



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

Coming together is a beginning. Keeping together is progress.  
Working together is success.

~ Henry Ford

## Contents

01	Corporate identity
02	Purpose and Values
04	Board of Directors
05	Directors' Report
09	Annexure to the Directors' Report
13	Management Discussion and Analysis
15	Corporate Governance Report
25	Notice
32	Performance trend
33	Independent Auditor's Report
42	Financial Statements

### Forward looking statements

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



## Corporate identity



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

### **About Rudolf GmbH**

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

### **About Atul Ltd**

Incorporated and headquartered in India, Atul Ltd is a diversified company belonging to Lalbhai Group. The Company meets the needs of varied industries such as Adhesives, Agriculture, Animal Feed, Automobile, Composites, Construction, Cosmetic, Defence, Dyestuff, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Rubber, Soap and Detergent, Sport and Leisure, Textile, Tyre and Wind Energy. It manages complex chemical processes in a responsible way.

# Purpose

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



fostering a spirit of continuous learning and innovation



adopting developments in science and technology



providing high quality product and services, thus becoming the most preferred partner



having people who practice Values and exemplify a high standard of behaviour



seeking sustained, dynamic growth and securing long-term success



taking responsible care of the surrounding environment



improving the quality of life of the communities we operate in

# Values

In an environment where change is a way of life, continuity of Values provides stability and is fundamental to us. We have therefore formalised key Values and are committed to institutionalising them. We will seek to create an environment wherein these Values are consistently practised and nurtured and ensured that they are not compromised.



## INTEGRITY

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



## UNDERSTANDING

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



## UNITY

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



## RESPONSIBILITY

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



## EXCELLENCE

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

# Board of Directors



Wolfgang Schumann



G Venugopala Rao



Ulrich Hambrecht



Gopi Kannan Thirukonda



Sudhir Merchant



Sujal Shah

# Directors' Report



Dear Members,

The Board of Directors (Board) presents the annual report of Rudolf Atul Chemicals Ltd together with the audited Financial Statements for the year ended March 31, 2023.

## 01. Financial results

(₹ cr)

	2022-23	2021-22
Sales	110.37	120.04
Revenue from operations	111.18	121.16
Other income	0.98	1.37
Total revenue	112.16	122.53
Profit before tax	10.50	21.75
Provision for tax	2.73	5.36
Profit for the year	7.77	16.39
Balance brought forward	45.83	38.26
Transfer from comprehensive income	0.10	(0.07)
Disposable surplus	53.71	54.59
Less:		
Dividend paid	23.35	8.76
Balance carried forward	30.36	45.83

## 02. Performance

Sales decreased by 8% from ₹ 120.04 cr to ₹ 110.37 cr, primarily due to lower capacity utilisation by key customers of knit and home textiles segments on account of muted demand in key importing countries such as USA and Europe. Profit before tax decreased by 52% from ₹ 21.75 cr to ₹ 10.50 cr. The earnings per share decreased from ₹ 28.09 to ₹ 13.31. Cash flow from operating activities before working capital changes decreased from ₹ 21.00 cr to ₹ 10.26 cr and the net cash flow from operating activities increased from ₹ 9.38 cr to ₹ 12.37 cr.

During the year, the Company has further streamlined zero liquid discharge operations to make them liquid effluent-free. This envisages an approach that protects the environment and creates a better ecosystem for the society. The Company also worked extensively with various

certification bodies, completed the registration of 80 products with the certification body Global Organic Textile Standard (GOTS) list for version 6.0.

## 03. Dividend

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

## 04. Energy conservation, technology absorption and foreign exchange earnings and outgo

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



## **05. Insurance**

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

## **06. Risk management**

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

## **07. Internal financial controls**

The Management assessed the effectiveness of the internal financial controls over financial reporting as of March 31, 2023, and the Board believes that the controls are adequate.

## **08. Fixed deposits**

During 2022-23, the Company did not accept any fixed deposit.

## **09. Loans, guarantees, investments and security**

Particulars of loans, guarantees, investments and security provided are given on page number 55.

## **10. Subsidiary, joint venture and associate company**

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

## **11. Related party transactions**

All the transactions entered into with the related parties were in the ordinary course of business and on an arm's length basis. Details of such transactions are given on page number 64. No transactions that required disclosure in Form AOC-2 were entered into by the Company.

## **12. Corporate social responsibility**

The composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given on page number 10.

## **13. Annual return**

Annual return for 2022-23 is available on the website of the Company at [www.racl.co.in/investors/stakeholders-information/annual-general-meetings/](http://www.racl.co.in/investors/stakeholders-information/annual-general-meetings/)

## **14. Auditors**

Deloitte Haskins & Sells LLP, Chartered Accountants (DHS) were reappointed as the Statutory Auditors of the Company at the 18<sup>th</sup> Annual General Meeting (AGM) held on August 19, 2022, until the conclusion of the 23<sup>rd</sup> AGM.

The Auditors' Report for the financial year ended March 31, 2023, does not contain any qualification, reservation or adverse remark. The report is enclosed with the financial statements in this annual report.

## **15. Directors' responsibility statement**

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that, to the best of their knowledge and belief:

- 15.1. In preparation for the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards have been followed and there are no material departures.
- 15.2. The accounting policies were selected and applied consistently and judgements and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- 15.3. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 15.4. The attached annual accounts for the year ended March 31, 2023, were prepared on a going concern basis.
- 15.5. Adequate internal financial controls to be followed by the Company were laid down and the same were adequate and operating effectively.
- 15.6. Proper systems were devised to ensure compliance with the provisions of all applicable laws and the same were adequate and operating effectively.





## 16. Directors

### 16.1. Appointments | Reappointments | Cessations

16.1.1. According to Article 88 of the Articles of Association of the Company, Dr Wolfgang Schumann and Mr Sujal Shah retires by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting scheduled on August 18, 2023.

16.1.2. Subject to the approval of the members in the AGM, Dr G Venugopala Rao was reappointed as the Managing Director from March 14, 2023, to September 30, 2023.

16.2. Policy on appointment and remuneration is displayed on the website of the Company at [www.racl.co.in/investors/company-policies-2/](http://www.racl.co.in/investors/company-policies-2/). The salient features of the Policy are as under:

#### 16.2.1. Appointment

While recommending the appointment of the Directors, the Nomination and Remuneration Committee considers the following factors:

- i) Qualification: well-educated and experienced in senior leadership positions in industry | profession
- ii) Trait: positive attributes and qualities
- iii) Independence: criteria prescribed in Section 149(6) of the Companies Act, 2013 for the Independent Directors, including no pecuniary interest and conflict of interest

#### 16.2.2. Remuneration of the Non-executive Directors

- i) Sitting fees: up to ₹ 10,000 for attending a Board, Committee and any other meeting
- ii) Commission: up to 1% of net profit as may be decided by the Board based on the following factors:
  - a. Membership of committee(s)
  - b. Profit
  - c. Attendance
  - d. Category (Independent or Non-executive)

#### 16.2.3. Remuneration of the Managing Director

This is given under para number 17.2.

## 17. Key managerial personnel and other employees

### 17.1. Appointments and cessations of key managerial personnel

There were no appointments | cessations of the key managerial personnel during 2022-23.

### 17.2. Remuneration

The Remuneration Policy of the key managerial personnel and other employees consists of the following:

#### 17.2.1. Components:

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

#### 17.2.2. Factors for determining and changing fixed pay:

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

#### 17.2.3. Factors for determining and changing variable pay:

- i) Business performance
- ii) Individual performance
- iii) Work level

## 18. Analysis of remuneration

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

## 19. Management Discussion and Analysis

The Management Discussion and Analysis covering the performance of the Company is given on page number 13.

## 20. Corporate Governance Report

### 20.1. Report

The Corporate Governance Report is given on page number 15. Details about the number of meetings of the Board held during 2022-23 are given on page number 18. The composition of the Audit Committee is given on page number 20. All the recommendations given by the Audit Committee were accepted by the Board.

### 20.2. Secretarial standards

Secretarial standards as applicable to the Company were followed and complied with during 2022-23.

### 20.3. 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 on page number 22.

## 21. Acknowledgements

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

For and on behalf of the Board of Directors

(Wolfgang Schumann)

**Chairman**

Mumbai  
April 25, 2023

DIN: 01995827

# Annexure to the Directors' Report



## Index

No.	Subject title	Page
<b>1.</b>	<b>Conservation of energy, technology absorption and foreign exchange earnings and outgo</b>	9
1.1	Conservation of energy	9
1.2	Technology absorption	9
1.3	Foreign exchange earnings and outgo	9
<b>2.</b>	<b>Corporate social responsibility</b>	10
2.1	A brief outline of the CSR Policy of the Company	10
2.2	Composition of the CSR Committee	10
2.3	Details of URL for disclosure of composition of the CSR Committee, CSR Policy and CSR projects on the website of the Company	11
2.4	Impact assessment	11
2.5	CSR obligation	11
2.6	Details of the CSR amount spent   unspent for the financial year	11
2.7	Details of the unspent CSR amount for the preceding three financial years	12
2.8	Details relating to the capital asset created or acquired through CSR spend	12
2.9	Reasons for not spending two percent of the average net profit	12

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

### 1.1. Conservation of energy

#### 1.1.1. Measures taken:

- i) Installed LED bulbs in the entire plant for saving energy
- ii) Stabilised ZLD operations that increased efficiency from 78% to 82%
- iii) Used permeate water for vessel washing by RO treatment of effluent and reduced raw water consumption by 50%

### 1.2. Technology absorption

No major steps were taken in 2022-23 due to the low usage of utilities in manufacturing activities.

### 1.3. Foreign exchange earnings and outgo

Particulars	(₹ cr)	
	2022-23	2021-22
<b>Earnings</b>		
Commission income	0.63	0.87
<b>Outgo</b>		
Import of raw materials	18.45	21.46

## 2. Corporate social responsibility

### 2.1. A brief outline of the CSR Policy of the Company

#### 2.1.1. Policy

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

#### 2.1.2. Programs and scope

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

- i) Education and Empowerment
  - a) Encourage sports
  - b) Establish and | or support colleges
  - c) Establish and | or support schools
  - d) Establish and | or support vocational institutes
  - e) Promote integrated development of tribal areas
- ii) Health and Relief
  - a) Assist during natural calamities
  - b) Enhance rural hygiene and sanitation
  - c) Establish medical care centres
  - d) Establish mobile medical care facilities
  - e) Organise medical camps
- iii) Infrastructure and Conservation
  - a) Develop and | or maintain rural amenities
  - b) Develop and | or maintain rural utilities
  - c) Promote use of renewable resources
  - d) Protect environment
  - e) Restore sites of historical importance

#### 2.2. Composition of the CSR Committee:

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





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

[www.racl.co.in/investors/company-policies-2/](http://www.racl.co.in/investors/company-policies-2/)

2.4. Impact assessment (attach the report):

not applicable

2.5. CSR obligation:

(₹ lakhs)

a)	Average net profit of the Company as per Section 135(5)	1,848.41
b)	2% of the average net profit of the Company as per Section 135(5)	37.00
c)	Surplus arising out of the CSR projects or programs or activities of the previous financial years	NIL
d)	Amount required to be set-off for the financial year	NIL
	Total CSR obligation for the financial year [b) + c) - d)]	37.00

2.6. a) Details of the amount spent (ongoing projects and other than ongoing projects) for the financial year:

₹ 37.00 lakhs

b) Amount spent on administrative overheads:

nil

c) Amount spent on impact assessment:

nil

d) Total amount spent for the financial year [a) + b) + c)]:

₹ 37.00 lakhs

e) CSR amount spent or unspent for the financial year:

(₹ lakhs)

Total amount spent for the financial year	Amount unspent				
	Total amount transferred to the Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per the second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
37.00	-	-	-	-	-

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

(₹ lakhs)

No.	Particular	Amount
(i)	2% of the average net profit of the Company as per Section 135(5)	37.00
(ii)	Total amount spent for the financial year	37.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years	Nil
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	Nil

- 2.7. Details of unspent CSR amount for the preceding three financial years:

(₹ lakhs)

No.	Preceding financial year	Amount transferred to the Unspent CSR Account under Section 135 (6)	Amount in Unspent CSR Account under Section 135(6)	Amount spent in the financial year	Amount transferred to any fund specified under Schedule VII as per Section 135(5), if any		Amount remaining to be spent in succeeding financial years	Deficiency, if any
					Amount	Date of transfer		
	-	-	-	-	-	-	-	-

- 2.8 Whether any capital assets have been created or acquired through CSR spending in the financial year?

No.

If yes, enter the number of capital assets created | acquired:

not applicable

Details relating to the asset(s) created or acquired through CSR spending in the financial year:

No.	Short particulars of the property   asset(s) including complete address and location of the property	Pincode of the property   asset(s)	Date of creation	Amount of CSR amount spend	Details of entity   authority   the beneficiary of the registered owner		
					CSR registration number, if applicable	Name	Registered address
	-	-	-	-	-	-	-

- 2.9. Reasons if the Company has failed to spend two percent of the average net profit as per Section 135(5):

not applicable

Chairman of CSR Committee	Managing Director
Gopi Kannan Thirukonda DIN: 00048645	G Venugopala Rao DIN: 03635806

# Management Discussion and Analysis



Rudolf Atul Chemicals Ltd (RACL) is into manufacturing and marketing of specialty chemicals for the Textile industry in India. The Company offers a complete range of products for pre-treatment, dyeing and finishing processes of apparels, home furnishing and technical textiles. It has achieved CAGR of 9% in the last 5 years and aims to become one of the leading suppliers in India.

