



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, connotes harmony between the two partners, all to serve customers with world-class products.

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Reach high, for stars lie hidden in you.  
Dream deep, for every dream precedes the goal.  
~ Rabindranath Tagore

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### Forward looking statements

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

## Corporate identity



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 24 subsidiary companies and joint venture companies in all the continents so as to effectively service local customers. The Group is engaged in the business of 'Speciality' textile chemicals and offers a full range of technically proven textile chemicals - its motto is 'quality makes friends'. 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 Adhesive, Aerospace, Agriculture, Animal Feed, Automobile, Chemical, Composite, Construction, Cosmetic, Defence, Dyestuff, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Polymer, Rubber, Soap and Detergent, Sport and Leisure, Textile, Tyre and Wind Energy across the world. It manages complex chemical processes in a responsible way.

# Catalysed by 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 products and services, thus becoming the most preferred partner
- ▶ having people who practice Values and exemplify a high standard of behaviour
- ▶ seeking sustained, dynamic growth and securing long-term success
- ▶ taking responsible care of the surrounding environment
- ▶ improving the quality of life of the communities we operate in

# Converged by 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 ensure 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



**Dr Wolfgang Schumann**



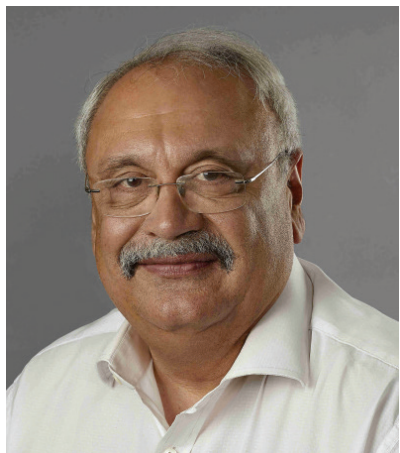
**Dr G Venugopala Rao**



**Mr Ulrich Hambrecht**



**Mr Gopi Kannan Thirukonda**



**Mr Sudhir Merchant**



**Mr 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, 2019.

## 01. Financial results

|                                    | 2018-19 | 2017-18 |
|------------------------------------|---------|---------|
| Sales                              | 82.95   | 75.11*  |
| Revenue from operations            | 83.72   | 75.83*  |
| Other income                       | 0.84    | 0.72    |
| Total revenue                      | 84.56   | 76.55*  |
| Profit before tax                  | 15.28   | 13.96   |
| Provision for tax                  | 4.55    | 4.92    |
| Profit for the year                | 10.73   | 9.03    |
| Balance brought forward            | 11.99   | 9.99    |
| Transfer from comprehensive income | -       | -       |
| Disposable surplus                 | 22.73   | 19.02   |
| Less:                              |         |         |
| Dividend paid                      | -       | 5.84    |
| Dividend distribution tax (net)    | -       | 1.19    |
| Balance carried forward            | 22.73   | 11.99   |

\*Includes excise duty of ₹ 1.84 cr

## 02. Performance

Sales increased by 13% from ₹ 73.27 cr to ₹ 82.95 cr mainly due to higher volumes (11%). PBT increased by 9% from ₹ 13.96 cr to ₹ 15.28 cr. The earnings per share increased from ₹ 15.48 to ₹ 18.38. Cash flow from operating activities before working capital changes marginally increased by 9% from ₹ 13.92 cr to ₹ 15.20 cr and the net cash flow from operating activities increased substantially from ₹ 1.55 cr to ₹ 11.54 cr.

## 03. Dividend

The Board recommends payment of dividend of ₹ 7.50 per share on 58,37,500 equity shares of ₹ 10 each fully paid up. The dividend will entail an outflow of ₹ 5.28 cr (including dividend

distribution tax) on the paid-up equity share capital of ₹ 5.84 cr.

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

Information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, forms part of this Report which is given at page number 12.

## 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.

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## 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, 2019 and the Board believes that the controls are adequate.

## 08. Fixed deposits

During 2018-19, the Company did not accept any fixed deposits.

## 09. Loans, guarantees, investments and security

Particulars of loans, guarantees, investments and security provided are given at page number 56.

## 10. Subsidiary, associate and joint venture company

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

## 11. Related party transactions

All the transactions entered into with the related parties were in ordinary course of business and on arm's length basis. Details of such transactions are given at page number 62. No transactions were entered into by the Company which required disclosure in Form AOC-2.

## 12. Corporate Social Responsibility

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at page number 12.

