Atul Bioscience Ltd

Annual Report 2021-22

The logo of Atul Bioscience Ltd signifies our commitment to make available high quality life science chemicals - its double helix wherein two strands wind around each other like a twisted ladder reflect our aspiration to grow based on research and technology and serve customers across the world. The colours signal our core - a Company based out of India working with Values.

Learn this from water: loud splashes the brook but the oceans depth is calm.
~ Gautama Buddha

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Forward looking statements

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

Corporate identity

Atul Bioscience Ltd (ABL) is engaged in the manufacturing and marketing of active pharmaceutical ingredients (APIs) and their intermediates and serves customers belonging to the Pharmaceutical industry.

ABL is a wholly-owned subsidiary company of Atul Ltd, a member of Lalbhai Group, one of the oldest business houses in India.

The Company manufactures APIs and their intermediates for different therapeutic areas, particularly, antiasthmatic, antidepressant, antidiabetic, antifungal, anti-infective, anti-inflammatory, antineoplastic, antiretroviral and cardiovascular. It is consistently adding to its manufacturing capacity to fulfil the growing demand of its customers.

Purpose

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 product 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

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

Sunil Lalbhai

Prabhakar Chebiyyam

Gopi Kannan Thirukonda

Sharat Tripathi

Pramod Lele

Rangaswamy Iyer

Ajit Dangi

Astha Lalbhai

Latika Pradhan

Dear Members,

The Board of Directors (Board) presents the annual report of Atul Bioscience Ltd together with the audited Financial Statements for the year ended March 31, 2022.

01. Financial results

(₹ lakhs)

	2021-22	2020-21
Sales	12,563	14,231
Revenue from operations	12,623	14,335
Other income	36	30
Total revenue	12,659	14,365
Profit | (Loss) before tax	(261)	675
Provision for tax	3.24	191
Profit | (Loss) for the year	(264)	484
Balance brought forward	2,170	1,686
Transfer from comprehensive income	(9)	-
Disposable surplus	1,897	2,170
Balance carried forward	1,897	2,170

02. Performance

Sales decreased from ₹ 14,231 lakhs to ₹ 12,563 lakhs due to lower demand for key products during the year. A loss of ₹ 261 lakhs was incurred during the year, as against a profit of ₹ 675 lakhs in the previous year due to lower sales and increase in cost of key inputs. The earnings per share decreased from ₹ 1.67 to ₹ (0.90), and the net cash flow from operating activities decreased by 33% from ₹ 2,338 lakhs to ₹ 1,563 lakhs. The borrowings of the Company (including current maturities of long-term borrowings) decreased by 9% from ₹ 7,833 lakhs to ₹ 7,156 lakhs.

03. Dividend

The Board did not recommend dividend for the year.

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 10.

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 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. The Board periodically reviews the risk management framework.

07. Internal financial controls

The Management assessed the effectiveness of the internal financial controls over financial reporting as of March 31, 2022, and the Board believes that the controls are adequate.

08. Fixed deposits

During 2021-22, the Company did not accept any fixed deposit.

09. Loans, guarantees, investments and security

Particulars of loans, guarantees, investments and security provided during 2021-22 are given at page number 65.

10. Subsidiary, joint venture and associate company

The Company does not have any subsidiary, joint venture and associate 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 25. No transactions were entered into by the Company which required disclosure in Form AOC-2.

12. Corporate social responsibility

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at page number 11 to 14.

13. Annual return

Annual return for 2021-22 is available on the website of the Company at www.atulbio.co.in

14. Auditors

Statutory Auditors

Deloitte Haskins & Sells LLP (DHS), Chartered Accountants were appointed as the Statutory Auditors of the Company at the 20th Annual General Meeting (AGM) held on June 07, 2017 until the conclusion of the 25th AGM.

The first term of five years of DHS is expiring at the ensuing AGM. Pursuant to Section 139 of the Companies Act, 2013 and Rules made thereunder, the Company can reappoint DHS for second term of five years. Accordingly, based on the recommendation of the Audit Committee, the Board at its meeting held on April 21, 2022, recommended the reappointment of DHS, as the Statutory Auditors of the Company for second term of five years. DHS will hold the office for a period of five consecutive years from the conclusion of the 25th AGM of the Company till the conclusion of the 30th AGM to be held in the year 2027, subject to the approval of the shareholder(s) of the Company at the ensuing AGM. DHS have given their consent to act as the Auditors and confirmed their eligibility for appointment.

The Auditors' Report for the financial year ended March 31, 2022, does not contain any qualification, reservation or adverse remark. The report is enclosed with the Financial Statements in this annual report.

Cost Auditors

The Company has maintained cost records as required under the Act. The members ratified the appointment of R Nanabhoy & Co as the Cost Auditors for 2021-22 on July 26, 2021.

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, 2022, 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 this 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, 2022, were prepared on a going concern basis.

15.5. Adequate internal financial controls to be followed by the Company were laid down and they were adequate and operating effectively.

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

16. Directors

16.1. Appointments | Reappointments | Cessations

i. According to Article 153 of the Articles of Association of the Company, Mr Sunil Lalbhai and Ms Astha Lalbhai, who retire by rotation, and being eligible, offer themselves for reappointment at the forthcoming AGM.

ii. Mr Pramod Lele, Mr Rangaswamy Iyer and Dr Ajit Dangi were re-designated as Non-executive Directors of the Company effective October 22, 2021.

iii. Ms Latika Pradhan was appointed as an Additional Director effective October 22, 2021. The term of Ms Pradhan as an Additional Director ceases in the forthcoming AGM. Accordingly, her reappointment as a Director is proposed at the forthcoming AGM.

iv. Mr Vivek Gadre was appointed as an Additional Director effective April 21, 2022. The term of Mr Gadre as an Additional Director ceases in the forthcoming AGM. Accordingly, his reappointment as a Director is proposed at the forthcoming AGM.

16.2. Policies on appointment and remunerations

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. Traits: 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 ₹ 30,000 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 Managing Director

This is given under para number 21.

16.3. Criteria and method of annual evaluation

16.3.1. i) The Executive Directors, ii) the Non-executive Director (other than Independent Directors), iii) the Independent Directors, iv) the Chairman, v) the Committee of the Board and vi) the Board as a whole are summarised in the table at the end of the Directors' Report at page number 8.

16.3.2. The Board has carried out annual evaluation of performance of:

i. its Committees namely Audit, Corporate Social Responsibility, and Nomination and Remuneration Committees.

ii. the Directors: The templates for the above purpose were circulated in advance for feedback of the Directors.

17. Key Managerial Personnel and other employees

17.1. Appointments and cessations of the Key Managerial Personnel

During 2021-22, Mr Pranesh Mallaya ceased to be the Chief Financial officer effective October 22, 2021. Mr Suresh Kalra was appointed as the Chief Financial officer of the Company effective October 22, 2021 in place of Mr Pranesh Mallaya. Mr Rajeev Kumar ceased to be Company Secretary of the Company effective October 30, 2021.

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 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. Report

The Corporate Governance Report is given at page number 18. Details about the number of meetings of the Board held during 2021-22 are given at page number 20. The composition of the Audit Committee is given at page number 23.

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

20.2. Whistleblowing Policy

The Board, on the recommendation of the Audit Committee, had approved a vigil mechanism (Whistleblowing Policy). The Policy provides an independent mechanism for reporting and resolving complaints pertaining to unethical behaviour, actual or suspected fraud and violation of the code of conduct of the Company and is displayed on the website of the Company at https://www.atulbio.co.in/investors/

20.3. Secretarial standards

Secretarial standards as applicable to the Company were followed and complied with during 2021-22.

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 thereunder are given at page number 24.

21. 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

(Sunil Lalbhai)
Chairman
DIN: 00045590

Atul
April 21, 2022

Evaluation of	Evaluation by	Criteria
Directors	All other Board Members	Qualification, Experience, Availability and attendance, Integrity, Commitment, Governance, Transparency, Communication, Preparedness, Participation and Value addition
Committees	Board Members	Composition, Process and Dynamics

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

1.1. Conservation of energy

1.1.1. Measures taken:

i) optimising operations of chilled water pumps during reactions

ii) monitoring and maintaining temperatures at an optimum level

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

1.2. Technology absorption

1.2.1. Research and Development

i) Specific areas in which Research and Development (R&D) was carried out by the Company:

The Company focused its R&D efforts on process improvement of existing products, recovery of products from waste, and development of new products and formulations.

ii) Benefits derived from R&D:

The Company increased its yield, decreased raw material and solvent consumption, recovered products from waste and introduced products in the market.

iii) Future plan:

The Company is investing further in people and equipment so as to strengthen its R&D and thereby enhance its capability.

iv) R&D expenditure: nil

1.2.2. Technology absorption, adaptation and innovation

i) Efforts in brief, made towards technology absorption, adaptation and innovation:

The Company upgraded many of its processes and operations by imbibing new technology using more efficient equipment and introducing automation.

ii) Benefits derived as a result of the above efforts, for example, product improvement, cost reduction, product development and import substitution:

The above efforts have resulted in improvement in quality, increase in yields, increase in throughput and decrease in manpower.

iii) Technology, if any, imported during the last three years reckoned from the beginning of the financial year:

The Company did not import any technology.

1.3. Foreign exchange earnings and outgo

1.3.1. Export sales: activities, development initiatives and future plan

Sales outside India* decreased by 51% from ₹ 2,146.97 lakhs to ₹ 1,057.13 lakhs. The Company is taking further steps to strengthen its international marketing network.

*Free On Board (FOB) value

1.3.2. Total foreign exchange earnings and outgo

(₹ lakhs)

Particulars	2021-22	2020-21
Earnings		
Exports - FOB value	1,057.13	2,146.97
Outgo		
Payment for raw materials and capital goods	97.96	230.00
Payment for commission and others	13.90	18.00

2. Corporate social responsibility

2.1. Brief outline on CSR Policy, programs and scope of the Company

2.1.1. Policy

The Company will volunteer its resources to the extent it can reasonably afford to contribute towards enhancing the quality of life, thereby the standard of living of people, particularly the marginalised sections of the society. Essentially, the indicative beneficiaries are the needy, who are living below the poverty line in rural or urban areas, particularly where the Company is operating. The endeavour is to uplift them through the chosen programs (mentioned below) so that they can live with dignity and self-respect.

2.1.2. Programs and scope

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

i) Education and Empowerment

- a) Establish and | or support educational institutes
- b) Establish and | or support vocational institutes
- c) Enhance education in rural areas
- d) Promote integrated development of rural | tribal areas
- e) Promote sustainable livelihood opportunities
- f) Support needy and | or meritorious students

ii) Health and Relief

- a) Eradicate hunger and malnutrition
- b) Establish and | or improve medical care centres
- c) Promote health, hygiene and sanitation
- d) Promote sports and fitness
- e) Support deserving | needy patients
- f) Support during natural calamities

iii) Infrastructure and Conservation

- a) Conserve natural resources
- b) Develop and | or improve rural utilities
- c) Develop and | or improve rural amenities

d) Protect flora and fauna

e) Protect and | or promote art and culture

f) Restore sites of historical importance

2.2. Composition of the CSR Committee:

No.	Name of Directors	Designation | Nature of Directorship	Number of meetings held during the year	Number of meetings attended during the year
1.	Pramod Lele	Chairman | Independent Director	1	1
2.	Gopi Kannan Thirukonda	Member | Non-executive Director	1	1
3.	Sharat Tripathi	Member | Non-executive Director	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.atulbio.co.in/investors/CSR.pdf

2.4. Impact assessment

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)

Financial year	Amount available for set-off from preceding financial years	Amount required to be set-off for the financial year, if any
-	-	-

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

₹ 1,845 lakhs

2.7. CSR obligation:

(₹ lakhs)

a)	2% of average net profit of the Company as per Section 135(5)	12.28
b)	Surplus arising out of the CSR projects or programs or activities of the previous financial years	-
c)	Amount required to be set-off for the financial year, if any	-
d)	Total CSR obligation for the financial year [a) + b) - c)]	12.28

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

(₹ lakhs)

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

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 (years)	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 other than the ongoing projects for the financial year:

(₹ lakhs)

No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local area	Location of 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	Mode of implementation - through implementing agency	
				State	District				Name	CSR registration number
1	Model Aanganwadi Project	Promoting education	Yes	Gujarat	Valsad	8.00	NA	No	Atul Foundation	CSR00000635
2	Support to build model aanganwadis	Promoting health care	Yes	Gujarat	Valsad	4.28	NA	No	Atul Foundation	CSR00000635
						12.28				

d) Amount spent in administrative overheads:
nil

e) Amount spent on impact assessment, if applicable:
Not applicable

f) Total amount spent for the financial year [b) + c) + d) + e)]:
₹ 12.28 lakhs

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

(₹ lakhs)

No.	Particular	Amount
(i)	2% of average net profit of the Company as per Section 135(5)	12.28
(ii)	Total amount spent for the financial year	12.28
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	-
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	-

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

(₹ lakhs)

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):

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:

(₹ lakhs)

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

2.11. Reasons, if the Company has failed to spend two percentage of the average net profit as per Section 135(5): Not applicable

Chairman CSR Committee	Managing Director
Pramod Lele DIN: 00106902	Prabhakar Chebiyyam DIN: 01569332

Atul Bioscience Ltd (ABL) is in the business of manufacturing and marketing of active pharmaceutical ingredients (APIs) and their intermediates. The products are manufactured at Atul and Ambernath sites, and are used by customers belonging to the Pharmaceutical industry, under six broad therapeutic categories, namely, antidepressant, antidiabetic, anti-infective, antifungal, antiretroviral and cardiovascular. The portfolio of the Company comprises of about 20 products, five of which are relatively new.

During 2021-22, sales decreased by 12% from ₹ 143 cr to ₹ 126 cr.

The size of the world Pharmaceutical industry is estimated at US$ 1.45 tn, of which the conventional pharmaceutical segment is estimated to be US$ 1.1 tn. Of this, the size of the world API industry is estimated to be US$ 160 bn. India is the largest provider of generic drugs. There are about 20 major companies, which share 52% of the world market of prescription drugs and 20 major generic companies that dominate the generic drug space with a share of about 83%. Five of these top 20 generic companies are Indian.

The main user industry, namely, Pharmaceuticals, is growing well due to the increasing awareness about lifestyle and age related diseases, increasing prevalence of cancer across the world, technological advancements in manufacturing, emerging markets for biosimilars and increasing scope for highly potent active ingredients. Pure-play API companies have seen a setback in the last couple of years, unless they were either already in the frontline of COVID-19 medications or could quickly get onto those APIs. However, this trend was fluctuating quite frequently, with such APIs changing on the lines of the 'flavour of the month' approach in the COVID-19 medication protocol. The Company will participate in this growth by i) widening its market reach, ii) increasing its manufacturing efficiencies, iii) generating and adding capacities, iv) introducing new products, v) backward integrating into key raw materials and starting materials, wherever possible and vi) forming long-term strategic alliances with other companies.

Stringent regulatory requirements and global economic recession may restrict market growth. The prices of some products may vary widely over the short-term. Fluctuations in foreign exchange may also impact input prices and sales realisation. The uncertainties associated with the supply chain disruptions, mainly due to transportation of materials, may have an adverse impact on the business in the short-term, and the Company is working to minimise the impact of such aberrations to sustain the operations and identify new opportunities to grow.

