

ATUL FINSERV LTD

Directors' Report

Dear Members,

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

01. Financial results

(₹ cr)

	2021-22	2020-21
Revenue from operations	81.64	4.79
Other income	0.14	0.10
Total revenue	81.78	4.89
Profit (Loss) before tax	(0.45)	(2.50)
Provision for tax	0.10	0.13
Profit (Loss) for the year	(0.55)	(2.63)
Profit available for appropriation	-	-
Balance brought forward	(2.81)	(0.10)
Transfer from OCI	(0.04)	(0.08)
Disposable surplus	-	-
Balance carried forward	(3.40)	(2.81)

02. Performance

Revenues increased from ₹ 4.79 cr to ₹ 81.64 cr. Loss decreased from ₹ (2.63) cr to ₹ (0.55) cr and the Earning per share improved from ₹ (6.22) to ₹ (1.25). While the operating loss before working capital changes decreased from ₹ (0.50) cr to ₹ 18.03 cr, the net cash used in operating activities increased from ₹ (6.87) cr to ₹ 15.67 cr.

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

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

04. Insurance

The Company has taken adequate insurance to cover the risks to its people.

05. Risk Management

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

06. Internal financial controls

The Company ensured adequate internal financial controls commensurate with the size of its operations.

07. Fixed deposits

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

08. Loans, guarantees, investments and security

Particulars of loans, guarantees, investments and security provided are given at note numbers 3 and 4 of the Financial Statements.

09. Subsidiary, associate and joint venture companies

During 2021-22, Atul Paints Ltd was incorporated as wholly-owned subsidiary companies of the Company and Osia Infrastructure Ltd became subsidiary of the Company. There were no other changes in the subsidiary, associate and joint venture entities, which were reported earlier.

10. Related Party Transactions

All the transactions entered into with the related parties were in ordinary course of business and on arm's length basis. Details of such transactions are given at note number 25.04 of the Financial Statements. No transactions were entered into by the Company which required disclosure in Form AOC-2.

11. Corporate social responsibility

Provision of Section 135 of the Act is not applicable to the Company.

12. Annual Return

Annual Return for 2021-22 is available at the registered office of the Company for inspection by the Members.

13. Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants (DHS) were appointed as the Statutory Auditors of the Company at the 70th Annual General Meeting (AGM) held on July 21, 2017 until the conclusion of the 75th AGM in the year 2022. 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, 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 75th AGM of the Company till the conclusion of the 80th 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 reappointment.

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.

The Company is not required to maintain cost records.

14. 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:

14.1 In preparation of the financial statement for the financial year ended March 31, 2022, the applicable accounting standards were followed and there are no material departures.

14.2 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.

14.3 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.

14.4 The attached annual accounts for the year ended March 31, 2022 were prepared on a going concern basis.

14.5 Adequate Internal Financial Controls to be followed by the Company were laid down and the same were adequate and operating effectively.

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

15. Directors

15.1 Appointments | Reappointments | Cessations

15.1.1 Mr Gautam Chakravarti was re-designated as Non-executive Director of the Company effective October 30, 2021.

15.1.2 According to Article 86 (1) of the Articles of Association of the Company, Mr T R Gopi Kannan retires by rotation and being eligible offers himself for reappointment at the forthcoming AGM.

15.2 Policies on appointment and remuneration

15.2.1 Appointment

The Board considers the following factors for appointment of Directors:

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

15.2.2 Remuneration of the Non-executive Independent Directors

i) Sitting fees: ₹ 20,000 for attending a meeting of the Board

15.3 Criteria and method of annual evaluation

15.3.1 The criteria for evaluation of performance of
a) the Non-independent Directors (Executive)
b) the Non-independent Directors (Non-executive) c) the Independent Directors d) the Chairman e) the Committees of the Board and f) the Board as a whole are summarised in the table at the end of the Directors' Report.

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

- i) its Committees namely Allotment Committee,
- ii) the Independent Director.

16. Key Managerial Personnel and other employees

16.1 Appointments and cessations of Key Managerial Personnel

There were no appointments | cessations of the Key Managerial Personnel of the Company during 2021-22.

16.2 Remuneration

The Remuneration Policy of the Key Managerial Personnel and other employees is as under:

16.2.1 Components:

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

- ii) Variable pay

16.2.2 Factors for determining and changing fixed pay

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

16.2.3 Factors for determining and changing variable pay

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

17. Analysis of remuneration

There is no employee who falls within the criteria provided in Sections 134(3)(q) and Section 197(12) of the Companies Act, 2013

read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Thus, the disclosure of the information in respect thereof is not applicable. .

18. Corporate Governance Report

18.1 Report

The Corporate Governance Report is given as Annexure. Details about the number of meetings of the Board held during 2020-21 are given therein.

18.2. Whistleblowing Policy

The Board 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.

18.2 Secretarial Standards

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

18.3 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 in Corporate Governance Report.

19. Acknowledgements

The Board expresses its sincere thanks to all the employees, investors, regulatory and Government authorities for their support.

For and on behalf of the Board of Directors

Atul
April 21, 2022

(T R Gopi Kannan)
Chairman
DIN: 00048645

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

Annexure to the Directors' Report

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

Corporate Governance

1. Philosophy

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

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

2. Board

2.1 Board business

The normal business of the Board comprises:

2.1.1 Approving

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

2.1.2 Monitoring

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

2.1.3 Noting

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

2.1.4 Recommending

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

2.1.5 Reviewing

- i) corporate strategy, major plans of action, Risk Policy, annual budgets and business plans
- ii) default in payment of statutory dues
- iii) fatal or serious accidents, dangerous occurrences and material environmental matters
- iv) foreign exchange exposure and exchange rate movement, if material

- v) the integrity of the accounting and financial reporting systems, and that appropriate systems of control are in place, in particular, systems for Risk Management, financial and operational control, and compliance with the law and relevant standards

2.1.6 Setting

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

2.1.7 Others

- i) Acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the Shareholders
- ii) Aligning remuneration of the key executives and the Board Members with the long-term interests of the Company and the Shareholders
- iii) Applying high ethical standards
- iv) Assigning sufficient number of the Non-executive Board Members capable of exercising independent judgment 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.

2.3 Composition, name, other directorships | committee memberships

The Board comprises experts drawn from diverse fields | professions. At this time, it consists of 4 Members.

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	Gopi Kannan Thirukonda	8	4	-
	Non-executive Directors			
2	Bharathy Mohanan	9	-	-
3	Gautam Chakravarti	1	1	
4	Lalit Patni	8	-	-

¹ Excludes Directorships in foreign companies and private limited companies

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

2.4 Board meetings

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

No.	Day	Date	Venue*
1	Thursday	April 15, 2021	Atul
2	Saturday	August 14, 2021	Atul
3	Saturday	October 30, 2021	Atul
4	Saturday	February 12, 2022	Atul

*All meetings were held through video conference.

2.5 Attendance at the Board meetings and the AGM

No.	Name	Board Meetings		AGM on August 14, 2021
		Total	Attended	
1	Gopi Kannan Thirukonda	4	4	Present
2	Bharathy Mohanan	4	4	Present
3	Gautam Chakravarti	4	4	Present
4	Lalit Patni	4	4	Present

2.6 Appointment | Cessation

- » Appointed: nil
- » Ceased: nil
- » Resigned: nil

2.7 Remuneration

No.	Name	Remuneration during the year (₹)			
		Sitting fees	Salary and perquisites	Commission	Total
	Chairman				
1	Gopi Kannan Thirukonda	–	–	–	–
2	Bharathy Mohanan	–	–	–	–
3	Gautam Chakravarti	80,000	–	–	80,000
4	Lalit Patni	–	–	–	–

Sitting fees of up to ₹ 20,000 per meeting constitute fees paid to the Non-executive Director for attending the Board and Committee meetings.

3. Committees of the Board

The Board has constituted Allotment Committee

3.1 Allotment Committee

3.1.1 Role

- i) issue and allot equity shares within the limits approved by the Board of Directors

3.1.2 Composition

No.	Name	Designation
1	Lalit Patni	Member
2	Ashutosh Desai	Member

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 Prevention of Sexual Harassment of Women at Workplace

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has framed a policy on Prevention of Sexual Harassment of Women at Workplace and constituted Internal Complaints Committee. Status of complaints received during 2021-22 are as under:

Filed during 2021-22	Nil
Disposed of during 2021-22	Nil
Pending as at the end of 2021-22	Nil

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, among 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 AGM was held

Year	Location	Date	Time
2019	310B, Veer Savarkar Marg, Adjacent to Prabhadevi Telephone Exchange, Dadar (West), Mumbai, Maharashtra, India	July 13, 2019	04:00 pm
2020	Through video conferencing at deemed venue at 310B, Veer Savarkar Marg, Adjacent to Prabhadevi Telephone Exchange, Dadar (West), Mumbai – 400 028, Maharashtra, India	August 07, 2020	04:00 pm
2021	Through video conferencing at deemed venue at 310B, Veer Savarkar Marg, Adjacent to Prabhadevi Telephone Exchange, Dadar (West), Mumbai – 400 028, Maharashtra, India	August 14, 2021	03:00 pm

6.1.2 Special resolutions were passed in the previous three AGMs.

6.1.3 Resolutions through postal ballot were not passed.

6.2 Annual General Meeting 2022

Details of the 75th AGM are as under

Year	Location	Date	Time
2022	310B, Veer Savarkar Marg, Adjacent to Prabhadevi Telephone Exchange, Dadar	August 13, 2022	3:00 pm

	(West), Mumbai – 400 028, Maharashtra, India		
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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 Address for correspondence

310B, Veer Savarkar Marg, Adjacent to Prabhadevi Telephone Exchange, Dadar (West), Mumbai 400 028, Maharashtra, India

E-mail address: legal@atul.co.in

6.5 Tentative Board meeting dates for consideration of results for 2022-23

No.	Particulars	Dates
1	First quarter results	August 13, 2022
2	Second quarter and half-yearly results	November 12, 2022
3	Third quarter results	February 11, 2023
4	Fourth quarter and annual results	April 15, 2023

7. Role of the Company Secretary in overall governance process

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

For Atul Finserv Ltd

Mumbai
April 21, 2022

(Gopi Kannan Thirukonda)
Chairman
DIN: 00048645

INDEPENDENT AUDITOR'S REPORT

To The Members of Atul Finserv Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Atul Finserv Limited ("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 and which includes one joint operation whose legal status is an entity accounted on proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 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

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

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors Report and Annexure to Directors Report and Corporate Governance but does not include the Standalone Financial Statement and our auditor's reports thereon.

