

# ATUL FIN RESOURCES LIMITED

## Directors' Report

Dear Members,

The Board of Directors (Board) presents the Annual Report of Atul Fin Resources Ltd together with the audited Financial Statements for the year ended March 31, 2021.

### 01. Financial results

	2020-21	2019-20
Revenue from operations	52,74,675	52,96,405
Other income	70,850	12,500
Total revenue	53,45,525	53,08,905
Profit before tax	40,84,376	52,12,941
Tax	11,84,044	12,89,673
Profit for the year	29,00,332	39,23,268

### 02. Performance

During 2020-21 the Company generated operating income of ₹ 0.53 cr mainly from bill discounting and investments.. The Company made net profit of ₹ 0.29 cr. Profit was lower in the current year majorly due to higher employee cost compared to previous year.

part of this Report which is given as the Annexure.

### 03. Dividend

The Board does not recommend any dividend on the equity shares for the financial year ended March 31, 2021 in order to conserve resources.

### 08. Insurance

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

### 04. Prospects and Developments

Operations were impacted in first half of 2020-21 due to COVID-19 and resultant lockdown. Operations normalised in second half of 2020-21 as activities picked-up. Endeavor of the Company is to expand its client base in bill discounting and loan business. During the year, the Company also made investments in equity shares from a PMS Manager.

### 09. Risk Management

The Company has identified risks and has initiated a mitigation plan for the same.

### 05. Products

The product portfolio consists of four main categories: i) Bill discounting ii) business loan iii) personal loan and iv) loan against property.

### 10. Internal Financial Controls

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.

### 06. Ratings

The Company is not required to obtain credit rating at present, therefore no credit rating is obtained.

### 11. Fixed deposits

During 2020-21, the Company did not accept any fixed deposits. The Board passed a resolution for non-acceptance of deposit from public.

### 07. 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

### 12. 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 framed a Policy on Prevention of Sexual Harassment of Women at Workplace and constituted Internal Complaints Committee. No complaint was received during 2020-21.

### 13. Loans, guarantees, investments and security

- Since the Company is a Non-Banking Financial Company registered with the RBI, the disclosures pertaining to Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are not applicable.
- 14. Subsidiary, associate and joint venture company**  
The Company does not have subsidiary, associate or Joint Venture Company.
- 15. 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 note number 17. No transactions were entered into by the Company which required disclosure in Form AOC-2.
- 16. Corporate Social Responsibility**  
The provision of Section 135 of the Act are not applicable to the Company.
- 17. Annual Return**  
Annual Return for 2020-21 is available for inspection at the registered office of the Company for inspection.
- 18. Auditors**  
GR Parekh & Co., Chartered Accountants were appointed as the Statutory Auditors of the Company at the 2<sup>nd</sup> Annual General Meeting (AGM) until the conclusion of the 7<sup>th</sup> AGM. The Auditors' 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.
- 19. Directors' responsibility statement**  
Pursuant to Section 134(5) of the Act, the Directors confirm that, to the best of their knowledge and belief:
- 19.1 In preparation of the financial statement for the financial year ended March 31, 2021, the applicable accounting standards were followed and there are no material departures.
- 19.2 The Accounting Policies were selected and applied consistently and judgements and estimates were made that 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.
- 19.3 Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 19.4 The attached annual accounts for the year ended March 31, 2021 were prepared on a going concern basis.
- 19.5 Adequate Internal Financial Controls to be followed by the Company were laid down; and same were adequate and operating effectively.
- 19.6 Proper systems were devised to ensure compliance with the provisions of all applicable laws and the same were adequate and operating effectively.
- 20. Directors**
- 20.1 Appointments | Reappointments | Cessations
- 20.1.1 According to the Articles of Association of the Company, Mr T R Gopi Kannan retires by rotation and being eligible offers himself for reappointment at the forthcoming AGM.
- 20.2 Policies on appointment and remuneration  
The Company will formulate policy on remuneration of Directors as and when it starts paying remuneration to the Directors. The Company appoints directors in accordance with the applicable provisions of the Act.
- 21. Key Managerial Personnel and other employees**  
There were no appointments | cessations of the Key Managerial Personnel of the Company during 2020-21.
- 22. Board Meetings and Secretarial standards**  
The Board met four times during 2020-21. Secretarial standards as applicable to the Company were followed and complied with.
- 23. Analysis of remuneration**  
There is no employee who falls within the criteria provided in 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 .
- 24. Acknowledgements**  
The Board expresses its sincere thanks to all the stakeholders, regulatory and Government authorities for their support.

