RUDOLF GROUP

Atul

RACL

Rudolf Atul Chemicals Ltd

Annual Report 2020-21

The logo of Rudolf Atul Chemicals Ltd (RACL) signifies cooperation between two companies, one headquartered in Germany and the other in India. RACL is scripted in the same colour used by the Rudolf Group in its logo and the two flowing pieces of fabric in the same colours used by Atul Ltd in its logo. The first two letters of the logo depict garnering the strengths of the two companies and the two pieces of fabric, which also resemble the wings of a bird flapping them in unison, connote harmony between the two partners, all to serve customers with world-class products.

Contents

Quality is never an accident. It is always the result of intelligent effort.

~ John Ruskin

01 Corporate identity

02 Purpose and Values

04 Board of Directors

05 Directors' Report

09 Annexure to the Directors' Report

15 Management Discussion and Analysis

17 Corporate Governance Report

27 Notice

32 Performance trend

33 Independent Auditor's Report

40 Financial Statements

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 thot we make ore 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.

Corporate Identity

Rudolf Atul Chemicals Ltd is a 50-50 joint venture company of Rudolf GmbH and Atul Ltd, engaged in manufacturing and marketing of textile chemicals in India. The Company is effectively leveraging the strengths of Rudolf and Atul in serving its customers by becoming a total solution provider and is thereby helping both the partners to participate in the growing marketplace.

About Rudolf GmbH

Incorporated and headquartered in Germany, Rudolf GmbH has 28 subsidiary and joint venture companies in various countries in the world so as to effectively service local customers. The Group is engaged in the business of 'specialty' textile chemicals and offers a full range of technically proven textile chemicals - its motto is 'Think global, act local!' It has an excellent brand image in international markets - its brands stand for extraordinary functional finishes and finishing processes.

About Atul Ltd

Incorporated and headquartered in India, Atul Ltd is a diversified company belonging to Lalbhai Group. The Company meets 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. It manages complex chemical processes in a responsible way.

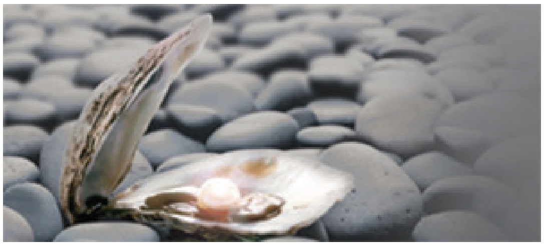
Purpose led

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

Values driven

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 ensured 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.

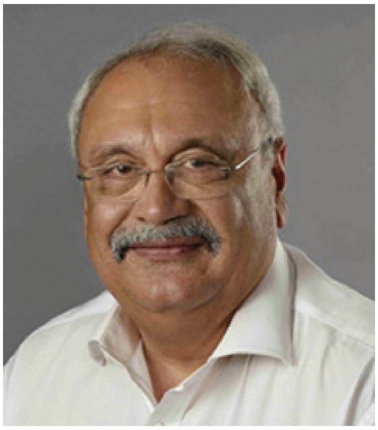
Board of Directors

Wolfgang Schumann

G Venugopala Rao

Ulrich Hambrecht

Gopi Kannan Thirukonda



Sudhir Merchant

Sujal Shah

Directors' Report

Dear Members,

The Board of Directors (Board) presents the annual report of Rudolf Atul Chemicals Ltd together with the audited Financial Statements for the year ended March 31, 2021.

01. Financial results

(₹ cr)

	2020-21	2019-20
Sales	88.27	81.27
Revenue from operations	88.88	82.23
Other income	1.14	1.39
Total revenue	90.02	83.62
Profit before tax	18.60	13.49
Provision for tax	4.81	3.50
Profit for the year	13.79	9.99
Balance brought forward	27.45	22.73
Transfer from comprehensive income	(0.06)	0.01
Disposable surplus	41.18	32.73
Less:		
Dividend paid	2.92	4.38
Dividend distribution tax (net)	-	0.90
Balance carried forward	38.26	27.45

02. Performance

Sales increased by 9% from ₹ 81.27 cr to ₹ 88.27 cr, primarily due to higher demand for effect chemicals. Profit before tax increased by 38% from ₹ 13.49 cr to ₹ 18.60 cr. The earnings per share increased from ₹ 17.11 to ₹ 23.63. Cash flow from operating activities before working capital changes increased from ₹ 12.90 cr to ₹ 17.94 cr and the net cash flow from operating activities decreased from ₹ 11.18 cr to ₹ 6.28 cr due to an increase in the working capital.

03. Dividend

The Board recommends payment of dividend of ₹ 15 per share on 58,37,500 equity shares of ₹ 10 each fully paid-up. The dividend will entail an outflow of ₹ 8.76 cr on the paid-up equity share capital of ₹ 5.84 cr.

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

Information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, forms part of this Report, which is given at page number 09.

05. Insurance

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

06. Risk management

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

07. 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.

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 number 53.

10. Subsidiary, associate and joint venture company

The Company does not have any subsidiary, associate or joint venture company.

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 60. No transactions that required disclosure in Form AOC-2 were entered into by the Company.

12. Corporate social responsibility

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at page number 10.

13. Annual return

Annual return for 2020-21 is available on the website of the Company at www.racl.net.in/investors.html

14. Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company at the 14th Annual General Meeting (AGM) held on August 03, 2018, until the conclusion of the 19th 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 in this annual report.

15. Directors' responsibility statement

Pursuant to Section 134(5) of the Companies Act, 2013, 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 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.

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 the same 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

16.1.1 Subject to the approval of the Members in the Annual General Meeting, Dr G Venugopala Rao was reappointed as the Managing Director from August 18, 2021, to March 13, 2023.

16.1.2 According to Article 88 of the Articles of Association of the Company, Mr Gopi Kannan Thirukonda retires by rotation and being eligible offers himself for reappointment at the forthcoming Annual General Meeting scheduled on August 06, 2021.

16.2 Policy on appointment and remuneration is displayed on the website of the Company at www.racl.net.in/investors.html

The salient features of the Policy are as under:

16.2.1 Appointment

While recommending appointment of the 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 Companies Act, 2013 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 ₹ 10,000 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 Managing Director

This is given under para number 17.2.

16.3 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 and its organisation structure.

17. Key Managerial Personnel and other employees

17.1 Appointments and cessations of Key Managerial Personnel

Subject to the approval of the Members in the Annual General Meeting, Dr G Venugopala Rao was reappointed as the Managing Director from August 18, 2021, to March 13, 2023.

17.2 Remuneration

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

There is no employee who falls within the criteria provided in Sections 134(3)(q) and Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Thus, the disclosure of the information in respect thereof is not applicable.

19. Management Discussion and Analysis

The Management Discussion and Analysis covering performance of the Company is given at page number 15.

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 Companies Act, 2013.

20.2 Report

The Corporate Governance Report is given at page number 17. Details about the number of meetings of the Board held during 2020-21 are given at page number 20. The composition of the Audit Committee is given at page number 22. All the recommendations given by the Audit Committee were accepted by the Board.

20.3 Secretarial standards

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

20.4 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 there under are given at page number 24.

21. 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.

22. Acknowledgements

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

For and on behalf of the Board of Directors

Atul (Wolfgang Schumann)
April 23, 2021 **Chairman**

Annexure to the Directors' Report

Index

No.	Subject title	Page
1.	**Conservation of energy, technology absorption and foreign exchange earnings and outgo**	09
1.1	Conservation of energy	09
1.2	Technology absorption	09
1.3	Foreign exchange earnings and outgo	10
2.	**Corporate social responsibility**	10
2.1	Brief outline on CSR Policy of the Company	10
2.2	Committee	11
2.3	Details of the URL for disclosure of Composition of CSR Committee, CSR Policy and CSR projects on the website of the Company	11
2.4	Impact assessment	11
2.5	Details of the amount available and required for set-off	11
2.6	Average net profit of the Company	11
2.7	CSR obligation	11
2.8	CSR amount spent | unspent for the financial year	11
2.9	Detail of unspent amount for preceding three financial years	13
2.10	Details relating to the capital asset created or acquired through CSR spent	14
2.11	Reason(s), if any, for not spending two percent of the average net profit	14

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

1.1 Conservation of energy

1.1.1 Measures taken:

i) Installed a transformer of Dakshin Gujarat Vij Company Ltd for a separate power connection.

ii) Reduced effluent generation by avoiding intermittent wash.

1.2 Technology absorption

No major steps were taken in 2020-21 due to low usage of utilities in manufacturing activities.

1.3 Foreign exchange earnings and outgo

(₹ *cr*)

Particulars	2020-21	2019-20
Earnings		
Commission income	0.44	0.82
Outgo		
Import of raw materials	18.70	11.72

2. Corporate social responsibility

2.1 Brief outline on CSR Policy of the Company

Policy, programs and scope

2.1.1 Policy

The Company 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) and (or) other entities under its umbrella. The Foundation will particularly undertake projects in and around the locations where the Company operates.

2.1.2 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 centres
   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

2.2 Composition of CSR Committee:

No.	Name	Designation | Nature of Directorship	Number of meetings held during the year	Number of meetings attended during the year
1.	Gopi Kannan Thirukonda	Chairman | Non-independent	1	1
2.	Wolfgang Schumann	Member | Non-independent	1	1
3.	Sudhir Merchant	Member | Independent	1	1

2.3 Provide the URL where the composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

www.racl.net.in/pdf/RACL-CSR_Policy.pdf

2.4 Impact assessment (attach the report):

not applicable

2.5 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
1.	–	–	–

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

₹ 1,470.80 lakhs

2.7 CSR obligation:

(₹ lakhs)

a)	Two percent of average net profit of the Company as per Section 135(5)	₹ 29.42
b)	Surplus arising out of the CSR projects or programs or activities of the previous financial years	Nil
c)	Amount required to be set-off for the financial year, if any	Nil
d)	Total CSR obligation for the financial year (a+b-c)	₹ 29.42

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

(₹ lakhs)

	Amount unspent				
Total amount spent for the financial year	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
₹ 29.50	–	–	–	–	–

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 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
1.	Nutrition Gardens	Item no. (i) eradicating hunger and malnutrition	Yes	Gujarat	Valsad	12.50	NA	No	Atul Foundation	CSR00000635
2.	Support to disaster relief fund for the COVID-19 pandemic	Item no. (i) promoting health care	Yes	Gujarat	Valsad	17.00	NA	No	Atul Foundation	CSR00000635
	Total					29.50				

d) Amount spent in administrative overheads:
nil

e) Amount spent on impact assessment, if applicable:
nil

f) Total amount spent for the financial year (b+c+d+e):
₹ 29.50 lakhs

g) Excess amount for set-off, if any:
nil

(₹ lakhs)

No.	Particular	Amount
(i)	Two percent of average net profit of the Company as per Section 135(5)	29.42
(ii)	Total amount spent for the financial year	29.50
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.08*
(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 small amount, no set-off is considered

2.9 (a) Details of 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
	–	–	–	–	–	–	–	–

2.10 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 asset
a)	Date of creation or acquisition of the capital asset(s)	-
b)	Amount of CSR spent for creation or acquisition of 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)	-

2.11 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

Managing Director	Chairman CSR Committee
G Venugopala Rao	Gopi Kannan Thirukonda

Management Discussion and Analysis

Rudolf Atul Chemicals Ltd is into the business of manufacturing and marketing specialty chemicals for textile processing in India. The Company offers a complete range of products for pre-treatment, dyeing and finishing of apparel, home furnishing and technical textiles. It has achieved multifold growth since inception and aims to become one of the leading suppliers in India.