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

- In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information, compare with the financial statements of the Joint Operation audited by us, to the extent it relates to joint operation and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The respective Board of Directors of the Company and the designated partners of the Joint Operation are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other Comprehensive Income, cash flows and changes in equity of the Company and its Joint Operation in accordance with the Ind AS prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process of the Company.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company and its Joint Operation 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 Flow and 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 Standalone Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company 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 Company's internal financial controls 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 Standalone Financial Statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There 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 its knowledge and belief, 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 the 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 has 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. The said order is not applicable to Joint Operation.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
UDIN: 22100459AIAPUK7453

Place: MUMBAI
Date: 21 April 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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 Finserv Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date. Internal Financial Controls over financial reporting is not applicable to the Company's Joint Operation and hence it has not been subjected to the audit of its Internal Financial Controls over Financial Reporting.

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 controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal financial control over financial reporting of the Company includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the assets of the Company that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 31 March 2022, 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 by ICAI.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
UDIN: 22100459AIAPUK7453

Place: MUMBAI
Date: 21 April 2022

Annexure B to the Independent Auditor's Report

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:

- (i) (a) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- (A) 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.
- (B) The Company does not hold intangible assets reporting under clause (i)(a)(B) of the Order is not applicable.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee and hence reporting under clause (i)(c) of the Order is not applicable.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use 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.
- (ii) (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.
- (b) The Company has not been sanctioned any working capital facility from banks or financial institutions at any point of time of the year and hence reporting under clause (ii)(b) of the Order is not applicable.
- (iii) The Company has made investments in, granted loans, secured or unsecured, to companies, Limited Liability Partnership or any other parties during the year, in respect of which:
- (a) The Company has provided loans during the year and details of which are given below:

	Loans (Amt in ₹)
A. Aggregate amount granted /provided during the year:	
- Subsidiary	10,00,000
B. Balance outstanding as at balance sheet date in respect of above cases:	
- Subsidiary	10,00,000

- (b) The investments made and the terms and conditions of the grant of all the above-mentioned loans during the year are, in our opinion, not prejudicial to the Company's interest.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts of principal amounts and interest have been regular as per stipulations except for the following:

Name of entity	Nature	Amount (₹)	Due date	Extent of delay	Remarks if any
M/s Prakash Steel Fab.	Principal	44,774	15-Feb-21	122	The Loan has been fully repaid along with Interest @ 18% p.a. on 17th June 2021
M/s Prakash Steel Fab.	Interest	9,379	15-Feb-21	122	
M/s Prakash Steel Fab.	Principal	45,278	15-Mar-21	94	
M/s Prakash Steel Fab.	Interest	8,875	15-Mar-21	94	
M/s Prakash Steel Fab.	Principal	45,787	15-Apr-21	63	
M/s Prakash Steel Fab.	Interest	8,366	15-Apr-21	63	
M/s Prakash Steel Fab.	Principal	46,302	15-May-21	33	
M/s Prakash Steel Fab.	Interest	7,851	15-May-21	33	
M/s Prakash Steel Fab.	Principal	46,823	15-Jun-21	2	
M/s Prakash Steel Fab.	Interest	7,330	15-Jun-21	2	

- (d) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans to settle the overdues of existing loans given to the same parties.
- (f) The Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause (iii)(f) is not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans granted and investments made.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable. The Company has not accepted or is not holding any deposit or amounts which are deemed to be deposits during the year and there are no unclaimed deposits hence reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) In respect of statutory dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues of the year, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income 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 Services Tax, Provident Fund, Employees' State Insurance, Income-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 statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of statute	Nature of dues	Amount unpaid (₹)	Period to which the amount relates	Forum where dispute is pending	Amount paid under protest (₹)
Income Tax Act, 1961	Income tax	29,12,810	Assessment year 2017-18	Commissioner of Income Tax (Appeals)	582,562

- (viii) There were no transactions relating to previously unrecorded income that were surrendered disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause (ix) of the Order is not applicable to the Company,
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the order is not applicable.
- (b) The Company has made preferential allotment of shares during the year. For such allotment of shares, the Company has complied with the requirements of Section 42 and 62 of the Companies Act, 2013, and the funds raised have been applied by the Company during the year for the purposes for which the funds were raised. The Company has not made any preferential allotment or private placement of (fully or partly or optionally) convertible debentures during the year.
- (xi) (a) No fraud by the Company and no material fraud on the Company 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.
- (c) As represented by the Management there were no whistle blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) 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.
- (xiv) (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 covering the period upto February 2022 and the internal audit for the month of March 2022 will be covered in the next cycle falling due in the next Financial Year.
- (xv) In our opinion during the year, the Company has not entered into any non-cash transactions with its Directors or Directors of the holding or subsidiary Company or persons connected with them and hence provisions of section 192 of the Companies Act 2013 are not applicable
- (xvi) (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 (the Company, its holding Company, its subsidiary companies and joint venture company) 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.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization 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 exist 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.
- (xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx)(a) and (b) of the Order is not applicable for the year.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ketan Vora
Partner
(Membership No. 100459)
UDIN: 22100459AIAPUK7453

Place: MUMBAI
Date: 21 April 2022

Atul Finserv Ltd

Standalone 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	2.1	10,764.71	11,337.49
b) Capital work-in-progress	2.1	374.18	-
c) Intangible assets	2.2	0.83	-
d) Financial assets			
i) Investments in subsidiary companies and associate companies	3.1	3,521.04	2,422.85
ii) Other investments	3.2	105.82	98.15
iii) Loans	4	-	452.07
iv) Other financial assets	5	0.10	0.10
d) Deferred tax assets (net)	25.5	14.23	17.52
e) Income tax assets (net)	25.5	27.33	17.56
f) Other assets	6	1,000.34	1,425.78
Total non-current assets		15,808.58	15,771.52
2 Current assets			
a) Inventories	7	870.88	362.43
b) Financial assets			
i) Investments	3.3	42.65	125.49
ii) Trade receivables	8	1,708.55	432.21
iii) Cash and cash equivalents	9	53.24	52.99
iv) Bank balances other than cash and cash equivalents above	10	113.08	2.82
v) Loans	4	460.40	12.87
vi) Other financial assets	5	0.64	0.13
c) Other assets	6	648.21	307.52
Total current assets		3,897.65	1,296.46
Total assets		19,706.23	17,067.98
B EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	11	4,091.67	3,773.76
b) Other equity	12	6,454.32	5,533.14
Total equity		10,545.99	9,306.90
Liabilities			
1 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	13	5,607.70	5,497.83
ii) Lease liabilities	25.15	648.82	193.21
b) Provisions	17	12.69	2.96
Total non-current liabilities		6,269.21	5,694.00
2 Current liabilities			
a) Financial liabilities			
i) Borrowings	13	1,222.14	1,220.00
ii) Lease liabilities	25.15	105.58	35.95
iii) Trade payables	15		
Total outstanding dues of			
a) Micro-enterprises and small enterprises		8.46	0.01
b) Creditors other than micro-enterprises and small enterprises		1,342.39	573.88
iv) Other financial liabilities	14	191.48	210.97
b) Other current liabilities	16	18.63	25.56
c) Provisions	17	2.35	0.71
Total current liabilities		2,891.03	2,067.08
Total liabilities		9,160.24	7,761.08
Total equity and liabilities		19,706.23	17,067.98

The accompanying Notes 1-25 form an integral part of the Standalone Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Ketan Vora
Partner

A A Desai
Chief Executive Officer

B N Mohanan
Director

R R Joshi
Chief Finance Officer

L P Patni
Director

Mumbai
April 21, 2022

A P Patadiya
Company Secretary

Atul
April 21, 2022

Atul Finserv Ltd
 Standalone Statement of Profit and Loss
 for the year ended March 31, 2022



(₹ lakhs)

Particulars	Note	2021-22	2020-21
INCOME			
Revenue from operations	18	8,164.19	479.34
Other income	19	13.57	10.32
Total income		8,177.76	489.66
EXPENSES			
Cost of materials consumed	20	4,817.48	204.81
Changes in inventories of finished goods and work-in-progress	21	(210.68)	(32.00)
Employee benefit expenses	22	211.31	80.32
Finance costs	23	654.16	125.63
Depreciation and amortisation expenses	2	1,253.88	129.21
Other expenses	24	1,496.62	232.11
Total expenses		8,222.77	740.08
Loss before tax		(45.01)	(250.42)
Tax expense			
Current tax	25.5	7.18	7.64
Deferred tax	25.5	3.29	5.12
Total tax expense		10.47	12.76
Loss for the year		(55.48)	(263.18)
Other comprehensive income			
a) Items that will not be reclassified to profit loss			
i) Fair value of equity instruments through other comprehensive income (FVTOCI)		10.15	34.24
ii) Remeasurement gain (loss) on defined benefit plans		(4.69)	0.17
iii) Income tax related to item no (ii) above		0.58	(0.04)
Other comprehensive income, net of tax		6.04	34.36
Total comprehensive income for the year		(49.44)	(228.82)
Earnings per equity share			
Basic and diluted earning ` per equity share ` per equity	25.3	(1.25)	(6.22)

The accompanying Notes 1-25 form an integral part of the Standalone Financial Statements

In terms of our report attached
 For Deloitte Haskins & Sells LLP
 Chartered Accountants

For and on behalf of the Board of Directors

Ketan Vora
 Partner

A A Desai
 Chief Executive Officer

B N Mohanan
 Director

R R Joshi
 Chief Finance Officer

L P Patni
 Director

Mumbai
 April 21, 2022

A P Patadiya
 Company Secretary

Atul
 April 21, 2022

Atul Finserv Ltd
 Standalone Statement of changes in equity
 for the year ended March 31, 2022



A. Equity share capital

	(₹ lakhs)
	Amount
As at March 31, 2020	3,633.55
Changes in equity share capital during the year	140.22
As at March 31, 2021	3,773.76
Changes in equity share capital during the year	317.91
As at March 31, 2022	4,091.67

B. Other equity

Particulars	Reserves and surplus			Items of other comprehensive income	Total other equity
	Securities premium	General reserve	Retained earnings	FVTOCI equity instruments	
As at March 31, 2020	5,293.15	156.25	(10.28)	(48.91)	5,390.21
Loss for the year	-	-	(263.19)	-	(263.19)
Other comprehensive income	-	-	0.12	34.24	34.36
Total comprehensive income for the year	-	-	(263.07)	34.24	(228.83)
Securities premium on issue of shares	372.27	-	-	-	372.27
Share issue expenses	(0.51)	-	-	-	(0.51)
Transfer to retained earnings on disposal of FVTOCI equity instruments	-	-	(7.76)	7.76	-
As at March 31, 2021	5,664.91	156.25	(281.11)	(6.91)	5,533.14
Loss for the year	-	-	(55.48)	-	(55.48)
Other comprehensive income	-	-	(4.11)	10.15	6.04
Total comprehensive income for the year	-	-	(59.59)	10.15	(49.44)
Share Application money received pending allotment	-	-	-	-	-
Securities premium on issue of shares	970.81	-	-	-	970.81
Share issue expenses	(0.19)	-	-	-	(0.19)
Transfer to retained earnings on disposal of FVTOCI equity instruments	-	-	0.21	(0.21)	-
As at March 31, 2022	6,635.53	156.25	(340.49)	3.03	6,454.32