For and on behalf of the Board of Directors

Atul

April 15, 2021

Director

Director

## Annexure to the Directors' Report

- 1. Conservation of energy, technology absorption and foreign exchange earnings and outgo**
- 1.1 Conservation of energy
  - 1.1.1 Measures taken  
nil
- 1.2 Technology absorption  
No major steps were taken during the current year.
- 1.3 Total foreign exchange used and earned  
nil

G R Parekh

B. Sc., F C A, A C S

**Ghanshyam Parekh & Co.**

Chartered Accountants

203, Akar Complex 1

Tithal Road,

Valsad 396001

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of Atul Fin Resources Limited**

**Report on the Audit of the Standalone Ind AS Financial Statements**

### **Opinion**

01. We have audited the accompanying Standalone Ind AS financial statements of Atul Fin Resources Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

02. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 together with the ethical requirements that are relevant to our audit of the Standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Management's Responsibility for the Standalone Ind AS Financial Statements**

03. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate Accounting Policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of

accounting policies; making judgments 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 Ind AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

04 In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Board of Directors is also responsible for overseeing the Company's financial reporting process

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

05 Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS 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 Standalone Ind AS financial statements.

### **Report on Other Legal and Regulatory Requirements**

06 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

07 As required by Section 143(3) of the Act, 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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".

g) 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, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has no pending litigations on March 31, 2021;
- 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.

For GHANSHYAM PAREKH & CO.  
Chartered Accountants  
(Firm's Registration No. 131167W)

G. R. Parekh  
Proprietor  
(Membership No. 030530)  
UDIN **21030530AAAACO2741**

Atul,  
Dated: April 15, 2021

## **Annexure A to the Independent Auditor's Report**

Referred to in paragraph 7(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)**

01. We have audited the Internal Financial Controls over financial reporting of Atul Fin Resources Ltd (the Company) as of March 31, 2021 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

#### **Management's responsibility for Internal Financial Controls**

02. The Management of the Company is responsible for establishing and maintaining Internal Financial Controls based on the internal controls 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. 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**

03. 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 Institute of Chartered Accountants of India 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. These 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.

04. 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 Financial Statements, whether due to fraud or error.

05. 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**

06. 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 Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. Internal Financial Control over financial reporting of a Company includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that 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 Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the assets of the Company that could have a material effect on the Financial Statements.

## **Inherent limitations of Internal Financial Controls over financial reporting**

07. 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**

08. 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 control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

**For Ghanshyam Parekh & Co.**  
Chartered Accountants  
Firm Registration Number: 131167W

G. R. Parekh  
**Proprietor**  
Membership Number: 030530  
UDIN **21030530AAAACO2741**

Place: Atul  
Date: April 15, 2021



## **Annexure B to Independent Auditors' Report:**

Referred to in paragraph 6 of the Independent Auditors' Report of the even date to the members of ATUL FIN RESOURCES LIMITED for the year ended March 31, 2021.

- i. (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, discrepancies noticed on physical verification have been adjusted in the books of account;
- (c) The Company does not have any immovable property, therefore the Clause is not applicable..
- ii. The Company does not hold any inventory, therefore Clause 3(ii) of the Order is not applicable..
- iii. The Company has not granted any loan secured or unsecured to Companies, Firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv. The Company has not granted any loans, or made any investments or provided guarantee or security to parties covered under Section 185 and 186 of the Companies Act, 2013, therefore the provisions of clause 3(iv) of the said order are not applicable to the Company.
- v. The company has not accepted any deposits from public within the meaning of sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder.
- vi. The Central Government has not prescribed maintenance of Cost Records under Section 148(1) of the companies Act, 2013.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including Provident Fund, Income tax, Sales tax, wealth tax, service tax, duty of Customs, duty of Excise, value added tax, cess, GST and other statutory Dues as applicable with the appropriate authorities.  

According to the explanation given to us there are no arrears of statutory dues which have remained outstanding at the last date of financial year, for a period of more than six month from the date they became payable;

(b) According to the information and explanation given to us, there are no dues of sales tax, income tax, duty of customs, wealth tax, service tax, duty of excise, value added tax, GST or cess which have not been deposited on account of any dispute.
- viii .According to the record of the Company examined by us and information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank or government or debenture holders as at the Balance Sheet date.

- ix The Company has not raised any money by way of public issue/ follow-on offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the order are not applicable.
- X During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on Company by its officers or employees, noticed or reported during the year nor have we been informed of any such case by the Management.
- xi. No managerial remuneration has been paid / provided;
- xii. The Company is not a Nidhi Company therefore the clause 3(xii) of the Order is not applicable.
- xiii. All the transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc as required by the accounting standards and Companies Act, 2013.
- xiv. The company has made preferential allotment / private placement of shares during the year under review. Proceeds of the same are utilised for the purpose it was made.
- xv. The company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company has just been registered under section 45-IA of the Reserve Bank of India Act, 1934.