The Company achieved sales of ₹ 110 cr, which is 8% lower than the previous year mainly due to lower demand on account of i) higher cotton prices during the first half of the year, ii) lower capacity utilisation at key customers who are engaged primarily in exports due to reduced demand from the importing countries like the United States of America and the European Union, iii) shortage in major raw materials and iv) disruption in the supply chain. Sales of Effect Chemicals (EC) segment decreased by 18% due to fluctuation in silicone prices and muted demand for repellents, whereas the process chemicals (PC) segment showed a marginal 1% reduction. Increased customer base in

both segments helped maintain sales revenue despite the adverse market conditions.

The Company offers customised solutions to its customers and aims to achieve its own niche in sustainable innovations. It will continue to focus on using renewable raw materials and energy-saving processes. It expects improved demand for i) specialty chemicals for synthetic textiles used in sports and athleisure applications, ii) perfluorocarbon-free repellents and iii) silicones for improved performance in home and knit segments. It has planned to establish a complete processing package for the denim segment along with sulphur black, a rapid dyeing concept in the polyester segment and new products for polyester printing. The growing demand for Continuous Bleaching Range chemicals for knit fabrics will boost its growth in PC sales.

The world Textile industry has shown an average capacity utilisation rate stagnating at 74% since the beginning of the year. However, domestic demand will continue to grow at a steady pace, owing to



government initiatives like the setting up of textile parks under the PM mega integrated textile region and apparel scheme. Free trade pacts with major markets will boost competitiveness of India in the ready-made garment space. This will be complemented by the production-linked incentive scheme, which will give a boost to domestic manufacturing, particularly in synthetic textiles. The Indian Textile industry is expected to reach to US\$350 bn by 2030. The Indian Textile Chemicals industry is estimated at US\$320 mn and is growing at about 6% CAGR. The Company will expand its market share in the domestic segment by introducing new products, offering new concepts and providing strong technical support with a new market development team.

### Internal control systems

Internal control systems of the Company are commensurate with the nature of its business and the size and complexity of its operations. The

established systems provide reasonable assurance on the effectiveness and efficiency of its operations, reliability of financial reporting and compliance with the applicable laws and regulations. These are routinely tested, certified and upgraded whenever required by the Statutory as well as the Internal Auditors covering all key business areas. Significant audit observations and follow-up actions and recommendations thereon are reported to the Senior Management and the Audit Committee for their review.

### Human Resources

The Company continued its drive to institutionalise and upgrade its HR processes, to help build a more robust workforce capable of managing dynamic and growing business needs. The process of identification and review of key initiatives has become stronger and is continuously upgraded. The requisite training was imparted during 2022-23. Employee relations remained cordial.





# Corporate Governance Report



The still small voice within you  
must always be the final arbiter  
when there is a conflict of duty.

~ Mahatma Gandhi



## 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 earning the 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-term and long-term interests of the shareholders and other stakeholders.

## 2. Board

### 2.1. Board business

The normal business of the Board comprises:

#### 2.1.1. Approving:

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

#### 2.1.2. Monitoring:

- i) effectiveness of the governance practices and making desirable changes

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

#### 2.1.3. Noting:

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

#### 2.1.4. Recommending:

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

#### 2.1.5. Reviewing:

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

#### 2.1.6. Setting:

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



## 2.1.7. Others:

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>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</li> <li>ii) Aligning remuneration of the key executives and the Board Members with the long-term interests of the Company and the shareholders</li> <li>iii) Applying high ethical standards</li> <li>iv) Assigning a sufficient number of Non-executive Board Members capable of exercising independent judgement to items where there is a potential for conflict of interest</li> <li>v) Assisting the Executive Management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of focus for the Company</li> <li>vi) Encouraging training of the Directors on a</li> </ul> | <ul style="list-style-type: none"> <li>vii) Exercising objective and independent judgement on corporate affairs</li> <li>viii) Facilitating the Independent Directors to perform their role effectively as Board Members and also as Members of Committees</li> <li>ix) Meeting the expectations of operational transparency of the stakeholders while maintaining the confidentiality of information in order to foster a culture of good decision-making</li> </ul> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## 2.2. Appointment and tenure

2|3<sup>rd</sup> of the Directors are rotational Directors. 1|3<sup>rd</sup> of rotational Directors retire in every Annual General Meeting (AGM) and, if eligible, offer themselves for reappointment. The Managing Director is appointed by the Members for a period of up to five years.

## 2.3. Composition, name, other directorships | committee memberships

The Board comprises experts drawn from diverse fields | professions. It consists of six members:

No.	Name	Directorship(s) in other company(ies) <sup>1</sup>	Membership(s) of the Committee(s) of the Board(s) <sup>2</sup>	Chairmanship(s) of the Committee(s) of the Board(s) <sup>2</sup>
	<b>Chairman</b>			
1.	Wolfgang Schumann	–	–	–
	<b>Managing Director</b>			
2.	G Venugopala Rao	1	–	–
	<b>Non-executive Directors</b>			
3.	Ulrich Hambrecht	1	–	–
4.	Gopi Kannan Thirukonda	8	4	–
5.	Sudhir Merchant	2	2	2
6.	Sujal Shah	9	6	2

<sup>1</sup>Excludes Directorships in foreign companies and private limited companies

<sup>2</sup>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 2022-23, the Board met four times.

No.	Day	Date	Venue
1.	Friday	April 22, 2022	Atul
2.	Friday	August 19, 2022	Atul
3.	Friday	November 11, 2022	Mumbai
4.	Friday	February 10, 2023	Atul

#### 2.5. Attendance at the Board meetings and the AGM

No.	Name	Board meetings		AGM on
		Total	Attended	August 19, 2022
1.	Wolfgang Schumann	4	4	Present
2.	G Venugopala Rao	4	4	Present
3.	Ulrich Hambrecht	4	4	Present
4.	Gopi Kannan Thirukonda	4	4	Present
5.	Sudhir Merchant	4	3	-
6.	Sujal Shah	4	4	Present

#### 2.6. Appointment | Cessation

» Appointed:

Dr G Venugopala Rao was reappointed as the Managing Director from March 14, 2023, to September 30, 2023.

» Ceased: nil

» Resigned: nil

#### 2.7. Remuneration

No.	Name	Remuneration during the year			
		Sitting fees	Salary and perquisites	Commission	Total
	<b>Chairman</b>				
1.	Wolfgang Schumann	-	-	-	-
	<b>Managing Director</b>				
2.	G Venugopala Rao	-	39,33,565	-	39,33,565
	<b>Non-executive Directors</b>				
3.	Ulrich Hambrecht	-	-	-	-
4.	Gopi Kannan Thirukonda	-	-	-	-
5.	Sudhir Merchant	70,000	-	1,50,000	2,20,000
6.	Sujal Shah	80,000	-	2,00,000	2,80,000

Sitting fees of up to ₹ 10,000 per meeting constitute fees paid to the Non-executive Directors for attending the Board, Committee and other meetings as approved by the Board.

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





### 3. Committees of the Board

The Board has constituted the following Committees:

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

#### 3.1. Audit Committee

##### 3.1.1. Role

##### i) Approving:

- appointment of the Chief Financial Officer
- transactions with related parties and subsequent modifications thereof

##### ii) Conducting:

- pre-audit discussions with the Auditors regarding the nature and scope of the audit and post-audit discussion to ascertain any area of concern
- valuation of undertakings or assets, wherever necessary

##### iii) Formulating:

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

##### iv) Reviewing:

- adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- compliance reports of all applicable laws as well as steps taken to rectify instances of non-compliances periodically
- financial reporting process and the disclosure of financial information to

ensure that the Financial Statements are correct, credible and sufficient

- periodically with the Auditors, the internal control systems, the scope of audit, including the observations of the Auditors and the Financial Statements before submission to the Board
- reasons for substantial defaults, if any, in the payment to the depositors, the debenture holders, the members (in case of non-payment of declared dividends) and creditors
- significant transactions and arrangements entered into by the unlisted subsidiary companies
- statement of related party transactions submitted by the Management
- the annual Financial Statements and Auditor's Report with the Management before submission to the Board for approval with particular reference to:
  - any change in accounting policies and practices
  - compliance with accounting standards
  - disclosure of any related party transactions
  - going concern assumption
  - major accounting entries involving estimates based on the exercise of judgement by the Management
  - matters required to be included in the Directors' Responsibility Statement for the Directors' Report
  - qualifications in the draft Audit Report
  - significant adjustments made in the Financial Statements arising out of audit findings
- the Auditors' independence, performance and effectiveness of the audit process
- the Financial Statements, in particular, investments made by unlisted subsidiary companies

- the following information mandatorily:
    - appointment, removal and terms of remuneration of the Chief Internal Auditor
    - Internal Audit Reports relating to weaknesses in the internal control systems
    - Management Discussion and Analysis of financial condition and results of operations
    - management letters | letters of internal control weaknesses issued by the Statutory Auditors
  - the functioning of the whistleblowing mechanism
  - with the Internal Auditors any significant findings and follow-up thereon, including findings of any internal investigations into matters where there is suspected fraud or irregularity or failure of the internal control systems of material nature and reporting such matters to the Board
  - with the Management the statement of uses | applications of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilised for purposes other than those stated and the report submitted by the monitoring agency monitoring the utilisation of proceeds of such issue
- v) Others:
- Determining procedures for risk assessment and minimisation, and reviewing them periodically to ensure that the Executive Management controls risks through means of a properly defined framework
  - Evaluating internal financial controls and risk management system
  - Recommending appointment, remuneration and terms of appointment of the Auditors and approval for payment for any other services
  - Scrutinising inter-corporate loans and investments
  - Other functions as mentioned in the terms of reference of the Audit Committee

### 3.1.2. Composition

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

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

### 3.1.3. Meetings and attendance

During 2022-23, four meetings were held:

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



The Statutory Auditors, the Chairman, the Managing Director, the Chief Financial Officer, the Company Secretary and the Internal Auditors are permanent invitees to the meetings. The Board notes the minutes of the Audit Committee meetings.

### 3.2. Corporate Social Responsibility Committee

#### 3.2.1. Role

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

#### 3.2.2. Composition

The Committee comprises the following members:

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

#### 3.2.3. Meetings and attendance

During 2022-23, one meeting was held:

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

### 3.3. Nomination and Remuneration Committee

#### 3.3.1. Role

- i) Devising a policy on Board diversity.
- ii) Formulating criteria for determining qualifications, traits and independence of a Director and recommending to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees.
- iii) Formulating criteria for evaluation of the Independent Directors and the Board.

- iv) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out an evaluation of the performance of every Director.
- v) Recommending | determining remuneration of the Executive Director as per the policy.

### 3.3.2. Composition

The Committee comprises the following members:

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

### 3.3.3. Meetings and attendance

During 2022-23, no meetings were held.

## 4. Company policies

### 4.1. Compliance

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

### 4.2. Code of Conduct

The Code of Conduct is available on the website of the Company at [www.racl.co.in/investors/company-policies-2/](http://www.racl.co.in/investors/company-policies-2/). All the Directors and the Senior Management personnel have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this report.

### 4.3. Prevention of sexual harassment of women at workplace

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has framed a policy on the prevention of sexual harassment of women at workplace and constituted Internal Complaints Committee. The status of complaints received during 2022-23 is as under:

Filed during 2022-23	Nil
Disposed of during 2022-23	Nil
Pending as at end of 2022-23	Nil

### 4.4. Related party transactions

The Company has formulated a Related Party Transactions Policy.





## 5. Affirmation and disclosure

There were no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors or the Management and their subsidiary companies or relatives, amongst others during 2022-23 that may have a potential conflict with the interests of the Company at large. All details relating to financial and commercial transactions where the Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.

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

## 6. Shareholders' information

### 6.1. General Body meetings

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

Year	Location	Date	Time
2019-20	Through video conferencing at deemed venue: Atul Ltd, Atul 396 020, Gujarat, India	August 07, 2020	4:00 pm
2020-21	Through video conferencing at deemed venue: Atul Ltd, Atul 396 020, Gujarat, India	August 06, 2021	4:00 pm
2021-22	B   18598, Survey number 33, Atul 396 020, Gujarat, India	August 19, 2022	4:00 pm

#### 6.1.2. Special resolutions passed in the previous three AGMs: no

#### 6.1.3. Resolutions passed through postal ballot: nil

### 6.2. Annual General Meeting 2023

Details of the 19<sup>th</sup> AGM are as under:

Year	Location	Date	Time
2022-23	Through video conferencing at deemed venue: Atul Ltd, Atul 396 020, Gujarat, India	August 18, 2023	4:00 pm

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

### 6.3. Financial year

April 01 to March 31

### 6.4. Date of book closure

August 05, 2023 to August 11, 2023

### 6.5. Date of dividend payment

August 23, 2023

### 6.6. Location of plant

Atul 396 020, Gujarat, India

### 6.7. Address of correspondence

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

E-mail address: racl\_legal@atul.co.in

6.8. Tentative Board meeting dates for consideration of results for 2023-24

No.	Name	Date
1.	First quarter results	August 18, 2023
2.	Second quarter and half-yearly results	November 03, 2023
3.	Third quarter results	February 09, 2024
4.	Fourth quarter and annual results	April 19, 2024

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

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

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

Dr G Venugopala Rao, Managing Director and Mr Rajas Khaladkar, Chief Financial Officer, issued certificates to the Board. The certificates were placed before the Board at the meeting held on April 25, 2023, in which the accounts for the year ended March 31, 2023, were considered and approved by the Board.

For Rudolf Atul Chemicals Ltd

(G Venugopala Rao)  
**Managing Director**  
DIN: 03635806

Mumbai  
April 25, 2023

# Notice



NOTICE is hereby given that the 19<sup>th</sup> Annual General Meeting of the members of Rudolf Atul Chemicals Ltd will be held on Friday, August 18, 2023, at 4:00 pm through video conferencing | other audiovisual means to transact the following businesses:

## Ordinary business

1. To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended March 31, 2023, and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Dr Wolfgang Schumann (Director identification number: 01995827), who retires by rotation and is eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr Sujal Shah (Director identification number: 00058019) who retires by rotation and being eligible, offers himself for reappointment.