Internal control systems

Internal control systems of the Company are commensurate with the nature of its business and size and complexity of its operations. These are routinely tested, certified and upgraded wherever required by Statutory as well as Internal Auditors covering all key areas of business. Significant audit observations and follow-up actions and recommendations thereon are reported to the Senior Management and Audit Committee for their review. The Company is working with reputed firms specialising in internal audit function. The efforts are helping to introduce best practices required to manage its growing business.

Human Resources

The Company considers its people to be its biggest asset. The business terrain is evolving rapidly and witnessing dynamic changes. To address the growing business needs and to adapt to the ever-evolving business environment, we continued to upgrade and enhance our processes related to recruitment, learning and development, talent management and retention. In addition to the above, the Company also made significant improvements in the area of HR automation and digitalisation. Many initiatives, pertaining to recruitment, learning and development, performance management and enhancement of accommodation facilities were rolled out with an objective to enrich candidate and employee experience.

In matters of conscience, the law of the majority has no place.

~ Mahatma Gandhi

1. Philosophy

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

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

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

2. Board

2.1 Board business

The normal business of the Board comprises:

2.1.1. Approving:

i) appointment of Cost Auditors

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) cost audit reports

vi) creation of charge on assets in favour of lenders

vii) declaration of interim dividend

viii) joint ventures, collaborations, mergers and acquisitions

ix) loans and investments

x) matters requiring statutory | Board consent

xi) sale of investments and assets

xii) short, medium and long-term borrowings

xiii) unaudited quarterly financial results and audited annual accounts, including segments revenue, results and capital employed

2.1.2. Monitoring:

i) effectiveness of the governance practices and making desirable changes

ii) implementation of performance objectives and corporate performance

iii) potential conflicts of interest of the Management, the Board members and the shareholders, including misuse of corporate assets and abuse in related party transactions

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) a well-defined mandate, composition and working procedures of the committees

2.1.7. Others:

i) Acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the shareholders

ii) Aligning remuneration of the key executives and the Board members with the long-term interests of the Company and the shareholders

iii) Applying high ethical standards

iv) Assigning sufficient number of the Non-executive Board members capable of exercising independent judgement to items where there is a potential for conflict of interest

v) Assisting the Executive Management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of focus of the Company

vi) Encouraging training of the Directors on a continuous basis to ensure that the Board Members are kept up-to-date

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 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. At this time, it consists of nine members comprising eight Non-executive Directors.

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.	Sunil Lalbhai	6	2	3
	Managing Director			
2.	Prabhakar Chebiyyam	2	–	–
	Non-executive Directors			
3.	Gopi Kannan Thirukonda	8	4	–
4.	Sharat Tripathi	–	–	–
5.	Pramod Lele	1	–	2
6.	Rangaswamy Iyer	–	1	–
7.	Ajit Dangi	–	1	–
8.	Astha Lalbhai	–	–	–
9.	Latika Pradhan	3	1	2

[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.

Mr Sunil Lalbhai, Mr Gopi Kannan Thirukonda, Mr Sharat Tripathi and Ms Astha Lalbhai are promoter Directors.

2.4 Board meetings

The Board meeting dates were normally determined well in advance. During 2021-22, the Board met four times.

No.	Day	Date	Venue*
1.	Friday	July 16, 2021**	Atul
2.	Friday	July 16, 2021	Atul
3.	Friday	October 22, 2021	Atul
4.	Monday	January 24, 2022	Atul

*All meetings were held through video conferencing.

**for approving financial statements for the financial year

2.5 Attendance at the Board meetings and the AGM

No.	Name	Board meetings		AGM on July 26, 2021
		Total	Attended	
1.	Sunil Lalbhai	4	4	Present
2.	Prabhakar Chebiyyam	4	4	Present
3.	Gopi Kannan Thirukonda	4	4	Present
4.	Sharat Tripathi	4	4	Present
5.	Pramod Lele	4	4	–
6.	Rangaswamy Iyer	4	2	–
7.	Ajit Dangi	4	3	–
8.	Astha Lalbhai	4	4	–
9.	Latika Pradhan	2	2	–

2.6 Appointment | Cessation

i) Appointed:

Ms Latika Pradhan was appointed as an Additional Director effective October 22, 2021.

ii) Ceased: nil

iii) Resigned: nil

2.7 Remuneration

(₹)

No.	Name	Remuneration during 2021-22			
		Sitting fees	Salary and perquisites[2]	Commission	Total
	Chairman				
1.	Sunil Lalbhai	–	–	–	–
	Managing Director				
2.	Prabhakar Chebiyyam	–	62,28,506	–	62,28,506
	Non-executive Directors				
3.	Gopi Kannan Thirukonda	–	–	–	–
4.	Sharat Tripathi	–	–	–	–
5.	Pramod Lele	3,00,000	–	–	3,00,000
6.	Rangaswamy Iyer	1,50,000	–	–	1,50,000
7.	Ajit Dangi	2,10,000	–	–	2,10,000
8.	Astha Lalbhai	–	–	–	–
9.	Latika Pradhan	60,000	–	–	60,000

[1]Represents lower of % of the remuneration paid by Atul Ltd to the Managing Director (being an employee of Atul Ltd) or an amount allowable under Section I or Section II of Part II of the Schedule V of the Companies Act, 2013. Accordingly, an amount of ₹ 62,28,506 was paid to Atul Ltd for the year 2021-22.

Sitting fees of up to ₹ 30,000 per meeting constitute fees paid to the Non-executive Directors for attending the Board, Committee and other meetings.

3. Committees of the Board

The Board has constituted the following committees:

- Audit Committee
- Corporate Social Responsibility Committee
- Nomination and Remuneration 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:

- Code of conduct and related matters
- scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditor

iv) Reviewing:

- adequacy of the internal audit function, including the structure of Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit
- compliance reports of all applicable laws as well as steps taken to rectify instances of non-compliances periodically
- financial reporting process and the disclosure of financial information to ensure that the Financial Statements are correct, credible and sufficient
- 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
- 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
- significant transactions and arrangements entered into by the unlisted subsidiary companies
- the annual Financial Statements and Auditor's Report with the Management before submission to the Board for approval with particular reference to:
    - any changes 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 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
- the Auditors' independence, performance and effectiveness of the audit process
- the Financial Statements, in particular, investments made by unlisted subsidiary companies
- the following information mandatorily:
    - appointment, removal and terms of remuneration of the Chief Internal Auditor
    - Internal Audit Reports relating to weaknesses in the internal control systems
    - Management Discussion and Analysis of financial condition and results of operations
    - management letters | letters of internal control weaknesses issued by the Statutory Auditors
    - statement of related party transactions submitted by the Management
- with the 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
- 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

- carrying out any other function as mentioned in the terms of reference of the Audit Committee
- determining procedures for risk assessment and minimisation, and reviewing them periodically to ensure that the Senior 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

3.1.2. Composition

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

No.	Name	Designation
1.	Pramod Lele	Chairman
2.	Gopi Kannan Thirukonda	Member
3.	Rangaswamy Iyer	Member
4.	Ajit Dangi	Member

3.1.3. Meetings and attendance

During 2021-22, four meetings were held.

No.	Name	Total	Attended
1.	Pramod Lele	4	4
2.	Gopi Kannan Thirukonda	4	4
3.	Rangaswamy Iyer	4	4
4.	Ajit Dangi	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. Corporate Social Responsibility Committee

3.2.1. 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 financial years

3.2.2. Composition

The Committee comprises the following members:

No.	Name	Designation
1.	Pramod Lele	Chairman
2.	Gopi Kannan Thirukonda	Member
3.	Sharat Tripathi	Member

3.2.3. Meetings and attendance

During 2021-22, one meeting was held.

No.	Name	Total	Attended
1.	Pramod Lele	1	1
2.	Gopi Kannan Thirukonda	1	1
3.	Sharat Tripathi	1	1

3.3. Nomination and Remuneration Committee

3.3.1. 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

3.3.2. Composition

The Committee comprises the following members:

No.	Name	Designation
1.	Ajit Dangi	Chairman
2.	Sunil Lalbhai	Member
3.	Pramod Lele	Member
4.	Rangaswamy Iyer	Member

3.3.3. Meetings and attendance

During 2021-22, one meeting was held.

No.	Name	Total	Attended
1.	Ajit Dangi	1	1
2.	Sunil Lalbhai	1	1
3.	Pramod Lele	1	1
4.	Rangaswamy Iyer	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.atulbio.co.in/investors

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. The status of complaints during 2021-22 is as under:

Filed during 2021-22	Nil
Disposed of during 2021-22	Nil
Pending as on end of 2021-22	Nil

4.4. Related party transactions

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

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 2021-22 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 last three AGMs were held:

Year	Location	Date	Time
2018-19	Atul 396 020, Gujarat, India	July 23, 2019	10:30 am
2019-20	Atul 396 020, Gujarat, India	July 21, 2020	10:00 am
2020-21	Atul 396 020, Gujarat, India	July 26, 2021	10:30 am

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 2022

Details of the 25th AGM are as under:

Year	Location	Date	Time
2021-22	Atul 396 020, Gujarat, India	July 15, 2022	04:00 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. Location of plant

6.4.1. Atul 396 020, Gujarat, India

6.4.2. Plot no. N-37, Additional Ambernath MIDC area, Ambernath 421 506, Maharashtra, India

6.5. Address for correspondence

Secretarial and Legal department, Atul Bioscience Ltd, Atul 396 020, Gujarat, India

E-mail address: sec@atulbio.co.in

6.6. Tentative Board meeting dates for consideration of results for 2022-23

No.	Particulars	Date
1.	First quarter results	July 15, 2022
2.	Second quarter and half-yearly results	October 14, 2022
3.	Third quarter results	January 12, 2023
4.	Fourth quarter and annual results	April 21, 2023

6.7. Role of the Company Secretary in overall governance process

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.

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

Dr Prabhakar Chebiyyam, Managing Director and Mr Suresh Kalra, Chief Financial Officer, issued certificates to the Board. The certificates were placed before the Board at the meeting held on April 21, 2022 in which the accounts for the year ended March 31, 2022 were considered and approved by the Board.

For Atul Bioscience Ltd

(Prabhakar Chebiyyam)
Managing Director
DIN: 01569332

Mumbai
April 21, 2022

NOTICE is hereby given that the 25th Annual General Meeting of the members of Atul Bioscience Ltd will be held on Friday, July 15, 2022, at 04:00 pm at E-12, East site, Atul 396 020, Gujarat, India to transact the following businesses:

Ordinary business

1. To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended March 31, 2022 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr Sunil Lalbhai (Director identification number: 00045590) who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Ms Astha Lalbhai (Director identification number: 08198408) who retires by rotation and being eligible, offers herself for reappointment.
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 139 and 140 of the Companies Act, 2013 and pursuant to the Companies (Audit and Auditors) Rules, 2014 and any other applicable provisions for the time being in force (including any statutory modification(s) or re-enactment thereof), Deloitte Haskins & Sells LLP, Chartered Accountants, firm registration number: 117366W | W-100018 be and they are hereby reappointed as the Statutory Auditors of the Company for a second period term of five years to hold the office from the conclusion of this Annual General Meeting (AGM) till the conclusion of 30th AGM at a remuneration to be decided by the Board or its Committee."

Special business:

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

   "RESOLVED THAT pursuant to the provisions of Sections 152, 160 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), Ms Latika Pradhan (Director identification number: 07118801) in respect of whom the Company has received a Notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to retirement by rotation."
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 152, 160 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), Mr Vivek Gadre (Director identification number: 08906935) in respect of whom the Company has received a Notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to retirement by rotation."
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

   "RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 26,500 plus taxes as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2023, as approved by the Board of Directors of the Company, to be paid to R Nanabhoy & Co, Cost Accountants, (Firm registration number: 000010) for conducting Cost Audit of the applicable products in the category of Drugs and Pharmaceuticals be and is hereby ratified and confirmed."

Notes:

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself | herself and the proxy need not be a member. A person can act as proxy on behalf of not more than 50 members and holding in aggregate not more than 10% of the total share capital of the Company. In order that the appointment of a proxy is effective, the instrument appointing the proxy must be received at the registered office of the Company not later than 48 hours before the commencement of the meeting, by 04:00 pm on July 13, 2022.
2. 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, 2022 are annexed | attached.
3. The Register of members and Share Transfer Books of the Company will remain closed from July 08, 2022 to July 15, 2022 (both days inclusive).
4. The physical copies of the documents which are referred in this Notice and not attached will also be available at the registered office of the Company for inspection during normal business hours on working days. The members are entitled to receive communication in physical form (upon making a request for the same) by post, free of cost.
5. 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 at the Annual General Meeting.
6. The members desiring any information relating to the accounts, are requested to write to the Company at least seven days before the date of Annual General Meeting (AGM) so as to enable the Management to keep the information ready and provide at the AGM.
7. At the ensuing Annual General Meeting, Mr Sunil Lalbhai retires by rotation and being eligible offers himself for reappointment. The information or details pertaining to him are as under:

Name	Mr Sunil Lalbhai
Date of birth	March 15, 1960
Brief résumé	Mr Sunil Lalbhai is the Chairman of the Board since December 11, 2008. Mr Lalbhai is the Managing Director of Atul Ltd since June 1984 and the Chairman of the Board of Atul Ltd since August 2007. He is a member of the Governing Council of Shree Vallabh Shikshan Ashram and a Trustee on the Board of BAIF Development Research Foundation (BAIF). He is the Chairman of the Finance Committee and HR Committee of BAIF. He is the Chairman of Dhruva and Griserv, two trusts promoted by BAIF. He is a Trustee or a Member of some of the other social institutions established by the Lalbhai Group. Mr Lalbhai holds a postgraduate degree in Chemistry from the University of Massachusetts and a postgraduate degree in Economic Policy and Planning from Northeastern University.

Name	Mr Sunil Lalbhai
Directorship in other companies	**Public companies** Amal Ltd – Chairman Atul Ltd – Chairman and Managing Director Atul Rajasthan Date Palms Ltd – Vice Chairman Navin Fluorine International Ltd Pfizer Ltd The Bombay Dyeing and Manufacturing Company Ltd
Membership in committees of other companies	**Chairman of committees** Atul Ltd – Risk Management Committee Navin Fluorine International Ltd – Audit Committee Navin Fluorine International Ltd – Nomination and Remuneration Committee Pfizer Ltd – Risk Management Committee Pfizer Ltd – Stakeholder Relationship Committee The Bombay Dyeing and Manufacturing Company Ltd – Stakeholders Relationship Committee
	Member of committees Amal Ltd – Nomination and Remuneration Committee Atul Ltd – Corporate Social Responsibility Committee Atul Ltd – Investment Committee Atul Ltd – Stakeholders Relationship Committee Pfizer Ltd – Audit Committee The Bombay Dyeing and Manufacturing Company Ltd – Nomination and Remuneration Committee
Relationship with other Directors	Mr Sunil Lalbhai and Ms Astha Lalbhai are relatives
Number of shares held in the Company	Nil

8. At the ensuing Annual General Meeting, Ms Astha Lalbhai retires by rotation and being eligible offers herself for reappointment. The information or details pertaining to her are as under:

Name	Ms Astha Lalbhai
Date of birth	July 12, 1987
Brief résumé	Ms Astha Lalbhai is a Director of the Company since October 12, 2018. Ms Lalbhai holds a graduate degree in Business Administration from the University of Southern California and a postgraduate degree in Communications from Northwestern University.
Directorship in other companies	Nil
Membership in committees of other companies	**Chairperson of committees** Nil
	Member of committees Nil
Relationship with other Directors	Ms Astha Lalbhai and Mr Sunil Lalbhai are relatives
Number of shares held in the Company	Nil

9. Route map for the venue of the Annual General Meeting is given separately.

Explanatory statement

The following explanatory statement, as required by Section 102 of the Companies Act, 2013, sets out material facts, including the nature and concern or interest of the Directors in relation to the item of special business under item numbers 5, 6 and 7 in the accompanying Notice dated April 21, 2022.