Refer Note 12 for nature and purpose of reserves

0.00

The accompanying Notes 1-25 form an integral part of the Standalone Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
 Chartered Accountants

For and on behalf of the Board of Directors

Ketan Vora
 Partner

A A Desai
 Chief Executive Officer

B N Mohanan
 Director

R R Joshi
 Chief Finance Officer

L P Patni
 Director

Mumbai
 April 21, 2022

A P Patadiya
 Company Secretary

Atul
 April 21, 2022

Atul Finserv Ltd

Standalone 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	(45.01)	(250.42)
Adjustments for:		
Depreciation and amortisation expenses	1,253.89	129.21
Finance costs	654.16	125.63
Unrealised exchange rate difference (net)	(9.49)	(0.11)
Dividend received	(1.16)	(1.13)
Interest received	(42.09)	(45.36)
Gain on disposal of current investment measured at FVTPL (net)	(7.09)	(7.93)
Operating profit (loss) before change in operating assets and liabilities	1,803.21	(50.12)
Adjustments for:		
(Increase) Decrease in inventories	(508.46)	(362.43)
(Increase) Decrease in non-current and current assets	(1,135.85)	(536.89)
Increase (Decrease) in non-current and current liabilities	1,424.27	270.65
Cash generated from operations	1,583.17	(678.79)
Income tax paid (net of refund)	(16.37)	(7.91)
Net cash (used in) generated from operating activities	A 1,566.80	(686.70)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Payment towards capital work in progress (including capital advance)	(1,252.17)	(2,374.06)
Purchase of intangible assets	(0.98)	-
Purchase of equity investment measured at cost (net)	(1,098.19)	(100.00)
Sale (Purchase) of equity investment measured at FVTOCI (net)	2.48	11.48
Proceeds from redemption (Purchase) of current investment	89.93	86.06
Repayments (Disbursements) of loans given (net)	4.55	12.22
Short-term bank deposits	(110.26)	(2.81)
Interest received	42.09	45.36
Dividend received	1.16	1.13
Net cash used in investing activities	B (2,321.39)	(2,320.62)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital (net of share issue expenses)	1,288.53	511.98
Disbursements of term loan non-current borrowings	112.01	2,624.06
Interest paid	(645.71)	(125.62)
Net cash flow from financing activities	C 754.83	3,010.42
Net decrease in cash and cash equivalents	A+B+C 0.25	3.10
Cash and cash equivalents at the beginning of the year	52.99	49.89
Cash and cash equivalents at the end of the year	53.24	52.99

- 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 Companies (Indian Accounting Standards) Rules, 2015 as amended.
- ii) Refer Note 13 (c) for a reconciliation of changes in liabilities arising from financing activities.

The accompanying Notes 1-25 form an integral part of the Standalone Financial Statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

Ketan Vora
Partner

A A Desai
Chief Executive Officer

B N Mohanan
Director

R R Joshi
Chief Finance Officer

L P Patni
Director

Mumbai
April 21, 2022

A P Patadiya
Company Secretary

Atul
April 21, 2022

Atul Finserv Ltd

Notes to the Standalone Financial Statements



Background

Atul Finserv Ltd (the Company) is a limited company incorporated and domiciled in India. It is a wholly owned subsidiary company of Atul Ltd (Holding company). The Company is in the business of manufactures and sells chemicals, provides services and investment. The registered office of the Company is located at 310-B, Atul House, Veer Savarkar Marg, Dadar (West), Mumbai 400 028, Maharashtra and the principal places of manufacturing is located at Atul, Gujarat, India.

Note 1 Significant accounting policies

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

All the assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of business and the time between the 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 and non-current classification of assets and liabilities.

ii) Joint operations:

The Company has invested in Anaven LLP a Joint Operation (JO) to ensure a participating interest in the production of this JO for its holding company. This joint operation is a joint arrangement where the parties have joint control of the arrangement and have rights to the asset and obligations to the liabilities, relating to the arrangement. As per Ind AS 111 - Joint arrangements, the Company being a joint operator has recognised its share of the assets, liabilities, income and expenses of these joint operations incurred jointly with the other partner, along with its share of income from the sale of the output and any assets, liabilities and expenses that it has incurred in relation to the joint operation in its separate Standalone Financial Statements.

Although not required by Ind AS, the Company has provided in Note 25.09 additional information of Atul Finserv Ltd on a standalone basis excluding its interest in its joint operations viz. Anaven LLP.

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

c) Investments and other financial assets:

Classification:

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 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 investment 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 the case of financial asset 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.



Notes to the Standalone Financial Statements

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 companies, associate company and joint venture company at fair value. The Management of 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 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 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.

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

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

Impairment of financial assets:

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

For trade receivable 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.

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 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 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 Statement of Profit and Loss.

iv) Derecognition:

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



Notes to the Standalone Financial Statements

d) Property, plant and equipment:

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.

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 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.

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest, less any recognised impairment loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance sheet are disclosed as 'Capital work-in-progress'.

Depreciation methods, estimated useful lives and residual value:

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

Asset category	Estimated useful life
Buildings	30 to 60 years
Plant and equipment ¹	3 to 20 years
Office equipment and furniture	3 to 10 years
Computer and hardware	3 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 at each financial year end and adjusted prospectively, if appropriate.

e) Impairment of assets:

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.

f) Cash and cash equivalents:

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term (3 months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

g) Revenue recognition:

i) Revenue from contracts with customers:

The Company manufactures and sells chemicals, provides services in domestic markets, spread across two segments namely i) Performance and Other Chemicals and ii) Investing activity and Business Auxiliary Services.

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

Revenue from services is recognised upon completion of services in accordance with the terms of the contract.

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 30 days. Revenue excludes any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax.



Notes to the Standalone Financial Statements

ii) Other revenue:

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.

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

h) Employee benefits:

Defined benefit plan:

Gratuity:

Gratuity liability is a defined benefit obligation and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method at the end of each financial year. The liability or asset recognised in the 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.

Defined contribution plan:

Contributions to defined contribution schemes such as contribution to provident fund, superannuation fund, employees' state insurance corporation, national pension scheme and labours 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.

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. Compensation payable under voluntary retirement scheme is being charged to the Standalone Statement of Profit and Loss in the year of settlement.

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.

i) 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 | (expense).



Notes to the Standalone Financial Statements

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

j) 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.

k) Taxation:

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 tax reflects changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

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.

Minimum Alternate Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. Such an asset is reviewed at each Balance Sheet date.

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Upon adoption of Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions based on past experience pertaining to income taxes including those related to transfer pricing. 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. The Company assesses whether the Appendix has an impact on its Standalone Financial Statements.



Notes to the Standalone Financial Statements

l) 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 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 commencement date, lease liability is measure 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 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.

m) Earnings per share:

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

n) 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.

o) 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.

p) Inventories:

Inventories (other than harvested product of biological assets) are stated at cost or net realisable value whichever is lower. Cost is determined on 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 which are not plant and machinery get classified as inventory.



Notes to the Standalone Financial Statements

q) Offsetting financial instruments:

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

r) 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. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the 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.

s) Borrowing costs:

Borrowing costs include interest, amortisation of ancillary costs incurred accounted as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction | development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

t) 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.

Estimation of uncertainties relating to the COVID-19 pandemic

The Company has considered possible effects that may result from the COVID-19 pandemic in preparation of these standalone financial results, including recoverability of inventories, trade receivables and other assets. In developing the assumptions relating to future uncertainties in the economic conditions due to the COVID-19 pandemic, it has, at the date of approval of these standalone financial results, used relevant internal and external sources of information, including economic forecasts and expects that the carrying amounts of these assets are recoverable. The impact of the COVID-19 pandemic, including the current situation, may be different from that estimated as at the date of approval of these standalone financial results.

Critical estimates and judgements

Preparation of the Standalone Financial Statements require use of accounting estimates, judgements and assumptions, which, by definition, will seldom equal the actual results. Appropriate changes in estimates are made as 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 involved a higher degree of judgements or complexity, and of items which 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 in applying accounting policies are:

- i) Estimation of useful life of tangible assets: Note 1 (c)
- ii) Estimation for income tax: Note 1 (j)
- iii) Estimation of defined benefit obligation: Note 1 (g)
- iv) Fair value measurements: Note 25.11
- v) Estimation of provision for inventories: Note 1 (o)

Atul Finserv Ltd

Notes to the Standalone Financial Statements



Note 2.1 Property, plant and equipment and capital work-in-progress

(₹ lakhs)

Particulars	Right-of-use leasehold land ¹	Buildings	Plant and equipment ¹	Roads	Office equipment and furniture	Computer Equipments	Vehicles	Total	Capital work-in-progress ²
Gross carrying amount									
As at March 31, 2020	-	75.52	23.78	-	24.45	20.74	-	144.49	10,086.08
Additions	-	251.29	10,955.94	105.53	27.17	2.18	-	11,342.11	1,024.53
Disposal, transfer and adjustments	-	-	-	-	-	-	-	-	(11,110.61)
As at March 31, 2021	-	326.81	10,979.72	105.53	51.62	22.92	-	11,486.60	-
Additions	180.81	7.36	485.41	3.09	0.38	0.36	3.52	680.93	374.18
Disposal, transfer and adjustments	-	-	-	-	-	-	-	-	-
As at March 31, 2022	180.81	334.17	11,465.13	108.62	52.00	23.28	3.52	12,167.53	374.18
Depreciation Amortisation									
Up to March 31, 2020	-	3.85	4.60	-	5.02	6.43	-	19.90	-
For the year	-	3.72	115.42	1.67	3.31	5.09	-	129.21	-
Disposal and adjustments	-	-	-	-	-	-	-	-	-
As at March 31, 2021	-	7.57	120.02	1.67	8.33	11.52	-	149.11	-
For the year	1.00	18.77	1,203.09	20.64	5.70	4.07	0.44	1,253.71	-
Disposal and adjustments	-	-	(0.00)	(0.00)	-	-	-	(0.00)	-
As at March 31, 2022	1.00	26.34	1,323.11	22.31	14.03	15.59	0.44	1,402.82	-
Net carrying amount									
As at March 31, 2021	-	319.24	10,859.70	103.86	43.29	11.40	-	11,337.49	-
As at March 31, 2022	179.81	307.83	10,142.02	86.31	37.97	7.69	3.08	10,764.71	374.18

Notes:

¹ Refer Note 25.15 for disclosure of right-of-use assets under lease.

² Capital work-in-progress mainly comprises addition projects in progress.

Refer Note 25.02 for disclosure of contractual commitment for acquisition of property, plant and equipment.

Refer Note 13 for information on property, plant and equipment hypothecated | mortgaged as security by the Company.