## Special business

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 read with Schedule V of the Companies Act, 2013 and any other applicable provisions for the time being in force (including any statutory modification(s) or re-enactment thereof), approval be and is hereby accorded to the reappointment of Dr G Venugopala Rao (Director identification number: 03635806) as the Managing Director of the Company, and his receiving of remuneration, including minimum remuneration from March 14, 2023, to September 30, 2023, as per the draft agreement submitted to this meeting and for identification initialled by the Chairman.

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

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

“RESOLVED THAT pursuant to Article 90(2) of the Articles of Association of the Company and in accordance with the provisions of Section 197 of the Companies Act, 2013 and any other applicable provisions for the time being in force (including any statutory modification(s) or re-enactment thereof), the Non-executive Directors of the Company be paid remuneration by way of commission, over and above the sitting fees, up to 1% of the net profit of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013 for each of five financial years commencing from April 01, 2024, in such proportion and manner as the Board of Directors may from time to time determine.”

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

“RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 65,200 plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2023, as recommended by the Audit Committee and approved by the Board of Directors of the Company, to be paid to Tadhani & Co, Cost Accountants, firm registration number: 003635 for conducting a cost audit of the applicable products in the category of Chemicals, Inorganic Chemicals, Organic Chemicals, their derivatives be and is hereby ratified and confirmed.”

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

“RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 65,200 plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2024, as recommended by the Audit Committee and approved by the Board of Directors of the Company, to be paid to Tadhani & Co, Cost Accountants, firm registration number: 003635 for conducting cost audit of the applicable products in the category of Chemicals, Inorganic Chemicals, Organic Chemicals, their derivatives be and is hereby ratified and confirmed.”

## Notes

1. The 19<sup>th</sup> Annual General Meeting (AGM) is being held through video conferencing | other audiovisual means (VC) in accordance with the procedure prescribed in circular number 20 | 2020 dated May 05, 2020, read with the circular number 10 | 2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs (the e-AGM circulars). The Members can attend the AGM through VC by following instructions given in note number 10 of the Notice. For the purpose of recording proceedings, the AGM will be deemed to be held at the registered office of the Company at B | 18598, Survey number 33, Atul 396 020, Gujarat, India. The Members are requested to attend the AGM from their respective locations by VC and do not visit the registered office to attend the AGM.
2. Since the Annual General Meeting (AGM) is being held pursuant to the e-AGM circulars through video conferencing | other audiovisual means, physical attendance of the members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence, the Proxy Form, Attendance Slip and route map of the AGM venue are not annexed to this Notice. However, a member may appoint a representative as per applicable provisions of the Companies Act, 2013 to attend and | or vote.
3. Copies of the Balance Sheet, the Statement of Profit and Loss, the Directors' Report, the Auditor's Report and every other document required by law to be annexed or attached to the Balance Sheet for the financial year ending March 31, 2023, are annexed | attached.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from August 05, 2023 to August 11, 2023 (both days inclusive).
5. The dividend, if approved, will be paid to those members whose names stand on the Register of members on August 04, 2023.
6. An electronic copy of the annual report for 2022-23, including the Notice which includes the process and manner of attending the Annual General Meeting through video conferencing | other audiovisual means, and e-voting is being sent to all the members whose e-mail addresses are registered with the Company.
7. Printed copies of the annual report (including the Notice) are not being sent to the members in view of the e-AGM circulars.
8. Electronic copy of the Register of Directors and key managerial personnel and their shareholding, maintained under the Companies Act, 2013, will be available for inspection by the members up on request.
9. The members, desiring any information relating to the accounts, are requested to write to the Company at least seven days before the date of the Annual General Meeting (AGM) so as to enable the Management to keep the information ready and provide at the AGM.
10. In compliance with the e-AGM circulars, the Company is pleased to provide to the members facility to attend the Annual General Meeting (AGM) through video conferencing | other audiovisual means (VC) and exercise their right to vote at the 19<sup>th</sup> AGM by electronic means.
- 10.1 The instructions for attending the AGM through VC are as under:
  - i. The Company has availed services of Cisco WebEx for providing the VC facility to the members to attend the AGM through VC.
  - ii. A separate communication for attending the AGM through VC will be sent to all the members.
  - iii. The members are encouraged to join the AGM through laptops for better experience.
  - iv. The members will be required to use their laptop cameras and high-speed internet connections to avoid any disturbance during the AGM.
  - v. Please note that participants connecting from mobile devices | tablets | laptops using mobile hotspots may experience audio | video loss due to fluctuations in their respective networks. It is therefore recommended to use a stable Wi-Fi | LAN connection to mitigate any kind of aforesaid glitches.
  - vi. The members who wish to express their views during the AGM are requested to register themselves as speakers by providing their name, demat account number | folio number, e-mail address and mobile telephone number to the Company at sec@racl.net.in The request must reach to the Company at least seven days before the date of the AGM.



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

Name	Dr Wolfgang Schumann
Date of birth	July 09, 1973
Brief résumé	Dr Wolfgang Schumann is a Director of the Company since March 27, 2008. He is the Chairman of the Board and a Member of the Corporate Social Responsibility Committee of the Board.
Directorship in other companies	<b>Public companies</b> Nil <b>Private companies</b> Nil
Membership in committees of other companies	<b>Member of committees</b> Nil
Cessation from the directorship of a listed company in past three years	Nil
Relationship with other Directors	None
Number of shares held in the Company	Nil

12. At the upcoming Annual General Meeting, Mr Sujal Shah retires by rotation and being eligible offers himself for reappointment. The information or details pertaining to him are as follows:

Name	Mr Sujal Shah
Date of birth	September 23, 1968
Brief résumé	Mr Sujal Shah is a member of the Board since August 2011. He is a Member of the Audit Committee and the Nomination and Remuneration Committee of the Board. Mr Shah is a founder partner of SSPA & Co Chartered Accountants and heads the corporate consultancy services. Mr Shah is a Fellow Member of the Institute of Chartered Accountants of India.
Directorship in other companies	<b>Public companies</b> Amal Ltd Amrit Corporation Ltd Bhishma Realty Ltd Deepak Fertilizers and Petrochemicals Corporation Ltd Hindoostan Mills Ltd Mafatlal Industries Ltd Navin Fluorine International Ltd Navin Fluorine Advanced Sciences Ltd Ironwood Education Ltd <b>Private companies</b> Capricon Realty Pvt Ltd SSPA Consultants Pvt Ltd



Name	Mr Sujal Shah
Membership in committees of other companies	<p><b>Chairman of committees</b></p> <p>Amal Ltd – Nomination and Remuneration Committee  Bhishma Realty Ltd – Audit Committee  Bhishma Realty Ltd – Nomination and Remuneration Committee  Deepak Fertilizers and Petrochemicals Corporation Ltd – Rights Issue Committee  Hindoostan Mills Ltd – Audit Committee</p> <p><b>Member of committees</b></p> <p>Amal Ltd – Audit Committee  Amrit Corporation Ltd – Audit Committee  Amrit Corporation Ltd – Corporate Social Responsibility Committee  Capricon Realty Pvt Ltd – Corporate Social Responsibility Committee  Deepak Fertilizers and Petrochemicals Corporation Ltd – Audit Committee  Deepak Fertilizers and Petrochemicals Corporation Ltd – Finance Committee  Deepak Fertilizers and Petrochemicals Corporation Ltd – Nomination and Remuneration Committee  Deepak Fertilizers and Petrochemicals Corporation Ltd – Securities Issue Committee  Hindoostan Mills Ltd – Nomination and Remuneration Committee  Hindoostan Mills Ltd – Corporate Social Responsibility Committee  Ironwood Education Ltd – Audit Committee  Ironwood Education Ltd – Nomination and Remuneration Committee  Mafatlal Industries Ltd – Audit Committee  Mafatlal Industries Ltd – Corporate Social Responsibility Committee</p>
Cessation from the directorship of the listed company in the past three years	Nil
Relationship with other Directors	None
Number of shares held in the Company	Nil

13. At the ensuing Annual General Meeting Dr G Venugopala Rao is proposed to be reappointed as the Managing Director from March 14, 2023 to September 30, 2023 the information or details required pertaining to him are given in the explanatory statement.

Registered office:  
B | 18598, Survey number 33  
Atul 396 020, Gujarat  
India  
Corporate identity number: U24110GJ2005PLC045564  
April 25, 2023

By order of the Board of Directors

(Rakesh Pathak)  
**Company Secretary**



## Explanatory statement

The following explanatory statement, as required by Section 102 of the Companies Act, 2013 and Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, sets out material facts, including the nature and concern or interest of the Directors in relation to the item numbers 5, 6, 7 and 8 mentioned in the accompanying Notice:

### Item number 5

Subject to the approval of the shareholders, the Board reappointed Dr G Venugopala Rao as the Managing Director from March 14, 2023, to September 30, 2023. His brief résumé is given as follows:

<b>Name</b>	<b>Dr G Venugopala Rao</b>
Date of birth	March 14, 1963
Brief résumé	Dr G Venugopala Rao joined Atul Ltd on April 10, 2007, and is the Managing Director of Rudolf Atul Chemicals Ltd since August 18, 2011. Dr Rao has 30 years of experience in various capacities and is currently the President – Colors Business, Atul Ltd. Dr Rao holds a postgraduate degree in Textile Chemistry from the University of Mumbai and a doctorate degree from Leeds University.
Directorship in other companies	<b>Public companies</b> Atul Natural Dyes Ltd <b>Foreign companies</b> Atul USA Inc
Membership in committees of other companies	<b>Member of committees</b> Nil
Cessation from the directorship of listed company in past three years	Nil
Relationship with other Directors	None
Number of shares held in the Company	Nil

The terms of reappointment of Dr G Venugopala Rao are in accordance with applicable provisions of the Companies Act, 2013.

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

#### I. Responsibilities:

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

#### II. Remuneration:

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

- III. Dr Rao will not be entitled to sitting fees for attending meetings of the Board and | or Committees thereof. He will, however, be reimbursed the actual travelling, lodging, boarding and out-of-pocket expenses incurred by him for attending meetings of the Board or Committees thereof.
- IV. The above remuneration and any alteration thereof from time to time are subject to the overall limit of 5% of the annual net profit of the Company and subject further to the overall limit of 10% of the annual net profit of the Company as computed under the applicable provisions of the Companies Act, 2013. Provided, however, that in the event of absence or inadequacy of profit, Dr Rao will be paid minimum remuneration subject to Schedule V to the Companies Act, 2013.
- V. Dr Rao will be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.
- VI. Notice period of one month will be applicable from either side.
- VII. Others:
  - a. Dr Rao will be entitled to compensation not exceeding six months of basic pay by way of reimbursement of 20% to Atul Ltd.
  - b. In the event of any dispute or difference arising out of this agreement between the parties, such dispute or difference will be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 or any statutory modification or substitute thereof and all the provisions of that Act so far as are applicable or of any of them for the time being in force will apply to every reference thereof. The venue of the arbitration will be the courts at Valsad only.
  - c. Both parties agree to the exclusive jurisdiction of courts at Valsad only.

The Board considers that his association will be of immense benefit to the Company. Accordingly, the Board recommends the Resolution in item number 5 in relation to the reappointment of Dr Rao as the Managing Director from March 14, 2023, to September 30, 2023, for approval by the members.

#### **Memorandum of interest**

The nature of the concern or interest of Dr Rao, Managing Director, is that the above resolution pertains to his agreement with the Company and he will be receiving the remuneration as stated therein if approved. None of the other Directors or key managerial personnel of the Company and their relatives concerned or interested, financially or otherwise, in the said resolution.

#### **Item number 6**

Pursuant to Article 90(2) of the Articles of Association read with Section 197 of the Companies Act, 2013, the Non-executive Directors are entitled to receive a commission of up to 1% of the net profit of the Company in any financial year, with the approval of the Company by way of ordinary resolution. Earlier the 14<sup>th</sup> AGM had authorised payment of such commission for a period of five years which is expiring on March 31, 2023, and the same requires further renewal.

In view of the time and attention which the Non-executive Directors are called upon to give for the purpose of the business of the Company, it is considered that the payment of such commission to the Non-executive Directors as permitted by Article 90(2) aforesaid, may be made for the period of five years effective April 01, 2023.

The Board recommends the resolution in item number 6 in the Notice in relation to the payment of commission to Non-executive Directors for a period of five years for the approval by the members as an ordinary resolution.



### Memorandum of interest

Except for Non-executive Directors of the Company, none of the other Directors or key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

### Item numbers 7 and 8

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

On the recommendation of the Audit Committee, the Board considered and approved the appointment of the Cost Auditors, Tadhani & Co, Cost Accountants, for conducting a cost audit of the applicable products in the category of Chemicals, Inorganic Chemicals, Organic Chemicals, their derivatives at a remuneration of ₹ 65,200 plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2023, and at a remuneration of ₹ 65,200 plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses for the financial year ending March 31, 2024.

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

### Memorandum of interest

None of the Directors or key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolutions.

