDSL within two days of passing of the resolutions at the AGM and also will be communicated to the BSE Ltd and the National Stock Exchange of India Ltd.
20. At the ensuing Annual General Meeting, Mr B N Mohanan retires by rotation and being eligible, offers himself for reappointment. The information or details required as per Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to him are as under:

Name	Mr B N Mohanan
Date of birth	May 26, 1950
Brief résumé	Mr B N Mohanan joined the Company on August 29, 1992, and is a Whole-time Director since January 01, 2009. He is a Member of the Corporate Social Responsibility Committee and the Risk Management Committee of the Board. Mr Mohanan has 50 years of experience in various capacities and is currently the President, Utilities and Services and the Occupier. He is also the Managing Director of Atul Biospace Ltd and Atul Rajasthan Date Palms Ltd. Mr Mohanan holds a graduate degree in Engineering (Honors) from the University of Calicut.
Directorship in other companies	Public companies Aasthan Dates Ltd – Chairman Atul Biospace Ltd – Managing Director Atul Clean Energy Ltd – Chairman Atul Finserv Ltd Atul Rajasthan Date Palms Ltd – Managing Director Atul Seeds Ltd Biyaban Agri Ltd – Chairman Raja Dates Ltd – Chairman Foreign companies Atul Middle East FZ-LLC DPD Ltd
Membership in committees of other companies	Member of committees Atul Rajasthan Date Palms Ltd – Nomination and Remuneration Committee
Relationship with other Directors	None
Number of shares held in the Company	5,800

21. At the ensuing Annual General Meeting, Mr S A Lalbhai is proposed to be reappointed as a Managing Director of the Company.

The information or details required as per Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to him are given in the explanatory statement.

Registered office:
Atul House
G I Patel Marg
Ahmedabad 380 014, Gujarat
India
Corporate identity number: L99999GJ1975PLC002859
April 30, 2021

By order of the Board of Directors

(L P Patni)

Company Secretary and Chief Compliance Officer

Explanatory statement

The following explanatory statement, as required by Section 102 of the Companies Act, 2013, sets out material facts, including the nature and concern or interest of the Directors in relation to the item of Special business under item numbers 4 and 5 mentioned in the accompanying Notice:

Item number 4

Subject to approval of the shareholders, the Board reappointed Mr S A Lalbhai as a Managing Director for five years effective December 15, 2021. His brief résumé is given below:

Name	Mr S A Lalbhai
Date of birth	June 4, 1961
Brief résumé	<p>Mr S A Lalbhai is a Director of the Company since January 21, 2000, and a Managing Director of the Company since December 15, 2001.</p> <p>Mr Lalbhai is actively associated with Ahmedabad Textile Industry's Research Association, Ahmedabad Textile Mills Association, Federation of Indian Chamber of Commerce and Industry, Gujarat Chamber of Commerce and Industry and Indian Cotton Mills Federation. He is also associated with some of the social institutions established by Lalbhai Group.</p> <p>Mr Lalbhai holds a graduate degree in Commerce from Gujarat University.</p>
Directorship in other companies	<p>Public companies Bengal Tea and Fabrics Ltd The Anup Engineering Ltd</p> <p>Private companies Arvind Farms Pvt Ltd Saumya Farms and Organic Products Pvt Ltd Sneh Farms Pvt Ltd</p> <p>Foreign companies Arvind Overseas (M) Ltd Arvind Worldwide (N) Ltd Arvind Worldwide Inc</p>
Membership in committees of other companies	<p>Member of committees Bengal Tea and Fabrics Ltd – Nomination and Remuneration Committee</p>
Relationship with other Directors	None
Number of shares held in the Company	2,02,377

The terms of reappointment of Mr Lalbhai are in accordance with applicable provisions of the Companies Act, 2013.

The terms and conditions of the reappointment of the Managing Director are set out in the draft agreement, which are placed before the AGM. The material terms of the draft agreement are as under:

I. Responsibilities:

Mr Lalbhai will work closely with the Chairman and Managing Director to assist him in matters relating to operations and strategy as required and take up assignment(s) under coordination and guidance of the Chairman and Managing Director.

II. Remuneration:

During his five-year tenure, he will be paid remuneration as below:

- 1) Basic salary of ₹ 5,59,810 per month. The basic salary may be increased from time to time by the Nomination and Remuneration Committee at its absolute discretion within the contractual period of five years; however, the maximum basic salary payable will not exceed ₹ 12,00,000 per month.
- 2) Perquisites
 - a) Housing: the Company will provide residential accommodation with water and electricity or pay house rent allowance as per its policy.
 - b) Furnishing: the Company will provide furniture and fixtures as per its policy.

- c) Medical reimbursement: the Company will reimburse medical expenses for self and family incurred as per its policy.
- d) Leave travel assistance: the Company will provide leave travel assistance for self and family once in a year as per its policy.
- e) Group accident insurance: the Company will provide group accident insurance of sum assured up to ₹ 25 cr.
- f) Car: the Company will provide a car at its entire cost as per its policy.
- g) Car driver wages | fuel | maintenance: the Company will reimburse for car driver wages, fuel and maintenance as per its policy.
- h) Communication devices: the Company will provide a landline telephone at residence and mobile telephone as per its policy.

3) Retirals

- a) The Company will contribute towards provident fund and superannuation fund provided that such contributions either singly or put together do not exceed the limit prescribed under Section 36(l)(iv) of Income Tax Act, 1961 read with Rule 87 of Income Tax Rules, 1962.
- b) The Company will pay gratuity as per its policy. The period worked under this contract will be in continuum of the service already considered under the policy.
- c) The Company will grant full pay and allowances leaves, not exceeding one month for every 11 months of service. Unavailed accumulated leaves lying unencashed may also be carried forward to the next tenure, if any.

4) Commission

The Company will pay commission at the rate of 0.50% of net profits of the Company provided that the commission will not exceed 30 months' basic salary. When payable for the part of the year, the commission will be payable on pro-rata basis.

- III. Mr Lalbhai will not be entitled to sitting fees for attending meetings of the Board and | or Committees thereof. He will, however, be reimbursed for the actual travelling, lodging, boarding and out-of-pocket expenses incurred by him for attending meetings of the Board or Committees thereof.
- IV. The above remuneration and any alteration thereof from time to time is subject to the overall limit of 5% of the annual net profit of the Company and subject further to the overall limit of 10% of the annual net profit of the Company as computed under the applicable provisions of the Companies Act, 2013. Provided, however, that in the event of absence or inadequacy of profit, Mr Lalbhai will be paid minimum remuneration subject to Schedule V of the Companies Act, 2013.
- V. A rateable proportion of the aforesaid remuneration will be payable by the Company in the event of cessation of office during any financial year.
- VI. Mr Lalbhai will be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.
- VII. The Directors are at liberty to appoint more than one Managing Director.
- VIII. A notice period of six months will be applicable from either side.
- IX. Mr Lalbhai will be entitled to compensation in accordance with Section 202 of the Companies Act, 2013 in the event of termination of office.

The Board considers that his association will be of immense benefit to the Company. Accordingly, the Board recommends the resolution in item number 4 in the Notice in relation to reappointment of Mr Lalbhai as a Managing Director for five years for the approval by the Members.

Memorandum of interest

The nature of the concern or interest of Mr Lalbhai, Managing Director, is that the above resolution pertains to his agreement with the Company and he will be receiving the remuneration as stated therein, if approved. None of the other Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

Item number 5

In pursuance of Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the appointment of the Cost Auditors and their remuneration as recommended by the Audit Committee requires approval by the Board of Directors (Board). The remuneration also requires ratification by the Members.

On the recommendation of the Audit Committee, the Board considered and approved appointment of the Cost Auditors, R Nanabhoy & Co, Cost Accountants, for conducting cost audit of the applicable products in the category of Bulk Drugs, Chemicals, Insecticides, Inorganic Chemicals, Organic Chemicals and their derivatives and Polymers at a remuneration of ₹ 3.10 lakhs plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2022.

The Board seeks ratification of the aforesaid remuneration by the Members and accordingly requests their approval of the ordinary resolution.

Memorandum of interest

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

Registered office:
Atul House
G I Patel Marg
Ahmedabad 380 014, Gujarat
India
Corporate identity number: L99999GJ1975PLC002859
April 30, 2021

By order of the Board of Directors

(L P Patni)

Company Secretary and Chief Compliance Officer



Performance trend

(₹ cr)

Particulars	Ind AS						Schedule VI	
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Operating results								
Net sales	3,460	3,824	3,845	3,052	2,639	2,403	2,510	2,307
Revenue	3,616	3,983	3,947	3,186	2,891	2,652	2,571	2,405
PBIDT	950	922	768	511	512	485	391	362
Finance costs	2	2	4	9	21	26	24	31
PBDT ¹	948	920	764	502	491	459	367	331
Depreciation	120	117	112	105	91	62	55	54
PBT from operations ¹	828	803	652	397	400	397	312	277
Exceptional Non-recurring items	-	-	-	-	-	3	-	20
PBT	828	803	652	397	400	400	312	297
Tax	197	163	223	127	115	126	95	84
Net profit	631	640	429	270	285	274	217	213
Dividend (including DDT ³) ⁴	-	151	40	33	36	30	30	26
Financial position								
Gross block ⁵	1,839	1,595	1,333	1,243	1,118	945	1,345	1,285
Net block ⁵	1,295	1,139	988	989	965	883	578	573
Other assets (net)	2,416	1,931	1,662	1,209	1,111	1,011	719	719
Capital employed	3,711	3,070	2,650	2,198	2,076	1,894	1,297	1,292
Equity share capital	30	30	30	30	30	30	30	30
Other equity	3,681	3,040	2,620	2,168	1,891	1,562	986	911
Total equity	3,711	3,070	2,650	2,198	1,921	1,592	1,016	941
Borrowings	-	-	-	-	155	302	281	351
Per Equity share (₹)								
Dividend ⁶	20.00	27.50	15.00	12.00	10.00	10.00	8.50	7.50
Book value	1,254	1,035	893	741	648	537	343	317
EPS	212.78	215.82	144.51	91.16	96.18	92.53	73.30	71.74
Key indicators								
PBIDT %	27.46	24.11	19.97	16.74	19.40	20.18	15.58	15.69
PBDT %	27.40	24.06	19.87	16.45	18.61	19.10	14.62	14.35
PBT %	23.93	21.00	16.96	13.01	15.16	16.52	12.43	12.01
Employee cost %	7.20	6.51	5.70	5.93	6.56	6.99	6.14	6.07
Finance costs %	0.06	0.05	0.10	0.29	0.80	1.08	0.96	1.34
Operating cash flow total revenue %	18.71	21.40	10.06	10.21	12.80	14.13	12.33	5.86
Asset turnover ratio ⁷	2.16	2.81	3.04	2.60	2.44	3.10	2.02	1.87
RoCE % ¹	29.56	33.82	32.05	22.38	25.71	30.91	26.76	26.04
RoNW % ¹	18.61	22.38	18.77	13.11	16.23	20.78	22.18	23.45
Payment to exchequer	693	640	627	442	307	335	305	267

Notes:

¹Excluding exceptional items | ²Relates to one-time dividend received, grouped as revenue but excluded from PBIDT above |

³Dividend distribution tax | ⁴Paid during the year | ⁵Including capital work-in-progress | ⁶Proposed or paid for the year |

⁷Excluding capital work-in-progress

(₹ cr)

Particulars	Schedule VI						
	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Operating results							
Net sales	1,964	1,746	1,508	1,168	1,159	998	895
Revenue	2,022	1,792	1,553	1,204	1,196	1,033	925
PBIDT	268	203	194	143	124	97	85
Finance costs	32	43	26	26	41	33	28
PBDT ¹	236	160	168	117	83	64	57
Depreciation	49	44	39	37	32	29	31
PBT from operations ¹	187	116	129	80	51	35	26
Exceptional Non-recurring items	5	6	10	-	(5)	3	-
PBT	192	122	139	80	46	38	26
Tax	56	34	43	27	10	3	1
Net profit	136	88	96	53	36	35	25
Dividend (including DDT ³) ⁴	21	16	16	14	10	10	10
Financial position							
Gross block ⁵	1,202	1,100	1,002	986	967	936	771
Net block ⁵	526	474	420	424	443	433	295
Other assets (net)	585	550	474	355	384	428	374
Capital employed	1,111	1,024	894	779	827	861	669
Equity share capital	30	30	30	30	30	30	30
Other equity	726	612	537	454	429	403	270
Total equity	756	642	567	484	459	433	300
Borrowings	355	382	327	295	368	428	369
Per Equity share (₹)							
Dividend ⁶	6.00	4.50	4.50	4.00	3.00	3.00	3.00
Book value	255	216	191	163	155	146	101
EPS	45.69	29.70	30.34	19.15	12.77	12.35	9.98
Key indicators							
PBIDT %	13.65	11.63	12.86	12.24	10.70	9.72	9.50
PBDT %	12.02	9.16	11.14	10.02	7.16	6.41	6.37
PBT %	9.52	6.64	8.55	6.85	4.40	3.51	2.91
Employee cost %	6.52	6.70	6.76	8.82	7.85	8.12	8.04
Finance costs %	1.63	2.46	1.72	2.23	3.54	3.31	3.13
Operating cash flow total revenue %	8.24	6.73	3.88	8.86	17.23	1.11	7.94
Asset turnover ratio ⁷	1.70	1.67	1.55	1.20	1.22	1.14	1.25
RoCE % ¹	21.04	16.93	18.46	13.09	11.19	9.42	8.81
RoNW % ¹	18.74	13.56	16.37	11.24	8.95	8.80	8.73
Payment to exchequer	212	191	167	99	101	98	99

Notes:
¹Excluding exceptional items | ²Relates to one-time dividend received, grouped as revenue but excluded from PBIDT above |

³Dividend distribution tax | ⁴Paid during the year | ⁵Including capital work-in-progress | ⁶Proposed or paid for the year |

⁷Excluding capital work-in-progress

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Independent Auditor's Report

To the Members of Atul Ltd

Report on the audit of the Standalone Financial Statements

Opinion

01. We have audited the accompanying Standalone Financial Statements of Atul Ltd (the Company), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.
02. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

03. We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis

for our audit opinion on the Standalone Financial Statements.

Key audit matter

04. Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the Standalone Financial Statements of the current period. This matter was addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on this matter. We have determined the matter described as follows to be the key audit matter to be communicated in our report.



Key audit matter	Auditor's response
<p>Allowance for credit losses</p> <p>The Company determines the allowance for credit losses on trade receivables based on historical loss experience adjusted to reflect current and estimated future economic conditions of its customers, their industry and geography of operations.</p> <p>In calculating expected credit loss, the Company also considers the insurance covers and other securities, besides other related information for its customers, including credit reports, to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19. The Management has exercised significant judgement in estimating the allowance for credit losses.</p> <p>Refer Note 10 and 28.8(c) to the Standalone Financial Statements.</p>	<p>Our principle procedures included the following, but were not limited to:</p> <p>Testing the effectiveness of controls over the:</p> <ul style="list-style-type: none"> - classification of customers by the businesses and computing the net exposure as at the reporting date, - development of the expected credit model for the allowance for credit losses, including consideration of the current and estimated future economic conditions, - completeness and accuracy of information used in the estimation of probability of default and - computation of the allowance for credit losses. <p>Testing the arithmetical accuracy and computation of the allowances prepared by the Management.</p> <p>Testing the allowance for credit loss through alternate scenarios, including profiling of customers based on their attributes with various sensitivities around approach, the assumptions and factoring the possible effect of the pandemic, to independently validate the Management estimates.</p>

Information other than the Financial Statements and Auditor's Report thereon

05. The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in the letter to the shareholders, operational highlights, financial charts, Directors' Report and its annexure, Management Discussion and Analysis, Corporate Governance Report, Business Responsibility Report, Dividend Distribution Policy and performance trend, but does not include the Standalone Financial Statements, the Consolidated Financial Statements and our Auditor's Report thereon.
06. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
07. In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
08. If, based on the work we have performed, we conclude

that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Standalone Financial Statements

09. The Board of Directors of the Company is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes 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 frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting

records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

10. In preparing the Standalone Financial Statements, the Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
11. The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor's responsibility for the audit of the Standalone Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.
13. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
 - a) Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- b) Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- d) Conclude on the appropriateness of use of the going concern basis of accounting by the Management and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Standalone Financial Statements.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative

factors in i) planning the scope of our audit work and in evaluating the results of our work and ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter must not be communicated in our report because the adverse consequences of doing so will reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Cash Flows and Statement of changes in equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the Directors as on March 31, 2021, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2021, from being appointed as a Director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

15. As required by the Companies (Auditor's Report) Order, 2016 (the Order), issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm registration number: 117366WJW-100018

Samir R. Shah

Partner

Mumbai

Membership number: 101708

April 30, 2021

UDIN: 21101708AAAACC9294



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Annexure A to the Independent Auditor's Report

Referred to in para 14(f) under 'Report on other legal and regulatory requirements' section of our report of even date.

Report on the internal financial controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)

1. We have audited the internal financial controls over financial reporting of Atul Ltd (the Company) as of March 31, 2021, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

2. The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the policies of the Company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

3. Our responsibility is to express an opinion on the internal financial controls of the Company over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain

audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of internal financial controls over financial reporting

6. The internal financial control over financial reporting of a company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with the Generally Accepted Accounting Principles. Internal financial control over financial reporting of a Company includes those policies and procedures that i) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with the Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the assets of the Company that can have a material effect on the Standalone Financial Statements.

Inherent limitations of internal financial controls over financial reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are

subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm registration number: 117366WJW-100018

Samir R. Shah

Partner

Mumbai

April 30, 2021

Membership number: 101708

UDIN: 21101708AAAACC9294



Annexure B to the Independent Auditor's Report

Referred to in para 15 under 'Report on other legal and regulatory requirements' section of our report of even date.

01. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a program of verification of fixed asset to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regards to size of the Company and nature of its fixed assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed | transfer deed | conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the Balance Sheet date, except the following:

Particulars of land and building	Carrying value as at March 31, 2021	Name of entity on the title deed
Freehold land	₹ 0.15 cr	Atul Products Ltd*
Freehold land	₹ 12.71 cr	Various individuals*
Building in Delhi	₹ 0.01 cr	Atul Products Ltd*

*process of transfer of title deeds in the name of the Company is underway.

In respect of land parcels that have been taken on lease and disclosed as property, plant and equipment in the Standalone Financial Statements, the lease agreement is in the name of the Company, where the Company is the lessee in the agreement. There are no buildings that have been taken on lease.

02. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals, except goods-in-transit and stocks lying with third parties. In respect of inventory lying with third parties at the year end, written confirmations have been obtained by the Management. No material discrepancies were noticed on physical verification.

03. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
04. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
05. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
06. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
07. According to the information and explanations given to us, in respect of statutory dues:
- a) The Company has been regular in depositing undisputed statutory dues of the year, including provident fund, employees' state insurance, income tax, customs duty, cess, goods and services tax and other material statutory dues applicable to it to the appropriate authorities.
- b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, customs duty, cess, goods and services tax and other material statutory dues in arrears as at March 31, 2021, for a period of more than six months from the date they became payable.
- c) Details of dues of income tax, excise duty and service tax, and customs duty that have not been deposited as on March 31, 2021, on account of disputes are given as follows:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount unpaid (₹ cr)	Amount paid under protest (₹ cr)
Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	Assessment year 2011-12 and 2012-13	1.30	-
		Income Tax Appellate Tribunal	2010-11 and 2016-17	1.53	0.87
The Central Excise Act, 1944 and Chapter V of the Finance Act, 1994	Excise duty and Service tax	Commissioner (Appeals)	1993-2020	0.53	#
		Customs, Excise and Service Tax Appellate Tribunal	1992-2018	1.79	0.14
		High Court	1994-95	3.53	-
Customs Act, 1962	Customs duty	Commissioner (Appeals)	1994-2009	3.19	-
		High Court	2017-18	1.76	-

₹ 9,890

08. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings from banks. The Company has not taken any loan or borrowing from financial institutions and government or has not issued any debentures.
09. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause (ix) of the Order is not applicable.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid | provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.
13. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements, etc as required by the applicable accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause (xiv) of the Order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its Directors or Directors of its subsidiary companies or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm registration number: 117366W|W-100018

Samir R. Shah

Partner

Mumbai
April 30, 2021

Membership number: 101708
UDIN: 21101708AAAACC9294

Standalone Balance Sheet as at March 31, 2021

(₹ cr)

	Particulars	Note	As at March 31, 2021	As at March 31, 2020
A	ASSETS			
1	Non-current assets			
	a) Property, plant and equipment	2	1,054.55	903.48
	b) Capital work-in-progress	2	238.92	234.89
	c) Investment properties	3	3.22	3.22
	d) Intangible assets	4	1.34	0.63
	e) Financial assets			
	i) Investments in subsidiary companies and joint venture company	5.1	239.34	235.69
	ii) Other investments	5.2	593.58	466.32
	iii) Loans	6	30.85	17.50
	iv) Other financial assets	7	7.13	2.47
	f) Income tax assets (net)	28.5	10.99	9.18
	g) Other non-current assets	8	39.27	51.89
	Total non-current assets		2,219.19	1,925.27
2	Current assets			
	a) Inventories	9	510.57	427.46
	b) Financial assets			
	i) Investments	5.3	717.81	627.49
	ii) Trade receivables	10	713.53	718.93
	iii) Cash and cash equivalents	11	15.25	5.43
	iv) Bank balances other than cash and cash equivalents mentioned above	12	293.48	3.36
	v) Other financial assets	7	13.46	31.88
	c) Other current assets	8	104.16	109.39
	Total current assets		2,368.26	1,923.94
	Total assets		4,587.45	3,849.21
B	EQUITY AND LIABILITIES			
	Equity			
	a) Equity share capital	13	29.61	29.68
	b) Other equity	14	3,681.74	3,040.70
	Total equity		3,711.35	3,070.38
	Liabilities			
1	Non-current liabilities			
	a) Other financial liabilities	15	2.53	2.72
	b) Provisions	16	24.23	19.43
	c) Deferred tax liabilities (net)	28.5	91.87	84.44
	Total non-current liabilities		118.63	106.59
2	Current liabilities			
	a) Financial liabilities			
	i) Trade payables	18		
	Total outstanding dues of			
	a) Micro-enterprises and small enterprises		22.77	8.58
	b) Creditors other than micro-enterprises and small enterprises		539.91	469.88
	ii) Other financial liabilities	15	123.15	124.47
	b) Contract liabilities	19	23.01	25.03
	c) Other current liabilities	20	7.44	7.41
	d) Provisions	16	36.87	36.87
	e) Current tax liabilities (net)	28.5	4.32	-
	Total current liabilities		757.47	672.24
	Total liabilities		876.10	778.83
	Total equity and liabilities		4,587.45	3,849.21

The accompanying Notes 1-28 form an integral part of the Standalone Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

T R Gopi Kannan
Whole-time Director and CFO
L P Patni
Company Secretary

B N Mohanan
Whole-time Director
and President - U&S

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director

Mumbai
April 30, 2021

Atul
April 30, 2021

Standalone Statement of Profit and Loss

for the year ended March 31, 2021

(₹ cr)

Particulars	Note	2020-21	2019-20
INCOME			
Revenue from operations	21	3,512.35	3,905.66
Other income	22	103.71	77.61
Total income		3,616.06	3,983.27
EXPENSES			
Cost of materials consumed	23	1,525.01	1,739.92
Purchases of stock-in-trade		139.73	142.14
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(63.31)	(1.36)
Employee benefit expenses	25	249.10	249.25
Finance costs	26	1.97	2.35
Depreciation and amortisation expenses	2, 4	120.23	117.06
Other expenses	27	815.58	931.37
Total expenses		2,788.31	3,180.73
Profit before tax		827.75	802.54
Tax expense			
Current tax	28.5	199.19	204.33
Deferred tax	28.5	(2.33)	(41.96)
Total tax expense		196.86	162.37
Profit for the year		630.89	640.17
Other comprehensive income			
a) Items that will not be reclassified to profit loss			
i) Change in fair value of equity instruments through other comprehensive income (FVOCI)		80.17	(59.80)
ii) Remeasurement gain (loss) on defined benefit plans		(1.08)	(2.07)
iii) Income tax related to items above		(9.34)	(3.72)
b) Items that will be reclassified to profit loss			
i) Effective portion of gain (loss) on cash flow hedges		0.60	(1.62)
ii) Income tax related to item no (i) above		(0.15)	0.41
Other comprehensive income, net of tax		70.20	(66.80)
Total comprehensive income for the year		701.09	573.37
Earnings per equity share			
Basic and diluted earnings ₹ per equity share of ₹ 10 each	28.11	212.78	215.82

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In terms of our report attached

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Partner

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Whole-time Director and CFO

L P Patni
Company Secretary

B N Mohanan
Whole-time Director
and President - U&S

R A Shah
B S Mehta
V S Rangan
Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director

Mumbai
April 30, 2021

Atul
April 30, 2021

For and on behalf of the Board of Directors

Standalone Statement of changes in equity

for the year ended March 31, 2021

A Equity share capital

(₹ cr)

Particulars	Note	Amount
As at March 31, 2019		29.68
Changes in equity share capital during the year		-
As at March 31, 2020		29.68
Changes in equity share capital during the year, pursuant to buy-back (refer Note 28.18)		(0.07)
As at March 31, 2021	13	29.61

B Other equity

(₹ cr)

Particulars	Reserves and surplus				Items of other comprehensive income		Total other equity
	Securities premium	General reserve	Retained earnings	Capital redemption reserve	FVOCI equity instruments	Effective portion of cash flow hedges	
As at March 31, 2019	34.66	95.80	2,025.94	-	462.69	0.79	2,619.88
Profit for the year	-	-	640.17	-	-	-	640.17
Other comprehensive income, net of tax	-	-	(1.55)	-	(64.04)	(1.21)	(66.80)
Total comprehensive income for the year	-	-	638.62	-	(64.04)	(1.21)	573.37
Transfer to retained earnings on disposal of FVOCI equity instruments	-	-	(0.03)	-	0.03	-	-
Hedging (gain) loss reclassified to the Standalone Statement of Profit and Loss	-	-	-	-	-	(1.22)	(1.22)
Transactions with owners in their capacity as owners							
Dividend on equity shares, including dividend distribution tax (refer Note 28.17)	-	-	(151.33)	-	-	-	(151.33)
As at March 31, 2020	34.66	95.80	2,513.20	-	398.68	(1.64)	3,040.70
Profit for the year	-	-	630.89	-	-	-	630.89
Other comprehensive income, net of tax	-	-	(0.81)	-	70.56	0.45	70.20
Total comprehensive income for the year	-	-	630.08	-	70.56	0.45	701.09
Transfer to retained earnings on disposal of FVOCI equity instruments	-	-	-	-	-	-	-
Hedging (gain) loss reclassified to the Standalone Statement of Profit and Loss	-	-	-	-	-	1.62	1.62
Buy-back of equity shares (refer Note 28.18)	(34.66)	(27.01)	-	-	-	-	(61.67)
Transferred to capital redemption reserve upon buy-back (refer Note 28.18)	-	(0.07)	-	0.07	-	-	-
Transactions with owners in their capacity as owners							
Dividend on equity shares, including dividend distribution tax (refer Note 28.17)	-	-	-	-	-	-	-
As at March 31, 2021	-	68.72	3,143.28	0.07	469.24	0.43	3,681.74

Refer Note 14 for nature and purpose of reserves

The accompanying Notes 1-28 form an integral part of the Standalone Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

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Partner

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Whole-time Director and CFO
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and President - U&S

Mumbai
April 30, 2021

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director

Atul
April 30, 2021

Standalone Statement of Cash Flows

for the year ended March 31, 2021

(₹ cr)

Particulars	2020-21	2019-20
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	827.75	802.54
Adjustments for:		
Depreciation and amortisation expenses	120.23	117.06
Finance costs	1.97	2.35
Loss on disposal of property, plant and equipment (net)	0.09	0.33
Unrealised exchange rate difference (net)	11.32	(17.10)
Bad debts and irrecoverable balances written off	0.52	3.97
Allowance for doubtful debts	1.78	4.93
Dividend income	(58.03)	(23.09)
Interest income from financial assets measured at amortised cost	(14.60)	(3.61)
Liabilities no longer required written back	(0.13)	(2.58)
Advances written off earlier, recovered	-	(1.81)
Gain on disposal of current investments measured at FVPL (net)	(23.16)	(11.46)
Gain on disposal of equity investment measured at cost	-	(2.93)
Operating profit before change in operating assets and liabilities	867.74	868.60
Adjustments for:		
(Increase) Decrease in inventories	(83.11)	0.35
(Increase) Decrease in trade receivables	(11.59)	57.79
(Increase) Decrease in other financial assets	3.49	2.16
(Increase) Decrease in other assets	8.34	37.89
Increase (Decrease) in trade payables	87.72	56.61
Increase (Decrease) in other financial liabilities	(2.50)	12.03
Increase (Decrease) in contract liabilities	(2.02)	16.89
Increase (Decrease) in other current liabilities	0.03	1.11
Increase (Decrease) in provisions	4.81	8.37
Cash generated from operations	872.91	1,061.80
Income tax paid (net of refund)	(196.40)	(209.43)
Net cash flow from operating activities	A 676.51	852.37
B CASH FLOW FROM INVESTING ACTIVITIES		
Payments towards property, plant and equipment (including capital advances)	(270.69)	(270.02)
Purchase of intangible assets	(1.00)	(0.67)
Proceeds from disposal of property, plant and equipment	0.97	0.57
Proceeds from disposal of equity instruments measured at FVOCI	-	0.03
Purchase of equity instruments measured at FVOCI	(31.69)	-
Investment in bonds measured at FVPL	(15.59)	-
Purchase of current investments measured at FVPL (net)	(51.89)	(433.40)
Purchase of equity instruments of subsidiary companies measured at cost	(3.66)	(33.19)
Proceeds from disposal of equity instruments of subsidiary company measured at cost	-	2.96
Repayments of loans given	-	6.93
Disbursements of loans	(13.35)	(17.50)
Redemption of (Investment in) bank deposits (net)	(279.85)	10.99
Interest received on financial assets measured at amortised cost	3.59	3.54
Dividend received from subsidiary companies	2.15	0.94

Standalone Statement of Cash Flows

for the year ended March 31, 2020

(₹ cr)

Particulars	2020-21	2019-20
Dividend received from joint venture company	1.46	2.19
Dividend received from others	56.57	17.99
Net cash used in investing activities	(602.98)	(708.64)
C CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(1.97)	(2.35)
Dividend on equity shares (including dividend distribution tax)	-	(151.34)
Buy-back of equity shares (including transaction cost)	(61.74)	-
Net cash used in financing activities	(63.71)	(153.69)
Net increase (decrease) in cash and cash equivalents	9.82	(9.96)
Cash and cash equivalents at the beginning of the year	5.43	15.39
Cash and cash equivalents at the end of the year	15.25	5.43

- The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Ind AS 7 on the Statement of Cash Flows as notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- Cash flows from operating activities include ₹ 12.41 cr (March 31, 2020: ₹ 9.60 cr) being expenses towards Corporate Social Responsibility initiatives.
- Optionally convertible cumulative redeemable preference shares of ₹ 20 cr were converted to equity shares of Atul Bioscience Ltd as per the conversion option in such shares during the previous year.

The accompanying Notes 1-28 form an integral part of the Standalone Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

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Mumbai
April 30, 2021

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director

Atul
April 30, 2021

Notes to the Standalone Financial Statements

Background

Atul Ltd (the Company) is a public company limited by shares, incorporated and domiciled in India. Its registered office is located at Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India and the principal places of manufacturing are located at Atul and Ankleshwar, Gujarat, India.

The Company is in the business of Life Science Chemicals and Performance and Other Chemicals and caters to the needs of varied industries across the world such as Adhesives, Agriculture, Animal Feed, Automobile, Composites, Construction, Cosmetic, Defence, Dyestuff, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Polymer, Rubber, Soap and Detergent, Sport and Leisure, Textile, Tyre and Wind Energy.

Note 1 Significant accounting policies

This Note provides a list of the significant accounting policies adopted by the Company in preparation of these Standalone Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Statement of compliance

The Standalone Financial Statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, as amended.

b) Basis of preparation

i) Historical cost convention:

The Standalone Financial Statements have been prepared on a historical cost basis except for the following:

- a) Certain financial assets and liabilities (including derivative instruments): measured at fair value
- b) Defined benefit plans: plan assets measured at fair value
- c) Biological assets: measured at fair value less cost to sell

ii) The Standalone Financial Statements have been prepared on accrual and going concern basis.

iii) The accounting policies are applied consistently to all the periods presented in the Standalone Financial Statements. All assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

iv) New and amended standards adopted by the Company:

The Company has applied the following amendments to Ind AS for the first time for its annual reporting period commencing April 01, 2020:

- Definition of material – amendments to Ind AS 1 and Ind AS 8
- Definition of a business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

v) Recent accounting pronouncements:

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification which will be applicable from April 01, 2021.

c) Foreign currency transactions

i) Functional and presentation currency:

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The Standalone Financial Statements of the Company are presented in Indian currency (₹), which is also the functional currency of the Company.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain | (loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Standalone Statement of Profit and Loss except that they are deferred in other equity if they relate to qualifying cash flow hedges. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Standalone Statement of Profit and Loss, within finance costs. All other foreign exchange gain | (loss) presented in the Standalone Statement of Profit and Loss are on a net basis within other income.