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	374.18	-	-	-	374.18	-	-	-	-	-

Atul Finserv Ltd
Notes to the Standalone Financial Statements



Note 2.2 Intangible assets

(₹ lakhs)

Particulars	Computer software
Gross carrying amount	
As at March 31, 2020	-
Additions	-
Disposal, transfer and adjustments	-
As at March 31, 2021	-
Additions	1.00
Disposal, transfer and adjustments	-
As at March 31, 2022	1.00
Depreciation Amortisation	
Up to March 31, 2020	-
For the year	-
Disposal and adjustments	-
Up to March 31, 2021	-
For the year	0.17
Disposal and adjustments	-
Up to March 31, 2022	0.17
Net carrying amount	
As at March 31, 2021	-
As at March 31, 2022	0.83

Note 3.1 Investments in subsidiary companies and associate companies	Face Value	As at		As at	
		March 31, 2022		March 31, 2021	
		Number of shares	Amount	Number of shares	Amount
Investment in equity instruments (Fully paid-up)					
Subsidiary companies Associate companies measured at cost					
Quoted					
In associate company measured at cost					
Amal Ltd	10	45,68,824	20.33	45,68,824	20.33
Unquoted					
In subsidiary companies measured at cost					
Aaranyak Urmi Ltd	10	2,05,000	20.50	2,05,000	20.50
Atul Fin Resource Ltd	10	1,55,75,600	1,751.79	71,53,760	750.00
Atul Nivesh Ltd	10	25,00,000	250.00	25,00,000	250.00
Atul Paints Ltd	10	9,994	1.00	-	-
Osia Infrastructure Ltd	10	20,00,000	195.40	10,00,000	100.00
In associate companies measured at cost					
Atul Ayurveda Ltd	10	33,333	3.33	33,333	3.33
Atul Crop Care Ltd	10	13,000	1.30	13,000	1.30
Atul Entertainment Ltd	10	29,167	2.92	29,167	2.92
Atul Hospitality Ltd	10	25,000	2.50	25,000	2.50
Atul Infotech Ltd	10	1,50,080	957.19	1,50,080	957.19
Atul Medical Care Ltd	10	29,167	2.92	29,167	2.92
Atul Rajasthan Date Palm Ltd	1,000	29,998	299.98	29,998	299.98
Atul Seeds Ltd	10	39,584	3.96	39,584	3.96
Joyati Infrastructure Ltd	10	39,584	3.96	39,584	3.96
Osia Dairy Ltd	10	39,583	3.96	39,583	3.96
			3,521.04		2,422.85
Investment in equity instruments (fully paid-up)					
Other companies measured at FVTOCI					
Quoted					
Aarti Drugs Ltd	10	8	0.03	8	0.06
Akzo Nobel India Ltd	10	1	0.02	1	0.02
Asahi Songwon Colors Ltd (current year: ₹ 285, previous year: ₹ 317)	10	1		1	
Asian Paints Ltd	1	10	0.31	10	0.25
Aurobindo Pharma Ltd	1	500	3.34	500	4.41
Avenue Supermarts Ltd	10	50	2.00	50	1.43



(₹ lakhs)

Note 3.2 Other investments	Face Value	As at		As at	
		March 31, 2022		March 31, 2021	
		Number	Amount	Number	Amount
BAYER Cropscience Ltd	10	12	0.60	12	0.64
Bodal Chemicals Ltd (previous year: ₹ 450)	2	5	0.01	5	-
Camlin Fine Sciences Ltd	1	1,500	2.09	1,500	2.10
Clariant Chemicals (India) Ltd	10	2	0.01	2	0.01
Cummins India Ltd	2	191	2.15	191	1.76
Deepak Nitrite Ltd	2	10	0.22	10	0.17
Dishman Carbogen Amcis Ltd (current year: ₹ 370, previous year: ₹ 218)	2	2	0.01	2	-
EiD Parry (India) Ltd	1	10	0.05	10	0.03
Excel Industries Ltd	5	1	0.01	1	0.01
GHCL Ltd (previous year: ₹ 230)	10	1	0.01	1	-
Gujarat Alkalies and Chemicals Ltd (previous year: ₹ 345)	10	1	0.01	1	-
Hindustan Unilever Ltd	1	1	0.02	1	0.02
IDFC First Bank Ltd	10	15,729	6.24	15,729	8.76
Indian Toners and Developers Ltd (current year: ₹ 159, previous year: ₹ 140)	10	1	-	1	-
J D Orgochem Ltd (current year: ₹ 5, previous year: ₹ 3)	1	1	-	1	-
Lupin Ltd	2	5	0.04	5	0.05
Mardia Chemicals Ltd ¹	10	1	-	1	-
Marico Ltd	1	80	0.40	80	0.33
Metro Global Ltd (current year: ₹ 76, previous year: ₹ 55)	10	1	-	1	-
NACL Industries Ltd (previous year: ₹ 456)	1	12	0.01	12	-
Navinon Ltd ¹	10	1	-	1	-
Nikhil Adhesives Ltd (previous year: ₹ 378)	10	1	0.01	1	-
NOCIL Ltd	10	2,001	4.99	2,001	3.49
Novartis India Ltd	5	10,033	59.24	10,033	55.38
Pidilite Industries Ltd	1	2	0.05	2	0.04
Piramal Enterprises Ltd	2	5	0.11	5	0.09
Prabhat Dairy Ltd	10	-	-	2,500	2.39
Praj Industries Ltd	2	1,000	3.98	1,000	1.95
Punjab Alkalies and Chemicals Ltd (current year: ₹ 431, previous year: ₹ 89)	2	5	0.01	1	-
Rallis India Ltd	1	10	0.02	10	0.03
RPG Life Sciences Ltd (previous year: ₹ 387)	10	1	0.01	1	-
Sanofi India Ltd	10	1	0.08	1	0.08
Sequent Scientific Ltd	2	5	0.01	5	0.01
Shreyans Industries Ltd (current year: ₹ 119, previous year: ₹ 101)	10	1	-	1	-
Southern Petrochemical Industries Corporation Ltd (current year: ₹ 72, previous year: ₹ 29)	10	1	0.01	1	-
Sree Royalaseema Hi-Strength Hypo Ltd (current year: ₹ 474, previous year: ₹ 474)	10	1	-	1	-
Sudarshan Chemical Industries Ltd	2	10	0.05	10	0.05
Sumitomo Chemical India Ltd	10	25	0.11	25	0.07
Tata Chemicals Ltd	10	1	0.01	1	0.01
Tata Consumer Products Ltd	1	1	0.01	1	0.01
Tata Motors Ltd	2	3,500	15.17	3,500	10.56
The Dharamsi Morarj Chemical Co Ltd (current year: ₹ 364, previous year: ₹ 318)	10	1	0.01	1	-
Torrent Pharmaceuticals Ltd	5	2	0.06	2	0.05
Uniphos Enterprises Ltd (current year: ₹ 132, previous year: ₹ 85)	2	1	0.01	1	-
UPL Ltd	2	15	0.12	15	0.10
VA Tech Wabag Ltd	2	1,500	4.21	1,500	3.76
Wockhard Ltd	5	3	0.01	3	0.01
Unquoted					
Gujarat Synthwood Ltd ²	10	-	-	3,00,800	-
			105.82		98.15

¹ Under liquidation, ² Dissolved during the year

(₹ lakhs)

Note 3.3 Current investments	As at		As at	
	March 31, 2022		March 31, 2021	
Unquoted				
Investment in mutual funds		42.65		125.49
		42.65		125.49



Notes to the Standalone Financial Statements

Aggregate amount of investments and market value thereof:

(₹ lakhs)

Particulars	As at	
	March 31, 2022	March 31, 2021
Aggregate amount of quoted investments	126.15	118.48
Aggregate market value of quoted investments	18,927.09	17,567.05
Aggregate amount of unquoted investments	3,543.36	2,529.01
Aggregate amount of impairment in value of investments	-	-

(₹ lakhs)

Note 4 Loans	As at		As at	
	March 31, 2022		March 31, 2021	
	Current	Non-current	Current	Non-current
Considered good - unsecured				
Loans to related parties (refer Note 25.04)	460.00	-	-	450.00
Loans to others	0.40	-	12.87	2.07
	460.40	-	12.87	452.07

(₹ lakhs)

Note 5 Other financial assets	As at		As at	
	March 31, 2022		March 31, 2021	
	Current	Non-current	Current	Non-current
a) Security deposits	-	0.10	-	0.10
b) Other receivable	0.64	-	0.13	-
	0.64	0.10	0.13	0.10

(₹ lakhs)

Note 6 Other assets	As at		As at	
	March 31, 2022		March 31, 2021	
	Current	Non-current	Current	Non-current
a) Balances with the statutory authorities				
i) Taxes paid under protest	-	5.83	-	5.83
ii) GST receivables	525.24	939.67	298.50	1,386.21
b) Capital advance	-	66.56	-	11.72
Less: Provision for doubtful advance	-	11.72	-	11.72
	-	54.84	-	-
c) Others	122.97	-	9.02	33.74
	648.21	1,000.34	307.52	1,425.78

(₹ lakhs)

Note 7 Inventories*	As at		As at	
	March 31, 2022		March 31, 2021	
a) Raw materials and packing materials		405.54		205.87
Add: Goods-in-transit		5.15		-
		410.69		205.87
b) Finished goods		242.68		32.00
c) Stores, spares and fuel		199.89		124.56
Add: Goods-in-transit		17.62		-
		217.51		124.56
		870.88		362.43

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

(₹ lakhs)

Note 8 Trade receivables	As at		As at	
	March 31, 2022		March 31, 2021	
Considered good - unsecured				
Trade receivables		723.45		0.59
Related parties (refer Note 25.04)		985.10		431.62
		1,708.55		432.21

Trade receivables ageing:

(₹ lakhs)

No.	Particulars	As at March 31, 2022						Total
		Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
1.	Undisputed trade receivables: considered good	1,060.62	647.93	-	-	-	-	1,708.55
		1,060.62	647.93	-	-	-	-	1,708.55

Atul Finserv Ltd

Notes to the Standalone Financial Statements



(₹ lakhs)

No.	Particulars	As at March 31, 2021						Total
		Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
1.	Undisputed trade receivables: considered good	432.21	-	-	-	-	-	432.21
		432.21	-	-	-	-	-	432.21

Atul Finserv Ltd
Notes to the Standalone Financial Statements



(₹ lakhs)

Note 9 Cash and cash equivalents		As at March 31, 2022	As at March 31, 2021
a)	Balances with banks in current accounts	53.24	52.50
b)	Cash on hand	-	0.49
		53.24	52.99

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

(₹ lakhs)

Note 10 Bank balances other than cash and cash equivalents		As at March 31, 2022	As at March 31, 2021
	Short -term bank deposit with original maturity between 3 to 12 months	113.08	2.82
		113.08	2.82