The Company achieved sales of ₹ 88 cr, which is 9% higher than the preceding year despite stringent lockdown conditions in the first quarter. Sales of effect chemicals product group grew by 23%, primarily due to growth in silicones and antibacterial finishes in the knitted and home textiles segment, whereas sales of process chemicals product group recorded a marginal drop of about 2%.

It has been a challenging year for the textile industry with contraction in domestic sales by 30% and exports by 15%. The major impact was seen in the apparel segment (29%) due to the long closure of retail sales and subdued demand for formal wear. In coming years, the Indian textile industry expects to bounce back with growth of 11% CAGR to reach US$ 255 bn by 2025-26. The Indian textile chemicals industry is estimated at US$ 360 mn and is growing at about 6% CAGR.

The Company offers customised solutions to its customers and aims to achieve its own niche in sustainable innovations. It will continue to focus on using renewable raw materials and energy-saving processes. It expects demand for i) perfluorocarbon-free repellents, ii) HYDROCOOL moisture management concept for sportswear and athleisure and iii) antibacterial and antiviral finishes will grow in the near future. It offers innovative solutions for brands and retailers in the denim segment with the launch of HUB1922 – an initiative by Rudolf Group in Milan (www.hub1922.com). The Company expects an increasing trend for specialty finishes (repellents, antibacterial agents, etc) in coming times. It has also developed products with an eye on changing machinery trends in the textile industry.

Uncertainty and consequent high volatility seen in certain raw materials may strain the sales margins. The Company will take necessary actions to defend the existing market and achieve growth.

Internal control systems

Internal control systems of the Company are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested, certified and upgraded whenever required by the Statutory as well as the Internal Auditors covering all key areas of the business. Significant audit observations and follow-up actions and recommendations thereon are reported to the Senior Management and the Audit Committee for their review.

Human Resources

The Company continued its drive to institutionalise and upgrade its HR processes to help build a more robust workforce capable of managing dynamic and growing business needs. The process of identification and review of key initiatives has become stronger and is continuously upgraded. The requisite training was imparted during 2020-21. Employee relations remained cordial.

Corporate Governance Report

Know well what leads you forward and what holds you back, and choose the path that leads to wisdom.
~ Gautama Buddha

1. Philosophy

Transparency and accountability are the two basic tenets of Corporate 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) short, medium or long-term borrowings
- ii) capital expenditure and operating budgets
- iii) commission payable to the Directors within the limit set by the shareholders
- iv) contracts in which the Director(s) are deemed to be interested
- v) creation of charge on assets in favour of lenders
- vi) declaration of interim dividend
- vii) joint ventures, collaborations, mergers and acquisitions
- viii) loans and investments
- ix) matters requiring statutory | Board consent
- x) sale of investments and assets
- xi) unaudited quarterly financial results and audited annual accounts, including segments 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, if material
- 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) 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 for 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 role 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 Managing Director is appointed by the Members for a period up to five years.

2.3 Composition, name, other directorships | committee memberships

The Board comprises experts drawn from diverse fields | professions. It consists of six Members comprising two Independent Directors and four promoter Directors, including Chairman and Managing Director:

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			
1.	Wolfgang Schumann	–	–	–
	Managing Director			
2.	G Venugopala Rao	1	–	–
	Non-executive Directors			
3.	Ulrich Hambrecht	1	–	–
4.	Gopi Kannan Thirukonda	8	4	–
5.	Sudhir Merchant	2	2	2
6.	Sujal Shah	8	6	3

Sudhir Merchant and Sujal Shah are Independent Directors.

[1] This excludes Directorships in foreign companies and private limited companies.

[2] Memberships | Chairmanships of only the Audit Committees and Stakeholders Relationship Committees of all public limited companies, including the Company were considered.

2.4 Board meetings

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

No.	Day	Date	Venue*
1.	Tuesday	April 24, 2020	Atul
2.	Friday	August 07, 2020	Atul
3.	Friday	November 06, 2020	Atul
4.	Friday	February 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 August 07, 2020
		Total	Attended	
1.	Wolfgang Schumann	4	4	Present
2.	G Venugopala Rao	4	4	Present
3.	Ulrich Hambrecht	4	4	Present
4.	Gopi Kannan Thirukonda	4	4	Present
5.	Sudhir Merchant	4	4	Present
6.	Sujal Shah	4	4	Present

2.6 Appointment | Cessation

» Appointed:
G Venugopala Rao was reappointed as the Managing Director effective August 18, 2021.

» Ceased: nil

» Resigned: nil

2.7 Remuneration

(₹)

No.	Name	Remuneration during 2020-21			
		Sitting fees	Salary and perquisites	Commission	Total
	Chairman				
1.	Wolfgang Schumann	-	-	-	-
	Managing Director				
2.	G Venugopala Rao	-	42,81,947	-	42,81,947
	Non-executive Directors				
3.	Ulrich Hambrecht	-	-	-	-
4.	Gopi Kannan Thirukonda	-	-	-	-
5.	Sudhir Merchant	90,000	-	2,00,000	2,90,000
6.	Sujal Shah	80,000	-	2,00,000	2,80,000

Sitting fees of up to ₹ 10,000 per meeting constitute fees paid to the Independent Directors for attending the Board, Committee and other meetings.

Commission up to 1% of the net profit of the Company to the Independent Directors was approved by the Members of the Company at the AGM held on August 03, 2018, for a period of five years effective April 01, 2019. The Board approves, within the aforesaid limit, commission payable to each Independent Director.

3. Committees of the Board

The Board has constituted the following Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility 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
- 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
  - disclosure of any related party transactions
  - going concern assumption
  - major accounting entries involving estimates based on the 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
- 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

v) Others:

- Determining procedures for risk assessment and minimisation, and reviewing them periodically to ensure that the Executive Management controls risks through means of a properly defined framework
- Evaluating internal financial controls and risk management system
- 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 following Members, all having relevant experience in financial matters:

No.	Name	Designation
1.	Sudhir Merchant	Chairman
2.	Sujal Shah	Member
3.	Gopi Kannan Thirukonda	Member

3.1.3 Meetings and attendance

During 2020-21, four meetings were held.

No.	Name	Total	Attended
1.	Sudhir Merchant	4	4
2.	Sujal Shah	4	4
3.	Gopi Kannan Thirukonda	4	4

The Statutory Auditors, the Chairman, the Managing Director, the Chief Financial Officer, the Company Secretary and the Internal Auditors 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 Director as per the policy

3.2.2 Composition

The Committee comprises following Members:

No.	Name	Designation
1.	Sudhir Merchant	Chairman
2.	Sujal Shah	Member
3.	Gopi Kannan Thirukonda	Member
4.	Ulrich Hambrecht	Member

3.2.3 Meetings and attendance

During 2020-21, no meeting was held.

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

3.3 Corporate Social Responsibility Committee

3.3.1 Role

i) Formulating and recommending the Corporate Social Responsibility (CSR) Policy to the Board

ii) Indicating reasons to the Board in case the amount of expenditure is less than 2% of the average net profit in a given year

iii) Monitoring the CSR Policy from time to time

iv) Recommending the amount of expenditure to be incurred on the CSR initiatives, which may not be less than 2% of the average net profit of the last three years

v) Formulating and recommending to the Board the annual action plan, which will include:

a) the list of CSR projects or programs that are to be undertaken

b) the manner of execution

c) the modalities of utilisation of funds and implementation schedules

d) monitoring and reporting mechanism

e) details of need and impact assessment

3.2.2 Composition

The Committee comprises following Members:

No.	Name	Designation
1.	Gopi Kannan Thirukonda	Chairman
2.	Wolfgang Schumann	Member
3.	Sudhir Merchant	Member

3.2.3 Meetings and attendance

During 2020-21, one meeting was held:

No.	Name	Total	Attended
1.	Gopi Kannan Thirukonda	1	1
2.	Wolfgang Schumann	1	1
3.	Sudhir Merchant	1	1

4. Company policies

4.1 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.

4.2 Code of Conduct

The Code of Conduct is available on the website of the Company at www.racl.net.in/investors.html

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 Managing Director forms part of this report.

4.3 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 received during 2020-21 is as under:

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

4.4 Related party transactions

The Company has formulated a Related Party Transactions Policy.

5. 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, amongst 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 and the interested Directors neither participate in the discussion nor vote on such matters.

The Company complied with the statutory provisions, rules and regulations, and in the last three years, no strictures or penalties were imposed on the Company by any statutory authority.

6. Shareholders' information

6.1 General Body meetings

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

Year	Location	Date	Time
2017-18	B | 18598, Survey number 33, Atul 396 020, Gujarat, India	August 03, 2018	12:30 pm
2018-19	B | 18598, Survey number 33, Atul 396 020, Gujarat, India	August 09, 2019	1:00 pm
2019-20	At deemed venue at Atul Ltd, Atul 396 020, Gujarat, India through video conference.	August 07, 2020	4:00 pm

6.1.2 Special resolutions passed in the previous three AGMs: yes

6.1.3 Resolutions passed through postal ballot: nil

6.2 Annual General Meeting 2021

Details of the 17th AGM are as under:

Year	Location	Date	Time
2020-21	Through video conference	August 06, 2021	4:00 pm

As required, particulars of the Directors seeking reappointment | appointment are given in the Notice of the AGM.