Non-monetary items that are measured at fair value and denominated in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain | (loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are not revalued.

d) Revenue recognition

i) Revenue from operations:

Revenue is recognised when control of goods is transferred to a customer in accordance with the terms of the contract. The control of the goods is transferred upon delivery to the customers either at factory gate of the Company or specific location of the customer or when the goods are handed over to the freight carrier, as per the terms of the contract. A receivable is recognised by the Company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from services, including those embedded in contract for sale of goods, namely, freight and insurance services mainly in case of export sales, is recognised upon completion of services.

Revenue is measured based on the consideration to which the Company expects to be entitled as per contract with a customer. The consideration is determined based on the price specified in the contract, net of the estimated variable consideration. Accumulated experience is used to estimate and provide for the variable consideration, using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Contracts with customers are for short-term, at an agreed price basis having contracted credit period ranging up to 180 days. The contracts do not grant any rights of return to the customer. Returns of goods are accepted by the Company only on an exception basis. Revenue excludes any taxes or duties collected on behalf of government that are levied on sales such as goods and services tax.

Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

ii) Other income:

Interest income from financial assets is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends are recognised in the Standalone Statement of Profit and Loss only when the right to receive payment is established; it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Lease rental income is recognised on accrual basis.

e) Income tax

Income tax expense comprises current tax and deferred tax. Current tax is the tax payable on the taxable income of the current period based on the applicable income tax rates. Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit | (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Standalone Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The Company considers reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making the assessment of deferred tax liabilities and realisability of deferred tax assets. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Company will realise the benefits of those deductible differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The Company considered whether it has any uncertain tax positions based on past experience pertaining to income taxes, including those related to transfer pricing as per Appendix C to Ind AS 12. The Company has determined its tax position based on tax compliance and present judicial pronouncements and accordingly expects that its tax treatments will be accepted by the taxation authorities.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Company applies significant judgement in identifying uncertainties over income tax treatments.

f) Government grants

- i) Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.
- ii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss in proportion to depreciation over the expected lives of the related assets and presented within other income.
- iii) Government grants relating to income are deferred and recognised in the Standalone Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.
- iv) Government grants relating to export incentives refer Note 1 (d).

g) Leases

As a lessee

The Company assesses whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: i) the contract involves the use of an identified asset ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and iii) the Company has the right to direct the use of the asset.

At the commencement date of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases, are recognised as an operating expense on a straight-line basis over the term of the lease.

At the commencement date, lease liability is measured at the present value of the lease payments to be paid during non-cancellable period of the contract, discounted using the incremental borrowing rate. The right-of-use assets is initially recognised at the amount of the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received and any initial direct costs.

Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest rate method) and reducing the carrying amount to reflect the lease payments made. The right-of-use asset and lease liability are also adjusted to reflect any lease modifications or revised in-substance fixed lease payments.

As a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with the expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Standalone Balance Sheet based on their nature. Leases of property, plant and equipment where the Company as a lessor has substantially transferred all the risks and rewards are classified as finance lease. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rent receivables, net of interest income, are included in other financial assets. Each lease receipt is allocated between the asset and interest income. The interest income is recognised in the Standalone Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the asset for each period.

Under combined lease agreements, land and building are assessed individually.

h) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Acquisition cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the carrying amount of asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the Standalone Statement of Profit and Loss during the period in which they are incurred. Gains or losses arising on retirement or disposal of assets are recognised in the Standalone Statement of Profit and Loss.

Fruit bearing plants qualify as Bearer plant under Ind AS 16. Expenditure incurred on cultivation of plantations up to the date they become capable of bearing fruit are accumulated as Bearer plant under development (Immature) and then capitalised as a Bearer plant (Mature) to be depreciated over their estimated useful life.

The plantation destroyed due to calamity, disease or any other reasons whether capitalised as Bearer plant (Mature) or being carried under Bearer plant under development (Immature) are charged off to the Standalone Statement of Profit and Loss.

Spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment that are not ready for intended use as on the date of Standalone Balance Sheet are disclosed as 'capital work-in-progress'.

Depreciation methods, estimated useful lives and residual value

The charge in respect of periodic depreciation is derived after determining an estimate of expected useful life and the expected residual value of the assets at the end of its useful life. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives.

Depreciation is provided on a pro-rata basis on the straight-line method from the date of acquisition | installation till the date the assets are sold or disposed of:

Asset category	Estimated useful life
Buildings	30 to 60 years
Plant and equipment ¹	6 to 20 years
Vehicles ¹	6 to 10 years
Office equipment and furniture	5 to 10 years
Roads	5 years
Bearer plant ¹	40 years

¹The useful lives have been determined based on technical evaluation done by the Management | experts, which are different from the useful life prescribed in Part C of Schedule II to the Act, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Land accounted under finance lease is amortised on a straight-line basis over the primary period of lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as own assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

i) Intangible assets

Computer software includes enterprise resource planning application and other costs relating to such software that provide significant future economic benefits. These costs comprise license fees and cost of system integration services.

Development expenditure qualifying as an intangible asset, if any, is capitalised, to be amortised over the economic life of the product | patent.

Computer software cost is amortised over a period of three years using the straight-line method.

j) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not in use by the Company, is classified as investment property. Land held for a currently undetermined future use is also classified as an investment property. Investment property is measured at its acquisition cost, including related transaction costs and where applicable, borrowing costs.

k) Impairment

The carrying amount of assets are reviewed at each Standalone Balance Sheet date to assess if there is any indication of impairment based on internal | external factors. An impairment loss on such assessment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets is net selling price or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in the circumstances and to the extent that carrying amount of the assets does not exceed the carrying amount that will be determined if no impairment loss had previously been recognised.

l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

m) Trade receivables

Trade receivables are recognised when the right to consideration becomes unconditional. These assets are held at amortised cost, using the effective interest rate (EIR) method where applicable, less provision for impairment based on expected credit loss. Trade receivable overdue for more than 180 days are considered as receivable with significant increase in credit risk.

n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

o) Inventories

Inventories (other than harvested product of biological assets) are stated at cost or net realisable value, whichever is lower. Cost is determined on periodic moving weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to effect the sale.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs.

Due allowances are made for slow | non-moving, defective and obsolete inventories based on estimates made by the Company.

Items such as spare parts, stand-by equipment and servicing equipment that are not plant and machinery get classified as inventory.

The harvested product of biological assets of the Company, that is, oil palm Fresh Fruit Bunch (FFB) is initially measured at fair value less costs to sell on the point of harvest and subsequently measured at the lower of such value or net realisable value.

p) Investments and other financial assets

Classification and measurement

The Company classifies its financial assets in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- ii) those measured at amortised cost

The classification depends on business model of the Company for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investments at fair value through other comprehensive income.

Debt instruments

Initial recognition and measurement

Financial asset is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial asset is recognised initially at fair value plus, in case the financial asset is not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at fair value through profit or loss are expensed in the Standalone Statement of Profit and Loss.

Subsequent measurement

Subsequent measurement of debt instruments depends on the business model of the Company for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any, the amortisation of EIR and loss arising from impairment, if any is recognised in the Standalone Statement of Profit and Loss.

Measured at fair value through other comprehensive income (FVOCI):

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the OCI. Interest income measured using the EIR method and impairment losses, if any are recognised in the Standalone Statement of Profit and Loss. On derecognition, cumulative gain | (loss) previously recognised in OCI is reclassified from the equity to other income in the Standalone Statement of Profit and Loss.

Measured at fair value through profit or loss (FVPL):

A financial asset not classified as either amortised cost or FVOCI, is classified as FVPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as other income in the Standalone Statement of Profit and Loss.

Equity instruments

The Company subsequently measures all investments in equity instruments other than subsidiary companies, associate company and joint venture company at fair value. The Company has elected to present fair value gains and losses on such equity investments in other comprehensive income and there is no subsequent reclassification of these fair value gains and losses to the Standalone Statement of Profit and Loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the Standalone Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investments in subsidiary companies, associate companies and joint venture company:

Investments in subsidiary companies, associate companies and joint venture company are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary companies, associate companies and joint venture company, the difference between net disposal proceeds and the carrying amounts are recognised in the Standalone Statement of Profit and Loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 28.8 details how the Company determines whether there has been a significant increase in credit risk.

For trade and lease receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of such receivables. The Company computes expected lifetime losses based on a provision matrix, which takes into account historical credit loss experience and adjusted for forward looking information.

Derecognition

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset, the asset expires or the Company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised through the Standalone Statement of Profit and Loss or other comprehensive income as applicable. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial liabilities

i) Classification as debt or equity:

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

ii) Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the fair value.

iii) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Standalone Statement of Profit and Loss.

iv) Derecognition:

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or it expires.

q) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Standalone Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

r) Derivatives and hedging activities

The Company holds derivative financial instruments such as foreign exchange forward, interest rate swaps, currency swaps and currency options to mitigate the risk of changes in exchange rates or interest rate. The counterparty for these contracts is generally a bank.

i) Financial assets or financial liabilities, at fair value through profit or loss:

This category has derivative financial assets or liabilities, which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated, but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Standalone Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting gains or losses are included in other income or other expenses. Assets | liabilities in this category are presented as current assets | current liabilities if they are either held for trading or are expected to be realised within 12 months after the Standalone Balance Sheet date.

ii) Cash flow hedge:

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on firm commitment and highly probable forecast transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Standalone Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain | (loss) on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain | (loss) previously recognised in the cash flow hedging reserve is transferred to the

Standalone Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Standalone Statement of Profit and Loss.

s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. If not, the fee is deferred until the draw down occurs.

Borrowings are removed from the Standalone Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income | (expense).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

u) Biological assets

The biological assets of the Company comprise oil palms and tissue culture.

The Company classifies the tissue cultures as Mature and Immature plants. Mature biological assets are those which are available for sale in next 12 months or that have attained harvestable specifications (for consumable biological assets) or are able to sustain regular harvests (for bearer biological assets). The plants that are not mature are considered as Immature plants.

The oil palm trees are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the oil palm Fresh Fruit Bunches (FFB) growing on the trees are accounted for as biological assets until the point of harvest. Harvested oil palm FFB are transferred to inventory at fair value less costs to sell when harvested. Changes in fair value of oil palm FFB on trees are recognised in the Standalone Statement of Profit and Loss.

Mature and Immature tissue culture plants, which are ready for sale in less than 12 months from the reporting date are classified as current assets under separate head of biological assets other than bearer plants and others under non-current assets.

Biological assets are measured at fair value less costs to sell. Costs to sell include the incremental selling costs, including auction charges, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income tax.

Tissue culture raised matured plants are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. The gain or loss arising on such biological assets are included in the Standalone Statement of Profit and Loss. Immature tissue culture raised plants are measured at cost less accumulated impairment loss, if the quoted market price are not available for the Immature plants at different stages and the fair value measurements are clearly unreliable.

v) Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

w) Employee benefits

i) Defined benefit plan

a) Gratuity:

Gratuity liability is a defined benefit obligation and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method at the end of each financial year. The liability or asset recognised in the Standalone Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The liability so provided is paid to a trust administered by the Company, which in turn invests in eligible securities to meet the liability as and when it becomes due for payment in future. Any shortfall in the value of assets over the defined benefit obligation is recognised as a liability with a corresponding charge to the Standalone Statement of Profit and Loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows with reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate at the beginning of the period to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Standalone Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur directly in other comprehensive income. They are included in retained earnings in the Statement of changes in equity and in the Standalone Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

b) Provident fund:

Provident fund for certain eligible employees is managed by the Company through the 'Atul Products Ltd - Ankleshwar Division Employees Provident Fund Trust' in line with the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the provident fund authorities. The contributions by the employer and employees together with the interest accumulated thereon are payable to employees at the time of their retirement or separation from the Company, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. Any shortfall in the fair value of assets over the defined benefit obligation is recognised as a liability, with a corresponding charge to the Standalone Statement of Profit and Loss.

ii) Defined contribution plan

Contributions to defined contribution schemes such as contribution to provident fund, superannuation fund, employees' state insurance scheme, national pension scheme and labour welfare fund are charged as an expense to the Standalone Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as defined contribution schemes as the Company has no further defined obligations beyond the monthly contributions.

iii) Short-term employee benefits

All employee benefits payable within 12 months of service such as salaries, wages, bonus, ex-gratia, medical benefits, etc are recognised in the year in which the employees render the related service and are presented as current employee benefit obligations. Termination benefits are recognised as an expense as and when incurred.

Short-term employee benefits are provided at undiscounted amount during the accounting period based on service rendered by employees.

iv) Other long-term employee benefits

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

x) Research and Development expenditure

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred. Items of property, plant and equipment and acquired intangible assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for property, plant and equipment and intangible assets.

y) Earnings per share

Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted EPS, the net profit for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

z) Ordinary shares

Ordinary shares are classified as equity share capital. Incremental costs directly attributable to the issuance of new ordinary shares, share options and buy-back are recognised as a deduction from equity, net of any tax effects.

Estimation of uncertainties relating to the COVID-19 pandemic

The manufacturing facilities of the Company that were shutdown in the last week of March 2020 due to the countrywide lockdown, resumed operations in a phased manner from the last week of April 2020 after obtaining the requisite approvals. The Company has considered possible effects that may result from the COVID-19 pandemic in preparation of these Standalone Financial Statements, including recoverability of inventories, trade receivables and other assets. In developing the assumptions relating to future uncertainties in the economic conditions due to the COVID-19 pandemic, it has, at the date of approval of these Standalone Financial Statements, used relevant internal and external sources of information, including economic forecasts and expects that the carrying amounts of these assets are recoverable. The impact of the COVID-19 pandemic, including the current wave, may be different from that estimated as at the date of approval of these Standalone Financial Statements.

Critical estimates and judgements

Preparation of the Standalone Financial Statements require use of accounting estimates, judgements and assumptions, which, by definition, will seldom equal the actual results. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Standalone Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone Financial Statements. This Note provides an overview of the areas that involve a higher degree of judgements or complexity and of items that are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Standalone Financial Statements.

The areas involving critical estimates or judgements are:

- i) Estimation for income tax: Note 1 (e)
- ii) Estimation of useful life of tangible assets: Note 1 (h)
- iii) Estimation of provision for inventories: Note 1 (o)
- iv) Allowance for credit losses on trade receivables: Note 1 (m)
- v) Estimation of claims | liabilities: Note 1 (v)
- vi) Estimation of defined benefit obligations: Note 1 (w)
- vii) Fair value measurements: Note 28.7
- viii) Impairment: Note 1 (k)

Note 2 Property, plant and equipment and capital work-in-progress

Particulars	Land - freehold ¹	Right-of-use leasehold land ²	Buildings ^{1,3}	Plant and equipment	Vehicles	Office equipment and furniture	Roads	Bearer plants	Total	Capital work-in-progress ⁴
Gross carrying amount										
As at March 31, 2019	25.45	3.93	191.81	1,002.93	8.53	15.98	13.49	0.33	1,262.45	70.31
Additions	6.74	0.00	22.32	68.96	3.25	2.27	0.02	-	103.56	268.81
Disposals, transfers and adjustments	-	-	(0.45)	(4.47)	(1.91)	-	-	-	(6.83)	(104.23)
As at March 31, 2020	32.19	3.93	213.68	1,067.42	9.87	18.25	13.51	0.33	1,359.18	234.89
Additions	15.66	-	16.58	239.19	3.02	1.73	0.52	-	276.70	285.86
Disposals, transfers and adjustments	-	-	-	(34.61)	(2.71)	(0.18)	-	-	(37.50)	(281.83)
As at March 31, 2021	47.85	3.93	230.26	1,272.00	10.18	19.80	14.03	0.33	1,598.38	238.92
Depreciation Amortisation										
Up to March 31, 2019	-	0.26	27.27	302.16	1.71	6.83	6.35	0.03	344.61	-
For the year ⁵	-	0.05	8.01	102.61	1.99	1.80	2.54	0.01	117.01	-
Disposals, transfers and adjustments	-	-	(0.37)	(4.01)	(1.54)	-	-	-	(5.92)	-
Up to March 31, 2020	-	0.31	34.91	400.76	2.16	8.63	8.89	0.04	455.70	-
For the year	-	0.05	8.27	105.24	2.14	1.90	2.32	0.01	119.93	-
Disposals, transfers and adjustments	-	-	-	(29.40)	(2.25)	(0.15)	-	-	(31.80)	-
Up to March 31, 2021	-	0.36	43.18	476.60	2.05	10.38	11.21	0.05	543.83	-
Net carrying amount										
As at March 31, 2020	32.19	3.62	178.77	666.66	7.71	9.62	4.62	0.29	903.48	234.89
As at March 31, 2021	47.85	3.57	187.08	795.40	8.13	9.42	2.82	0.28	1,054.55	238.92

Notes:

¹Pursuant to the order passed by The Honourable High Court of Gujarat, dated November 17, 2008, and April 17, 2009, in case of water charges, the Company has created first charge over its certain land and buildings having carrying value of ₹ 9.66 cr (March 31, 2020: ₹ 10.05 cr) in favour of the Government of Gujarat and paid a security deposit of ₹ 2 cr (March 31, 2020: ₹ 2 cr).

²The Company has taken on lease a parcel of land from Gujarat Industrial Development Corporation for a period of 99 years with an option to extend the lease by another 99 years on expiry of lease at a rental that is 100% higher than the prevailing rent. It has considered that such a lease of land transfers substantially all of the risks and rewards incidental to ownership of land.

³Includes premises on ownership basis of ₹ 1.10 cr (March 31, 2020: ₹ 1.10 cr) and cost of fully paid share in co-operative society of ₹ 2,000 (March 31, 2020: ₹ 2,000).

⁴Capital work-in-progress mainly comprises addition | expansion projects in progress.

⁵Includes impairment loss of ₹ 1.06 cr being the write-down value of certain property, plant and equipment to the recoverable amount.

Refer Note 17 (b) for information on property, plant and equipment hypothecated | mortgaged as security by the Company.

Refer Note 28. 2 for disclosure of contractual commitment for acquisition of property, plant and equipment.

(₹ cr)

Note 3 Investment properties	As at March 31, 2021	As at March 31, 2020
Land - freehold		
Gross carrying amount	3.22	3.22
Net carrying amount	3.22	3.22

- a) Amount recognised in the Standalone Statement of Profit and Loss for investment properties:

The Company has classified parcels of freehold land held for a currently undeterminable future use as investment properties. There are no amounts pertaining to these investment properties recognised in the Standalone Statement of Profit and Loss, since the Company does not receive any rental income, incur any depreciation or other operating expenses.

- b) The Company does not have any contractual obligations to purchase, construct or develop, for maintenance or enhancements of investment properties.

- c) Fair value:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Investment properties	82.82	93.51
	82.82	93.51

Estimation of fair value

The Company obtains valuations from an independent valuer for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the valuer considers information from a variety of sources, including current prices in an active market for investment properties of different nature or recent prices of similar investment properties in less active markets, adjusted to reflect those differences.

All resulting fair value estimates for investment properties are included in level 3. (refer Note 28.7)

(₹ cr)

Note 4 Intangible assets	Computer software
Gross carrying amount	
As at March 31, 2019	0.21
Additions	0.67
As at March 31, 2020	0.88
Additions	1.01
As at March 31, 2021	1.89
Amortisation	
Up to March 31, 2019	0.20
Amortisation charged for the year	0.05
Up to March 31, 2020	0.25
Amortisation charged for the year	0.30
Up to March 31, 2021	0.55
Net carrying amount	
As at March 31, 2020	0.63
As at March 31, 2021	1.34

(₹ cr)

Note 5.1 Investments in subsidiary companies and joint venture company		Face value ¹	As at March 31, 2021		As at March 31, 2020	
			Number of shares	Amount	Number of shares	Amount
a)	Investment in equity instruments (fully paid-up)					
	Subsidiary companies joint venture company measured at cost					
	Quoted					
	In subsidiary company measured at cost					
	Amal Ltd ^{2,3}	10	1,29,703	18.13	1,29,703	18.13
	Unquoted					
	In foreign subsidiary companies measured at cost					
	Atul Brasil Quimicos Ltda	R\$ 1	7,04,711	2.03	7,04,711	2.03
	Atul China Ltd	US\$ 4,10,000	1	0.92	1	0.92
	Atul Deutschland GmbH	€ 1,00,000	1	-	1	-
	Atul Europe Ltd	£ 1	32,88,911	24.14	32,88,911	24.14
	Atul Middle East FZ-LLC	AED 1,000	300	0.51	300	0.51
	Atul USA Inc	US\$ 1,000	2,000	6.29	2,000	6.29
	In Indian subsidiary companies measured at cost					
	Aasthan Dates Ltd	10	20,98,000	2.10	20,98,000	2.10
	Anchor Adhesives Pvt Ltd	10	5,86,155	2.28	5,86,155	2.28
	Atul Bioscience Ltd	10	2,90,21,868	52.57	2,90,21,868	52.57
	Atul Biospace Ltd	10	1,10,30,365	13.36	1,10,30,365	13.36
	Atul Finserv Ltd	100	37,35,343	94.24	35,98,545	89.12
		7	5,00,000	5.00	5,00,000	5.00
	Atul Lifescience Ltd	10	4,994	-	-	-
	Atul Products Ltd	10	9,994	0.01	-	-
	Atul Rajasthan Date Palms Ltd	1,000	30,001	3.00	30,001	3.00
	Biyaban Agri Ltd	10	10,91,100	1.09	10,91,100	1.09
	Raja Dates Ltd	10	40,95,500	4.10	40,95,500	4.10
	In joint venture company measured at cost					
	Rudolf Atul Chemicals Ltd	10	29,18,750	6.13	29,18,750	6.13
b)	Investment in preference shares (fully paid-up)					
	Subsidiary company measured at amortised cost					
	Unquoted					
	Amal Ltd (0% redeemable preference shares)	10	40,00,000	3.44	60,00,000	4.92
				239.34		235.69

(₹ cr)

Note 5.2 Other investments		Face value ¹	As at March 31, 2021		As at March 31, 2020	
			Number of shares	Amount	Number of shares	Amount
a)	Investment in equity instruments (fully paid-up)					
	Other companies measured at FVOCI					
	Quoted					
	Arvind Fashions Ltd	4	13,87,918	19.33	8,25,494	12.10
	Arvind Ltd	10	41,27,471	27.18	41,27,471	8.11
	Arvind SmartSpaces Ltd	10	4,12,747	4.00	4,12,747	2.79
	BASF India Ltd	10	2,61,396	54.10	2,61,396	29.41
	ICICI Bank Ltd	2	1,09,026	6.35	1,09,026	3.53
	Majesco Ltd	5	2,50,000	1.65	-	-
	Novartis India Ltd	5	3,74,627	20.67	3,74,627	18.81
	Pfizer Ltd	10	9,58,927	433.90	9,58,927	385.78
	The Anup Engineering Ltd	10	1,52,869	8.72	1,52,869	4.98
	Unquoted					
	Bharuch Enviro Infrastructure Ltd	10	70,000	0.07	70,000	0.07
	Narmada Clean Tech Ltd	10	7,15,272	0.72	7,15,272	0.72
	Bhadreshwar Vidyut Pvt Ltd (formerly known as OPGS Power Gujarat Pvt Ltd)	0.19	7,95,000	0.02	5,03,000	0.01
	Gujarat Synthwood Ltd ⁴	10	4,00,000	-	4,00,000	-
b)	Investment in equity instruments (partly paid-up)					
	Other companies measured at FVOCI					
	Quoted					
	Arvind Fashions Ltd ⁵	4	2,08,187	1.46	-	-
c)	Investment in government or trust securities measured at amortised cost					
	6 Years National Savings Certificates (deposited with government departments)		-	0.01	-	0.01
d)	Investment in bonds measured at FVPL (quoted)		-	15.40	-	-
				593.58		466.32

(₹ cr)

Note 5.3 Current investment		As at March 31, 2021	As at March 31, 2020
Unquoted			
Investment in mutual funds measured at FVPL		717.81	627.49
		717.81	627.49

Aggregate amount of investments and market value thereof:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Aggregate carrying value of quoted investments ³	610.89	483.64
Aggregate market value of quoted investments	597.72	466.76
Aggregate carrying value of unquoted investments	939.84	845.86
Aggregate amount of impairment in value of investments	-	-

¹In ₹ and fully paid unless otherwise stated | ²Subsidiary company by virtue of control | ³Book value includes equity component of ₹ 18.12 cr (March 31, 2020: ₹ 18.12 cr) recognised on 0% preference shares and interest free loans given to Amal Ltd carried at amortised cost | ⁴Under liquidation | ⁵Pursuant to rights issue, partially paid ₹ 70 per share

(₹ cr)

Note 6 Loans		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
Loan to group entities (refer Note 28.4 and 28.13)					
a)	Considered good - unsecured	-	30.85	-	17.50
		-	30.85	-	17.50

(₹ cr)

Note 7 Other financial assets		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
a)	Security deposits for utilities and premises	0.53	1.27	0.87	1.27
b)	Derivative financial assets designated as hedges (net)	0.60	-	-	-
c)	Finance lease receivables (refer Note 28.12)	-	5.86	-	1.20
d)	Dividends receivable (refer Note 28.4)	-	-	2.15	-
e)	Other receivables (including discount receivable, insurance receivable, etc)	12.33	-	28.86	-
		13.46	7.13	31.88	2.47

(₹ cr)

Note 8 Other assets		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
a)	Balances with government authorities				
i)	Taxes paid under protest	-	19.14	-	19.14
ii)	GST VAT receivables	47.33	0.30	45.14	3.42
iii)	Balances with statutory authorities	0.10	-	0.10	-
iv)	Deposits paid under protest	-	0.17	-	0.17
v)	Security deposits	-	2.00	-	2.00
b)	Export incentive receivables	18.76	-	26.81	-
c)	Capital advances	-	17.66	-	27.16
d)	Advances				
i)	Related parties (refer Note 28.4)	-	-	1.14	-
ii)	Others	35.65	-	35.89	-
e)	Other receivables	2.32	-	0.31	-
		104.16	39.27	109.39	51.89

(₹ cr)

Note 9 Inventories*		As at March 31, 2021	As at March 31, 2020
a)	Raw materials and packing materials	140.97	104.91
	Add: Goods-in-transit	9.80	28.76
		150.77	133.67
b)	Work-in-progress	127.42	125.45
c)	Finished goods	192.95	134.54
d)	Stock-in-trade	3.57	0.65
e)	Stores, spares and fuel	31.43	29.08
	Add: Goods-in-transit	4.43	4.07
		35.86	33.15
		510.57	427.46

* Valued at cost or net realisable value, whichever is lower

Inventories are valued considering the provision for allowance for obsolescence, inventory carrying risk and delay in usage caused by the slow production pace due to lower off-take in the present situation. In addition to the historical pattern of inventory provision, the Company has considered the likelihood of reduction in sales price, customer orders on hand and margins, including subsequent cancellations, if any, nature and aging of inventories to reflect the current and estimated future economic conditions taking into account the possible effects due to the COVID-19 pandemic. This assessment is also considering the product demand, expected price trend and sales plan in respective industries.

Amounts provided in the Standalone Statement of Profit and Loss of ₹ 6.91 cr (March 31, 2020: ₹ 13.59 cr).

(₹ cr)

Note 10 Trade receivables		As at March 31, 2021	As at March 31, 2020
a)	Considered good - unsecured		
	i) Related parties (refer Note 28.4)	126.05	158.20
	ii) Others	597.66	568.44
b)	Which have significant increase in credit risk	1.67	2.36
	Less: Allowance for doubtful debts (refer Note 28.8)	(11.85)	(10.07)
		713.53	718.93

Trade receivables are valued considering the provision for allowance using expected credit loss method. In addition to the historical pattern of credit losses, the Company has considered the likelihood of increased credit risks, subsequent recoveries, insurance and consequential defaults, considering the emerging situations due to the COVID-19 pandemic. This assessment is considering the nature of industries, impact immediately seen in the demand outlook of these industries and the financial strength of the customers in respect of whom the amounts are receivable.

Allowance for doubtful debts recognised in the Standalone Statement of Profit and Loss of ₹ 1.78 cr (March 31, 2020: ₹ 6.22 cr).

(₹ cr)

Note 11 Cash and cash equivalents		As at March 31, 2021	As at March 31, 2020
a)	Balances with banks		
	In current accounts	15.10	5.31
b)	Cash on hand	0.15	0.12
		15.25	5.43

There are no repatriation restrictions with regard to cash and cash equivalents.

(₹ cr)

Note 12 Bank balances other than cash and cash equivalents above		As at March 31, 2021	As at March 31, 2020
a)	Unclaimed dividend	2.75	3.26
b)	Unclaimed interest on public deposit	-	0.01
c)	Short-term bank deposit with maturity between 3 to 12 months	290.73	0.09
		293.48	3.36

(₹ cr)

Note 13 Equity share capital	As at March 31, 2021	As at March 31, 2020
Authorised		
8,00,00,000 (March 31, 2020: 8,00,00,000) equity shares of ₹ 10 each	80.00	80.00
	80.00	80.00
Issued		
2,96,17,098 (March 31, 2020: 2,96,91,780) equity shares of ₹ 10 each	29.62	29.69
	29.62	29.69
Subscribed		
2,95,87,051 (March 31, 2020: 2,96,61,733) equity shares of ₹ 10 each, fully paid	29.59	29.66
29,991 (March 31, 2020: 29,991) Add: forfeited shares (amount paid-up)	0.02	0.02
	29.61	29.68

a) Rights, preferences and restrictions:

The Company has one class of shares referred to as equity shares having a par value of ₹ 10 each.

i) Equity shares:

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts and preference shares, if any. The distribution will be in proportion to the number of equity shares held by the shareholders. Each holder of equity shares is entitled to one vote per share.

ii) Dividend:

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

b) Shares reserved for allotment at a later date:

56 equity shares are held in abeyance due to disputes at the time of earlier rights issues.

c) Details of shareholders holding more than 5% of equity shares:

No.	Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
		Holding %	Number of shares	Holding %	Number of shares
1.	Aagam Holdings Pvt Ltd	22.48%	66,54,000	22.42%	66,50,700
2.	Arvind Farms Pvt Ltd	9.45%	27,96,208	9.43%	27,96,208
3.	HDFC Trustee Company Ltd	5.67%	16,76,755	7.15%	21,21,942
4.	DSP Midcap Fund	5.23%	15,47,441	-	-

d) Reconciliation of the number of shares outstanding and the amount of equity share capital:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	₹ cr	Number of shares	₹ cr
Balance as at the beginning of the year ¹	2,96,91,724	29.68	2,96,91,724	29.68
Less: Buy-back of equity shares (refer Note 28.18)	74,682	0.07	-	-
Balance as at the end of the year ¹	2,96,17,042	29.61	2,96,91,724	29.68

¹Includes 29,991 forfeited shares and amount of ₹ 0.02 cr

(₹ cr)

Note 14 Other equity		As at March 31, 2021	As at March 31, 2020
Summary of other equity balance			
a)	Securities premium	-	34.66
b)	General reserve	68.72	95.80
c)	Retained earnings	3,143.28	2,513.20
d)	Capital redemption reserve	0.07	-
e)	Other reserves		
i)	FVOCI equity instruments	469.24	398.68
ii)	Effective portion of cash flow hedges	0.43	(1.64)
		3,681.74	3,040.70

Refer Standalone Statement of changes in equity for detailed movement in other equity balance.

Nature and purpose of other reserves

a) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) General reserve

General reserve represents amount appropriated out of retained earnings pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

c) Retained earnings

Retained earnings are the profits that the Company has earned till date, less, any transfers to general reserve, any transfers from or to other comprehensive income, dividends or other distributions paid to shareholders.

d) Capital redemption reserve

In accordance with Section 69 of the Companies Act, 2013, the Company has created capital redemption reserve equal to the nominal value of the shares bought back as an appropriation from general reserve.

e) FVOCI equity instruments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity instruments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

f) Cash flow hedging reserve

The Company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory purchases and interest rate risk associated with variable interest rate borrowings. For hedging foreign currency risk, the Company uses foreign currency forward contracts, foreign currency option contracts and interest rate swaps. They are designated as cash flow hedges to the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss (for example, sales and interest payments). When the forecast transaction results in the recognition of a non-financial asset (for example, inventory), the amount recognised in the cash flow hedging reserve is adjusted against the carrying amount of the non-financial asset.

(₹ cr)

Note 15 Other financial liabilities		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
a)	Employee benefits payable	55.56	-	57.93	-
b)	Security deposits	30.29	-	27.53	-
c)	Unclaimed dividends*	2.75	-	3.26	-
d)	Creditors for capital goods	32.90	-	32.48	-
e)	Derivative financial liabilities designated as hedges (net)	-	-	1.62	-
f)	Other liabilities (includes discount payable)	1.65	2.53	1.65	2.72
		123.15	2.53	124.47	2.72

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2021.

(₹ cr)

Note 16 Provisions		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
a)	Provision for compensated absences	7.61	24.23	8.25	19.43
b)	Others {refer i(b) and ii below}	29.26	-	28.62	-
		36.87	24.23	36.87	19.43

i) Information about individual provisions and significant estimates

a) Compensated absences:

The Compensated absences cover the liability for sick and earned leave. Out of the total amount disclosed above, the amount of ₹ 7.61 cr (March 31, 2020 : ₹ 8.25 cr) is presented as current since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

b) Others:

Regulatory and other claims:

The Company has provided for certain regulatory and other charges for which it has received claims. The provision represents the unpaid amount that it expects to incur | pay for which the obligating event has already arisen as on the reporting date.