Registered office:

B | 18598, Survey number 33

Atul 396 020, Gujarat

India

Corporate identity number: U24110GJ2005PLC045564

April 25, 2023

By order of the Board of Directors

(Rakesh Pathak)  
**Company Secretary**

# Performance trend

(₹ lakhs)

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Operating results</b>										
Net sales	11,037	12,004	8,827	8,127	8,295	7,327	6,457	6,086	4,341	3,063
Revenue	11,118	12,116	8,888	8,223	8,372	7,399	6,523	6,147	4,046	3,112
PBIDT	1,613	2,236	1,920	1,400	1,581	1,445	1,508	1,424	897	564
Interest	16	14	15	11	13	12	12	10	3	(42)
PBDT	1,597	2,222	1,905	1,389	1,568	1,432	1,496	1,414	894	606
Depreciation	47	47	45	40	40	36	32	26	80	78
PBT from operations	1,550	2,175	1,860	1,349	1,528	1,396	1,464	1,387	814	528
Exceptional   Non-recurring items <sup>1</sup>	500	-	-	-	-	-	-	-	-	-
PBT	1,050	2,175	1,860	1,349	1,528	1,396	1,464	1,387	814	528
Tax	273	536	481	350	455	492	511	480	264	175
Net profit	777	1,639	1,379	999	1,073	904	953	907	550	353
Other comprehensive income net of tax	11	(6)	(6)	1	0.2	(0.4)	(3)	-	-	-
Total comprehensive income	788	1,633	1,373	1,000	1,073	903	950	907	550	353
Dividend (including DDT <sup>2</sup> )	2,335	876	292	528	-	703	1,792	140	-	102
<b>Financial position</b>										
Gross block <sup>3</sup>	898	829	815	772	707	689	643	519	448	312
Net block <sup>3</sup>	645	619	652	648	574	596	586	494	423	122
Other assets (net)	3,426	4,999	4,209	3,132	2,734	1,639	1,448	2,382	1,686	1,462
Capital employed <sup>4</sup>	4,071	5,619	4,861	3,780	3,308	2,235	2,034	2,876	2,109	1,584
Equity share capital	584	584	584	584	584	584	584	584	584	584
Other equity	3,487	5,035	4,278	3,197	2,725	1,651	1,450	2,292	1,525	1,001
Total equity	4,071	5,619	4,861	3,780	3,308	2,235	2,034	2,876	2,109	1,584
Borrowings	-	-	-	-	-	-	-	-	-	-
<b>Per equity share (₹)</b>										
Dividend	40.00	15.00	5.00	7.50	-	10.00	12.75	12.75	2.00	1.50
Book value	69.74	96.25	83.28	64.76	56.67	38.28	34.84	49.27	36.13	27.13
Earning	13.31	28.09	23.63	17.11	18.38	15.48	16.33	15.54	9.43	6.04
<b>Key indicators</b>										
PBIDT %	14.61%	18.63%	21.75%	17.23%	19.05%	19.24%	20.81%	21.41%	21.20%	18.41%
PBDT %	14.47%	18.51%	21.58%	17.09%	18.90%	19.07%	20.65%	21.26%	21.12%	19.78%
PBT %	9.51%	18.12%	21.07%	16.60%	18.42%	18.59%	20.21%	20.85%	19.23%	17.24%
RoCE % <sup>1,4</sup>	32.67%	41.94%	43.60%	38.48%	55.62%	66.54%	61.30%	57.14%	44.71%	33.31%
RoNW %	16.04%	31.29%	31.92%	28.19%	38.72%	42.35%	38.82%	36.39%	29.79%	24.19%
Payment to the exchequer	2,665	3,058	2,243	1,889	1,984	2,377	1,991	1,854	1,200	848

## Notes:

<sup>1</sup>Excluding exceptional items-donation paid for political purpose | <sup>2</sup>Dividend distribution tax | <sup>3</sup>Including capital work-in-progress |

<sup>4</sup>Excluding capital work-in-progress



# Independent Auditor's Report



## To the members of Rudolf Atul Chemicals Limited Report on the audit of the Financial Statements

### Opinion

01. We have audited the accompanying Financial Statements of Rudolf Atul Chemicals Limited (the Company), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.
02. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for opinion

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

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

04. The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in the Directors' report and its annexure, Management Discussion and Analysis, Corporate Governance Report and performance trend, but does not include the Financial Statements and our Auditor's Report thereon.
05. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
06. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
07. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's responsibility and those charged with governance for the Financial Statements

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

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

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

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

#### **Auditor's responsibility for the audit of the Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
11. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- a) Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - b) Obtain an understanding of internal financial controls 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 with reference to Financial Statements in place and the operating effectiveness of such controls.
  - c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
  - d) Conclude on the appropriateness of use of the going concern basis of accounting by the Management and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - e) Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in i) planning the scope of our audit work and in evaluating the results of our work and ii) to



evaluate the effect of any identified misstatements in the Financial Statements.

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

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

### Report on other legal and regulatory requirements

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

- a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, including other comprehensive income, the Statement of Cash Flows and the Statement of changes in equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the Directors as on March 31, 2023, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2023, 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 with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls of the Company with reference to its Financial Statements.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements. Refer Note 25.1 to the 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 that 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 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, no funds 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.
- v) As stated in Note 25.8 to the Financial Statements
- a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- b) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed declared is in accordance with Section 123 of the Act, as applicable.
- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software, which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
13. 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 a statement in Annexure B on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm registration number: 117366W | W-100018)

Ketan Vora

**Partner**

Mumbai  
April 25, 2023

(Membership number: 100459)  
UDIN: 23100459BGXJGR7660



# Annexure A to the Independent Auditor's Report

Referred to in paragraph 12(f) under the 'Report on other legal and regulatory requirements' section of our report of even date.

## Report on the internal financial controls with reference to Financial Statement under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the Act)

01. We have audited the internal financial controls with reference to Financial Statements of Rudolf Atul Chemicals Limited (the Company) as of March 31, 2023, in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

### Management's responsibility for internal financial controls

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

### Auditor's responsibility

03. Our responsibility is to express an opinion on the internal financial controls of the Company with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to

an audit of internal financial controls with reference to Financial Statements. 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 with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.

04. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.
05. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to Financial Statements of the Company.

### Meaning of internal financial controls with reference to Financial Statement

The internal financial control with reference to Financial Statements of a company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. A company's internal financial control with reference to Financial Statements includes those policies and procedures that i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with Generally Accepted Accounting

Principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of the Management and Directors of the Company; and iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the assets of the Company that could have a material effect on the Financial Statements.

#### **Inherent limitations of internal financial controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Financial Statements, 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 with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to Financial Statements 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 with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2023, based on the criteria for internal financial controls with reference to Financial Statements established by the Company considering the essential components of internal control stated in the Guidance Note on audit of internal financial controls over financial reporting issued by the ICAI.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm registration number: 117366W | W-100018)

Ketan Vora

**Partner**

Mumbai

(Membership number: 100459)

April 25, 2023

UDIN: 23100459BGXJGR7660



## Annexure B to the Independent Auditor's Report



Referred to in paragraph 13 under the 'Report on other legal and regulatory requirements' section of our report of even date.

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

01. a) In respect of the property, plant and equipment, right-of-use assets and intangible assets of the Company:
  - i) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in-progress, and relevant details of right-of-use asset.
  - ii) As the Company does not hold any intangible assets, reporting under Clause (i)(a)(B) of the Order is not applicable.
- b) The Company has a program of verification of property, plant and equipment, capital work-in-progress and right-of-use asset so as to cover all the items in a phased manner once in every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, property, plant and equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations 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 31 March, 2023, for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

02. a) The inventories except for goods-in-transit, were physically verified during the year by the Management at reasonable intervals. In our opinion, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. In respect of goods-in-transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with the books of account.
- b) At any point of time of the year, the Company has not been sanctioned any working capital facility from banks or financial institutions and hence reporting under Clause (ii)(b) of the Order is not applicable.
03. a) 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:
 

The Company has provided loans or advances in the nature of loans during the year and details of which are given below:

	Loans
A. Aggregate amount granted   provided during the year:	
- Others	500
B. Balance outstanding as at Balance Sheet date in respect of the above cases:	
- Others	500
- b) The Company has not provided any guarantee or security to any other entity during the year.
- b) In respect of loans granted by the Company, the schedule of repayment of principal and interest has been stipulated and the repayments of principal amounts of interest are regular as per stipulation.
- c) In respect of loans granted by the Company, there is no overdue amount remaining outstanding as at the Balance Sheet date.
- d) No loans by the Company which has fallen due during the year, has been renewed or

extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

- e) 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.

04. 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.
05. The Company has not accepted or is not holding any deposit or amounts which are deemed to

There were no undisputed amounts payable in respect of goods and service tax, provident fund, employees' state insurance, income tax, customs duty, excise duty, cess and other material statutory dues in arrears as at March 31, 2023, for a period of more than six months from the date they became payable.

- b) Details of statutory dues referred to Sub-clause (a) above, which have not been deposited as on March 31, 2023, on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount unpaid (₹)	Amount paid under protest (₹)
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	Assessment year 2011 -2012	18,58,210	3,27,800
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	Assessment year 2015 -2016	11,68,823	4,19,652
The Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	Assessment year 2017 -2018	21,95,307	4,55,097

be deposits during the year and there are no unclaimed deposits. Hence, reporting under Clause (v) of the Order is not applicable.

06. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government for maintenance of cost records under Sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

07. In respect of statutory dues:

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

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

09. 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.

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

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

11. a) No fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

- b) No report under Sub-section (12) of Section 143 of the Companies Act has been filed



- in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.
12. The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.
13. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Financial Statements, etc as required by the applicable accounting standards.
14. a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.  
b) We have considered, the internal audit reports issued to the Company during the year and till date in determining the nature, timing and extent of our audit procedures.
15. In our opinion, during the year, the Company has not entered into any non-cash transactions with its Directors or Directors of the holding, subsidiary or associate company or persons connected with them and hence provisions of Section 192 of the Companies Act 2013 are not applicable.
16. a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under Clause (xvi)(a), (b) and (c) of the Order is not applicable.  
b) In our opinion, the Group does not have any core investment company {as defined in the Core Investment Companies (Reserve Bank) Directions, 2016} as part of the group and accordingly reporting under Clause (xvi)(d) of the Order is not applicable.
17. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
18. There has been no resignation of the Statutory Auditors of the Company during the year.
19. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Financial Statements and our knowledge of the Board of Directors and the Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the Audit Report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.
20. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of Sub-section (6) of Section 135 of the said Act. Accordingly, reporting under Clause (xx) of the Order is not applicable for the year.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm registration number: 117366W | W-100018)

Ketan Vora

**Partner**

Mumbai  
April 25, 2023

(Membership number: 100459)  
UDIN: 23100459BGXJGR7660

# Balance Sheet

as at March 31, 2023

(₹ lakhs)

Particulars		Note	As at March 31, 2023	As at March 31, 2022
<b>A</b>	<b>ASSETS</b>			
1.	<b>Non-current assets</b>			
a)	Property, plant and equipment	2	578.57	619.49
b)	Capital work-in-progress	2	66.00	-
c)	Income tax assets (net)	25.4	37.24	66.28
d)	Deferred tax assets (net)	25.4	18.65	18.35
e)	Loans	3	450.00	350.00
f)	Other non-current assets	4	2.13	2.13
	<b>Total non-current assets</b>		<b>1,152.59</b>	<b>1,056.25</b>
2.	<b>Current assets</b>			
a)	Inventories	5	1,151.03	1,270.84
b)	Financial assets			
i)	Trade receivables	6	2,713.11	2,672.44
ii)	Cash and cash equivalents	7	1,028.21	1,566.69
iii)	Loans	3	50.00	700.00
iv)	Other financial assets	8	6.13	6.48
c)	Other current assets	4	11.55	7.94
	<b>Total current assets</b>		<b>4,960.03</b>	<b>6,224.39</b>
	<b>Total assets</b>		<b>6,112.62</b>	<b>7,280.64</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>Equity</b>			
a)	Equity share capital	9	583.75	583.75
b)	Other equity	10	3,487.53	5,034.97
	<b>Total equity</b>		<b>4,071.28</b>	<b>5,618.72</b>
	<b>Liabilities</b>			
1.	<b>Non-current liabilities</b>			
a)	Financial liabilities			
i)	Lease liabilities	11	115.89	114.77
b)	Other financial liabilities	12	-	4.11
c)	Provisions	13	27.05	38.36
	<b>Total non-current liabilities</b>		<b>142.94</b>	<b>157.24</b>
2.	<b>Current liabilities</b>			
a)	Financial liabilities			
i)	Lease liabilities	11	6.19	-
ii)	Trade payables			
Total outstanding dues of				
a)	Micro-enterprises and small enterprises	14	295.48	370.47
b)	Creditors other than micro-enterprises and small enterprises	14	1,307.24	728.12
iii)	Other financial liabilities	12	235.39	342.08
b)	Contract liabilities	15	19.11	1.30
c)	Other current liabilities	16	26.96	55.43
d)	Provisions	13	8.03	7.28
	<b>Total current liabilities</b>		<b>1,898.40</b>	<b>1,504.68</b>
	<b>Total liabilities</b>		<b>2,041.34</b>	<b>1,661.92</b>
	<b>Total equity and liabilities</b>		<b>6,112.62</b>	<b>7,280.64</b>

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

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Wolfgang Schumann  
(DIN: 01995827)  
**Chairman**

Ketan Vora  
**Partner**

Rajas Khaladkar  
**Chief Financial Officer**

G Venugopala Rao  
(DIN: 03635806)  
**Managing Director**

Mumbai  
April 25, 2023

Rakesh Pathak  
**Company Secretary**

Mumbai  
April 25, 2023

# Statement of Profit and Loss

for the year ended on March 31, 2023



(₹ lakhs)