6.3 Financial year

April 01 to March 31

6.4 Date of book closure

July 17, 2021, to July 23, 2021

6.5 Date of dividend payment

August 11, 2021

6.6 Location of plant

Atul 369 020, Gujarat, India

6.7 Address of correspondence

B | 18598, Survey number 33, Atul 396 020, Gujarat, India

E-mail address: sec@racl.net.in

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

No.	Name	Date
1.	First quarter results	August 06, 2021
2.	Second quarter and half-yearly results	November 12, 2021
3.	Third quarter results	February 11, 2022
4.	Fourth quarter and annual results	April 22, 2022

7. Role of the Company Secretary in the overall governance process

All the Directors have access to the suggestions and services of the Company Secretary 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.

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

Dr G Venugopala Rao, Managing Director, and Mr Rajas Khaladkar, Chief Financial Officer, issued certificates to the Board. The certificates were placed before the Board at the meeting held on April 23, 2021, in which the accounts for the year ended March 31, 2021, were considered and approved by the Board.

For Rudolf Atul Chemicals Ltd

Atul
April 23, 2021

(G Venugopala Rao)
Managing Director

Notice

NOTICE is hereby given that the 17th Annual General Meeting of the Members of Rudolf Atul Chemicals Ltd will be held on Friday, August 06, 2021, at 4.00 pm through video conferencing | other audio visual means to transact the following business:

Ordinary business:

1. To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended March 31, 2021, and the Reports of the Directors and the Auditors thereon.

2. To declare dividend on equity shares.

3. To appoint a Director in place of Mr Gopi Kannan Thirukonda (Director identification number: 00048645) 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 Section 196, 197, 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 Dr G Venugopala Rao (Director identification number: 03635806) as the Managing Director of the Company, and his receiving of remuneration, including minimum remuneration from August 18, 2021, to March 13, 2023, as per the draft agreement submitted to this meeting and for identification initialed 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 of the draft 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 I 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."

Notes

01. The 17th Annual General Meeting (AGM) is being held through video conferencing | other audio visual means (VC) in accordance with the procedure prescribed by the Ministry of Corporate Affairs (MCA) vide 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 (the e-AGM circulars). The Members can attend the AGM through VC by following instructions given in note number 10.1 of the Notice. For the purpose of recording proceedings, the AGM will be deemed to be held at the registered office of the Company at B | 18598, Survey number 33, Atul 396 020, Gujarat, India. Keeping in view the guidelines to fight COVID-19 pandemic, the Members are requested to attend the AGM from their respective locations by VC and do not 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 audio visual means, physical attendance of 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 ending March 31, 2021, are annexed | attached.

04. The Register of Members and the 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 the Register of Members on July 16, 2021.

06. The electronic copy of the annual report for 2020-21, including the Notice, which comprises the process and manner of attending the Annual General Meeting through video conferencing | other audio visual means and e-voting is being sent to all the Members whose e-mail addresses are registered with the Company | Depository Participants.

07. A printed copy of the annual report and the Notice is not being sent to Members in view of e-AGM circulars.

08. The 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 up on request.

09. The Members desiring any information relating to the accounts or have any questions, are requested to write to the Company on sec@racl.net.in at least seven days before the date of the Annual General Meeting (AGM) so as to enable the Management to keep the information ready and provide it at the AGM.

10. In compliance with the e-AGM circulars, the Company is pleased to provide to the Members facility to attend the Annual General Meeting (AGM) through video conferencing | other audio visual means (VC) and exercise their right to vote at the 17th AGM by electronic means.

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

i. The Company has availed services of Cisco Webex for providing the VC facility to the Members to attend the AGM through VC.

ii. A separate communication for attending the AGM through VC will be sent to all the Members.

iii. The Members are encouraged to join the AGM through laptops for better experience.

iv. The Members will be required to use their laptop cameras and high-speed internet connections to avoid any disturbance during the AGM.

v. Please note that participants connecting from 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 any kind of aforesaid glitches.

vi. The Members who wish to express their views during the AGM are requested to register themselves as speakers by providing their name, demat account number | folio number, e-mail address and mobile telephone number to the Company at sec@racl.net.in The request must reach to the Company at least seven days before the date of the AGM.

11. At the ensuing Annual General Meeting, Mr Gopi Kannan Thirukonda retires by rotation and being eligible offers himself for reappointment. The information or details pertaining to him are as as follows:

Name	Mr Gopi Kannan Thirukonda
Date of birth	March 30, 1959
Brief résumé	Mr Gopi Kannan Thirukonda is a Director of the Company since August 18, 2011. He is the Chairman of the Corporate Social Responsibility Committee and a Member of the Audit Committee and the Nomination and Remuneration Committee of the Board. Mr Thirukonda has 36 years of experience in various capacities and is currently the Whole-time Director and Chief Financial Officer of Atul Ltd. Mr Thirukonda 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 and holds a postgraduate diploma in Management from Indian Institute of Management, Ahmedabad.
Directorship in other companies	**Public companies** Amal Ltd Atul Bioscience Ltd Atul Polymers Products Ltd – Chairman Atul Finserv Ltd – Chairman Atul Fin Resources Ltd Atul Ltd Atul Nivesh Ltd Atul Rajasthan Date Palms Ltd **Foreign companies** Atul China Ltd – Chairman Atul Deutschland GmbH – Chairman
Membership in committees of other companies	**Member of committees** Amal Ltd – Stakeholders Relationship Committee Atul Bioscience Ltd – Audit Committee Atul Ltd – Risk Management Committee Atul Ltd – Stakeholders Relationship Committee
Relationship with other Directors	None
Number of shares held in the Company	Nil

12. At the ensuing Annual General Meeting, Dr G Venugopala Rao is proposed to be reappointed as the Managing Director of the Company.

    The information or details pertaining to him are given in the Explanatory Statement.

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 number 4 mentioned in the accompanying Notice:

Item number 4

Subject to the approval of the shareholders, the Board reappointed Dr G Venugopala Rao as the Managing Director from August 18, 2021, to March 13, 2023. His brief résumé is given as follows:

Name	Dr G Venugopala Rao
Date of birth	March 14, 1963
Brief résumé	Dr G Venugopala Rao joined Atul Ltd on April 10, 2007, and is the Managing Director of Rudolf Atul Chemicals Ltd since August 18, 2011. Dr Rao has 28 years of experience in various capacities and is currently the President – Colors Business, Atul Ltd. Dr Rao holds a postgraduate degree in Textile Chemistry from the University of Mumbai and a doctorate degree from Leeds University.
Directorship in other companies	**Public companies** Atul Natural Dyes Ltd **Foreign companies** Atul USA Inc
Membership in committees of other companies	**Member of committees** Nil
Relationship with other Directors	None
Number of shares held in the Company	Nil

The terms of reappointment of Dr G Venugopala Rao 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 is placed before the AGM. The material terms of the draft Agreement are as under:

I. Responsibilities:

Dr G Venugopala Rao will have responsibilities of overall supervision of the Company. In addition, he will also be responsible for any other duties as may be assigned to him by the Board.

II. Remuneration:

During his tenure, subject to the approval of the shareholders, Dr Rao will be paid remuneration which may be revised from time to time by Atul Ltd. The Company will reimburse Atul Ltd 20% of the remuneration (including revision thereof) drawn by him from Atul Ltd or an amount not exceeding as is allowable under the Companies Act, 2013, whichever is lower.

III. Dr Rao will not be entitled to sitting fees for attending meetings of the Board and | or Committees thereof. He will, however, be reimbursed 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, Dr Rao will be paid minimum remuneration subject to Schedule V to the Companies Act, 2013.

V. Dr Rao will be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

VI. Notice period of six months will be applicable from either side.

VII. Others:

a. Dr Rao will be entitled to compensation not exceeding six months of basic pay by way of reimbursement of 20% to Atul Ltd.

b. In the event of any dispute or difference arising out of this agreement between the parties, such dispute or difference will be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or substitute thereof and all the provisions of that Act so far as are applicable or of any of them for the time being in force will apply to every reference thereof. The venue of the arbitration will be courts at Valsad only.

c. Both the parties agree for exclusive jurisdiction of courts at Valsad only.

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 relation to reappointment of Dr Rao as the Managing Director from August 18, 2021, to March 13, 2023, for the approval by the Members.

Memorandum of interest

The nature of the concern or interest of Dr Rao, 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.

Registered office:
B | 18598, Survey number 33
Atul 396 020, Gujarat
India
Corporate identity number: U24110GJ2005PLC045564
April 23, 2021

By order of the Board of Directors

(Rakesh Pathak)
Company Secretary

Performance trend

(₹ *lakhs*)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13[1]
Operating results									
Net sales	8,827	8,127	8,295	7,327	6,457	6,086	4,341	3,063	2,055
Revenue	8,888	8,223	8,372	7,399	6,523	6,147	4,046	3,112	2,067
PBIDT	1,920	1,400	1,581	1,445	1,508	1,424	897	564	274
Interest	15	11	13	12	12	10	3	(42)	1
PBDT	1,905	1,389	1,568	1,432	1,496	1,414	894	606	274
Depreciation	45	40	40	36	32	26	80	78	81
PBT from operations[2]	1,860	1,349	1,528	1,396	1,464	1,387	814	528	193
Exceptional | Non-recurring items	-	-	-	-	-	-	-	-	
PBT	1,860	1,349	1,528	1,396	1,464	1,387	814	528	193
Tax	481	350	455	492	511	480	264	175	54
Net profit	1,379	999	1,073	904	953	907	550	353	140
Other comprehensive income net of tax	(6)	1	0.2	(0.4)	(3)	-	-	-	-
Total comprehensive income	1,373	1,000	1,073	903	950	907	550	353	140
Dividend (including DDT[3])	292	528	-	703	1,792	140	-	102	-
Financial position									
Gross block[4]	815	772	707	689	643	519	448	312	309
Net block[4]	652	648	574	596	586	494	423	122	198
Other assets (net)	4,209	3,132	2,734	1,639	1,448	2,382	1,686	1,462	1,136
Capital employed	4,861	3,780	3,308	2,235	2,034	2,876	2,109	1,584	1,334
Equity share capital	584	584	584	584	584	584	584	584	584
Other equity	4,278	3,197	2,725	1,651	1,450	2,292	1,525	1,001	750
Total equity	4,861	3,780	3,308	2,235	2,034	2,876	2,109	1,584	1,334
Borrowings	-	-	-	-	-	-	-	-	-
Per equity share (₹)									
Dividend	5.00	7.50	-	10.00	12.75	12.75	2.00	1.50	-
Book value	83.28	64.76	56.67	38.28	34.84	49.27	36.13	27.13	22.85
Earning	23.63	17.11	18.38	15.48	16.33	15.54	9.43	6.04	2.39
Key indicators									
PBIDT %	21.75%	17.23%	19.05%	19.24%	20.81%	21.41%	21.20%	18.41%	13.33%
PBDT %	21.58%	17.09%	18.90%	19.07%	20.65%	21.26%	21.12%	19.78%	13.33%
PBT %	21.07%	16.60%	18.42%	18.59%	20.21%	20.85%	19.23%	17.24%	9.39%
RoCE %[2,5]	38.61%	35.98%	46.58%	63.01%	72.59%	48.57%	38.74%	30.68%	1.54%
RoNW %[2]	28.37%	26.42%	32.44%	40.44%	46.88%	31.54%	26.08%	22.29%	10.49%
Payment to the exchequer	2,243	1,889	1,984	2,377	1,991	1,854	1,200	848	341

Notes:

[1]First full year of partnership between Rudolf Group and Atul Conglomerate | [2]Excluding exceptional items | [3]Dividend distribution tax | [4]Including capital work-in-progress | [5]Excluding capital work-in-progress

Independent Auditor's Report

To the Members of Rudolf Atul Chemicals Limited

Report on the audit of the Financial Statements

Opinion

01. We have audited the accompanying Financial Statements of Rudolf Atul Chemicals Limited (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 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 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 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 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 Financial Statements.