Effluent disposal:

The Company has provided for expenses it estimates to incur for safe disposal of effluent in line with the regulatory framework it operates in. The provision represents the unpaid amount it expects to incur for which the obligating event has already arisen as on the reporting date.

ii) Movements in provisions:

(₹ cr)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Regulatory and other claims	Effluent disposal	Regulatory and other claims	Effluent disposal
Balance as at the beginning of the year	26.67	1.95	20.79	1.87
Less: Utilised	(1.07)	(1.95)	-	(1.87)
Provision made during the year	-	3.67	5.88	1.95
Balance as at the end of the year	25.60	3.67	26.67	1.95

Note 17 Borrowings

a) Security details:

Working capital loans repayable on demand from banks (March 31, 2021: nil, March 31, 2020: nil) is secured by hypothecation of tangible current assets, namely, inventories and book debts of the Company as a whole and also secured by second and subservient charge on immovable and movable assets of the Company to the extent of individual bank limit as mentioned in joint consortium documents. This also extends to guarantees and letters of credit given by the bankers aggregating to ₹ 144.73 cr (March 31, 2020: ₹ 133.02 cr).

b) The carrying amount of assets hypothecated | mortgaged as security for borrowing limits are:

(₹ cr)

Particulars		As at March 31, 2021	As at March 31, 2020
i)	Property, plant and equipment excluding leasehold land	1,035.83	884.71
ii)	Inventories	510.57	427.46
iii)	Trade receivables	713.53	718.93
iv)	Current assets other than inventories and trade receivables	426.35	150.06
	Total assets as security	2,686.28	2,181.16

c) Net debt reconciliation:

(₹ cr)

Particulars		As at March 31, 2021	As at March 31, 2020
	Net debt as at the beginning of the year	-	-
	(Repayment) Disbursement	-	-
	Interest expense	0.46	0.75
	Interest paid	(0.46)	(0.75)
	Net debt as at the end of the year	-	-

Note 18 Trade payables		As at March 31, 2021	As at March 31, 2020
a)	Total outstanding dues of micro-enterprises and small enterprises (refer Note 28.14)	22.77	8.58
b)	Total outstanding dues of creditors other than micro-enterprises and small enterprises		
i)	Related party (refer Note 28.4)		
	Acceptances	7.00	1.33
	Payables	16.90	19.04
ii)	Others	516.01	449.51
		562.68	478.46

Note 19 Contract liabilities		As at March 31, 2021	As at March 31, 2020
	Advances received from customers	23.01	25.03
		23.01	25.03

Note 20 Other current liabilities		As at March 31, 2021	As at March 31, 2020
a)	Statutory dues	7.44	5.64
b)	Others	-	1.77
		7.44	7.41

(₹ cr)

Note 21 Revenue from operations	2020-21	2019-20
Sale of products	3,412.14	3,767.14
Sale of services ¹	48.26	56.54
Scrap sales	7.63	9.04
Processing charges	9.54	8.30
Revenue from contracts with customers	3,477.57	3,841.02
Export incentives	34.78	64.64
	3,512.35	3,905.66

¹Includes ₹ 43.53 cr (2019-20: ₹ 53.19 cr) on account of freight and insurance in sale of goods on CIF, which are identified as separate performance obligation under Ind AS 115.

Disaggregation of revenue from contracts with customers

(₹ cr)

Particulars	2020-21	2019-20
Sale of goods services		
Life Science Chemicals	1,128.10	1,177.07
Domestic	607.37	629.48
Export	520.73	547.59
Performance and Other Chemicals	2,497.10	2,836.15
Domestic	1,443.31	1,544.80
Export	1,053.79	1,291.35
Others	7.63	8.02
	3,632.83	4,021.24
Inter-segment revenue	155.26	180.22
	3,477.57	3,841.02

Reconciliation of revenue from contracts with customers recognised at contract price

(₹ cr)

Particulars	2020-21	2019-20
Contract price	3,514.54	3,888.21
Adjustments for:		
Consideration payable to customers - discounts ¹	(30.59)	(49.58)
Contract price allocated to unsatisfied performance obligation for sale of services (net) ²	(6.38)	2.39
Revenue from contracts with customers	3,477.57	3,841.02

¹Consideration payable to customers like discounts and price reductions offered to customers are estimated on specific identified basis and reduced from the contract price when the Company recognises revenue from the transfer of the related goods or services to the customer and the entity pays or promises to pay the consideration.

²Unsatisfied performance obligation for sale of services comprises revenue from insurance and freight services for exports in-progress as at March 31, 2021, of ₹ 10.11 cr, net of revenue recognised for such services for similar contracts in-progress as at March 31, 2020, for ₹ 3.73 cr. The revenue for exports in progress as at March 31, 2021, will be recognised in 2021-22 upon completion of the exports.

The Company has evaluated the impact of the COVID-19 pandemic resulting from i) the possible constraints in its operations and revisions in costs to fulfill the pending obligations ii) onerous obligations iii) penalties, if any, relating to breaches of agreements and iv) termination or deferment of contracts by customers. The Company has concluded that the impact of the COVID-19 pandemic is not material based on the aforesaid evaluation. Due to the nature of the pandemic, it will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

(₹ cr)

Note 22 Other income	2020-21	2019-20
Dividends from equity investments measured at FVOCI	56.57	3.68
Dividends from equity investments measured at cost	1.46	5.10
Dividends from investments measured at FVPL	-	14.31
Interest income from financial assets measured at amortised cost	15.31	4.71
Interest income from financial assets measured at FVPL	0.07	-
Interest from others	2.54	0.80
Lease income	0.88	0.90
Gain on disposal of property, plant and equipment	0.86	0.02
Gain (loss) on investments measured at FVPL	23.16	14.39
Exchange rate difference gain (net)	(7.52)	18.59
Miscellaneous income	10.38	15.11
	103.71	77.61

(₹ cr)

Note 23 Cost of materials consumed	2020-21	2019-20
Raw materials and packing materials consumed		
Stocks at commencement	104.91	104.67
Add: Purchase	1,561.07	1,740.16
	1,665.98	1,844.83
Less: Stocks at close	140.97	104.91
	1,525.01	1,739.92

(₹ cr)

Note 24 Changes in inventories of finished goods, work-in-progress and stock-in-trade	2020-21	2019-20
Stocks at close		
Finished goods	192.95	134.54
Work-in-progress	127.42	125.45
Stock-in-trade	3.57	0.65
	323.94	260.64
Less: Stocks at commencement		
Finished goods	134.54	146.94
Work-in-progress	125.44	110.62
Stock-in-trade	0.65	1.72
	260.63	259.28
(Increase) Decrease in stocks	(63.31)	(1.36)

(₹ cr)

Note 25 Employee benefit expenses	2020-21	2019-20
Salaries, wages and bonus (refer Note 28.6)	227.37	223.81
Contribution to provident and other funds (net) (refer Note 28.6)	15.87	15.33
Staff welfare	5.86	10.11
	249.10	249.25

(₹ cr)

Note 26 Finance costs	2020-21	2019-20
Interest on borrowings	0.05	0.20
Interest on financial liabilities at amortised cost	1.31	0.97
Interest on others	0.20	0.63
Other borrowing costs	0.41	0.55
	1.97	2.35

(₹ cr)

Note 27 Other expenses	2020-21	2019-20
Power, fuel and water	300.58	363.42
Freight charges	93.04	127.09
Manpower services	61.28	57.64
Consumption of stores and spares	51.56	53.73
Conversion and plant operation charges	64.60	51.32
Plant and equipment repairs	67.02	73.49
Building repairs	34.30	42.01
Sundry repairs	9.47	11.01
Rent	2.00	2.32
Rates and taxes	1.33	1.30
Insurance	13.36	11.99
Commission	11.29	17.54
Auditor's remuneration ¹	0.64	0.62
Travelling and conveyance	10.45	17.66
Directors' fees and travelling	0.34	0.24
Directors' commission (other than the Executive Directors)	0.92	0.91
Bad debts and irrecoverable balances written off	0.52	3.97
Provision for doubtful debts (net)	1.78	4.93
Loss on assets sold, discarded or demolished	0.95	0.35
Expenditure on Corporate Social Responsibility initiatives (refer Note 28.15)	12.41	9.60
Miscellaneous expenses	77.74	80.23
	815.58	931.37

¹Details of Auditors' remuneration are as follows:

Details of Auditors' remuneration:

(₹ cr)

Particulars		2020-21	2019-20
Remuneration to the Statutory Auditors			
a)	Audit fees	0.40	0.34
b)	Tax matters	0.10	0.09
c)	Other matters	0.09	0.12
d)	Out-of-pocket expenses	0.02	0.04
Remuneration to the Cost Auditors			
a)	Audit fees	0.03	0.03
b)	Other matters	-	-
c)	Out-of-pocket expenses (previous year: ₹ 13,176)	-	-
		0.64	0.62

Note 28.1 Contingent liabilities

(₹ cr)

Particulars		As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as debts in respects of:			
i)	Excise duty	0.82	0.37
ii)	Income tax	8.27	6.36
iii)	Customs duty	1.94	1.94
iv)	Others	104.91	104.40

Others include claims on account of water charges and customer claims | potential claims.

The regulatory claims are under litigation at various forums. The Company expects the outcome of the above matters to be in its favour and has, therefore, not recognised provision in relation to these claims. The above excludes interest | penalty unless demanded by the authorities.

Note 28.2 Commitments

a) Capital commitments

Capital expenditure contracted for at the end of the reporting period, but not recognised as liabilities, is as follows:

(₹ cr)

Particulars		As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed and not provided for (net of advances):			
Property, plant and equipment		63.69	104.02
Other commitment¹		1.36	-

¹Uncalled money pertaining to investment in partly paid equity shares of a listed entity.

b) The Company has provided letters of financial support to its two subsidiary companies.

Note 28.3 Research and Development

Details of expenditure incurred on approved in-house Research and Development facilities:

(₹ cr)		
Particulars	2020-21	2019-20
Other capital expenditure	3.24	4.56
Recurring expenditure	25.98	26.78
	29.22	31.34

Note 28.4 Related party disclosures

Note 28.4 (A) Related party information

Name of the related party and nature of relationship

No.	Name of the related party	Description of relationship
01.	Aaranyak Urmi Ltd ¹	Subsidiary companies
02.	Aasthan Dates Ltd	
03.	Amal Ltd ²	
04.	Amal Speciality Chemicals Ltd ¹	
05.	Anchor Adhesives Pvt Ltd	
06.	Atul Aarogya Ltd	
07.	Atul Ayurveda Ltd	
08.	Atul Bioscience Ltd	
09.	Atul Biospace Ltd	
10.	Atul Brasil Quimicos Ltda	
11.	Atul China Ltd	
12.	Atul Clean Energy Ltd	
13.	Atul Crop Care Ltd	
14.	Atul Deutschland GmbH	
15.	Atul Entertainment Ltd	
16.	Atul Europe Ltd	
17.	Atul Finserv Ltd	
18.	Atul Fin Resources Ltd ¹	
19.	Atul Hospitality Ltd	
20.	Atul Infotech Pvt Ltd ¹	
21.	Atul Ireland Ltd	
22.	Atul Lifescience Ltd	
23.	Atul Middle East FZ-LLC	
24.	Atul Natural Dyes Ltd	
25.	Atul Natural Foods Ltd	
26.	Atul Nivesh Ltd ¹	
27.	Atul Polymers Products Ltd	
28.	Atul Products Ltd	
29.	Atul Rajasthan Date Palms Ltd ¹	
30.	Atul Renewable Energy Ltd	

Note 28.4 Related party disclosures (continued)

No.	Name of the related party	Description of relationship
31.	Atul (Retail) Brands Ltd	Subsidiary companies
32.	Atul Seeds Ltd	
33.	Atul USA Inc	
34.	Biyaban Agri Ltd	
35.	DPD Ltd ¹	
36.	Gujarat Synthwood Ltd ³	
37.	Jayati Infrastructure Ltd	
38.	Lapox Polymers Ltd	
39.	Osia Dairy Ltd	
40.	Osia Infrastructure Ltd	
41.	Raja Dates Ltd	
	Other related parties with whom transactions have taken place during the year	
42.	Rudolf Atul Chemicals Ltd	Joint venture company
43.	Anaven LLP	Joint operation of subsidiary company
44.	Samveg Agencies Pvt Ltd	Entity over which control exercised by Key Management Personnel
45.	Key Management Personnel	
	S S Lalbhai	Chairman and Managing Director
	S A Lalbhai	Managing Director
	B N Mohanan	Whole-time Director and President - U&S
	T R Gopi Kannan	Whole-time Director and CFO
	R A Shah	Non-executive Director
	B S Mehta	Non-executive Director
	S M Datta	Non-executive Director
	V S Rangan	Non-executive Director
	M M Chitale	Non-executive Director
	S A Panse	Non-executive Director
	B R Arora	Non-executive Director
46.	Close family members of Key Management Personnel	
	Vimla S Lalbhai	Mother of S S Lalbhai
	Swati S Lalbhai	Sister of S S Lalbhai
	Astha S Lalbhai	Daughter of S S Lalbhai
	Saumya S Lalbhai	Son of S A Lalbhai
	Nishtha S Lalbhai	Daughter of S S Lalbhai
47.	Welfare funds	
	Atul Foundation Trust	Entities over which Key Management Personnel or their close family members have significant influence
	Atul Kelavani Mandal	
	Atul Rural Development Fund	
	Atul Vidyalyaya Trust	
	Urmi Stree Sanstha	

Note 28.4 Related party disclosures (continued)

No.	Name of the related party	Description of relationship
48.	Other related parties	
	The Atul Officers Retirement Benefit Fund	
	Atul Products Ltd-Ankleshwar Division Employees' Provident Fund Trust	Post-employment benefit plan of Atul Ltd
	Atul Ltd Employees Gratuity Fund	

¹Investments held through subsidiary companies | ²Subsidiary company by virtue of control | ³Under liquidation

(₹ cr)

Note 28.4 (B) Transactions with subsidiary companies			2020-21	2019-20
a)	Sales and income			
1.	Sale of goods		511.68	610.41
	Aaranyak Urmi Ltd		0.03	0.02
	Atul Bioscience Ltd		43.59	39.70
	Atul Biospace Ltd		7.20	7.91
	Atul China Ltd		106.72	126.58
	Atul Europe Ltd		143.25	188.14
	Atul USA Inc		210.89	248.06
	Osia Infrastructure Ltd (current year: ₹ 1,151)			-
2.	Service charges received		7.07	4.97
	Amal Ltd		1.19	0.80
	Amal Speciality Chemicals Ltd		0.06	-
	Atul Bioscience Ltd		5.37	3.75
	Atul Biospace Ltd		0.03	-
	Atul Crop Care Ltd		0.10	0.10
	Atul Finserv Ltd		0.05	0.05
	Atul Infotech Pvt Ltd		0.20	0.20
	Lapox Polymers Ltd		0.07	0.07
3.	Interest received		1.60	0.97
	Atul Bioscience Ltd		1.60	0.97
4.	Lease rent received		0.01	
	Amal Ltd (current year: ₹ 8,000 and previous year: ₹ 8,000)			
	Atul Bioscience Ltd (current year: ₹ 3,935 and previous year: ₹ 3,935)			
	Atul Biospace Ltd (current year: ₹ 30,000)			-
	Osia Infrastructure Ltd		0.01	-
5.	Brand usage charges		0.14	0.18
	Atul Bioscience Ltd		0.14	0.17
	Atul Aarogya Ltd (current year: ₹ 500 and previous year: ₹ 1,000)			
	Atul Ayurveda Ltd (current year: ₹ 500 and previous year: ₹ 1,000)			
	Atul Clean Energy Ltd (current year: ₹ 500 and previous year: ₹ 1,000)			
	Atul Entertainment Ltd (current year: ₹ 500 and previous year: ₹ 1,000)			
	Atul Hospitality Ltd (current year: ₹ 500 and previous year: ₹ 1,000)			
	Atul Polymers Product Ltd (current year: ₹ 500 and previous year: ₹ 1,000)			

Note 28.4 Related party disclosures (continued)

(₹ cr)

Note 28.4 (B) Transactions with subsidiary companies		2020-21	2019-20
	Atul (Retail) Brands Ltd (current year: ₹ 500 and previous year: ₹ 1,000)		
	Atul Seeds Ltd (current year: ₹ 500 and previous year: ₹ 1,000)		
	Atul Biospace Ltd (current year: ₹ 500 and previous year: ₹ 1,000)		
	Atul Crop Care Ltd (current year: ₹ 500 and previous year: ₹ 1,000)		
	Atul Fin Resource Ltd (current year: ₹ 500 and previous year: ₹ 1,000)		
	Atul Finserv Ltd (current year: ₹ 500 and previous year: ₹ 1,000)		
	Atul Infotech Pvt Ltd (current year: ₹ 25,000)		0.01
	Atul Nivesh Ltd (current year: ₹ 500 and previous year: ₹ 1,000)		
b)	Purchases and expenses		
1.	Purchase of goods	32.05	35.07
	Aaranyak Urmi Ltd	-	0.07
	Aasthan Dates Ltd	-	0.01
	Amal Ltd	23.76	27.40
	Atul Bioscience Ltd	1.06	2.01
	Atul Biospace Ltd	0.02	0.11
	Atul China Ltd	-	1.91
	Atul USA Inc	-	0.02
	Biyaban Agri Ltd (current year: ₹ 1,500)		-
	DPD Ltd	7.21	3.54
2.	Capital purchase	8.04	0.04
	Atul Bioscience Ltd	-	0.04
	Atul USA Inc	8.04	-
3.	Service charges	35.25	29.47
	Atul Biospace Ltd	0.02	-
	Atul Crop Care Ltd	14.63	11.45
	Atul Finserv Ltd	0.74	0.97
	Atul Infotech Pvt Ltd	3.84	3.74
	Lapox Polymers Ltd	16.02	13.31
4.	Commission	7.40	11.12
	Atul Brasil Quimicos Ltda	1.50	2.39
	Atul China Ltd	0.99	1.99
	Atul Middle East FZ-LLC	1.70	0.96
	Atul Europe Ltd	2.80	4.31
	Atul USA Inc	0.41	1.47
5.	Reimbursement of expenses	7.61	11.90
	Aaranyak Urmi Ltd	0.06	0.01
	Amal Ltd	0.02	0.02
	Atul Bioscience Ltd (current year: ₹ 7,500)		-
	Atul China Ltd	0.10	0.19

Note 28.4 Related party disclosures (continued)

(₹ cr)

Note 28.4 (B) Transactions with subsidiary companies			2020-21	2019-20
		Atul Crop Care Ltd	4.64	3.87
		Atul Europe Ltd	0.72	0.96
		Atul Finserv Ltd	0.06	0.84
		Atul Middle East FZ-LLC	-	2.14
		Atul USA Inc	0.10	0.76
		Atul Rajasthan Date Palms Ltd	0.04	-
		Lapox Polymers Ltd	1.87	3.11
c)	Other transactions			
1.	Repayment of loans given		-	6.63
	Amal Ltd		-	6.63
2.	Direct investment made in equity shares		5.12	53.50
	Atul Bioscience Ltd ¹		-	30.00
	Atul Biospace Ltd		-	1.75
	Atul Finserv Ltd		5.12	21.75
	Atul Lifescience Ltd (current year: ₹ 49,940)			-
3.	Reimbursements received			0.16
	Aaranyak Urmi Ltd (current year: ₹ 1,100 and previous year: ₹ 7,332)			
	Atul Bioscience Ltd (current year: ₹ 45 and previous year: ₹ 30,376)			
	Atul Europe Ltd		-	0.15
	Atul Infotech Pvt Ltd		-	0.01
	Osia Infrastructure Ltd (current year: ₹ 15,006)			-
4.	Redemption of preference shares		2.00	1.00
	Amal Ltd		2.00	1.00
5.	Loan given		6.50	17.50
	Atul Bioscience Ltd		6.50	17.50
6.	Extension of loan given		17.50	-
	Atul Bioscience Ltd		17.50	-
7.	Dividend income		-	2.91
	Atul Bioscience Ltd		-	0.76
	Atul Middle East FZ-LLC		-	2.15
8.	Sale of fixed assets		0.23	-
	Atul Bioscience Ltd		0.23	-
	Atul Biospace Ltd (current year: ₹ 5,294)			-
9.	Purchase of investment ²		0.01	-
	Atul Biospace Ltd		0.01	-

¹Includes ₹ 20 cr optionally convertible cumulative redeemable preference shares converted into equity shares as per the conversion option in 2019-20

²Purchased equity shares of Atul Products Ltd

Note 28.4 Related party disclosures (continued)

(₹ cr)

Note 28.4 (C) Transactions with joint venture company		2020-21	2019-20
a)	Sales and income		
1.	Sale of goods	2.10	3.01
2.	Service charges received	3.55	3.83
3.	Lease rent received	0.46	0.66
4.	Brand usage charges	0.02	0.03
b)	Purchases and expenses		
	Purchase of goods	0.09	0.19
c)	Other transactions		
1.	Dividends received from equity investment measured at cost	-	2.19
2.	Reimbursements received	0.16	0.61
3.	Sale of fixed assets	0.06	-

All above transactions are with Rudolf Atul Chemicals Ltd.

(₹ cr)

Note 28.4 (D) Transactions with joint operation of subsidiary company		2020-21	2019-20
a)	Sales and income		
1.	Sale of goods	0.90	-
2.	Service charges received	0.13	0.43
3.	Lease rent received	0.13	0.01
4.	Interest income	0.37	-
b)	Purchases and expenses		
	Purchase of goods	7.19	-
c)	Other transactions		
1.	Sale of capital work-in-progress	0.58	1.48
2.	Reimbursements received	3.63	3.97
3.	Loan given	6.85	-

(₹ cr)

Note 28.4 (E) Key Management Personnel compensation		2020-21	2019-20
Remuneration¹		21.55	19.48
1.	Short-term employee benefits	19.32	17.44
2.	Post-employment benefits ¹	0.98	0.94
3.	Commission and other benefits to Non-executive Directors	1.25	1.10

¹Compensation exclude provision for gratuity and compensated absences since these are based on actuarial valuation on an overall company basis.

Note 28.4 Related party disclosures (continued)

(₹ cr)

Note 28.4 (F) Close family members of Key Management Personnel compensation		2020-21	2019-20
Remuneration¹		0.74	0.70
1.	Astha S Lalbhai	0.38	0.41
2.	Saumya S Lalbhai	0.25	0.19
3.	Nishtha S Lalbhai	0.11	0.10

¹Compensation exclude provision for gratuity and compensated absences since these are based on actuarial valuation on an overall company basis.

(₹ cr)

Note 28.4 (G) Transactions with entities over which Key Management Personnel or their close family members have significant influence		2020-21	2019-20
a)	Sales and income		
1.	Sale of goods	0.12	0.18
	Atul Kelavani Mandal	0.04	0.05
	Atul Rural Development Fund (current year: ₹ 35,555 and previous year: ₹ 46,289)		
	Atul Vidyalaya Trust	0.08	0.13
	Urmi Stree Sansthan (current year: ₹ 25,667)		-
2.	Lease rent received	0.05	-
	Atul Kelavani Mandal	0.05	-
b)	Purchases and expenses		
	Purchase of goods	0.05	-
	Atul Foundation Trust	0.05	-
c)	Other transactions		
1.	Expenditure on Corporate Social Responsibility initiatives	2.25	7.37
	Atul Foundation Trust	2.25	7.37
2.	Reimbursements received	0.05	0.06
	Atul Foundation Trust (current year: ₹ 31,578)		0.01
	Atul Kelavani Mandal	0.01	0.01
	Atul Rural Development Fund (current year: ₹ 165 and previous year: ₹ 22,174)		
	Atul Vidyalaya Trust	0.04	0.04
	Urmi Stree Sanstha (current year: ₹ 12,000 and previous year: ₹ 12,000)		

(₹ cr)

Note 28.4 (H) Transactions with post-employment benefit plan of Atul Ltd		2020-21	2019-20
a)	Contributions during the year (Employer's contribution only)		
	Atul Ltd Employees Gratuity Fund	4.06	4.63
	Atul Products Ltd-Ankleshwar Division Employees' Provident Fund Trust	0.23	0.18

Note 28.4 Related party disclosures (continued)

(₹ cr)

Note 28.4 (I) Outstanding balances as at year end		As at March 31, 2021	As at March 31, 2020
a)	With subsidiary companies		
1.	Loans receivable	24.00	17.50
	Atul Bioscience Ltd	24.00	17.50
2.	Dividends receivable	-	2.15
	Atul Middle East FZ-LLC	-	2.15
3.	Receivables	121.82	157.67
	Aaranyak Urmi Ltd (current year: ₹ 9,720 and previous year: ₹ 20,723)		
	Amal Ltd	0.45	0.32
	Amal Speciality Chemicals Ltd	0.07	-
	Atul Bioscience Ltd	8.85	7.37
	Atul Biospace Ltd (previous year: ₹ 1,180)	0.43	
	Atul China Ltd	18.59	28.30
	Atul Crop Care Ltd	0.02	0.06
	Atul Europe Ltd	42.99	51.20
	Atul Finserv Ltd (current year: ₹ 10,007)		0.01
	Atul Infotech Pvt Ltd (previous year: ₹ 16,262)	0.02	
	Atul Lifescience Ltd (current year: ₹ 49,940)		-
	Atul Polymers Products Ltd	0.07	0.07
	Atul USA Inc	50.32	70.33
	Lapox Polymers Ltd	-	0.01
	Osia Infrastructure Ltd	0.01	-
4.	Payables	16.21	17.90
	Aaranyak Urmi Ltd (current year: ₹ 33,248 and previous year: ₹ 8,790)		
	Aasthan Dates Ltd	-	0.01
	Amal Ltd	4.64	6.85
	Atul Bioscience Ltd	0.14	0.60
	Atul Biospace Ltd (previous year: ₹ 27,750)	0.02	
	Atul Brasil Quimicos Ltda	1.13	1.31
	Atul China Ltd	0.36	0.42
	Atul Crop Care Ltd	3.61	2.49
	Atul Europe Ltd	1.80	3.00
	Atul Finserv Ltd	0.09	0.07
	Atul Infotech Pvt Ltd	0.33	0.27
	Atul Middle East FZ-LLC	1.49	0.38
	Atul Rajasthan Date Palms Ltd	0.04	-
	Atul USA Inc	0.78	1.10
	Lapox Polymers Ltd	1.78	1.40

Note 28.4 Related party disclosures (continued)

(₹ cr)

Note 28.4 (I) Outstanding balances as at year end			As at March 31, 2021	As at March 31, 2020
5.	Advance given		-	1.14
	DPD Ltd		-	1.14
6.	Acceptances		7.00	1.33
	Atul Fin Resources Ltd		7.00	1.33

(₹ cr)

Note 28.4 (I) Outstanding balances as at year end			As at March 31, 2021	As at March 31, 2020
b)	With joint venture company			
1.	Receivables		1.34	1.04
2.	Refundable security deposit		2.20	2.20

All above balances are with Rudolf Atul Chemicals Ltd.

(₹ cr)

Note 28.4 (I) Outstanding balances as at year end			As at March 31, 2021	As at March 31, 2020
c)	With joint operation			
1.	Receivables		1.78	0.14
2.	Payables		8.42	-
3.	Loans receivable		7.23	-

All above balances are with Anaven LLP.

(₹ cr)

Note 28.4 (I) Outstanding balances as at year end			As at March 31, 2021	As at March 31, 2020
d)	With entities over which Key Management Personnel or their close family members have significant influence			
1.	Receivables		0.03	0.09
	Atul Foundation Trust (current year: ₹ 13,006 and previous year: ₹ 15,181)			
	Atul Kelavani Mandal		0.01	0.01
	Atul Rural Development Fund (current year: ₹ 20,256)			0.01
	Atul Vidyalaya Trust		0.02	0.07
	Urmi Stree Sanstha (current year: ₹ 9,633 and previous year: ₹ 10,023)			
2.	Payables		0.05	-
	Atul Foundation Trust (current year: ₹ 47,494)			-
	Atul Vidyalaya Trust		0.05	-

Note 28.4 (J) Terms and conditions

- Sales to and purchases from related parties were made on normal commercial terms and conditions and at prevailing market prices or where market price is not available at cost plus margin.
- Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. Subscriptions of additional equity shares were on preferential basis.
- All outstanding balances are unsecured and are repayable in cash and cash equivalent.

Note 28.5 Current and deferred tax

The major components of income tax expense for the years ended March 31, 2021, and March 31, 2020, are:

a) Income tax expense recognised in the Statement of Profit and Loss

(₹ cr)

Particulars		2020-21	2019-20
i)	Current tax		
	Current tax on profit for the year	200.69	205.42
	Adjustments for current tax of prior periods	(1.50)	(1.09)
	Total current tax expense	199.19	204.33
ii)	Deferred tax		
	(Decrease) Increase in deferred tax liabilities	(0.90)	(7.23)
	Decrease (Increase) in deferred tax assets	(1.43)	(1.83)
	Adjustments for deferred tax of prior periods due to change in statutory tax rate	-	(32.90)
	Total deferred tax expense (benefit)	(2.33)	(41.96)
	Income tax expense	196.86	162.37

b) Income tax expense recognised in the other comprehensive income

(₹ cr)

Particulars		2020-21	2019-20
i)	Current tax		
	Remeasurement gain (loss) on defined benefit plans	(0.27)	(0.52)
	Total current tax expenses	(0.27)	(0.52)
ii)	Deferred tax		
	Fair value of equity investment	9.61	4.24
	Effective portion of gain (loss) on cash flow hedges	0.15	(0.41)
	Total deferred tax expenses (benefits)	9.76	3.83
	Income tax expenses	9.49	3.31

c) The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

Particulars		2020-21	2019-20
a)	Statutory income tax rate	25.17%	25.17%
b)	Differences due to:		
i)	Non-deductible expenses	0.53%	0.20%
ii)	Exempt income	(0.02%)	(0.86%)
iii)	Income tax incentives	(1.77%)	-
iv)	Impact of rate changes on deferred tax	-	(4.13%)
v)	Others	(0.13%)	(0.15%)
	Effective income tax rate	23.78%	20.23%

Note 28.5 Current and deferred tax (continued)

d) Current tax assets

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	9.18	3.74
Add: Taxes paid in advance, net of provision during the year	1.81	5.44
Closing balance	10.99	9.18

e) Current tax liabilities

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	-	0.18
Add: Current tax payable for the year	199.19	204.33
Less: Taxes paid	(194.87)	(204.51)
Closing balance	4.32	-

f) Deferred tax liabilities (net)

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities | (assets):

(₹ cr)

Particulars	As at March 31, 2021	Charged (Credited) to		As at March 31, 2020	Charged (Credited) to		As at March 31, 2019
		profit or loss	OCI equity		profit or loss ¹	OCI equity	
Property, plant and equipment	86.67	(5.03)	-	91.70	(45.88)	-	137.58
Unrealised gain on mutual fund	4.53	4.13	-	0.40	0.08	-	0.32
Fair value equity investments (net)	24.85	-	9.61	15.24	-	4.24	11.00
Total deferred tax liabilities	116.05	(0.90)	9.61	107.34	(45.80)	4.24	148.90
Provision for leave encashment	(8.02)	(1.05)	-	(6.97)	1.86	-	(8.83)
Provision for doubtful debts	(2.98)	(0.45)	-	(2.53)	0.13	-	(2.66)
Regulatory and other charges	(6.34)	0.38	-	(6.72)	2.07	-	(8.79)
Investment properties	(7.01)	(0.31)	-	(6.70)	(0.22)	-	(6.48)
Cash flow hedges	0.17	-	0.15	0.02	-	(0.41)	0.43
Total deferred tax assets	(24.18)	(1.43)	0.15	(22.90)	3.84	(0.41)	(26.33)
Net deferred tax liabilities (assets)	91.87	(2.33)	9.76	84.44	(41.96)	3.83	122.57

¹Includes ₹ 32.90 cr impact of tax rate changes.

Note 28.6 Employee benefit obligations

Funded schemes

a) Defined benefit plans

Gratuity

The Company operates a gratuity plan through the 'Atul Ltd Employees Gratuity Fund'. Every employee is entitled to a benefit equivalent to the last drawn salary of 15 days for each completed year of service in line with the Payment of Gratuity Act, 1972 or the Company scheme, whichever is more beneficial. Gratuity is payable at the time of separation or retirement from the Company, whichever is earlier. The benefit vests after five years of continuous service.