## 13. Extract of the Annual Return

This is given at page number 14.

## 14. Auditors

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

The relevant Notes forming part of the accounts are self-explanatory and give full information and explanation in respect of the observations made by the Auditors in their 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 The applicable accounting standards were followed along with proper explanations relating to material departures in the preparation of the annual accounts.

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, 2019 were prepared on a going concern basis.

15.5 Adequate internal financial controls to be followed by the Company were laid down and 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, Mr Ulrich Hambrecht retires by rotation and being eligible offers himself for reappointment at the forthcoming Annual General Meeting scheduled on August 09, 2019.





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

The salient features of the Policy are as under:

#### 16.2.1 Appointment

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

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

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

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

#### 16.2.3 Remuneration of Managing Director

This is given under para number 17.2.

#### 16.3 Familiarisation Programs for Independent Directors

The Company has Familiarisation Programs for its Independent Directors. It comprises, amongst others, presentations by and discussions with the Senior Management on nature of the industries in which it operates, its vision and strategy and its organisation structure.

### 17. Key Managerial Personnel and other employees

#### 17.1 Appointments and cessations of Key Managerial Personnel

There were no appointments | cessations of the Key Managerial Personnel during 2018-19.

#### 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) Grade

### 18. Analysis of remuneration

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

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## 19. Management Discussion and Analysis

The Management Discussion and Analysis Report covering performance of the Company is given at page number 20.

## 20. Corporate Governance Report

### 20.1 Statement of declaration given by the Independent Directors.

The Independent Directors have given declarations under Section 149(6) of the Companies Act, 2013.

### 20.2 Report

The Corporate Governance Report is given at page number 22. Details about the number of meetings of the Board held during 2018-19 are given at page number 25. The composition of the Audit Committee is given at page number 27. All the recommendations given by the Audit Committee were accepted by the Board.

### 20.3 Secretarial standards

Secretarial standards as applicable to the Company were followed and complied with during 2018-19.

### 20.4 Prevention, prohibition and redressal of sexual harassment

Details required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules there under are given at page number 29.

## 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

Mumbai  
April 16, 2019

(Wolfgang Schumann)  
Chairman

# Annexure to the Directors' Report



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

### 1.1 Conservation of energy

#### 1.1.1 Measures taken:

Careful planning of production to avoid intermittent wash, which reduces effluent generation.

### 1.2 Technology absorption:

No major steps were taken during 2018-19 in view of very low usage of utilities in manufacturing activities.

### 1.3 Foreign exchange earnings and outgo:

| (₹ cr)                  |         |         |
|-------------------------|---------|---------|
| Particulars             | 2018-19 | 2017-18 |
| <b>Earnings</b>         |         |         |
| Commission income       | 0.61    | 0.53    |
| <b>Outgo</b>            |         |         |
| Import of raw materials | 14.00   | 23.33   |

## 2 Corporate Social Responsibility

### 2.1 Policy, programs and scope

#### 2.1.1 Policy

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

#### 2.1.2 Programs and scope

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

- i) Education and Empowerment
  - a) Encourage sports
  - b) Establish and | or support schools
  - c) Establish and | or support colleges
  - 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 mobile medical care facilities
  - d) Establish medical care centres
  - e) Organise medical camps
- iii) Infrastructure and Conservation
  - a) Develop and | or maintain rural utilities
  - b) Develop and | or maintain rural amenities
  - c) Protect environment
  - d) Restore sites of historical importance
  - e) Others



Please refer to the following web-link for details of policy, programs and projects:  
[http://www.racl.net.in/pdf/RACL-CSR\\_Policy.pdf](http://www.racl.net.in/pdf/RACL-CSR_Policy.pdf)

## 2.2 Committee

- » Gopi Kannan Thirukonda (Chairman)
- » Wolfgang Schumann
- » Sudhir Merchant

## 2.3 Expenditure: determination and actual spent

| Particulars  | (₹ cr) |
|--|--------|
| Average net profit of the Company for the last three financial years | 14.48  |
| Prescribed CSR expenditure, at 2% of above                           | 0.29   |
| Total amount spent for the financial year                            | 0.29   |
| Amount unspent by the Company  | Nil    |