Particulars	Note	2022-23	2021-22
<b>INCOME</b>			
Revenue from operations	17	11,117.97	12,116.30
Other income	18	97.85	136.75
<b>Total income</b>		<b>11,215.82</b>	<b>12,253.05</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	6,148.87	6,624.75
Purchase of stock-in-trade		1,637.78	1,805.67
Changes in inventories of finished goods and stock-in-trade	20	81.46	(86.55)
Employee benefit expenses	21	580.12	661.27
Finance costs	22	15.78	14.38
Depreciation expenses	23	46.82	47.27
Other expenses	24	1,655.14	1,011.03
<b>Total expenses</b>		<b>10,165.97</b>	<b>10,077.82</b>
<b>Profit before tax</b>		<b>1,049.85</b>	<b>2,175.23</b>
<b>Tax expense</b>			
Current tax	25.4	272.98	538.40
Deferred tax	25.4	(0.30)	(2.65)
<b>Total tax expense</b>		<b>272.68</b>	<b>535.75</b>
<b>Profit for the year</b>		<b>777.17</b>	<b>1,639.48</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit   loss			
i) Remeasurement gain   (loss) on defined benefit plans	25.5	13.88	(8.82)
ii) Income tax relating to above item	25.4	(3.49)	2.22
<b>Other comprehensive income, net of tax</b>		<b>10.39</b>	<b>(6.60)</b>
<b>Total comprehensive income for the year</b>		<b>787.56</b>	<b>1,632.88</b>
<b>Earnings per equity share of ₹ 10 each</b>			
Basic earnings (₹)		13.31	28.09
Diluted earnings (₹)		13.31	28.09

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

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Wolfgang Schumann  
(DIN: 01995827)  
**Chairman**

Ketan Vora  
**Partner**

Rajas Khaladkar  
**Chief Financial Officer**

G Venugopala Rao  
(DIN: 03635806)  
**Managing Director**

Mumbai  
April 25, 2023

Rakesh Pathak  
**Company Secretary**

Mumbai  
April 25, 2023



# Statement of changes in equity for the year ended on March 31, 2023

## A Equity share capital

(₹ lakhs)

Particulars	Note	Amount
<b>As at March 31, 2021</b>		<b>583.75</b>
Changes in equity share capital during the year		-
<b>As at March 31, 2022</b>		<b>583.75</b>
Changes in equity share capital during the year		-
<b>As at March 31, 2023</b>	9	<b>583.75</b>

## B Other equity

(₹ lakhs)

Particulars	Reserves and surplus				Total other equity
	Note	Securities premium	General reserve	Retained earnings	
<b>As at March 31, 2021</b>		<b>416.69</b>	<b>35.27</b>	<b>3,825.76</b>	<b>4,277.72</b>
Profit for the year		-	-	1,639.48	1,639.48
Other comprehensive income, net of tax		-	-	(6.60)	(6.60)
<b>Total comprehensive income for the year</b>		-	-	<b>1,632.88</b>	<b>1,632.88</b>
Dividend on equity shares	25.8	-	-	(875.63)	(875.63)
<b>As at March 31, 2022</b>		<b>416.69</b>	<b>35.27</b>	<b>4,583.01</b>	<b>5,034.97</b>
Profit for the year		-	-	777.17	777.17
Other comprehensive income, net of tax		-	-	10.39	10.39
<b>Total comprehensive income for the year</b>		-	-	<b>787.56</b>	<b>787.56</b>
Dividend on equity shares	25.8	-	-	(2,335.00)	(2,335.00)
<b>As at March 31, 2023</b>		<b>416.69</b>	<b>35.27</b>	<b>3,035.57</b>	<b>3,487.53</b>

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

In terms of our report attached

For and on behalf of the Board of Directors

**For Deloitte Haskins & Sells LLP**  
Managing Director

Wolfgang Schumann  
(DIN: 01995827)  
**Chairman**

Ketan Vora  
**Partner**

Rajas Khaladkar  
**Chief Financial Officer**

G Venugopala Rao  
(DIN: 03635806)  
**Managing Director**

Mumbai  
April 25, 2023

Rakesh Pathak  
**Company Secretary**

Mumbai  
April 25, 2023

# Statement of Cash Flows

 for the year ended on March 31, 2023


(₹ lakhs)

Particulars	2022-23	2021-22
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,049.85	2,175.23
Adjustments for:		
Depreciation expenses	46.82	47.27
Finance costs	15.78	14.38
Loss on assets sold   discarded   demolished	1.00	-
Bad debts and irrecoverable balances written off (net)	-	0.07
Liability no longer required written back	-	(0.05)
Interest income	(87.63)	(136.70)
<b>Operating profit before change in operating assets and liabilities</b>	<b>1,025.82</b>	<b>2,100.20</b>
Adjustments for:		
(Increase)   Decrease in inventories	119.81	(68.68)
(Increase)   Decrease in non-current and current assets	(43.93)	(335.37)
Increase   (Decrease) in non-current and current liabilities	382.96	(220.09)
<b>Cash generated from operations</b>	<b>1,484.66</b>	<b>1,476.06</b>
Income tax paid (net of refund)	(247.43)	(538.18)
<b>Net cash flow from operating activities</b>	<b>A 1,237.23</b>	<b>937.88</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment to acquire property, plant and equipment (including capital advance)	(80.59)	(13.46)
Proceeds from the sale of property, plant and equipment	2.25	-
Inter corporate deposit (net)	550.00	-
Interest received	87.63	136.70
<b>Net cash flow from investing activities</b>	<b>B 559.29</b>	<b>123.24</b>

## Statement of Cash Flows for the year ended on March 31, 2023

(₹ lakhs)

Particulars	2022-23	2021-22
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance lease obligation paid	-	(20.00)
Dividend on equity shares	(2,335.00)	(875.63)
<b>Net cash used in financing activities</b>	<b>(2,335.00)</b>	<b>(895.63)</b>
<b>Net increase   (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(538.48)</b>	<b>165.49</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,566.69</b>	<b>1,401.20</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,028.21</b>	<b>1,566.69</b>

- i) The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in the IND AS 7 on the Statement of Cash Flows as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- ii) Cash flow from operating activities include ₹ 37.00 lakhs (March 31, 2022 : ₹ 32.60 lakhs) being expenditure towards Corporate Social Responsibility initiatives.

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

In terms of our report attached

For and on behalf of the Board of Directors

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

Wolfgang Schumann  
(DIN: 01995827)

**Chairman**

Ketan Vora  
**Partner**

Rajas Khaladkar  
**Chief Financial Officer**

G Venugopala Rao  
(DIN: 03635806)

**Managing Director**

Mumbai  
April 25, 2023

Rakesh Pathak  
**Company Secretary**

Mumbai  
April 25, 2023



## Notes to the Financial Statements

### Background

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

### Note 1 Significant accounting policies

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

#### a) Statement of compliance

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

#### b) Basis of preparation

- i) Historical cost convention:  
The Financial Statements have been prepared on a historical cost basis except for the following:
  - a) Certain financial assets and liabilities: measured at fair value.
  - b) Defined benefit plans: plan assets measured at fair value.
- ii) The Financial Statements have been prepared on accrual and going concern basis.
- iii) The accounting policies are applied consistently to all the periods presented in the Financial Statements. All assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the

nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

- iv) Recent accounting pronouncements effective from April 01, 2023: The Ministry of Corporate Affairs (MCA) notifies new standards | amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, the MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements:

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the Financial Statements.

Ind AS 8 - Accounting policies, changes in accounting estimates and errors:

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no material impact on its Financial Statements.

Ind AS 12 - Income Taxes:

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption

of this amendment is annual periods beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no material impact on its Financial Statements.

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

**c) Property, plant and equipment**

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

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

**Depreciation methods, estimated useful lives and residual value:**

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

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

<b>Asset category</b>	<b>Estimated useful life</b>
Buildings (Residential, factory, etc.)	30 to 60 years
Plant and equipment <sup>1</sup>	6 to 20 years
Vehicles <sup>1</sup>	6 to 10 years
Office equipment and furniture	5 to 10 years

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

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

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

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

**d) Intangible assets**

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

**Amortisation**

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

**e) Impairment**

The carrying amounts of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal | external factors. An impairment loss on such assessment will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets is net selling price or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value





by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in the circumstances and to the extent that the carrying amount of the assets does not exceed the carrying amount that will be determined if no impairment loss had previously been recognised.

**f) Cash and cash equivalents**

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

**g) Trade receivable**

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

**h) Trade and other payables**

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

**i) Borrowing costs**

Borrowing costs in relation to acquisition and construction of qualifying assets are capitalised as part of cost of such assets up to the date when such assets are ready for intended use. Qualifying assets are assets that necessarily take a substantial period of time to get ready for its intended use or sale. Other borrowing costs are charged as expense in the year in which these are incurred.

**j) Inventories**

- i) Raw materials, packing materials, purchased finished goods, finished goods, fuel, stores and spares are valued at cost and net realisable value, whichever is lower. The cost is arrived at on periodic moving weighted average basis.
- ii) Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition.
- iii) Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to effect the sale.
- iv) Obsolete, defective, unserviceable and slow | non-moving inventories are duly provided for and valued at net realisable value.
- v) Items such as spare parts, stand-by equipment and servicing equipment that are not plant and machinery get classified as inventory.

**k) Foreign currency transactions**

- i) Functional and presentation currency  
Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The Financial Statements of the Company are presented in Indian currency (₹), which is also the functional and presentation currency of the Company.
- ii) Transactions and balances  
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain | (loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss except that

they are deferred in other equity if they relate to qualifying cash flow hedges. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gain | (loss) presented in the Statement of Profit and Loss are on a net basis within other income.

Non-monetary items that are measured at fair value and 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.

## **I) Revenue recognition**

### **i) Revenue from operations**

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

Revenue from services, including those embedded in contract for sale of goods, namely, freight services, mainly in case of door-to-door delivery basis, is recognised upon completion of services.

Revenue is measured based on the consideration to which the Company expects to be entitled as per contract with a customer. The consideration is determined based on the transaction 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 upto 180 days. The contracts do not grant any rights of return to the customer. Returns of goods are accepted by the Company only on an exception basis. Revenue excludes any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax.

### **ii) Other income**

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

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

## **m) Employee benefits**

### **i) Defined benefit plan**

Gratuity:

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



so provided is paid to a trust administered by the Company, which in turn invests in eligible securities to meet the liability as and when it accrues for payment in future. Actuarial gains | losses are immediately taken to the Statement of Profit and Loss.

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur directly in other comprehensive income. They are included in retained earnings in the Statement of changes in equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

## ii) **Defined contribution plan**

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

Provident fund:

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid

contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Long-term employee benefits:

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

## n) **Provisions, contingent liabilities and contingent assets**

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

## o) **Income tax**

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

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

The deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts to the extent that it is probable that the taxable profits will be available against which those deductible temporary differences can be utilised. The 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.

The 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. The 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.

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

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. Tax filings of the Company include deductions related to transfer pricing and the taxation authorities may challenge those tax

treatments. The Company has determined its tax position based on tax compliance and present judicial pronouncements and accordingly expects that its tax treatments will be accepted by the taxation authorities.

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

#### p) **Leases**

##### **As a lessee**

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

At the commencement date of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases (leases with a term of 12 months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases, are recognised as an operating expense on a straight-line basis over the term of the lease.

At the commencement date, lease liability is measured at the present value of the lease payments to be paid during non-cancellable



period of the contract, discounted using the incremental borrowing rate. The right-of-use assets is initially recognised at the amount of the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received and any initial direct costs.

Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and any impairment losses. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using an 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 lease modifications or revised in-substance fixed lease payments.

#### q) **Earnings per share**

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

#### r) **Offsetting financial instruments**

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

#### s) **Critical estimates and judgements**

The preparation of Financial Statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement 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 judgments is included in relevant notes together with information about

the basis of calculation for each affected line item in the Financial Statements.

The areas involving critical estimates or judgements are:

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

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

#### t) **Dividend**

Final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

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

(₹ lakhs)

Particulars	Right-of-use Buildings <sup>1</sup>	Plant and equipment <sup>2</sup>	Office equipment and furniture	Vehicles	Total	Capital work-in-progress
<b>Gross carrying amount</b>						
<b>As at March 31, 2021</b>	<b>393.87</b>	<b>386.34</b>	<b>12.94</b>	<b>16.48</b>	<b>809.63</b>	<b>5.05</b>
Additions	-	19.37	-	-	19.37	11.89
Deductions and adjustments	-	-	-	-	-	(16.94)
<b>As at March 31, 2022</b>	<b>393.87</b>	<b>405.71</b>	<b>12.94</b>	<b>16.48</b>	<b>829.00</b>	-
Additions	-	7.43	0.72	-	8.15	66.00
Disposal and adjustments	-	-	-	5.00	5.00	-
<b>As at March 31, 2023</b>	<b>393.87</b>	<b>413.14</b>	<b>13.66</b>	<b>11.48</b>	<b>832.15</b>	<b>66.00</b>
<b>Depreciation</b>						
<b>Upto March 31, 2021</b>	<b>88.21</b>	<b>66.28</b>	<b>3.63</b>	<b>4.12</b>	<b>162.24</b>	-
For the year	14.64	28.73	1.54	2.36	47.27	-
Disposal and adjustments	-	-	-	-	-	-
<b>Upto March 31, 2022</b>	<b>102.85</b>	<b>95.01</b>	<b>5.17</b>	<b>6.48</b>	<b>209.51</b>	-
For the year	14.55	28.81	1.62	1.84	46.82	-
Disposal and adjustments	-	-	-	(2.75)	(2.75)	-
<b>Upto March 31, 2023</b>	<b>117.40</b>	<b>123.82</b>	<b>6.79</b>	<b>5.57</b>	<b>253.58</b>	-
<b>Net carrying amount</b>						
As at March 31, 2022	291.02	310.70	7.77	10.00	619.49	-
<b>As at March 31, 2023</b>	<b>276.47</b>	<b>289.32</b>	<b>6.87</b>	<b>5.91</b>	<b>578.57</b>	<b>66.00</b>

<sup>1</sup>Building includes premises (along with affixed land) taken on 30 year lease, and classified as finance lease.