Note 28.6 Employee benefit obligations (continued)

(₹ cr)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2019	46.51	(46.51)	-
Current service cost	2.57	-	2.57
Interest expense (income)	3.36	(3.36)	-
Total amount recognised in profit and loss	5.93	(3.36)	2.57
Remeasurement			
Return on plan assets, excluding amount included in interest expense	-	0.50	0.50
Loss from change in financial assumptions	1.83	-	1.83
Experience (gain)	(0.27)	-	(0.27)
Total amount recognised in other comprehensive income	1.56	0.50	2.06
Employer contributions	-	(4.63)	(4.63)
Benefit payments	(5.28)	5.28	-
As at March 31, 2020	48.72	(48.72)	-
Current service cost	3.03	-	3.03
Interest expense (income)	3.04	(3.04)	-
Total amount recognised in profit and loss	6.07	(3.04)	3.03
Remeasurement			
Return on plan assets, excluding amount included in interest expense		(0.14)	(0.14)
(Gain) from change in financial assumptions	(0.31)	-	(0.31)
Experience loss	1.52	-	1.52
Total amount recognised in other comprehensive income	1.21	(0.14)	1.07
Employer contributions	-	(4.06)	(4.06)
Benefit payments	(3.20)	3.20	-
Liability transferred out	(0.04)	-	(0.04)
As at March 31, 2021	52.76	(52.76)	-

The net liability disclosed above relates to the following funded and unfunded plans:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of funded obligations	52.76	48.72
Fair value of plan assets	(52.76)	(48.72)
Deficit of gratuity plan	-	-

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.33%	6.24%
Attrition rate	8.00%	14.00%
Rate of return on plan assets	6.33%	6.24%
Salary escalation rate	7.62%	8.40%

Note 28.6 Employee benefit obligations (continued)

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Discount rate	1.00%	1.00%	(4.06%)	(3.20%)	4.49%	3.47%
Attrition rate	1.00%	1.00%	(0.41%)	(0.41%)	0.45%	0.43%
Rate of return on plan assets	1.00%	1.00%	(4.06%)	(3.20%)	4.49%	3.47%
Salary escalation rate	1.00%	1.00%	4.39%	3.36%	(4.04%)	(3.17%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied while calculating the defined benefit liability recognised in the Standalone Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the previous year.

Major categories of plan assets are as follows:

(₹ cr)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Unquoted	in %	Unquoted	in %
Government of India assets	1.18	2.24%	1.18	2.42%
Debt instruments				
Corporate bonds	1.17	2.22%	1.11	2.28%
Investment funds				
Insurance funds	50.23	95.20%	41.28	84.75%
Others	0.02	0.04%	4.98	10.22%
Special deposit schemes	0.16	0.30%	0.16	0.33%
	52.76	100%	48.71	100%

Note 28.6 Employee benefit obligations (continued)

Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

i) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields, if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk. The Company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. All deviations from the range are corrected by rebalancing the portfolio. It intends to maintain the above investment mix in the coming years.

ii) Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of other bond holdings.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. It has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment will not have a material impact on the overall level of assets. A large portion of assets consists of insurance funds; it also invests in corporate bonds and special deposit schemes. The plan asset mix is in compliance with the requirements of the respective local regulations.

Expected contributions to post-employment benefit plans for the year ending March 31, 2022, are ₹ 3.53 cr.

The weighted average duration of the defined benefit obligation is six years (2020-21: six years). The expected maturity analysis of gratuity is as follows:

(₹ cr)					
Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
Defined benefit obligation (gratuity)					
As at March 31, 2021	9.64	6.48	22.84	34.71	73.67
As at March 31, 2020	9.83	8.23	19.59	24.51	62.16

Provident fund

The Company has established an employee provident fund trust for employees based at Ankleshwar. It is administered by the Company to which both the employee and the employer make monthly contributions equal to 12% of basic salary of employee. The contribution of the Company to the provident fund for all employees is charged to the Standalone Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company. The actuary has provided an actuarial valuation and indicated that the interest shortfall liability is ₹ nil. The Company has contributed the following amounts towards provident fund during the respective period ended:

(₹ cr)		
Expenses recognised for the year ended on March 31, 2021 (included in Note 25)		
	As at March 31, 2021	As at March 31, 2020
i) Defined benefit obligation	11.89	10.81
ii) Funds	12.21	11.14
iii) Net assets (liabilities)	0.32	0.33
iv) Charge to the Standalone Statement of Profit and Loss during the year	0.23	0.18

Note 28.6 Employee benefit obligations (continued)

The assumptions used in determining the present value of obligation:

Particulars		2020-21	2019-20
i)	Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
ii)	Withdrawal rate	5% pa for all age groups	5% pa for all age groups
iii)	Rate of discount	6.33%	6.24%
iv)	Expected rate of interest	8.50%	8.50%
v)	Retirement age	60 years	60 years
vi)	Guaranteed rate of interest	8.50%	8.50%

b) Defined contribution plans

Provident and other funds

Amount of ₹ 12.87 cr (March 31, 2020: ₹ 12.78 cr) {net of ₹ 0.17 cr (March 31, 2020: ₹ 0.26 cr) from the Pradhan Mantri Rojgar Protsahan Yojana} is recognised as an expense and included in Note 25 'Contribution to provident and other funds'.

Compensated absences

Amount of ₹ 7.62 cr (March 31, 2020: ₹ 4.96 cr) is recognised as an expense and included in Note 25 'Salaries, wages and bonus'.

- c) The Parliament of India has approved the Code on Social Security, 2020 (the Code), which may impact the contributions by the Company towards provident fund, gratuity and ESIC. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. Final rules are yet to be notified. The Company will assess the impact of the Code when it comes into effect and will record related impact, if any.

Note 28.7 Fair value measurements

Financial instruments by category

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments:						
Equity instruments	-	578.17	-	-	466.31	-
Preference shares	-	-	3.44	-	-	4.92
Government securities	-	-	0.01	-	-	0.01
Bonds	15.40	-	-	-	-	-
Mutual funds	717.81	-	-	627.49	-	-
Trade receivables	-	-	713.53	-	-	718.93
Loans	-	-	30.85	-	-	17.50
Security deposits for utilities and premises	-	-	1.80	-	-	2.14
Dividends receivable	-	-	-	-	-	2.15

Note 28.7 Fair value measurements (continued)

(₹ cr)

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Derivative financial assets designated as hedges (net)	-	0.60	-	-	-	-
Finance lease receivables	-	-	5.86	-	-	1.20
Cash and bank balances	-	-	308.73	-	-	8.79
Other receivables	-	-	12.33	-	-	28.86
Total financial assets	733.21	578.77	1,076.55	627.49	466.31	784.50
Financial liabilities						
Trade payables	-	-	562.68	-	-	478.46
Security deposits	-	-	30.29	-	-	27.53
Derivative financial liabilities designated as hedges (net)	-	-	-	-	1.62	-
Employee benefits payable	-	-	55.56	-	-	57.93
Creditors for capital goods	-	-	32.90	-	-	32.48
Other liabilities (includes discount payables)	-	-	6.93	-	-	7.63
Total financial liabilities	-	-	688.36	-	1.62	604.03

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are, a) recognised and measured at fair value and b) measured at amortised cost and for which fair values are disclosed in the Standalone Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed in the Indian Accounting Standard. An explanation of each level follows underneath the table:

(₹ cr)

i)	Financial assets and liabilities measured at fair value as at March 31, 2021	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Financial investments measured at FVOCI:					
	Quoted equity shares	5.2	577.36	-	-	577.36
	Unquoted equity shares ¹	5.2	-	-	0.81	0.81
	Financial investments measured at FVPL:					
	Bond	5.2	15.40	-	-	15.40
	Mutual funds	5.3	-	717.81	-	717.81
	Derivatives designated as hedges:					
	Currency options	7	-	0.60	-	0.60
	Total financial assets		592.76	718.41	0.81	1,311.98

Note 28.7 Fair value measurements (continued)

(₹ cr)

ii)	Financial assets and liabilities measured at fair value as at March 31, 2020	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Financial investments measured at FVOCI:					
	Quoted equity shares	5.2	465.51	-	-	465.51
	Unquoted equity shares ¹	5.2	-	-	0.80	0.80
	Financial investments measured at FVPL:					
	Mutual funds	5.2	-	627.49	-	627.49
	Total financial assets		465.51	627.49	0.80	1,093.80
	Financial liabilities					
	Derivatives designated as hedges:					
	Currency options	15	-	1.62	-	1.62
	Total financial liabilities		-	1.62	-	1.62

¹Includes investments in Bharuch Enviro Infrastructure Ltd (70,000 equity shares), Narmada Clean Tech Ltd (7,15,272 equity shares) and Bhadreshwar Vidyut Pvt Ltd (formerly known as OPGS Power Gujarat Pvt Ltd) (5,03,000 equity shares), which are for operation purpose and the Company has to hold it till production site continues. The Company estimates that the fair value of these investments are not materially different as compared to its cost.

There were no transfers between any levels during the year.

Level 1: This includes financial instruments measured using quoted prices. The fair value of all equity instruments that are traded on the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques, which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The mutual fund units are valued using the closing net assets value. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

b) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- i) the use of quoted market prices or dealer quotes for similar instruments,
- ii) the fair value of forward foreign exchange contracts are determined using forward exchange rates at the Standalone Balance Sheet date,
- iii) the fair value of foreign currency option contracts is determined using the Black Scholes valuation model,
- iv) the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2.

c) Valuation processes

The Finance department of the Company includes a team that performs the valuations of financial assets and liabilities with assistance from independent external experts when required, for financial reporting purposes, including level 3 fair values.

Note 28.7 Fair value measurements (continued)

d) Fair value of financial assets and liabilities measured at amortised cost

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
	Carrying amount Fair value	Carrying amount Fair value
Non-current financial assets		
Investments:		
Preference shares	3.44	4.92
Government securities	0.01	0.01
Loans	30.85	17.50
Security deposits for utilities and premises	1.80	2.14
Finance lease receivables	5.86	1.20
Total non-current financial assets	41.96	25.77
Non-current financial liabilities		
Other liabilities	2.53	2.72
Total non-current financial liabilities	2.53	2.72

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, dividend receivables, other receivables, trade payables, capital creditors, other liabilities are considered to be the same as their fair values due to the current and short-term nature of such balances.

The fair values for loans and investments in preference shares were calculated based on cash flows discounted using a prevailing lending rate at the time of inception.

Note 28.8 Financial risk management

Risk management is an integral part of the business practices 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 has developed and implemented a comprehensive risk management system to ensure that risks to the continued existence of the Company as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised risk management system, leading standards and practices have been considered. The risk management system is relevant to business reality, pragmatic and simple and involves the following:

- Risk identification and definition: Focused on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- Risk classification: Focused on understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes generating the root causes and clear understanding of risk interrelationships.
- Risk assessment and prioritisation: Focused on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and existing mitigation controls.
- Risk mitigation: Focused 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.
- Risk reporting and monitoring: Focused on providing to the Board and the Audit Committee periodic information on risk profile evolution and mitigation plans.

Note 28.8 Financial risk management (continued)

a) Management of liquidity risk

The principal sources of liquidity of the Company are cash and cash equivalents, investment in mutual funds, borrowings and the cash flow that is generated from operations. It believes that the current cash and cash equivalents, tied up borrowing lines and cash flow that are generated from operations are sufficient to meet the requirements. Accordingly, liquidity risk is perceived to be low.

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Standalone Balance Sheet date:

(₹ cr)

As at March 31, 2021		Note	Carrying amount	Less than 12 months	More than 12 months	Total
	Trade payables	18	562.68	562.68	-	562.68
	Security and other deposits	15	30.29	30.29	-	30.29
	Employee benefits payable	15	55.56	55.56	-	55.56
	Creditors for capital goods	15	32.90	32.90	-	32.90
	Other liabilities	15	6.93	4.40	2.53	6.93
As at March 31, 2020		Note	Carrying amount	Less than 12 months	More than 12 months	Total
	Trade payables	18	478.46	478.46	-	478.46
	Security and other deposits	15	27.53	27.53	-	27.53
	Employee benefits payable	15	57.93	57.93	-	57.93
	Creditors for capital goods	15	32.48	32.48	-	32.48
	Other liabilities	15	7.63	4.91	2.72	7.63
	Derivatives (settlement on net basis)	15	1.62	1.62	-	1.62

b) Management of market risk

The size and operations of the Company exposes it to the following market risks that arise from its use of financial instruments:

- i) price risk
- ii) foreign exchange risk

The above risks may affect income and expenses or the value of its financial instruments. Its objective for market risk is to maintain this risk within acceptable parameters while optimising returns. The exposure to these risks and the management of these risks are explained as follows:

Note 28.8 Financial risk management (continued)

Potential impact of risk	Management policy	Sensitivity to risk
i) Price risk <p>The Company is mainly exposed to the price risk due to its investments in equity instruments and mutual funds. The price risk arises due to uncertainties about the future market values of these investments. Equity price risk is related to the change in market reference price of the investments in equity securities.</p> <p>In general, equity securities are not held for trading purposes. These investments are subject to changes in the market price of securities. The fair value of quoted equity instruments classified as fair value through other comprehensive income as at March 31, 2021, is ₹ 577.36 cr (March 31, 2020: ₹ 465.52 cr).</p> <p>The fair value of mutual funds classified at fair value through profit and loss as at March 31, 2021 is ₹ 717.81 cr (March 31, 2020: ₹ 627.49).</p>	<p>In order to manage its price risk arising from investments in equity instruments, the Company maintains its portfolio in accordance with the framework set by the Risk Management Policy.</p> <p>Any new investment or divestment must be approved by the Board, Chief Financial Officer and the Risk Management Committee.</p>	<p>As an estimation of the approximate impact of price risk, with respect to investments in equity instruments, the Company has calculated the impact as follows:</p> <p>For equity instruments, a 9.14% increase in Nifty 50 prices may have led to approximately an additional ₹ 42.50 cr gain in other comprehensive income (2019-20: ₹ 34.54 cr). A 9.14% decrease in Nifty 50 prices may have led to an equal but opposite effect.</p> <p>For mutual funds, a 1% increase in prices may have led to approximately an additional ₹ 7.18 cr gain in the Standalone Statement of Profit and Loss (2019-20: ₹ 6.27 cr). A 1% decrease in prices may have led to an equal but opposite effect.</p>
ii) Foreign exchange risk <p>The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities denominated in a currency that is not the functional currency (₹) of the Company. The risk also includes highly probable foreign currency cash flows. The objective of the cash flow hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions.</p>	<p>The Company has exposure arising out of export, import and other transactions other than functional risks. It hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is as per the guidelines laid down in its Risk Management Policy.</p>	<p>As an estimation of the approximate impact of the foreign exchange rate risk, with respect to the Standalone Financial Statements, the Company has calculated the impact as follows:</p> <p>For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date may have led to an additional ₹ 4.77 cr gain in other comprehensive income (2019-20: gain of ₹ 5.77 cr). A 2% decrease may have led to an additional ₹ 3.82 cr loss in other comprehensive income (2019-20: loss of ₹ 4.28 cr).</p>

Foreign currency risk exposure

The exposure to foreign currency risk of the Company at the end of the reporting period expressed is as follows:

Particulars	As at March 31, 2021					
	US\$ mn	₹ cr	€ mn	₹ cr	£ mn	₹ cr
Financial assets						
Cash and cash equivalents (EEFC account)	0.16	1.17	-	-	-	-
Trade receivables	46.70	341.43	2.65	22.72	0.15	1.51
Less:						
Hedged through derivatives ¹						
Currency range options	7.70	56.29	-	-	-	-
Net exposure to foreign currency risk (assets)	39.16	286.31	2.65	22.72	0.15	1.51

¹Includes hedges for highly probable transactions up to next 12 months

Note 28.8 Financial risk management (continued)

Particulars	As at March 31, 2021					
	US\$ mn	₹ cr	€ mn	₹ cr	£ mn	₹ cr
Financial liabilities						
Trade payables	14.06	102.79	0.11	0.94	-	-
Net exposure to foreign currency risk (liabilities)	14.06	102.79	0.11	0.94	-	-

Particulars	As at March 31, 2020					
	US\$ mn	₹ cr	€ mn	₹ cr	£ mn	₹ cr
Financial assets						
Cash and cash equivalents (EEFC account)	0.60	4.55	-	-	-	-
Trade receivables	47.61	359.00	2.54	20.99	0.62	5.81
Dividends receivable	0.29	2.15	-	-	-	-
Less:						
Hedged through derivatives ¹						
Currency range options	38.34	289.07	-	-	-	-
Net exposure to foreign currency risk (assets)	10.16	76.63	2.54	20.99	0.62	5.81
Financial liabilities						
Trade payables	9.76	73.61	0.26	2.11	0.05	0.42
Net exposure to foreign currency risk (liabilities)	9.76	73.61	0.26	2.11	0.05	0.42

¹Includes hedges for highly probable transactions up to next 12 months

c) Management of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited due to the customer base being large, diverse and across sectors and countries. A portion of trade receivables are secured by insurance policies or Export Credit Guarantee Corporation schemes. All trade receivables are reviewed and assessed for default on a quarterly basis.

Historical experience of collecting receivables of the Company is supported by low level of past default and hence, the credit risk is perceived to be low.

Reconciliation of loss allowance provision – trade receivables

Particulars	(₹ cr)
Loss allowance as on March 31, 2019	7.61
Changes in loss allowance	2.46
Loss allowance as on March 31, 2020	10.07
Changes in loss allowance	1.78
Loss allowance as on March 31, 2021	11.85

Note 28.8 Financial risk management (continued)

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in government securities, preference shares, mutual funds, bonds and loans to subsidiary companies. It has a diversified portfolio of investments with various number of counterparties which have secure credit ratings, hence the risk is reduced. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by its treasury department.

Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position

As at March 31, 2021

(₹ cr)

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity (months)	Weighted average strike price interest rate	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : US\$								
Foreign exchange risk								
Currency range options	56.29	-	0.60	-	1-12	74.26-77.80	0.60	(0.60)

As at March 31, 2020

(₹ cr)

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity (months)	Weighted average strike price interest rate	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : US\$								
Foreign exchange risk								
Currency range options	289.07	-	-	1.62	1-12	73.05-75.36	(1.62)	1.62

Note 28.8 Financial risk management (continued)

b) Disclosure of effects of hedge accounting on financial performance

As at March 31, 2021

(₹ cr)

Type of hedge	Changes in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Financial Statement line item affected
Cash flow hedge				
Foreign exchange risk	0.60	-	(1.62)	Trade receivables and payables

As at March 31, 2020

(₹ cr)

Type of hedge	Changes in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Financial Statement line item affected
Cash flow hedge				
Foreign exchange risk	(1.62)	-	1.22	Trade Receivables and payables

Movements in cash flow hedging reserve

(₹ cr)

Risk category	Foreign currency risk	
Derivative instruments	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	(1.64)	0.79
Gain (Loss) recognised in other comprehensive income during the year	0.60	(1.62)
Amount reclassified to revenue during the year	1.62	(1.22)
Tax impact on above	(0.15)	0.41
Balance at the end of the year	0.43	(1.64)

Note 28.9 Capital management

The primary objective of capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. It determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

Note 28.10 Segment information

In accordance with Ind AS 108, 'Operating Segments', segment information has been given in the Consolidated Financial Statements of Atul Ltd and therefore, no separate disclosure on segment information is given in the Standalone Financial Statements.

Note 28.11 Earnings per share

Earnings per share (EPS) - The numerators and denominators used to calculate basic and diluted EPS:

Particulars		2020-21	2019-20
Profit for the year attributable to the equity shareholders	₹ cr	630.89	640.17
Weighted average number of equity shares used in calculating basic diluted EPS ¹	Number	2,96,49,628	2,96,61,733
Nominal value of equity share	₹	10	10
Basic and diluted EPS	₹	212.78	215.82

¹The Company completed its share buy-back on February 19, 2021.

Note 28.12 Leases

a) As a lessee

The Company has taken various residential and office premises under operating lease or leave and license agreements. These are cancellable by the Company, having a term between 11 months and three years and have no specific obligation for renewal. Payments are recognised in the Standalone Statement of Profit and Loss under 'Rent' in Note 27.

b) As a lessor

i) Operating lease

The Company has entered into operating leases on its office buildings and land. These are cancellable by the Company, having a term between 11 months and three years and have no specific obligation for renewal. Rents received are recognised in the Standalone Statement of Profit and Loss as lease income in Note 22 'Other income'.

ii) Finance lease

The Company has given a building on finance lease for a term of 30 years and a machine for a term of 10 years.

Future minimum lease payments receivable under finance leases, together with the present value of the net minimum lease payments (MLP), are as under:

Particulars	As at March 31, 2021		As at March 31, 2020	
	MLP receivable	Present value of MLP receivable	MLP receivable	Present value of MLP receivable
Not later than 1 year	0.92	0.88	-	-
Later than 1 year and not later than 5 years	3.28	2.50	0.40	0.35
Later than 5 years	5.07	2.48	1.80	0.85
Total MLP receivable	9.27	5.86	2.20	1.20
Less: unearned finance income	3.41	-	1.00	-
Present value of MLP receivable	5.86	5.86	1.20	1.20
Less: allowance for uncollectible lease payments	-	-	-	-
	5.86	5.86	1.20	1.20

(₹ cr)

Note 28.13 Loans

Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 186 (4) of the Companies Act, 2013:

(₹ cr)

Particulars	Purpose	Amount outstanding as at		Maximum balance during the year	
		March 31, 2021	March 31, 2020	2020-21	2019-20
i) Subsidiary companies:					
Amal Ltd	Interest free loan, pursuant to Board for Industrial and Financial Reconstruction order	-	-	-	6.28
Atul Bioscience Ltd	Purchase of the manufacturing facility at Ambarnath	24.00	17.50	24.00	17.50
ii) Joint operation of subsidiary company:					
Anaven LLP	For working capital, operational and project expenditure requirement	6.85	-	6.85	-

Notes:

- Loans given to employees as per the policy of the Company are not considered.
- The loanes did not hold any shares in the share capital of the Company.

Note 28.14 Disclosure requirement under MSMED Act, 2006

The Company has certain dues to suppliers (trade and capital) registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	23.41	6.88
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end (current year: ₹ 123 and previous year: ₹ 460)		
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year (current year: ₹ 9,251 and previous year: ₹ 42,745)		
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year (current year: ₹ 460)		0.01
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

Note 28.15 Expenditure on Corporate Social Responsibility initiatives

- a) Gross amount required to be spent by the Company during the year is ₹ 12.40 cr (2019-20: ₹ 9.60 cr)
- b) Amount spent during the year on:

(₹ cr)

Particulars		2020-21			2019-20		
		Paid	Payable	Total	Paid	Payable	Total
i)	Construction Acquisition of any asset	-	-	-	-	-	-
ii)	On purposes other than (i) above	12.41	-	12.41	9.60	-	9.60

Note 28.16 Offsetting financial assets and liabilities

The Company has not offset any financial asset and financial liability. It offsets a financial asset and a financial liability when it currently has a legal enforceable right to set-off the recognised amounts and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

a) Master netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing | receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements are considered as terminated. As the Company does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Standalone Balance Sheet.

b) Collateral against borrowings

The Company has hypothecated | mortgaged assets as collateral against a number of its sanctioned line of credit (Refer Note 17(b) for further information on assets hypothecated | mortgaged as security). In case of default as per borrowing arrangement, such collateral can be adjusted against the amounts due.

Note 28.17 Dividend on equity shares

Dividend on equity shares declared and paid during the year:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Final dividend of ₹ nil for the year 2019-20 (2018-19: ₹ 15.00 per share)	-	44.49
Dividend distribution tax on final dividend ¹	-	8.95
Interim dividend of ₹ nil for the year 2020-21 (2019-20: ₹ 27.50 per share)	-	81.57
Dividend distribution tax on interim dividend ¹	-	16.32
	-	151.33

¹Dividend distribution tax (net) pertaining to the current year include credit in respect of tax paid under Section 115(O) of the Income Tax Act, 1961 by the Company on dividend received from its subsidiary companies.

Note 28.18 Buy-back of shares

In accordance with the provisions contained in the SEBI (Buy-back of Securities) Regulations, 2018 and the Companies Act, 2013 and rules made thereunder, the Board in its meeting held on January 29, 2021 approved a proposal to buy-back fully paid-up equity shares of face value of ₹ 10 each of the Company, at a price not exceeding ₹ 7,250 per equity share (maximum buy-back price) and for an amount not exceeding ₹ 50 cr (maximum buy-back size) from the open market through stock exchange mechanism.

The buy-back of equity shares through the stock exchange commenced on February 10, 2021, and was completed on February 19, 2021. The Company bought back and extinguished a total of 74,682 equity shares at an average buy-back price of ₹ 6,678.58 per equity share comprising 0.25% of the pre buy-back paid-up equity share capital of the Company. The buy-back resulted in a cash outflow of ₹ 49.88 cr (excluding transaction costs). The Company funded the buy-back from its free reserves.

Note 28.18 Buy-back of shares (continued)

Particulars	As at March 31, 2021
Date of Board meeting approving the buy-back	January 29, 2021
Date of public announcement	February 01, 2021
Buy-back opening date	February 10, 2021
Number of shares bought back	74,682
Face value of shares bought back	₹ 10
Maximum buy-back price approved by the Board	₹ 7,250
Consideration paid towards buy-back (excluding transaction costs)	₹ 49.88 cr

Pursuant to the buy-back, the Company has adjusted premium on buy-back of ₹ 6,668.58 per share aggregating ₹ 49.81 cr; ₹ 34.66 cr from securities premium account and ₹ 15.15 cr from general reserve. Further, an amount of ₹ 0.07 cr (equivalent to the face value of shares) has been transferred to capital redemption reserve. Buy-back expenses of ₹ 11.98 cr (including tax on buy-back) have been debited to general reserve.

Note 28.19 Events after the reporting period

There was no significant event after the end of the reporting period, which require any adjustment or disclosure in the Standalone Financial Statements.

Note 28.20 Rounding off

Figures less than ₹ 50,000 have been shown at actual in brackets.

Note 28.21 Authorisation for issue of the Standalone Financial Statements

The Standalone Financial Statements were authorised for issue by the Board on April 30, 2021.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

Mumbai
April 30, 2021

T R Gopi Kannan
Whole-time Director and CFO
L P Patni
Company Secretary

B N Mohanan
**Whole-time Director
and President - U&S**

R A Shah
B S Mehta
V S Rangan
Directors

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director

Atul
April 30, 2021

Independent Auditor's Report

To the Members of Atul Ltd

Report on the audit of the Consolidated Financial Statements

Opinion

01. We have audited the accompanying Consolidated Financial Statements of Atul Ltd (the Company or the Parent) and its subsidiary companies, (the Parent and its subsidiary companies together referred to as the Group) which includes the share of profit of the Group in its joint venture company, which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in equity, for the year then ended and a summary of significant accounting policies and other explanatory information and which includes a joint operation (which is an entity) of the Group accounted on proportionate basis.
02. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other Auditors on separate Financial Statements of the subsidiary companies referred to in the other matters section, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for opinion

03. We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's responsibility for the audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its joint venture company and joint operation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder

and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other Auditors in terms of their reports referred to in para 14 in the other matters section, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Key audit matter

04. Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the Consolidated Financial Statements of the current period. This matter was addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on this matter. We have determined the matter described as follows to be the key audit matter to be communicated in our report.



Key audit matters	Auditor's response
<p>Allowance for credit losses</p> <p>The Group determines the allowance for credit losses on trade receivables based on historical loss experience adjusted to reflect current and estimated future economic conditions of its customers, their industry and geography of operations.</p> <p>In calculating expected credit loss, the Group also considers the insurance covers and other securities, besides other related information for its customers, including credit reports, to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19. The Management has exercised significant judgement in estimating the allowance for credit losses.</p> <p>Refer Note 10 and 29.8(c) to the Consolidated Financial Statements.</p>	<p>Principle procedures included but were not limited to:</p> <p>Testing the effectiveness of controls over the</p> <ul style="list-style-type: none"> - classification of customers by the businesses and computing the net exposure as at the reporting date - development of the expected credit model for the allowance for credit losses, including consideration of the current and estimated future economic conditions - completeness and accuracy of information used in the estimation of probability of default and - computation of the allowance for credit losses. <p>Testing the arithmetical accuracy and computation of the allowances prepared by the Management.</p> <p>Testing the allowance for credit loss through alternate scenarios, including profiling of customers based on their attributes with various sensitivities around approach, the assumptions and factoring the possible effect of the pandemic, to independently validate the Management estimates.</p>

Information other than the Financial Statements and Auditor's Report thereon

05. The Board of Directors of the Parent is responsible for the other information. The other information comprises the information included in the letter to shareholders, operational highlights, financial charts, Directors' Report and its annexure, Management Discussion and Analysis, Corporate Governance Report, Business Responsibility Report, Dividend Distribution Policy and performance trend, but does not include the Standalone Financial Statements, the Consolidated Financial Statements and our Auditor's Reports thereon.
06. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
07. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the Financial Statements of the subsidiary companies audited by the other Auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other Auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary companies, is traced from their Financial Statements audited by other Auditors.
08. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Consolidated Financial Statements

09. The Board of Directors of the Parent is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group, including its joint venture company in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint venture company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective entities, and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial controls, which were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

10. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and its joint venture company are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies included in the Group and its joint venture company are also responsible for overseeing the financial reporting process of the respective entities.

Auditor's responsibility for the audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.
13. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
 - a) Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - b) Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- d) Conclude on the appropriateness of use of the going concern basis of accounting by the Management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint venture company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group and its joint venture company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group and its joint venture company to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities or business activities included in the Consolidated Financial Statements of which we are the Independent Auditors. For the other entities or business activities included in the Consolidated Financial Statements, which have been audited by other Auditors, such other Auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Statements of which we are the Independent Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

14. We did not audit the Financial Statements | financial information of 34 subsidiary companies, whose Financial Statements | financial information reflect total assets of ₹ 325.66 cr as at March 31, 2021, total revenues of ₹ 622.52 cr, total net profit after tax of ₹ 16.10 cr, total comprehensive income of ₹ 16.30 cr and net cash inflows of ₹ 11.53 cr for the year ended on that date, as considered in the Consolidated Financial Statements. These Financial Statements | financial information have been audited by other Auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies and our report in terms of Sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary companies is based solely on the reports of other Auditors.

Certain of these subsidiary companies are located outside India whose Financial Statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited

by other Auditors under generally accepted auditing standards applicable in their respective countries. The Management of the Company has converted the Financial Statements | financial and other information of such subsidiary companies located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Management of the Company. Our opinion in so far as it relates to the balances and affairs of such subsidiary companies located outside India is based on the reports of other Auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

15. We did not audit the Financial Statements | financial information of the five subsidiary companies, whose financial information reflect total assets of ₹ 186.41 cr as at March 31, 2021, total revenue of ₹ 143.80 cr, total net profit after tax of ₹ 3.86 cr, total comprehensive income of ₹ 3.86 cr and net cash inflows of ₹ 0.60 cr for the year ended on that date, as considered in the Consolidated Financial Statements. These Financial Statements | financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies, is based solely on such unaudited Financial Statements | financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these Financial Statements | financial information are not material to the Group.

Our opinion on the Consolidated Financial Statements above and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other Auditors and the Financial Statements | financial information certified by the Management.

Report on other legal and regulatory requirements

16. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other Auditors on separate Financial Statements | financial information of the subsidiary companies, referred in the other matters section, we report to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other Auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the Directors of the Parent as on March 31, 2021, taken on record by the Board of Directors of the Parent and the reports of the Statutory Auditors of its subsidiary companies and a joint venture company incorporated in India, none of the Directors of the Group companies and joint venture company incorporated in India is disqualified as on March 31, 2021, from being appointed as a Director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in Annexure A, which is based on the Auditors' reports of the Parent, subsidiary companies and a joint venture company incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness internal financial controls over financial reporting of those companies.

Reporting on the adequacy of internal financial controls over financial reporting and the operating effectiveness of such controls under Section 143(3)(i) of the Act is not applicable to the joint operation of the Group as it is a Limited Liability Partnership.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the

remuneration paid by the Parent to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint venture company.
 - ii. The Group and its joint venture company did not have any material foreseeable losses on long-term contracts, including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent, its subsidiary companies and the joint venture company incorporated in India.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Firm registration number: 117366W|W-100018

Samir R. Shah
Partner

Mumbai
April 30, 2021

Membership number: 101708
UDIN: 21101708AAAACC9294

Annexure A to the Independent Auditor's Report

Referred to in paragraph (f) under 'Report on other legal and regulatory requirements' Section of our report of even date.

Report on the internal financial controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)

1. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Atul Ltd (the Parent), its subsidiary companies and joint venture company, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

2. The respective Board of Directors of the Parent, its subsidiary companies and a joint venture company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective policies of the Company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its joint venture company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the judgement of the Auditor, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other Auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the other matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its joint venture company, which are companies incorporated in India.

Meaning of internal financial controls over financial reporting

6. The internal financial control over financial reporting of the Company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. The internal financial control over financial reporting of the Company includes those policies and procedures that i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; ii) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of Financial Statements in accordance with Generally Accepted Accounting Principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of the Management and Directors of the Company; and iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of assets

of the Company that could have a material effect on the Financial Statements.