## 2.4 Manner in which spent

| No.                      | Program | Project   Activity   | Location<br>Village, District<br>(State) | Outlay<br>for the year |       | Cumulative<br>expenditure up<br>to reporting<br>period | Implementing<br>agency |
|--------------------------|---------|--|--|------------------------|-------|--|------------------------|
|                          |         |  |  | Budget                 | Spent |  |                        |
|                          |         |  |  | (A)                    | (B)   |  |                        |
| 1.                       | Health  | Improvement<br>of hygiene<br>through<br>construction<br>of toilets | 5 villages, Valsad                       | 0.29                   | 0.29  | 0.92   | ARDF*                  |
| Total direct expenditure |         |  |  | 0.29                   | 0.29  | 0.92   |                        |

\*ARDF: Atul Rural Development Fund

## 2.5 Implementing agency

### 2.5.1 Atul Rural Development Fund

Established in 1978, ARDF is an embodiment of the purpose of Atul towards serving the society. It is the apex trust through which all CSR initiatives of the Company are undertaken.

## 2.6 Confirmation of compliance

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with its objectives and Policy of the Company.

|                          |                               |
|--------------------------|-------------------------------|
| <b>Managing Director</b> | <b>Chairman CSR Committee</b> |
| G Venugopala Rao         | Gopi Kannan Thirukonda        |

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### 3. Extract of the Annual Return

Form number MGT – 9

Extract of the Annual Return as on March 31, 2019

{Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014}

#### 3.1 Registration and other details

- » Corporate identification number: U24110GJ2005PLC045564
- » Registration date: February 25, 2005
- » Name of the company: Rudolf Atul Chemicals Ltd
- » Category | Sub-category of the company: Company limited by shares
- » Address of the registered office and contact details: B | 18598, Survey number 33, Atul 396 020, Gujarat, India, Telephone: (+91 2632) 230000
- » Whether listed company: no
- » Name, address and contact details of Registrar and Transfer Agent: not applicable

#### 3.2 Principal business activities of the Company

| No. | Name and description of main products   services | National industrial classification code of the product   service | % to total revenue of the Company* |
|-----|--|--|------------------------------------|
| 1.  | Basic chemicals                                  | 201  | 100%                               |

\*Business activities contributing 10% or more of the total revenue of the Company

#### 3.3 Particulars of the holding, the subsidiary and the associate companies

Not applicable

### 3.4 Shareholding pattern (equity share capital break-up as percentage of total equity)

#### 3.4.1 Category-wise shareholding

| Category code | Category of shareholders   | Number of shares held at the beginning of the year (as at April 01, 2018) |       |           | Number of shares held at the end of the year (as at March 31, 2019) |       |           | % change during the year |
|---------------|--|---|-------|-----------|---|-------|-----------|--------------------------|
|               |  | Physical  | Demat | Total     | Physical  | Demat | Total     |                          |
| <b>A.</b>     | <b>Shareholding of the promoter and the promoter group</b>                         |   |       |           |   |       |           |                          |
| 1.            | Indian   |   |       |           |   |       |           |                          |
| a)            | Individuals   Hindu Undivided Family   |   |       |           |   |       |           |                          |
| b)            | Central Government   State Government(s)   |   |       |           |   |       |           |                          |
| c)            | <b>Bodies corporate</b>  | 29,18,750   |       | 29,18,750 | 29,18,750   |       | 29,18,750 | 50.00                    |
| d)            | Financial institutions   Banks   |   |       |           |   |       |           |                          |
| e)            | Any other  |   |       |           |   |       |           |                          |
|               | <b>Sub total (A)(1)</b>  | 29,18,750   |       | 29,18,750 | 29,18,750   |       | 29,18,750 | 50.00                    |
| 2.            | Foreign  |   |       |           |   |       |           |                          |
| a)            | Individuals (Non-resident individuals   Foreign individuals)                       |   |       |           |   |       |           |                          |
| b)            | Bodies corporate   | 29,18,750   |       | 29,18,750 | 29,18,750   |       | 29,18,750 | 50.00                    |
| c)            | Institutions   |   |       |           |   |       |           |                          |
| d)            | Any other  |   |       |           |   |       |           |                          |
|               | <b>Sub total (A)(2)</b>  | 29,18,750   |       | 29,18,750 | 29,18,750   |       | 29,18,750 | 50.00                    |
|               | <b>Total shareholding of the promoter and the promoter group (A)=(A)(1)+(A)(2)</b> | 58,37,500   |       | 58,37,500 | 58,37,500   |       | 58,37,500 | 100.00                   |
| <b>B.</b>     | <b>Public shareholding</b>   |   |       |           |   |       |           |                          |
| 1.            | Institutions   |   |       |           |   |       |           |                          |
| a)            | Mutual funds   |   |       |           |   |       |           |                          |
| b)            | Financial institutions   Banks   |   |       |           |   |       |           |                          |
| c)            | Central Government   State Government(s)   |   |       |           |   |       |           |                          |
| d)            | Venture capital funds  |   |       |           |   |       |           |                          |
| e)            | Insurance companies  |   |       |           |   |       |           |                          |
| f)            | Foreign institutional investors  |   |       |           |   |       |           |                          |
| g)            | Foreign venture capital investors  |   |       |           |   |       |           |                          |
| h)            | Trusts   |   |       |           |   |       |           |                          |
|               | <b>Sub total (B)(1)</b>  |   |       |           |   |       |           |                          |