(₹ lakhs)

Note 11 Equity share capital		As at March 31, 2022	As at March 31, 2021
Authorised			
	54,00,000 (March 31, 2021: 54,00,000) equity shares of ₹ 100 each	5,400.00	5,400.00
		5,400.00	5,400.00
Issued, subscribed and paid up			
	5,00,000 (March 31, 2021: 5,00,000) equity shares originally of ₹ 100 each, reduced to ₹ 7 each per share fully paid	35.00	35.00
	40,56,671 (March 31, 2021: 37,38,761) equity shares of ₹ 100 each	4,056.67	3,738.76
		4,091.67	3,773.76

a) Pursuant to Section 100 of the Companies Act, 1956, the capital reduction scheme sanctioned by the High Court of Mumbai dated June 6, 2002, the issued and paid up share capital of the Company was reduced from ₹ 5,00,00,000 divided into 5,00,000 equity shares of ₹ 100 each to ₹ 35,00,000 divided into 5,00,000 equity shares of ₹ 7 each.

b) Rights, preferences and restrictions:

The Company has one class of equity shares. Each shareholder is eligible for one vote per share held. 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. 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, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Movement in equity share capital

(₹ lakhs)

Particulars	Number of shares	Equity share capital
As at March 31, 2020	40,98,545	3,633.55
Add : Share issue to Atul Ltd	1,40,216	140.21
As at March 31, 2021	42,38,761	3,773.76
Add : Share issue to Atul Ltd	3,17,910	317.91
As at March 31, 2022	45,56,671	4,091.67

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

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	Holdin %	Number of shares	Holdin %	Number of shares
Atul Ltd (Holding Company)	100.00%	45,56,671	100.00%	42,38,761

e) Shareholding of promoters:

Promoter name	As at March 31, 2022			As at March 31, 2021		
	Number of shares	% of total shares	% Change during the year	Number of shares	% of total shares	% Change during the year
Atul Ltd (Holding Company)	45,56,671	100.00%	7.50%	42,38,761	100.00%	3.42%

(₹ lakhs)

Note 12 Other equity		As at March 31, 2022	As at March 31, 2021
a)	Securities premium	6,635.53	5,664.91
b)	General reserve	156.25	156.25
c)	Retained earnings	(340.49)	(281.11)
d)	Other reserves		
	FVTOCI equity instruments	3.03	(6.91)
		6,454.32	5,533.14

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

Nature and Purpose of other reserves

a) Securities premium

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



Notes to the Standalone Financial Statements

- b) General reserve
General reserve represents amount appropriated out of retained earnings pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.
- c) Retained earnings
Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, any transfers from or to OCI, dividends or other distributions paid to shareholders.
- d) FVTOCI - equity investments
The Company has elected to recognise changes in the fair value of certain investments in equity securities to other comprehensive income. These changes are accumulated within the FVTOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are de-recognised.

Note 13 Borrowings	Maturity	Terms of repayment	Effective interest rate p.a.	As at March 31, 2022		As at March 31, 2021	
				Current	Non-current	Current	Non-current
				a) Secured			
Rupee term loan from related parties (refer Note 25.04)	84 Months	20 equal quarterly instalment of ₹ 0.38 cr each starting from April 2021 till Jan 2026	6 months MCLR + 0.10% i.e. 8.10% (PY: 8.20 %)	-	4,880.00	-	-
Rupee term loan from bank	84 Months	20 equal quarterly instalment of ₹ 0.38 cr each starting from April 2021 till Jan 2026	6 months MCLR + 0.10% i.e. 8.10% (PY: 8.20 %)	-	-	-	6,075.13
Working capital loans from bank				2.14	-	-	-
b) Unsecured							
Loan from related parties (refer Note 25.04)	60 Months	8 equal quarterly instalment of ₹ 6.25 crores each starting from September 2024	12 months Axis bank MCLR + 135 BPS i.e. 9.0% (PY: NA)	-	1,947.70	-	642.70
				2.14	6,827.70	-	6,717.83
Amount of current maturities of long-term debt disclosed as current borrowing				1,220.00	(1,220.00)	1,220.00	(1,220.00)
				1,222.14	5,607.70	1,220.00	5,497.83

- a) Rupee term loan from a bank is secured by way of exclusive charge on all movable and immovable assets of MCA project except land, mortgage of lease hold rights of land and lien over Debt Service Reserve Account (DSRA), present and future.
Quarterly statement of current assets filed with banks during the year are in agreement with the books of accounts.

- b) The carrying amount of assets hypothecated / mortgaged as security for borrowing limits are:

Particulars	As at	
	March 31, 2022	March 31, 2021
First charge for non-current and current borrowings		
Property, plant and equipment	9,473.34	11,109.56
Capital advance	54.84	-
	9,528.18	11,109.56

- c) Net debt reconciliation:

Particulars	Liabilities from financing activities		
	Current borrowings	Non-current borrowings	Total
Net debt as at March 31, 2020	-	4,093.77	4,093.77
Disbursements	-	2,624.06	2,624.06
Interest expense	-	121.68	121.68
Interest paid	-	(121.68)	(121.68)
Net debt as at March 31, 2021	-	6,717.84	6,717.84
Disbursements	2.14	109.87	112.01
Interest expense	8.33	584.29	592.62
Interest paid	(8.33)	(584.29)	(592.62)
Net debt as at March 31, 2022	2.14	6,827.70	6,829.84

Atul Finserv Ltd
Notes to the Standalone Financial Statements



(₹ lakhs)

Note 14 Other financial liabilities		As at		As at	
		March 31, 2022		March 31, 2021	
		Current	Non-current	Current	Non-current
a)	Employee benefits obligation	34.16	-	5.97	-
b)	Security deposits	17.59	-	36.58	-
c)	Interest accrued but not due on term loan	81.88	-	70.22	-
d)	Creditors for capital goods	57.85	-	98.20	-
		191.48	-	210.97	-

(₹ lakhs)

Note 15 Trade payables		As at		As at	
		March 31, 2022		March 31, 2021	
a)	Total outstanding dues of micro-enterprises and small enterprises	8.46		0.01	
b)	Total outstanding dues of creditors other than micro enterprises and small enterprises				
	i) Related party (refer Note 25.04)	198.73		63.02	
	ii) Others	1,143.66		510.86	
		1,350.85		573.89	

Trade payables ageing

(₹ lakhs)

No.	Particulars	As at March 31, 2022					Total
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
1.	MSME	8.46	-	-	-	-	8.46
2.	Others	1,342.39	-	-	-	-	1,342.39
		1,350.85	-	-	-	-	1,350.85

(₹ lakhs)

No.	Particulars	As at March 31, 2021					Total
		Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
1.	MSME	0.01	-	-	-	-	0.01
2.	Others	573.88	-	-	-	-	573.88
		573.89	-	-	-	-	573.89

(₹ lakhs)

Note 16 Other current liabilities		As at		As at	
		March 31, 2022		March 31, 2021	
a)	Statutory dues (net)	18.63		2.94	
b)	Others	-		22.62	
		18.63		25.56	

(₹ lakhs)

Note 17 Provisions		As at		As at	
		March 31, 2022		March 31, 2021	
		Current	Non-current	Current	Non-current
a)	Provision for compensated absences	2.35	12.69	0.71	2.96
		2.35	12.69	0.71	2.96

Information about individual provisions and significant estimates

The Compensated absences covers the liability for sick and earned leave. Out of the total amount disclosed above, the amount of ₹ 2.35 lakhs (March 31, 2021: ₹ 0.71 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.



Notes to the Standalone Financial Statements

(₹ lakhs)

Note 18 Revenue from operations	2021-22	2020-21
Sale of products	8,015.09	340.76
Business auxiliary services	98.44	84.16
Scrap sales	0.32	-
Revenue from contracts with customers:	8,113.85	424.92
Dividend from equity investment measured at FVTOCI1	1.16	1.11
Dividend on current investments	-	0.02
Interest from others	42.09	45.36
Gain on investment measured at FVTPL	7.09	7.93
	8,164.19	479.34

1All dividends from equity investment measured at FVTOCI recognised for the years relate to investments held at the end of reporting period.

(₹ lakhs)

Note 19 Other income	2021-22	2020-21
Exchange rate difference gain (net)	11.17	0.12
Miscellaneous income	2.40	10.20
	13.57	10.32

(₹ lakhs)

Note 20 Cost of materials consumed	2021-22	2020-21
Raw materials and packing materials consumed		
Stocks at commencement	205.87	-
Add: Purchase	5,017.15	410.68
	5,223.02	410.68
Less: Stocks at close	405.54	205.87
	4,817.48	204.81

(₹ lakhs)

Note 21 Changes in inventories of finished goods and work-in-progress	2021-22	2020-21
Stocks at close		
Finished goods	242.68	32.00
	242.68	32.00
Less: Stocks at commencement		
Finished goods	32.00	-
	32.00	-
(Increase) Decrease in stocks (net)	(210.68)	(32.00)

(₹ lakhs)

Note 22 Employee benefit expenses	2021-22	2020-21
Salaries, wages and bonus (refer Note 25.10)	200.40	75.37
Contribution to Provident and other funds (refer Note 25.10)	9.78	4.72
Staff welfare expenses	1.13	0.23
	211.31	80.32

(₹ lakhs)

Note 23 Finance costs	2021-22	2020-21
Interest on borrowing	549.32	118.02
Interest on financial liabilities at amortised cost	43.30	3.66
Interest on Income tax	-	0.01
Other borrowings cost	61.54	3.94
	654.16	125.63

(₹ lakhs)

Note 24 Other expenses	2021-22	2020-21
Manpower services	90.14	151.43
Power, fuel and water	619.39	41.07
Legal and professional fees	2.43	2.30
Consumption of stores and spares	353.67	1.64
Repairs	172.05	0.12
Freight	67.91	3.79
Travelling and conveyance	19.76	0.46
Insurance	20.07	1.98
Payments to the Statutory Auditors		
a) Audit fees	2.33	3.38
Directors' fees	0.80	0.80
Rent paid	42.67	0.61
Rates and taxes	0.01	-
Bank charges	0.30	0.15
Miscellaneous expenses	105.09	24.38
	1,496.62	232.11



Notes to the Standalone Financial Statements

Note 25.01 Contingent liabilities

a) Claims against the Company not acknowledged as debts

The disputed demands for taxes and other matters amounts as of the reporting period ends are respectively as follows:

Particulars	(₹ lakhs)	
	As at March 31, 2022	As at March 31, 2021
Claims against the Company not acknowledged as debts in respects of:		
i) Income tax	29.13	29.13

Note 25.02 Commitments

a) Capital commitments

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

Particulars	(₹ lakhs)	
	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	1,587.00	38.45

Note 25.03 Earning per share

Earning per share (EPS) - The numerators and denominators used to calculate basic and diluted EPS:

Particulars		(₹ lakhs)	
		2021-22	2020-21
Profit for the year attributable to the equity shareholders	₹ lakhs	(55.48)	(263.18)
Basic Weighted average number of equity shares outstanding during the year	Number	44,39,683	42,30,694
Nominal value of equity share (₹) of 5,00,000 equity share	₹	7	7
Nominal value of equity share (₹) of equity share	₹	100	100
Basic and diluted EPS	₹	(1.25)	(6.22)

Note 25.04 (A) Related party information

Name of the related party and description of relationship:

No	Name of the related party	Description of relationship
	Party where control exists	
1	Atul Ltd	Holding company
2	Aaranyak Urmi Ltd	
3	Atul Fin Resource Ltd	
4	Atul Nivesh Ltd	Subsidiary companies
5	Atul Paints Ltd	
6	Osia Infrastructure Ltd	
7	Anaven LLP	Joint operation
8	Nouryon Chemical International B.V. (formerly Akzo Nobel Chemicals International B.V.)	Partner
	Parties under common control with whom transactions have taken place during the year	
9	Amal Ltd	
10	Atul Bioscience Ltd	
11	Atul Homecare Ltd (Formally known as Lapox Polymers Ltd)	Fellow subsidiaries
12	Atul Infotech Pvt Ltd	
13	Atul Rajasthan Date Palms Ltd	
14	Rudolf Atul Chemicals Ltd	Joint venture company of holding company
15	Nouryon Industrial Chemical B.V. (formerly Akzo Nobel Industrial Chemical B.V.)	
16	Nouryon Chemical India Pvt Ltd (formerly Akzo Nobel Chemicals India Pvt Ltd)	Subsidiary company of partner - Nouryon Chemical International B.V.
17	Nouryon Performance Formulations	
18	Nouryon Functional Chemical LLC	

		(₹ lakhs)	
Note 25.04 (A) Transactions with Holding company		2021-22	2020-21
1	Sales of Goods	5,275.09	359.27
2	Purchase of goods	530.89	51.42
3	Capital goods purchased	0.03	28.83
4	Service charges received	87.17	74.84
5	Service charges paid	5.71	5.34
6	Issuance of equity share to (including security premium)	1,288.72	512.49
7	Loan taken during the year	4,431.15	342.70
8	Reimbursement of expense	70.40	187.69



Notes to the Standalone Financial Statements

		(₹ lakhs)	
Note 25.04 (A) Transactions with Holding company (continued)		2021-22	2020-21
9	Interest payable	217.83	18.59
10	Brand usage charges paid	0.01	0.01
11	Lease rent	85.07	6.61
12	Outstanding balances as at year end		
	Trade receivables	624.16	430.70
	Trade payables	158.89	89.36
	Loan payables	3,413.85	342.70

		(₹ lakhs)	
Note 25.04 (B) Transactions with subsidiary companies		2021-22	2020-21
1	Service charges received		
	Atul Fin Resources Ltd	11.27	9.32
2	Purchase of goods		
	Osia Infrastructure Ltd	73.20	-
3	Direct investment made in equity shares		
	Atul Fin Resources Ltd	1,002	-
	Osia Infrastructure Ltd	-	100.00
4	Interest received		
	Aaranyak Urmi Ltd	0.53	-
5	Loan given		
	Aaranyak Urmi Ltd	10.00	-
6	Direct investment made in equity shares		
	Atul Paints Ltd	1.00	-
7	Outstanding balances as at year end		
	Loan		
	Aaranyak Urmi Ltd	10.00	-
	Trade Receivables		
	Atul Fin Resources Ltd	1.00	0.87
	Trade Payables Creditors for capital goods		
	Osia Infrastructure Ltd	18.76	-

		(₹ lakhs)	
Note 25.04 (C) Transactions with subsidiary companies of holding company		2021-22	2020-21
1	Reimbursement of expense		
	Atul Bioscience Ltd	-	0.02
2	Purchase shares of Osia Infrastructure Ltd		
	Atul Homecare Ltd (Formally known as Lapox Polymers Ltd)	95.40	-
3	Interest received		
	Atul Bioscience Ltd	40.50	42.24
4	Outstanding balances as at year end		
	Loan		
	Atul Bioscience Ltd	450.00	450.00
	Trade Payable		
	Atul Bioscience Ltd	-	0.26

		(₹ lakhs)	
Note 25.04 (D) Transactions with joint venture company of holding company		2021-22	2020-21
1	Reimbursement of expense		
	Rudolf Atul Chemicals Ltd	-	0.01
2	Outstanding balances as at year end		
	Receivable		
	Rudolf Atul Chemicals Ltd	-	-

		(₹ lakhs)	
Note 25.04 (E) Transactions with subsidiary company of partner		2021-22	2020-21
1	Sales of Goods		
	Nouryon Industrial Chemical B.V. (formerly Akzo Nobel Industrial Chemical B.V.)	632.91	-
	Nouryon Performance Formulations	261.95	-
	Nouryon Functional Chemical LLC	16.33	-
2	Purchase of services		
	Nouryon Industrial Chemical B.V. (formerly Akzo Nobel Industrial Chemical B.V.)	-	19.52
3	Service charges paid		
	Nouryon Industrial Chemical B.V. (formerly Akzo Nobel Industrial Chemical B.V.)	-	17.65
4	Loan taken during the year		
	Nouryon Chemical India Pvt Ltd (formerly Akzo Nobel Chemicals India Pvt Ltd)	3,423.85	300.00
5	Reimbursement of expense		
	Nouryon Chemical India Pvt Ltd (formerly Akzo Nobel Chemicals India Pvt Ltd)	22.50	5.90
6	Interest payable		
	Nouryon Chemical India Pvt Ltd (formerly Akzo Nobel Chemicals India Pvt Ltd)	179.71	18.35



Notes to the Standalone Financial Statements

(₹ lakhs)

Note 25.04 (E) Transactions with subsidiary company of partner		2021-22	2020-21
7	Outstanding balances as at year end		
	Trade receivables		
	Nouryon Chemical India Pvt Ltd (formerly Akzo Nobel Chemicals India Pvt Ltd)	378.85	-
	Nouryon Performance Formulations	164.60	-
	Nouryon Functional Chemical LLC	637.05	-
	Trade payables		
	Nouryon Industrial Chemical B.V. (formerly Akzo Nobel Industrial Chemical B.V.)	-	6.48
	Nouryon Chemical India Pvt Ltd (formerly Akzo Nobel Chemicals India Pvt Ltd)	44.13	24.25
	Loan		
	Nouryon Chemical India Pvt Ltd (formerly Akzo Nobel Chemicals India Pvt Ltd)	3,413.85	300.00

- i) There are no provisions for doubtful debts or amounts written back in respect of debts due to or due from related parties.
ii) Related party relationship is as identified by the Company and relied upon by the Auditors.

Note 25.05 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

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Current tax		
Current tax on profits for the year	7.18	7.64
Adjustments for current tax of prior periods	-	-
Total current tax expense	7.18	7.64
Deferred tax		
(Decrease) increase in deferred tax liabilities	(474.94)	(654.48)
Decrease (increase) in deferred tax assets	478.23	659.60
Total deferred tax expense (benefit)	3.29	5.12
Income tax expense	10.47	12.76

b) Income tax expense recognised in the other comprehensive income:

(₹ lakhs)

Particulars	2021-22	2020-21
i) Current tax		
Remeasurement gain (loss) on defined benefit plans	0.58	(0.04)
Income tax expense	0.58	(0.04)

c) The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory income tax rate	26.00%	15.60%
Differences due to:		
Statutory rate Difference	(0.22%)	-
Exempt income	-	(0.49%)
Others	(1.01%)	0.39%
Effective income tax rate	24.77%	15.50%

d) Current tax assets

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	17.56	17.34
Add: Current tax payable for the year	9.77	7.60
Less: Taxes paid	-	(7.38)
Closing balance	27.33	17.56



Notes to the Standalone Financial Statements

e) Deferred tax assets

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities | (assets):

(₹ lakhs)

Particulars	As at March 31, 2022	(Charged) Credited to profit or loss OCI	As at March 31, 2021	(Charged) Credited to profit or loss OCI	As at March 31, 2020
Property, plant and equipment	(1,132.67)	(474.39)	(658.28)	(653.65)	(4.63)
Leave encashment	(0.48)	(0.23)	(0.25)	(0.25)	(0.00)
Unrealised gain on mutual fund	(0.10)	(0.32)	0.21	(0.58)	0.80
Total deferred tax liabilities	(1,133.25)	(474.94)	(658.32)	(654.48)	(3.84)
MAT credit entitlement	(19.91)	4.11	(24.02)	(5.10)	(18.92)
Provision for doubtful advances	-	-	-	(3.66)	3.66
Borrowing cost	(41.22)	-	(41.22)	(41.22)	-
Unused tax losses	1,180.15	474.12	706.03	709.57	(3.55)
Total deferred tax assets	1,119.02	478.23	640.79	659.60	(18.81)
Net deferred tax liabilities (assets)	(14.23)	3.29	(17.52)	5.12	(22.64)

Note 25.06 Micro, Small and Medium Enterprises Development

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	8.46	0.01
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
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	-	-
Further interest remaining due and payable for earlier years	-	-

Note 25.07 Consolidated Financial Statements

The Company is not required to prepare Consolidated Financial Statements in accordance para 4 (a) (iv) of Ind AS 110 'Consolidated Financial Statements'.

The Financial Statements are separate Financial Statement of the Company.

Atul Ltd (Holding Company) having principal place of business in Valsad (Gujarat) have prepared Consolidated Financial Statements, that comply with Ind AS and the same is available at website of the Holding Company and at BSE | NSE.