Atul

Date : April 15, 2021

For Ghanshyam Parekh & Co.  
Chartered Accountants  
(Firm Registration No. 131167W)

(G. R. Parekh)  
Proprietor  
Membership No.: 030530  
UDIN **21030530AAAACO2741**

# Atul Fin Resources Ltd

Balance sheet as on March 31, 2021

(₹)

	Particulars	Note	As at March 31, 2021	As at March 31, 2020
<b>A</b>	<b>ASSETS</b>			
<b>1)</b>	<b>Financial assets</b>			
a)	Cash and cash equivalents	2	8,34,428	3,29,994
b)	Loans	3	7,26,72,686	1,42,72,941
c)	Investments	4	1,44,58,279	6,01,88,426
d)	Other financial assets	5	-	50,00,000
	<b>Total Assets</b>		<b>8,79,65,393</b>	<b>7,97,91,361</b>
<b>B</b>	<b>LIABILITIES AND EQUITY</b>			
	<b>LIABILITIES</b>			
<b>1)</b>	<b>Financial liabilities</b>			
a)	Payables			
	Trade Payables	6		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		6,36,161	1,16,004
			<b>6,36,161</b>	<b>1,16,004</b>
<b>2)</b>	<b>Non-financial liabilities</b>			
a)	Current tax liabilities (Net)		1,24,124	65,866
b)	Deferred tax liabilities (Net)		7,10,404	-
c)	Other non-financial liabilities	7	1,110	
			<b>8,35,638</b>	<b>65,866</b>
<b>3)</b>	<b>Equity</b>			
a)	Equity share capital	8	7,15,37,600	7,15,37,600
b)	Other equity	9	1,49,55,994	80,71,891
	<b>Total Liabilities and Equity</b>		<b>8,79,65,393</b>	<b>7,97,91,361</b>

The accompanying Notes 1-21 form an integral part of the Financial Statements

As per our attached report of even date

**For Ghanshyam Parekh & Co.**

Firm Registration Number: 131167W

For and on behalf of the Board of Directors

Director

G R Parekh

**Proprietor**

Membership Number: 030530

Director

Company secretary

Atul

April 15, 2021

Atul

April 15, 2021

# Atul Fin Resources Ltd

Statement of Profit and Loss for the year ended March 31, 2021

(₹)

Particulars	Note	2020-21	2019-20
<b>I Revenue from operations</b>			
Interest income	10	1,68,382	2,24,234
Net gain on fair value changes	11	14,65,790	15,99,930
Other operating income	12	36,40,503	34,72,241
<b>Total revenue from operations</b>		<b>52,74,675</b>	<b>52,96,405</b>
<b>II Other income</b>	12	70,850	12,500
<b>III Total Income (I+II)</b>		<b>53,45,525</b>	<b>53,08,905</b>
<b>IV Expenses</b>			
Finance costs	13	-	695
Other expenses	14	12,61,149	95,269
<b>Total expenses (IV)</b>		<b>12,61,149</b>	<b>95,964</b>
<b>V Profit before tax (III-IV)</b>		<b>40,84,376</b>	<b>52,12,941</b>
<b>VI Tax expense</b>			
a) Current tax		11,84,044	12,89,673
b) Deferred tax		-	-
<b>Total tax expense</b>		<b>11,84,044</b>	<b>12,89,673</b>
<b>VII Profit after tax (V-VI)</b>		<b>29,00,332</b>	<b>39,23,268</b>
<b>VIII Other Comprehensive Income (OCI)</b>			
Items that will not be reclassified to profit or loss			
i) Fair value of equity instruments through other comprehensive		46,94,175	-
ii) Income tax related to items above		(7,10,404)	-
<b>Total other comprehensive income for the year (net of tax)</b>		<b>39,83,771</b>	<b>-</b>
<b>IX Total comprehensive income for the year</b>		<b>68,84,103</b>	<b>39,23,268</b>
<b>Earnings per equity share:</b>			
Basic and diluted earnings ₹ per equity share of ₹ 10 each		0.41	0.55