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

04. The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in the, Directors' report and its annexure, Management Discussion and Analysis, Corporate Governance Report and its performance trend, but does not include the Financial Statements and our Auditor's Report thereon.

05. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

06. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

07. 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 Financial Statements

08. 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 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.

0.9 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, which were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Financial Statements, the 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 unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

    The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

Auditor's responsibility for the audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements.

12. 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 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 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 Financial Statements, including the disclosures, and whether the 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 Financial Statements.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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.

Report on other legal and regulatory requirements

13. 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, the Statement of Cash Flows and the Statement of changes in equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid 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 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

14. 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 a statement in Annexure B on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm registration number: 117366W | W-100018)

Samir R. Shah
Partner
(Membership number: 101708)
UDIN: 21101708AAAABZ3153

Mumbai
April 29, 2021

Annexure A to the Independent Auditor's Report

Referred to in paragraph 1(f) under the '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 Rudolf Atul Chemicals Limited (the Company) as of March 31, 2021, in conjunction with our audit of the 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 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 company's policies, 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 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.

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 the Generally Accepted Accounting Principles. A company's internal financial control over financial reporting 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 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 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 criteria for internal financial control over financial reporting 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 issued by the ICAI.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm registration number: 117366W | W-100018)

Samir R. Shah
Partner
(Membership number: 101708)
UDIN: 21101708AAAABZ3153

Mumbai
April 29, 2021

Annexure B to the Independent Auditor's Report

Referred to in paragraph 2 under the '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 lease deed provided to us, we report that, in respect of immovable property of buildings that have been taken on lease and disclosed as property, plant and equipment in the Financial Statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

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 (the Act).

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 Act 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 and there are no unclaimed deposits hence reporting under Clause (v) of the Order is not applicable.

06. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. 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 Act, 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 generally been regular in depositing undisputed statutory dues of the year, including provident fund, employees' state insurance, income-tax, customs duty, cess, goods and service 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 service 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 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 (₹)	Amount paid under protest (₹)
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	Assessment year 2011 -2012	18,58,210	3,27,800
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	Assessment year 2015 -2016	11,68,823	4,19,652
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	Assessment year 2017 -2018	21,95,307	4,55,097

08. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under Clause (viii) of the Order is not applicable to the Company.

09. The Company has not raised monies 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 to the Company.

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 Act.

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 Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the 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 CARO 2016 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 the holding, subsidiary or associate company 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
(Membership number: 101708)
UDIN: 21101708AAAABZ3153

Mumbai
April 29, 2021

Balance Sheet as at March 31, 2021

(₹ lakhs)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
A ASSETS			
1 Non-current assets			
a) Property, plant and equipment	2	647.39	647.86
b) Capital work-in-progress	2	5.05	-
c) Income tax assets (net)	25.4	65.50	50.63
d) Deferred tax assets (net)	25.4	15.69	17.29
e) Loans	3	1,050.00	1,300.00
f) Other non-current assets	4	30.27	-
Total non-current assets		**1,813.90**	**2,015.78**
2 Current assets			
a) Inventories	5	1,202.16	893.72
b) Financial assets			
i) Trade receivables	6	2,242.84	1,573.72
ii) Cash and cash equivalents	7	1,401.20	712.88
iii) Bank balances other than cash and cash equivalents mentioned above	8	-	33.64
iv) Other financial assets	9	7.72	0.83
c) Other current assets	4	72.86	45.84
Total current assets		**4,926.78**	**3,260.63**
Total assets		**6,740.68**	**5,276.41**
B EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	10	583.75	583.75
b) Other equity	11	4,277.72	3,196.51
Total equity		**4,861.47**	**3,780.26**
Liabilities			
1 Non-current liabilities			
a) Other financial liabilities	12	122.43	120.23
b) Provisions	14	32.52	21.71
Total non-current liabilities		**154.95**	**141.94**
2 Current liabilities			
a) Financial liabilities			
i) Trade payables			
Total outstanding dues of			
a) Micro-enterprises and small enterprises	15	103.14	2.96
b) Creditors other than micro-enterprises and small enterprises	15	1,265.11	1,044.63
ii) Other financial liabilities	13	280.64	248.58
b) Contract liabilities	16	2.28	2.99
c) Other current liabilities	17	58.02	45.63
d) Provisions	14	13.85	8.20
e) Current tax liabilities (net)	25.4	1.22	1.22
Total current liabilities		**1,724.26**	**1,354.21**
Total liabilities		**1,879.21**	**1,496.15**
Total equity and liabilities		**6,740.68**	**5,276.41**
The accompanying Notes 1-25 form an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

Mumbai
April 29, 2021

For and on behalf of the Board of Directors

Wolfgang Schumann
Chairman

Rajas Khaladkar
Chief Financial Officer

G Venugopala Rao
Managing Director

Rakesh Pathak
Company Secretary

Atul
April 23, 2021

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

(₹ lakhs)

Particulars	Note	2020-21	2019-20
INCOME			
Revenue from operations	18	8,888.26	8,222.68
Other income	19	114.00	139.40
Total income		**9,002.26**	**8,362.08**
EXPENSES			
Cost of materials consumed	20	4,200.12	3,879.24
Purchase of stock-in-trade		1,468.12	1,396.35
Changes in inventories of finished goods and stock-in-trade	21	7.87	84.45
Employee benefit expenses	22	563.63	610.03
Finance costs	23	15.15	11.15
Depreciation and amortisation expenses	2	45.10	40.00
Other expenses	24	841.78	992.12
Total expenses		**7,141.77**	**7,013.34**
Profit before tax		**1,860.49**	**1,348.74**
Tax expense			
Current tax	25.4	479.74	364.93
Deferred tax	25.4	1.60	(14.99)
Total tax expense		**481.34**	**349.94**
Profit for the year		**1,379.15**	**998.80**
Other comprehensive income			
Items that will not be reclassified to profit | loss			
i) Remeasurement gain | (loss) on defined benefit plans	25.5	(8.11)	1.27
ii) Income tax relating to above item		2.04	(0.32)
Other comprehensive income, net of tax		**(6.07)**	**0.95**
Total comprehensive income for the year		**1,373.08**	**999.75**
Earnings per equity share			
Basic and diluted earnings ₹ per equity share of ₹10 each	25.10	23.63	17.11
The accompanying Notes 1-25 form an integral part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

Mumbai
April 29, 2021

For and on behalf of the Board of Directors

Wolfgang Schumann
Chairman

Rajas Khaladkar
Chief Financial Officer

G Venugopala Rao
Managing Director

Rakesh Pathak
Company Secretary

Atul
April 23, 2021

Statement of changes in equity for the year ended March 31, 2021

A. Equity share capital

(₹ lakhs)

Particulars	Note	Amount
As at March 31, 2019		**583.75**
Changes in equity share capital during the year		-
As at March 31, 2020		**583.75**
Changes in equity share capital during the year		-
As at March 31, 2021	10	**583.75**

B. Other equity

(₹ lakhs)

Particulars	Note	Reserves and surplus			Total other equity
		Securities premium	General reserve	Retained earnings	
As at March 31, 2019		**416.69**	**35.27**	**2,272.60**	**2,724.56**
Profit for the year		-	-	998.80	998.80
Other comprehensive income, net of tax		-	-	0.95	0.95
Total comprehensive income for the year		**-**	**-**	**999.75**	**999.75**
Dividend paid (including dividend distribution tax)	25.8	-	-	(527.80)	(527.80)
As at March 31, 2020		**416.69**	**35.27**	**2,744.55**	**3,196.51**
Profit for the year		-	-	1,379.15	1,379.15
Other comprehensive income, net of tax		-	-	(6.07)	(6.07)
Total comprehensive income for the year		**-**	**-**	**1,373.08**	**1,373.08**
Dividend paid	25.8	-	-	(291.87)	(291.87)
As at March 31, 2021		**416.69**	**35.27**	**3,825.76**	**4,277.72**
The accompanying Notes 1-25 form an integral part of the Financial Statements					

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Samir R. Shah
Partner

Mumbai
April 29, 2021

For and on behalf of the Board of Directors

Wolfgang Schumann
Chairman

Rajas Khaladkar
Chief Financial Officer

G Venugopala Rao
Managing Director

Rakesh Pathak
Company Secretary

Atul
April 23, 2021

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

RACL

(₹ *lakhs*)

	Particulars	2020-21	2019-20
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	1,860.49	1,348.74
	Adjustments for:		
	Depreciation and amortisation expenses	45.10	40.00
	Finance costs	15.15	11.15
	Loss on assets sold | discarded | demolished	3.76	11.08
	Unrealised exchange rate difference (net)	(3.30)	2.96
	Bad debts and irrecoverable balances written off (net)	0.21	-
	Liability no longer required written back	(2.34)	-
	Interest income	(125.20)	(123.76)
	Operating profit before change in operating assets and liabilities	**1,793.87**	**1,290.17**
	Adjustments for:		
	(Increase) | Decrease in inventories	(308.44)	102.10
	(Increase) | Decrease in trade receivables	(669.32)	58.94
	(Increase) | Decrease in other current financial assets	(6.90)	0.78
	(Increase) | Decrease in other current assets	(27.01)	(6.27)
	(Increase) | Decrease in other non-current assets	(30.27)	1.34
	Increase | (Decrease) in trade payables	318.81	83.93
	Increase | (Decrease) in other current financial liabilities	29.87	9.12
	Increase | (Decrease) in other contract liabilities	(0.71)	(15.40)
	Increase | (Decrease) in other current liabilities	12.40	(4.92)
	Increase | (Decrease) in current provisions	5.65	(0.61)
	Increase | (Decrease) in non-current provisions	2.70	6.56
	Cash generated from operations	**1,120.65**	**1,525.74**
	Income tax paid (net of refund)	492.56	407.62
	Net cash inflow from operating activities A	**628.09**	**1,118.12**