| Category code | Category of shareholders  | Number of shares held at the beginning of the year (as at April 01, 2018) |       |           | Number of shares held at the end of the year (as at March 31, 2019) |       |           | % change during the year |
|---------------|---|---|-------|-----------|---|-------|-----------|--------------------------|
|               |   | Physical  | Demat | Total     | Physical  | Demat | Total     |                          |
|               |   |   |       |           |   |       |           |                          |
| 2.            | Non-institutions  |   |       |           |   |       |           |                          |
| a)            | Bodies corporate  |   |       |           |   |       |           |                          |
| i)            | Indian  | -   | -     | -         | -   | -     | -         | -                        |
| ii)           | Overseas  | -   | -     | -         | -   | -     | -         | -                        |
| b)            | Individuals   |   |       |           |   |       |           |                          |
| i)            | Shareholders holding nominal share capital up to ₹ 1 lakh                               | -   | -     | -         | -   | -     | -         | -                        |
| ii)           | Shareholders holding nominal share capital in excess of ₹ 1 lakh                        | -   | -     | -         | -   | -     | -         | -                        |
| c)            | Non-resident Indians (NRI)  |   |       |           |   |       |           |                          |
| i)            | NRI repatriable   | -   | -     | -         | -   | -     | -         | -                        |
| ii)           | NRI non-repatriable   | -   | -     | -         | -   | -     | -         | -                        |
| iii)          | Foreign bodies  | -   | -     | -         | -   | -     | -         | -                        |
| iv)           | Foreign nationals   | -   | -     | -         | -   | -     | -         | -                        |
| d)            | Any other   | -   | -     | -         | -   | -     | -         | -                        |
|               | <b>Sub total (B)(2)</b>   | -   | -     | -         | -   | -     | -         | -                        |
|               | <b>Total public shareholding (B)=(B)(1)+(B)(2)</b>                                      | -   | -     | -         | -   | -     | -         | -                        |
|               | <b>Total (A)+(B)</b>  | 58,37,500   | -     | 58,37,500 | 58,37,500   | -     | 58,37,500 | 100.00                   |
| <b>C.</b>     | <b>Shares held by custodians and against which depository receipts have been issued</b> |   |       |           |   |       |           |                          |
| 1.            | Promoter and promoter group   | -   | -     | -         | -   | -     | -         | -                        |
| 2.            | Public  | -   | -     | -         | -   | -     | -         | -                        |
|               | <b>Sub total (C)</b>  | -   | -     | -         | -   | -     | -         | -                        |
|               | <b>Grand total (A)+(B)+(C)</b>  | 58,37,500   | -     | 58,37,500 | 58,37,500   | -     | 58,37,500 | 100.00                   |





### 3.4.2 Shareholding of the promoters

| No. | Name of the shareholder              | Shareholding as at April 01, 2018 |                                  |  | Shareholding as at March 31, 2019 |                                  |  | % change in shareholding during the year |
|-----|--------------------------------------|-----------------------------------|----------------------------------|--|-----------------------------------|----------------------------------|--|--|
|     |                                      | Number of shares held             | % of total shares of the Company | % of shares pledged   encumbered to total number of shares | Number of shares held             | % of total shares of the Company | % of shares pledged   encumbered to total number of shares |  |
| 1.  | Atul Ltd                             | 29,18,750                         | 50.00                            | –  | 29,18,750                         | 50.00                            | –  | –  |
| 2.  | IB Industriechemie Beteiligungs GmbH | 29,18,750                         | 50.00                            | –  | 29,18,750                         | 50.00                            | –  | –  |
|     | <b>Total</b>                         | <b>58,37,500</b>                  | <b>100.00</b>                    | <b>–</b>   | <b>58,37,500</b>                  | <b>100.00</b>                    | <b>–</b>   | <b>–</b>                                 |