Inherent limitations of internal financial controls over financial reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other Auditors referred to in the other matters paragraph, the Parent, its subsidiary companies and a joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to, 29 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the Auditors of such companies.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm registration number: 117366W|W-100018

Samir R. Shah

Partner

Mumbai

April 30, 2021

Membership number: 101708

UDIN: 21101708AAAACC9294

Consolidated Balance Sheet as at March 31, 2021

(₹ cr)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
A ASSETS			
1 Non-current assets			
a) Property, plant and equipment	2	1,356.56	1,061.52
b) Capital work-in-progress	2	249.70	368.14
c) Investment properties	3	3.22	3.22
d) Goodwill	4	29.14	29.14
e) Other intangible assets	4	12.84	16.25
f) Biological assets other than bearer plants	5	16.62	14.75
g) Investments accounted for using the equity method	6.1	24.32	18.53
h) Financial assets			
i) Investments	6.2	596.43	467.09
ii) Loans	7	3.72	0.12
iii) Other financial assets	8	5.71	3.31
i) Income tax assets (net)	29.5	14.54	12.92
j) Deferred tax assets	29.5	2.21	6.91
k) Other non-current assets	9	58.14	66.77
Total non-current assets		2,373.15	2,068.67
2 Current assets			
a) Inventories	10	594.14	503.37
b) Biological assets	5	13.40	13.15
c) Financial assets			
i) Current investment	6.3	740.30	651.69
ii) Trade receivables	11	733.23	719.73
iii) Cash and cash equivalents	12	46.91	26.19
iv) Bank balances other than cash and cash equivalents mentioned above	13	301.27	9.18
v) Loans	7	0.13	0.15
vi) Other financial assets	8	15.11	32.95
d) Other current assets	9	119.56	125.40
Total current assets		2,564.05	2,081.81
Total assets		4,937.20	4,150.48
B EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	14	29.61	29.68
b) Other equity	15	3,796.91	3,125.22
Equity attributable to owners of Atul Ltd		3,826.52	3,154.90
Non-controlling interests		30.63	26.37
Total equity		3,857.15	3,181.27
Liabilities			
1 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	16	98.21	86.58
ii) Other financial liabilities	17	9.92	9.67
b) Provisions	18	25.30	20.06
c) Deferred tax liabilities (net)	29.5	135.09	114.75
d) Other non-current liabilities	19	5.41	6.38
Total non-current liabilities		273.93	237.44
2 Current liabilities			
a) Financial liabilities			
i) Borrowings	16	3.51	10.39
ii) Trade payables			
Total outstanding dues of			
a) Micro-enterprises and small enterprises	20	23.54	8.62
b) Creditors other than micro-enterprises and small enterprises	20	539.59	469.01
iii) Other financial liabilities	17	160.41	168.26
b) Contract liabilities	21	24.43	25.49
c) Other current liabilities	19	10.29	11.61
d) Provisions	18	37.76	37.67
e) Current tax liabilities (net)	29.5	6.59	0.72
Total current liabilities		806.12	731.77
Total liabilities		1,080.05	969.21
Total equity and liabilities		4,937.20	4,150.48

The accompanying Notes 1-29 form an integral part of the Consolidated Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

T R Gopi Kannan
Whole-time Director and CFO
L P Patni
Company Secretary

B N Mohanan
**Whole-time Director
and President - U&S**

R A Shah
B S Mehta
V S Rangan
Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director

For and on behalf of the Board of Directors

Mumbai
April 30, 2021

Atul
April 30, 2021

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(₹ cr)

Particulars	Note	2020-21	2019-20
INCOME			
Revenue from operations	22	3,731.47	4,093.06
Other income	23	102.98	78.04
Total income		3,834.45	4,171.10
EXPENSES			
Cost of materials consumed	24	1,602.17	1,814.41
Purchases of stock-in-trade		153.45	150.34
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(60.42)	5.28
Employee benefit expenses	26	310.36	300.90
Finance costs	27	9.35	9.40
Depreciation and amortisation expenses	2, 4	136.32	130.21
Other expenses	28	808.79	920.12
Total expenses		2,960.02	3,330.66
Profit before share of net profit of investments accounted for using equity method and tax		874.43	840.44
Share of net profit of joint venture company accounted for using the equity method		7.25	4.98
Profit before tax		881.68	845.42
Tax expense			
Current tax	29.5	207.09	212.90
Deferred tax	29.5	14.57	(38.39)
Total tax expense		221.66	174.51
Profit for the year		660.02	670.91
Other comprehensive income			
a) Items that will not be reclassified to profit loss			
i) Change in fair value of equity instruments through other comprehensive income (FVOCI)		80.98	(60.23)
ii) Remeasurement gain (loss) on defined benefit plans		(1.34)	(2.09)
iii) Income tax related to items above		(9.34)	(3.71)
iv) Share of other comprehensive income of joint venture company accounted for using the equity method (net of tax)			
b) Items that will be reclassified to profit loss			
i) Effective portion of gain (loss) on cash flow hedges		0.60	(1.62)
ii) Exchange differences on translation of foreign operations		5.75	7.42
iii) Income tax related to items above		(0.61)	(2.99)
Other comprehensive income, net of tax		76.04	(63.22)
Total comprehensive income for the year		736.06	607.69
Profit is attributable to:			
Owners of the Company		655.76	666.46
Non-controlling interests		4.26	4.45
		660.02	670.91
Other comprehensive income is attributable to:			
Owners of the Company		76.04	(63.22)
Non-controlling interests		-	-
		76.04	(63.22)
Total comprehensive income is attributable to:			
Owners of the Company		731.80	603.24
Non-controlling interests		4.26	4.45
		736.06	607.69
Earnings per equity share attributable to owners of the Company			
Number of shares		2,96,49,286	2,96,61,733
Basic and diluted earnings ₹ per equity share of ₹ 10 each	29.11	221.17	224.69

The accompanying Notes 1-29 form an integral part of the Consolidated Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

T R Gopi Kannan
Whole-time Director and CFO
L P Patni
Company Secretary

B N Mohanan
**Whole-time Director
and President - U&S**

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director

Mumbai
April 30, 2021

Atul
April 30, 2021

Consolidated Statement of changes in equity

for the year ended March 31, 2021

A Equity share capital

(₹ cr)

Particulars	Note	Amount
As at March 31, 2019		29.68
Changes in equity share capital during the year		-
As at March 31, 2020		29.68
Changes in equity share capital during the year, pursuant to buy-back (refer Note 29.14)		(0.07)
As at March 31, 2021	14	29.61

B Other equity

(₹ cr)

Particulars	Attributable to owners of the Company								Non-controlling interest	Total	
	Reserves and surplus					Items of other comprehensive income					Total other equity
	Securities premium	General reserve	Retained earnings	Statutory reserve	Capital redemption reserve	FVOCI equity instruments	Effective portion of cash flow hedges	Foreign currency translation reserve			
As at March 31, 2019	34.66	97.41	2,064.79	-	-	462.63	0.79	15.75	2,676.03	23.80	2,699.83
Profit for the year	-	-	666.46	-	-	-	-	-	666.46	4.45	670.91
Other comprehensive income, net of tax	-	-	(1.56)	-	-	(64.48)	(1.21)	1.18	(66.07)	-	(66.07)
Total comprehensive income for the year	-	-	664.90	-	-	(64.48)	(1.21)	1.18	600.39	4.45	604.84
Transfer to retained earnings on disposal of FVOCI equity instruments	-	-	(0.03)	-	-	0.03	-	-	-	-	-
Transfer to general reserves	-	0.28	(0.28)	-	-	-	-	-	-	-	-
Hedging (gain) loss reclassified to the Statement of Profit and Loss	-	-	-	-	-	-	(1.22)	-	(1.22)	-	(1.22)
Dividend on equity shares, including dividend distribution tax	-	-	(151.50)	-	-	-	-	-	(151.50)	-	(151.50)
Transactions with non-controlling interests	-	-	1.52	-	-	-	-	-	1.52	(1.88)	(0.36)
Transfer to foreign currency translation reserve	-	-	(2.84)	-	-	-	-	2.84	-	-	-
As at March 31, 2020	34.66	97.69	2,576.56	-	-	398.18	(1.64)	19.77	3,125.22	26.37	3,151.59
Profit for the year	-	-	655.76	-	-	-	-	-	655.76	4.26	660.02
Other comprehensive income, net of tax	-	-	(1.00)	-	-	71.30	0.45	5.29	76.04	-	76.04
Total comprehensive income for the year	-	-	654.76	-	-	71.30	0.45	5.29	731.80	4.26	736.06
Transfer to retained earnings on disposal of FVOCI equity instruments	-	-	(0.02)	-	-	0.02	-	-	-	-	-
Transfer to general reserves	-	0.44	(0.44)	-	-	-	-	-	-	-	-
Transfer to reserve fund under the Reserve Bank of India Act, 1934	-	-	(0.06)	0.06	-	-	-	-	-	-	-
Hedging (gain) loss reclassified to the Statement of Profit and Loss	-	-	-	-	-	-	1.62	-	1.62	-	1.62
Buy-back of equity shares (refer Note 29.14)	(34.66)	(27.07)	-	-	-	-	-	-	(61.73)	-	(61.73)
Transferred to capital redemption reserve upon buy-back (refer Note 29.14)	-	(0.07)	-	-	0.07	-	-	-	-	-	-
As at March 31, 2021	-	70.99	3,230.80	0.06	0.07	469.50	0.43	25.06	3,796.91	30.63	3,827.54

Refer Note 14 for nature and purpose of reserves

The accompanying Notes 1-29 form an integral part of the Consolidated Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

T R Gopi Kannan
Whole-time Director and CFO
L P Patni
Company Secretary

B N Mohanan
Whole-time Director and President - U&S

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director

Mumbai
April 30, 2021

Atul
April 30, 2021

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

(₹ cr)

Particulars	2020-21	2019-20
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	881.68	845.42
Adjustments for:		
Depreciation and amortisation expense	136.32	130.21
Finance costs	9.35	9.40
Loss (gain) on disposal of property, plant and equipment (net)	0.09	(0.28)
Unrealised exchange rate difference (net)	13.32	(21.11)
Effect of exchange rates on translation of operating cash-flows	4.41	4.12
Bad debts and irrecoverable balances written off	0.62	4.66
Allowance for doubtful debts	1.85	5.17
Dividend income	(57.04)	(19.10)
Interest income from financial assets measured at amortised cost	(12.99)	(3.02)
Changes in fair value of biological assets	(0.31)	(1.93)
Advances recovered written off earlier	-	(1.81)
Liability no longer required written back	(0.15)	(2.59)
Gain on disposal of current investments measured at FVPL (net)	(24.15)	(11.68)
Income on account of government grants	(0.97)	(1.07)
Share of profit on joint venture company	(7.25)	(4.98)
Operating profit before change in operating assets and liabilities	944.78	931.41
Adjustments for:		
(Increase) Decrease in inventories biological assets	(92.57)	4.65
(Increase) Decrease in trade receivables	(32.65)	(3.64)
(Increase) Decrease in other financial assets	5.03	2.58
(Increase) Decrease in other assets	8.19	21.79
Increase (Decrease) in trade payables	88.31	94.27
Increase (Decrease) in other financial liabilities	(3.78)	20.38
Increase (Decrease) in contract liabilities	(1.06)	17.03
Increase (Decrease) in other current liabilities	(1.32)	0.93
Increase (Decrease) in provisions	5.34	8.75
Cash generated from operations	920.27	1,098.15
Income tax paid (net of refund)	(202.32)	(216.77)
Net cash flow from operating activities	A 717.95	881.38
B CASH FLOW FROM INVESTING ACTIVITIES		
Payments towards property, plant and equipment (including capital advance)	(322.51)	(373.99)
Proceeds from disposal of property, plant and equipment	0.97	0.57
Proceeds from sale of equity investment measured at FVOCI	0.11	0.12
Purchase of equity investment measured at FVOCI	(32.65)	-
Investment in bonds measured at FVPL	(15.59)	-
Repayments of loans given	0.12	0.74
Disbursements of loans	(5.95)	-
Redemption of (Investment in) bank deposits (net)	(292.59)	8.85
Purchase of current investments measured at FVPL (net)	(49.20)	(446.20)
Proceeds from disposal of equity investment measured at cost	-	2.96
Interest received on financial assets measured at amortised cost	12.80	2.95
Dividend received	58.10	21.30
Net cash used in investing activities	B (646.39)	(782.70)

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

(₹ cr)

Particulars	2020-21	2019-20
C CASH FLOW FROM FINANCING ACTIVITIES		
Disbursements of term loans non-current borrowings	25.08	52.72
Disbursements (Repayments) of working capital loans current borrowings	(6.88)	0.98
Transaction with non-controlling interests	-	(3.32)
Interest paid	(8.65)	(9.40)
Dividend on equity shares (including dividend distribution tax)	-	(151.53)
Buy-back of equity shares (including transaction cost)	(61.74)	-
Net cash used in financing activities	C (52.19)	(110.55)
Net increase (decrease) in cash and cash equivalents	A+B+C 19.37	(11.87)
Cash and cash equivalents at the beginning of the year	26.19	37.59
Net effect of exchange gain (loss) on cash and cash equivalents held in foreign currencies	1.35	0.47
Cash and cash equivalents at the end of the year	46.91	26.19

- The above Consolidated Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Ind AS 7 on the Statement of Cash Flows as notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- Cash flows from operating activities net off ₹ 12.86 cr (March 31, 2020: ₹ 10.09 cr) being expenditure towards Corporate Social Responsibility initiatives.
- Refer Note 16 (e) for a reconciliation of changes in liabilities arising from financing activities.

The accompanying Notes 1-29 form an integral part of the Consolidated Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

T R Gopi Kannan
Whole-time Director and CFO
L P Patni
Company Secretary

B N Mohanan
**Whole-time Director
and President - U&S**

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director

Mumbai
April 30, 2021

Atul
April 30, 2021

Notes to the Consolidated Financial Statements

Background

Atul Ltd (the Company) is a public company limited by shares, incorporated and domiciled in India. Its registered office is located at Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India and the principal places of manufacturing are located at Atul and Ankleshwar, Gujarat, India.

The Company and its subsidiary companies are referred to as the Group hereunder. The Group is in the business of Life Science Chemicals and Performance and Other Chemicals and caters to the needs of varied industries such as Adhesives, Agriculture, Animal Feed, Automobile, Composites, Construction, Cosmetic, Defence, Dyestuff, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Polymer, Rubber, Soap and Detergent, Sport and Leisure, Textile, Tyre and Wind Energy across the world.

Note 1 Significant Accounting Policies

This Note provides a list of the significant Accounting Policies adopted by the Group in preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented unless otherwise stated. The Consolidated Financial Statements are for the Group consisting of the Company and its subsidiary companies.

a) Statement of compliance

The Consolidated Financial Statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act, as amended.

b) Basis of preparation

i) Historical cost convention:

The Consolidated Financial Statements have been prepared on a historical cost basis except for the following:

- a) Certain financial assets and liabilities (including derivative instruments): measured at fair value
- b) Defined benefit plans: plan assets measured at fair value
- c) Biological assets: measured at fair value less cost to sell

ii) The Consolidated Financial Statements have been prepared on accrual and going concern basis.

iii) Accounting policies are applied consistently to all the periods presented in the Consolidated Financial Statements. All assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Group and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

iv) New and amended standards adopted by the Group:

The Group has applied the following amendments to Ind AS for the first time for its annual reporting period commencing April 01, 2020:

- Definition of material – amendments to Ind AS 1 and Ind AS 8
- Definition of a business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

v) Recent accounting pronouncements:

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification which will be applicable from April 01, 2021.

c) Basis of consolidation

i) Subsidiary companies

Subsidiary companies are all the entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary companies are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group reassesses whether or not it controls an investee, if facts and circumstances indicate that there are one or more changes to elements of control described above.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the Financial Statements of the Parent and its subsidiary companies line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting Policies of subsidiary companies have been changed where necessary, to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiary companies are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of changes in equity and Consolidated Balance Sheet respectively.

ii) Associate companies

Associate companies are all entities over which the Group has significant influence, but not control or joint control. Investments in associate companies are accounted for using the equity method of accounting {see (iv) below}.

iii) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has interest in a joint venture company and a joint operation.

Joint venture company

Interest in joint venture company is accounted for using the equity method {see (iv) below}.

Joint operation

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operation and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the Consolidated Financial Statements under the appropriate headings.

iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise share of the Group in post-acquisition profit | loss and other comprehensive income of the entity. Dividends received or receivable from the associate companies and joint venture company are recognised as a reduction in the carrying amount of the investment.

When the Group share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associate company and joint venture company are eliminated to the extent of the Group interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in (m) below.

v) Changes in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary companies. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate company, joint venture company or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the Consolidated Statement of Profit and Loss.

If the ownership interest in a joint venture company or an associate company is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the Consolidated Statement of Profit and Loss where appropriate.

d) Foreign currency transactions

i) Functional and presentation currency:

Items included in the Financial Statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The Consolidated Financial Statements are presented in Indian Rupee (₹), which is also the functional currency of the Company.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Consolidated Statement of Profit and Loss except that they are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Consolidated Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit and Loss on a net basis within other income.

Non-monetary items that are measured at fair value that are denominated in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain | (loss). Non-monetary items that are measured in terms of historical cost in a foreign currency are not revalued.

iii) Group companies:

The results and financial position of foreign operations of the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities are translated at the closing rate at the date of that Balance Sheet
- b) income and expenses are translated at average exchange rates
- c) all resulting exchange differences are recognised in other comprehensive income

When a foreign operation is disposed, the associated exchange differences are reclassified to the Consolidated Statement of Profit and Loss, as part of the gain | (loss) on sale. Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e) Revenue recognition

i) Revenue from operations:

Revenue is recognised when control of goods is transferred to a customer in accordance with the terms of the contract. The control of the goods is transferred upon delivery to the customers either at factory gate of the Group or specific location of the customer or when the goods are handed over to the freight carrier, as per the terms of the contract. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Revenue from services, including those embedded in contract for sale of goods, namely, freight and insurance services mainly in case of export sales, is recognised upon completion of services.

Revenue is measured based on the consideration to which the Group expects to be entitled as per contract with a customer. The consideration is determined based on the price specified in the contract, net of the estimated variable consideration. Accumulated experience is used to estimate and provide for the variable consideration, using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Contracts with customers are for short-term, at an agreed price basis having contracted credit period ranging up to 180 days. The contracts do not grant any rights of return to the customer. Returns of Goods are accepted by the Group only on an exception basis. Revenue excludes any taxes or duties collected on behalf of government that are levied on sales such as goods and services tax.

Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

ii) Other income:

Interest income from financial assets is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends are recognised in the Consolidated Statement of Profit and Loss only when the right to receive payment is established; it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Lease rental income is recognised on accrual basis.

f) Income tax

Income tax expense comprises current tax and deferred tax. Current tax is the tax payable on the taxable income of the current period based on the applicable income tax rates. Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Minimum Alternate Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Consolidated Statement of Profit and Loss. The credit available under the Act in respect of MAT paid will be recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. Such asset is reviewed at each Consolidated Balance Sheet date.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit | (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary companies, branches and associate company and interest in joint arrangements where the

Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary companies, branches and associate company and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

The Group considers reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making the assessment of deferred tax liabilities and realisability of deferred tax assets. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, the Management believes that the Group will realise the benefits of those deductible differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. The Group applies significant judgement in identifying uncertainties over income tax treatments. The Group assesses whether the Appendix has an impact on its Consolidated Financial Statements.

Upon adoption of Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions based on past experience pertaining to income taxes including those related to transfer pricing. The Group has determined its tax position based on tax compliance and present judicial pronouncements and accordingly expects that its tax treatments will be accepted by the taxation authorities.

g) Government grants

- a) Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.
- b) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the Consolidated Statement of Profit and Loss in proportion to depreciation over the expected lives of the related assets and presented within other income.
- c) Government grants relating to income are deferred and recognised in the Consolidated Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.
- d) Government grants relating to export incentives - refer Note 1 (e).

h) Leases

As a lessee

The Group assesses whether a contract is, or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset, (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease or (3) the Group has the right to direct the use of the asset.

At the commencement date of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases (leases with a term of twelve months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases, are recognised as an operating expense on a straight-line basis over the term of the lease.

At the commencement date, lease liability is measured at the present value of the lease payments to be paid during non-cancellable period of the contract, discounted using the incremental borrowing rate. The right-of-use assets is initially recognised at the amount of the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received and any initial direct costs.

Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest rate method) and reducing the carrying amount to reflect the lease payments made. The right-of-use asset and lease liability are also adjusted to reflect any lease modifications or revised in-substance fixed lease payments.

As a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with the expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Consolidated Balance Sheet based on their nature. Leases of property, plant and equipment where the Group as a lessor has substantially transferred all the risks and rewards are classified as finance lease. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rent receivables, net of interest income, are included in other financial assets. Each lease receipt is allocated between the asset and interest income. The interest income is recognised in the Consolidated Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the asset for each period.

Under combined lease agreements, land and building are assessed individually.

i) Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- i) fair values of the assets transferred,
- ii) liabilities incurred to the former owners of the acquired business,
- iii) equity interest issued by the Group and
- iv) fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- sum of consideration transferred
- amount of any non-controlling interest in the acquired entity
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

j) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Acquisition cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the carrying amount of asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Gains or losses arising on retirement or disposal of assets are recognised in the Consolidated Statement of Profit and Loss.

Fruits bearing plants qualify as Bearer plant under Ind AS 16. Expenditure incurred on cultivation of plantations up to the date they become capable of bearing fruit are accumulated under Bearer plant under development (Immature) and then capitalised as a Bearer plant (Mature) to be depreciated over their estimated useful life.

The plantations destroyed due to calamity, disease or any other reasons whether capitalised as Bearer plant (Mature) or being carried under Bearer plant under development (Immature) are charged off to Consolidated Statement of Profit and Loss.

Spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment that are not ready for intended use as on the date of Consolidated Balance Sheet are disclosed as 'capital work-in-progress'.

Depreciation methods, estimated useful lives and residual value

The charge in respect of periodic depreciation is derived after determining an estimate of expected useful life and the expected residual value at the end of its life of the assets. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their lives.

Depreciation is calculated on a pro-rata basis on the straight-line method from the date of acquisition | installation till the date the assets are sold or disposed of:

Asset category	Estimated useful life
Buildings	30 to 60 years
Roads	5 years
Plant and equipment ¹	6 to 20 years
Office equipment and furniture	5 to 10 years
Vehicles ¹	6 to 10 years
Bearer plants ¹	40 years

¹The useful lives have been determined based on technical evaluation done by the Management | experts, which are different from the useful life prescribed in Part C of Schedule II to the Act, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The residual value, useful life and method of depreciation of property, plant and equipment are reviewed annually and adjusted prospectively, if appropriate.

The property, plant and equipment, including land acquired under finance leases are depreciated over the useful life of the asset or over the shorter of the useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss within other income.

k) Goodwill

Goodwill represents the cost of the acquired businesses | subsidiary in excess of the fair value of identifiable net assets acquired. Goodwill is not amortised, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill of the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

l) Other Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

Amortisation methods, estimated useful lives and residual value

Intangible assets with finite lives are amortised over the useful economic life on straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed annually and adjusted prospectively, if appropriate.

The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. Estimated useful lives of the intangible assets are as follows:

Asset category	Estimated useful life
Computer software	3 years
Non-compete fees	5 years

m) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not in use by the Group, is classified as investment property. Land held for a currently undetermined future use is also classified as an investment property. Investment property is measured at its acquisition cost, including related transaction costs and where applicable, borrowing costs.

n) Impairment

The carrying amount of assets are reviewed at each Consolidated Balance Sheet date to assess if there is any indication of impairment based on internal | external factors. An impairment loss on such assessment will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets is net selling price or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in the circumstances and to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

o) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

p) Trade receivables

Trade receivables are recognised when the right to consideration becomes unconditional. These assets are held at amortised cost, using the effective interest rate (EIR) method where applicable, less provision for impairment based on expected credit loss. Trade receivable overdue for more than 180 days are considered as receivable with significant increase in credit risk.

q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

r) Inventories

Inventories (other than harvested product of biological assets) are stated at cost or net realisable value, whichever is lower. Cost is determined on periodic moving weighted average basis.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs.

Due allowances are made for slow | non-moving, defective and obsolete inventories based on estimates made by the Group.

Items such as spare parts, stand-by equipment and servicing equipment that are not plant and machinery get classified as inventory.

The harvested product of biological assets of the Group is initially measured at fair value less costs to sell on the point of harvest and subsequently measured at the lower of such value or net realisable value.

s) Investments and other financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- ii) those measured at amortised cost

The classification depends on business model of the Group for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investments at fair value through other comprehensive income.

Debt instruments

Initial recognition and measurement:

Financial asset is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial asset is recognised initially at fair value plus, in case the financial asset is not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at fair value through profit or loss are expensed in the Consolidated Statement of Profit and Loss.

Subsequent measurement:

Subsequent measurement of debt instruments depends on the business model of the Group for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method less impairment, if any, the amortisation of EIR and loss arising from impairment, if any is recognised in the Consolidated Statement of Profit and Loss.

Measured at fair value through other comprehensive income (OCI):

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the OCI. Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to other income in the Consolidated Statement of Profit and Loss.

Measured at fair value through profit or loss (FVPL):

A financial asset not classified as either amortised cost or FVOCI, is classified as FVPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as other income in the Consolidated Statement of Profit and Loss.

Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. The Management of the Group has elected to present fair value gains and losses on its investment equity instruments in other comprehensive income and there is no subsequent reclassification of these fair value gains and losses to the Consolidated Statement of Profit and Loss. Dividends from such investments continue to be recognised in the Consolidated Statement of Profit and Loss as other income when the right to receive payment is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of such receivables. The Group computes expected lifetime losses based on a provision matrix, which takes into account historical credit loss experience and adjusted for forward-looking information.

Derecognition

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset, the asset expires or the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised through Consolidated Statement of Profit and Loss or other comprehensive income as applicable. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

t) Financial liabilities

i) Classification as debt or equity:

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

ii) Initial recognition and measurement:

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at fair value.

iii) Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Consolidated Statement of Profit and Loss.

iv) Derecognition:

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or it expires.

u) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Consolidated Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

v) Derivatives and hedging activities

The Group holds derivative financial instruments such as foreign exchange forward, interest rate swaps, currency swaps and currency options to mitigate the risk of changes in exchange rates on foreign currency exposures or interest rate. The counterparty for these contracts is generally a bank.

i) Financial assets or financial liabilities, at fair value through profit or loss:

This category has derivative financial assets or liabilities, which are not designated as hedges.

Although the Group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated, but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Consolidated Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets | Liabilities in this category are presented as current assets | current liabilities if they are either held for trading or are expected to be realised within 12 months after the Consolidated Balance Sheet date.

ii) Cash flow hedge:

The Group designates certain foreign exchange forward and options contracts as cash flows hedges to mitigate the risk of foreign exchange exposure on firm commitment and highly probable forecast transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flows hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Consolidated Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flows hedging reserve till the period the hedge was effective remains in cash flows hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flows hedging reserve is transferred to the Consolidated Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flows hedging reserve is reclassified to net profit in the Consolidated Statement of Profit and Loss.

w) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently

measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. If not, the fee is deferred until the draw down occurs.

Borrowings are removed from the Consolidated Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Consolidated Statement of Profit and Loss as other income | (expense).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

y) Biological assets

The biological assets of the Group comprises oil palms, date palms and tissue culture.

The Group classifies the tissue cultures as Mature and Immature plants. Mature biological assets are those which are available for sale in next twelve months or that have attained harvestable specifications (for consumable biological assets) or are able to sustain regular harvests (for bearer biological assets). The plants that are not mature are considered as Immature plants.

Mature and Immature tissue culture plants, which are ready for sale in less than 12 months from the reporting date are classified as current assets under separate head of biological assets other than bearer plants and others under non-current assets.

The Bearer plant are recognised and measured as per Ind AS 16 (refer Note 5). The oil palm Fresh Fruit Bunches (FFB) growing on the trees are accounted for as biological assets other than bearer plants until the point of harvest. Harvested oil palm FFBs are transferred to inventory at fair value less costs to sell when harvested. Changes in fair value of oil palm FFB on trees are recognised in the Consolidated Statement of Profit and Loss. Farming cost like labour and other costs are recognised in the Consolidated Statement of Profit and Loss.

Biological assets are measured at fair value less cost to sell. Costs to sell include the incremental selling costs, including auctioneers' fees, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Tissue culture raised (matured plants) are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. The gain or loss arising on such biological assets are included in the Consolidated Statement of Profit and Loss. Immature tissue culture plants are measured at cost less accumulated impairment loss, if the quoted market price are not available for the Immature plants at different stages and the fair value measurements are clearly unreliable.

z) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

aa) Employee benefits

(i) Defined benefit plan

Gratuity:

Gratuity liability is a defined benefit obligation and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method at the end of each financial year. The liability or asset recognised in the Consolidated Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The liability so provided is paid to a trust administered by the Group, which in turn invests in eligible securities to meet the liability as and when it accrues for payment in future. Any shortfall in the value of assets over the defined benefit obligation is recognised as a liability with a corresponding charge to the Consolidated Statement of Profit and Loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows with reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate at the beginning of the period to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Consolidated Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur directly in other comprehensive income. They are included in retained earnings in the Consolidated Statement of changes in equity and in the Consolidated Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident fund:

Provident fund for certain eligible employees is managed by the Group through the 'Atul Products Ltd - Ankleshwar Division Employees Provident Fund Trust' in line with the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund authorities. The contributions by the employer and employees together with the interest accumulated thereon are payable to employees at the time of their retirement or separation from the Group, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. Any shortfall in the fair value of assets over the defined benefit obligation is recognised as a liability, with a corresponding charge to the Consolidated Statement of Profit and Loss.

(ii) Defined contribution plan

Contributions to defined contribution schemes such as contribution to provident fund, superannuation fund, employees state insurance scheme, national pension scheme and labour welfare fund are charged as an expense to the Consolidated Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Group has no further defined obligations beyond the monthly contributions.

(iii) Short-term employee benefits

All employee benefits payable within 12 months of service such as salaries, wages, bonus, ex-gratia, medical benefits, etc are recognised in the year in which the employees render the related service and are presented as current employee benefit obligations. Termination benefits are recognised as an expense as and when incurred.

Short-term employee benefits are provided at undiscounted amount during the accounting period based on service rendered by employees.

(iv) Other long-term employee benefits

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

ab) Research and Development expenditure

Expenditure on research is recognised as an expense when it is incurred. Expenditure on development which does not meet the criteria for recognition as an intangible asset is recognised as an expense when it is incurred. Items of property, plant and equipment and acquired intangible assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for property, plant and equipment and intangible assets.

ac) Earnings per share

Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to the owners of Atul Ltd by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted EPS, the net profit for the period attributable to the owners of Atul Ltd and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

ad) Ordinary shares

Ordinary shares are classified as equity share capital. Incremental costs directly attributable to the issuance of new ordinary shares, share options and buy-back are recognised as a deduction from equity, net of any tax effects.

Estimation of uncertainties relating to the COVID-19 pandemic

The manufacturing facilities of the Group in India that were shutdown in the last week of March 2020 due to the countrywide lockdown, resumed operations in a phased manner from the last week of April 2020 after obtaining the requisite approvals. The Group has considered possible effects that may result from the COVID-19 pandemic in preparation of these Consolidated Financial Statements, including recoverability of inventories, trade receivables and other assets. In developing the assumptions relating to future uncertainties in the economic conditions due to the COVID-19 pandemic, it has, at the date of approval of these Consolidated Financial Statements, used relevant internal and external sources of information, including economic forecasts and expects that the carrying amounts of these assets are recoverable. The impact of the COVID-19 pandemic, including the current wave, may be different from that estimated as at the date of approval of these Consolidated Financial Statements.

Critical estimates and judgements

Preparation of the Consolidated Financial Statements require the use of accounting estimates, judgements and assumptions, which, by definition, will seldom equal the actual results. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Consolidated Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Consolidated Financial Statements. This note provides an overview of the areas that involve a higher degree of judgement or complexity and of items that are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included

in relevant notes together with information about the basis of calculation for each affected line item in the Consolidated Financial Statements.

The areas involving critical estimates or judgements are:

- i) Estimation for income tax: Note 1 (f)
- ii) Estimation of useful life of tangible assets: Note 1 (j)
- iii) Estimated goodwill impairment: Note 1 (k)
- iv) Estimation of provision for inventories: Note 1 (r)
- v) Allowance for credit losses on trade receivable: Note 1 (p)
- vi) Estimation of claims | liabilities: Note 1 (z)
- vii) Estimation of defined benefit obligation: Note 1 (aa)
- viii) Consolidation decisions and classification of joint arrangements: Note 1 (b) and Note 29.15
- ix) Impairment: Note 1 (n)



Note 2 Property, plant and equipment and capital work-in-progress

Particulars	Land - freehold ¹	Right-of-use leasehold land ³	Buildings ^{1,2,7}	Plant and equipment	Vehicles	Office equipment and furniture	Roads	Bearer plants	Total	Capital work-in-progress ⁴
Gross carrying amount										
As at March 31, 2019	41.86	41.79	221.32	1,060.24	8.73	19.99	13.48	6.08	1,413.49	172.27
Additions	6.74	-	56.40	76.55	3.61	3.01	0.02	-	146.33	342.20
Acquisition	-	-	-	-	-	-	-	-	-	-
Disposals, transfers and adjustments	(3.02)	-	(0.50)	(4.81)	(1.91)	-	-	-	(10.24)	(146.33)
As at March 31, 2020	45.58	41.79	277.22	1,131.98	10.43	23.00	13.50	6.08	1,549.58	368.14
Additions	15.66	-	36.32	373.04	2.97	2.73	1.58	-	432.30	311.65
Disposals, transfers and adjustments	-	-	-	(34.61)	(2.71)	(0.18)	-	-	(37.50)	(430.09)
As at March 31, 2021	61.24	41.79	313.54	1,470.41	10.69	25.55	15.08	6.08	1,944.38	249.70
Depreciation Amortisation										
Up to March 31, 2019	-	0.50	29.53	316.70	1.68	9.16	6.35	0.42	364.34	-
For the year ⁵	-	0.41	9.49	109.00	2.08	2.37	2.54	0.15	126.04	-
Disposals, transfers and adjustments	-	-	(0.41)	(0.58)	(1.47)	0.14	-	-	(2.32)	-
Up to March 31, 2020	-	0.91	38.61	425.12	2.29	11.67	8.89	0.57	488.06	-
For the year	-	0.41	11.09	113.19	2.24	2.48	2.34	0.15	131.90	-
Disposals, transfers and adjustments	-	-	(0.43)	(29.06)	(2.30)	(0.35)	-	-	(32.14)	-
Up to March 31, 2021	-	1.32	49.27	509.25	2.23	13.80	11.23	0.72	587.82	-
Net carrying amount										
As at March 31, 2020	45.58	40.88	238.61	706.86	8.14	11.33	4.61	5.51	1,061.52	368.14
As at March 31, 2021	61.24	40.47	264.27	961.16	8.46	11.75	3.85	5.36	1,356.56	249.70

Notes:

¹Pursuant to the order passed by The Honourable High Court of Gujarat, dated November 17, 2008, and April 17, 2009, in case of water charges, the Group has created first charge over its certain land and buildings having carrying value of ₹ 9.66 cr (March 31, 2020: ₹ 10.05 cr) in favour of the Government of Gujarat and paid security deposit of ₹ 2 cr (March 31, 2020: ₹ 2 cr).