Item number 5

The Board of Directors appointed Ms Latika Pradhan as an Additional Director on October 22, 2021. Ms Pradhan holds office up to the date of the Annual General Meeting. Her brief résumé is given below:

Name	Ms Latika Pradhan
Date of birth	September 16, 1954
Brief résumé	Ms Latika Pradhan is a Director of the Company since October 22, 2021. Ms Pradhan has 35 years of experience in various industries, heading Finance, Legal and Secretarial, Internal Audit and IT functions. Ms Pradhan holds a graduate degree in Law. She is a 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.
Directorship in other companies	**Public companies** Fulford (India) Ltd Mafatlal Industries Ltd Teamlease Services Ltd
Membership in committees of other companies	**Chairperson of committees** Teamlease Services Ltd – Audit Committee **Member of committees** Fulford (India) Ltd – Audit Committee Mafatlal Industries Ltd – Audit Committee
Relationship with other Directors	None
Number of shares held in the Company	Nil

A Notice has been received from a member proposing Ms Pradhan as a candidate for the office of Director of the Company. Ms Pradhan does not hold by herself or together with her relatives two percent or more of the total voting power of the Company.

The Board considers that her association will benefit the Company. Accordingly, the Board recommends the resolution in relation to appointment of Ms Pradhan as a Director for the approval by the members.

Memorandum of interest

Except Ms Pradhan, being an appointee, none of the Directors of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item number 5.

Item number 6

The Board of Directors appointed Mr Vivek Gadre as an Additional Director on April 21, 2022. Mr Gadre holds office up to the date of the Annual General Meeting. His brief résumé is given below:

Name	Mr Vivek Gadre
Date of birth	August 26, 1962
Brief résumé	Mr Vivek Gadre is a Director of the Company since April 21, 2022. Mr Gadre has 35 years of experience in various capacities and is currently President, Corporate Strategy, Atul Ltd. Mr Gadre holds a graduate degree in Chemical Engineering from Indian Institute of Technology, Delhi and a postgraduate diploma in Management from Indian Institute of Management, Kolkata.
Directorship in other companies	**Public companies** Atul Natural Dyes Ltd Atul Natural Foods Ltd Atul Products Ltd Atul Renewable Energy Ltd
Membership in committees of other companies	Nil
Relationship with other Directors	None
Number of shares held in the Company	Nil

A Notice has been received from a member proposing Mr Gadre as a candidate for the office of Director of the Company. Mr Gadre does not hold by himself or together with his relatives two percent or more of the total voting power of the Company.

The Board considers that his association will benefit the Company. Accordingly, the Board recommends the resolution in relation to appointment of Mr Gadre as a Director for the approval by the members.

Memorandum of interest

Except Mr Gadre, being an appointee, none of the Directors of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution set out at Item number 6.

Item number 7

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

On the recommendation of the Audit Committee, the Board considered and approved appointment of the Cost Auditors, R Nanabhoy & Co, Cost Accountants, for conducting cost audit of the applicable products in the category of Drugs and Pharmaceuticals at a remuneration of ₹ 26,500 plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2023.

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

Memorandum of interest

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

Registered office:
Atul 396 020, Gujarat
India
Corporate identification number: U24230GJ1997PLC032369
April 21, 2022

By order of the Board of Directors

(Prabhakar Chebiyyam)
Managing Director
DIN: 01569332

Performance trend

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
Operating results:								
Net sales	9784	13,397	10,500	10,431	7,645	5,728	5,475	4,737
Revenues	12623.01	14,336	10,679	10,510	7,685	5,771	5,536	4,944
PBIDT	1,569	2,349	1,287	1,910	1,815	1,562	1,272	1,108
Interest	679	660	496	171	124	155	203	227
PBDT*	890	1,689	791	1,739	1,691	1,408	1,070	881
Depreciation	1151	1,014	991	471	321	243	242	287
PBT from operations*	(261)	675	(201)	1,268	1,370	1,165	828	594
Exceptional | non-recurring items	0	-	-	-	-	-	-	-
PBT	(261)	675	(201)	1,268	1,370	1,165	828	594
Tax	3.24	191	(73)	462	441	412	281	191
Net profit	-264	483	(128)	806	929	753	547	403
Dividends (including DDT)**		-	93	-	848	-	-	-
Financial position:								
Gross block***	12,298	11,789	10,954	9,041	3,867	3,529	2,186	2,894
Net block***	9180.21	9,415	9,185	7,854	3,068	3,047	1,946	2,080
Other assets (net)	(2,029)	(1,990)	(2,244)	(91)	574	378	1,829	1,534
Capital employed	7152	7,425	6,941	7,764	3,642	3,425	3,776	3,614
Equity share capital	2902	2,902	2,902	1,539	1,084	1,084	1,084	799
Other equity	4,250	4,523	4,039	4,626	1,275	1,196	1,224	747
Shareholders' fund	7,152	7,425	6,941	6,165	2,359	2,280	2,308	1,546
Borrowings	7,156	7,156	6,200	1,386	1,283	1,145	1,468	2,068
Per equity share: (₹)								
Dividends	-	-	0.50		6.50	6.00	-	-
Book value	25	26	24	40	22	21	21	19
EPS	(0.94)	1.67	(0.45)	6.77	8.57	4.89	5.92	4.80
Key indicators								
PBDIT %	16.04	17.53	12.25	18.31	23.74	27.27	23.24	23.40
PBDT %	9.10	12.61	7.53	16.67	22.12	24.57	19.54	18.60
PBT %	(2.67)	5.04	(1.91)	12.16	17.92	20.34	15.13	12.54
Interest cost %	6.94	4.93	4.72	1.64	1.62	2.70	3.70	4.80
Debt-equity ratio	1.00	0.96	0.89	0.22	0.54	0.50	0.64	1.34
Interest coverage ratio	2.31	3.56	2.59	11.19	14.66	10.10	6.28	4.87
Asset turnover ratio****	0.80	1.18	1.16	1.19	2.01	2.38	2.59	1.64
RoCE %	5.73	21.31	4.55	25.01	48.52	42.49	27.59	23.86
RoNW %	(3.62)	6.73	(1.95)	18.92	40.05	32.80	28.37	27.75

Notes:

*Excluding exceptional items

**Dividend distribution tax (DDT)

***Including capital work in progress

****Including capital work in progress

Figures for the year prior to 2015-16 are as per IGAAP

Independent Auditor's Report

To the Members of Atul Bioscience Ltd

Report on the audit of the Financial Statements

Opinion

01. We have audited the accompanying Financial Statements of Atul Bioscience Ltd (the Company), which comprise the Balance Sheet as at March 31, 2022, 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, 2022, and its loss, total Comprehensive loss, 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 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy

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

In preparing the Financial Statements, the Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 Company's financial reporting process.

Auditor's responsibility for the audit of the Financial Statements

09. 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 could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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 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.

10. 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.

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

11. 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 relevant 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, 2022, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2022 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 of the Company over financial reporting.

    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.

        iv. a) The Management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entities (funding parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under Sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

2. As required by the Companies (Auditor's Report) Order, 2020 (the Order) issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Ketan Vora
Partner
Mumbai — Membership number: 100459
April 21, 2022 — UDIN: 22100459AIAPIF2659

(Referred to in paragraph 1(f) under 'Report on other legal and regulatory requirements' Section of our report of even date.

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

We have audited the internal financial controls over financial reporting of Atul Bioscience Ltd (the Company) as of March 31, 2022, 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

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 issued by the Institute of Chartered Accountants of India (the 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 policies of the Company, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's responsibility

01. 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 on audit of Internal Financial Controls Over Financial Reporting (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 were established and maintained and if such controls operated effectively in all material respects.

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.

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

The internal financial controls 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. Internal financial controls over financial reporting of a Company include those policies and procedures that 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with 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 3) 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

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

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, 2022, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Ketan Vora
Partner

Mumbai — Membership number: 100459
April 21, 2022 — UDIN: 22100459AIAPIF2659

Referred to in paragraph 2 under 'Report on Other legal and regulatory requirements' section of our report of even date.

To the best of our information and explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

01. a) In respect property, plant and equipment and intangible assets of the Company:

i. The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress, and relevant details of right-of-use asset.

ii. The Company has maintained proper records showing full particulars of intangible assets.

b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use asset so as to cover all the items in a phased manner once over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, property, plant and equipment were due for verification during the year and were physically verified by the Management. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) With respect to immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the Financial Statements included in property, plant and equipment. According to the information and explanations given to us and the records examined by us and based on the examination of the registered deed provided to us, we report that, the title deeds, comprising the immovable properties of buildings which are freehold, are held in the name of the Company as at the Balance Sheet date.

d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.

e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

02. a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

b) The Company has not been sanctioned any working capital facility at any point of time of the year from banks or financial institutions and hence reporting under clause (ii)(b) of the Order is not applicable.

03. The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year, and hence reporting under Clause (iii) of the Order is not applicable.

04. The Company has not granted any loans, made investments or provided guarantees and hence reporting under Clause (iv) of the Order is not applicable.

05. 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 Company's Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central

Government under Sub-Section (1) of section 148 of the Companies Act, 2013 and are of the opinion that, 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. In respect of statutory dues:

a) The Company has generally been regular in depositing undisputed statutory dues of the year, including goods and service tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues applicable to it to the appropriate authorities.

There were no undisputed amounts payable in respect of goods and service tax, provident fund payable, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

b) Details of dues of sales tax which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period for which the amount relates	Amount unpaid (₹ In lakh)
The Gujarat Sales Tax Act, 1969	Interest and penalty on Sales Tax	Gujarat Sales Tax Tribunal, Ahmedabad	2014-15	4.74
The Gujarat Value Added Tax, 2003	Tax, interest and penalty	Commissioner Appeal, Surat	2017-18	7.85

08. There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

09. a) The Company has not defaulted in the repayment of loans or borrowings or in the payment of interest thereon to any lender during the year.

b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) The term loans availed by the Company were, applied during the year for the purposes for which the loans were obtained.

d) The Company has not raised any funds on short term basis from any lender. Hence reporting under Clause (ix)(d) of the Order is not applicable to the Company.

e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under Clause (ix)(e) of the Order is not applicable.

f) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under Clause (ix)(f) of the Order is not applicable.

10. a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under Clause (x)(a) of the Order is not applicable.

b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under Clause (x)(b) of the Order is not applicable to the Company.

11. a) 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.

b) No report under Sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

c) As represented to us by the Management, there were no material whistle blower complaints received by the Company during the year.

12. The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.

13. In our opinion, 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. a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) We have considered, the internal audit reports issued to the Company during the year and till date in determining the nature, timing and extent of our audit procedures.

15. In our opinion, during the year, the Company has not entered into any non-cash transactions with its Directors or Directors of the holding company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

16. a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under Clause (xvi)(a), (b) and (c) of the Order is not applicable.

b) In our opinion, the Group does not have any core investment company (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) as part of the group and accordingly reporting under Clause (xvi)(d) of the Order is not applicable.

17. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

18. There has been no resignation of the Statutory Auditors of the Company during the year.

19. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.

20. In respect of other than ongoing projects, the Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of Sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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

Ketan Vora
Partner

Mumbai
April 21, 2022

Membership number: 100459
UDIN: 22100459AIAPIF2659

Balance Sheet as at March 31, 2022

(₹ *lakhs*)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
A ASSETS			
1 **Non-current assets**			
a) Property, plant and equipment	2	9,037.70	9,021.01
b) Capital work-in-progress	2	142.51	394.24
c) Goodwill	3	856.13	856.13
d) Other intangible assets	3	737.06	1,144.39
e) Financial assets			
i) Investments	4	0.70	0.70
ii) Other financial assets	5	45.70	45.70
f) Income tax assets (net)	6	143.31	193.06
g) Other non-current assets	7	120.22	112.79
Total non-current assets		**11,083.33**	**11,768.02**
2 **Current assets**			
a) Inventories	8	3,126.85	3,013.60
b) Financial assets			
i) Trade receivables	9	2,634.23	2,317.96
ii) Cash and cash equivalents	10	282.64	393.16
iii) Bank balances other than cash and cash equivalents	11	26.19	24.69
iv) Other financial assets	5	0.62	4.42
c) Other current assets	7	1,085.01	941.35
Total current assets		**7,155.54**	**6,695.18**
Total assets		**18,238.87**	**18,463.20**
B EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	12	2,902.19	2,902.19
b) Other equity	13	4,249.52	4,523.16
Total equity		**7,151.71**	**7,425.35**
Liabilities			
1 **Non-current liabilities**			
a) Financial liabilities			
i) Borrowings	14	4,554.74	7,156.46
ii) Other financial liabilities	15	169.74	148.57
b) Provisions	16	49.47	49.86
c) Deferred tax liabilities (net)	26.5	281.88	279.11
Total non-current liabilities		**5,055.83**	**7,634.00**
2 **Current liabilities**			
a) Financial liabilities			
i) Borrowings	14	2,601.72	676.45
ii) Trade payables			
Total outstanding dues of			
a) Micro-enterprises and small enterprises	17	77.32	81.59
b) Creditors other than micro-enterprises and small enterprises	17	2,796.30	2,174.01
iii) Other financial liabilities	15	195.28	381.59
a) Contractual liabilities	18	335.65	55.39
b) Other current liabilities	19	18.30	29.85
c) Provisions	16	6.76	4.97
Total current liabilities		**6,031.33**	**3,403.85**
Total liabilities		**11,087.16**	**11,037.85**
Total equity and liabilities		**18,238.87**	**18,463.20**

The accompanying Notes 1-27 form an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ketan Vora
Partner

Mumbai
April 25, 2022

For and on behalf of Board of Directors

S Kalra
Chief Financial Officer

S S Lalbhai
(DIN:00045590)
Chairman

C Prabhakar
(DIN: 01569332)
Managing Director

Mumbai
April 21, 2022

Statement of Profit and Loss For the year ended March 31, 2022

(₹ *lakhs*)