### 3.4.3 Change in the promoters' shareholding

| No. | Particulars                         | Reason for change | Shareholding as at April 01, 2018 |                                  | Cumulative shareholding during 2018-19 |                                  |
|-----|-------------------------------------|-------------------|-----------------------------------|----------------------------------|--|----------------------------------|
|     |                                     |                   | Number of shares                  | % of total shares of the Company | Number of shares                       | % of total shares of the Company |
| 1.  | Companies                           |                   |                                   |                                  |  |                                  |
|     | At the beginning of the year        |                   | 58,37,500                         | 100.00                           | 58,37,500                              | 100.00                           |
|     | Increase   Decrease during the year |                   | –                                 | –                                | –                                      | –                                |
|     | At the end of the year              |                   | 58,37,500                         | 100.00                           | 58,37,500                              | 100.00                           |

### 3.4.4 Shareholding pattern of top ten shareholders (other than the Directors, the promoters and the holders of American Depository Receipts and Global Depository Receipts)

| No. | Particulars                         | Reason for change | Shareholding as at April 01, 2018 |                                  | Cumulative shareholding during 2018-19 |                                  |
|-----|-------------------------------------|-------------------|-----------------------------------|----------------------------------|--|----------------------------------|
|     |                                     |                   | Number of shares                  | % of total shares of the Company | Number of shares                       | % of total shares of the Company |
| 1.  | Companies                           |                   |                                   |                                  |  |                                  |
|     | At the beginning of the year        |                   | –                                 | –                                | –                                      | –                                |
|     | Increase   Decrease during the year |                   | –                                 | –                                | –                                      | –                                |
|     | At the end of the year              |                   | –                                 | –                                | –                                      | –                                |

### 3.4.5 Shareholding of the Directors and the Key Managerial Personnel

| No. | Particulars                         | Reason for change | Shareholding as at April 01, 2018 |                                  | Cumulative shareholding during 2018-19 |                                  |
|-----|-------------------------------------|-------------------|-----------------------------------|----------------------------------|--|----------------------------------|
|     |                                     |                   | Number of shares                  | % of total shares of the Company | Number of shares                       | % of total shares of the Company |
| 1.  | Companies                           |                   |                                   |                                  |  |                                  |
|     | At the beginning of the year        |                   | –                                 | –                                | –                                      | –                                |
|     | Increase   Decrease during the year |                   | –                                 | –                                | –                                      | –                                |
|     | At the end of the year              |                   | –                                 | –                                | –                                      | –                                |

### 3.5 Indebtedness

Indebtedness of the Company including interest outstanding | accrued, but not due for payment:

| Particulars   | Secured loans excluding deposits | Unsecured loans | Deposits | Total indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year |                                  |                 |          |                    |
| i) Principal amount                                 | –                                | –               | –        | –                  |
| ii) Interest due, but not paid                      | –                                | –               | –        | –                  |
| iii) Interest accrued, but not due                  | –                                | –               | –        | –                  |
| <b>Total i) + ii) + iii)</b>                        | –                                | –               | –        | –                  |
| Change in indebtedness during the financial year    |                                  |                 |          |                    |
| Addition  | –                                | –               | –        | –                  |
| Reduction   | –                                | –               | –        | –                  |
| Net change  | –                                | –               | –        | –                  |
| Indebtedness at the end of the financial year       |                                  |                 |          |                    |
| i) Principal amount                                 | –                                | –               | –        | –                  |
| ii) Interest due, but not paid                      | –                                | –               | –        | –                  |
| iii) Interest accrued, but not due                  | –                                | –               | –        | –                  |
| <b>Total i) + ii) + iii)</b>                        | –                                | –               | –        | –                  |

### 3.6 Remuneration of the Directors and the Key Managerial Personnel

#### 3.6.1 Remuneration to the Managing Director

(₹ cr)

| No. | Particulars   | G Venugopala Rao | Total amount |
|-----|---|------------------|--------------|
| 1.  | Gross salary  |                  |              |
|     | Salary as per provisions under Section 17(1) of the Income Tax Act, 1961  | 0.26             | 0.26         |
|     | Value of perquisites under Section 17(2) of the Income Tax Act, 1961      | 0.01             | 0.01         |
|     | Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | –                | –            |
| 2.  | Stock option  | –                | –            |
| 3.  | Sweat equity  | –                | –            |
| 4.  | Commission  | –                | –            |
| 5.  | Variable pay  | –                | –            |
| 6.  | Others  | –                | –            |
| 7.  | <b>Total (A)</b>  | <b>0.27</b>      | <b>0.27</b>  |
| 8.  | Overall ceiling as per the Act  | 0.76             | 0.76         |