The carrying value of leased building included in buildings above is as follows:

(₹ lakhs)

Buildings	March 31, 2023	March 31, 2022
Cost   Deemed cost	392.81	392.81
Accumulated depreciation	(116.39)	(101.84)
<b>Net carrying amount</b>	<b>276.42</b>	<b>290.97</b>

<sup>2</sup>The manufacturing plant of the Company is installed in land and building leased by the joint venturer, Atul Ltd.

### Capital work-in progress ageing

(₹ lakhs)

Particulars	As at March 31, 2023				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	66.00	-	-	-	66.00
Projects temporarily suspended	-	-	-	-	-

(₹ lakhs)

Particulars	As at March 31, 2022				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-





(₹ lakhs)

Note 3 Loans		As at March 31, 2023		As at March 31, 2022	
		Non-current	Current	Non-current	Current
Unsecured, considered good					
i)	Inter-corporate deposit to related parties (refer Note 25.3 C)	450.00	50.00	350.00	700.00
		<b>450.00</b>	<b>50.00</b>	<b>350.00</b>	<b>700.00</b>

(₹ lakhs)

Note 4 Other assets		As at March 31, 2023		As at March 31, 2022	
		Non-current	Current	Non-current	Current
i)	Balances with government department				
	a) Balances with statutory authorities	2.13	-	2.13	-
ii)	Advances for goods and services	-	1.93	-	1.62
iii)	Others	-	9.62	-	6.32
		<b>2.13</b>	<b>11.55</b>	<b>2.13</b>	<b>7.94</b>

(₹ lakhs)

Note 5 Inventories <sup>1</sup>		As at March 31, 2023		As at March 31, 2022	
i)	Raw materials and packing materials		598.79		564.68
	Add: Goods-in-transit		171.47		247.99
			<b>770.26</b>		<b>812.67</b>
ii)	Finished goods		280.65		387.50
iii)	Stock-in-trade		96.06		70.67
			<b>376.71</b>		<b>458.17</b>
iv)	Stores, spares and fuel		4.06		-
			<b>1,151.03</b>		<b>1,270.84</b>

<sup>1</sup>Measured at the lower of cost and net realisable value

(₹ lakhs)

Note 6 Trade receivables		As at March 31, 2023	As at March 31, 2022
i)	Considered good - unsecured		
	a) Others	2,495.24	2,700.44
	b) Related parties (refer Note 25.3)	245.87	-
	Less: Allowance for doubtful debts <sup>1</sup>	28.00	28.00
		<b>2,713.11</b>	<b>2,672.44</b>

<sup>1</sup>Allowance for doubtful debts recognised in the Statement of Profit and Loss of ₹ nil lakhs (March 31, 2022: ₹ nil lakhs).

## Trade receivables ageing

(₹ lakhs)

Particulars	As at March 31, 2023						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed trade receivables: considered good	2,477.56	251.46	10.96	1.13	-	-	2,741.11
ii) Allowance for doubtful debts <sup>1</sup>	-	(15.91)	(10.96)	(1.13)	-	-	(28.00)
	<b>2,477.56</b>	<b>235.55</b>	-	-	-	-	<b>2,713.11</b>

<sup>1</sup>Allowance for doubtful debts recognised in the Statement of Profit and Loss of ₹ nil lakhs.

(₹ lakhs)

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	
(i) Undisputed trade receivables: considered good	2,318.59	379.39	2.45	0.01	-	-	2,700.44
(ii) Allowance for doubtful debts <sup>1</sup>	-	(25.54)	(2.45)	(0.01)	-	-	(28.00)
	<b>2,318.59</b>	<b>353.85</b>	-	-	-	-	<b>2,672.44</b>

<sup>1</sup>Allowance for doubtful debts recognised in the Statement of Profit and Loss of ₹ nil lakhs.

(₹ lakhs)

Note 7 Cash and cash equivalents		As at March 31, 2023	As at March 31, 2022
Balances with banks			
i)	In current accounts	122.34	61.61
ii)	In demand deposit having original maturity of less than 3 months	905.87	1,505.08
		<b>1,028.21</b>	<b>1,566.69</b>

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

(₹ lakhs)

Note 8 Other financial assets		As at March 31, 2023	As at March 31, 2022
i)	Other receivables (loan to employees)	0.44	0.79
ii)	Security and other deposits	5.69	5.69
		<b>6.13</b>	<b>6.48</b>



(₹ lakhs)

Note 9 Equity share capital	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b>		
70,00,000 (March 31, 2022: 70,00,000) equity shares of ₹ 10 each	700.00	700.00
<b>Issued, subscribed and fully paid-up</b>		
58,37,500 (March 31, 2022: 58,37,500) equity shares of ₹ 10 each	583.75	583.75

(₹ lakhs)

i) Movement in equity share capital		
	Number of shares	Equity share capital
As at March 31, 2022	58,37,500	583.75
As at March 31, 2023	58,37,500	583.75

## ii) Terms and rights attached to equity shares

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

### a) Equity shares:

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

### b) Dividend:

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

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

No.	Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
		Holding %	Number of shares	Holding %	Number of shares
1.	IB Industriechemie Beteiligungs GmbH	50.00%	29,18,750	50.00%	29,18,750
2.	Atul Ltd	50.00%	29,18,750	50.00%	29,18,750

## iv) Shareholding of promoters:

No.	Name of the shareholder	As at March 31, 2023			As at March 31, 2022		
		Number of shares	% of total shares	% change during the year	Number of shares	% of total shares	% change during the year
1.	IB Industriechemie Beteiligungs GmbH	29,18,750	50.00%	-	29,18,750	50.00%	-
2.	Atul Ltd	29,18,750	50.00%	-	29,18,750	50.00%	-

(₹ lakhs)

Note 10 Other equity		As at March 31, 2023	As at March 31, 2022
i)	Security premium	416.69	416.69
ii)	General reserve	35.27	35.27
iii)	Retained earnings		
	Balance at the beginning of the year	4,583.01	3,825.76
	Add: Profit for the year	777.17	1,639.48
	Less: Dividend on equity shares for the year 2021-22: ₹ 40.00 (2020-21: ₹ 15.00) per share	(2,335.00)	(875.63)
	Add: Other comprehensive income	10.39	(6.60)
	Balance at the end of the year	3,035.57	4,583.01
		<b>3,487.53</b>	<b>5,034.97</b>

#### Nature and purpose of other reserves

a) Securities premium

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

b) General reserve

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

c) Retained earnings

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

(₹ lakhs)

Note 11 Lease liabilities		As at March 31, 2023	As at March 31, 2022
	Lease liabilities	122.08	114.77
	Less: Current maturities of lease liabilities	(6.19)	-
		<b>115.89</b>	<b>114.77</b>

(₹ lakhs)

Note 12 Other financial liabilities		As at March 31, 2023		As at March 31, 2022	
		Non-current	Current	Non-current	Current
i)	Employee benefits payable	-	63.26	4.11	122.99
ii)	Security deposits	-	155.78	-	166.12
iii)	Creditor for capital goods	-	-	-	5.44
iv)	Other liabilities (includes discount payable)	-	16.35	-	47.53
		-	<b>235.39</b>	<b>4.11</b>	<b>342.08</b>



(₹ lakhs)

Note 13 Provisions	As at March 31, 2023		As at March 31, 2022	
	Non-current	Current	Non-current	Current
Provisions for compensated absences	27.05	8.03	38.36	7.28
	<b>27.05</b>	<b>8.03</b>	<b>38.36</b>	<b>7.28</b>

Information about individual provisions and significant estimates

#### a) Compensated absences

The Compensated absences cover the liability for sick and earned leave. Out of the total amount disclosed above, the amount of ₹ 8.03 lakhs (March 31, 2022: ₹ 7.28 lakhs) is presented as current since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

(₹ lakhs)

Note 14 Trade payables		As at March 31, 2023		As at March 31, 2022	
a)	Total outstanding dues of micro-enterprises and small enterprises (refer Note 25.12)	-	295.48	-	370.47
b)	Total outstanding dues of creditors other than micro-enterprises and small enterprises				
i)	Related party (refer Note 25.3)	753.27	-	130.27	-
ii)	Others	553.97	1,307.24	597.85	728.12
			<b>1,602.72</b>		<b>1,098.59</b>

#### Trade payables ageing

(₹ lakhs)

Particulars	Not due	As at March 31, 2023				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
1. MSME	289.76	5.72	-	-	-	295.48
2. Others	874.93	432.06	-	-	0.25	1,307.24
	<b>1,164.69</b>	<b>437.78</b>	-	-	<b>0.25</b>	<b>1,602.72</b>

(₹ lakhs)

Particulars	Not due	As at March 31, 2022				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
1. MSME	370.47	-	-	-	-	370.47
2. Others	725.07	2.80	-	0.25	-	728.12
	<b>1,095.54</b>	<b>2.80</b>	-	<b>0.25</b>	-	<b>1,098.59</b>

(₹ lakhs)

Note 15 Contract liabilities	As at March 31, 2023	As at March 31, 2022
Advance received from customers	19.11	1.30
	<b>19.11</b>	<b>1.30</b>

(₹ lakhs)

Note 16 Other current liabilities	As at March 31, 2023	As at March 31, 2022
Statutory dues	26.96	55.43
	<b>26.96</b>	<b>55.43</b>

(₹ lakhs)

Note 17 Revenue from operations	2022-23	2021-22
Sale of products	11,037.17	12,004.06
Scrap sales	18.09	25.49
<b>Revenue from contracts with customers</b>	<b>11,055.26</b>	<b>12,029.55</b>
<b>Other operating revenue</b>		
Commission received	62.71	86.75
	<b>11,117.97</b>	<b>12,116.30</b>

**Reconciliation of revenue recognised with contract price**

(₹ lakhs)

Particulars	2022-23	2021-22
Contract price	11,174.23	12,172.80
Adjustment for:		
Variable consideration <sup>1</sup>	(118.97)	(143.25)
<b>Revenue from contract with customers</b>	<b>11,055.26</b>	<b>12,029.55</b>

<sup>1</sup>Consideration payable to customers like discounts, free samples and price reductions offered to customers are estimated on specific identified basis and reduced from the contract price when the Company recognises revenue from the transfer of the related goods or services to the customer and the entity pays or promises to pay the consideration.

(₹ lakhs)

Note 18 Other income	2022-23	2021-22
Interest from inter-corporate deposits	42.93	94.50
Interest on demand deposits with banks	44.70	42.20
Liability no longer required written back	-	0.05
Miscellaneous income (includes customs duty received)	10.22	-
	<b>97.85</b>	<b>136.75</b>





(₹ lakhs)

<b>Note 19 Cost of materials consumed</b>	<b>2022-23</b>	<b>2021-22</b>
Raw materials and packing materials consumed		
Stocks at commencement	812.67	830.54
Add: Purchases	6,110.53	6,606.88
	<b>6,923.20</b>	<b>7,437.42</b>
Less: Stocks at close	774.33	812.67
	<b>6,148.87</b>	<b>6,624.75</b>

(₹ lakhs)

<b>Note 20 Changes in inventories of finished goods and stock-in-trade</b>	<b>2022-23</b>	<b>2021-22</b>
<b>Stocks at close</b>		
Finished goods	280.65	387.50
Stock-in-trade	96.06	70.67
	<b>376.71</b>	<b>458.17</b>
<b>Less: Stocks at commencement</b>		
Finished goods	387.50	278.53
Stock-in-trade	70.67	93.09
	<b>458.17</b>	<b>371.62</b>
(Increase)   Decrease in stocks	<b>81.46</b>	<b>(86.55)</b>

(₹ lakhs)

<b>Note 21 Employee benefit expenses</b>	<b>2022-23</b>	<b>2021-22</b>
Salaries, wages and bonus (refer Note 25.5)	512.81	595.00
Contribution to provident and other funds (refer Note 25.5)	26.34	25.14
Staff welfare expenses	40.97	41.13
	<b>580.12</b>	<b>661.27</b>

(₹ lakhs)

<b>Note 22 Finance costs</b>	<b>2022-23</b>	<b>2021-22</b>
Interest on finance lease obligation	7.31	6.87
Interest on micro, small and medium enterprise	0.37	0.04
Interest on security deposits	8.10	7.47
	<b>15.78</b>	<b>14.38</b>

(₹ lakhs)

Note 23 Depreciation expenses	2022-23	2021-22
Depreciation on property, plant and equipment (refer Note 2)	46.82	47.27
	<b>46.82</b>	<b>47.27</b>

(₹ lakhs)

Note 24 Other expenses	2022-23	2021-22
Power, fuel and water	21.25	16.29
Freight and cartage	12.35	35.75
Manpower services	517.97	459.91
Consumption of stores and spares	1.32	3.61
Plant operation charges	6.45	15.93
Plant and equipment repairs	6.25	4.34
Sundry repairs	116.31	18.35
Rent	58.10	51.86
Insurance	14.29	10.28
Commission	109.17	148.33
Travelling and conveyance	93.81	33.51
Auditor's remuneration <sup>1</sup>	3.27	2.65
Directors' fees	1.50	1.70
Directors' commission (other than the Executive Directors)	3.50	6.00
Loss on assets sold, discarded or demolished	1.00	-
Expenditure on Corporate Social Responsibility (refer Note 25.13)	37.00	32.60
Exchange rate difference loss (net)	1.73	9.02
Legal and professional charges	6.39	7.41
Testing analysis and inspection charges	6.28	4.40
Business promotion and development	68.29	81.31
Charities and donations [(includes ₹ 500 lakhs (March 31, 2022: ₹ nil) paid for political purpose)]	500.00	-
Miscellaneous expenses	68.91	67.78
	<b>1,655.14</b>	<b>1,011.03</b>



<sup>1</sup>Details of Auditors' remuneration are as follows:

(₹ lakhs)

Particulars		2022-23	2021-22
Remuneration to the Statutory Auditors			
a)	Audit fees	2.00	1.67
b)	Tax matters	1.27	0.98
		<b>3.27</b>	<b>2.65</b>

### Note 25.1 Contingent liabilities

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Claims against the Company not acknowledged as debts in respects of:</b>		
i) Income tax	64.25	64.25

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

### Note 25.2 Commitments

#### Capital commitments

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

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Estimated amount of contracts remaining to be executed and not provided for (net of advances):</b>		
Property, plant and equipment	9.88	-

**Note 25.3 (A) Related party information**Name of the related party and nature of relationship<sup>1</sup>

No.	Name of the related party	Description of relationship
	Party where control exists	
1.	I B Industriechemie Beteiligungs GmbH	Joint venturer
2.	Atul Ltd	
	Other related parties with whom transactions have taken place during the year	
1.	Rudolf GmbH	Entities over which joint venturer have significant influence
2.	Atul Bioscience Ltd	
3.	Atul Foundation Trust (welfare fund)	
4.	Rudolf HUB 1922 S.r.l.	
5.	Atul China Ltd	
6.	Amal Speciality Chemicals Ltd	
7.	Osia Infrastructure Ltd	
8.	Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme	

<sup>1</sup>Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors.