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

(₹ lakhs)

Particulars			2020-21	2019-20
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Payment to acquire property, plant and equipment (including capital advance)		(56.74)	(116.57)
	Inter-corporate deposit given		250.00	(200.00)
	Short-term bank deposits		33.64	(2.00)
	Interest received		125.21	131.60
	Net cash inflow from investing activities	**B**	**352.11**	**(186.97)**
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Finance lease obligation paid		-	(20.00)
	Proceeds from | (repayment) of short-term borrowings, (net)		-	4.82
	Dividend on equity shares (including dividend distribution tax)		(291.88)	(527.80)
	Net cash used in financing activities	**C**	**(291.88)**	**(542.98)**
	Net increase | (decrease) in cash and cash equivalents	**A+B+C**	**688.32**	**388.17**
	Cash and cash equivalents at the beginning of the year		**712.88**	**324.71**
	Cash and cash equivalents at the end of the year		**1,401.20**	**712.88**
	The accompanying Notes 1- 25 form an integral part of the Financial Statements			

i) 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 prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

ii) Cash flow from operating activities include ₹ 29.50 lakhs (March 31, 2020: ₹ 30.10 lakhs) being expenditure towards Corporate Social Responsibility initiatives.

iii) Refer Note 11 for a reconciliation of changes in liabilities arising from financing activities.

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Wolfgang Schumann
Chairman

Samir R. Shah
Partner

Rajas Khaladkar
Chief Financial Officer

G Venugopala Rao
Managing Director

Mumbai
April 29, 2021

Rakesh Pathak
Company Secretary

Atul
April 23, 2021

Background

Rudolf Atul Chemicals Ltd (the Company) is a limited company incorporated and domiciled in India. It is a joint venture company of Rudolf GmbH and Atul Ltd, engaged in manufacturing and marketing of textile chemicals in India. The Company is effectively leveraging the strengths of Rudolf GmbH and Atul Ltd in serving its customers by becoming a total solution provider and is thereby helping the two partners to participate in the growing marketplace. The registered office of the Company is located at B | 18598, Survey number 33, Atul 396 020, Gujarat, India.

Note 1 Significant accounting policies

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

a) Statement of compliance

The Financial Statements comply in all material aspects 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 Financial Statements have been prepared on a historical cost basis except for the following:

a) Certain financial assets and liabilities: measured at fair value

b) Defined benefit plans: plan assets measured at fair value

The accounting policies are applied consistently to all the periods presented in the 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.

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

iii) 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.

iv) Recent accounting pronouncements:

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

c) Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition | construction, including incidental expenses directly attributable to the acquisition | construction activity, as the case may be, less accumulated depreciation, amortisation and impairment as necessary as per cost model.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arrive from the continued use of the assets. Any gain or loss arising on disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit and loss.

Depreciation

i) Depreciation is being provided on a pro-rata basis on the 'straight-line method' over the estimated useful lives of the assets.

ii) Depreciation is calculated on a pro-rata basis from the date of acquisition | installation till the date the assets are sold or disposed off.

iii) Useful lives of the assets as prescribed under part C of Schedule II to the Companies Act, 2013 are applied.

iv) The property, plant and equipment acquired under finance leases is depreciated over the useful lives of the assets or over the shorter of the useful lives of the assets and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

v) The residual values are not more than 5% of the original cost of the asset. The residual values and useful lives of the assets are reviewed and adjusted if appropriate, at the end of each reporting period.

d) Intangible assets

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment.

Amortisation

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

e) Impairment

The carrying amounts of assets are reviewed at each 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 assets does not exceed the carrying amount that will be determined if no impairment loss had previously been recognised.

f) 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.

g) Trade receivables

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method, less provision for impairment based on expected credit loss.

h) Trade and other payables

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

i) Borrowing costs

Borrowing costs in relation to acquisition and construction of qualifying assets are capitalised as part of cost of such assets up to the date when such assets are ready for intended use.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Other borrowing costs are charged as expense in the year in which these are incurred.

j) Inventories

i) Raw materials, packing materials, purchased finished goods, finished goods, fuel, stores and spares are valued at cost or net realisable value whichever is lower. The cost is arrived at on periodic moving weighted average basis.

ii) Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition.

iii) Obsolete, defective, unserviceable and slow | non-moving inventories are duly provided for and valued at net realisable value.

k) Foreign currency transactions

i) Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The Financial Statements of the Company are presented in Indian currency (₹), which is also the functional and presentation 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 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 Statement of Profit and Loss, within finance costs. All other foreign exchange gain | (loss) presented in the Statement of Profit and Loss are 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.

l) Revenue recognition

i) Revenue from contracts with customers

The Company derives revenues primarily from sale of goods and services.

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 services, mainly in case of door-to-door delivery basis, is recognised upon completion of services.

Measurement

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 the government, which are levied on sales, such as goods and services tax.

ii) Other income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Commission income is recognised on the basis of confirmation received.

m) 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 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 accrues for payment in future. Actuarial gains | losses are immediately taken to the Statement of Profit and Loss.

The net interest cost is calculated by applying the discount rate 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 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 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.

ii) Defined contribution plan

Contribution paid | payable by the Company during the period to provident fund, superannuation fund, employees' state insurance corporation, national pension scheme and labour welfare fund are recognised in the Statement of Profit and Loss. The above benefits are classified as defined contribution schemes as the Company has no further defined obligations beyond the monthly contribution.

Provident fund

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Long-term employee benefits

The liabilities for earned and sick leaves 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.

n) Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources. Provision is not discounted to its present value and is determined based on the best estimate required to settle an obligation at the year end. These are reviewed every year end and adjusted to reflect the best current estimate. Contingent liabilities are not recognised but are disclosed in the Financial Statements. Contingent assets are not recognised but disclosed in the Financial Statements when inflow of economic benefits is probable.

o) 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 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 to the extent that it is probable that the taxable profits will be available against which those deductible temporary differences can be utilised. 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 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.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. Tax filings of the Company include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. 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 Appendix did not have an impact on the Financial Statements of the Company.

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. The Company assessed whether the Appendix had an impact on its Financial Statements.

p) 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 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.

q) 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. Earnings considered in ascertaining the EPS is the net profit for the period and any attributable tax thereto for the period.

r) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the 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.

s) Estimation of uncertainties relating to the global health pandemic from COVID-19

Manufacturing facilities of the Company that were shut down 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 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 COVID-19, it has, at the date of approval of these 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 COVID-19, including the current wave, may be different from that estimated as at the date of approval of these Financial Statements.

t) Critical estimates and judgements

The preparation of Financial Statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved 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 Financial Statements.

The areas involving critical estimates or judgements are:

- Estimation for income tax – Note 1 (o)
- Estimation of defined benefit obligation – Note 1 (m)
- Fair value measurements – Note 25.6
- Estimation of provision for inventories – Note 1 (j)
- Allowance for credit losses on trade receivable – Note 1 (g)

Estimates and judgements are continually evaluated. They are based on historical experiences and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

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

(₹ *lakhs*)

Particulars	Buildings[1]	Plant and equipment[2]	Office equipment and furniture	Vehicles	Total	Intangible assets	Capital work-in-progress
Gross carrying amount							
As at March 31, 2019	393.87	285.82	21.26	5.74	706.69	1.63	-
Additions	-	119.43	-	5.00	124.43	-	98.10
Deductions and adjustments	-	51.82	7.39	-	59.21	1.63	98.10
As at March 31, 2020	**393.87**	**353.43**	**13.87**	**10.74**	**771.91**	**-**	**-**
Additions	-	42.66	-	5.74	48.40	-	46.63
Other adjustments	-	0.89	(0.89)	-	-	-	-
Disposals and adjustments	-	10.64	0.04	-	10.68	-	41.58
As at March 31, 2021	**393.87**	**386.34**	**12.94**	**16.48**	**809.63**	**-**	**5.05**
Depreciation							
Up to March 31, 2019	**58.71**	**65.47**	**6.96**	**1.26**	**132.40**	**1.42**	**-**
For the year	14.75	22.02	1.88	1.28	39.93	0.07	-
Disposals and adjustments	-	41.55	6.73	-	48.28	1.49	-
Up to March 31, 2020	**73.46**	**45.94**	**2.11**	**2.54**	**124.05**	**-**	**-**
For the year	14.75	27.23	1.54	1.58	45.10	-	-
Disposals and adjustments	-	6.89	0.02	-	6.91	-	-
Up to March 31, 2021	**88.21**	**66.28**	**3.63**	**4.12**	**162.24**	**-**	**-**
Net carrying amount							
As at March 31, 2020	320.41	307.49	11.76	8.20	647.86	-	-
As at March 31, 2021	**305.66**	**320.06**	**9.31**	**12.36**	**647.39**	**-**	**5.05**

[1]Building includes premises (along with affixed land) taken on 30 year lease, and classified as finance lease (for details, refer Note 25.11). The carrying value of leased building included in buildings above is as follows:

(₹ *lakhs*)

Buildings	March 31, 2021	March 31, 2020
Cost | Deemed cost	392.81	392.81
Accumulated depreciation	(87.29)	(72.74)
Net carrying amount	305.52	320.06

[2]The manufacturing plant of the Company is installed in land and building leased by the joint venturer, Atul Ltd.

(₹ *lakhs*)

Note 3 Loans		As at March 31, 2021	As at March 31, 2020
Unsecured, considered good			
i)	Inter-corporate deposit to related parties (refer Note 25.3 C)	1,050.00	700.00
ii)	Inter-corporate deposit to others	-	600.00
		1,050.00	**1,300.00**

The Company determines the realisable value of loans based on the regular service of interest on loan, subsequent recoveries of loan, past trends, credit risk profiles and support of holding company of the loanee. Based on this assessment, the Company is of the view that carrying amounts of loans are expected to be realisable.

(₹ *lakhs*)

Note 4 Other assets			As at March 31, 2021		As at March 31, 2020	
			Current	Non-current	Current	Non-current
i)	Balances with the government department					
	a)	Balances with the statutory authorities	-	30.27	36.90	-
ii)	Advances for goods and services		67.63	-	0.93	-
iii)	Others		5.23	-	8.01	-
			72.86	**30.27**	**45.84**	**-**

(₹ *lakhs*)

Note 5 Inventories*		As at March 31, 2021	As at March 31, 2020
i)	Raw materials and packing materials	455.88	362.81
	Add: Goods-in-transit	374.66	151.42
		830.54	**514.23**
ii)	Finished goods	278.53	281.12
iii)	Stock-in-trade	93.09	98.37
		1,202.16	**893.72**

*During the year, the Company has changed the inventory valuation method from FIFO to periodic moving weighted average {Note 1 (j)}. The impact of which is not material.