The accompanying Notes 1-21 form an integral part of the Financial Statements

As per our attached report of even date

**For Ghanshyam Parekh & Co.**

Firm Registration Number: 131167W

For and on behalf of the Board of Directors

**Director**

G R Parekh

**Proprietor**

Membership Number: 030530

**Director**

**Company secretary**

Atul

April 15, 2021

Atul

April 15, 2021

# Atul Fin Resources Ltd

Statement of Cash Flows for the year ended March 31, 2021

Particulars	2020-21	2019-20
<b>(I) Operating activities</b>		
Profit before tax	40,84,376	52,12,941
Adjustments for:		
Interest income	1,68,382	2,24,234
Service fees for management of assigned portfolio of loans	-	-
	1,68,382	2,24,234
	<b>39,15,994</b>	<b>49,88,707</b>
Cash inflow from interest on loans		
Cash outflow towards finance costs	-	-
<b>Cash generated from operation before working capital changes</b>	<b>39,15,994</b>	<b>49,88,707</b>
Working capital changes		
(Increase)   decrease in trade receivables	-	-
(Increase)   decrease in loans	(5,83,99,745)	(1,42,72,941)
(Increase)   decrease in other financial assets	50,00,000	(49,64,600)
Increase   (decrease) in trade payables	5,20,157	71,404
Increase   (decrease) in other non-financial liabilities	7,11,514	-
	<b>(4,82,52,080)</b>	<b>(1,41,77,430)</b>
Income tax paid (net of refunds)	(11,25,786)	(12,14,080)
<b>Net cash used in operating activities (I)</b>	<b>(4,93,77,866)</b>	<b>(1,53,91,510)</b>
<b>(II) Investing activities</b>		
Proceeds from sale of investments measured under FVOCI		(6,01,88,426)
Purchase of investments measured under fair value through profit or loss (FVTPL)		
Proceeds from sale of investments measured under FVTPL	5,98,56,724	-
Purchase of equity investments designated under FVOCI	(1,01,42,806)	
Dividend received		
Interest received on investments measured under FVTPL and FVOCI	1,68,382	2,24,234
Investment in subsidiaries		
<b>Net cash used in investing activities (II)</b>	<b>4,98,82,300</b>	<b>(5,99,64,192)</b>
<b>(III) Financing activities</b>		
Issue of equity share capital (including securities premium)		4,88,24,997
<b>Net cash generated from financing activities (III)</b>	<b>-</b>	<b>4,88,24,997</b>
<b>Net increase in cash and cash equivalents (I+II+III)</b>	<b>5,04,434</b>	<b>(2,65,30,706)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,29,994</b>	<b>2,68,60,700</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>8,34,428</b>	<b>3,29,994</b>

The above Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.

The accompanying Notes 1-21 form an integral part of the Financial Statements

As per our attached report of even date

**For Ghanshyam Parekh & Co.**

Firm Registration Number: 131167W

For and on behalf of the Board of Directors

**Director**

G R Parekh

**Proprietor**

Membership Number: 030530

**Director**

**Company secretary**

Atul

April 15, 2021

Atul

April 15, 2021

# Atul Fin Resources Ltd

Statement of Changes in Equity for the period ended March 31, 2021

## A. Equity share capital

(₹)

As at March 31, 2020	7,15,37,600
Changes in equity share capital during the year	-
<b>As at March 31, 2021</b>	<b>7,15,37,600</b>

## B. Other equity

Particulars	Reserves and Surplus			OCI	Total other equity
	Statutory reserves	Securities premium	Retained earnings	Equity Instruments through OCI	
<b>Balance as at March 31, 2019</b>	-	22,87,397	18,61,226	-	41,48,623
Profit for the year			39,23,268		39,23,268
Other comprehensive income					-
<b>Balance as at March 31, 2020</b>	-	<b>22,87,397</b>	<b>57,84,494</b>	-	<b>80,71,891</b>
Profit for the year			29,00,332		29,00,332
Other comprehensive income				39,83,771	39,83,771
Issue of equity share capital					-
Securities Premium on issue of share		-			-
Transfer to reserve fund in terms of section 45-1C(1) of the Reserve Bank of India Act, 1934	5,93,316		(5,93,316)		-
Transfer to retained earnings			5,54,292	(5,54,292)	-
<b>Balance as at March 31, 2021</b>	<b>5,93,316</b>	<b>22,87,397</b>	<b>86,45,801</b>	<b>34,29,480</b>	<b>1,49,55,994</b>

The accompanying Notes 1-21 form an integral part of the Financial Statements

As per our attached report of even date

**For Ghanshyam Parekh & Co.**

Firm Registration Number: 131167W

For and on behalf of the Board of Directors

Director

G R Parekh

**Proprietor**

Membership Number: 030530

Director

Company secretary

Atul

April 15, 2021

Atul

April 15, 2021

## 1 Corporate information

Atul Fin Resources Ltd ('the Company', 'AFRL') is a company limited by shares, incorporated on September 08, 2016 and domiciled in India. The Company is in the business of non-financial banking financial institution without accepting public. The company mainly engaged in activities primarily comprise of bill discounting, investing in listed shares, loans, debt instruments of companies in a wide range of industries and in mutual funds. The Company is registered with Reserve Bank of India as NBFC (Non Banking Financial Company) - Type II (loan company). The Company has its registered office at East site, Atul, Valsad, Gujarat, India - 396 020. The parent of the Company is Atul Finserv Ltd which is a subsidiary company of Atul Ltd.