## 3.6.2 Remuneration to the other Directors

|     |  | (₹ cr)            |                  |                        |                 |            |              |
|-----|--|-------------------|------------------|------------------------|-----------------|------------|--------------|
| No. | Particulars  | Wolfgang Schumann | Ulrich Hambrecht | Gopi Kannan Thirukonda | Sudhir Merchant | Sujal Shah | Total amount |
| 1.  | <b>Non-executive Independent Directors</b>                   |                   |                  |                        |                 |            |              |
|     | a) Fee for attending the Board, Committee and other meetings | –                 | –                | –                      | 0.009           | 0.008      | 0.017        |
|     | b) Commission  | –                 | –                | –                      | 0.020           | 0.020      | 0.040        |
|     | <b>Total 1</b>   | –                 | –                | –                      | 0.029           | 0.028      | 0.057        |
| 2.  | <b>Non-executive Non-independent Directors</b>               |                   |                  |                        |                 |            |              |
|     | a) Fee for attending the Board, Committee and other meetings | –                 | –                | –                      | –               | –          | –            |
|     | b) Commission  | –                 | –                | –                      | –               | –          | –            |
|     | <b>Total 2</b>   | –                 | –                | –                      | –               | –          | –            |
|     | <b>Total (B) = (1+2)</b>                                     | –                 | –                | –                      | 0.029           | 0.028      | 0.057        |
|     | <b>Total managerial remuneration (A+B)</b>                   |                   |                  |                        |                 |            | 0.327        |
|     | Overall ceiling as per the Act                               |                   |                  |                        |                 |            | 1.6808       |

## 3.6.3 Remuneration to the Key Managerial Personnel other than the Managing Director

|     |   | (₹ cr)                   |               |              |
|-----|---|--------------------------|---------------|--------------|
| No. | Particulars   | Key Managerial Personnel |               |              |
|     |   | CS                       | CFO           | Total amount |
|     |   | Rakesh Pathak            | Milind Phatak |              |
| 1.  | Gross salary  |                          |               |              |
|     | Salary as per provisions under Section 17(1) of the Income Tax Act, 1961  | 0.13                     | 0.10          | 0.23         |
|     | Value of perquisites under Section 17(2) of the Income Tax Act, 1961      | 0.01                     | –             | 0.01         |
|     | Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | –                        | –             | –            |
| 2.  | Stock option  | –                        | –             | –            |
| 3.  | Sweat equity  | –                        | –             | –            |
| 4.  | Commission  | –                        | –             | –            |
| 5.  | Others  | –                        | –             | –            |
|     | <b>Total (A)</b>  | 0.14                     | 0.10          | 0.24         |

## 3.7 Penalties | Punishment | Compounding of offences

There were no penalties | punishment | compounding of offences for the year ending March 31, 2019.

# Management Discussion and Analysis



The product portfolio of Rudolf Atul Chemicals Ltd (RACL) comprises auxiliary chemicals for textile processing. The Company offers products for preparation, colouration and finishing of apparel, home furnishing and technical textile. It offers 188 products which fall under two major application segments, process chemicals (PC) and effect chemicals (EC).

The Company achieved sales of ₹ 83 cr, an increase of 13% over 2017-18, mainly on account of growth in volume. The PC product group grew by 20% whereas the EC product group grew by 6%.

The size of the world textile chemicals market is estimated at US\$ 8.7 bn and is growing at about 4%. China and India are major consumers of these products. The size of the Indian Textile Chemicals Industry is estimated at US\$ 340 mn and is growing at about 6%. The size of the Textile industry in India is estimated at US\$ 150 bn and is expected to reach US\$ 223 bn by 2021. The sector has been posting a steady growth over the years and reportedly benefits from factors such as high availability of man-made and natural fibers, a continuously growing domestic market, design and manufacturing capabilities to cater to a range of orders and a complete value chain. India has a large workforce with skill levels across the hierarchy, with millennials accounting for 46% of its workforce in 2017.