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 ageing 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 recognised in the Statement of Profit and Loss of ₹ nil cr (March 31, 2020: ₹ 0.35 cr).

(₹ *lakhs*)

Note 6 Trade receivables			As at March 31, 2021		As at March 31, 2020	
a)	Unsecured, considered good					
	i)	Related parties (refer Note 25.3)	-		0.58	
	ii)	Others	2,270.84	2,270.84	1,601.14	1,601.72
	Less: Allowance for doubtful debts			28.00		28.00
				2,242.84		**1,573.72**

Trade receivables are valued considering the provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, the Company has considered the likelihood of increased credit risk, subsequent recoveries 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 Statement of Profit and Loss of ₹ nil cr (March 31, 2020: ₹ 0.28 cr).

(₹ *lakhs*)

Note 7 Cash and cash equivalents		As at March 31, 2021	As at March 31, 2020
Balances with banks			
i)	In current accounts	60.31	14.52
ii)	In demand deposit having original maturity of less than 3 months	1,340.89	698.36
		1,401.20	**712.88**

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

(₹ *lakhs*)

Note 8 Bank balances other than cash and cash equivalents mentioned above	As at March 31, 2021	As at March 31, 2020
Demand deposit having original maturity of more than 3 months but less than 12 months	-	33.64
	-	**33.64**

(₹ *lakhs*)

Note 9 Other financial assets		As at March 31, 2021	As at March 31, 2020
i)	Other receivables (loan to employees)	2.03	0.82
ii)	Interest accrued, but not due on inter-corporate deposits (refer Note 25.3 C)	-	0.01
iii)	Security and other deposits	5.69	-
		7.72	**0.83**

(₹ *lakhs*)

Note 10 Equity share capital	As at March 31, 2021	As at March 31, 2020
Authorised		
70,00,000 (March 31, 2020: 70,00,000) equity shares of ₹ 10 each	700.00	700.00
Issued, subscribed and fully paid-up		
58,37,500 (March 31, 2020: 58,37,500) equity shares of ₹ 10 each	583.75	583.75

(₹ *lakhs*)

i) Movement in equity share capital		
	Number of shares	**Equity share capital**
As at March 31, 2020	58,37,500	583.75
As at March 31, 2021	58,37,500	583.75

ii) Terms and rights attached to equity shares:

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

a) Equity shares:

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the 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. Each holder of equity shares is entitled to one vote per share.

b) Dividend:

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

iii) 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.	IB Industriechemie Beteiligungs GmbH	50.00%	29,18,750	50.00%	29,18,750
2.	Atul Ltd	50.00%	29,18,750	50.00%	29,18,750

(₹ *lakhs*)

Note 11 Other equity	As at March 31, 2021	As at March 31, 2020
i) Security premium	416.69	416.69
ii) General reserve	35.27	35.27
iii) Retained earnings		
Balance at the beginning of the year	2,744.55	2,272.60
Add: Profit for the year	1,379.15	998.80
Less: Dividend on equity shares for the year 2019-20: ₹ 5.00 per share (2018-19: ₹ 7.50)	(291.87)	(437.81)
Less: Dividend distribution tax on dividend	-	(89.99)
Add: Other comprehensive income | (loss)	(6.07)	0.95
Balance at the end of the year	3,825.76	2,744.55
	4,277.72	**3,196.51**

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.

(₹ *lakhs*)

Note 12 Other financial liabilities (Non-current)	As at March 31, 2021	As at March 31, 2020
Lease liabilities	127.90	120.23
Less: Current maturities of lease liabilities	(5.47)	-
(included in Note 13, Other financial liabilities)		
	122.43	**120.23**

(₹ *lakhs*)

Note 13 Other financial liabilities (Current)	As at March 31, 2021	As at March 31, 2020
i) Security deposits	166.24	180.30
ii) Creditor for capital goods	4.58	7.87
iii) Employee benefits payable	81.42	40.75
iv) Current maturities of finance lease obligation (refer Note 12)	5.47	-
v) Others	22.93	19.66
	280.64	**248.58**

(₹ *lakhs*)

Note 14 Provisions	As at March 31, 2021		As at March 31, 2020	
	Current	Non-current	Current	Non-current
Provisions for employee benefits				
i) Compensated absences (refer Note 25.5 e)	4.58	32.52	4.61	21.71
ii) Gratuity (refer Note 25.5 a)	9.27	-	3.59	-
	13.85	**32.52**	**8.20**	**21.71**

(₹ *lakhs*)

Note 15 Trade payables	As at March 31, 2021		As at March 31, 2020	
a) Total outstanding dues of micro-enterprises and small enterprises (refer Note 25.12)		103.14		2.96
b) Total outstanding dues of creditors other than micro-enterprises and small enterprises				
i) Related party (refer Note 25.3)	467.87		207.23	
ii) Others	797.24	1,265.11	837.40	1,044.63
		1,368.25		**1,047.59**

(₹ lakhs)

Note 16 Contract liabilities	As at March 31, 2021	As at March 31, 2020
Advance received from customers	2.28	2.99
	2.28	**2.99**

(₹ lakhs)

Note 17 Other current liabilities	As at March 31, 2021	As at March 31, 2020
Statutory dues	58.02	45.63
	58.02	**45.63**

(₹ lakhs)

Note 18 Revenue from operations	2020-21	2019-20
Sale of products	8,827.28	8 ,126.51
Scrap sales	17.12	14.44
Revenue from contracts with customers	8,844.40	8,140.95
Commission received	43.86	81.73
	8,888.26	**8,222.68**

Reconciliation of revenue recognised with contract price

(₹ lakhs)

Particulars	2020-21	2019-20
Contract price	8,937.50	8,274.89
Adjustment for:		
Variable consideration[1]	(93.10)	(133.94)
Revenue from contract with customers	**8,844.40**	**8,140.95**

[1]Consideration payable to customers like discounts, free samples 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.

The Company has evaluated the impact of COVID-19 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 COVID-19 is not material based on the said evaluation. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

(₹ lakhs)

Note 19 Other income	2020-21	2019-20
Interest from inter-corporate deposits	88.98	102.11
Interest on demand deposits with banks	36.22	21.66
Liability no longer required written back	2.34	-
Exchange rate difference gain (net)	(13.54)	15.04
Miscellaneous income	-	0.59
	114.00	**139.40**

(₹ lakhs)

Note 20 Cost of materials consumed	2020-21	2019-20
Raw materials and packing materials consumed		
Stocks at beginning of the year	514.23	531.88
Add: Purchases	4,516.43	3,861.58
	5,030.66	**4,393.46**
Less: Stocks at end of the year	830.54	514.22
	4,200.12	**3,879.24**

(₹ lakhs)

Note 21 Changes in inventories of finished goods and stock-in-trade	2020-21	2019-20
Stocks at end of the year		
Finished goods	278.53	281.12
Stock-in-trade	93.09	98.37
	371.62	**379.49**
Less: Stocks at beginning of the year		
Finished goods	281.12	386.52
Stock-in-trade	98.37	77.42
	379.49	**463.94**
(Increase) | Decrease in stocks	**7.87**	**84.45**

(₹ lakhs)

Note 22 Employee benefit expenses	2020-21	2019-20
Salaries, wages and bonus	507.77	513.09
Contribution to provident and other funds (refer Note 25.5)	21.29	29.01
Staff welfare expenses	34.57	67.93
	563.63	**610.03**

(₹ lakhs)

Note 23 Finance costs	2020-21	2019-20
Interest on income tax	-	0.13
Interest on finance lease obligation	7.66	7.20
Interest on micro, small and medium enterprises	2.19	0.00
Interest on security deposits	5.30	3.82
	15.15	**11.15**

RACL

(₹ lakhs)

Note 24 Other expenses	2020-21	2019-20
Power, fuel and water	14.02	16.04
Freight and cartage	22.99	21.83
Manpower services	378.86	399.55
Consumption of stores and spares	2.51	2.54
Plant operation charges	5.08	8.75
Plant and equipment repairs	8.12	4.98
Sundry repairs	2.81	1.03
Rent	47.29	47.89
Insurance	8.22	10.82
Commission	126.66	96.16
Travelling and conveyance	14.97	97.72
Auditor's remuneration		
i) As auditor	1.67	1.52
ii) For other services	0.98	0.89
iii) For reimbursement of expenses	-	0.04
Directors' fees	1.70	1.70
Directors' commission (other than the Executive Directors)	4.00	4.00
Provision for doubtful debts (net)	-	28.00
Loss on assets sold, discarded or demolished	3.76	11.08
Expenditure on Corporate Social Responsibility (refer Note 25.13)	29.50	30.10
Legal and professional charges	7.67	6.93
Testing analysis and inspection charges	5.18	4.58
Business promotion and development	72.03	99.38
Miscellaneous expenses	83.76	96.59
	841.78	**992.12**

Note 25.1 Contingent liabilities

(₹ lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as debts in respects of:		
i) Income tax	64.25	64.25

The above matters are currently being considered by the tax authorities and the Company expects the judgement will be in its favour and has therefore, not recognised the provision in relation to these claims. Future cash outflow in respect of above will be determined only on receipt of decision pending with tax authorities. The potential undiscounted amount of total payments for taxes that the Company may be required to make if there was an adverse decision related to these disputed demands of regulators as of the date reporting period ends are as stated above. The above excludes interest | penalty unless demanded by the authorities.

Note 25.2 Commitments

Capital commitments

There are no capital expenditure contracted for but not recognised in liability at the end of the reporting period.