The Company is a not-deposit taking non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI) with effect from January 18, 2019, with Registration No. B.01.00603. RBI, vide the circular - 'Harmonisation of different categories of NBFCs' issued on 22 February 2019, with a view to provide NBFCs with greater operational flexibility and harmonisation of different categories of NBFCs into fewer categories based on the principle of regulation by activity, merged the three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC). Accordingly, the Company has been reclassified as NBFC-Investment and Credit Company (NBFC-ICC).

## 2 Basis of preparation and presentation

### 2.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act, the Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') and notification for Implementation of Indian Accounting Standard vide circular RBI/2019-20/170 DOR(NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 ('RBI Notification for Implementation of Ind AS') issued by RBI. The Company uses accrual basis of accounting except in case of significant uncertainties.

The standalone financial statements are presented in Indian Rupee (INR) which is also the functional currency of the Company.

The financial statements are prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The outbreak of COVID-19 has not affected the going concern assumption of the Company.

### 2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for following assets and liabilities which have been measured at fair value:

- i) fair value through other comprehensive income (FVOCI) instruments,
- ii) derivative financial instruments
- iii) other financial assets held for trading
- iv) financial assets and liabilities designated at fair value through profit or loss (FVTPL)

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA).

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

### 2.3 Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also its functional currency and all values are rounded to the nearest crores, except when otherwise indicated.

## 3 Significant accounting policies

### 3.1 Revenue recognition

#### i) Net gain on fair value changes

The Company designates certain financial assets for subsequent measurement at fair value through profit or loss (FVTPL) or fair value through other comprehensive income (FVOCI). The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL and FVOCI on net basis.

#### ii) Other operating income

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

### 3.2 Expenditures

#### i) Finance costs

Borrowing costs on financial liabilities are recognised using the EIR

#### ii) Fees and commission expense

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio etc., are recognised in the Statement of Profit and Loss on an accrual basis.

#### iii) Other expenses

Expenses are recognised on accrual basis net of the goods and services tax, except where credit for the input tax is not statutorily permitted.

### 3.3 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management.

### 3.4 Financial instruments

#### Classification

A Financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instruments of another entity.

Financial assets, other than equity, are classified into, Financial assets at fair value through other comprehensive income (FVOCI) or fair value through profit and loss account (FVTPL) or at amortised cost. Financial assets that are equity instruments are classified as FVTPL or FVOCI. Financial liabilities are classified as amortised cost category and FVTPL.

#### A. Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value when the parties become party to the contractual provisions of the financial asset. In case of financial assets which are not recorded at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets, are adjusted to the fair value on initial recognition.

##### Subsequent measurement

The Company classifies its financial assets into various measurement categories. The classification depends on the contractual terms of the financial assets' cash

##### i) Financial assets measured at amortised cost

A financial asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### ii) Financial assets measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### iii) Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

#### B. Financial liabilities

##### Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, non-convertible debentures, loans and borrowings including bank overdrafts.

##### Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method.

##### Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

### 3.5 Investment in subsidiaries and associates

The company does not have any investments in associates and subsidiaries.



### 3.6 Other equity investments

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the changes in fair value through other comprehensive income (FVOCI).

### 3.7 Taxes

Income tax expense represents the sum of current tax and deferred tax

#### i) Current tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible in accordance with applicable tax laws.

The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the end of reporting date in India where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to

#### ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities used in the computation of taxable profit and their carrying amounts in the financial statements for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business
- b) In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss i.e., either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 4 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

### 5 Segment reporting

The Company is primarily engaged in the business of investment in Companies. As such the Company's financial statements are largely reflective of the investment business and there is no separate reportable segment.

Pursuant to Ind AS 108 - Operating Segments, no segment disclosure has been made in these financial statements, as the Company has only one geographical segment and no other separate reportable business segment.