Particulars	Note	2021-22	2020-21
INCOME			
Revenue from operations	20	12,623.01	14,335.57
Other income	21	35.55	29.53
Total income		**12,658.56**	**14,365.10**
EXPENSES			
Cost of materials consumed	22	5,133.77	8,189.92
Purchase of stock-in-trade		2,585.55	638.22
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(333.37)	(131.45)
Employee benefit expenses	24	980.87	981.37
Finance costs	25	678.98	659.81
Depreciation and amortisation expenses	2,3	1,151.30	1,014.39
Other expenses	26	2,722.37	2,338.04
Total expenses		**12,919.47**	**13,690.30**
Profit | (Loss) before tax		**(260.91)**	**674.80**
Tax expense			
Current tax	27.5	0.47	108.12
Deferred tax	27.5	2.77	83.26
Total tax expense		**3.24**	**191.38**
Profit | (Loss) for the year		**(264.15)**	**483.42**
Other comprehensive income			
Items that will not be reclassified to profit | (loss)			
i) Remeasurement gains on defined benefit plans		(12.69)	0.61
ii) Income tax on above item		3.20	(0.15)
Other comprehensive income, net of tax		**(9.49)**	**0.46**
Total comprehensive income for the year		**(273.64)**	**483.88**
Basic and diluted earnings ₹ per equity share of ₹ 10 each		(0.94)	1.67

The accompanying Notes 1-27 form an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ketan Vora
Partner

Mumbai
April 25, 2022

For and on behalf of Board of Directors

S S Kalra
Chief Financial Officer

S S Lalbhai
(DIN:00045590)
Chairman

C Prabhakar
(DIN: 01569332)
Managing Director

Mumbai
April 21, 2022

Statement of changes in equity for the year ended March 31, 2022

A. Equity share capital

(₹ *lakhs*)

Particulars	Note	Amount
As at March 31, 2020		**2,902.19**
Changes in equity share capital during the year	12	-
As at March 31, 2021		**2,902.19**
Changes in equity share capital during the year	12	
As at March 31, 2022		**2,902.19**

B. Other equity

(₹ *lakhs*)

Particulars	Note	Capital contribution from Atul Ltd	Reserves and surplus		Other comprehensive income	Total
			Securities premium	Retained earnings		
As at March 31, 2020		**167.17**	**2,185.63**	**1,686.48**	**-**	**4,039.28**
Profit | (Loss) for the year				483.42	-	483.42
Other comprehensive income, net of tax	13			0.46	-	0.46
Total comprehensive income for the year		**-**	**-**	**483.88**	**-**	**483.88**
As at March 31, 2021		**167.17**	**2,185.63**	**2,170.36**	**-**	**4,523.16**
Profit | (Loss) for the year				(264.15)	-	(264.15)
Other comprehensive income, net of tax	13			**(9.49)**	-	(9.49)
Total comprehensive income for the year		**-**	**-**	**(273.64)**	**-**	(273.64)
As at March 31, 2022		**167.17**	**2,185.63**	**1,896.72**	**-**	**4,249.52**

The accompanying Notes 1-27 form an integral part of the Financial Statements.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ketan Vora
Partner

Mumbai
April 25, 2022

For and on behalf of Board of Directors

S Kalra
Chief Financial Officer

S S Lalbhai
(DIN:00045590)
Chairman

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(DIN: 01569332)
Managing Director

Mumbai
April 21, 2022

Statement of Cash Flows for the year ended March 31, 2022

(₹ lakhs)

	Particulars		2021-22	2020-21
A.	CASH FLOW FROM OPERATING ACTIVITIES			
	Profit | (Loss) before tax		(260.91)	674.80
	Adjustments for:			
	Depreciation and amortisation expenses		1,151.30	1,014.39
	Finance costs		678.98	659.81
	Unrealised exchange rate difference (net)		(0.73)	(2.44)
	Bad debts and irrecoverable balances written off (net)		6.38	-
	Interest received		(12.23)	(7.92)
	Operating profit change in operating assets and liabilities		**1,562.79**	**2,338.64**
	Adjustments for:			
	(Increase) in inventories		(113.25)	(604.33)
	(Increase) in non-current and current assets		(464.29)	(776.28)
	Increase in non-current and current liabilities		721.78	429.67
	Cash generated from operations		1,707.03	1,387.70
	Income Tax (Paid) | net of refund		42.91	(93.66)
	Net cash flow from operating activities	A	**1,749.94**	**1,294.04**
B.	CASH FLOW FROM INVESTING ACTIVITIES			
	Payments for property, plant and equipment (including capital advances)		(508.93)	(658.20)
	Non-compete fee paid		-	(900.00)
	Bank deposits matured | (placed)		-	(10.94)
	Interest received		0.22	7.92
	Net cash used in investing activities	B	**(508.71)**	**(1,561.22)**

(₹ *lakhs)*

Particulars			2021-22	2020-21
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	(Repayments) of borrowings		(4,359.36)	(976.20)
	Proceeds from borrowings		3,682.91	1,929.96
	Interest paid		(675.29)	(659.81)
	Net cash from financing activities	**C**	**(1,351.74)**	**293.95**
	Net increase | (decrease) in cash and cash equivalents	**A+B+C**	**(110.52)**	**26.77**
	Cash and cash equivalents at the beginning of the financial year		393.16	366.40
	Cash and cash equivalents at the end of the financial year		282.64	393.16

The accompanying Notes 1-27 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 notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended.

ii) Cash flows from operating activities includes ₹ 12.28 lakhs (March 31, 2021: ₹ 16.60 lakhs) being expenditure towards Corporate Social Responsibility initiatives.

iii) Refer Note 14 for a reconciliation of changes in liabilities arising from financing activities.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ketan Vora
Partner

Mumbai
April 25, 2022

For and on behalf of Board of Directors

S Kalra
Chief Financial Officer

S S Lalbhai
(DIN:00045590)
Chairman

C Prabhakar
(DIN: 01569332)
Managing Director

Mumbai
April 21, 2022

Background

Atul Bioscience Ltd (ABL) is a wholly-owned subsidiary Company of Atul Ltd (Atul), a member of Lalbhai Group, one of the oldest business houses of India. The Company has a marketing office at Floor 15, C wing, Lotus Corporate Park, Western Express Highway, Goregaon (East)Mumbai 400 063, Maharashtra. It has manufacturing facilities at Atul, Gujarat and Ambernath, Maharashtra.

Atul Bioscience Ltd (ABL) is engaged in manufacturing and marketing of Active Pharma Ingredients (API) and their intermediates and is serving customers belonging to the global Pharmaceutical industry. Atul has been serving customers belonging to diverse industries particularly Adhesives, Agriculture, Animal Feed, Automobile, Chemical, Composites, Construction, Cosmetic, Defence, Dyestuff, Electrical and Electronics, Flavour, Food, Foot wear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Polymer, Rubber, Soap and Detergent, Sports and Leisure, Textile, Tyre and Wind Energy.

Note 1 Significant accounting policies

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

a) Statement of compliance

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

b) Basis of preparation

i) Historical cost convention:

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

a) Certain financial assets and liabilities (including derivative instruments): measured at fair value

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

c) Biological assets: measured at fair value less cost to sell

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

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

iv) New and amended in the Companies Act, 2013 and the Companies (CSR Policy) Amendment Rules, 2021 adopted:

The Company has applied the following amendments to Schedule III to the Companies Act, 2013 and the Companies (CSR Policy) Amendment Rules, 2021 for its annual reporting period commencing April 01, 2021:

a) The Ministry of Corporate Affairs (MCA) has amended Schedule III of the Companies Act 2013, on March 24, 2021. Schedule III of the Companies Act 2013, provides the format of financial statements of companies complying with Accounting Standards (AS) and Ind AS under its Division I and Division II respectively.

b) The MCA has notified provisions relating to CSR vide the Companies (Amendment) Act, 2019, Companies (Amendment) Act, 2020, and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, which is effective from January 22, 2021.

v) Recent accounting pronouncements effective from April 01, 2022:

Ministry of Corporate Affairs (MCA) notifies new standards or amendment to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

"Ind AS 16 - Property Plant and equipment: The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its Standalone Financial Statements."

"Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets: The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendments and the impact is not expected to be a material."

c) Foreign currency transactions

i) Functional and presentation currency:

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

ii) Transactions and balances:

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

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

d) Revenue recognition

i) Revenue from operations:

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

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

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

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

ii) Other income:

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

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

Lease rental income is recognised on accrual basis.

e) Income tax

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

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

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

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

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

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

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

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

f) Government grants

i) Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

ii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss in proportion to depreciation over the expected lives of the related assets and presented within other income.

iii) Government grants relating to income are deferred and recognised in the Standalone Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

iv) Government grants relating to export incentives refer Note 1 (d)

g) Leases

As a lessee

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

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

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

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

As a lessor

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

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

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

h) Property, plant and equipment

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

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

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

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

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

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

Depreciation methods, estimated useful lives and residual value

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

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

Asset category	Estimated useful life
Buildings	30 to 60 years
Plant and equipment[1]	6 to 20 years
Vehicles[1]	6 to 10 years
Office equipment and furniture	5 to 10 years

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

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

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

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

i) Intangible assets

i) Goodwill:

Goodwill represents the cost of the acquired businesses in excess of the fair value of identifiable net assets acquired. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

ii) Computer software:

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

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

iii) Non-compete fees:

Non-compete fees represent future economic benefits arising out of potential business. Such assets are measured on initial recognition at cost. Following initial recognition, non-compete fees are carried at cost less any accumulated amortisation and accumulated impairment losses if any.

Amortisation methods, estimated useful lives and residual value

Intangible assets with finite lives are amortised over the useful economic life on straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed annually and adjusted prospectively, if appropriate.

Estimated useful lives of the intangible assets are as follows:

Asset category	Estimated useful life
Non-compete fees	upto 5 years
Computer software	upto 3 years

j) Impairment

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

k) 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.

l) Trade receivables.

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

m) Trade and other payables

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

n) Inventories

Inventories are stated at cost or net realisable value, whichever is lower. Cost is determined on periodic moving weighted average basis.

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

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

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

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

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

o) Investments and other financial assets

Classification and measurement

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

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

ii) those measured at amortised cost

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

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

Debt instruments

Initial recognition and measurement:

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

Subsequent measurement

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

Measured at amortised cost:

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

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

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

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

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

Equity instruments

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

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

Impairment of financial assets

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

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

Derecognition

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

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

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

Financial liabilities

i) Classification as debt or equity:

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

ii) Initial recognition and measurement:

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

iii) Subsequent measurement:

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

iv) Derecognition:

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

p) Offsetting financial instruments

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

q) Borrowings

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

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

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

r) Borrowing costs

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

s) Provisions and contingent liabilities

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

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

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

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

t) Employee benefits

i) Defined benefit plan

a) Gratuity:

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

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

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

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

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

b) Provident fund:

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

ii) Defined contribution plan

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

iii) Short-term employee benefits

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

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

iv) Other long-term employee benefits

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

u) Research and Development expenditure

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

v) Earnings per share

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

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

w) Ordinary shares

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

Estimation of uncertainties relating to the COVID-19 pandemic

The Company has considered possible effects that may result from the COVID-19 pandemic and Russia-Ukraine war in preparation of these Standalone Financial Statements, and used relevant internal and external sources of information and expects that these events will not have any material implications on the operations of the Company in the near future.

Critical estimates and judgements

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

The areas involving critical estimates or judgements are:

i) Estimation for income tax: Note 1 (e)

ii) Estimation of useful life of tangible assets: Note 1 (h)

iii) Estimation of provision for inventories: Note 1 (n)

iv) Allowance for credit losses on trade receivables: Note 1 (l)

v) Estimation of claims | liabilities: Note 1 (s)

vi) Estimation of defined benefit obligations: Note 1 (t)

vii) Fair value measurements: Note 27.7

viii) Impairment: Note 1 (j)

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

(₹ *lakhs*)

Particulars	Right-of-use leasehold land	Buildings[1]	Plant and equipment	Office equipment and furniture	Vehicles	Total	Capital work-in-progress
Gross carrying amount							
As at March 31, 2020	**2,578.59**	**1,994.44**	**4,352.63**	**107.45**	**0.02**	**9,033.13**	**1,921.25**
Additions	-	436.62	1,920.69	3.90	-	2,361.21	801.29
Deductions, transfer and adjustments	-	-	-	-	-	-	(2,328.30)
As at March 31, 2021	**2,578.59**	**2,431.06**	**6,273.32**	**111.35**	**0.02**	**11,394.34**	**394.24**
Additions	-	82.12	678.34	-	-	760.46	490.45
Deductions, transfer and adjustments	-	-	-	-	-	(742.16)	
As at March 31, 2022	**2,578.59**	**2,513.18**	**6,951.66**	**111.35**	**0.02**	**12,154.80**	**142.51**
Depreciation | Impairment | Amortisation							
Depreciation | Amortisation							
Up to March 31, 2020	**39.70**	**150.39**	**1,536.07**	**42.98**	**1,769.14**	**-**	
For the year	31.85	62.28	493.30	16.76	604.19	-	
Deductions, transfer and adjustments	-	-	-	-	-	-	-
Up to March 31, 2021	**71.55**	**212.67**	**2,029.37**	**59.74**	**-**	**2,373.33**	**-**
For the year	31.85	75.60	621.72	14.80	-	743.97	-
Deductions, transfer and adjustments	-	-	-	-	-	-	
Up to March 31, 2022	**103.40**	**288.27**	**2,651.09**	**74.54**	**-**	**3,117.30**	**-**
Net carrying amount							
As at March 31, 2021	2,507.04	2,218.39	4,243.95	51.61	0.02	9,021.01	394.24
As at March 31, 2022	**2,475.19**	**2,224.91**	**4,300.57**	**36.81**	**0.02**	**9,037.70**	**142.51**

Notes:

[1]The premises of the Company is constructed on land leased by the Holding Company, Atul Ltd.

Refer Note 14 for information on property, plant and equipment pledged as security by the Company.

Refer Note 27.2 for disclosure of contractual commitment for acquisition of property, plant and equipment.

The Ambernath plant is constructed on the land leased by MIDC. The same is subject to restrictions as per applicable MIDC rules.

The property, plant and equipment was tested for impairment using DCF method. Based on assessment of the Management, there was no requirement for impairment of any property, plant and equipment.