Notes to the Standalone Financial Statements

Note 25.08 Segment information

a) Description of segments and principal activities

The Company has determined the two reporting segments namely Performance and Other Chemicals, Investing activity and Business Auxiliary Services based on the information reviewed by Chief Operating Decision Maker.

b) Operating segment

(₹ lakhs)

Particulars	Performance and Other Chemicals		Investing activity and Business Auxiliary Services		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
i) Segment revenue						
Gross revenue	8,019.30	345.30	144.89	134.04	8,164.19	479.34
Less: Inter segment revenue	-	-	-	-	-	-
Net revenue from operations	8,019.30	345.30	144.89	134.04	8,164.19	479.34
ii) Segment results						
Profit (Loss) before finance cost and tax	561.21	(182.33)	47.94	57.54	609.15	(124.79)
Less: Finance costs	648.53	125.63	5.63	0.00	654.16	125.63
Less: Other unallocable expenditure (net of unallocable income)	-	-	-	-	-	-
Profit (Loss) before tax	(87.32)	(307.96)	42.31	57.54	(45.01)	(250.42)
iii) Other information						
Segment assets	15,021.66	13,933.17	4,684.57	3,134.81	19,706.23	17,067.98
Unallocated common assets	-	-	-	-	-	-
Total assets	15,021.66	13,933.17	4,684.57	3,134.81	19,706.23	17,067.98
Segment liabilities	8,927.07	7,748.81	233.17	12.27	9,160.24	7,761.08
Unallocated common liabilities	-	-	-	-	-	-
Total liabilities	8,927.07	7,748.81	233.17	12.27	9,160.24	7,761.08
Additions to assets and intangible assets	607.50	1,256.02	447.78	-	1,055.28	1,256.02
Unallocated additions to assets and intangible assets	-	-	-	-	-	-
Total capital expenditure ¹	607.50	1,256.02	447.78	-	1,055.28	1,256.02
Depreciation	1,252.72	129.02	1.16	0.19	1,253.88	129.21
Unallocated depreciation	-	-	-	-	-	-
Total depreciation	1,252.72	129.02	1.16	0.19	1,253.88	129.21

c) Geographical segment

(₹ lakhs)

Particulars	In India		Outside India		Total	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Segment revenue	7,364.51	479.34	799.68	-	8,164.19	479.34
Carrying cost of assets by location of assets	19,139.40	17,067.98	566.83	-	19,706.23	17,067.98
Additions to assets and intangible assets ¹	1,055.28	1,256.02	-	-	1,055.28	1,256.02

¹ Including capital work-in-progress and capital advances

d) Other disclosures:

- The Company has disclosed business segment as the operating segment which have been identified in line with the Ind AS 108 'Operating Segments' taking into account the organisation structure as well as the differing risks and returns.
- The segment revenue, results, assets and liabilities include respective amounts identifiable to each segment and amounts allocated on a reasonable basis.
- Segment revenue received from business auxiliary services represents revenue from holding company and once wholly owned subsidiary of ₹ 98.44 lakhs (previous year: ₹ 84.16 lakhs).
- Segment revenue received from performance and other chemicals represents major revenue from holding company of ₹ 7,215.41 lakhs (previous year: ₹ 340.76 lakhs).



Note 25.09 Additional information

The Financial Statements include proportionate share of assets, liabilities, income and expenditure of the Company in its joint operations, namely Anaven LLP. Below are supplementary details of Atul Finserv Ltd on standalone basis excluding interest in the aforesaid joint operations:

Standalone Balance Sheet as at March 31, 2022

Particulars	(₹ lakhs)	
	As at March 31, 2022	As at March 31, 2021
A ASSETS		
1 Non-current assets		
a) Property, plant and equipment	179.88	0.22
b) Capital work-in-progress	266.97	-
c) Financial assets		
i) Investments in subsidiary, associate companies and joint operation	10,221.04	9,122.84
ii) Other Investments	105.82	98.15
iii) Loans	-	452.07
iv) Other Financial Assets	0.10	0.10
d) Deferred tax assets (net)	14.23	17.52
e) Income tax assets (net)	18.10	17.10
f) Other non-current assets	28.34	5.83
Total non-current assets	10,834.47	9,713.83
2 Current assets		
a) Financial assets		
i) Investments	41.62	91.54
ii) Trade receivables	12.90	10.41
iii) Cash and cash equivalents	35.06	6.03
iv) Loans	460.40	12.87
v) Other financial assets	0.11	0.13
Total current assets	550.10	120.98
Total assets	11,384.57	9,834.81
B EQUITY AND LIABILITIES		
Equity		
a) Equity share capital	4,091.67	3,773.76
b) Other equity	7,059.73	6,048.79
Total equity	11,151.40	9,822.55
Liabilities		
1 Non-current liabilities		
a) Financial liabilities		
i) Lease liabilities	166.27	-
b) Provisions	4.29	2.96
Total non-current liabilities	170.57	2.96
1 Current liabilities		
a) Financial liabilities		
i) Lease liabilities	14.52	-
ii) Trade payables		
Total outstanding dues of		
a) Micro enterprises and small enterprises	-	-
b) Creditors other than micro enterprises and small enterprises	10.94	1.32
iii) Other financial liabilities	32.98	5.97
b) Other current liabilities	3.31	1.30
c) Provisions	0.85	0.71
Total current liabilities	62.60	9.30
Total liabilities	233.17	12.27
Total equity and liabilities	11,384.57	9,834.81



Note 25.09 Additional information (continued)

Statement of Profit and Loss

for the year ended March 31, 2022

	(₹ lakhs)	
Particulars	2021-22	2020-21
INCOME		
Revenue from operations	144.89	134.04
Other income	0.98	10.20
Total income	145.87	144.25
EXPENSES		
Employee benefit expenses	89.57	80.33
Finance costs	5.63	0.00
Depreciation and amortisation Expenses	1.16	0.19
Other expenses	7.20	6.19
Total expenses	103.56	86.71
Profit before tax	42.31	57.54
Tax expense		
Current tax	7.18	7.64
Deferred tax	3.29	5.12
Total tax expense	10.48	12.77
Profit for the year	31.83	44.77
Other comprehensive income		
a Items that will not be reclassified to profit loss		
i) Fair value of equity instruments through other comprehensive income (FVOCI)	10.15	34.24
ii) Remeasurement gain (loss) on defined benefit plans	(2.25)	0.17
iii) Income tax related to items above	0.58	(0.04)
Other comprehensive income, net of tax	8.48	34.36
Total comprehensive income for the year	40.32	79.14
Earnings per equity share		
Basic and diluted earning ₹ per equity share	0.72	1.06



Statement of changes in equity

for the year ended March 31, 2022

A. Equity share capital

(₹ lakhs)

Particulars	Amount
As at March 31, 2020	3,633.55
Changes in equity share capital during the year	140
As at March 31, 2021	3,773.76
Changes in equity share capital during the year	318
As at March 31, 2022	4,091.67

B. Other equity

(₹ lakhs)

Particulars	Reserves and surplus			Items of other comprehensive income	Total other equity
	Securities premium	General reserve	Retained earnings	FVOCI equity instruments	
As at March 31, 2020	5,293.15	156.25	197.41	(48.91)	5,596.94
Profit for the year	-	-	44.77	-	44.77
Other comprehensive income	-	-	0.13	34.24	34.36
Total comprehensive income for the year	-	-	44.90	34.24	79.14
Securities Premium on issue of share	372.27	-	-	-	372.27
Share issue expenses	(0.51)	-	-	-	(0.51)
Transfer to retained earnings on disposal of FVOCI equity instruments	-	-	(7.76)	7.76	-
As at March 31, 2021	5,664.91	156.25	234.54	(6.91)	6,048.79
Profit for the year	-	-	31.83	-	31.83
Other comprehensive income	-	-	(1.66)	10.15	8.48
Total comprehensive income for the year	-	-	30.17	10.15	40.32
Share Application money received pending allotment	-	-	-	-	-
Securities Premium on issue of share	970.81	-	-	-	970.81
Share issue expenses	(0.18)	-	-	-	(0.18)
Transfer to retained earnings on disposal of FVOCI equity instruments	-	-	0.21	(0.21)	-
As at March 31, 2022	6,635.53	156.25	264.92	3.02	7,059.73



Notes to the Standalone Financial Statements

Note 25.10 Employee benefit obligations

Funded schemes

a) Defined benefit plans:

Gratuity

The gratuity fund is maintained with the Life Insurance Corporation of India under Group Gratuity scheme.

Balance Sheet amount (Gratuity)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2020	12.98	(10.15)	2.83
Current service cost	0.76	-	0.76
Interest expense (income)	0.81	(0.62)	0.19
Total amount recognised in profit and loss	1.57	(0.62)	0.95
Remeasurement			
Return on plan assets, excluding amount included in interest expense	-	(0.30)	(0.30)
(Gain) Loss from change in financial assumptions	(0.48)	-	(0.48)
(Gain) Loss from change in demographic assumptions	0.30	-	0.30
Experience (gain) loss	0.31	-	0.31
Total amount recognised in other comprehensive income	0.13	(0.30)	(0.17)
Employer contributions	-	(2.31)	(2.31)
Benefit payments	-	-	-
As at March 31, 2021	14.68	(13.37)	1.31
Current service cost	1.65	-	1.65
Interest expense (income)	0.95	(0.85)	0.10
Liability transferred in acquisitions	6.71	-	6.71
Total amount recognised in profit and loss	9.31	(0.85)	8.46
Remeasurement			
Return on plan assets, excluding amount included in interest expense	-	(0.02)	(0.02)
(Gain) Loss from change in financial assumptions	(0.29)	-	(0.29)
(Gain) Loss from change in demographic assumptions	1.42	-	1.42
Experience (gain) loss	3.58	-	3.58
Total amount recognised in Other Comprehensive Income	4.72	(0.02)	4.69
Employer contributions	-	(9.70)	(9.70)
Benefit payments	-	-	-
As at March 31, 2022	28.70	(23.94)	4.76

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

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of funded obligations	28.70	14.68
Fair value of plan assets	(23.94)	(13.37)
Deficit of Gratuity plan	4.76	1.31

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	6.09% 6.70%	6.49%
Attrition rate	15.00%	8.00%
Rate of return on plan assets	6.09% 6.70%	6.49%
Salary escalation rate	10.70%	7.62%

Sensitivity analysis

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

Particulars	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	As at March 31, 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%	(3.70%)	(2.97%)	4.07%	3.21%
Attrition rate	1.00%	1.00%	(1.07%)	(0.24%)	1.15%	0.25%
Salary escalation rate	1.00%	1.00%	3.76%	3.15%	(3.52%)	(2.97%)

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 as when 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 as compared to the prior year.

Major category of plan assets are as follows:

Particulars	March 31, 2022	March 31, 2021
Insurance fund	23.70	13.12

Expected contributions to post-employment benefit plans for the year ending March 31, 2022 are ₹ 5.77 lakhs

Atul Finserv Ltd

Notes to the Standalone Financial Statements



Note 25.10 Employee benefit obligations (continued)

The weighted average duration of the defined benefit obligation is 4 years. The expected maturity analysis of gratuity is as follows:

(₹ lakhs)

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
Defined benefit obligation (gratuity)					
As at March 31, 2022	3.12	6.37	11.96	17.83	39.28
As at March 31, 2021	4.10	0.91	8.89	4.77	18.67

b) Defined contribution plans:

Provident fund:

Amount of ₹ 3.46 lakhs (March 31, 2021: ₹ 1.46 lakhs) is recognised as expense and included in the Note 19 'Contribution to Provident and other funds.'

Compensated absences:

Amount of ₹ 11.73 lakhs (March 31, 2021: ₹ 1.48 lakhs) is recognised as expense and included in the Note 19 'Salaries, wages and bonus.'

c) The Parliament of India has approved the Code on Social Security, 2020 (the Code) which may impact the contributions by the Company towards provident fund, gratuity and ESIC. The Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact of the Code when it comes into effect and will record related impact, if any.