Note 25.3 (A) Related party information

Name of the related party and nature of relationship[1]

No.	Name of the related party	Description of relationship
	Party where control exists	
1	I B Industrieschemie Beteiligungs GmbH	Joint venturer
2	Atul Ltd	
	Other related parties with whom transactions have taken place during the year	
1	Rudolf GmbH	Entities over which joint venturer have significant influence
2	Atul Bioscience Ltd	
3	Atul Infotech Private Ltd	
4	Atul Finserv Ltd	
5	Atul Foundation Trust (welfare fund)	
6	Rudolf Hub 1922 S.r.l.	
7	Atul Club	
8	Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme	Post-employment benefit plan of Rudolf Atul Chemicals Ltd

(₹ *lakhs*)

Note 25.3 (B) Transactions with joint venturer			2020-21	2019-20
a)	**Sales and income**			
	1	Sale of goods	9.34	18.64
		Atul Ltd	9.34	18.64
b)	**Purchases and expenses**			
	1	Purchase of goods	199.12	285.22
		Atul Ltd	199.12	285.22
	2	Service charges paid	356.37	382.62
		Atul Ltd	356.37	382.62
	3	Utility expenses	10.83	16.04
		Atul Ltd	10.83	16.04
	4	Reimbursement of expenses	16.41	63.57
		Atul Ltd	16.41	63.57
	5	Lease rent	46.24	46.24
		Atul Ltd	46.24	46.24
	6	Interest expense	7.66	7.20
		Atul Ltd	7.66	7.20
c)	**Other transactions**			
	1	Equity dividend	291.88	437.82
		Atul Ltd	145.94	218.91
		I B Industrieschemie Beteiligungs GmbH	145.94	218.91
	2	Security deposit received back	20.00	-
		Atul Ltd	20.00	-
	3	Lease rent paid	20.00	20.00
		Atul Ltd	20.00	20.00
	4	Capital asset purchased	5.74	-
		Atul Ltd	5.74	-

(₹ lakhs)

Outstanding balances as at year end			March 31, 2021	March 31, 2020
	1	Trade receivables	-	0.58
		Atul Ltd	-	0.58
	2	Trade payables	115.54	56.77
		Atul Ltd	115.54	56.77
	3	Finance lease obligation	127.90	120.24
		Atul Ltd	127.90	120.24

(₹ lakhs)

Note 25.3 (C) Transactions with entities over which joint venturer have significant influence			2020-21	2019-20
a)	**Sales and income**			
	1	Commission income	43.86	81.73
		Rudolf GmbH	43.86	81.73
	2	Interest income on inter-corporate deposits	79.31	52.22
		Atul Bioscience Ltd	79.31	52.22
b)	**Purchases and expenses**			
	1	Purchase of goods	1,642.81	1,171.62
		Rudolf GmbH	1,642.81	1,171.62
	2	Insurance expenses	-	3.54
		Rudolf GmbH	-	3.54
	3	Reimbursement of expenses	0.01	0.20
		Atul Finserv Ltd	0.01	0.20
	4	Employer contribution	14.02	3.59
		Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme	14.02	3.59
	5	Business promotion and development	60.03	88.42
		Rudolf Hub 1922 S.r.l.	60.03	88.16
		Rudolf GMBH	-	0.26
	6	Testing fees	-	0.14
		Rudolf GmbH	-	0.14
c)	**Other transactions**			
	1	Corporate Social Responsibility initiatives	29.50	30.10
		Atul Foundation Trust	29.50	30.10
	2	Inter-corporate deposit given	350.00	200.00
		Atul Bioscience Ltd	350.00	200.00

(₹ lakhs)

Outstanding balances as at year end		March 31, 2021	March 31, 2020
1	Inter-corporate deposit given	1,050.00	700.00
	Atul Bioscience Ltd	1,050.00	700.00
2	Interest accrued but not due on inter-corporate deposit given	-	0.01
	Atul Bioscience Ltd	-	0.01
3	Trade payables	352.33	150.46
	Rudolf GmbH	298.54	62.05
	Atul Finserv Ltd	-	0.21
	Rudolf Hub 1922 S.r.l.	53.79	88.16
	Atul Club	-	0.04
4	Provision for gratuity	9.27	3.59
	Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme	9.27	3.59

Note 25.3 (D) Transactions with entities over which joint venturer have significant influence

1	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.
2	All outstanding balances are unsecured and are repayable in cash and cash equivalent.

[1]Related Party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors.

Note 25.4 Current and deferred tax

The major components of income tax expense are:

a) Income tax expenses recognised in the Statement of Profit and Loss

(₹ lakhs)

Particulars		2020-21	2019-20
i)	**Current tax**		
	Current tax on profit for the year	479.74	358.80
	Adjustments for current tax of prior periods	-	6.13
	Total current tax expense	**479.74**	**364.93**
ii)	**Deferred tax**		
	Decrease | (Increase) in deferred tax assets	1.60	(15.30)
	Adjustments for deferred tax of prior periods due to change in statutory tax rate	-	0.31
	Total deferred tax expense | (benefit)	**1.60**	**(14.99)**
	Income tax expense	**481.34**	**349.94**

RACL

b) Income tax expenses recognised in the statement of other comprehensive income

(₹ *lakhs*)

Particulars	2020-21	2019-20
i) Current tax		
Remeasurement gain | (loss) on defined benefit plans	(2.04)	0.32
Total current tax expense	**(2.04)**	**0.32**
Income tax expense	**(2.04)**	**0.32**

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) Expenses not deductible for tax purposes	0.46%	0.28%
ii) Others	0.24%	0.49%
Effective income tax rate	**25.87%**	**25.95%**

d) No aggregate amounts of current and deferred tax have arisen in the reporting periods that have not been recognised in net profit or loss or other comprehensive income, but directly debited | (credited) to equity.

e) Current tax assets

(₹ *lakhs*)

Particulars	2020-21	2019-20
Opening balance	50.63	23.34
Add: Taxes paid	494.61	392.22
Less: Current tax payable for the year	(479.74)	(364.93)
Closing balance	**65.50**	**50.63**

f) Current tax liabilities

(₹ *lakhs*)

Particulars	2020-21	2019-20
Opening balance	1.22	13.97
Add: Current tax payable for the year	-	-
Less: Taxes paid	-	12.75
Closing balance	**1.22**	**1.22**

g) Deferred tax liabilities (net)

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 profit or loss	As at March 31, 2020	Charged | (Credited) to profit or loss	As at March 31, 2019
Property, plant and equipment	19.43	3.05	16.38	(1.25)	17.63
Total deferred tax liabilities	**19.43**	**3.05**	**16.38**	**(1.25)**	**17.63**
Provision for doubtful debts	7.05	-	7.05	7.05	-
Expenses disallowed under Section 40 (a) of the Income Tax Act, 1961	1.42	(2.92)	4.34	(4.21)	8.55
Provision for custom duty	1.67	1.67	-	-	-
Finance lease transaction	5.63	0.55	5.08	(0.29)	5.37
Compensated absences	9.33	2.71	6.62	0.61	6.01
Provision for provident fund	1.20	(0.43)	1.63	1.63	-
Provision for inventory	8.82	(0.13)	8.95	8.95	-
Total deferred tax assets	**35.12**	**1.45**	**33.67**	**13.74**	**19.93**
Net deferred tax (assets) | liabilities	**(15.69)**	**1.60**	**(17.29)**	**(14.99)**	**(2.30)**

Note 25.5 Employee benefit obligations

Funded schemes

a) Defined benefit plan

Gratuity

The Company operates a gratuity plan through the 'Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme'. Every employee is entitled to a benefit equivalent to the last drawn salary of 15 days for each completed year of service subject to maximum of ₹ 20 lakhs in line with the Payment of Gratuity Act, 1972 or the Company scheme, whichever is 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.

Balance Sheet amount (Gratuity)

(₹ *lakhs*)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2019	**42.18**	**(37.59)**	**4.59**
Current service cost	4.53	-	4.53
Interest expense | (income)	3.04	(2.71)	0.33
Total expense recognised in profit and loss	**7.57**	**(2.71)**	**4.86**
Remeasurements			
Return on plan assets, excluding amount included in interest expense | (income)	-	0.45	0.45
(Gain) | Loss from change in demographic assumptions	(0.40)	-	(0.40)
(Gain) | Loss from change in financial assumptions	2.29	-	2.29
Experience (gains) | losses	(3.61)	-	(3.61)
Total loss recognised in other comprehensive income	**(1.72)**	**0.45**	**(1.27)**
Employer contributions	-	(4.59)	(4.59)
As at March 31, 2020	**48.03**	**(44.44)**	**3.59**
Current service cost	5.67	-	5.67
Interest expense | (income)	3.09	(2.86)	0.23
Total expense recognised in profit and loss	**8.76**	**(2.86)**	**5.90**
Remeasurements			
Return on plan assets, excluding amount included in interest expense | (income)	-	(0.59)	(0.59)
(Gain) | Loss from change in demographic assumptions	2.60	-	2.60
(Gain) | Loss from change in financial assumptions	(2.47)	-	(2.47)
Experience (gains) | losses	8.57	-	8.57
Total loss recognised in other comprehensive income	**8.70**	**(0.59)**	**8.11**
Employer contributions	-	(3.58)	(3.58)
Benefit payments	(4.75)	-	(4.75)
As at March 31, 2021	**60.74**	**(51.47)**	**9.27**

The net liability disclosed above relates to the following funded and unfunded plans:

(₹ *lakhs*)

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of funded obligations	60.74	48.03
Fair value of plan assets	(51.47)	(44.44)
Deficit of gratuity plan recognised as provision (refer Note 14)	**9.27**	**3.59**

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

(₹ *lakhs)*

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.33%	6.43%
Attrition rate	8.00%	14.00%
Rate of return on plan assets	6.33%	6.43%
Salary growth rate	7.62%	8.40%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

(₹ *lakhs)*

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%	(3.36)	(2.01)	3.79	2.20
Attrition rate	1.00%	1.00%	(0.36)	(0.30)	0.39	0.32
Rate of return on plan assets (same as discount rate)	1.00%	1.00%	(3.36)	(2.01)	3.79	2.20
Salary growth rate	1.00%	1.00%	3.71	2.14	(3.35)	(1.99)

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 as while calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

Major categories of plan assets are as follows:

(₹ *lakhs)*

Particulars	As at March 31, 2021				As at March 31, 2020			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Investment funds								
Insurance funds	-	51.47	51.47	100%	-	44.44	44.44	100%
Others								
Bank balance	-	-	-	0%	-	-	-	0%
	-	**51.47**	**51.47**	**100%**	**-**	**44.44**	**44.44**	**100%**

Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest rate risk

A fall in the discount rate which is linked to the government securities rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than the assumed level will increase the plan's liability.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate, which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Concentration risk

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

Expected contributions to post-employment benefit plans for the year ending March 31, 2021, are ₹ 11.23 lakhs.

The weighted average duration of the defined benefit obligation is seven years (2020-21: nine years). The expected maturity analysis of gratuity is as follows:

(₹ lakhs)

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	4.53	4.66	24.14	62.84	96.17
As at March 31, 2020	5.84	5.75	22.83	32.69	67.11

b) Defined contribution plans

The Company pays provident fund contributions to registered provident fund administered by the government at the rate of 12% of basic salary as per regulations. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is of ₹ 16.62 lakhs (March 31, 2020: ₹ 17.66 lakhs).