Capital-work-in progress ageing

(₹ lakhs)

Particulars	As at March 31, 2022					As at March 31, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	128.71	13.80	-	-	142.51	160.51	189.7	44.0	-	394.24
Projects temporarily suspended						-	-	-	-	-

Capital-work-in progress completion schedule

Particulars	As at March 31, 2022				As at March 31, 2021			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
Project 1	25.44	-	-	-	-	-	-	-
Project 2	-	-	-	-	3.88	-	-	-
Project 3	-	-	-	-	5.91	-	-	-
Project 4	-	-	-	-	103.86	-	-	-
Project 5	-	-	-	-	54.81	-	-	-
Project 6	-	-	-	-	11.56	-	-	-
Project 7	-	-	-	-	7.78	-	-	-
Project 8	-	-	-	-	9.00	-	-	-
Project 9	-	-	-	-	18.78	-	-	-
Project 10	-	-	-	-	46.29	-	-	-
Project 11	70.86	-	-	-	-	21.53	-	-
Project 12	0.14	-	-	-	-	-	-	-
Project 13	0.34	-	-	-	-	-	-	-
Project 14	22.62	-	-	-	-	-	-	-
Project 15	23.11	-	-	-	-	-	-	-
Project 16	-	-	-	-	41.14	-	-	-
Project 17	-	-	-	-	69.7	-	-	-

(₹ *lakhs*)

Note 3 Intangible assets	Computer Software	Non-compete fees	Total	Goodwill
Gross carrying amount				
As at March 31, 2020	**33.35**	**2,000.00**	**2,033.35**	**856.13**
Additions	-	**-**	-	**-**
As at March 31, 2021	**33.35**	**2,000.00**	**2,033.35**	**856.13**
Additions	-	-	-	-
As at March 31, 2022	**33.35**	**2,000.00**	**2,033.35**	**856.13**
Amortisation				
Up to March 31, 2020	**12.09**	**466.67**	**478.76**	**-**
Amortisation charged for the year	10.20	400.00	410.20	-
Up to March 31, 2021	**22.29**	**866.67**	**888.96**	**-**
Amortisation charged for the year	7.33	400.00	407.33	-
Upto March 31, 2022	**29.62**	**1,266.67**	**1,296.29**	**-**
Net carrying amount				
As at March 31, 2021	11.06	1,133.33	1,144.39	856.13
As at March 31, 2022	**3.73**	**733.33**	**737.06**	**856.13**

Significant estimate - impairment of goodwill

The Company has carried out impairment assessment as at March 31, 2022 for all its intangible assets. For this purpose, goodwill acquired in business combination is allocated to the CGU, which benefits from the synergies of the acquisition. The Company internally reviews the goodwill for impairment at the CGU level.

The goodwill of ₹ 856.13 lakhs pertains to the Ambernath manufacturing facility, active pharma ingredients business of Polydrug Laboratories Pvt Ltd, that was acquired by the Company as a continuing business effective January 01, 2019. The recoverable amount for the Ambernath manufacturing facility is determined based on value in use, which is derived by using five years cash flow projections with the following key assumptions:

Particulars	Assumptions
Annual growth rate	Based on the estimated market share
Terminal growth rate	1%
Weighted average cost of capital % (WACC) before tax	14.2%
Expected gross margins	Based on prior experience

Cash flow projections, as approved by the Board, are based on the expected market shares, gross margins and prior experience and are reflective of past experience throughout the period. As at March 31, 2022, the estimated recoverable amount of the CGU exceeded its carrying amount. Reasonable sensitivity in key assumptions consequent to the change in estimated future economic conditions on account of possible effects relating to COVID-19 are unlikely to cause the carrying amount to exceed the recoverable amount of the CGU.

(₹ lakhs)

Note 4 Non-current investments	Face Value	As at March 31, 2022		As at March 31, 2021	
		Number of shares	Amount	Number of shares	Amount
Investment in equity instruments (unquoted) in foreign fellow subsidiary company measured at cost					
Atul Brasil Quimicos Ltda	R$ 1	2,188.00	0.70	2,188.00	0.70
			0.70		**0.70**

(₹ lakhs)

Note 5 Other financial assets		As at March 31, 2022		As at March 31, 2021	
		Current	Non-current	Current	Non-current
a)	Security deposits	-	45.06	-	45.06
b)	Advances recoverable in cash or kind	0.62	-	4.42	-
c)	Balance with banks in fixed deposits with maturity beyond 12 months*	-	0.64	-	0.64
		0.62	**45.70**	**4.42**	**45.70**

*Bank deposits above are held as lien in favour of various government agencies

(₹ lakhs)

Note 6 Income tax assets (net)	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
Tax paid in advance, net of provisions	-	143.31	-	193.06
		143.31		**193.06**

(₹ lakhs)

Note 7 Other assets		As at March 31, 2022		As at March 31, 2021	
		Current	Non-current	Current	Non-current
a)	Balances with the statutory authorities	924.23	120.22	763.29	112.79
b)	Prepaid expenditure	37.75	-	29.71	-
c)	Export incentive receivable	68.28	-	62.60	-
d)	Capital advances	-	-	15.69	-
e)	Prepayment				
	i) Related parties	-	-	5.97	-
	ii Others	54.75	-	64.09	-
		1,085.01	**120.22**	**941.35**	**112.79**

(₹ lakhs)

Note 8 Inventories		As at March 31, 2022	As at March 31, 2021
a)	Raw materials and packing materials	918.23	1,124.24
	Add: Goods-in-transit	-	-
	Less: Provision for inventory	(20.12)	(29.47)
		898.11	**1,094.77**
b)	Work-in-progress	482.14	921.35
	Less: Provision for inventory	-	(12.20)
		482.14	**909.15**
c)	Finished goods	1,619.37	874.64
	Less: Provision for inventory	-	(15.65)
		1,619.37	**858.99**
d)	Stores, spares and fuel	127.23	150.69
		127.23	**150.69**
		3,126.85	**3,013.60**

i) Amounts recognised in the Statement of Profit and Loss provision for slow and non-moving inventories has been made during the year ₹ 20.01 lakhs (previous year: ₹ 25 Lakhs)

ii) The mode of valuation of inventory has been stated in Note 1(n).

iii) The Company determines the realisable value of inventory based on the latest selling prices, customer orders on hand and margins, adjusted to reflect current and estimated future economic conditions.

(₹ lakhs)

Note 9 Trade receivables		As at March 31, 2022	As at March 31, 2021
Considered good - unsecured			
a)	Related parties (refer Note 27.3)	142.44	6.85
b)	Others	2,517.83	2,335.11
	Subtotal	**2,660.27**	**2,341.96**
	Less: Allowance for doubtful debt	(26.04)	(24.00)
	Trade receivables	**2,634.23**	**2,317.96**

i) Amount of provision is recognised in the Statement of Profit and Loss of ₹ 26.04 lakhs (previous year: ₹ 24.00 lakhs)

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

Trade receivables ageing *(₹ lakhs)*

No.	Particulars	As at March 31, 2022						
		Not due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
1.	Undisputed trade receivables: considered good	1,896.90	761.05	1.34	-	0.98		2,660.27
2.	Allowance for doubtful debts		(2.04)			(24.00)		(26.04)
	Total	**1,896.90**	**759.01**	**1.34**	**-**	**(23.02)**	**-**	**2,634.23**

(₹ lakhs)

No.	Particulars	As at March 31, 2021						
		Not due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	Total
1.	Undisputed trade receivables: considered good	2076.31	259.98	5.67				2,341.96
2.	Allowance for doubtful debts				(24.00)			(24.00)
	Total	**2,076.31**	**259.98**	**5.67**	**(24.00)**	**-**	**-**	**2,317.96**

(₹ lakhs)

	Note 10 Cash and cash equivalents	As at March 31, 2022	As at March 31, 2021
a)	Balances with banks		
	In current accounts	282.64	393.07
b)	Cash on hand	-	0.09
		282.64	**393.16**

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

(₹ lakhs)

Note 11 Bank balances other than cash and cash equivalents above	As at March 31, 2022	As at March 31, 2021
Short-term bank deposit with original maturity between 3 to 12 months*	26.19	24.69
	26.19	**24.69**

*Bank deposits above include deposits lien marked in favour of various government agencies.

(₹ lakhs)

Note 12 Equity share capital	As at March 31, 2022	As at March 31, 2021
Authorised		
3,00,00,000 (March 31, 2021: 3,00,00,000) equity shares of ₹ 10 each	3,000.00	3,000.00
30,00,000 (March 31, 2021: 30,00,000) 8% redeemable optionally convertible cumulative preference shares of ₹ 100 each	3,000.00	3,000.00
	6,000.00	6,000.00
Issued		
2,90,21,868 (March 31, 2021: 2,90,21,868) equity shares of ₹ 10 each	2,902.19	2,902.19
	2,902.19	**2,902.19**
Subscribed		
2,90,21,868 (March 31, 2021: 2,90,21,868) equity shares of ₹ 10 each	2,902.19	2,902.19
	2,902.19	**2,902.19**

a) Movement in equity share capital

(₹ *lakhs*)

Particulars	Number of shares	Equity share capital
As at March 31, 2020	**29,021,868**	**2,902.19**
Increase during the year	-	-
As at March 31, 2021	**29,021,868**	**2,902.19**
Increase during the year	-	-
As at March 31, 2022	**29,021,868**	**2,902.19**

b) 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.

i) Equity shares:

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

ii) Dividend:

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

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

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	Holding %	Number of shares	Holding %	Number of shares
Atul Ltd, holding company	**100%**	**29,021,868**	**100%**	**29,021,868**

d) Shareholding of promoters

(₹ *lakhs*)

No.	Promoter name	As at March 31, 2022			As at March 31, 2021		
		% of total shares	% Change during the year	Number of shares	% of total shares	% Change during the year	Number of shares
1.	Atul Ltd	29,021,868	100	-	29,021,868	100	-

(₹ *lakhs*)

	Note 13 Other equity	As at March 31, 2022	As at March 31, 2021
a)	Capital contribution from Atul Ltd[1]	167.17	167.17
b)	Securities premium	2,185.63	2,185.63
c)	Retained earnings	1,896.72	2,170.36
	Balance as at the end of the year	**4,249.52**	**4,523.16**

Refer statement of changes in equity for detailed movement in other equity balance.

[1]Capital contribution from Atul Ltd represents equity component of 8% redeemable optionally convertible cumulative preference shares as at March 31, 2022.

Nature and purpose of 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) **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.

c) **Other comprehensive income**

Other comprehensive income is remeasurements gains | losses till date on defined benefit plans, net of tax

(₹ lakhs)

Note 14 Borrowings	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
a) **Secured:**				
i) Rupee term loan from a bank	-	-	-	3,682.91
b) **Unsecured:**				
ii) Loan from related parties (refer Note 27.4)	-	7,156.46	-	4,150.00
		7,156.46	**-**	**7,832.91**
Current maturities of long-term debts	2,601.72	(2,601.72)	676.45	(676.45)
	2,601.72	**4,554.74**	**676.45**	**7,156.46**

	Type of loan	Nature of security	Terms of repayment
i)	Rupee term loan from a bank:		
	Secured:		
	Rupee term loan from bank amounting to ₹ 3,682.91 lakhs (including interest accrued ₹ Nil)	Exclusive charge on the movable and immovable fixed assets at Ambernath and first *pari-passu* charge on movable and immovable fixed assets except lease hold land at Valsad.	Repaid on April 6, 2021
ii)	Loans from related parties:		
	Atul Ltd	Unsecured	To be repaid as per the following schedule: Payable within one year ₹ 1,451 lakhs Payable by within two to three years ₹ 1,750 lakhs Payable within four to six years ₹ 2,205 lakhs
	Atul Nivesh Ltd	Unsecured	To be repaid by September 2023 ₹ 250 lakhs
	Rudolf Atul Chemicals Ltd	Unsecured	To be repaid as per the following schedule: Payable within one year ₹ 700 lakhs Payable by September 2023 ₹ 350 lakhs
	Atul Finserv Ltd	Unsecured	To be repaid by January 2023 ₹ 450 lakhs

Net debt reconciliation:

(₹ lakhs)

Particulars	Liabilities from financing activities		
	Current borrowings	Non - current borrowings	Total
Net debt as at March 31, 2020	**1,400.01**	**5,479.15**	**6,879.16**
Current maturities of loan	676.45	(676.45)	-
(Repayments) | Disbursements	(1,400.01)	2,353.76	953.75
Interest expense	24.81	633.02	657.83
Interest paid	(24.81)	(633.02)	(657.83)
Net debt as at March 31, 2021	**676.45**	**7,156.46**	**7,832.91**
Current maturities of loan	2,601.72	(2,601.72)	-
(Repayments) | Disbursements	(676.45)	-	(676.45)
Interest expense	-	675.29	675.29
Interest paid	-	(675.29)	(675.29)
Net debt as at March 31, 2022	**2,601.72**	**4,554.74**	**7,156.46**

(₹ lakhs)

Note 15 Other financial liabilities		As at March 31, 2022		As at March 31, 2021	
		Current	Non-current	Current	Non-current
a)	Employees benefits payable (refer Note 27.6)	93.66	56.61	101.63	35.44
b)	Retention money (refer Note 27.12)*	77.08	-	103.64	-
c)	Creditors for capital goods (refer Note 27.12)*	24.24	-	176.00	-
d)	Security deposit		113.13		113.13
e)	Others	0.30		0.32	
		195.28	**169.74**	**381.59**	**148.57**

*includes payable to MSME creditors ₹ 77.32 lakhs (previous year : ₹ 81.59 lakhs)

(₹ lakhs)

Note 16 Provisions	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
Provision for compensated absences (refer Note 27.6)	6.76	49.47	4.97	49.86
	6.76	**49.47**	**4.97**	**49.86**

(₹ lakhs)

Note 17 Trade payables		As at March 31, 2022	As at March 31, 2021
a)	Total outstanding dues of micro, small and medium enterprises (refer Note 27.12)	77.32	81.59
b)	Total outstanding dues of creditors other than micro, small and medium enterprises		
	i) Related parties (refer Note 27.4)	1,809.72	876.97
	ii) Others	986.58	1,297.04
	Total	**2,873.62**	**2,255.60**

Trade payables ageing

(₹ *lakhs)*

No.	Particulars	As at March, 2022					
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
1.	MSME		54.04	22.84	0.23	0.21	77.32
2.	Others	121.51	2642.47	32.32	-	-	2796.30
	Total	**121.51**	**2696.51**	**55.16**	**0.23**	**0.21**	**2873.62**

(₹ *lakhs)*

No.	Particulars	As at March, 2021					
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
1.	MSME		81.15	0.23	0.21		81.59
2.	Others		2174.01				2174.01
	Total	**-**	**2,255.60**	**0.23**	**0.21**	**-**	**2,255.60**

(₹ lakhs)

Note 18 Contractual liabilities		As at March 31, 2022	As at March 31, 2021
a)	Advance received from customers		
	i) Related parties	-	47.90
	ii) Others contractual liabilities	335.65	7.49
	Total	**335.65**	**55.39**

(₹ lakhs)

Note 19 Other current liabilities	As at March 31, 2022	As at March 31, 2021
Statutory dues	18.30	29.85
Total	**18.30**	**29.85**

(₹ lakhs)

Note 20 Other current liabilities	2021-22	2020-21
Revenue from contracts with customers:		
Sale of products	9,783.74	13,397.08
Sale of traded goods	2,779.02	834.38
Other operating revenue:		
Export incentives	33.33	69.07
Scrap sales	26.92	35.04
	12,623.01	**14,335.57**

Contracts with customers are for short-term, at an agreed price basis having contracted credit period ranging upto 90 days. These contracts are mainly for sale of goods in domestic and international markets besides sale of scrap. Delivery of goods are either at ex-works or at an alternate agreed place at an agreed point in time. The contracts do not grant for any rights to return to the customer. Returns of goods are accepted by the Company only on exception basis.