²Includes premises on ownership basis of ₹ 1.10 cr (March 31, 2020: ₹ 1.10 cr) and cost of fully paid share in co-operative society of ₹ 2000 (March 31, 2020: ₹ 2,000).

³The Group has taken on lease a parcel of land from Gujarat Industrial Development Corporation for a period of 99 years with an option to extend the lease by another 99 years on expiry of lease at a rental that is 100% higher than the prevailing rent. The Group has considered that such a lease of land transfers substantially all of the risks and rewards incidental to ownership of land.

⁴Capital work-in-progress mainly comprises addition | expansion projects in progress.

⁵Includes impairment loss of ₹ 1.06 cr being the write-down value of certain property, plant and equipment to the recoverable amount.

⁶Refer Note 16 for information on property, plant and equipment hypothecated | mortgaged as security by the Group.

⁷Refer Note 29.2 for disclosure of contractual commitment for acquisition of property, plant and equipment.

⁸Refer Note 29.12 for disclosure of right-of-use assets under lease.

(₹ cr)

Note 3 Investment properties	As at March 31, 2021	As at March 31, 2020
Land - freehold		
Gross carrying amount	3.22	3.22
Net carrying amount	3.22	3.22

- a) Amount recognised in the Consolidated Statement of Profit and Loss for investment properties
- The Group has classified parcels of freehold land held for a currently undeterminable future use as investment properties. There are no amounts pertaining to these investment properties recognised in the Consolidated Statement of Profit and Loss, since the Group does not receive any rental income, incur any depreciation or other operating expenses.
- b) The Group does not have any contractual obligations to purchase, construct or develop for maintenance or enhancements of investment properties.
- c) Fair value:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Investment properties	82.82	93.51
	82.82	93.51

Estimation of fair value

The Group obtains valuations from an independent valuer for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the valuer considers information from a variety of sources, including current prices in an active market for investment properties of different nature or recent prices of similar investment properties in less active markets, adjusted to reflect those differences.

All fair value estimates for investment properties are included in level 3.

(₹ cr)

Note 4 Intangible assets and goodwill	Computer software	Non-complete fees	Total	Goodwill
Gross carrying amount				
As at March 31, 2019	0.54	20.00	20.54	32.31
Additions	0.80	-	0.80	-
Disposals, transfers and adjustments	-	-	-	(3.17)
As at March 31, 2020	1.34	20.00	21.34	29.14
Additions	1.01	-	1.01	-
As at March 31, 2021	2.35	20.00	22.35	29.14
Amortisation				
Up to March 31, 2019	0.26	0.67	0.93	-
Amortisation charged for the year	0.16	4.00	4.16	-
Up to March 31, 2020	0.42	4.67	5.09	-
Amortisation charged for the year	0.42	4.00	4.42	-
Up to March 31, 2021	0.84	8.67	9.51	-
Net carrying amount				
As at March 31, 2020	0.92	15.33	16.25	29.14
As at March 31, 2021	1.51	11.33	12.84	29.14

Significant estimate - Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to a cash generating unit (CGU), representing the lowest level within the Group at which goodwill is monitored for internal management purposes and which is not higher than the operating segment of the Group. The impairment loss of the CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the CGU pro-rata on the basis of the carrying amount of such asset in the CGU. An impairment loss on goodwill is recognised in the Consolidated Statement of Profit and Loss. It is not reversed in the subsequent period.

The goodwill of ₹ 20.58 cr pertains to the control acquisition of Amal Ltd. The recoverable amount of the cash generating unit has been determined based on the higher of fair value less costs of disposal and its value in use. The fair value less costs of disposal has been determined based on closing quoted share price of Amal Ltd on an active market as on March 31, 2021.

The goodwill of ₹ 8.56 cr pertains to the Ambarnath manufacturing facility, Active Pharma Ingredients business of Polydrug Laboratories Pvt Ltd, which was acquired by a subsidiary company during the previous year. The recoverable amount of this Ambarnath manufacturing facility is determined based on value in use, which is derived by using five years cash flow projections with following key assumptions:

Particulars	Assumptions
Annual growth rate	Based on the estimated market share
Terminal growth rate	1%
Weighted average cost of capital % (WACC) before tax	13.6%
Expected gross margins	Based on prior experience

Cash flow projections are based on the expected market share, gross margins and prior experience.

The Management believes that any reasonably possible change in the key assumptions may not cause the carrying amount to exceed the recoverable amount of the cash generating units. Accordingly, there was no impairment recorded during the year.

Note 5 Biological assets

- a) Biological assets of the Group comprise:
 - i) Immature tissue culture raised date palms that are classified as non-current biological assets. The Group has a production cycle of about four-five years.
 - ii) Mature tissue culture raised date palms that are classified as current biological assets.
- b) Reconciliation of changes to the carrying value of biological assets between the beginning and the end of the current year are as follows:

Particulars	Tissue culture raised date palms			
	March 31, 2021		March 31, 2020	
	Mature	Immature	Mature	Immature
Opening balance	13.15	14.75	9.03	13.15
Increase due to production	0.31	17.01	0.19	12.48
Change due to biological transformation	15.51	(14.32)	10.68	(10.31)
Decrease due to sale	(15.11)	-	(8.56)	-
Decrease due to write-off	(0.79)	(0.82)	(0.30)	(0.57)
Change in fair value due to price changes	0.33	-	2.11	-
Closing balance	13.40	16.62	13.15	14.75
Current assets	13.40	-	13.15	-
Non-current assets*		16.62	-	14.75
Biological assets shown in Balance Sheet	13.40	16.62	13.15	14.75

*Non-current biological asset is expected to take more than 12 months from the reporting date to become ready for dispatch.

As at March 31, 2021, the Group had 3,742 mature plants (March 31, 2020: 13,721) and 1,77,311 immature plants (March 31, 2020: 1,12,814).

During the current year, the Group has sold 1,64,699 plants (March 31, 2020: 1,10,557).

(₹ cr)

Note 6.1 Investments accounted for using the equity method	Place of business	% of ownership interest	As at March 31, 2021	As at March 31, 2020
Investment in equity instruments (fully paid-up)				
Unquoted investment in joint venture company:				
Rudolf Atul Chemicals Ltd	India	50	18.53	15.74
Add: Group share of profit for the year			7.25	4.98
Less: Dividend received			(1.46)	(2.19)
Total equity accounted investments			24.32	18.53

(₹ cr)

Note 6.2 Other investments		Face value¹	As at March 31, 2021		As at March 31, 2020	
			Number of shares	Amount	Number of shares	Amount
a)	Investment in equity instruments (fully paid up)					
	Equity instruments measured at FVOCI					
	Quoted					
	Aditya Birla Capital Ltd	10	-	-	1,000	0.01
	Arvind Fashions Ltd	4	13,87,918	19.33	8,25,494	12.10
	Arvind Ltd	10	41,27,471	27.18	41,27,471	8.11
	Arvind SmartSpaces Ltd	10	4,12,747	4.00	4,12,747	2.79
	Aurobindo Pharma Ltd	1	500	0.05	500	0.02
	Avenue Supermarket Ltd	10	50	0.01	50	0.01
	Axis Bank Ltd	10	2,464	0.17	-	-
	Bajaj Finance Ltd	10	312	0.16	-	-
	Balmer Lawrie & Co Ltd	10	-	-	3,000	0.02
	Banswara Syntex Ltd	10	-	-	4,500	0.03
	BAYER Cropscience Ltd	10	12	0.01	-	-
	BASF India Ltd	10	2,61,396	54.10	2,61,396	29.41
	Camlin Fine Sciences Ltd	10	1,500	0.02	1,000	0.01
	Central Depository Services India Ltd	10	4,654	0.31	-	-
	Cummins India Ltd	2	191	0.02	191	0.01
	DIC India Ltd	10	-	-	250	0.01
	HDFC Bank Ltd	10	2,036	0.30	-	-
	Housing Development Finance Corporation Ltd	10	150	0.04	-	-
	ICICI Bank Ltd	2	1,09,026	6.35	1,09,026	3.53
	Majesco Ltd	5	2,50,000	1.65	-	-
	ICRA Ltd	10	421	0.14	-	-
	IDFC First Bank Ltd	10	15,729	0.09	15,729	0.03
	Kotak Mahindra Bank Ltd	10	1,261	0.22	-	-
	Mayur Uniquoters Ltd	10	-	-	500	0.01
	NOCIL Ltd	10	2,001	0.04	2,001	0.01
	Novartis India Ltd	5	3,84,660	21.22	3,84,660	19.33
	Piramal Enterprises Ltd	2	105		105	0.01
	Pfizer Ltd	10	9,58,927	433.90	9,58,927	385.78

(₹ cr)

Note 6.2 Other investments		Face value ¹	As at March 31, 2021		As at March 31, 2020	
			Number of shares	Amount	Number of shares	Amount
	Power Mech Projects Ltd	10	-	-	20	
	Prabhat Dairy Ltd	10	2,500	0.02	2,500	0.01
	Praj Industries Ltd	10	1,000	0.02	1,000	0.01
	Sanghavi Movers Ltd	2	-	-	500	
	Tata Motors Ltd	2	3,500	0.11	3,500	0.02
	The Anup Engineering Ltd	10	1,52,869	8.72	1,52,869	4.98
	Thomas Cook (I) Ltd	10	-	-	500	
	VA Tech Wabag Ltd	2	1,500	0.04	1,500	0.01
	VST Industries Ltd	10	313	0.11	-	-
	Unquoted					
	Bharuch Enviro Infrastructure Ltd	10	91,000	0.09	91,000	0.09
	Narmada Clean Tech Ltd	10	7,15,272	1.12	7,15,272	0.72
	Bhadreshwar Vidyut Pvt Ltd (formerly known as OPGS Power Gujarat Pvt Ltd)	0.19	7,95,000	0.02	5,03,000	0.01
	Gujarat Synthwood Ltd ²	10	7,00,800	-	7,00,800	-
b)	Investment in equity instruments (partly paid-up)					
	Other companies measured at FVOCI					
	Quoted					
	Arvind Fashions Ltd ³	4	2,08,187	1.46		
c)	Investment in government or trust securities measured at amortised cost					
	6 Years National Savings Certificates (deposited with government departments)			0.01		0.01
d)	Investment in bonds measured at FVPL (quoted)			15.40		-
				596.43		467.09

(₹ cr)

Note 6.3 Current investment		As at March 31, 2021	As at March 31, 2020
	Unquoted		
	Investment in mutual funds measured at FVPL	740.30	651.69
		740.30	651.69

Aggregate amount of investments and market value thereof:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Aggregate amount of quoted investments	595.19	466.26
Aggregate market value of quoted investments	595.19	466.26
Aggregate amount of unquoted investments	765.86	671.05
Aggregate amount of impairment in value of investments	-	-

¹In ₹ and fully paid unless otherwise stated | ²Under liquidation | ³Pursuant to rights issue, partially paid ₹ 70 per share

(₹ cr)

Note 7 Loans		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
Loan to others					
a)	Considered good - unsecured	0.13	3.72	0.15	0.12
		0.13	3.72	0.15	0.12

(₹ cr)

Note 8 Other financial assets		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
a)	Security deposits for utilities and premises	0.54	2.13	0.90	2.10
b)	Derivative financial assets designated as hedges (net)	0.60	-	-	-
c)	Finance lease receivables (refer Note 29.12)	-	3.58	-	1.20
d)	Balance with banks in fixed deposits, with maturity beyond 12 months	-	-	-	0.01
e)	Other receivables (including discount receivable, insurance receivable, etc)	13.97	-	32.05	-
		15.11	5.71	32.95	3.31

(₹ cr)

Note 9 Other assets		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
a)	Balances with government authorities				
i)	Taxes paid under protest	-	19.19	-	19.19
ii)	GST VAT receivable	59.24	15.29	53.20	17.61
iii)	Balances with statutory authorities	0.11	-	0.34	-
iv)	Deposit paid under protest	-	0.17	-	0.17
v)	Security deposit	-	2.09	-	2.08
b)	Export incentive receivables	19.41	-	27.01	-
c)	Capital advances	-	20.95	-	27.20
d)	Prepayment				
	Others	37.76	-	43.83	-
e)	Other receivables	3.03	0.45	1.02	0.52
		119.56	58.14	125.40	66.77

(₹ cr)

Note 10 Inventories*		As at March 31, 2021	As at March 31, 2020
a)	Raw materials and packing materials	155.57	112.12
	Add: Goods-in-transit	9.80	28.76
		165.37	140.88
b)	Work-in-progress	134.91	130.65
c)	Finished goods	249.96	196.27
d)	Stock-in-trade	3.57	0.65
e)	Stores, spares and fuel	35.90	30.85
	Add: Goods-in-transit	4.43	4.07
		40.33	34.92
		594.14	503.37

*Valued at cost or net realisable value, whichever is lower.

Inventories are valued considering the provision for allowance for obsolescence, inventory carrying risk and delay in usage caused by the slow production pace due to lower off-take in the present situation. In addition to the historical pattern of inventory provision, the Group has considered the likelihood of reduction in sales price, customer orders on hand and margins, including subsequent cancellations, if any, nature and aging of inventories to reflect the current and estimated future economic conditions taking into account the possible effects due to the COVID-19 pandemic. This assessment is also considering the product demand, expected price trend and sales plan in respective industries.

Amounts provided in the Consolidated Statement of Profit and Loss of ₹ 6.91 cr (March 31, 2020: ₹ 13.79 cr).

(₹ cr)

Note 11 Trade receivables		As at March 31, 2021	As at March 31, 2020
a)	Considered good - unsecured	743.71	727.67
b)	Which have significant increase in credit risk	1.68	2.37
	Less: Allowance for doubtful debts (refer Note 29.8)	(12.16)	(10.31)
		733.23	719.73

Trade receivables are valued considering the provision for allowance using expected credit loss method. In addition to the historical pattern of credit losses, the Group has considered the likelihood of increased credit risks, subsequent recoveries, insurance and consequential defaults, considering the emerging situations due to the COVID-19 pandemic. This assessment is considering the nature of industries, impact immediately seen in the demand outlook of these industries and the financial strength of the customers in respect of whom the amounts are receivable.

Allowance for doubtful debts recognised in the Consolidated Statement of Profit and Loss of ₹ 1.85 cr (March 31, 2020: ₹ 6.46 cr).

(₹ cr)

Note 12 Cash and cash equivalents		As at March 31, 2021	As at March 31, 2020
a)	Balances with banks		
	In current accounts	46.74	26.06
b)	Cash on hand	0.17	0.13
		46.91	26.19

There are no repatriation restrictions with regard to cash and cash equivalents.

(₹ cr)

Note 13 Bank balances other than cash and cash equivalents above		As at March 31, 2021	As at March 31, 2020
a)	Unclaimed dividend	2.75	3.26
b)	Unclaimed interest on public deposit	-	0.01
c)	Short-term bank deposit with maturity between 3 to 12 months	298.52	5.91
		301.27	9.18

(₹ cr)

Note 14 Equity share capital	As at March 31, 2021	As at March 31, 2020
Authorised		
8,00,00,000 (March 31, 2020: 8,00,00,000) equity shares of ₹ 10 each	80.00	80.00
	80.00	80.00
Issued		
2,96,17,098 (March 31, 2020: 2,96,91,780) equity shares of ₹ 10 each	29.62	29.69
	29.62	29.69
Subscribed		
2,95,87,051 (March 31, 2020: 2,96,61,733) equity shares of ₹ 10 each, fully paid	29.59	29.66
29,991 (March 31, 2020: 29,991) Add: forfeited shares (amount paid-up)	0.02	0.02
	29.61	29.68

a) Rights, preferences and restrictions:

The Group has one class of shares referred to as equity shares having a par value of ₹ 10.

i) Equity shares:

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive any of the remaining assets of the Group, after distribution of all preferential amounts and preference shares, if any. The distribution will be in proportion to the number of equity shares held by the shareholders. Each holder of equity shares is entitled to one vote per share.

ii) Dividend:

The Group declares and pays dividend in Indian rupees. The dividend proposed by the Board is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

b) Shares reserved for allotment at a later date:

56 equity shares are held in abeyance due to disputes at the time of earlier rights issues.

c) Details of shareholders holding more than 5% of equity shares:

No.	Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
		Holding %	Number of shares	Holding %	Number of shares
1.	Aagam Holdings Pvt Ltd	22.48%	66,54,000	22.42%	66,50,700
2.	Arvind Farms Pvt Ltd	9.45%	27,96,208	9.43%	27,96,208
3.	HDFC Trustee Company Ltd	5.67%	16,76,755	7.15%	21,21,942
4.	DSP Midcap Fund	5.23%	15,47,441	-	-

d) Reconciliation of the number of shares outstanding and the amount of equity share capital:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	₹ cr	Number of shares	₹ cr
Balance as at the beginning of the year ¹	2,96,91,780	29.68	2,96,91,780	29.68
Less: Buy-back of equity shares (refer Note 29.14)	74,682	0.07	-	-
Balance as at the end of the year ¹	2,96,17,098	29.61	2,96,91,780	29.68

¹Includes 29,991 forfeited shares and amount of ₹ 0.02 cr

(₹ cr)

Note 15 Other equity		As at March 31, 2021	As at March 31, 2020
Summary of other equity balance			
a)	Securities premium	-	34.66
b)	General reserve	70.99	97.69
c)	Statutory Reserve	0.06	-
d)	Retained earnings	3,230.80	2,576.56
e)	Capital redemption reserve	0.07	-
f)	Other reserves		
i)	FVOCI equity instruments	469.50	398.18
ii)	Effective portion of cash flows hedges	0.43	(1.64)
iii)	Exchange difference in translating the Financial Statements of a foreign operation	25.06	19.77
		3,796.91	3,125.22

Refer Consolidated Statement of changes in equity for detailed movement in other equity balance.

Nature and purpose of other reserves

- a) **Securities premium**
Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.
- b) **General reserve**
General reserve represents amount appropriated out of retained earnings pursuant to the earlier provisions of the Companies Act, 1956 and local laws of respective foreign subsidiary companies.
- c) **Retained earnings**
Retained earnings are the profits that the Company has earned till date, less, any transfers to general reserve, any transfers from or to other comprehensive income, dividends or other distributions paid to shareholders.
- d) **Statutory reserve**
Statutory reserve represents the reserve created pursuant to the Reserve Bank of India Act, 1934 (the RBI Act). In terms of Section 45-IC of the RBI Act, a Non-Banking Finance Company is required to transfer an amount not less than 20 per cent of its net profit to a reserve fund before declaring any dividend. Appropriation from this reserve fund is permitted only for the purposes specified by RBI.
- e) **Capital redemption reserve**
In accordance with Section 69 of the Companies Act, 2013, the Company creates capital redemption reserve equal to the nominal value of the shares bought back as an appropriation from general reserve.
- f) **FVOCI - Equity instruments**
The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI equity instruments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- g) **Cash flow hedging reserve**
The Group uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory purchases and interest rate risk associated with variable interest rate borrowings. For hedging foreign currency risk, the Group uses foreign currency forward contracts, foreign currency option contracts and interest rate swaps. They are designated as cash flow hedges to the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss (for example, sales and interest payments). When the forecast transaction results in the recognition of a non-financial asset (for example, inventory), the amount recognised in the cash flow hedging reserve is adjusted against the carrying amount of the non-financial asset.

h) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to the Consolidated Statement of Profit and Loss when the net investment is disposed off.

(₹ cr)

Note 16 Borrowings			Maturity	Terms of repayment	Interest rate p.a.	As at March 31, 2021		As at March 31, 2020	
a)	Secured								
	i)	Rupee term loan from banks (refer Note a)	July 2025	20 equal quarterly installments	8.90%	-	60.75	-	40.94
			December 2025	22 equal quarterly installments	9.00%	-	36.83	-	32.78
			March 2028	20 equal quarterly installments	7.90%		2.44	-	-
	ii)	Foreign currency term loan from banks (refer Note b)	May 2023	50 equal monthly installments	5.25%	-	0.87	-	0.99
			August 2023	48 equal monthly installments starting from September 2019	2.75% (Base rate + 2%)	-	5.88	-	16.85
	iii)	Working capital loans from banks (refer Note c)	December 2025	22 equal quarterly installments	8.25%		2.89		2.00
			1 - 12 months	Repayable on demand	9.75% - 10.15%	3.51	-	3.39	-
b)	Unsecured								
	i)	Rupee term loan from a bank	March 2021	8 quarterly installments	9.70%	-	-	-	4.52
	ii)	Loan from related parties	1 - 6 months	1 - 6 months	9.00%	-	13.50	7.00	-
						3.51	123.16	10.39	98.08
		Amount of current maturities of long-term debt disclosed under the head 'Other financial liabilities' (refer Note 17)				-	(24.95)	-	(11.50)
						3.51	98.21	10.39	86.58

Notes:

- Rupee term loans from banks are secured by exclusive charge on the property, plant and equipment of respective subsidiary companies, both present and future.
- Foreign currency term loans from banks are secured by exclusive charge on the building of respective subsidiary companies, both present and future.
- Working capital loans repayable on demand from banks are secured by hypothecation of tangible current assets, namely, inventories and book debts and secured by second and subservient charge on immovable and movable assets of the Company and certain subsidiary companies to the extent of individual bank limit as mentioned in joint consortium documents. This also extends to guarantees and letters of credit given by the bankers aggregating to ₹ 144.73 cr (March 31, 2020: ₹ 133.02 cr).

d) The carrying amount of assets hypothecated | mortgaged as security for current and non-current borrowing limits are:

(₹ cr)

Particulars		As at March 31, 2021	As at March 31, 2020
i)	Property, plant and equipment excluding leasehold land	1,299.09	1,100.22
ii)	Inventories	556.07	465.04
iii)	Trade receivables	739.83	739.05
iv)	Current assets other than inventories and trade receivables	141.40	160.14
Total assets as security		2,736.39	2,464.45

e) Net debt reconciliation

(₹ cr)

Particulars	Liabilities from financing activities		
	Current borrowings	Non-current borrowings	Total
Net debt as at March 31, 2019	9.40	45.35	54.75
(Repayments) Disbursements	0.99	52.73	53.71
Interest expense	1.29	3.84	5.13
Interest paid	(1.29)	(3.84)	(5.13)
Net debt as at March 31, 2020	10.39	98.08	108.47
(Repayments) Disbursements	(6.88)	25.08	18.20
Interest expense	1.00	3.84	4.85
Interest paid	(1.00)	(3.84)	(4.85)
Net debt as at March 31, 2021	3.51	123.16	126.67

(₹ cr)

Note 17 Other financial liabilities		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
a)	Current maturities of long-term debts (refer Note 16)	24.95	-	11.50	-
b)	Employee benefits payable	59.08	-	59.54	-
c)	Security deposits	30.94	-	28.10	-
d)	Unclaimed dividends*	2.75	-	3.26	-
e)	Unclaimed matured deposits and interest thereon*	-	-	-	-
f)	Derivative financial liabilities designated as hedges (net)	-	-	1.62	-
g)	Creditor for capital goods	39.34	-	57.46	-
h)	Lease liabilities [#]	-	6.26	-	6.71
i)	Other liabilities (includes discount payable)	3.35	3.66	6.78	2.96
		160.41	9.92	168.26	9.67

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2021.

[#]Refer Note 29.12 for disclosure of lease liabilities.

(₹ cr)

Note 18 Provisions		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
a)	Provision for compensated absences	8.50	25.30	9.06	20.06
b)	Others {refer i(b) and (ii) below}	29.26	-	28.61	-
		37.76	25.30	37.67	20.06

i) Information about individual provisions and significant estimates

a) Compensated absences:

The Compensated absences cover the liability for sick and earned absences. Out of the total amount disclosed above, the amount of ₹ 8.50 cr (March 31, 2020: ₹ 9.06 cr) is presented as current since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

b) Others:

Regulatory and other claims:

The Group has provided for certain regulatory and other charges for which claims have been received by the Group. The provision represents the unpaid amount that the entity expects to incur | pay for which the obligating event has already arisen as on the reporting date.

Effluent disposal:

The Group has provided for expenses it estimates to incur for safe disposal of effluent in line with the regulatory framework it operates in. The provision represents the unpaid amount the entity expects to incur for which the obligating event has already arisen as on the reporting date.

ii) Movements in provisions:

(₹ cr)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Regulatory and other claims	Effluent disposal and others	Regulatory and other claims	Effluent disposal and others
Balance as at the beginning of the year	26.67	1.95	20.79	1.89
Less: Utilised	(1.07)	(1.95)	-	(1.89)
Provision made during the year	-	3.67	5.88	1.95
Balance as at the end of the year	25.60	3.67	26.67	1.95

(₹ cr)

Note 19 Other liabilities		As at March 31, 2021		As at March 31, 2020	
		Current	Non-current	Current	Non-current
a)	Deferred income on account of government grant received	-	5.41	-	6.38
b)	Statutory dues	10.29	-	9.84	-
c)	Others	-	-	1.77	-
		10.29	5.41	11.61	6.38

(₹ cr)

Note 20 Trade payables		As at March 31, 2021	As at March 31, 2020
a)	Total outstanding dues of micro-enterprises and small enterprises	23.54	8.62
b)	Total outstanding dues of creditors other than micro-enterprises and small enterprises	539.59	469.01
		563.13	477.63

(₹ cr)

Note 21 Contract liabilities		As at March 31, 2021	As at March 31, 2020
a)	Advances received from customers	24.43	25.49
		24.43	25.49

(₹ cr)

Note 22 Revenue from operations	2020-21	2019-20
Sale of products	3,633.15	3,954.29
Sale of services ¹	45.28	55.48
Scrap sales	7.99	9.50
Commission received	0.01	0.20
Processing charges	9.54	8.30
Revenue from contracts with customers	3,695.97	4,027.77
Export incentives	35.50	65.29
	3,731.47	4,093.06

¹Includes ₹ 43.53 cr (2019-20: ₹ 53.30 cr) on account of freight and insurance in sale of goods on CIF, which are identified as separate performance obligation under Ind AS 115.

Disaggregation of revenue from contracts with customers

(₹ cr)

Particulars	2020-21	2019-20
Sale of goods services		
Life Science Chemicals	1,204.36	1,230.45
Domestic	642.93	650.51
Export	561.43	579.94
Performance and Other Chemicals	2,598.38	2,940.71
Domestic	1,455.47	1,554.19
Export	1,142.91	1,386.52
Others	48.48	36.83
	3,851.22	4,207.99
Inter-segment revenue	155.25	180.22
	3,695.97	4,027.77

Reconciliation of revenue from contracts with customers recognised at contract price

(₹ cr)

Particulars	2020-21	2019-20
Contract price	3,734.33	4,078.30
Adjustments for:		
Consideration payable to customers - discounts ¹	(31.98)	(52.92)
Contract price allocated to unsatisfied performance obligation for sale of services (net) ²	(6.38)	2.39
Revenue from contracts with customers	3,695.97	4,027.77

¹Consideration payable to customers like discounts and price reductions offered to customers are estimated on specific identified basis and reduced from the contract price when the Group recognises revenue from the transfer of the related goods or services to the customer and the entity pays or promises to pay the consideration.

²Unsatisfied performance obligation for sale of services comprises revenue from insurance and freight services for exports in-progress as at March 31, 2021, of ₹ 10.11 cr, net of revenue recognised for such services for similar contracts in-progress as at March 31, 2020, for ₹ 3.73 cr. The revenue for exports in progress as at March 31, 2021, will be recognised in 2021-22 upon completion of the exports.

The Group has evaluated the impact of the COVID-19 pandemic resulting from i) the possible constraints to continue its operations and revisions in costs to fulfill the pending obligations ii) onerous obligations iii) penalties, if any, relating to breaches of agreements and iv) termination or deferment of contracts by customers. The Group has concluded that the impact of the COVID-19 pandemic is not material based on the said evaluation. Due to the nature of the pandemic, the Group will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

(₹ cr)

Note 23 Other income	2020-21	2019-20
Dividend from equity investments measured at FVOCI	57.01	4.61
Dividends from investments measured at FVPL	0.04	14.49
Interest from inter-company deposits	0.19	-
Interest income from financial assets measured at amortised cost	13.71	4.12
Interest income from financial assets measured at FVPL	0.07	-
Interest from others	2.70	1.21
Lease income	0.80	0.90
Fair value changes in biological assets	0.31	1.93
Gain on disposal of property, plant and equipment	0.86	0.69
Gain (loss) on investments measured at FVPL	24.15	11.68
Exchange rate difference gain (net)	(8.41)	21.98
Miscellaneous income	11.55	16.43
	102.98	78.04

(₹ cr)

Note 24 Cost of materials consumed	2020-21	2019-20
Raw materials and packing materials consumed		
Stocks at commencement	112.12	113.67
Add: Purchase	1,645.82	1,812.86
	1,757.94	1,926.53
Less: Stocks at close	155.77	112.12
	1,602.17	1,814.41

(₹ cr)

Note 25 Changes in inventories of finished goods, work-in-progress and stock-in-trade	2020-21	2019-20
Stocks at close		
Finished goods	261.49	196.27
Work-in-progress	136.13	130.65
Stock-in-trade	3.58	0.66
	401.20	327.58
Less: Stocks at commencement		
Finished goods	205.38	220.35
Work-in-progress	134.74	110.78
Stock-in-trade	0.66	1.73
	340.78	332.86
(Increase) Decrease in stocks	(60.42)	5.28

(₹ cr)

Note 26 Employee benefit expenses	2020-21	2019-20
Salaries, wages and bonus (refer Note 29.6)	284.17	271.24
Contribution to provident and other funds (refer Note 29.6)	18.78	17.84
Staff welfare	7.41	11.82
	310.36	300.90

(₹ cr)

Note 27 Finance costs	2020-21	2019-20
Interest on borrowings	5.56	4.51
Interest on financial liabilities at amortised cost	1.33	0.97
Interest on others	2.00	3.30
Other borrowings costs	0.46	0.62
	9.35	9.40

(₹ cr)

Note 28 Other expenses	2020-21	2019-20
Power, fuel and water	309.27	372.95
Freight charges	94.00	127.83
Manpower services	34.36	34.15
Consumption of stores and spares	54.91	57.94
Conversion and plant operation charges	64.60	52.21
Plant and equipment repairs	71.20	78.00
Building repairs	34.82	42.48
Sundry repairs	9.51	11.02
Rent	1.79	2.19
Rates and taxes	1.84	1.51
Insurance	14.86	13.27
Commission	5.46	0.02
Travelling and conveyance	10.72	18.89
Payments to the Statutory Auditors	1.48	1.37
Payments to the Cost Auditors	0.03	0.03
Directors' fees and travelling	0.45	1.92
Directors' commission (other than the Executive Directors)	0.95	0.91
Bad debts and irrecoverable balances written off	0.62	4.66
Provision for doubtful debts (net)	1.85	5.17
Loss on assets sold, discarded or demolished	0.95	0.41
Expenditure on Corporate Social Responsibility initiatives	12.86	10.09
Miscellaneous expenses	82.26	83.10
	808.79	920.12

Note 29.1 Contingent liabilities

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Claims against the Group not acknowledged as debts in respect of:		
i) Excise duty	0.82	0.37
ii) Income tax	8.56	6.65
iii) Sales tax VAT	0.79	0.72
iv) Customs duty	1.94	1.94
v) Others	104.91	104.40
vi) Corporate guarantee	0.76	0.70

Others include claims on account of water charges and customer claims | potential claims.

The regulatory claims are under litigation at various forums. The Group expects the outcome of the above matters to be in its favour and has, therefore, not recognised provision in relation to these claims. The above excludes interest | penalty unless demanded by the authorities.

Note 29.2 Commitments

a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed and not provided for (net of advances):		
Property, plant and equipment	64.81	109.24
Other commitment¹	1.36	-

¹Uncalled money pertaining to investment in partly paid equity shares of a listed entity.

b) The Group has a commitment of ₹ nil (previous year: ₹ 5.12 cr) towards capital contribution to joint operation.