Note 25.11 Fair value measurements

Financial instruments by category

(₹ lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
Investments						
- Equity instruments	-	105.82	-	-	98.15	-
- Mutual funds	42.65	-	-	125.49	-	-
Trade receivables	-	-	1,708.55	-	-	432.21
Loans	-	-	460.40	-	-	464.94
Security deposits	-	-	0.10	-	-	0.10
Other receivables	-	-	0.64	-	-	0.13
Cash and bank balance	-	-	166.32	-	-	55.81
Total financial assets	42.65	105.82	2,336.01	125.49	98.15	953.19
Financial liabilities						
Borrowings	-	-	6,829.84	-	-	6,717.83
Trade payables	-	-	1,350.85	-	-	573.89
Employee benefits obligation	-	-	34.16	-	-	5.97
Security deposits	-	-	17.59	-	-	36.58
Interest accrued but not due on term loan	-	-	81.88	-	-	70.22
Lease liabilities	-	-	754.40	-	-	229.16
Creditor for capital goods	-	-	57.85	-	-	98.20
Total financial liabilities	-	-	9,126.57	-	-	7,731.85

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the Standalone Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed 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 as at March 31, 2022	Note	Level 1	Level 2	Level 3	Total
Financial assets					
<u>Financial Investments at FVTPL</u>					
Mutual funds			42.65	-	42.65
<u>Financial Investments at FVTOCI</u>					
Quoted equity instruments		105.82	-	-	105.82
Total financial assets		105.82	42.65	-	148.47



Notes to the Standalone Financial Statements

(₹ lakhs)

Assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2021	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
Mutual funds			125.49	-	125.49
Financial Investments at FVTOCI					
Quoted equity instruments		98.15	-	-	98.15
Total financial assets		98.15	125.49	-	223.64

There were no transfers between any levels during the year.

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have a quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: This includes mutual funds which are valued using the closing NAV.

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

The carrying amounts of trade receivables, trade payables, bills receivables, advances receivable in cash, cash and cash equivalents are considered to be the same as their fair values.

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

Note 25.12 Financial risk management

Treasury function of the Company provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

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, Management considers both normal and stressed conditions. A material and sustained shortfall in our cash flow could manage from borrowing and equity infusion by Holding Company.

The following table shows the maturity analysis of 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	12	6,829.84	1,222.14	5,607.70	6,829.84
Trade payables	14	1,350.85	1,350.85	-	1,350.85
Employee benefits obligation	14	34.16	34.16	-	34.16
Security deposits	14	17.59	17.59	-	17.59
Interest accrued but not due on term loan	14	81.88	81.88	-	81.88
Lease liabilities	14	754.40	105.58	648.82	754.40
Creditors for capital goods	14	57.85	57.85	-	57.85
As at March 31, 2021	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	12	6,717.83	1,220.00	5,497.83	6,717.83
Trade payables	14	573.89	573.89	-	573.89
Employee benefits obligation	14	5.97	5.97	-	5.97
Security deposits	14	36.58	36.58	-	36.58
Interest accrued but not due on term loan	14	70.22	70.22	-	70.22
Creditors for capital goods	14	98.20	98.20	-	98.20

b) Management of market risk

The size and operations of the Company result in it being exposed to the following market risks that arise from its use of financial instruments:

- price risk
- foreign exchange risk

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



Notes to the Standalone Financial Statements

Potential impact of risk	Management policy	Sensitivity to risk
j) Price risk		
<p>The Company is mainly exposed to the price risk due to its investments in equity instruments. The price risk arises due to uncertainties about the future market values of these investments.</p> <p>The fair value of quoted investments of the Company is in fair value through other comprehensive income securities exposes the Company to equity price risks. Equity price risk is related to the change in market reference price of the investments in equity securities.</p> <p>In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities.</p> <p>The fair value of quoted equity instruments classified as fair value through Other Comprehensive Income as at March 31, 2022 is ₹ 105.82 lakhs (March 31, 2021: ₹ 98.15 lakhs).</p>	<p>In order to manage its price risk arising from investments in equity instruments, the Company maintains its portfolio in accordance with the framework set by the risk management policies at group level.</p> <p>Any new investment or divestment must be approved by the Board of Directors, Chief Executive Officer.</p>	<p>As an estimation of the approximate impact of price risk, with respect to investments in equity instruments, the Company has calculated the impact as follows.</p> <p>For equity instruments, a 10% increase in prices would have led to approximately an additional ₹ 1.02 lakhs gain in other comprehensive income (2020-21: ₹ 3.42 lakhs gain). A 10% decrease in prices would have led to an equal but opposite effect.</p>
ii) Foreign exchange risk		
<p>The Company has foreign exchange risk arises from future commercial transactions and recognised financial liabilities denominated in a currency that is not the functional currency (₹) of the Company. The risk also includes highly probable foreign currency cash flows.</p>	<p>The Company has exposure arising out of import other than functional risks.</p>	<p>As an estimation of the approximate impact of the foreign exchange rate risk, with respect to the Standalone Financial Statements, the Company has calculated the impact as follows:</p> <p>10% increase in rate would have led to approximately an additional ₹ 6.41 lakhs gain in the Statement of Profit and Loss (2020-21: ₹ 1.23 lakhs gain). A 10% decrease in prices would have led to an equal but opposite effect.</p>

Foreign currency risk exposure:

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

Particulars	As at March 31, 2022			
	(\$)	(₹ lakhs)	(€)	(₹ lakhs)
Financial assets				
Trade receivables	7,47,989	566.83	-	-
Financial liabilities				
Trade payables	6,03,898	457.63	53,481	45.00
Net exposure to foreign currency risk assets (liabilities)	1,44,092	109.19	(53,481)	(45.00)

Particulars	As at March 31, 2021			
	(\$)	(₹ lakhs)	(€)	(₹ lakhs)
Financial liabilities				
Creditors for capital goods	7,500	5.51	14,332	12.34
Net exposure to foreign currency risk assets (liabilities)	(7,500)	(5.51)	(14,332)	(12.34)

c) Credit risk management

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises primarily from financial assets such as trade receivables, investment in mutual funds, other balances with banks, loans and other receivables.

The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. Exposure of the Company and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties. Credit risk arising from investment in mutual funds and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings.

D) Interest rate risk management

The Company draws term loan, avails cash credit for meeting its funding requirements. Interest rates on these borrowings are exposed to change in respective benchmark rates. The Company manages the interest rate risk by maintaining appropriate mix | portfolio of the borrowings.

Atul Finserv Ltd

Notes to the Standalone Financial Statements



Note 25.13 Capital management

The primary objective of 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 purpose of capital management, the Company considers the following components of its Balance Sheet to manage capital:

Total equity includes general reserve, retained earnings, share capital, security premium. Total debt includes current debt plus non-current debt.

Particulars	(₹ lakhs)	
	March 31, 2022	March 31, 2021
Total debt	6,829.84	6,717.83
Total equity	10,545.99	9,306.90
Debt-Equity ratio	0.65	0.72

Note 25.14 Loans

Disclosures pursuant to the Section 186 (4) of the Companies Act, 2013.

Particulars	Purpose	(₹ lakhs)			
		Amount outstanding as at		Maximum balance	
		March 31, 2022	March 31, 2021	2021-22	2020-21
Subsidiary company					
Aaranyak Urmi Ltd	Working capital requirement	10.00	-	10.00	-
Subsidiary company of holding company:					
Atul Bioscience Ltd	Working capital requirement	450.00	450.00	450.00	450.00

Notes:

a) Loans given to employees as per the policy of the Company are not considered.

b) The loanees did not hold any shares in the share capital of the Company.

Note 25.15 Leases

Initial lease liability has been measured at present value of the lease payment and discounted at incremental borrowing rate of the company, with an equivalent amount for the right-of-use asset.

As a lessee

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

Particulars	(₹ lakhs)	
	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	227.63	-
Addition	583.39	231.49
Deletion Adjustment	31.57	-
Depreciation Amortisation	43.48	3.86
Balance at the end of the year	735.97	227.63

ii) Following movement in lease liabilities:

Particulars	(₹ lakhs)	
	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	229.16	-
Addition	583.39	231.49
Deletion Adjustment	31.79	-
Finance cost accrued	43.81	3.66
Payment of lease liabilities	70.18	5.99
Balance at the end of the year	754.39	229.16

iii) The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	(₹ lakhs)	
	As at March 31, 2022	As at March 31, 2021
Less than one year	105.58	71.89
One to five years	527.65	359.45
More than five years	1,267.08	275.58
Total	1,900.31	706.92

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



Notes to the Standalone Financial Statements

Note 25.16 Offsetting financial assets and liabilities

The Company has not offset any financial asset and financial liability. The Company offsets a financial asset and a financial liability when it currently has a legal enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

d) Collateral against borrowings

The Company has hypothecated | mortgaged assets as collateral against a number of its borrowings. Refer Note 13 (b) for further information on assets hypothecated | mortgaged as security against borrowings. In case of default as per borrowing arrangement such collateral can be adjusted against the amounts due.

Note 25.17 Ratios

No.	Ratio	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% Variance	Reason for variance
a)	Current ratio	Current assets	Current liabilities	1.33	0.57	133%	Joint operation started business from Mar 21 and loan classified from non-current to current
b)	Debt-equity ratio	Debt	Equity	0.65	0.72	-10%	
c)	Debt service coverage ratio	Earnings available for debt service	Debt service	0.99	(0.01)	-10000%	Cash loss converted into profit
d)	Return on equity ratio	Profit after tax	Average share holders equity	0.49	0.08	513%	Joint operation started business from Mar 21
e)	Inventory turnover ratio	Net sales	Average inventory	13.16	2.34	461%	Increase in revenue
f)	Trade receivables turnover ratio	Net sales	Average receivables	7.58	1.97	286%	Increase in revenue
g)	Trade payables turnover ratio	Net sales	Average payables	6.77	2.24	202%	Increase in revenue
h)	Net capital turnover ratio	Net sales	Average working capital	239.13	(0.95)	-25272%	Increase in revenue
i)	Net profit ratio	Net sales	Profit after tax	(14,624.82)	(61.94)	23511%	Increase in revenue
j)	Return on capital employed	Profit before interest and tax	Capital employed	3.68	(2.37)	-255%	Cash loss converted into profit
k)	Return on investment	Profit before interest and tax	Average total assets	3.31	(0.78)	-524%	Cash loss converted into profit

Note 25.18 Authorisation for issue of the Standalone Financial Statements

The Standalone 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

For and on behalf of the Board of Directors

Ketan Vora
 Partner

A A Desai
 Chief Executive Officer

B N Mohanan
 Director

R R Joshi
 Chief Finance Officer

L P Patni
 Director

Mumbai
 April 21, 2022

A P Patadiya
 Company Secretary

Atul
 April 21, 2022