## 6 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

### 6.1 Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective

### 6.2 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, probable fluctuations in collateral value as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument

### 6.3 Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial

**Atul Fin Resources Ltd**  
**Notes to the Financial Statements**

(₹)		
Note 2 Cash and cash equivalents	As at March 31, 2021	As at March 31, 2020
a) Cash on hand		
b) Balances with banks		
i) In current accounts	8,34,428	3,29,994
ii) In fixed deposit (maturity of less than three months)	-	-
	<b>8,34,428</b>	<b>3,29,994</b>

(₹)		
Note 3 Loans	As at March 31, 2021	As at March 31, 2020
i) Bills purchased and Bills discounted	6,99,54,853	1,33,17,324
ii) Others (consumer loan to third parties)	27,17,833	9,55,617
	<b>7,26,72,686</b>	<b>1,42,72,941</b>

(₹)		
Note 4 Investments	As at March 31, 2021	As at March 31, 2020
<b>A) At amortised cost</b>	-	-
<b>B) At fair value through other comprehensive income</b>		
<b>(i) In equity instruments</b>		
Equity shares	1,44,58,279	-
Add: Fair value losses		
<b>Total (B)</b>	<b>1,44,58,279</b>	<b>-</b>
<b>C) At fair value through profit or loss</b>		
(i) In mutual funds	-	6,01,88,426
Add: Fair value gains		
Sub-total (i)	-	6,01,88,426
<b>Total (C) = (i+ii+iii+iv)</b>	<b>-</b>	<b>6,01,88,426</b>
<b>Total (A+B+C)</b>	<b>1,44,58,279</b>	<b>6,01,88,426</b>

(₹)		
Note 5 Other financial assets	As at March 31, 2021	As at March 31, 2020
Prepayment to suppliers	-	50,00,000
	<b>-</b>	<b>50,00,000</b>

(₹)		
Note 6 Payables	As at March 31, 2021	As at March 31, 2020
i) Trade payables		
Creditors other than micro enterprises and small enterprises	6,36,161	1,16,004
ii) Other payables		
Creditors other than micro enterprises and small enterprises		
	<b>6,36,161</b>	<b>1,16,004</b>

(₹)		
Note 7 Other non-financial liabilities	As at March 31, 2021	As at March 31, 2020
Statutory dues	1,110	
Others		
	<b>1,110</b>	

(₹)

Note 8 Equity share capital	As at March 31, 2021	As at March 31, 2020
<b>Authorised</b>		
1,25,00,000 (March 31,2020: 1,25,00,000 equity shares of ₹ 10 each)	12,50,00,000	12,50,00,000
	12,50,00,000	12,50,00,000
<b>Issued</b>		
71,53,760 (March 31,2020: 71,53,760 equity shares of ₹ 10 each)	7,15,37,600	7,15,37,600
	7,15,37,600	7,15,37,600
<b>Subscribed and paid up</b>		
71,53,760 (March 31,2020: 71,53,760 equity shares of ₹ 10 each)	7,15,37,600	7,15,37,600
	<b>7,15,37,600</b>	<b>7,15,37,600</b>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Particulars	Number of shares	Equity share capital
<b>As at March 31, 2019</b>	25,00,000	2,50,00,000
Add : Share issue to Atul Ltd	46,53,760	
<b>As at March 31, 2020</b>	71,53,760	7,15,37,600
Add : Share issue to Atul Ltd	-	
<b>As at March 31, 2021</b>	<b>71,53,760</b>	<b>7,15,37,600</b>

**(b) Terms | rights | restrictions attached to equity shares**

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend recommended by the Board of Directors and approved by the shareholders in the Annual General Meeting is paid in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Shares held by Holding Company**

Name of the shareholder	As at March 31, 2021	
	Holding %	Number of shares
Atul Finserv Ltd	100%	71,53,760

(₹)

Note 9 Other equity	As at March 31, 2021	As at March 31, 2020
<b>a) Securities premium</b>		
Balance as at the beginning of the year	22,87,397	-
Add: Securities Premium on issue of share	-	22,87,397
Balance as at the end of the year	<b>22,87,397</b>	<b>22,87,397</b>
<b>b) General reserve</b>	-	-
<b>c) Reserve fund under the Reserve Bank of India Act, 1934</b>	<b>5,93,316</b>	-
<b>d) Retained earnings</b>		
Balance as at the beginning of the year	57,84,494	18,61,226
Add: Profit for the year	29,00,332	39,23,268
Less: Special reserve	(5,93,316)	-
Add: Remeasurement gain   (loss) on defined benefit plans	-	-
Add: Transfer from OCI on disposal of FVOCI equity instruments	5,54,292	-
Balance as at the end of the year	<b>86,45,801</b>	<b>57,84,494</b>
<b>e) Other reserves</b>		
FVOCI equity instruments		
Balance as at the beginning of the year	-	-
Add: Equity instruments through other comprehensive income (FVOCI)	39,83,771	-
Less: Transfer to retained earnings on disposal of FVOCI equity instruments	(5,54,292)	-
Balance as at the end of the year	<b>34,29,480</b>	-
<b>TOTAL</b>	<b>1,49,55,994</b>	<b>80,71,891</b>

## **Nature and purpose of other equity**

### **i) Securities premium**

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

### **ii) Retained earnings**

Retained earnings represents the surplus in Profit and Loss Account and appropriations. The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

- a) actuarial gains and losses;
- b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

### **iii) Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934**

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

### **iv) General reserve**

Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.