(₹ lakhs)

Note 21 Other income	2021-22	2020-21
Interest income	12.23	7.92
Exchange rate difference gain (net)	20.98	18.95
Miscellaneous income	2.34	2.66
	35.55	**29.53**

(₹ lakhs)

Note 22 Cost of materials consumed	2021-22	2020-21
Stocks at commencement	1,094.77	674.54
Add: Purchases	4,937.11	8,610.15
	6,031.88	**9,284.69**
Less: Stocks at close	898.11	1,094.77
	5,133.77	**8,189.92**

(₹ lakhs)

Note 23 Changes in inventories of finished goods and work-in-progress	2021-22	2020-21
Stocks at close		
Finished goods	1,619.37	858.99
Work-in-progress	482.14	909.15
	2,101.51	**1,768.14**
Less: Stocks at commencement		
Finished goods	858.99	1,124.58
Work-in-progress	909.15	512.11
	1,768.14	**1,636.69**
(Increase) | Decrease in stocks	**(333.37)**	**(131.45)**

(₹ lakhs)

Note 24 Employee benefit expenses	2021-22	2020-21
Salaries, wages and bonus	879.61	893.52
Contribution to provident and other funds (refer Note 27.6)	53.72	51.13
Staff welfare	47.54	36.72
	980.87	**981.37**

(₹ lakhs)

Note 25 Finance costs	2021-22	2020-21
Interest on borrowings	675.29	657.83
Interest on income tax	-	0.49
Interest on others	3.69	1.49
	678.98	**659.81**

(₹ lakhs)

Note 26 Other expenses	2021-22	2020-21
Consumption of stores and spares	143.17	112.42
Power, fuel and water	1,048.73	772.36
Contract labour charges	154.82	155.04
ETP charges	64.33	78.87
Building repairs	94.58	37.16
Plant and equipment repairs	265.22	238.69
Sundry repairs	2.06	3.55
Rent	0.04	0.04
Rates and taxes	25.83	41.36
Insurance	41.38	45.92
Freight charges	78.40	57.08
Commission	15.97	21.32
Travelling and conveyance	3.36	4.18
Payments to the Statutory Auditors		
a) Audit fees	4.97	4.97
b) Other matters	0.66	0.66
Payments to the Cost Auditors		
a) Audit fees	0.24	0.24
b) Out of pocket expense		
Directors' fees and travelling	7.20	5.00
Directors' commission (other than the Executive Directors)	-	3.00
Manpower services	155.70	178.29
Provision for doubtful debts	2.38	-
Expenditure on Corporate Social Responsibility initiatives (refer Note 27.13)	12.28	16.60
Security charges	39.26	42.00
Brand usage charges	14.22	13.56
Legal and professional charges	30.68	107.74
Miscellaneous expenses	510.51	397.99
	2,722.37	**2,338.04**

Note 27.1 Contingent liabilities

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Claims against the Company not acknowledged as debts in respects of:		
VAT	7.85	12.60

The regulatory claims are under litigation at various forums, the Company expects outcome in the above matter to be in its favour and has, therefore, not recognised provision in relation to this claim.

Note 27.2 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period, but not recognised as liabilities, is as follows:

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed and not provided for (net of advances):		
Property, plant and equipment	-	40.76

Note 27.3 Related party information

No.	Name of the related party	Description of relationship
	Name of the related party and nature of relationship	
01	Atul Ltd	Holding Company
	Other related parties with whom transactions have taken place during the year	
02	Atul Finserv Ltd	Fellow subsidiary companies with whom transactions have taken place during the year
03	Atul Nivesh Ltd	
04	Atul China Ltd	
05	Atul Europe Ltd	
06	Rudolf Atul Chemicals Ltd	Entity jointly controlled by Holding Company
07	Aagam Holdings Pvt Ltd	Entity over which control exercised by Key Management Personnel
08	**Key Management Personnel**	
	Sunil Lalbhai	Chairman
	Prabhakar Chebiyyam	Managing Director
	Gopi Kannan Thirukonda	Non-Executive Director
	Sharat Tripathi	Non-Executive Director
	Pramod Lele	Non-Executive Director
	R R Iyer	Non-Executive Director
	Ajit Dangi	Non-Executive Director
	Latika Pradhan	Non-Executive Director
	Astha Lalbhai	Non-Executive Director
	Suresh Kalra	Chief Financial Officer

No.	Name of the related party	Description of relationship
09	Welfare funds	Organisations over which significant influence exercised by Key Management Personnel
	Atul Foundation Trust	
	Atul Rural Development Fund	
10	Bansi Mehta	Director of Holding Company
11	Crawford Bayley & Co.	Director of Holding Company is partner
12	Other related parties	Post-employment benefit plan of Atul Bioscience Ltd
	Atul Bioscience Staff Gratuity Fund	

Note 27.4 (a) Transactions with Holding Company

(₹ lakhs)

Sales and income		March 2022	March 2021
1	Sale of goods	1,254.51	106.29
	Purchases and expenses		
1	Purchase of raw material	5,881.57	3879.86
2	Purchase of power, fuel and water	649.78	479.48
3	Purchase of property, plant and equipment	0.95	22.59
4	ETP service charges	50.14	73.78
5	Staff service charges	391.75	383.64
6	Expenses reimbursement paid	1.32	0.08
7	Lease rent	0.04	0.04
8	Interest paid | payable	512.85	159.98
9	Brand usage charges	14.22	13.56
	Transfers under finance arrangements		
1	Loan taken	3682.91	650.00

Terms and conditions:

a) Transactions with Atul Ltd pertaining to a) purchase of goods, power, fuel, water, b) ETP service charges, c) lease rent d) interest and e) brand usage charges were at normal commercial terms.

b) Staff service charges and other expenses were reimbursed to Atul Ltd on cost basis.

c) Transaction relating to dividend was on same terms and conditions that applied to all shareholders.

Note 27.4 (b) Transactions with fellow subsidiary companies

(₹ lakhs)

Sales and income		March 2022	March 2021
1	**Loan taken**	**-**	**250.00**
	Atul Finserv Ltd	-	-
	Atul Nivesh Ltd	-	250.00
2	**Loan repaid**	**-**	**250.00**
	Atul Nivesh Ltd	-	250.00
	Expenses		
1	**Interest on loan**	**63.00**	**60.55**
	Atul Finserv Ltd	40.50	42.24
	Atul Nivesh Ltd	22.50	18.31
2	**Reimbursement paid**	**-**	**-**
	Atul Finserv Ltd	-	-

Note 27.4 (c) Entity jointly controlled by Holding Company

(₹ *lakhs*)

Particulars		March 2022	March 2021
Loan taken and repaid			
1	Loan taken	**-**	**350.00**
	Rudolf Atul Chemicals Ltd	-	350.00
	Expenses		
1	Interest on loan	**94.50**	**79.31**
	Rudolf Atul Chemicals Ltd*	94.50	79.31

*Loans taken from Rudolf Atul Chemicals Ltd was for 36 months at interest rate of 9 % per annum on September 30, 2021

Note 27.4 (d) Key management personnel compensation

(₹ *lakhs*)

Expenses		March 2022	March 2021
1	**Prabhakar Chebiyyam**	**62.29**	**47.13**
	Short-term employee benefits	62.29	47.13
	Post-employment benefits[1]		
2	**Independent directors**	**7.20**	**3.00**
	Commission and sitting fees paid to independent directors	7.20	3.00

[1]Compensation for gratuity and compensated absences are paid by the Holding Company.

There are no other categories of compensation payable to key management personnel.

Note 27.4 (e) Transactions with organisations over which significant influence exercised

(₹ *lakhs*)

1	Corporate social responsibility initiatives	March 2022	March 2021
	Atul Rural Development Fund	12.28	16.60

Note 27.4 (f) Transactions with entity where Director of Holding Company is a partner

(₹ *lakhs*)

1	Professional fees	March 2022	March 2021
	Crawford Bayley & Co.	-	3.25

Note 27.4 (g) Transactions with organisations over which significant influence exercised

(₹ *lakhs*)

1	Contribution made during the year	2021-22	March 2021
	Atul Bioscience Staff Gratuity Fund	10.00	1.11

Note 27.4 (h) Outstanding balances of Holding Company at year end

(₹ lakhs)

	As at March 31, 2022	As at March 31, 2021
Payables	1672.47	918.02
Loan payables	5406.46	2400.00

Note 27.4 (i) Outstanding balances of fellow subsidiary companies at year end

(₹ lakhs)

		As at March 31, 2022	As at March 31, 2021
Payables		700.00	700.00
1	Atul Finserv Ltd	450.00	450.00
2	Atul Nivesh Ltd	250.00	250.00

Note 27.4 (j) Outstanding balances of entity jointly controlled by Holding Company as at year end

(₹ lakhs)

		As at March 31, 2022	As at March 31, 2021
1	**Unsecured loan**	**1,050.00**	**1,050.00**
	Rudolf Atul Chemicals Ltd	1,050.00	1,050.00

Note 27.4 (k) Outstanding balances of entity where Director of Holding Company is a partner as at year end

(₹ lakhs)

		As at March 31, 2022	As at March 31, 2021
1	Payables	**-**	**3.25**
	Crawford Bayley & Co.	-	3.25

Note 27.4 (l) Terms and conditions:

1 Transactions relating to preference dividend, equity dividend and issue of new equity shares were on same terms and conditions that applied to all shareholders. The loans taken from related parties were generally for short-term at interest rate ranging from 8% to 9.15% per annum.

2 Transactions with Atul Ltd pertaining to

a) purchase of goods, power, fuel, water,

b) ETP service charges,

c) lease rent and

d) Staff service charges and other expenses were reimbursed to Atul Ltd on cost basis.

3 All outstanding balances are unsecured and are repayable in cash.

Note 27.5 Current and deferred tax

The major components of income tax expense for the years ended March 31, 2022 and March 31, 2021 are:

a) Income tax expense recognised in the Statement of Profit or Loss:

(₹ lakhs)

Particulars		2021-22	2020-21
i)	**Current tax**		
	Current tax on profit for the year	0.47	108.12
	Adjustments for current tax of prior periods	-	-
	Total current tax expense	0.47	108.12
ii)	**Deferred tax**		
	(Decrease) | Increase in deferred tax liabilities	(10.41)	(2.36)
	Decrease | (Increase) in deferred tax assets	9.98	85.64
	Total deferred tax expense | (benefit)	(0.43)	83.28
	Income tax expense	**0.04**	**191.40**

b) 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		2021-22	2020-21
a)	Statutory income tax rate	25.17%	25.17%
b)	Differences due to:		
	Non-deductible expenses	1.876%	1.876%
	Prior period adjustmnet	1.41%	1.41%
	Expenses in capital nature	-	-
	Defferred tax on changed in effective tax rate	-	-
	Other items	(28.47%)	(0.09%)
	Effective income tax rate	**(0.02%)**	**28.36%**

c) Current tax assets

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	193.06	207.51
Add: Taxes paid in advance, net of provision during the year	(42.91)	93.67
Less: provision	(6.84)	(108.12)
Closing balance	**143.31**	**193.06**

d) **Movement in deferred tax liabilities | (assets)**

(₹ lakhs)

Particulars	As at March 31, 2022	Charged | (Credited) to		As at March 31, 2021	Charged | (Credited) to		As at March 31, 2020
		profit or loss	OCI | equity		profit or loss	OCI | equity	
Property plant and equipment and intangible assets	318.26	(4.02)	-	325.47	(2.36)	-	327.83
Total deferred tax liabilities	**318.26**	**(4.02)**	**-**	**325.47**	**(2.36)**	**-**	**327.83**
Provision for compensated absences and gratuity	(34.59)	(8.53)	3.20	(29.26)	(7.72)	0.15	(21.69)
Expenses for increase in authorised share capital	-	-	-	-	4.18	-	(4.18)
Unabsorbed tax depreciation	-	-	-	-	95.17	-	(95.17)
Unsed tax losses	28.53	28.53	-	-	-	-	-
Provision for doubtful debts and provision for inventory	(26.73)	(11.70)	-	(15.03)	(8.99)	-	(6.04)
Others	(3.59)	(1.51)	-	(2.08)	2.99	-	(5.06)
Total deferred tax assets	**(36.38)**	**6.79**	**3.20**	**(46.37)**	**85.63**	**0.15**	**(132.14)**
Net deferred tax liabilities | (assets)	**281.88**	**2.77**	**3.20**	**279.11**	**83.27**	**0.15**	**195.69**

Note 27.6 : Employee benefit obligations

Funded schemes

a) **Defined benefit plans:**

Gratuity:

The Company operates a gratuity plan through the 'Atul Bioscience Staff Gratuity Trust'. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972 or Company scheme whichever is beneficial. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest 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, 2020	**98.13**	**(50.08)**	**48.05**
Current service cost	12.03	-	12.03
Interest expense | (income)	6.31	(3.22)	3.09
Total amount recognised in profit and loss	**18.34**	**(3.22)**	**15.12**
Remeasurements			
Return on plan assets, excluding amount included in interest expense | (income)	-	1.46	1.46
(Gain) | loss from change in demographic assumptions	7.07	-	7.07

(₹ lakhs)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
(Gain) | loss from change in financial assumptions	(5.98)	-	(5.98)
Experience (gains) | losses	(3.16)	-	(3.16)
Total amount recognised in other comprehensive income	**(2.07)**	**1.46**	**(0.61)**
Employer contributions	**-**	1.11	1.11
Benefit payments	2.19	(2.19)	-
As at March 31, 2021	**112.21**	**(50.75)**	**61.45**
Current service cost	14.30	-	14.30
Interest expense | (income)	7.10	(3.21)	3.89
Total amount recognised in profit and loss	**21.40**	**(3.21)**	**18.19**
Remeasurements			
Return on plan assets, excluding amount included in interest expense | (income)	-	0.28	0.28
(Gain) | loss from change in demographic assumptions	(6.64)	-	(6.64)
(Gain) | loss from change in financial assumptions	18.65	-	18.65
Experience (gains) | losses	0.40	-	0.40
Total amount recognised in other comprehensive income	**12.41**	**0.28**	**12.69**
Employer contributions	-	10.00	10.00
Benefit payments	4.45	(4.45)	-
As at March 31, 2022	**141.57**	**(59.23)**	**82.33**

The net liability disclosed above relates to funded and unfunded plans are as follows:

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of funded obligations	141.56	112.21
Fair value of plan assets	(59.23)	(50.75)
Deficit | Surplus of gratuity plan	**82.33**	**61.46**
Current	25.72	26.01
Non-current	56.61	35.44

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	6.41%	6.33%
Salary escalation rate	10.70%	7.62%
Rate of return on plan assets	6.41%	6.33%
Attrition rate	15.00%	8.00%

Sensitivity analysis

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

Particulars	Increase | (decrease) in defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Discount rate	1.00%	1.00%	(4.92)%	(7.14)%	5.49%	8.19%
Salary escalation rate	1.00%	1.00%	5.22%	8.01%	(4.78)%	(7.12)%
Attrition rate	1.00%	1.00%	(1.43)%	(0.88)%	1.57%	0.97%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied while calculating the defined benefit liability recognised in the Balance Sheet.

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

Major category of plan assets are as follows:

(₹ lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Unquoted	in %	Unquoted	in %
Investment funds				
Insurer managed fund (Life Insurance Corporation of India)	59.23	100%	50.75	100%
	59.23	**100%**	**50.75**	**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 security 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 level assumed that 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.