Note 29.3 Research and Development

Details of expenditure incurred on approved in-house Research and Development facilities:

(₹ cr)

Particulars	2020-21	2019-20
Other capital expenditure	3.24	4.56
Recurring expenditure	25.98	26.78
	29.22	31.34

Note 29.4 Related party disclosures

Note 29.4 (A) Related party information

Name of the related party and nature of relationship

No.	Name of the related party	Description of relationship
01.	Aagam Holdings Pvt Ltd	Entity over which control exercised by Key Management Personnel
02.	Aayojan Resources Pvt Ltd	
03.	Adhigam Investments Pvt Ltd	
04.	Samveg Agencies Pvt Ltd	
05.	Rudolf Atul Chemicals Ltd	Joint venture company
06.	Rudolf GmbH	Entity over which control exercised by joint venture partner
07.	Rudolf Hub 1922 S.r.l	
08.	Key Management Personnel	
	S S Lalbhai	Chairman and Managing Director
	S A Lalbhai	Managing Director
	B N Mohanan	Whole-time Director and President - U&S
	T R Gopi Kannan	Whole-time Director and CFO
	R A Shah	Non-executive Director

Note 29.4 Related party disclosures (continued)

No.	Name of the related party	Description of relationship
	B S Mehta	Non-executive Director
	S M Datta	Non-executive Director
	V S Rangan	Non-executive Director
	M M Chitale	Non-executive Director
	S A Panse	Non-executive Director
	B R Arora	Non-executive Director
	Amal Ltd	
	R Kumar	Managing Director
	A R Jadeja	Director
	S A Shah	Director
	S Mahalakshmi	Director
	Atul Bioscience Ltd	
	C Prabhakar	Managing Director
	A V Dangi	Director
	P H Lele	Director
	R R Iyer	Director
	A S Lalbhai	Director
	S R Tripathi	Director
	Atul Europe Ltd	
	E Sharkey	Director
	J Collonge	Director
	V Koppaka	Director
	DPD Ltd	
	A M Batra	Director
	A Brackpool	Director
	E Sharkey	Director
	S N Pandya	Director
09.	Close family members of Key Management Personnel	
	Vimla S Lalbhai	Mother of S S Lalbhai
	Swati S Lalbhai	Sister of S S Lalbhai
	Astha S Lalbhai	Daughter of S S Lalbhai
	Saumya S Lalbhai	Son of S A Lalbhai
	Nishtha S Lalbhai	Daughter of S S Lalbhai
10.	Welfare funds	
	Atul Foundation Trust	Entities over which Key Management Personnel or their close family members have significant influence
	Atul Kelavani Mandal	
	Atul Rural Development Fund	
	Atul Vidyalaya Trust	
	Urmi Stree Sanstha	

Note 29.4 Related party disclosures (continued)

No.	Name of the related party	Description of relationship
11.	Other related parties ¹	
	The Atul Officers Retirement Benefit Fund	Post-employment benefit plan of Atul Ltd
	Atul Products Ltd - Ankleshwar Division Employees' Provident Fund Trust	
	Atul Ltd Employees Gratuity Fund	
	Amal Ltd Group Gratuity Scheme Trust	Post-employment benefit plan of Amal Ltd
	Atul Bioscience Staff Gratuity Trust	Post-employment benefit plan of Atul Bioscience Ltd
	Atul Crop Care Ltd Employees Group Gratuity Assurance Scheme	Post-employment benefit plan of Atul Crop Care Ltd
	The Trustees, Atul Finserv Ltd Employees Group Gratuity Scheme	Post-employment benefit plan of Atul Finserv Ltd
	The Trustees, Atul Rajasthan Date Palms Ltd	Post-employment benefit plan of Atul Rajasthan Date Palms Ltd
	Lapox Polymers Ltd Employees Group Gratuity Assurance Scheme	Post-employment benefit plan of Lapox Polymers Ltd
	Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme	Post-employment benefit plan of Rudolf Atul Chemicals Ltd

¹Refer Note 29.6 for information on transactions with post-employment benefit plans mentioned above.

(₹ cr)

Note 29.4 (B) Transactions with entity over which control exercised by Key Management Personnel		2020-21	2019-20
a)	Other transactions		
1.	Lease rent received		
	Aagam Holdings Pvt Ltd (previous year: ₹ 15,000)	-	
	Aayojan Resources Pvt Ltd (previous year: ₹ 5,000)	-	
	Adhigam Investment Pvt Ltd (previous year: ₹ 10,000)	-	
2.	Sale of property	-	0.73
	Aagam Holdings Pvt Ltd	-	0.73

(₹ cr)

Note 29.4 (C) Transactions with joint venture company		2020-21	2019-20
a)	Sales and income		
1.	Sale of goods	2.10	3.01
2.	Service charges received	3.55	3.83
3.	Lease rent received	0.46	0.66
4.	Brand usage charges	0.02	0.03
b)	Purchase and expenses		
1.	Purchase of goods	0.09	0.19
2.	Reimbursement of expenses (current year: ₹ 720 and previous year: ₹ 19,738)		
3.	Interest expenses	0.79	0.52
c)	Other transactions		
1.	Dividends received from equity investment measured at cost	1.46	2.19
2.	Reimbursement received	0.16	0.61
3.	Sale of fixed assets	0.06	-
4.	Inter-corporate deposit received	3.50	2.00

All above transactions are with Rudolf Atul Chemicals Ltd.

Note 29.4 Related party disclosures (continued)

(₹ cr)

Note 29.4 (D) Transactions with entity over which control exercised by joint venturer		2020-21	2019-20
a)	Sales and income		
1	Commission received	0.44	0.82
	Rudolf GmbH	0.44	0.82
b)	Purchases and expenses		
1	Purchase of goods	16.43	11.72
	Rudolf GmbH	16.43	11.72
2	Insurance expense	-	0.04
	Rudolf GmbH	-	0.04
3	Business promotion and development	0.60	0.89
	Rudolf Hub 1922 S.r.l	0.60	0.89

(₹ cr)

Note 29.4 (E) Key Management Personnel compensation		2020-21	2019-20
Remuneration		22.21	20.24
1	Short-term employee benefits	19.90	18.15
2	Post-employment benefits ¹	0.98	0.94
3	Commission and other benefits to Non-executive Independent Directors	1.33	1.15

¹Compensation exclude provision for gratuity and compensated absences since these are based on actuarial valuation on an overall company basis.

(₹ cr)

Note 29.4 (F) Close family members of Key Management Personnel compensation		2020-21	2019-20
Remuneration¹		0.74	0.70
1	Astha S Lalbhai	0.38	0.41
2	Saumya S Lalbhai	0.25	0.19
3	Nishtha S Lalbhai	0.11	0.10

¹Compensation exclude provision for gratuity and compensated absences since these are based on actuarial valuation on an overall company basis.

Note 29.4 Related party disclosures (continued)

(₹ cr)

Note 29.4 (G) Transactions with entities over which Key Management Personnel or their close family members have significant influence		2020-21	2019-20
a)	Sales and income		
1	Sale of goods	0.12	0.18
	Atul Kelavani Mandal	0.04	0.05
	Atul Rural Development Fund (current year: ₹ 35,555 and previous period: ₹ 46,289)		
	Atul Vidyalaya Trust	0.08	0.13
	Urmi Stree Sanstha (current year: ₹ 25,667 and previous year: ₹ 21,608)		
2	Lease rent received	0.05	-
	Atul Kelvani Mandal	0.05	-
b)	Purchases and expenses		
1	Purchase of goods	0.05	-
	Atul Foundation Trust	0.05	-
c)	Other transactions		
1	Expenditure on Corporate Social Responsibility initiatives	2.99	8.16
	Atul Foundation Trust	2.82	7.91
	Atul Rural Development Fund	0.17	0.25
2	Reimbursements received	0.05	0.06
	Atul Foundation Trust (current period: ₹ 31,578)		0.01
	Atul Kelavani Mandal	0.01	0.01
	Atul Rural Development Fund (current year: ₹ 165 and previous year: ₹ 22,174)		
	Atul Vidyalaya Trust	0.04	0.04
	Urmi Stree Sanstha (current year: ₹ 12,000 and previous year: ₹ 12,000)		

(₹ cr)

Note 29.4 (H) Outstanding balances at the year end		As at March 31, 2021	As at March 31, 2020
a)	With joint venture company		
1	Receivables	1.34	8.04
2	Refundable security deposit	2.20	2.20
3	Payables (previous year: ₹ 22,818)	-	
All above transactions are with Rudolf Atul Chemicals Ltd.			
b)	With entity over which control exercised by joint venturer		
1	Payables	3.53	1.51
	Rudolf GmbH	2.99	0.63
	Rudolf Hub 1922 S.r.l	0.54	0.88

Note 29.4 Related party disclosures (continued)

(₹ cr)

Note 29.4 (I) Outstanding balances at the year end			As at March 31, 2021	As at March 31, 2020
a)	With entities over which Key Management Personnel or their close family members have significant influence			
1	Receivables		0.03	0.09
	Atul Foundation Trust (current year: ₹ 13,006 and previous year ₹ 15,181)			
	Atul Kelavani Mandal		0.01	0.01
	Atul Rural Development Fund (current period: ₹ 20,256)			0.01
	Atul Vidyalaya Trust		0.02	0.07
	Urmi Stree Sanstha (current year: ₹ 9,633 and previous year: ₹ 10,023)			
2	Payables		0.05	-
	Atul Vidyalaya		0.05	-

Note 29.5 Current and deferred tax

The major components of income tax expense for the years ended March 31, 2021, and March 31, 2020, are:

a) Income tax expense recognised in the Consolidated Statement of Profit and Loss

(₹ cr)

Particulars		2020-21	2019-20
i)	Current tax		
	Current tax on profit for the year	208.58	214.37
	Adjustments for current tax of prior periods	(1.49)	(1.47)
	Total current tax expense	207.09	212.90
ii)	Deferred tax		
	(Decrease) Increase in deferred tax liabilities	24.44	7.88
	Decrease (Increase) in deferred tax assets	(9.87)	(13.37)
	Adjustments for deferred tax of prior periods due to change in statutory tax rate	-	(32.90)
	Total deferred tax expense (benefit)	14.57	(38.39)
	Income tax expense	221.66	174.51

b) Income tax expense recognised in statement of other comprehensive income

(₹ cr)

Particulars		2020-21	2019-20
i)	Current tax		
	Remeasurement gain (loss) on defined benefit plans	(0.34)	(0.53)
	Total current tax expense	(0.34)	(0.53)
ii)	Deferred tax		
	Fair value of equity investment	9.68	4.24
	Effective portion of gain (loss) on cash flow hedges	0.15	(0.41)
	Foreign currency translation reserve	0.46	3.40
	Total deferred tax expense (benefit)	10.29	7.23
	Income tax expense	9.95	6.70

Note 29.5 Current and deferred tax (continued)

c) The reconciliation between the statutory income tax rate applicable to the Group and the effective income tax rate of the Group is as follows:

Particulars		2020-21	2019-20
a)	Statutory income tax rate	25.17%	25.17%
b)	Differences due to:		
i)	Non-deductible expenses	0.52%	0.19%
ii)	Exempt income	(0.02%)	(0.86%)
iii)	Income tax incentives	(1.65%)	(0.03%)
iv)	Effect of deferred tax expense	(0.02%)	(3.92%)
v)	Others	1.13%	0.09%
	Effective income tax rate	25.13%	20.64%

d) Current tax liabilities (net)

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	0.72	0.67
Add: Current tax payable for the year	207.09	212.90
Less: Taxes paid	(201.22)	(212.85)
Closing balance	6.59	0.72

e) Current tax assets (net)

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	12.92	8.42
Add: Tax paid in advance, net of provisions during the year	1.62	4.50
Closing balance	14.54	12.92

f) Deferred tax liabilities | (assets)

The following is the analysis of deferred tax liabilities | (assets) balances presented in the Consolidated Balance Sheet:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax liabilities	135.09	114.75
Deferred tax assets	(2.21)	(6.91)
	132.88	107.84

Note 29.5 Current and deferred tax (continued)

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities | (assets):

Particulars	As at March 31, 2021	Charged (Credited) to		As at March 31, 2020	Charged (Credited) to		As at March 31, 2019
		profit or loss	OCI equity		profit or loss ¹	OCI equity	
Property, plant and equipment	100.01	(0.61)	-	100.62	(46.49)	-	147.11
Fair value equity investments (net)	24.92	-	9.68	15.24	-	4.24	11.00
Undistributed profit of subsidiary companies	29.65	10.72	-	18.93	8.12	-	10.81
Foreign currency translation reserves	3.86	-	0.46	3.40	-	3.40	-
Unrealised gain on mutual fund	4.58	4.19	-	0.39	0.07	-	0.32
Effective portion of gain (loss) on cash flow hedges	0.17	-	0.15	0.02	-	(0.41)	0.43
Provision for leave encashment	(8.49)	(1.05)	-	(7.44)	1.75	-	(9.19)
Provision for doubtful debts	(3.07)	(0.44)	-	(2.63)	0.03	-	(2.66)
Regulatory and other charges	(6.34)	0.38	-	(6.72)	2.07	-	(8.79)
Investment properties	(7.01)	(0.31)	-	(6.70)	(0.22)	-	(6.48)
Elimination of profits resulting from intragroup transactions	(2.42)	1.62	-	(4.04)	(2.15)	-	(1.89)
MAT credit entitlement	(0.27)	(0.05)	-	(0.22)	(0.08)	-	(0.14)
Others	(2.71)	0.30	-	(3.01)	(1.45)	-	(1.56)
Net deferred tax (assets) liabilities	132.88	14.75	10.29	107.84	(38.35)	7.23	138.95

¹Includes ₹ 32.90 cr impact of tax rate changes

Note 29.6 Employee benefit obligations

Funded schemes

a) Defined benefit plans

Gratuity

Particulars	(₹ cr)		
	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2019	48.39	(48.30)	0.09
Current service cost	2.81	-	2.81
Interest expense (income)	3.49	(3.48)	0.01
Total amount recognised in the Consolidated Statement of Profit and Loss	6.30	(3.48)	2.82
Remeasurement			
Return on plan assets, excluding amount included in interest expense (income)	-	0.51	0.51
(Gain) from change in demographic assumptions	(0.26)	-	(0.26)

Note 29.6 Employee benefit obligations (continued)

(₹ cr)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Loss from change in financial assumptions	2.16	-	2.16
Experience (gain)	(0.32)	-	(0.32)
Total amount recognised in other comprehensive income	1.58	0.51	2.09
Employer contributions	-	(4.87)	(4.87)
Benefit payments	(5.56)	5.56	-
As at March 31, 2020	50.71	(50.58)	0.13
Current service cost	3.30	-	3.30
Interest expense (income)	3.16	(3.15)	0.01
Total amount recognised in the Consolidated Statement of Profit and Loss	6.46	(3.15)	3.31
Remeasurement			
Return on plan assets, excluding amount included in interest expense (income)	0.01	(0.11)	(0.10)
(Gain) from change in demographic assumptions	2.08	-	2.08
Loss from change in financial assumptions	(2.19)	-	(2.19)
Assets transferred in Acquisitions	0.04	-	0.04
Experience (gain)	1.51	-	1.51
Total amount recognised in other comprehensive income	1.45	(0.11)	1.34
Employer contributions	-	(4.28)	(4.28)
Benefit payments	(3.32)	3.32	-
As at March 31, 2021	55.30	(54.80)	0.50

The net liability disclosed above relates to the following funded and unfunded plans:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of funded obligations	55.30	50.71
Fair value of plan assets	(54.80)	(50.58)
Deficit of Gratuity plan	0.50	0.13

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.06% to 6.49%	5.21% to 6.43%
Attrition rate	8% to 15%	14% to 37%
Rate of return on plan assets	6.06% to 6.49%	5.21% to 6.43%
Salary escalation rate	7.62%	8.40%

Note 29.6 Employee benefit obligations (continued)

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Discount rate	1.00%	1.00%	(4.18%)	(3.24%)	4.63%	3.51%
Attrition rate	1.00%	1.00%	(0.45%)	(0.42%)	0.48%	0.45%
Rate of return on plan assets	1.00%	1.00%	(4.18%)	(3.24%)	4.63%	3.51%
Salary escalation rate	1.00%	1.00%	4.52%	3.41%	(4.16%)	(3.21%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied while calculating the defined benefit liability recognised in the Consolidated Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the previous year.

Major category of plan assets are as follows:

Particulars	(₹ cr)			
	As at March 31, 2021		As at March 31, 2020	
	Unquoted	in %	Unquoted	in %
Government of India assets	1.18	2.15%	1.18	2.33%
Debt instruments				
Corporate bonds	1.17	2.14%	1.11	2.19%
Investment funds				
Insurance funds	52.27	95.38%	43.14	85.31%
Others	0.02	0.04%	4.98	9.85%
Special deposit scheme	0.16	0.29%	0.16	0.32%
	54.80	100.00%	50.57	100.00%

Risk exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

i) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in government securities. These are subject to interest rate risk. The Group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. All deviations from the range are corrected by rebalancing the portfolio. The Group intends to maintain the above investment mix in the coming years.

ii) Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of other bond holdings.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment will not have a material impact on the overall level of assets.

Note 29.6 Employee benefit obligations (continued)

A large portion of assets consists of insurance funds; the Group also invests in corporate bonds and special deposit scheme. The plan asset mix is in compliance with the requirements of the respective local regulations.

Expected contributions to post-employment benefit plans for the year ending March 31, 2022, are ₹ 4 cr.

The weighted average duration of the defined benefit obligation is six years. The expected maturity analysis of gratuity is as follows:

(₹ cr)					
Particulars	Less than a year	Between 1 - 2 year	Between 2 - 5 year	Over 5 years	Total
Expected defined benefit obligation (gratuity)					
As at March 31, 2021	9.88	6.68	23.59	37.96	78.10
As at March 31, 2020	10.19	8.48	20.34	25.97	64.97

Provident fund

In case of certain employees, the provident fund contribution is made to a trust administered by the Group. The actuary has provided a valuation of provident fund liability based on the assumptions listed below and has determined that there is no shortfall as at March 31, 2021.

(₹ cr)			
Expenses recognised for the year ended on March 31, 2021 (included in Note 26)		As at March 31, 2021	As at March 31, 2020
i)	Defined benefit obligation	11.89	10.81
ii)	Fund	12.21	11.14
iii)	Net asset (liability)	0.32	0.33
iv)	Charge to the Consolidated Statement of Profit and Loss during the year	0.23	0.18

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars		2020-21	2019-20
i)	Mortality rate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate
ii)	Withdrawal rate	5% p.a. for all age groups	5% p.a. for all age groups
iii)	Rate of discount	6.33%	6.24%
iv)	Expected rate of interest	8.50%	8.50%
v)	Retirement age	60 years	60 years
vi)	Guaranteed rate of interest	8.50%	8.50%

b) Defined contribution plans

Provident and other funds

Amount of ₹ 15.48 cr (March 31, 2020: ₹ 15.04 cr) {net of ₹ 0.17 cr (March 31, 2021: ₹ 0.26 cr) from the Pradhan Mantri Rojgar Protsahan Yojana} is recognised as an expense and included in Note 26 'Contribution to Provident and other funds'.

Compensated absences

Amount of ₹ 8.38 cr (March 31, 2020 : ₹ 5.69 cr) is recognised as an expense and included in Note 26 'Salaries, wages and bonus'.

- c) The Parliament of India has approved the Code on Social Security, 2020 (the Code), which may impact the contributions by the Company towards provident fund, gratuity and ESIC. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. Final rules are yet to be notified. The Company will assess the impact of the Code when it comes into effect and will record related impact, if any.

Note 29.7 Fair value measurements

Financial instruments by category

(₹ cr)

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments:						
Equity instruments	-	581.02	-	-	467.08	-
Mutual funds	740.30	-	-	651.69	-	-
Government securities	-	-	0.01	-	-	0.01
Bonds	15.40	-	-	-	-	-
Trade receivables	-	-	733.23	-	-	719.73
Loans	-	-	3.85	-	-	0.27
Security deposits for utilities and premises	-	-	2.67	-	-	3.00
Derivative financial assets designated as hedges (net)	-	0.60	-	-	-	-
Finance lease receivables	-	-	3.58	-	-	1.20
Cash and bank balances	-	-	348.18	-	-	35.37
Other receivables	-	-	13.97	-	-	32.06
Total financial assets	755.70	581.62	1,105.49	651.69	467.08	791.64
Financial liabilities						
Borrowings	-	-	126.67	-	-	108.47
Trade payables	-	-	563.13	-	-	477.63
Security deposits	-	-	30.94	-	-	28.10
Derivative financial liabilities designated as hedges (net)	-	-	-	-	1.62	-
Employee benefits payable	-	-	59.08	-	-	59.54
Creditors for capital goods	-	-	39.34	-	-	57.46
Lease liabilities	-	-	6.26	-	-	6.71
Other liabilities (includes discount payables)	-	-	9.76	-	-	13.00
Total financial liabilities	-	-	835.18	-	1.62	750.91

Note 29.7 Fair value measurements (continued)

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are a) recognised and measured at fair value and b) measured at amortised cost and for which fair values are disclosed in the Consolidated Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed in the Indian Accounting Standard. An explanation of each level follows underneath the table:

(₹ cr)

i)	Financial assets and liabilities measured at fair value as at March 31, 2021	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Financial investments at FVOCI:					
	Quoted equity shares	6.2	579.81	-	-	579.81
	Unquoted equity shares ¹	6.2	-	-	1.21	1.21
	Financial investments at FVPL:					
	Bond	6.2	15.40	-	-	15.40
	Mutual funds	6.3	-	740.30	-	740.30
	Derivatives designated as hedges:					
	Currency options	8	-	0.60	-	0.60
	Total financial assets		595.21	740.90	1.21	1,337.32
	Biological assets					
	Tissue culture raised date palm plants		-	-	30.02	30.02
	Total biological assets		-	-	30.02	30.02

(₹ cr)

ii)	Financial assets and liabilities measured at fair value as at March 31, 2020	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Financial investments at FVOCI:					
	Quoted equity shares	6.2	466.27	-	-	466.27
	Unquoted equity shares ¹	6.2	-	-	0.81	0.81
	Financial investments at FVPL:					
	Mutual funds	6.3	-	651.69	-	651.69
	Total financial assets		466.27	651.69	0.81	1,118.77
	Financial liabilities					
	Derivatives designated as hedges:					
	Foreign exchange forward contracts		-	1.62	-	1.62
	Total financial liabilities		-	1.62	-	1.62
	Biological assets					
	Tissue culture raised date palm plants		-	-	27.90	27.90
	Total biological assets		-	-	27.90	27.90

¹Includes investments in Bharuch Enviro Infrastructure Ltd (70,000 equity shares), Narmada Clean Tech Ltd (7,15,272 equity shares) and Bhadreshwar Vidyut Pvt Ltd (formerly known as OPGS Power Gujarat Pvt Ltd) (5,03,000 equity shares), which are for operation purpose and the Company has to hold it till production site continues. The Group estimates that the fair value of these investments are not materially different as compared to its cost.

Note 29.7 Fair value measurements (continued)

There were no transfers between any levels during the year.

Level 1: This includes financial instruments measured using quoted prices. The fair value of all equity instruments that are traded on the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques, which maximise the use of observable market data and rely as little as possible on entity-specific estimates. The mutual fund units are valued using the closing net assets value. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

b) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments,
- the fair value of forward foreign exchange contracts are determined using forward exchange rates at the Consolidated Balance Sheet date,
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model,
- the fair value of the remaining financial instruments is determined using discounted cash flows analysis.

All of the resulting fair value estimates are included in level 1, 2 and 3.

c) Valuation processes

The Finance department of the Group includes a team that performs the valuations of financial assets and liabilities with assistance from independent external experts when required, for financial reporting purposes, including level 3 fair values.

d) Fair value of financial assets and liabilities measured at amortised cost

Particulars	(₹ cr)	
	As at March 31, 2021	As at March 31, 2020
	Carrying amount Fair value	Carrying amount Fair value
Non-current financial assets		
Investments:		
Government securities	0.01	0.01
Security deposits for utilities and premises	2.67	3.00
Finance lease receivables	3.58	1.20
Total non-current financial assets	6.26	4.21
Non-current financial liabilities		
Borrowings	126.67	108.47
Other liabilities	3.66	2.96
Lease liabilities	6.26	6.71
Total non-current financial liabilities	136.59	118.14

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, dividend receivables, other receivables, trade payables, capital creditors, other liabilities are considered to be the same as their fair values due to the current and short-term nature of such balances.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

Note 29.8 Financial risk management

Risk management is an integral part of the business practices of the Group. 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 Group has developed and implemented a comprehensive risk management system to ensure that risks to the continued existence of the Group as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised risk management system, leading standards and practices have been considered. The risk management system is relevant to business reality, pragmatic and simple and involves the following:

- i) Risk identification and definition: Focused on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- ii) Risk classification: Focused on understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes generating the root causes and clear understanding of risk inter-relationships.
- iii) Risk assessment and prioritisation: Focused on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and existing mitigation controls.
- iv) Risk mitigation: Focused 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.
- v) Risk reporting and monitoring: Focused on providing to the Board and the Audit Committee periodic information on risk profile evolution and mitigation plans.

a) Management of liquidity risk

The principal sources of liquidity of the Group are cash and cash equivalents, investment in mutual funds, borrowings and the cash flow that is generated from operations. It believes that the current cash and cash equivalents, tied up borrowing lines and cash flow that are generated from operations are sufficient to meet the requirements. Accordingly, liquidity risk is perceived to be low.

The following table shows the maturity analysis of financial liabilities of the Group based on contractually agreed undiscounted cash flows as at the Consolidated Balance Sheet date:

(₹ cr)						
As at March 31, 2021		Note	Carrying amount	Less than 12 months	More than 12 months	Total
	Borrowings	16	126.67	28.46	98.21	126.67
	Trade payables	20	563.13	563.13	-	563.13
	Security and other deposits	17	30.94	30.94	-	30.94
	Employee benefits payable	17	59.08	59.08	-	59.08
	Creditors for capital goods	17	39.34	39.34	-	39.34
	Other liabilities	17	16.02	6.10	9.92	16.02
As at March 31, 2020		Note	Carrying amount	Less than 12 months	More than 12 months	Total
	Borrowings	16	108.47	21.89	86.58	108.47
	Trade payables	20	477.63	477.63	-	477.63
	Security and other deposits	17	28.10	28.10	-	28.10
	Employee benefits payable	17	59.54	59.54	-	59.54
	Creditors for capital goods	17	57.46	57.46	-	57.46
	Other liabilities	17	19.71	10.04	9.67	19.71

Note 29.8 Financial risk management (continued)

b) Management of market risk

The size and operations of the Group exposes it to the following market risks that arise from its use of financial instruments:

- i) price risk
- ii) interest rate risk
- iii) foreign exchange risk

The above risks may affect income and expenses or the value of its financial instruments. Its objective for market risk is to maintain this risk within acceptable parameters while optimising returns. The exposure to these risks and the management of these risks are explained as follows:

	Potential impact of risk	Management policy	Sensitivity to risk
i)	Price risk		
	<p>The Group is mainly exposed to the price risk due to its investments in equity instruments and mutual funds. The price risk arises due to uncertainties about the future market values of these investments.</p> <p>Equity price risk is related to the change in market reference price of the investments in equity securities.</p> <p>In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities. The fair value of quoted equity instruments classified at fair value through other comprehensive income as at March 31, 2021, is ₹ 581.02 cr (March 31, 2020: ₹ 467.08 cr).</p> <p>The fair value of mutual funds classified at fair value through profit and loss as at March 31, 2021, is ₹ 740.30 cr (March 31, 2020: ₹ 651.69 cr).</p>	<p>In order to manage its price risk arising from investments in equity instruments, the Group maintains its portfolio in accordance with the framework set by the Risk Management Policy.</p> <p>Any new investment or divestment must be approved by the Board of Directors, Chief Financial Officer and the Risk Management Committee.</p>	<p>As an estimation of the approximate impact of price risk, with respect to investments in equity instruments, the Group has calculated the impact as follows:</p> <p>For equity instruments, a 9.14% increase in Nifty 50 prices may have led to approximately an additional ₹ 42.64 cr gain in other comprehensive income (2019-20: ₹ 34.64 cr). A 9.14% decrease in Nifty 50 prices may have led to an equal but opposite effect.</p>
ii)	Interest rate risk		
	<p>The Group is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings.</p> <p>As at March 31, 2021, the exposure to interest rate risk due to variable interest rate borrowings amounted to ₹ 6.40 cr (March 31, 2020: ₹ 9.89)</p>	<p>In order to manage its interest rate risk arising from variable interest rate borrowings, the Group uses interest rate swaps to hedge its exposure to future market interest rates, whenever appropriate. The hedging activity is undertaken in accordance with the framework set by the Risk Management Committee and supported by the Treasury department.</p>	<p>As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 25 bps change in interest rates. A 25 bps increase in interest rates may have led to approximately an additional ₹ 0.02 cr (2019-20: ₹ 0.02) gain in other comprehensive income. A 25 bps decrease in interest rates may have led to an equal but opposite effect.</p>

Note 29.8 Financial risk management (continued)

Potential impact of risk	Management policy	Sensitivity to risk
iii) Foreign exchange risk The Group has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities denominated in a currency that is not the functional currency (₹) of the Group. The risk also includes highly probable foreign currency cash flows. The objective of the cash flows hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions.	The Group has exposure arising out of export, import, loans and other transactions other than functional risk. The Group hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by the Risk Management Policy of the Group.	As an estimation of the approximate impact of the foreign exchange rate risk, with respect to Consolidated Financial Statements, the Group has calculated the impact as follows: For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date may have led to an additional ₹ 4.53 cr gain in other comprehensive income (2019-20: gain of ₹ 5.53 cr). A 2% decrease may have led to an additional ₹ 3.58 cr loss in other comprehensive income (2019-20: Loss of ₹ 3.83 cr).

Foreign currency risk exposure

The exposure to foreign currency risk of the Group at the end of the reporting period expressed are as follows:

Particulars	As at March 31, 2021					
	US\$ mn	₹ cr	€ mn	₹ cr	£ mn	₹ cr
Financial assets						
Cash and cash equivalents (EEFC account)	0.16	1.17	-	-	-	-
Trade receivables	45.79	334.73	2.73	23.39	0.30	3.02
Less:						
Hedged through derivatives ¹						
Currency range options	7.70	56.29	-	-	-	-
Net exposure to foreign currency risk (assets)	38.25	279.61	2.73	23.39	0.30	3.02
Financial liabilities						
Trade payables	14.84	108.49	0.09	0.81	0.21	2.15
Net exposure to foreign currency risk (liabilities)	14.84	108.49	0.09	0.81	0.21	2.15

¹Includes hedges for highly probable transactions up to next 12 months

Particulars	As at March 31, 2020					
	US\$ mn	₹ cr	€ mn	₹ cr	£ mn	₹ cr
Financial assets						
Cash and cash equivalents (EEFC account)	0.60	4.55	-	-	-	-
Trade receivables	38.63	291.26	1.97	16.29	6.76	62.90
Less:						
Hedged through derivatives ¹						
Currency range options	38.34	289.07	-	-	-	-
Net exposure to foreign currency risk (assets)	0.89	6.74	1.97	16.29	6.76	62.90
Financial liabilities						
Trade payables	10.45	78.78	0.19	1.55	0.30	2.82
Net exposure to foreign currency risk (liabilities)	10.45	78.78	0.19	1.55	0.30	2.82

¹Includes hedges for highly probable transactions up to next 12 months

Note 29.8 Financial risk management (continued)

c) Management of credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited due to the customer base being large, diverse and across sectors and countries. A portion of trade receivables are secured by insurance policies or Export Credit Guarantee Corporation schemes. All trade receivables are reviewed and assessed for default on a quarterly basis.

Reconciliation of loss allowance provision – trade receivables

		(₹ cr)
Particulars	Loss allowance on trade receivables	
Loss allowance as on March 31, 2019	7.61	
Changes in loss allowance	2.70	
Loss allowance as on March 31, 2020	10.31	
Changes in loss allowance	1.85	
Loss allowance as on March 31, 2021	12.16	

Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in government securities, preference shares, mutual funds, bonds and loans to subsidiary companies. The Group has diversified portfolio of investment with various number of counterparties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the treasury department of the Group.

Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position

As at March 31, 2021

								(₹ cr)
Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity (months)	Weighted average strike price interest rate	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : US\$								
Foreign exchange risk								
Currency range options	56.29	-	0.60	-	1-12	74.26-77.80	0.60	(0.60)

Note 29.8 Financial risk management (continued)

As at March 31, 2020

(₹ cr)

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity (months)	Weighted average strike price interest rate	Changes in fair value of hedging instrument	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : US\$								
Foreign exchange risk								
Currency range options	289.07	-	-	1.62	1-12	73.05-75.36	(1.62)	1.62

b) Disclosure of effects of hedge accounting on financial performance

As at March 31, 2021

(₹ cr)

Type of hedge	Changes in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Financial Statement line item affected
Cash flow hedge				
Foreign exchange risk	0.60	-	(1.62)	Trade receivables and payables

As at March 31, 2020

(₹ cr)

Type of hedge	Changes in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Financial Statement line item affected
Cash flow hedge				
Foreign exchange risk	(1.62)	-	1.22	Trade receivables and payables

Movements in cash flow hedging reserve

(₹ cr)

Risk category	Foreign currency risk	
	As at March 31, 2021	As at March 31, 2020
Derivative instruments		
Balance at the beginning of the year	(1.64)	0.79
Gain (Loss) recognised in other comprehensive income during the year	0.60	(1.62)
Amount reclassified to revenue during the year	1.62	(1.22)
Tax impact on above	(0.15)	0.41
Balance at the end of the year	0.43	(1.64)

Note 29.9 Capital management

Risk Management

The primary objective of capital management of the Group is to maximise shareholder value. The Group monitors capital using debt-equity ratio which is total debt divided by total equity.

For the purpose of capital management, the Group considers the following components of its Consolidated Balance Sheet to manage capital:

Total equity includes general reserve, retained earnings, share capital, security premium. Total debt includes current debt plus non-current debt.