RACL aims to become a leading supplier in the Textile industry and is expanding its product range to cover almost all fibers and quality specifications. The Company will focus on sustainability by offering eco-friendly chemicals and introducing water saving concepts to fulfil stringent regulations and environmental initiatives. A major thrust will be given to provide a complete package for yarn, knits and terry towel processing. The Company will also focus on promotion of perfluorocarbons free chemicals, silicone softeners and products based on renewable resources to meet the increasing demand from brands to comply with zero discharge of hazardous chemicals. At the same time, the Digital and Reactive Printing industry is also growing as per fashion trend, which the Company will cater by offering complete printing package.

Fluctuations in foreign exchange and volatility in prices of certain raw materials like Silicones, DASDA, Acrylates, etc may impact sales margins.

### Internal control systems

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

### Human Resources

The Company continued its drive to institutionalise and upgrade its HR processes, to help build a more robust workforce capable of managing dynamic and growing business needs. The process of identification and review of key initiatives has become stronger and is continuously upgraded. The requisite training was imparted during 2018-19. Employee relations remained cordial.





# Corporate Governance Report

Conscience is a man's best friend.  
It may not be his most amiable,  
but it is his most faithful monitor.

- Gautama Buddha



## 1. Philosophy

Transparency and accountability are the two basic tenets of Corporate Governance.

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

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

## 2. Board

### 2.1 Board business

The normal business of the Board comprises:

#### 2.1.1 Approving:

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

#### 2.1.2 Monitoring:

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

#### 2.1.3 Noting:

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

#### 2.1.4 Recommending:

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

#### 2.1.5 Reviewing:

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

management, financial and operational control, and compliance with the law and relevant standards

#### 2.1.6 Setting:

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

#### 2.1.7 Others:

- i) Acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the shareholders
- ii) Aligning remuneration of the key executives and the Board Members with the long-term interests of the Company and the shareholders
- iii) Applying high ethical standards
- iv) Assigning sufficient number of the Non-executive Board Members capable of exercising independent judgement to items where there is a potential for conflict of interest
- v) Assisting the Executive Management by challenging the assumptions underlying

strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of focus of the Company

- vi) Encouraging training of the Directors on a continuous basis to ensure that the Board Members are kept up-to-date
- vii) Exercising objective and independent judgement on corporate affairs
- viii) Facilitating the Independent Directors to perform their role effectively as the Board Members and also as the Members of Committees
- ix) Meeting the expectations of operational transparency of the stakeholders while maintaining confidentiality of information in order to foster a culture of good decision making

## 2.2 Appointment and tenure

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

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

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

| 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               | –  | –  | –  |
|     | <b>Non-executive Directors</b> |  |  |  |
| 3.  | Ulrich Hambrecht               | –  | –  | –  |
| 4.  | Gopi Kannan Thirukonda         | 8  | 4  | –  |
| 5.  | Sudhir Merchant                | 2  | 2  | 2  |
| 6.  | Sujal Shah                     | 7  | 6  | 4  |

Sudhir Merchant and Sujal Shah are Independent Directors

<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 2018-19, the Board met four times.

| No. | Day    | Date              | Venue  |
|-----|--------|-------------------|--------|
| 1.  | Friday | April 20, 2018    | Mumbai |
| 2.  | Friday | August 03, 2018   | Atul   |
| 3.  | Friday | November 16, 2018 | Mumbai |
| 4.  | Friday | February 15, 2019 | Mumbai |

## 2.5 Attendance at the Board meetings and the AGM

| No. | Name                   | Board Meetings |          | AGM on August 03, 2018 |
|-----|------------------------|----------------|----------|------------------------|
|     |                        | Total          | Attended |                        |
| 1.  | Wolfgang Schumann      | 4              | 4*       | Present                |
| 2.  | G Venugopala Rao       | 4              | 4        | Present                |
| 3.  | Ulrich Hambrecht       | 4              | 4*       | Present                |
| 4.  | Gopi Kannan Thirukonda | 4              | 4        | Present                |
| 5.  | Sudhir Merchant        | 4              | 4        | Present                |
| 6.  | Sujal Shah             | 4              | 4        | Present                |

\*1 Board meeting was attended through video conference.