### **vi) Other comprehensive income**

#### **On equity investments**

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 in the FVOCI equity investments reserve. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

#### **On loans**

The Company recognises changes in the fair value of loans measured under FVOCI in other comprehensive income and impairment loss allowances are recognised in profit or loss.

# Atul Fin Resources Ltd

## Notes to the Financial Statements

(₹)

<b>Note 10 Interest income</b>	<b>2020-21</b>	<b>2019-20</b>
a) Interest on loans	1,68,382	61,575
b) Interest income from investments		
c) Interest on deposits with banks	-	1,62,659
	<b>1,68,382</b>	<b>2,24,234</b>

(₹)

<b>Note 11 Net gain   (loss) on fair value changes</b>	<b>2020-21</b>	<b>2019-20</b>
<b>A) Net gain   (loss) on financial instruments at fair value through profit or loss</b>		
(i) On trading portfolio		
Investments	14,65,790	15,99,930
Others		
(ii) On financial instruments designated at fair value through profit or loss		
<b>B) Others</b>	-	-
<b>C) Total Net gain   (loss) on fair value changes (A+B=C)</b>	<b>14,65,790</b>	<b>15,99,930</b>
Fair Value changes: Realised	17,97,493	12,68,213
Fair Value changes: Unrealised	(3,31,703)	3,31,717
<b>D) Total Net gain   (loss) on fair value changes ('D' to tally with 'C')</b>	<b>14,65,790</b>	<b>15,99,930</b>

(₹)

<b>Note 12 Other Income</b>	<b>2020-21</b>	<b>2019-20</b>
Interest on income tax refund	3,930	-
Dividend income (from Trade investment)	50,712	-
Bill Discounting Income	36,40,503	34,72,241
Miscellaneous income	16,208	12,500
	<b>37,11,353</b>	<b>34,84,741</b>

(₹)

<b>Note 13 Finance Costs</b>	<b>2020-21</b>	<b>2019-20</b>
<b>On financial liabilities measured at amortised cost</b>		
Other interest expense	-	695
	<b>-</b>	<b>695</b>

(₹)

<b>Note 14 Other expenses</b>	<b>2020-21</b>	<b>2019-20</b>
Manpower cost	11,87,386	-
Auditor's fees and expenses	5,000	4,500
Legal and Professional charges	3,755	8,492
Others	65,008	82,277
	<b>12,61,149</b>	<b>95,269</b>

Notes to the Financial Statements

**Note 15 Related party disclosures**

**Note 15 (A) Related party information**

Name of the related party and nature of relationship

No.	Name of the related party	Description of relationship
	Atul Ltd	Ultimate Holding company
01	Atul Finserv Ltd	Holding company
02	Aaranyak Urmi Ltd <sup>1</sup>	
03	Aasthan Dates Ltd	
04	Amal Ltd	
05	Amal Speciality Ltd <sup>1</sup>	
06	Anchor Adhesives Pvt Ltd	
07	Atul Aarogya Ltd	
08	Atul Ayurveda Ltd	
09	Atul Bioscience Ltd	
10	Atul Biospace Ltd	
11	Atul Brasil Quimicos Ltda	
12	Atul China Ltd	
13	Atul Clean Energy Ltd	
14	Atul Crop Care Ltd	
15	Atul Deutschland GmbH	
16	Atul Entertainment Ltd	
17	Atul Europe Ltd	
18	Atul Hospitality Ltd	
19	Atul Infotech Pvt Ltd <sup>1</sup>	
20	Atul Ireland Ltd	
21	Atul Lifescience Ltd	
22	Atul Middle East FZ-LLC	
23	Atul Natural Dyes Ltd	
24	Atul Natural Foods Ltd	
25	Atul Nivesh Ltd <sup>1</sup>	
26	Atul Polymers Products Ltd	
27	Atul Products Ltd	
28	Atul Rajasthan Date Palms Ltd <sup>1</sup>	
29	Atul Renewable Energy Ltd	
30	Atul (Retail) Brands Ltd	
31	Atul Seeds Ltd	
32	Atul USA Inc	
33	Biyaban Agri Ltd	
34	DPD Ltd <sup>1</sup>	
35	Gujarat Synthwood Ltd <sup>2</sup>	
36	Jayati Infrastructure Ltd	
37	Lapox Polymers Ltd	
38	Osia Dairy Ltd	
39	Osia Infrastructure Ltd	
40	Raja Dates Ltd	
	Other related parties with whom transactions have taken place during the year	
41	Rudolf Atul Chemicals Ltd	Joint venture company of holding company
42	Anaven LLP	Joint operation of holding company