(₹ cr)		
Particulars	As at March 31, 2021	As at March 31, 2020
Total debt	126.67	108.47
Total equity	3,826.52	3,154.90
Debt-equity ratio	0.03	0.03

Note 29.10 Offsetting financial assets and liabilities

The Group has not offset any financial asset and financial liability. The Group offsets a financial asset and a financial liability when it currently has a legal enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

a) Master netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing | receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements are considered as terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Consolidated Balance Sheet.

b) Collateral against borrowings

The Group has hypothecated | mortgaged assets as collateral against a number of its sanctioned line of credit. Refer Note 16(d) for further information on assets hypothecated | mortgaged as security). In case of default as per borrowing arrangement, such collateral can be adjusted against the amounts due.

Note 29.11 Earnings per share

Earnings per share (EPS) - The numerators and denominators used to calculate basic and diluted EPS

Particulars		2020-21	2019-20
Profit for the year attributable to the equity shareholders	₹ cr	660.02	670.91
Weighted average number of equity shares used in calculating basic diluted EPS ¹	Number	2,96,49,628	2,96,61,733
Nominal value of equity share	₹	10	10
Basic and diluted EPS	₹	221.17	224.69

¹The Group completed its share buy-back on February 19, 2021.

Note 29.12 Leases

a) As a lessee

i) Following are the changes in the carrying value of right-of-use assets:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	6.53	7.10
Additions	-	-
Deletions	-	-
Depreciation Amortisation	(0.61)	(0.57)
Balance at the end of the year	5.92	6.53

ii) Following are the movements in lease liabilities:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	6.71	7.10
Additions	1.93	-
Deletions	-	-
Finance cost accrued	0.35	0.35
Payment of lease liabilities	(0.78)	(0.73)
Translation difference	(0.01)	(0.01)
Balance at the end of the year	8.20	6.71

iii) The following table provides details regarding the contractual maturities of lease liabilities as at March 31, 2021, on an undiscounted basis:

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	0.46	0.43
One to five years	2.79	2.61
More than five years	4.95	3.90
Total	8.20	6.94

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rent paid to lessor for short-term lease period is recognised into the Consolidated Statement of Profit and Loss as Rent in Note 28 'Other expenses'.

Cash payments for the principal portion and interest of the lease liabilities are classified within financing activities and short-term lease payments within operating activities.

Note 29.12 Leases (continued)

b) As a lessor

i) Operating lease

The Group has entered into operating leases on its office buildings and land. These are cancellable by the Group, having a term between 11 months and three years and have no specific obligation for renewal. Rents received are recognised in the Consolidated Statement of Profit and Loss as lease income in Note 23 'Other income'.

ii) Finance lease

The Group has given a building on finance lease for a term of 30 years and a machine for a term of 10 years. Future minimum lease payments receivable under finance leases, together with the present value of the net minimum lease payments (MLP), are as under:

(₹ cr)

Particulars	As at March 31, 2021		As at March 31, 2020	
	MLP receivable	Present value of MLP receivable	MLP receivable	Present value of MLP receivable
Not later than 1 year	0.56	0.54	-	-
Later than 1 year and not later than 5 years	1.84	1.42	0.40	0.35
Later than 5 years	3.34	1.62	1.80	0.85
Total MLP receivable	5.74	3.58	2.20	1.20
Less: unearned finance income	2.16	-	1.00	-
Present value of MLP receivable	3.58	3.58	1.20	1.20
Less: allowance for uncollectible lease payments	-	-	-	-
	3.58	3.58	1.20	1.20

Note 29.13 Rounding off

Figures less than ₹ 50,000 have been shown at actual in brackets.

Note 29.14 Buy-back of shares

In accordance with the provisions contained in the SEBI (Buy-back of Securities) Regulations, 2018 and the Companies Act, 2013 and rules made thereunder, the Board of Directors in its meeting held on January 29, 2021, approved a proposal to buy-back fully paid-up equity shares of face value of ₹ 10 each of the Company, at a price not exceeding ₹ 7,250 per equity share (maximum buy-back price) and for an amount not exceeding ₹ 50 cr (maximum buy-back size) from the open market through stock exchange mechanism.

The buy-back of equity shares through the stock exchange commenced on February 10, 2021, and it was completed on February 19, 2021. The Company bought back and extinguished a total of 74,682 equity shares at an average buy-back price of ₹ 6,678.58 per equity share comprising 0.25% of the pre buy-back paid-up equity share capital of the Company. The buy-back resulted in a cash outflow of ₹ 49.88 cr (excluding transaction costs). The Company funded the buy-back from its free reserves.

Particulars	As at March 31, 2021
Date of Board meeting approving the buy-back	January 29, 2021
Date of public announcement	February 01, 2021
Buy-back opening date	February 10, 2021
Number of shares bought back	74,682
Face value of shares bought back	₹ 10
Maximum buy-back price approved by the Board of Directors	₹ 7,250
Consideration paid towards buy-back	₹ 49.88 cr

Note 29.14 Buy-back of shares (continued)

Pursuant to the buy-back, the Company has adjusted premium on buy-back of ₹ 6,668.58 per share aggregating ₹ 49.81 cr; ₹ 34.66 cr from securities premium account and ₹ 15.15 cr from general reserve. Further, an amount of ₹ 0.07 cr (equivalent to the face value of shares) has been transferred to capital redemption reserve. Buy-back expenses of ₹ 11.98 cr (including tax on buy-back) have been debited to general reserve.

Note 29.15 Interests in other entities

a) Subsidiary companies

The subsidiary companies of the Group at March 31, 2021, are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activity	Place of business country of incorporation	Ownership interest held by the Group		Ownership interest held by the non-controlling interest	
			As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
			%	%	%	%
Aaranyak Urmi Ltd	Food products	India	100	100	-	-
Aasthan Dates Ltd	Agri products	India	100	100	-	-
Amal Ltd	Chemicals	India	49.86	49.86	50.14	50.14
Amal Speciality Chemicals Ltd	Chemicals	India	49.86	-	50.14	-
Anchor Adhesives Pvt Ltd	Chemicals	India	100	100	-	-
Atul Aarogya Ltd	Healthcare products	India	100	100	-	-
Atul Ayurveda Ltd	Ayurvedic products	India	100	100	-	-
Atul Bioscience Ltd	Chemicals	India	100	100	-	-
Atul Biospace Ltd	Agri products	India	100	100	-	-
Atul Brasil Qumicos Ltda	Chemicals	Brasil	100	100	-	-
Atul China Ltd	Chemicals	China	100	100	-	-
Atul Clean Energy Ltd	Renewable energy	India	100	100	-	-
Atul Crop Care Ltd	Agri products	India	100	100	-	-
Atul Deutschland GmbH	Chemicals	Germany	100	100	-	-
Atul Entertainment Ltd	Entertainment	India	100	100	-	-
Atul Europe Ltd	Chemicals	UK	100	100	-	-
Atul Finserv Ltd	Investments	India	100	100	-	-
Atul Finresource Ltd	Finance	India	100	100	-	-
Atul Hospitality Ltd	Hospitality	India	100	100	-	-
Atul Infotech Pvt Ltd	Information Technology	India	100	100	-	-
Atul Ireland Ltd	Chemicals	Ireland	100	100	-	-
Atul Lifescience Ltd	Chemicals	India	100	100	-	-
Atul Middle East FZ-LLC	Chemicals	UAE	100	100	-	-
Atul Natural Dyes Ltd	Chemicals	India	100	-	-	-
Atul Natural Foods Ltd	Food products	India	100	-	-	-
Atul Nivesh Ltd	Investments	India	100	100	-	-
Atul Polymers Products Ltd	Polymers	India	100	100	-	-
Atul Products Ltd	Chemicals	India	100	-	-	-
Atul Rajasthan Date Palms Ltd	Agri products	India	74	74	26	26
Atul Renewable Energy Ltd	Renewable energy	India	100	-	-	-
Atul (Retail) Brands Ltd	Retail	India	100	100	-	-
Atul Seeds Ltd	Agri products	India	100	100	-	-
Atul USA Inc	Chemicals	USA	100	100	-	-

Note 29.15 Interests in other entities (continued)

Name of entity	Principal activity	Place of business country of incorporation	Ownership interest held by the Group		Ownership interest held by the non-controlling interest	
			As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
			%	%	%	%
Biyaban Agri Ltd	Agri products	India	100	100	-	-
DPD Ltd	Agri products	UK	98	98	2	2
Jayati Infrastructure Ltd	Infrastructure	India	100	100	-	-
Lapox Polymers Ltd	Polymers	India	100	100	-	-
Osia Dairy Ltd	Dairy	India	100	100	-	-
Osia Infrastructure Ltd	Infrastructure	India	100	100	-	-
Raja Dates Ltd	Agri products	India	100	100	-	-

The Group holds 49.86% of equity share capital of Amal Ltd. Based on facts and circumstances including dispersion of holdings of other shareholders, common promoters of both the companies, operational dependency on the company, the Group has concluded that Atul Ltd continues to control Amal Ltd as it has existing rights that give it the current ability to direct relevant activities of Amal Ltd.

b) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary company are before inter-company eliminations.

(₹ cr)

Summarised Balance Sheet	Amal Ltd	
	As at March 31, 2021	As at March 31, 2020
Current assets	26.10	23.90
Current liabilities	7.41	4.22
Net current assets	18.69	19.68
Non-current assets	40.15	32.12
Non-current liabilities	2.87	4.65
Net non-current assets	37.28	27.47
Net assets	55.97	47.15
Accumulated NCI¹	27.91	23.51

¹During the previous year ₹ 1.41 cr on account of change in ownership interest in Amal Ltd

(₹ cr)

Summarised Statement of Profit and Loss	Amal Ltd	
	2020-21	2019-20
Revenue	31.66	34.34
Profit for the year	8.85	9.19
Other comprehensive income	(0.01)	-
Total comprehensive income	8.84	9.19
Profit allocated to NCI	4.43	4.33
Dividends paid to NCI	-	-

Note 29.15 Interests in other entities (continued)

(₹ cr)

Summarised cash flows	Amal Ltd	
	2020-21	2019-20
Cash flows from operating activities	5.72	7.27
Cash flows from investing activities	(4.83)	(2.33)
Cash flows from financing activities	(1.01)	(4.73)
Net increase (decrease) in cash and cash equivalents	(0.12)	0.21

c) Interests in joint venture company accounted using the equity method

(₹ cr)

Name of entity	Place of business country of incorporation	% of ownership interest	Relationship	Quoted fair value		Carrying amount	
				As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Rudolf Atul Chemicals Ltd	India	50	Joint venture	*	*	24.32	18.53
Total						24.32	18.53

*Note: Unlisted entity - no quoted price available

Rudolf Atul Chemicals Ltd

The Group acquired 50% interest in Rudolf Atul Chemicals Ltd (RACL), a joint venture company in India between IB Industriechemie Beteiligungs GmbH (Germany) and Atul Ltd on August 18, 2011. RACL is engaged in the business of manufacturing and marketing textile chemicals. As per the contractual arrangement between the shareholders of RACL, both the companies have significant participating rights such that they jointly control the operations of the joint venture company.

i) Commitments and contingent liabilities in respect of the joint venture company

(₹ cr)

Particulars	As at March 31, 2021	As at March 31, 2020
Share in contingent liabilities in respect of disputed demands for income tax of the joint venture company	0.32	0.32
Total commitments and contingent liabilities	0.32	0.32

ii) Summarised financial information in respect of the joint venture company

The tables below provide summarised financial information in respect of the joint venture company that are material to the Group. The information disclosed are as presented in the Financial Statements of the joint venture company. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(₹ cr)

Summarised Balance Sheet	Rudolf Atul Chemicals Ltd	
	As at March 31, 2021	As at March 31, 2020
Current assets		
Cash and cash equivalents	14.01	7.13
Other assets	35.26	24.76

Note 29.15 Interests in other entities (continued)

(₹ cr)

Summarised Balance Sheet	Rudolf Atul Chemicals Ltd	
	As at March 31, 2021	As at March 31, 2020
Total current assets	49.27	31.89
Total non-current assets	18.14	20.16
Current liabilities		
Financial liabilities (excluding trade payables)	2.81	2.33
Other liabilities	14.43	11.23
Total current liabilities	17.24	13.56
Non-current liabilities		
Financial liabilities (excluding trade payables)	1.22	1.20
Other liabilities	0.33	0.22
Total non-current liabilities	1.55	1.42
Net assets	48.62	37.07

(₹ cr)

Reconciliation to carrying amounts	Rudolf Atul Chemicals Ltd	
	As at March 31, 2021	As at March 31, 2020
Opening net assets	37.07	31.47
Profit for the year	14.54	9.97
Other comprehensive income	(0.06)	0.01
Dividends paid	(2.92)	(4.38)
Closing net assets	48.63	37.07
Share of Group in %	50%	50%
Share of Group in ₹	24.32	18.54
Carrying amount	24.32	18.54

Summarised Statement of Profit and Loss

(₹ cr)

Reconciliation to carrying amounts	Rudolf Atul Chemicals Ltd	
	2020-21	2019-20
Revenue	88.88	82.23
Interest income	1.25	1.24
Depreciation and amortisation	0.45	0.40
Interest expense	0.15	0.11
Income tax expense	4.81	3.52
Profit for the year	13.79	9.97
Other comprehensive income	(0.06)	0.01
Total comprehensive income	13.73	9.98
Dividends received	1.46	2.19

Note 29.15 Interests in other entities (continued)

d) Interests in joint operation

Name of entity	Principal activity	Place of business country of incorporation	Ownership interest held by the Group	
			As at March 31, 2021	As at March 31, 2020
			%	%
Anaven LLP	Chemicals	India	50	50

Note 29.16 Segment information

a) Description of segments and principal activities

The Group has determined the following reporting segments, based on the information reviewed by the Chief Operating Decision Maker:

Name of segment	Product groups
Life Science Chemicals	APIs, API Intermediates, Fungicides, Herbicides
Performance and Other Chemicals	Adhesion promoters, Bulk chemicals, Epoxy resins and hardeners, Intermediates, Perfumery chemicals, Textile dyes
Others	Agribiotech, Food products, Services

b) Operating segment

(₹ cr)

Particulars		Life Science Chemicals		Performance and Other Chemicals		Others		Total	
		2020-21	2019-20	2020-20	2019-20	2020-21	2019-20	2020-21	2019-20
i)	Segment revenue								
	Gross sales	1,216.37	1,251.95	2,621.88	2,984.50	48.48	36.83	3,886.73	4,273.28
	Less: Inter-segment revenue	0.28	0.32	154.98	179.90	-	-	155.26	180.22
	Net revenue from operations	1,216.09	1,251.63	2,466.90	2,804.60	48.48	36.83	3,731.47	4,093.06
ii)	Segment results								
	Profit before finance cost and tax	219.57	223.16	594.16	603.97	11.30	11.13	825.03	838.26
	Less: Finance costs							9.35	9.40
	Less: Other unallocable expenditure (net of unallocable income)							(58.75)	(11.58)
	Add: Share of net profit of the joint venture company							7.25	4.98
	Profit before tax							881.68	845.42

Note 29.16 Segment information (continued)

(₹ cr)

Particulars		Life Science Chemicals		Performance and Other Chemicals		Others		Total	
		2020-21	2019-20	2020-20	2019-20	2020-21	2019-20	2020-21	2019-20
iii)	Other information								
	Segment assets	843.20	776.45	1,991.70	1,792.85	130.83	127.67	2,965.73	2,696.97
	Unallocated common assets							1,971.47	1,453.51
	Total assets							4,937.20	4,150.48
	Segment liabilities	290.71	242.40	579.32	514.65	37.38	44.84	907.41	801.89
	Unallocated common liabilities							172.64	167.32
	Total liabilities							1,080.05	969.21
	Additions to assets and intangible assets	52.95	77.77	247.58	263.10	3.17	22.10	303.70	362.97
	Unallocated additions to assets and intangible assets							0.95	(2.51)
	Total capital expenditure*							304.65	360.46
	Depreciation	39.94	39.44	89.64	85.91	3.60	2.14	133.18	127.49
	Unallocated depreciation							3.14	2.72
	Total depreciation							136.32	130.21

c) Geographical segment

(₹ cr)

Particulars	In India		Outside India		Total	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Segment revenue	1,964.38	2,041.10	1,767.09	2,051.96	3,731.47	4,093.06
Carrying cost of assets by location of assets	4,636.70	3,870.00	300.50	280.48	4,937.20	4,150.48
Additions to assets and intangible assets*	304.65	360.46	-	-	304.65	360.46

*Including capital work-in-progress and capital advances

d) Revenue from major customers

The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

e) Other disclosures

- The Group has disclosed business segment as the operating segment, which has been identified in line with the Ind AS 108 'Operating Segments' taking into account the organisation structure as well as the differing risks and returns.
- The segment revenue, results, assets and liabilities include respective amounts identifiable to each segment and amounts allocated on a reasonable basis.
- The Group accounts for inter-segment sales and transfers at market price.

Note 29.17 Disclosure of additional information pertaining to the parent, subsidiary and joint venture companies as per Schedule III of the Companies Act, 2013

No.	Name of the entity in the Group	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount (₹ cr)	As % of consolidated profit and (loss)	Amount (₹ cr)	As % of consolidated other comprehensive income	Amount (₹ cr)	As % of consolidated total comprehensive income	Amount (₹ cr)
	Parent company								
01.	Atul Ltd	88.83%	3,711.34	94.73%	630.89	92.64%	70.20	94.52%	701.09
	Indian subsidiary companies								
01.	Aaranyak Urmi Ltd	0.00%	0.17	0.00%	0.02	-	-	0.00%	0.02
02.	Aasthan Dates Ltd	0.04%	1.77	0.00%	0.01	-	-	0.00%	0.01
03.	Amal Ltd	0.82%	34.36	1.33%	8.85	(0.01%)	(0.01)	1.19%	8.84
04.	Amal Speciality Chemicals Ltd	0.12%	4.93	(0.00%)	(0.01)	-	-	0.00%	(0.01)
05.	Anchor Adhesives Pvt Ltd	0.01%	0.49	0.00%	0.02	-	-	0.00%	0.02
06.	Atul Aarogya Ltd	0.00%	0.14	-	-	-	-	-	-
07.	Atul Ayurveda Ltd	0.00%	0.10	-	-	-	-	-	-
08.	Atul Bioscience Ltd	1.76%	73.34	0.59%	3.92	-	-	0.53%	3.92
09.	Atul Biospace Ltd	0.41%	17.10	0.12%	0.83	-	-	0.11%	0.83
10.	Atul Clean Energy Ltd	0.00%	0.09	0.00%	(0.01)	-	-	-	(0.01)
11.	Atul Crop Care Ltd	0.08%	3.43	0.13%	0.85	(0.13%)	(0.10)	0.10%	0.75
12.	Atul Entertainment Ltd	0.00%	0.09	-	-	-	-	-	-
13.	Atul Finserv Ltd	2.35%	98.23	0.07%	0.45	0.45%	0.34	0.11%	0.79
14.	Atul Fin Resources Ltd	0.21%	8.65	0.04%	0.29	0.53%	0.40	0.09%	0.69
15.	Atul Hospitality Ltd	0.00%	0.08	-	-	-	-	-	-
16.	Atul Infotech Pvt Ltd	0.50%	20.75	0.01%	0.04	(0.03%)	(0.02)	0.00%	0.02
17.	Atul Lifescience Ltd	-	-	-	-	-	-	-	-
18.	Atul Natural Dyes Ltd	0.00%	0.01	-	-	-	-	-	-
19.	Atul Natural Foods Ltd	0.00%	0.01	-	-	-	-	-	-
20.	Atul Nivesh Ltd	0.07%	3.01	0.02%	0.16	-	-	0.02%	0.16
21.	Atul Polymers Products Ltd	0.00%	(0.06)	-	-	-	-	-	-
22.	Atul Products Ltd	0.00%	0.01	-	-	-	-	-	-
23.	Atul Rajasthan Date Palms Ltd	0.19%	7.80	(0.21%)	(1.37)	-	-	(0.18%)	(1.37)
24.	Atul Renewable Energy Ltd	0.00%	0.01	-	-	-	-	-	-
25.	Atul (Retail) Brands Ltd	0.00%	0.09	-	-	-	-	-	-
26.	Atul Seeds Ltd	0.00%	0.08	-	-	-	-	-	-
27.	Biyaban Agri Ltd	0.01%	0.52	-	-	-	-	-	-
28.	Jayati Infrastructure Ltd	0.00%	0.08	-	-	-	-	-	-
29.	Lapox Polymers Ltd	0.07%	2.87	0.11%	0.76	(0.11%)	(0.08)	0.09%	0.68
30.	Osia Dairy Ltd	0.00%	0.08	-	-	-	-	-	-
31.	Osia Infrastructure Ltd	0.06%	2.35	(0.02%)	(0.10)	-	-	(0.01%)	(0.10)
32.	Raja Dates Ltd	0.09%	3.60	0.00%	0.01	-	-	0.00%	0.01
	Foreign subsidiary companies								
01.	Atul Brasil Quimicos Ltda	0.03%	1.06	0.01%	0.04	(0.17%)	(0.13)	(0.01%)	(0.09)
02.	Atul China Ltd	0.20%	8.36	0.23%	1.51	0.46%	0.35	0.25%	1.86

Note 29.17 Disclosure of additional information pertaining to the parent, subsidiary and joint venture companies as per Schedule III of the Companies Act, 2013 (continued)

No.	Name of the entity in the Group	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated net assets	Amount (₹ cr)	As % of consolidated profit and (loss)	Amount (₹ cr)	As % of consolidated other comprehensive income	Amount (₹ cr)	As % of consolidated total comprehensive income	Amount (₹ cr)
03.	Atul Deutschland GmbH	0.01%	0.37	(0.01%)	(0.05)	0.03%	0.02	(0.00%)	(0.03)
04.	Atul Europe Ltd	1.00%	41.60	0.01%	0.08	4.28%	3.24	0.45%	3.32
05.	Atul Ireland Ltd	0.00%	(0.05)	(0.01%)	(0.05)	-	-	(0.01%)	(0.05)
06.	Atul Middle East FZ LLC	0.04%	1.84	0.10%	0.68	(0.07%)	(0.05)	0.08%	0.63
07.	Atul USA Inc	0.77%	32.33	0.69%	4.60	(0.99%)	(0.75)	0.52%	3.85
08.	DPD Ltd	0.85%	35.32	1.41%	9.38	3.13%	2.37	1.58%	11.75
	Joint venture company (investment as per the equity method)								
01.	Rudolf Atul Chemicals Ltd	-	-	1.09%	7.25	-	-	0.98%	7.25
	Joint operation								
01.	Anaven LLP	1.48%	61.83	(0.46%)	(3.09)	-	-	(0.42%)	(3.09)
	Total (A)	100.00%	4,178.18	100.00%	665.96	100.00%	75.78	100.00%	741.74
	a) Adjustment arising out of consolidation		(351.65)		(10.20)		0.26		(9.94)
	b) Non-controlling interests								
01.	Amal Ltd		27.94		4.42		-		4.42
02.	Atul Rajasthan Date Palms Ltd		2.02		(0.35)		-		(0.35)
03.	DPD Ltd		0.66		0.19		-		0.19
			30.62		4.26		-		4.26
	Total (B)		(321.03)		(5.94)		0.26		(5.68)
	Grand Total (A+B)		3,857.15		660.02		76.04		736.06

Note 29.18 Events after the reporting period

There was no significant event after the end of the reporting period, which requires any adjustment or disclosure in the Consolidated Financial Statements.

Note 29.19 Authorisation for issue of the Consolidated Financial Statements

The Consolidated Financial Statements were authorised for issue by the Board of Directors on April 30, 2021.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

T R Gopi Kannan
Whole-time Director and CFO
L P Patni
Company Secretary

B N Mohanan
Whole-time Director and President - U&S

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director

Mumbai
April 30, 2021

Atul
April 30, 2021

Form AOC - I

{Pursuant to the first proviso to Sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules, 2014}

Statement containing salient features of the Financial Statements of subsidiaries, associates and joint arrangements

Part A: Subsidiary companies

No.	Name of the company	Reporting period for the concerned subsidiary company, if different from that of the holding company	Reporting currency and exchange rate as on date of the relevant financial year in case of foreign subsidiary companies		Equity share capital	Reserves and surplus	Total assets	Total liabilities	Investments	Revenue	Profit before tax	Provision for tax	Profit after tax	Dividend	% Shareholding
			Currency	Exchange rate											
01.	Aaranyak Urmi Ltd	NA	NA	NA	0.21	(0.04)	0.25	0.08	-	0.37	0.02	-	0.02	-	100.00%
02.	Aasthan Dates Ltd	NA	NA	NA	2.10	(0.33)	1.77	-	-	0.02	0.01	-	0.01	-	100.00%
03.	Amal Ltd	NA	NA	NA	9.43	24.94	44.64	10.27	5.43	30.42	10.86	2.01	8.85	-	49.85%
04.	Amal Speciality Chemicals Ltd	NA	NA	NA	5.00	(0.07)	8.84	3.91	-	-	(0.01)	-	(0.01)	-	49.85%
05.	Anchor Adhesives Pvt Ltd	NA	NA	NA	0.59	(0.10)	0.49	-	-	0.03	0.03	0.01	0.02	-	100.00%
06.	Atul Aarogya Ltd	NA	NA	NA	0.07	0.07	0.14	-	0.07	-	-	-	-	-	41.67%
07.	Atul Ayurveda Ltd	NA	NA	NA	0.08	0.02	0.10	-	0.04	-	-	-	-	-	41.67%
08.	Atul Bioscience Ltd	NA	NA	NA	29.02	44.32	184.42	111.08	0.01	143.38	5.47	1.55	3.92	-	100.00%
09.	Atul Biospace Ltd	NA	NA	NA	11.03	6.07	17.84	0.74	9.73	8.85	1.17	0.34	0.83	-	100.00%
10.	Atul Brasil Quimicos Ltda	NA	BRL	12.94	0.91	0.14	1.36	0.31	-	0.63	0.03	-	0.03	-	100.00%
11.	Atul China Ltd	NA	CNY	11.17	3.79	4.56	24.61	16.26	-	121.19	1.61	0.08	1.53	-	100.00%
12.	Atul Clean Energy Ltd	NA	NA	NA	0.10	(0.01)	0.09	-	0.05	-	-	-	-	-	28.47%
13.	Atul Crop Care Ltd	NA	NA	NA	0.05	3.38	5.65	2.22	0.19	14.64	1.19	0.34	0.85	-	26.00%
14.	Atul Deutschland GmbH	NA	Euro	86.10	0.86	(0.49)	0.64	0.27	-	-	(0.05)	-	(0.05)	-	100.00%
15.	Atul Entertainment Ltd	NA	NA	NA	0.07	0.02	0.09	-	0.04	-	-	-	-	-	41.67%
16.	Atul Europe Ltd	NA	GBP	100.95	33.20	8.40	88.07	46.47	9.34	162.71	0.13	0.05	0.08	-	100.00%
17.	Atul Fin Resources Ltd	NA	NA	NA	7.15	1.50	8.80	0.15	-	0.53	0.41	0.12	0.29	-	100.00%
18.	Atul Finserve Ltd	NA	NA	NA	37.74	60.49	98.35	0.12	92.21	1.44	0.58	0.13	0.45	-	100.00%
19.	Atul Hospitality Ltd	NA	NA	NA	0.06	0.02	0.08	-	0.02	-	-	-	-	-	41.67%
20.	Atul Infotech Pvt Ltd	NA	NA	NA	0.30	20.45	21.48	0.73	0.02	4.35	(0.01)	(0.05)	0.04	-	100.00%
21.	Atul Ireland Ltd	NA	Euro	86.10	-	(0.05)	0.07	0.12	-	-	(0.05)	-	(0.05)	-	100.00%
22.	Atul Lifescience Ltd	NA	NA	NA	0.01	-	0.01	-	-	-	-	-	-	-	100.00%
23.	Atul Middle East FZ LLC	NA	AED	19.92	0.60	1.24	2.11	0.27	-	1.56	0.67	-	0.67	-	100.00%
24.	Atul Natural Dyes Ltd	NA	NA	NA	0.01	-	0.01	-	-	-	-	-	-	-	100.00%

Statement containing salient features of the Financial Statements of subsidiaries, associates and joint arrangements
Part A: Subsidiary companies (continued)

No.	Name of the company	Reporting period for the concerned subsidiary company, if different from that of the holding company	Reporting currency and exchange rate as on date of the relevant financial year in case of foreign subsidiary companies		Equity share capital	Reserves and surplus	Total assets	Total liabilities	Investments	Revenue	Profit before tax	Provision for tax	Profit after tax	Dividend	% Shareholding
			Currency	Exchange rate											
25.	Atul Natural Foods Ltd	NA	NA	NA	0.01	-	0.01	-	-	-	-	-	-	-	100.00%
26.	Atul Nivesh Ltd	NA	NA	NA	2.50	0.51	3.01	-	-	0.21	0.21	0.05	0.16	-	100.00%
27.	Atul Polymers Products Ltd	NA	NA	NA	0.05	(0.11)	0.07	0.13	0.01	-	-	-	-	-	50.00%
28.	Atul Products Ltd	NA	NA	NA	0.01	-	0.30	0.29	-	-	-	-	-	-	100.00%
29.	Atul Rajasthan Date Palms Ltd	NA	NA	NA	8.11	(0.31)	20.24	12.44	-	2.52	(1.47)	(0.10)	(1.37)	-	73.98%
30.	Atul Renewable Energy Ltd	NA	NA	NA	0.01	-	0.01	-	-	-	-	-	-	-	100.00%
31.	Atul (Retail) Brands Ltd	NA	NA	NA	0.10	(0.01)	0.09	-	0.05	-	-	-	-	-	43.05%
32.	Atul Seeds Ltd	NA	NA	NA	0.09	(0.01)	0.08	-	0.03	-	-	-	-	-	43.98%
33.	Atul USA Inc	NA	USD	73.50	14.70	17.63	61.88	29.55	-	258.22	5.99	1.43	4.56	-	100.00%
34.	Biyaban Agri Ltd	NA	NA	NA	1.09	(0.57)	0.52	-	-	0.01	0.01	-	0.01	-	100.00%
35.	DPD Ltd	NA	GBP	100.95	2.52	32.80	49.12	13.80	-	37.67	12.70	2.94	9.76	-	98.00%
36.	Jayati Infrastructure Ltd	NA	NA	NA	0.09	(0.01)	0.08	-	0.03	-	-	-	-	-	43.98%
37.	Lapox Polymers Ltd	NA	NA	NA	0.05	2.82	5.03	2.16	1.48	16.02	1.09	0.33	0.76	-	20.00%
38.	Osia Dairy Ltd	NA	NA	NA	0.09	(0.01)	0.08	-	0.03	-	-	-	-	-	43.98%
39.	Osia Infrastructure Ltd	NA	NA	NA	2.45	(0.10)	3.73	1.38	0.05	0.03	(0.13)	(0.03)	(0.10)	-	42.53%
40.	Raja Dates Ltd	NA	NA	NA	4.10	(0.49)	3.69	0.08	-	0.09	(0.01)	(0.02)	0.01	-	100.00%

AED: United Arab Emirates Dirham, BRL: Brazilian Real, CNY: Chinese Yuan, GBP: Great Britain Pound, USD: United States Dollar
Gujarat Synthwood Ltd is under liquidation.

Part 'B': Associates and joint venture companies
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint arrangements

(₹ cr)

No.	Name of the Company	Latest audited Balance Sheet date	Shares of associate joint arrangements held by the Company at the year end			Description of significant influence	Reason why the associate joint arrangements are not consolidated	Net worth attributable to shareholding as per the latest audited Balance Sheet	Accumulated profit (loss)	Profit (Loss) for the year	
			No.	Amount of investment	Extent of holding %					Considered in consolidation	Not considered in consolidation
	Joint venture company										
01.	Rudolf Atul Chemicals Ltd	March 31, 2021	29,18,750	6.13	50.00%	Refer Note 1	NA	24.31	38.26	7.25	6.54
	Joint operation										
01.	Anaven LLP	March 31, 2021		67	50.00%	Refer Note 2	NA	61.84	10.33	3.09	3.09

Note 1: By representation on the Board of Directors of the joint venture company, the Company participation in the policy making process.

Note 2: This is a jointly controlled entity.

Notes

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Corporate information

Directors

Mr Sunil Lalbhai

(Chairman and Managing Director)

Mr Rajendra Shah

Mr Bansi Mehta

Mr Samveg Lalbhai

(Managing Director)

Mr Susim Datta

Mr Bharathy Mohanan

(Whole-time Director and President -
Utilities and Services)

Mr Srinivasa Rangan

Mr Mukund Chitale

Mr Gopi Kannan Thirukonda

(Whole-time Director and CFO)

Ms Shubhalakshmi Panse

Mr Baldev Arora

Company Secretary

Mr Lalit Patni

Statutory Auditors

Deloitte Haskins & Sells LLP

Cost Auditors

R Nanabhoy & Co

Secretarial Auditors

SPANJ & Associates

Registered office

Atul House

G I Patel Marg

Ahmedabad 380 014, Gujarat
India

Head office

Atul 396 020, Gujarat

India

E-mail address: sec@atul.co.in

Website: www.atul.co.in

Bankers

Axis Bank

Bank of Baroda

Bank of India

Export Import Bank of India

State Bank of India

Atul Ltd
Atul House
G I Patel Marg
Ahmedabad 380 014, Gujarat
India



Lalbhai Group