(₹ lakhs)

Note 25.3 (B) Transactions with joint venturer		2022-23	2021-22
<b>a)</b>	<b>Sales and income</b>		
1.	Sale of goods	63.86	1.34
	Atul Ltd	63.86	1.34
<b>b)</b>	<b>Purchases and expenses</b>		
1.	Purchase of goods	494.83	359.58
	Atul Ltd	494.83	359.58
2.	Service charges paid	454.80	393.78
	Atul Ltd	454.80	393.78
3.	Utility expenses	13.17	13.39
	Atul Ltd	13.17	13.39
4.	Reimbursement of expenses	73.25	27.26
	Atul Ltd	73.25	27.26



(₹ lakhs)

<b>Note 25.3 (B) Transactions with joint venturer</b>		<b>2022-23</b>	<b>2021-22</b>
5.	Lease rent	46.24	46.24
	Atul Ltd	46.24	46.24
6.	Interest expense	-	6.87
	Atul Ltd	-	6.87
<b>c)</b>	<b>Other transactions</b>		
1.	Equity dividend	2,335.00	875.63
	Atul Ltd	1,167.50	437.82
	I B Industriechemie Beteiligungs GmbH	1,167.50	437.82
2.	Lease rent paid	-	20.00
	Atul Ltd	-	20.00

(₹ lakhs)

<b>Outstanding balances as at year end</b>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
1.	Trade payables	217.93	82.00
	Atul Ltd	217.93	82.00
2.	Trade Receivables	31.27	-
	Atul Ltd	31.27	-
3.	Finance lease obligation	122.08	114.77
	Atul Ltd	122.08	114.77

(₹ lakhs)

<b>Note 25.3 (C) Transactions with entities over which joint venturer have significant influence</b>		<b>2022-23</b>	<b>2021-22</b>
<b>a)</b>	<b>Sales and income</b>		
1.	Commission income	62.71	86.75
	Rudolf GmbH	62.71	86.75
2.	Interest income on inter corporate deposits	42.93	94.50
	Atul Bioscience Ltd	33.62	94.50
	Amal Speciality Chemicals Ltd	9.31	-
<b>b)</b>	<b>Purchases and expenses</b>		
1.	Purchase of goods	1,642.28	1,626.15
	Rudolf GmbH	1,636.23	1,590.87
	Atul China Ltd	-	35.28
	Osia Infrastructure Ltd	6.05	-

(₹ lakhs)

<b>Note 25.3 (C) Transactions with entities over which joint venturer have significant influence</b>		<b>2022-23</b>	<b>2021-22</b>
2.	Employer contribution	30.10	9.27
	Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme	30.10	9.27
3.	Business promotion and development	23.58	48.87
	Rudolf HUB 1922 S.r.l.	23.58	48.87
<b>c) Other transactions</b>			
1.	Corporate Social Responsibility initiatives	37.00	32.60
	Atul Foundation Trust	37.00	32.60
2.	Inter corporate deposit given	500.00	-
	Amal Speciality Chemicals Ltd	500.00	-
3.	Inter-corporate deposit received back	1,050.00	-
	Atul Bioscience Ltd	1,050.00	-

(₹ lakhs)

<b>Outstanding balances as at year end</b>		<b>March 31, 2023</b>	<b>March 31, 2022</b>
1.	Inter-corporate deposit given	500.00	1,050.00
	Atul Bioscience Ltd	-	1,050.00
	Amal Speciality Chemicals Ltd	500.00	-
2.	Trade payables	535.34	48.27
	Rudolf GmbH	512.28	4.48
	Rudolf HUB 1922 S.r.l.	23.06	43.79
3.	Trade receivables	214.59	-
	Rudolf GmbH	214.59	-
4.	Provision for gratuity	-	15.80
	Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme	-	15.80
5.	Gratuity Fund Asset	19.69	-
	Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme	19.69	-

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

- Sales to and purchases from related parties were made on normal commercial terms and conditions and at prevailing market prices or where market price is not available, at cost plus margin.
- All outstanding balances are unsecured and are repayable in cash and cash equivalent.





### Note 25.4 Current and deferred taxes

The major components of income tax expense are:

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

(₹ lakhs)

Particulars	2022-23	2021-22
<b>i) Current tax</b>		
Current tax on profit for the year	272.98	562.42
Adjustments for current tax of prior periods	-	(24.02)
<b>Total current tax expense</b>	<b>272.98</b>	<b>538.40</b>
<b>ii) Deferred tax</b>		
(Decrease)   Increase in deferred tax liabilities	1.27	2.59
Decrease   (Increase) in deferred tax assets	(1.57)	(5.24)
<b>Total deferred tax expense   (benefit)</b>	<b>(0.30)</b>	<b>(2.65)</b>
<b>Income tax expense</b>	<b>272.68</b>	<b>535.75</b>

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

(₹ lakhs)

Particulars	2022-23	2021-22
<b>i) Current tax</b>		
Remeasurement gain   (loss) on defined benefit plans	3.49	(2.22)
<b>Total current tax expense</b>	<b>3.49</b>	<b>(2.22)</b>
<b>Income tax expense</b>	<b>3.49</b>	<b>(2.22)</b>

#### 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	2022-23	2021-22
a) Statutory income tax rate	25.17%	25.17%
b) Differences due to:		
i) Expenses not deductible for tax purposes	13.16%	0.38%
ii) Tax effect due to tax incentive	(11.99%)	-
iii) Others	(0.36%)	(0.92%)
<b>Effective income tax rate</b>	<b>25.97%</b>	<b>24.63%</b>

d) Current tax assets

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	66.28	65.50
Add: Taxes paid	243.94	539.18
Less: Current tax payable for the year	(272.98)	(538.40)
<b>Closing balance</b>	<b>37.24</b>	<b>66.28</b>

e) Current tax liabilities

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	-	1.22
Add: Current tax payable for the year	-	-
Less: Taxes paid	-	(1.22)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

f) Deferred tax assets (net)

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

(₹ lakhs)

Particulars	As at March 31, 2023	Charged   (Credited) to profit or loss	As at March 31, 2022	Charged   (Credited) to profit or loss	As at March 31, 2021
Property, plant and equipment	23.29	1.27	22.02	2.59	19.43
<b>Total deferred tax liabilities</b>	<b>23.29</b>	<b>1.27</b>	<b>22.02</b>	<b>2.59</b>	<b>19.43</b>
Provision for doubtful debts	(7.05)	-	(7.05)	-	(7.05)
Expenses disallowed under Section 40 (a) of the Income Tax Act, 1961	(4.55)	1.28	(5.83)	(4.41)	(1.42)
Provision for custom duty	-	-	-	1.67	(1.67)
Finance lease transaction	(11.49)	(5.50)	(5.99)	(0.36)	(5.63)
Compensated absences	(8.83)	2.65	(11.49)	(2.15)	(9.33)
Provision for provident fund	(1.20)	-	(1.20)	-	(1.20)
Provision for Inventory	(8.81)	-	(8.81)	0.01	(8.82)
<b>Total deferred tax assets</b>	<b>(41.93)</b>	<b>(1.57)</b>	<b>(40.37)</b>	<b>(5.24)</b>	<b>(35.12)</b>
<b>Net deferred tax (assets)   liabilities</b>	<b>(18.65)</b>	<b>(0.30)</b>	<b>(18.35)</b>	<b>(2.65)</b>	<b>(15.69)</b>



## Note 25.5 Employee benefit obligations

### Funded schemes

#### a) Defined benefit plan

##### Gratuity

The Company operates a gratuity plan through the 'Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme'. Every employee is entitled to a benefit equivalent to the last drawn salary of 15 days for each completed year of service subject to maximum of ₹ 20 lakhs in line with the Payment of Gratuity Act, 1972 or Company scheme whichever is more beneficial. Gratuity is payable at the time of separation or retirement from the Company, whichever is earlier. The benefits vests after five years of continuous service.

##### Balance Sheet amount (Gratuity)

(₹ lakhs)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>As at March 31, 2021</b>	<b>60.74</b>	<b>(51.47)</b>	<b>9.27</b>
Current service cost	6.39	-	6.39
Interest expense   (income)	3.84	(3.26)	0.58
<b>Total amount recognised in profit and loss</b>	<b>10.23</b>	<b>(3.26)</b>	<b>6.97</b>
Remeasurements			
Return on plan assets, excluding amount included in interest expense   (income)	-	(0.16)	(0.16)
(Gain )   Loss from change in demographic assumptions	(2.40)	-	(2.40)
(Gain )   Loss from change in financial assumptions	8.24	-	8.24
Experience (gains)   losses	3.14	-	3.14
<b>Total amount recognised in other comprehensive income</b>	<b>8.98</b>	<b>(0.16)</b>	<b>8.82</b>
Employer contributions	-	(9.27)	(9.27)
<b>As at March 31, 2022</b>	<b>79.96</b>	<b>(64.16)</b>	<b>15.80</b>
Current service cost	7.48	-	7.48
Past service cost	-	-	-
Interest expense   (income)	4.97	(3.96)	1.01
<b>Total amount recognised in profit and loss</b>	<b>12.45</b>	<b>(3.96)</b>	<b>8.49</b>
Remeasurements			
Return on plan assets, excluding amount included in interest expense   (income)	-	(0.93)	(0.93)
(Gain )   Loss from change in demographic assumptions	1.41	-	1.41
(Gain )   Loss from change in financial assumptions	(4.60)	-	(4.60)
Experience (gains)   losses	(9.76)	-	(9.76)
<b>Total amount recognised in other comprehensive income</b>	<b>(12.95)</b>	<b>(0.93)</b>	<b>(13.88)</b>
Employer contributions	-	(30.10)	(30.10)
Benefit payments	(7.46)	7.46	(0.00)
<b>As at March 31, 2023</b>	<b>72.00</b>	<b>(91.69)</b>	<b>(19.69)</b>

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

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of funded obligations	72.00	79.96
Fair value of plan assets	(91.69)	(64.16)
<b>Deficit of gratuity plan recognised as provision (refer Note 12)</b>	<b>(19.69)</b>	<b>15.80</b>

### Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality rate	Indian assured lives mortality 2012-14 (Urban)	Indian assured lives mortality (2006-08) Ultimate
Discount rate	7.35%	6.41%
Attrition rate	13.00%	15.00%
Rate of return on plan assets	7.35%	6.41%
Salary growth rate	9.84%	10.70%

### Sensitivity analysis

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

(₹ lakhs)

Particulars	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Discount rate	1.00%	1.00%	(2.23)	(3.03)	2.49	3.34
Attrition rate	1.00%	1.00%	(0.40)	(0.76)	0.44	0.83
Rate of return on plan assets (same as discount rate)	1.00%	1.00%	(2.23)	(3.03)	2.49	3.34
Salary growth rate	1.00%	1.00%	2.40	3.15	(2.20)	(2.95)

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



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

Major category of plan assets are as follows:

(₹ lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Unquoted	in %	Unquoted	in %
<b>Investment funds</b>				
Insurance funds	68.92	75%	64.16	100%
<b>Others</b>				
Bank balance	22.77	25%	-	-
<b>Total</b>	<b>91.69</b>	<b>100%</b>	<b>64.16</b>	<b>100%</b>

### Risk exposure

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

#### Interest rate risk

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

#### Salary risk

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

#### Investment risk

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

#### Concentration risk

The plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines. Expected contributions to post-employment benefit plans for the year ending March 31, 2023 are ₹ nil lakhs. The weighted average duration of the defined benefit obligation is five years (2021-22: five 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, 2023	35.16	4.59	12.63	47.67	100.05
As at March 31, 2022	11.63	22.33	19.64	55.50	109.10

**b) Defined contribution plans**

The Company pays provident fund contributions to registered provident fund administered by the government at the rate of 12% of basic salary as per regulations. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plan is of ₹ 18.92 lakhs (March 31, 2022: ₹ 19.18 lakhs).