<sup>1</sup> Investments held through subsidiary companies | <sup>2</sup> Under liquidation

(₹)

Note 15 (B) Transactions with subsidiary companies	2020-21	2019-20
<b>Service charges paid</b>	<b>10,06,257</b>	<b>-</b>
Atul Finserv Ltd	10,06,257	-
<b>Reimbursement of expenses</b>	<b>1,200</b>	<b>600</b>
Atul Infotech Pvt Ltd	1,200	600
<b>Brand usage charges</b>	<b>500</b>	<b>1,000</b>
Atul Ltd	500	1,000
<b>Outstanding balances as at year end</b>		
<b>Receivables</b>	<b>6,99,54,853</b>	<b>1,33,17,324</b>
Atul Ltd	6,99,54,853	1,33,17,324
<b>Payables</b>	<b>86,279</b>	<b>600</b>
Atul Finserv Ltd	86,279	-
Atul Infotech Pvt Ltd	-	600

# Atul Fin Resources Ltd

## Notes to the Financial Statements

### Note 16 Current and Deferred tax

#### a) Income tax expense

(₹)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current tax</b>		
Current tax on profits for the year	11,84,044	12,89,673
Adjustments for current tax of prior periods	-	-
<b>Total current tax expense</b>	<b>11,84,044</b>	<b>12,89,673</b>
<b>Deferred tax</b>		
(Decrease)   increase in deferred tax liabilities	(7,10,404)	-
Decrease   (increase) in deferred tax assets	7,10,404	-
<b>Total deferred tax expense (benefit)</b>	<b>-</b>	<b>-</b>
<b>Income tax expense</b>	<b>11,84,044</b>	<b>12,89,673</b>

#### b) Current tax assets

(₹)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	(65,866)	(30,603)
Add: Current tax payable for the year	11,84,044	12,89,673
Less: Taxes paid	(11,18,178)	(13,24,936)
<b>Closing balance</b>	<b>-</b>	<b>(65,866)</b>

#### c) Current tax liabilities

(₹)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	65,866.00	-
Add: Current tax payable for the year	11,84,044	12,89,673
Less: Taxes paid	11,25,786	(12,89,673)
<b>Closing balance</b>	<b>(1,24,124)</b>	<b>-</b>

#### d) Deferred tax assets

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 2020-21	As at March 31, 2020
Unrealised Gain on MF measured	(7,10,404)	(7,10,404)	-
<b>Total deferred tax liabilities</b>	<b>(7,10,404)</b>	<b>(7,10,404)</b>	<b>-</b>
MAT credit entitlement	-	-	-
Unused Tax losses	-	-	-
<b>Total deferred tax assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net deferred tax liabilities   (assets)	<b>7,10,404</b>	<b>-</b>	<b>-</b>

### Note 17 Micro, Small and Medium Enterprises Development

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at year end together with interest paid | payable as required under said Act have not been given.



**Note 18 Earnings per share (EPS)**

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars		As at March 31, 2021	As at March 31, 2020
Net profit attributable to equity shareholders	₹	29,00,332	39,23,268
Weighted average number of equity shares for basic earnings per share	Number	71,53,760	71,53,760
Basic and diluted Earning per equity share	₹	0.41	0.55

**Note 19 Segment information**

The Company operates in a single reportable segment i.e. financing, since the nature of the loans are exposed to similar risk and return profiles hence they are collectively operating under a single segment. The Company operates in a single geographical segment i.e. domestic.

**Note 20 Transfer of financial assets that are derecognised in their entirety but where the Company has continuing involvement**

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

**Note 21 Events after reporting date**

There have been no events after the reporting date that require adjustment | disclosure in these financial statements.

The accompanying Notes 1-21 form an integral part of the Financial Statements

As per our attached report of even date

**For Ghanshyam Parekh & Co.**

Firm Registration Number: 131167W

For and on behalf of the Board of Directors

**Director**

G R Parekh

**Proprietor**

Membership Number: 030530

**Director**

**Company secretary**

Atul

April 15, 2021

Atul

April 15, 2021