The Company had taken legal opinion from legal experts and based on that, provident fund payable on universal allowances was worked out and an amount of ₹ 1.43 lakhs was deposited with provident fund authorities on June 30, 2020.

c) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Mortality rates are obtained from the relevant data.

d) 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 and gratuity. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact of the Code when it comes into effect and will record related impact, if any.

Unfunded schemes

e) Defined contribution plan

(₹ *lakhs*)

Particulars	Compensated absences	
	As at March 31, 2021	As at March 31, 2020
a) Present value of unfunded obligations (refer Note 14)	37.11	26.32
b) Expense recognised in the Statement of Profit and Loss (including encashment paid during the year)	12.84	6.98
c) Discount rate (per annum)	6.33%	6.43%
d) Salary escalation rate (per annum)	7.62%	8.40%

Note 25.6 Fair value measurements

Financial instruments by category

(₹ *lakhs*)

Particulars	As at March 31, 2021			As at March 31, 2020		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
i) Trade receivables	-	-	2,242.84	-	-	1,573.72
ii) Cash and cash equivalents	-	-	1,401.20	-	-	712.88
iii) Loans	-	-	1,050.00	-	-	1,300.00
iv) Bank balances other than cash and cash equivalents above	-	-	-	-	-	33.64
v) Interest accrued, but not due on inter-corporate deposits	-	-	-	-	-	0.01
Total financial assets	**-**	**-**	**4,694.04**	**-**	**-**	**3,620.25**
Financial liabilities						
i) Other financial liabilities	-	-	122.43	-	-	120.23
ii) Security deposits	-	-	166.24	-	-	180.30
iii) Creditor for capital goods	-	-	4.58	-	-	7.87
iv) Employee benefits payable	-	-	81.42	-	-	40.75
v) Current maturities of finance lease obligation (refer Note 13)	-	-	5.47	-	-	-
vi) Others	-	-	22.93	-	-	19.66
vii) Trade payables	-	-	1,368.25	-	-	1,047.59
Total financial liabilities	**-**	**-**	**1,771.32**	**-**	**-**	**1,416.40**

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the 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 under the Accounting Standard. An explanation of each level follows underneath the table.

ii) Fair value of financial assets and liabilities measured at amortised cost

(₹ lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
	Carrying amount | Fair value	Carrying amount | Fair value
Financial liabilities		
Other financial liabilities	127.90	120.23
Total financial liabilities	**127.90**	**120.23**

The carrying amounts of trade receivables, short-term loan, trade payables, interest accrued but not due, borrowings, creditors for capital goods, security deposits, other short-term financial liabilities and cash and cash equivalents, including bank balances other than cash and cash equivalents 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 25.7 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. 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 –** 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 interrelationships.

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.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(a) Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, investments carried at amortised cost and deposits with banks and inter-corporate deposits given, as well as credit exposures to trade | non-trade customers, including outstanding receivables.

Management of credit risk

Based on the financial transaction, credit risk is minimised. High rated banks | institutions are accepted for placing FD or taking LC from customers. Customer credit limits are regularly monitored.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company funding is through initial equity contribution and its retained earnings, and the Company has not availed credit facilities from any bank or financial institutions.

Financing

The Company has not availed any credit facilities from banks and financial institutions.

Management of liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company manages liquidity by ensuring that it will have sufficient funds to meet its liabilities when due, without incurring unacceptable losses. In doing this, the Management considers both normal and stressed conditions. A material and sustained shortfall in cash flow can undermine the credit rating and impair investor confidence of the Company.

(₹ *lakhs*)

Contractual maturities of financial liabilities as at March 31, 2021	Less than 12 months	More than 12 months	Total
Finance lease obligations	5.47	122.43	127.90
Security deposits	166.24	-	166.24
Creditor for capital goods	4.58	-	4.58
Others	22.93	-	22.93
Employee benefits payable	81.42	-	81.42
Trade payables	1,368.25	-	1,368.25
Total financial liabilities	**1,648.89**	**122.43**	**1,771.32**

Contractual maturities of financial liabilities as at March 31, 2020	Less than 12 months	More than 12 months	Total
Finance lease obligations	-	120.23	120.23
Security deposits	180.30	-	180.30
Creditor for capital goods	7.87	-	7.87
Others	19.66	-	19.66
Employee benefits payable	40.75	-	40.75
Trade payables	1,047.59	-	1,047.59
Total financial liabilities	**1,296.17**	**120.23**	**1,416.40**

(c) Foreign currency risk

The Company exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency (₹) of the Company. The risk is measured through a forecast of highly probable foreign currency cash flows.

The above risks may affect the income and expenses of the Company or the value of its financial instruments. The objective of management of market risk of the Company is to maintain this risk within acceptable parameters, while optimising returns. The exposure of the Company to these risks is explained below:

Foreign currency risk exposure

The exposure of the Company to foreign currency risk at the end of the reporting period, is as follows:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Amount in €	Amount in ₹	Amount in €	Amount in ₹
Financial liabilities				
Trade payables	4,06,001	3,52,32,789	1,80,823	1,50,21,046
Net exposure to foreign currency risk	**4,06,001**	**3,52,32,789**	**1,80,823**	**1,50,21,046**

Note 25.8 Capital management

The Company considers the following components of its Balance Sheet to manage capital:

Total equity as shown in the Balance Sheet includes general reserve, retained earnings, share capital and share premium. The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on judgement of management of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return on capital to shareholders or issue new shares.

The policy of the Company is to maintain a stable and strong capital structure with a focus on total equity so as to maintain confidence of various stakeholders and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Management monitors the return on capital as well as the level of dividends to shareholders. The goal of the Company is to continue to be able to provide return by the Company to shareholders by continuing to distribute dividends in future periods. Refer to the table below for the final and interim dividends declared and paid:

(₹ *lakhs*)

Particulars	2020-21	2019-20
Equity shares		
Final dividend for the year ended March 31, 2020 ₹ 5.00 (P.Y : ₹ 7.50) per fully paid share	291.87	437.81
Dividend distribution tax on final dividend	-	89.99

Note 25.9 Segment information

As the business activity of the Company falls within a single primary segment, namely, textile products (chemicals), the disclosure requirement of Ind AS - 108 'Operating Segments' notified under the Companies (Indian Accounting Standards) Rules, 2015, is not applicable.

Further, since the revenue generated and assets within India are greater than 90% of the total revenue and total assets respectively of the Company, the disclosure requirement of geographical segments as per the aforesaid Standard is not applicable.

Note 25.10 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	₹ lakhs	1,379.15	998.80
Weighted average number of equity shares outstanding during the year	Number	58,37,500	58,37,500
Nominal value of equity share	₹	10	10
Basic and diluted EPS	₹	23.63	17.11

Note 25.11 Leases

a) As a Lessee

The Company has taken a warehouse, laboratory and the Mumbai office 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 Statement of Profit and Loss under 'Rent' in Note 24.

i) Following are the changes in the carrying value of right to use assets

(₹ lakhs)

Particulars	2020-21	2019-20
As at April 01, 2020	320.06	334.61
Addition	-	-
Deletion	-	-
Depreciation | Amortisation	14.54	14.55
As at March 31, 2021	**305.52**	**320.06**

ii) **Following movement in lease liability**

(₹ *lakhs*)

Particulars	2020-21	2019-20
As at April 01, 2020	120.24	133.04
Addition	-	-
Deletion	-	-
Finance cost occurred	7.66	7.20
Payment of lease liability	-	20.00
As at March 31, 2021	**127.90**	**120.24**

Future minimum lease payments payable under finance leases together with the present value of the net minimum lease payments (MLP) are as under:

(₹ *lakhs*)

Particulars	As at March 31, 2021		As at March 31, 2020	
	MLP payable	Present value of MLP payable	MLP payable	Present value of MLP payable
Not later than one year	20.00	20.00	-	-
Later than one year and not later than five years	40.00	33.30	40.00	35.42
Later than five years	160.00	74.60	180.00	84.82
Total MLP payable	**220.00**	**127.90**	**220.00**	**120.24**
Less: future finance cost	**92.10**	-	**99.76**	**-**
Present value of MLP payable	**127.90**	**127.90**	**120.24**	**120.24**

The Company 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 in the Statement of Profit and Loss as Rent in Note 24 '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 25.12 Disclosure requirement under MSMED Act, 2006

The Company has certain dues to suppliers (trade payables) registered under The Micro, Small and Medium Enterprises Development Act, 2006 'MSMED Act'. The disclosures pursuant to the said MSMED Act are as follows:

(₹ lakhs)

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	99.58	1.59
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	2.19	0.00
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	274.20	3.14
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	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	3.56	1.37
Further interest remaining due and payable for earlier years	-	-

Above disclosures have been made based on information available with the Company, for suppliers who are registered as Micro, Small and Medium Enterprise under the MSMED Act as at March 31, 2021. The Auditors have relied upon in respect of this matter.

Note 25.13 Corporate Social Responsibility

a) Gross amount required to be spent by the Company during the year is ₹ 29.50 lakhs (2019-20: ₹ 30.10 lakhs)

b) Amount spent during the year on:

(₹ lakhs)

Particulars	2020-21			2019-20		
	Paid	Payable	Total	Paid	Payable	Total
i) Construction | acquisition of any asset	-	-	-	-	-	-
ii) On purposes other than (i)	29.50	-	29.50	30.10	-	30.10

Note 25.14 The Financial Statements were authorised for issue by the Board of Directors on April 23, 2021.

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Wolfgang Schumann
Chairman

Samir R. Shah
Partner

Rajas Khaladkar
Chief Financial Officer

G Venugopala Rao
Managing Director

Mumbai
April 29, 2021

Rakesh Pathak
Company Secretary

Atul
April 23, 2021

Corporate information

Directors

Dr Wolfgang Schumann
(Chairman)

Dr G Venugopala Rao
(Managing Director)

Mr Ulrich Hambrecht

Mr Gopi Kannan Thirukonda

Mr Sudhir Merchant

Mr Sujal Shah

Chief Financial Officer

Mr Rajas Khaladkar

Company Secretary

Mr Rakesh Pathak

Auditors

Deloitte Haskins & Sells LLP

Registered office

B | 18598, Survey number 33
Atul 396 020, Gujarat
India

E-mail address: sec@racl.net.in
Website: www.racl.net.in

Bankers

Axis Bank
State Bank of India
Yes Bank

Rudolf Atul Chemicals Ltd
Atul 396 020, Gujarat
India