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

**Unfunded schemes****d) Defined contribution plan**

(₹ lakhs)

Particulars	Compensated absences	
	As at March 31, 2023	As at March 31, 2022
a) Mortality rate	Indian assured lives mortality 2012-14 (Urban)	Indian assured lives mortality 2012-14 (Urban)
b) Present value of unfunded obligations (refer Note 13)	35.08	45.64
c) Expense recognised in the Statement of Profit and Loss (including encashment paid during the year)	1.50	9.34
d) Discount rate (per annum)	7.35%	6.41%
e) Salary escalation rate (per annum)	9.84%	10.70%





## Note 25.6 Fair value measurements

### Financial instruments by category

(₹ lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
<b>Financial assets</b>						
i) Trade receivables	-	-	2,713.11	-	-	2,672.44
ii) Cash and cash equivalents	-	-	1,028.21	-	-	1,566.69
iii) Loans	-	-	500.00	-	-	1,050.00
iv) Security and other deposits			5.69			5.69
v) Other receivables			0.44			0.79
<b>Total financial assets</b>	-	-	<b>4,247.45</b>	-	-	<b>5,295.61</b>
<b>Financial liabilities</b>						
i) Lease liabilities	-	-	115.89	-	-	114.77
ii) Security deposits	-	-	155.78	-	-	166.12
iii) Creditor for capital goods	-	-	-	-	-	5.44
iv) Employee benefits payable	-	-	63.26	-	-	127.10
v) Current maturities of finance lease obligation (refer Note 11)	-	-	6.19	-	-	-
vi) Others	-	-	16.35	-	-	47.53
vii) Trade payables	-	-	1,602.72	-	-	1,098.59
<b>Total financial liabilities</b>	-	-	<b>1,960.19</b>	-	-	<b>1,559.55</b>

#### i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are measured at amortised cost and for which fair values are disclosed in the Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Accounting Standard. An explanation of each level follows underneath the table.

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

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
	Carrying amount   Fair value	Carrying amount   Fair value
<b>Financial liabilities</b>		
Lease liabilities	122.08	114.77
<b>Total financial liabilities</b>	<b>122.08</b>	<b>114.77</b>

The carrying amounts of trade receivables, short-term loan, trade payables, interest accrued but not due, borrowings, creditors for capital goods, security deposits, other short-term financial liabilities and cash and cash equivalents including bank balances other than cash and cash equivalents are considered to be the same as their fair values due to the current and short-term nature of such balances.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

**Note 25.7 Financial risk management**

Risk management is an integral part of the business practices of the Company. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The Company has developed and implemented a comprehensive risk management system to ensure that risks to the continued existence of the Company as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised risk management system, leading standards and practices have been considered.

The risk management system is relevant to business reality, pragmatic and simple and involves the following:

- i) Risk identification and definition: Focused on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- ii) Risk classification: Focused on understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes generating the root causes and clear understanding of risk interrelationships.
- iii) Risk assessment and prioritisation: Focused on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and existing mitigation controls.
- iv) Risk mitigation: Focused on addressing critical risks to restrict their impact(s) to an acceptable level (within the defined risk appetite). This involves a clear definition of actions, responsibilities and milestones.
- v) Risk reporting and monitoring: Focused on providing to the Board and the Audit Committee periodic information on risk profile evolution and mitigation plans.



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

#### a) Credit risk

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

#### Management of credit risk

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

#### b) Liquidity risk

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

#### Financing

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

#### Management of liquidity risk

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

(₹ lakhs)

<b>Contractual maturities of financial liabilities as at March 31, 2023</b>	<b>Less than 12 months</b>	<b>More than 12 months</b>	<b>Total</b>
Finance lease obligations	6.19	115.89	122.08
Security deposits	155.78	-	155.78
Others	16.35	-	16.35
Employee benefits payable	63.26	-	63.26
Trade payables	1,602.72	-	1,602.72
<b>Total financial liabilities</b>	<b>1,844.30</b>	<b>115.89</b>	<b>1,960.19</b>

(₹ lakhs)

Contractual maturities of financial liabilities as at March 31, 2022	Less than 12 months	More than 12 months	Total
Finance lease obligations	-	114.77	114.77
Security deposits	166.12	-	166.12
Creditor for capital goods	5.44	-	5.44
Others	47.53	-	47.53
Employee benefits payable	122.99	4.11	127.10
Trade payables	1,098.59	-	1,098.59
<b>Total financial liabilities</b>	<b>1,440.67</b>	<b>118.88</b>	<b>1,559.55</b>

### c) Foreign currency risk

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

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

#### Foreign currency risk exposure:

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	€	₹ lakhs	€	₹ lakhs
<b>Financial liabilities</b>				
Trade payables	601,338.05	535.34	61,669.00	51.95
<b>Net exposure to foreign currency risk</b>	<b>601,338.05</b>	<b>535.34</b>	<b>61,669.00</b>	<b>51.95</b>

#### Note 25.8 Capital management

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



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

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

(₹ lakhs)

Particulars	2022-23	2021-22
<b>Equity shares</b>		
Final dividend of ₹ 40.00 per share for the year 2021-22 (2020-21: ₹ 15.00)	2,335.00	875.63

#### Note 25.9 Segment information

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

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

#### Note 25.10 Earning per share

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

Particulars		2022-23	2021-22
Profit for the year attributable to the equity shareholders	₹ lakhs	777.17	1,639.48
Weighted average number of equity shares outstanding during the year	Number	5,837,500	5,837,500
Nominal value of equity share	₹	10	10
Basic EPS	₹	13.31	28.09
Diluted EPS	₹	13.31	28.09

## Note 25.11 Leases

### As a Lessee

#### i) Operating lease

The Company has taken warehouse, laboratory and the Mumbai office under operating lease or leave and license agreements. These are cancellable by the Company, having a term between 11 months and three years and have no specific obligation for renewal. Payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 23.

#### ii) Finance lease

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

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	<b>290.97</b>	<b>305.52</b>
Depreciation / Amortisation	14.55	14.55
<b>Balance at the end of the year</b>	<b>276.42</b>	<b>290.97</b>

##### b) Following movement in lease liabilities

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	<b>114.77</b>	<b>127.90</b>
Finance cost occurred	7.31	6.87
Payment of lease liability	-	(20.00)
<b>Balance at the end of the year</b>	<b>122.08</b>	<b>114.77</b>

##### c) The following table provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

(₹ lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	20.00	-
One to five years	40.00	40.00
More than five years	140.00	160.00
<b>Total</b>	<b>200.00</b>	<b>200.00</b>





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

Rent paid to lessor for short-term lease period is recognised into the Statement of Profit and Loss as Rent in Note 24 'Other expenses'.

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

#### Note 25.12 Disclosure requirement under MSMED Act, 2006

The Company has certain dues to suppliers (trade payables) registered under 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, 2023	As at March 31, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	291.52	366.88
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.37	0.04
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	424.35	3,840.07
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	3.96	3.59
Further interest remaining due and payable for earlier years	-	-

Above disclosures have been made based on information available with the Company, for suppliers who are registered as Micro, Small and Medium Enterprise under the MSMED Act as at March 31, 2023. The Auditors have relied upon in respect of this matter.

#### Note 25.13 Corporate social responsibility

- Gross amount required to be spent by the Company during the year is ₹ 37.00 lakhs (2021-22: ₹ 32.60 lakhs)
- Amount spent during the year on:

(₹ lakhs)

Particulars	2022-23				
	Paid	Payable	shortfall	Total	Reason for shortfall
i) Construction   acquisition of any asset	-	-	-	-	-
ii) On purposes other than (i)	37.00	-	-	37.00	-

(₹ lakhs)

Particulars	2021-22				
	Paid	Payable	shortfall	Total	Reason for shortfall
i) Construction   acquisition of any asset	-	-	-	-	-
ii) On purposes other than (i)	32.60	-	-	32.60	-

c) Details related to spent | unspent obligations

(₹ lakhs)

Particulars	2022-23	2021-22
i) Eradicating hunger and malnutrition	-	25.60
ii) Promoting healthcare	-	7.00
iii) Relief services	13.50	-
iv) Infrastructure development for anganwadi and school	23.50	-
	<b>37.00</b>	<b>32.60</b>

**Note 25.14 Utilisation of loans, advances and equity investment in entities**

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



### Note 25.15 Ratios

No.	Ratio	UoM	Formula	As at March 31, 2023	As at March 31, 2022	Variance	Reason for variance
01.	Current ratio	Times	$A \div B$	2.61	4.14	(36.84%)	Current assets declined due to reduction in bank deposits and ICD on account of higher dividend payout.
02.	Debt-equity ratio	Times	$H \div I$	NA	NA	NA	
03.	Debt service coverage ratio	Times	$Q \div (J + M)$	NA	NA	NA	
04.	Return on equity ratio	%	$P \div \text{average of H}$	16.04%	31.29%	(48.73%)	Declined due to lower sales and lower margins.
05.	Inventory turnover ratio	Times	$L \div \text{average of D}$	9.11	9.71	(6.11%)	Below threshold of 25%
06.	Trade receivables turnover ratio	Times	$L \div \text{average of E}$	4.10	4.88	(16.08%)	Below threshold of 25%
07.	Trade payables turnover ratio	Times	$(R+S) \div \text{average of G}$	7.01	7.65	(8.35%)	Below threshold of 25%
08.	Net capital turnover ratio	Times	$L \div \text{average of C}$	2.84	3.03	(6.38%)	Below threshold of 25%
09.	Net profit ratio	%	$P \div L$	7.04%	13.66%	(48.44%)	Increase in raw material cost and change in product mix, non-recurring expense.
10.	Return on capital employed	%	$(M + O) \div \text{average of K}$	22.23%	41.94%	(47.00%)	Increase in raw material cost and change in product mix, non-recurring expense.
11.	Return on investment	%	$(M + O) \div \text{average of F}$	15.91%	31.23%	(49.05%)	Increase in raw material cost and change in product mix, non-recurring expense.

No.	Base values	UoM	Reference	As at March 31, 2023	As at March 31, 2022
A	Current assets	₹ lakhs	Balance Sheet (current assets)	4,960.03	6,224.39
B	Current liabilities	₹ lakhs	Balance Sheet (current liabilities)	1,898.40	1,504.68
C	Working capital	₹ lakhs	A-B	3,061.63	4,719.71
D	Inventories	₹ lakhs	Balance Sheet (Note 5)	1,151.03	1,270.84
E	Trade receivables	₹ lakhs	Balance Sheet (Note 6)	2,713.11	2,672.44
F	Total assets	₹ lakhs	Balance Sheet (total assets)	6,112.62	7,280.64
G	Trade payables	₹ lakhs	Balance Sheet (Note 14)	1,602.72	1,098.59
H	Equity	₹ lakhs	Balance Sheet (Note 9+10)	4,071.28	5,618.72
I	Debt	₹ lakhs	Balance Sheet	-	-
J	Principal repayments	₹ lakhs	Balance Sheet	-	-
K	Capital employed	₹ lakhs	H + I - Deferred tax assets (Note 25.4) - capital work-in-progress (Note 2)	3,986.63	5,600.37
L	Net sales	₹ lakhs	Statement of Profit and Loss (Note 17, sales of products and services only)	11,037.17	12,004.06
M	Finance cost	₹ lakhs	Statement of Profit and Loss (Note 22)	15.78	14.38
N	Depreciation	₹ lakhs	Statement of Profit and Loss (Note 2)	46.82	47.27
O	Profit before tax	₹ lakhs	Statement of Profit and Loss	1,049.85	2,175.23
P	Profit after tax	₹ lakhs	Statement of Profit and Loss	777.17	1,639.48
Q	Net operating income	₹ lakhs	M + N + P	839.77	1,701.13
R	Total operating purchase	₹ lakhs	Purchase of raw material and stock in trade (Note 19) + other expenses (Note 24)	9,403.45	9,423.58
S	Capital purchase	₹ lakhs	Addition in capital work-in-progress (Note 2)	66.00	11.89

#### Note 25.16 Relationship with struck off companies

The Company did not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 | Section 560 of Companies Act, 1956 during the financial year.



### Note 25.17 Other statutory information

- a) The Company has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- b) The Company has complied with the number of layers prescribed under Clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- c) The Company is not declared wilful defaulter by any bank or financial institution or other lender.
- d) The Company has not traded or invested in cryptocurrency or virtual currency during the financial year.
- e) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- f) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under.
- g) No loans or advances in the nature of loans are granted to promoters, Directors, key managerial personnel and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person.
- h) The Company does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

### Note 25.18 Rounding off

Figure less than ₹ 500 have been shown as '0.00' in the relevant notes in these Financial Statement.

### Note 25.19 Authorisation for issue of the Financial Statements

The Financial Statements were authorised for issue by the Board of Directors on April 25, 2023.

In terms of our report attached

For and on behalf of the Board of Directors

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

Wolfgang Schumann  
(DIN: 01995827)

**Chairman**

Ketan Vora  
**Partner**

Rajas Khaladkar  
**Chief Financial Officer**

G Venugopala Rao  
(DIN: 03635806)

**Managing Director**

Mumbai  
April 25, 2023

Rakesh Pathak  
**Company Secretary**

Mumbai  
April 25, 2023







## Corporate information

### Directors

**Dr Wolfgang Schumann**  
(Chairman)

**Dr G Venugopala Rao**  
(Managing Director)

**Mr Ulrich Hambrecht**

**Mr Gopi Kannan Thirukonda**

**Mr Sudhir Merchant**

**Mr Sujal Shah**

### Chief Financial Officer

**Mr Rajas Khaladkar**

### Company Secretary

**Mr Rakesh Pathak**

---

### Auditors

**Deloitte Haskins & Sells LLP**

### Registered office

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

### Bankers

**Axis Bank  
State Bank of India**

**E-mail address: [racl\\_legal@atul.co.in](mailto:racl_legal@atul.co.in)**

**Website: [www.racl.co.in](http://www.racl.co.in)**

**Rudolf Atul Chemicals Ltd**

**Atul 396 020, Gujarat**

**India**

**[www.racl.co.in](http://www.racl.co.in)**