The expected contributions to post-employment benefit plans for the year ending March 31, 2022 are ₹ 25.72 Lakhs.

The weighted average duration of the defined benefit obligation is 9 years (2019-20: 6 years). The expected maturity analysis of gratuity is as follows:

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, 2022	22.50	15.78	47.31	127.46	213.05
As at March 31, 2021	9.63	7.80	30.04	155.76	203.23

b) Defined contribution plans:

The company makes contributions towards provident fund and employee state insurance scheme for qualifying employees as per regulations. The provident fund is administered by the government. 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 above contribution plans is ₹ 14.31 lakhs (March 31, 2021 : ₹ 26.49 lakhs).

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) Compensated absences:

The compensated absences covers the liability for earned leave. Out of the total amount disclosed in Note 16, the amount of ₹ 6.76 lakhs (March 31, 2021 ₹ 4.97 lakhs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

(₹ lakhs)

Particulars	Compensated absences			
	As at March 31, 2022		As at March 31, 2021	
	Current	Non-current	Current	Non-current
Present value of unfunded obligations	6.76	49.47	4.97	49.86

(₹ lakhs)

	Particulars	UoM	Compensated absences	
			2021-22	2020-21
1	Expense recognised in the Statement of Profit and Loss	₹ lakhs	5.24	22.63
2	Discount rate (per annum)	%	6.43%	6.33%
3	Rate of return on plan assets	%	6.43%	6.33%
4	Salary escalation rate (per annum)	%	8.40%	7.62%

Note 27.7: Fair value measurements

(i) Financial instruments by category

(₹ lakhs)

Particulars						
Financial assets						
Investments in equity instruments	0.70	-	-	0.70	-	-
Trade receivables	-	-	2,634.23	-	-	2,317.96
Cash and cash equivalents	-	-	282.64	-	-	393.16
Bank balances other than cash and cash equivalents above	-	-	26.19	-	-	24.69
Other receivables	-	-	45.68	-	-	49.48
Bank deposits with more than 12 months maturity	-	-	0.64	-	-	0.64
Total financial assets	**0.70**	**-**	**2,989.38**	**0.70**	**-**	**2,785.93**
Financial liabilities						
Borrowings	**-**	**-**	**7,156.46**	**-**	**-**	**7,832.91**
Trade payables	-	-	2,873.62	-	-	2,255.60
Creditor for capital goods	-	-	24.24	-	-	176.00
Employee benefits payable	-	-	150.27	-	-	137.07
Retention money	-	-	77.08	-	-	103.64
Other	-	-	0.30	-	-	0.32
Security deposits	-	-	113.13	-	-	113.13
Total financial liabilities	**-**	**-**	**10,395.10**	**-**	**-**	**10,618.67**

(ii) Fair value hierarchy and valuation technique used to determine fair value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the 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.

(₹ lakhs)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	As at March 31, 2022	As at March 31, 2021
		Investment in equity instruments	Investment in equity instruments
Level 3	4	0.70	0.70

The difference between the fair value and the carrying amount of the investment in equity instruments is not expected to be material and hence has not been fair valued and is classified as level 3.

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have a quoted price. The fair value of all equity instruments which are traded on the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing net assets value (NAV).

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2022
	Carrying amount | Fair value	Carrying amount | Fair value
Financial assets		
Trade receivables	2,634.23	3,281.12
Security deposits	45.06	45.06
Bank deposits with more than 12 months maturity	0.64	0.64
Total financial assets	2,679.93	3,326.82
Financial liabilities		
Borrowings	7,156.46	7,832.91
Employee benefits payable	56.61	35.44
Retention money	77.08	11.27
Other	0.30	0.32
Total financial liabilities	7,290.45	7,879.94

The carrying amounts of trade receivables, trade payables, other receivables, bank deposits with more than 12 months maturity, creditors for capital goods, cash and cash equivalents and bank balances other than cash and cash equivalents, interest accrued but not due, dividend payable on preference share, interim dividend payable on equity shares, employee benefit payables, retention money, other financial liabilities are considered to be the same as their fair values.

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.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

(iv) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes including level 3 fair values.

Note 27.8 Financial risk management

1. Business activities of the Company expose it to a variety of financial risks, namely market risks (that is foreign exchange risk, interest rate risk), credit risk and liquidity risk. The Management of the Company has the overall responsibility for the establishment and oversight of risk management framework of the Company. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring risk management policies of the Company. The risk management policies of the Company are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the activities of the Company. The risk management of the Company focuses on the unpredictability of these elements and seeks to minimise the potential adverse effects on its financial performance.
2. The Risk Management Committee of the Company is supported by the Finance department that provides assurance that the financial risk activities of the Company are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the policies and risk objectives of the Company. The Finance department activities are designed to protect the financial results of the Company and position from financial risks maintain market risks within acceptable parameters, while optimising returns; and protect the financial investments of the Company, while maximising returns. The Finance department is responsible to maximise the return on companies internally generated funds.

(a) Management of liquidity risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The approach of the Company to manage liquidity is to ensure 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 our cash flow could undermine the credit rating of the Company and impair investor confidence.

The following table shows the maturity analysis of the financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

(₹ lakhs)

As at March 31, 2022	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	14	7,156.46	2,601.72	4,554.74	7,156.46
Trade payables	17	2,873.62	2,873.62	-	2,873.62
Other financial liabilities	15	308.41	195.28	113.13	308.41
Total non-derivative liabilities		**10,338.49**	**5,670.62**	**4,667.87**	**10338.49**

(₹ lakhs)

As at March 31, 2021	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	14	7,832.91	676.45	7,156.46	7,832.91
Trade payables	17	2,255.60	2,255.60	-	2,255.60
Other financial liabilities	15	494.72	381.59	113.13	494.72
Total non-derivative liabilities		**10,583.23**	**3,313.64**	**7,269.59**	**10,583.23**

(b) Management of credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counter-party fails to meet its contractual obligations.

i) Trade Receivables

Sales to a new party is usually against advance | under a Letter of Credit (LC). As a policy, Letter of Credit of only top banks is accepted. More than 50% of sales is either on advance or under LC. Further, trade receivables for sales on open terms are monitored monthly and in case of overdue, timely alerts are provided. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low.

ii) Other financial assets

The Company maintains exposure in cash and cash equivalents and term deposits with banks. The same are maintained with banks or financial institutes of repute. Credit limits and concentration of exposure are actively monitored by the finance department of the Company. The maximum exposure to credit risk as at March 31, 2022 and March 31, 2021 is the carrying value of each class of financial assets as disclosed in Note 4, 5, 9, 10, and 11.

(c) Management of market risk

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

	Potential impact of risk	Management policy	Sensitivity to risk
i)	**Interest rate risk**		
	The main interest rate risk of the Company arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Some part of the borrowings of the Company are at variable rates denominated in ₹. As at March 31, 2022, the exposure to interest rate risk due to variable interest rate borrowings amounted to ₹ nil (march 31, 2021: ₹ nil) and due to fixed rate borrowings amounted to ₹ 7156.46 lakhs (March 31, 2021: ₹ 7,832.91 lakhs)	The Company manages interest rate risks by keeping mixture of loans from group and third parties with fixed as well as floating rate loans. The borrowings are at amortised cost. Further the Company keeps a watch on RBI policy and maeket movements to arrive at decision so as to hedge the exposure or keep it open.	As an estimation of the approximate impact of the interest rate risk, the Company has calculated the impact of a 100 bps increase in interest rates may have led to approximately an additional nil (2020-21: nil) gain in profit. A 100 bps decrease in interest rates may have led to an equal but opposite effect.
ii)	**Foreign currency risk**		
	The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities denominated in a currency that is not the functional currency (₹) of the Company. The risk is measured through a forecast of highly probable foreign currency cash flows.	The Company has exposure arising out of export, import and other transactions other than functional risks. The same is as per the guidelines laid down in its Risk Management Policy.	As an estimation of the approximate impact of the foreign exchange rate risk, with respect to the Standalone Financial Statements, the Company has calculated the impact as follows: For financial assets and liabilities not denominated in Indian rupee (INR) and future commercial transactions, INR depreciates against USD by ₹ 1 as on the reporting date may have led to an increase in addiitonal ₹ 2.04 lakhs gain in profit and loss (2020-21: loss of ₹ 1.61 lakhs). INR appreciates against USD by ₹ 1 may have led to an equal but opposite effect.

(i) **Foreign currency risk**

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency (INR) 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 the Management of the Company of market risk is to maintain this risk within acceptable parameters, while optimising returns. The exposure of the Company to, and management of, these risks is explained below:

a) **Foreign currency risk exposure:**

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

(₹ lakhs)

Particulars	As at March 31, 2022		As at March 31, 2021	
	US$ mn	₹ lakhs	US$ mn	₹ lakhs
Financial assets				
Trade receivables	0.30	219.19	0.47	340.91
Loans	-	-	-	-
Exposure to foreign currency risk (assets)	**0.30**	**219.19**	**0.47**	**340.91**
Financial liabilities				
Trade payables	0.46	335.77	0.63	458.96
Net exposure to foreign currency risk (liabilities)	**0.46**	**335.77**	**0.63**	**458.96**
Net exposure to foreign currency risk	**(0.16)**	**(116.58)**	**(0.16)**	**(118.05)**

b) **Sensitivity:**

The sensitivity of profit or loss to changes in the exchange rates arises mainly from recognised financial assets and liabilities not denominated in Indian rupee (INR) and future commercial transactions. The following table explains the sensitivity of profit or (loss) with respect to movement of exchange rate on net open position as on Balance Sheet date:

(₹ lakhs)

Particulars	Impact on profit	
	As at March 31, 2022	As at March 31, 2021
USD sensitivity		
INR depreciates against USD by ₹ 1	(0.16)	(1.61)
INR appreciates against USD by ₹ 1	0.16	1.61

(ii) **Cash flow and fair value interest rate risk**

The main interest rate risk of the Company arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Some part of the borrowings of the Company are at variable rates denominated in'. The Company manages interest rate risks by keeping mixture of loans from group and third parties with fixed as well as floating rate loans. The borrowings are at amortised cost. Further, the Company keeps a watch on RBI policy and market movements to arrive at decision so as to hedge the exposure or keep it open.

a) Interest rate risk exposure:

The exposure of the borrowing of the Company to interest rate changes at the end of the reporting period are as follows:

(₹ lakhs)

Particulars	March 31, 2022	March 31, 2021
Variable rate borrowings	2,601.72	676.50
Fixed rate borrowings	4,554.74	7,156.46
Total borrowings	**7,156.46**	**7,832.96**

b) Sensitivity:

Profit or loss is sensitive to higher | lower interest expense from borrowings as a result of changes in interest rates. The following table depicts the sensitivity of profit | loss with respect to changes in interest rate

(₹ lakhs)

Particulars	Impact on profit	
	March 31, 2022	March 31, 2021
Interest rates – increase by 100 basis points	(26.02)	(6.77)
Interest rates – decrease by 100 basis points	26.02	6.77

* Holding all other variables constant

Note 27.9: Capital management

The primary objective of the capital management of the Company is to maximise shareholder value. The Company monitors capital using Debt-Equity ratio, which is total debt divided by total equity.

For the purposes of capital management, the Company considers the following components of its Balance Sheet to manage capital

Total equity includes retained earnings, share capital, security premium, other comprehensive income | (loss), capital contribution and equity capital pending allotment of shares. Total debt includes current debt plus non-current debt (refer note 27.15 (b) for Debt- equity ratio).

Note 27.10 Segment information

The operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM, who is responsible for allocating resources and assessing performance, has been identified as the Managing Director of the Company. The Company operates in only one business segment i.e. Active Pharmaceutical Ingredient (API) intermediates. Further, since the revenue generated in India and non-current assets other than financial assets located within India are greater than 90% of the total revenue and total non-current assets other than financial assets respectively of the Company, hence the Company does not have any reportable segments as per Indian Accounting Standard 108 operating segments. Revenue of approximately ₹ 2,386.66 lakhs, ₹ 1,214.10 lakhs, ₹ 975.84 lakhs (March 31, 2021 : ₹ 3,644.60 lakhs, ₹ 1,831,36 lakhs and ₹ 808.35 lakhs) are derived from three external customers attributable to the Active Pharmaceutical Ingredient (API) intermediates segment.

Note 27.11 Earnings per share

Basic Earnings per share (BEPS) - The numerators and denominators used to calculate basic EPS

Particulars		2021-22	2020-21
Profit | (Loss) for the year attributable to the equity shareholders	₹ Lakhs	(264.15)	483.42
Basic number of equity shares outstanding during the year	Number	29,021,868	29,021,868
Weighted average number of equity shares outstanding during the year	Number	29,021,868	29,021,868
Nominal value of equity share	₹	10	10
Basic Earnings per equity share attributable to equity shareholders of the Company		(0.94)	1.67

Weighted average number of shares used as the denominator

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	29,021,868	29,021,868
Effect of fresh issue of shares on conversion of preference shares	-	-
Closing balance	29,021,868	29,021,868

Diluted Earnings per share (DEPS) - The numerators and denominators used to calculate diluted EPS:

Particulars		2021-22	2020-21
Profit | (Loss) for the year attributable to the equity shareholders	₹ Lakhs	(264.15)	483.42
Basic number of Equity shares outstanding during the year	Number	-	
Weighted average number of equity shares adjusted for effect of dilution	Number	29,021,868	29,021,868
Nominal value of equity share	₹	10	10
Diluted Earnings per equity share attributable to equity shareholders of the Company		(0.91)	1.67

Weighted average number of shares used as the denominator

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	29,021,868	29,021,868
Adjustment for effect of dilution		
Closing balance	29,021,868	29,021,868

Note 27.12 Disclosure requirement under MSMED Act, 2006

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

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end (includes retention money and creditors for capital goods)	77.32	81.59
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	3.16	1.36
Principal amount paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	89.59	91.49
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	3.16	1.36
Further interest remaining due and payable for earlier years	-	-

Note:

1) Outstanding as at March 31, 2022 is ₹ 77.32 lakhs.
2) 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 Micro, Small and Medium Enterprise Development Act, 2006' as at March 31, 2022. The auditors have relied upon in respect of this matter.

Note 27.13 Expenditure on Corporate Social Responsibility initiatives

a) Gross amount required to be spent by the Company during 2021-22 is ₹ 12.80 lakhs (2020-21 was ₹ 16.60 lakhs)

b) Amount spent during 2021-22 on:

(₹ lakhs)

Particulars	2021-22			2020-21		
	Paid	Payable	Total	Paid	Payable	Total
i) Construction | acquisition of any asset	-	-	-	-	-	-
ii) On purposes other than (i) above	12.28	-	12.28	16.60	-	16.60

c) Details related to spent | unspent obligations:

(₹ lakhs)

Particulars		2021-22	2020-21
01.	Promotion of health	4.28	-
02.	Promotion of health care and sanitation	8.00	16.60
	Total	12.28	16.60

Note 27.14 Utilisation of loans, advances and equity investment in entities

There were no loans, advances and investments made in intermediary company during the year.

Note 27.15 Ratios

No.	Ratio	UoM	Formula (refer below table for numerator and denominator details)	As at March 31, 2022	As at March 31, 2021	% Variance	Reason for variance
a)	Current ratio	Times	A ÷ B	2.09	2.45	(15)%	Below threshold of 25%
b)	Debt-equity ratio	Times	H ÷ I	1.00	1.05	(5)%	Below threshold of 25%
c)	Debt service coverage ratio	Times	Q ÷ (J + M)	1.16	1.34	(14)%	Below threshold of 25%
d)	Return on equity ratio	%	P ÷ average of H	-4%	7%	(156)%	Due to loss during the year
e)	Invenotry turnover ratio	Times	L ÷ average of D	4.09	5.25	(22)%	Below threshold of 25%
f)	Trade receivables turnover ratio	Times	L ÷ average of E	5.07	6.82	(26)%	Due to lower sales volume and higher trade receivables as compared to last year
g)	Trade payables turnover ratio	Times	(R+S) ÷ average of G	4.19	6.32	(34)%	Higher trade payables maintained as compared to turnover for the year.
h)	Net capital turnover ratio	Times	L ÷ average of C	3.27	3.59	(9)%	Below threshold of 25%
i)	Net profit ratio	%	P ÷ L	-2.10%	3.40%	(162)%	Lower sales volume and correspondingly higher input and freight costs have resulted into loss during current year.
j)	Return on capital employed	%	(M + O) ÷ average of K	4.24%	9.98%	(58)%	Due to loss and increase in finance cost, return on capital is reduced
k)	Return on investment	%	(M + O) ÷ average of F	2.28%	7.48%	(70)%	Due to loss and increase in finance cost during the year

No.	Base values	UoM	Reference	As at March 31, 2022	As at March 31, 2021
A	Current assets	₹ lakhs	Balance Sheet (current assets) - current investments	7,156	6,695
B	Current liabilities	₹ lakhs	Balance Sheet (current liabilities)	3,430	2,727
C	Working capital	₹ lakhs	A-B	3,726	3,968
D	Inventories	₹ lakhs	Balance Sheet (note 8)	3,127	3,014
E	Trade receivables	₹ lakhs	Balance Sheet (note 9)	2,634	2,318
F	Total assets	₹ lakhs	Balance Sheet (total assets)	18,239	18,463
G	Trade payables	₹ lakhs	Balance Sheet (note 17)	2,874	2,256
H	Equity	₹ lakhs	Balance Sheet (note 12+13)	7,152	7,425
I	Debt	₹ lakhs	Balance Sheet (borrowings note 14)	7,156	7,833
J	Principal repayments	₹ lakhs	Balance Sheet (part of note 14)	676	954

No.	Base values	UoM	Reference	As at March 31, 2022	As at March 31, 2021
K	Capital employed	₹ lakhs	G + H + Deferred tax liability (notes 26.5) - Capital Work-in-progress(notes 2) - Revaluation reserve on investment (change in equity part B)-	10,165	9,566
L	Net sales	₹ lakhs	Profit and loss (note 19, sales of products and services only)	12,563	14,231
M	Finance cost	₹ lakhs	Profit and loss statement (note 24)	679	660
N	Depreciation	₹ lakhs	Profit and loss statement (note 2, 4)	1,151	1,014
O	Profit before tax	₹ lakhs	Profit and loss statement	-261	675
P	Profit after tax	₹ lakhs	Profit and loss statement	-264	483
Q	Net operating income	₹ lakhs	M + N + P	1,566	2,158
R	Total operating purchase	₹ lakhs	Purchase of raw material and stock in trade (note 21) + other expenses (note 25)	10,245	11,586
S	Capital purchase	₹ lakhs	Additon in capital work in progress (note 2)	490	801

Note 27.16 Leases

Following are the changes in the carrying value of right-of-use assets

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	**2,507.04**	**2,538.89**
Additions	-	
Deletions	-	
Depreciation | Amortisation	31.85	31.85
Balance at the end of the year	**2,475.19**	**2,507.04**

Contractual maturities of lease liabilities as at March 31, 2022 on undiscounted basis

Particulars	(₹ lakhs)
Less than 1 year	0.04
1 to 5 years	0.16
More than 5 years	1.30
Total	**1.50**

a) As a lessee

The Company does not face a significant liquidity risk with regard to to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Depreciation charge on the right-of-use asset is disclosed in Note 2 'Property, plant and equipment'

Rent paid to lessor for short-term lease period is recognised into the Statement of Profit and Loss as Rent in Note 26 'Other expenses'.

Cash payments for the principal portion and interest of the lease liabilities is classified within financing activities and short-term lease payments within operating activities

b) As a lessor

Company has not leased any assets and as such is not a lessor.

Note 27.17 Estimation of uncertainties relating to the global health pandemic from COVID-19 and Russia-Ukraine war:

Manufacturing facilities of the Company at (Atul) Gujarat and (Ambernath) Maharashtra were operating mostly in normal conditions during the year. The Company obtained required permissions for smooth manufacturing of operations. The Company has partially capitalized its project at Ambernath and started production in new plant during the year. The project is expected to be completed in first half of the year 2022. The new products will be introduced to market during this period. Based on the assessment of the impact of COVID-19 on the operations of the Company and discussions with customers, vendors and service providers, the Company is serving positively to all customer orders. The Company has assessed it's inventories and receivables, and based on such assessment it is of the view that carrying amount of trade receivables and inventoroes are expected to realize their complete value.

The Company has considered possible effects that may result from Russia-Ukraine war in preparation of these Standalone Financial Statements, used relevant internal and external sources of information and expect that these events will not have any material implications on the operations of the Company in the near future.

Note 27.18 Assessment of going concern

With backdrop of prevailing pandemic from COVID-19, the Company has re-assessed its ability to continue as a going concern for next 12 months. Government notification has enabled that the Pharma industries can operate without any major restrictions. All customers of the Company fall under the essential services and the customers have executed existing orders as per expectation and assured further and continued orders. Based on the market trends and general industry outlook, industry has withstood well against the pandemic situation in a better way. Major raw materials are procured from group company and there is no shortfall expected for the same. Out of the raw materials procured from external vendors, majority are locally procured and available from multiple vendor locations. There is sufficient inventory of imported raw material to cater to demand and orders in hand and new orders have been continuously executed for further dispatchs.

Based on the assessment made, the company is expected to generate sufficient funds to repay the borrowings. The company being a wholly-owned subsidiary, has received investment from the Group companies in form of inter corporate deposits, letter of support from holding company and has unutilised approved limits in case of requirement of any financial support.

Note 27.19 Social Security Code

The Parliament of India has approved the Code on Social Security, 2020 (the Code) which may impact the contributions by the Company towards provident fund, gratuity and ESIC. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. Final rules are yet to be notified. The Company will assess the impact of the Code when it comes into effect and will record related impact, if any.

An incident of fire occurred on April 20, 2022, in one of the plants at Atul, Gujarat. Damage was restricted to that plant, and there was no injury or casualty of any individual. The Company is in the process of assessing the impact of this fire on the plant and related operations and filing necessary insurance claims. This subsequent non-adjusting event does not impact these financial results.

Note 27.20 Rounding off

Figures less than ₹ 1,000 have been shown at actual in brackets.

Note 27.21 Relationship with struck off companies

There were no business relationships with struck off companies during the year.

Note 27.22 Other statutory information

a) The Company has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

b) The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

c) The Company is not declared wilful defaulter by any bank or financial institution or other lender.

d) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

e) The Company has not revalued its property, plant and equipment (including right -of- use assets) or intangible assets or both during the year.

f) No proceedings have been initiated or are pending against the the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made there under.

g) No loans or advances in the nature of loans are granted to promoters, Directors, Key Managerial Personnel and the related parties (as defined under the Companies Act, 2013) either severally or jointly with any other person.

Note 27.23 Authorisation for issue of the Financial Statement

The Financial Statements were authorised for issue by the Board of Directors on April 21, 2022.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ketan Vora
Partner

Mumbai
April 25, 2022

For and on behalf of Board of Directors

S Kalra
Chief Financial Officer

S S Lalbhai
(DIN:00045590)
Chairman

C Prabhakar
(DIN: 01569332)
Managing Director

Mumbai
April 21, 2022

Atul Bioscience Ltd

E-12, East site, Atul 396 020, Gujarat, India

Attendance slip

25th Annual General Meeting Friday, July 15, 2022

DP ID		Folio number | Client ID	

Full name of the shareholder | proxy attending the meeting

....

(First name) (Middle name) (Surname)

First holder | joint holder | proxy
(strike out whichever is not applicable)

Full name of the first holder (if joint holder | proxy attending)

....

(First name) (Middle name) (Surname)

....

Signature of the shareholder | proxy

Atul Bioscience Ltd

Proxy form

Registered Office: E-12, East site, Atul 396 020, Gujarat, India
{Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014}
Corporate identification number: U24230GJ1997PLC032369

Name of the Company: Atul Bioscience Ltd
Registered Office: E-12, East site, Atul 396 020, Gujarat, India

Name of the member(s):	
Registered address:	
E-mail address:	
Folio number | Client ID: DP ID:	

I | We, being the Member(s) of .... shares of the above named Company, hereby appoint:

1. Name: ....
Address: ....
....
E-mail address: ....
Signature: .... , or failing him | her

2. Name: ....
Address: ....
....
E-mail address: ....
Signature: .... , or failing him | her

3. Name: ....
Address: ....
....
E-mail address: ....
Signature: ....

as my | our proxy to attend and vote (on a poll) for me | us and on my | our behalf at the 25th Annual General Meeting of the Company, to be held on Friday, July 15, 2022 at 4:00 pm at E-12, East site, Atul 396 020, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	**Resolutions**
1.	Adoption of the Financial Statements and Reports thereon for the financial year ended on March 31, 2022
2.	Reappointment of Mr Sunil Lalbhai as a Director
3.	Reappointment of Ms Astha Lalbhai as a Director
4.	Reappointment of Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors
5.	Appointment of Ms Latika Pradhan as a Director
6.	Appointment of Mr Vivek Gadre as a Director
7.	Ratification of remuneration of R Nanabhoy & Co for Cost Audit

Signed this day .... of 2022.

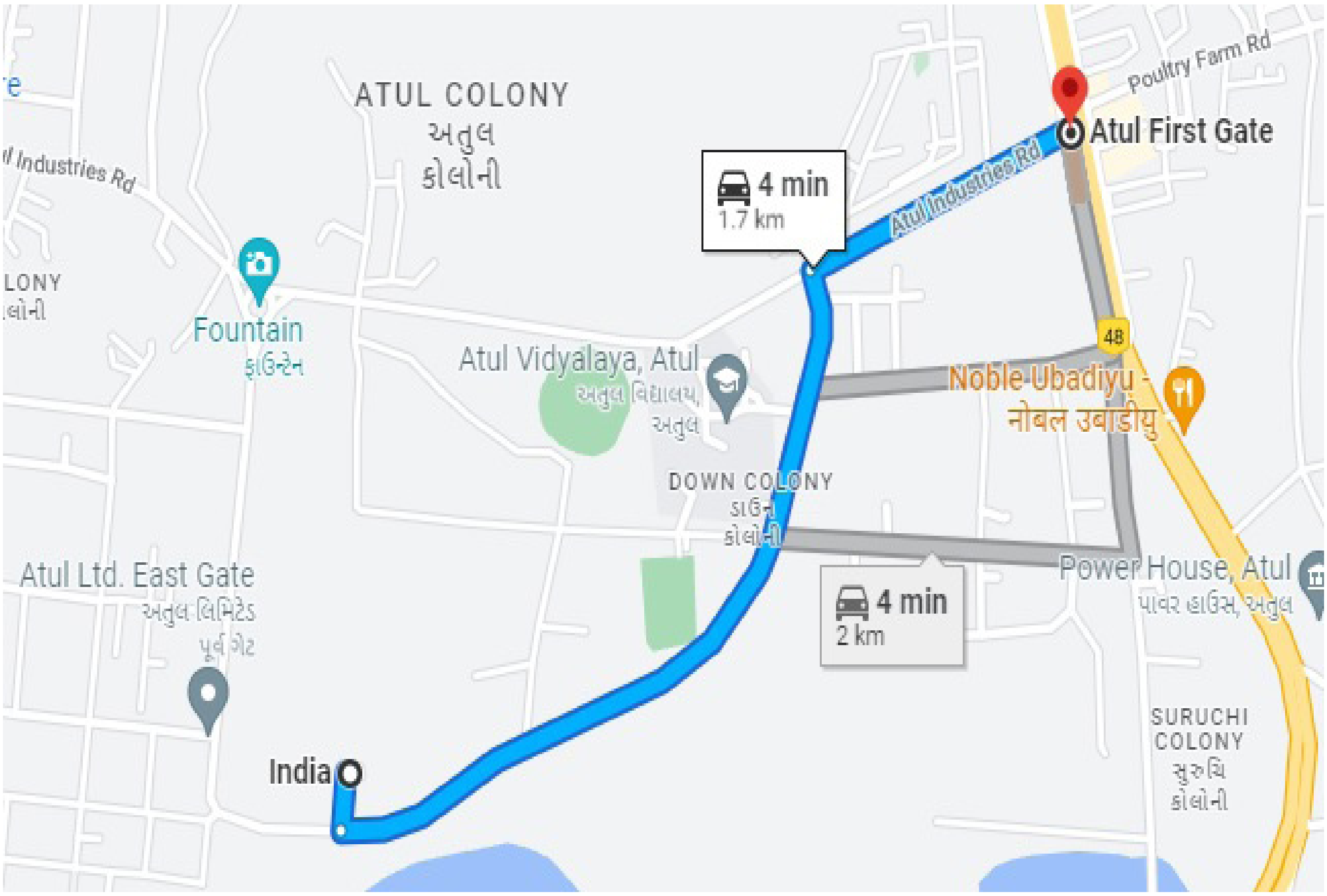
Affix Revenue Stamp here

Signature of the member .... Signature of the proxy holder(s)..

Note:
This proxy form in order to be effective must be duly completed and deposited at the registered office of the Company not less than 48 hours before commencement of the meeting.

Atul Bioscience Ltd
E-12, East site, Atul 396 020, Gujarat, India

Route map to the venue of the Annual General Meeting



Notes

Notes

Corporate information

Directors

Mr Sunil Lalbhai
(Chairman)

Dr Prabhakar Chebiyyam
(Managing Director)

Mr Gopi Kannan Thirukonda

Mr Sharat Tripathi

Mr Pramod Lele

Mr Rangaswamy Iyer

Dr Ajit Dangi

Ms Astha Lalbhai

Ms Latika Pradhan
(effective October 22, 2021)

Mr Vivek Gadre
(effective April 21, 2022)

Chief Financial Officer

Mr Suresh Kalra

Statutory Auditors

Deloitte Haskins & Sells LLP

Cost Auditors

R Nanabhoy & Co

Registered office

E-12, East site
Atul 396 020, Gujarat
India
E-mail address: sec@atulbio.co.in
Website: www.atulbio.co.in

Bankers

Axis Bank
State Bank of India
RBL Bank

Atul Bioscience Ltd

E-12, East site
Atul 396 020, Gujarat
India