## 2.6 Appointment | Cessation

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

## 2.7 Remuneration

| No. | Name                           | Remuneration during 2018-19 |                        |            |           |
|-----|--------------------------------|-----------------------------|------------------------|------------|-----------|
|     |                                | Sitting fees                | Salary and perquisites | Commission | Total     |
|     | <b>Chairman</b>                |                             |                        |            |           |
| 1.  | Wolfgang Schumann              | –                           | –                      | –          | –         |
|     | <b>Managing Director</b>       |                             |                        |            |           |
| 2.  | G Venugopala Rao               | –                           | 26,65,215              | –          | 26,65,215 |
|     | <b>Non-executive Directors</b> |                             |                        |            |           |
| 3.  | Ulrich Hambrecht               | –                           | –                      | –          | –         |
| 4.  | Gopi Kannan Thirukonda         | –                           | –                      | –          | –         |
| 5.  | Sudhir Merchant                | 90,000                      | –                      | 2,00,000   | 2,90,000  |
| 6.  | Sujal Shah                     | 80,000                      | –                      | 2,00,000   | 2,80,000  |

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

Commission up to 1% of the net profit of the Company to the Independent Directors was approved by the Members of the Company at the AGM held on July 18, 2014 for a period of five years effective April 01, 2014. The Board approves, within the aforesaid limit, commission payable to each Independent Director.

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### 3. Committees of the Board

The Board has constituted the following Committees:

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

#### 3.1 Audit Committee

##### 3.1.1 Role

- i) Approving:
  - a) appointment of the Chief Financial Officer
  - b) transactions with related parties and subsequent modifications thereof
- ii) Conducting:
  - a) pre-audit discussions with the Auditors regarding nature and scope of the audit and post-audit discussion to ascertain any areas of concern
  - b) valuation of undertakings or assets, wherever necessary
- iii) Formulating:
  - a) scope, functioning, periodicity and methodology for conducting the Internal Audit in consultation with the Internal Auditor
  - b) Code of Conduct and related matters
- iv) Reviewing:
  - a) adequacy of the internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit
  - b) significant transactions and arrangements entered into by the unlisted subsidiary companies
  - c) the Auditors' independence, performance and effectiveness of the audit process
  - d) 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

- e) the annual Financial Statements and Auditor's Report with the Management before submission to the Board for approval with particular reference to:
  - any changes in accounting policies and practices
  - compliance with accounting standards
  - disclosure of any related party transactions
  - going concern assumption
  - major accounting entries involving estimates based on exercise of judgement by the Management
  - matters required to be included in the Directors' Responsibility Statement for the Directors' Report
  - qualifications in the draft Audit Report
  - significant adjustments made in the Financial Statements arising out of audit findings
- f) 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
- g) financial reporting process and the disclosure of financial information to ensure that the Financial Statements are correct, credible and sufficient
- h) compliance reports of all applicable laws as well as steps taken to rectify instances of non-compliances periodically
- i) 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

j) the Financial Statements, in particular, investments made by unlisted subsidiary companies

k) following information mandatorily:

- appointment, removal and terms of remuneration of the Chief Internal Auditor
- Internal Audit Reports relating to weaknesses in the internal control systems
- Management Discussion and Analysis of financial condition and results of operations
- management letters | letters of internal control weaknesses issued by the Statutory Auditors
- statement of related party transactions submitted by the Management

l) with the Management the statement of uses | applications of

funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilised for the purposes other than those stated

v) Others

- a) 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
- b) Evaluating internal financial controls and risk management system
- c) Remuneration and terms of appointment of the Auditors and approval for payment for any other services
- d) Scrutinising inter corporate loans and investments
- e) Carrying out any other function as mentioned in the terms of reference of the Audit Committee

### 3.1.2 Composition

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

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

### 3.1.3 Meetings and attendance

During 2018-19, four meetings were held.

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

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

### 3.2 Nomination and Remuneration Committee

#### 3.2.1 Role

- i) Devising a policy on the Board diversity
- ii) Formulating criteria for evaluation of the Independent Directors and the Board
- iii) Formulating criteria for determining qualifications, traits and independence of a Director and recommending to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees
- iv) Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of performance of every Director
- v) Recommending | determining remuneration of the Executive Director as per the policy

#### 3.2.2 Composition

The Committee comprises following Members:

| No. | Name                   | Designation |
|-----|------------------------|-------------|
| 1.  | Sudhir Merchant        | Chairman    |
| 2.  | Sujal Shah             | Member      |
| 3.  | Gopi Kannan Thirukonda | Member      |
| 4.  | Wolfgang Schumann      | Member      |

#### 3.2.3 Meetings and attendance

During 2018-19, one meeting was held.

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

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

### 3.3 Corporate Social Responsibility Committee

#### 3.3.1 Role

- i) Formulating and recommending the Corporate Social Responsibility (CSR) Policy to the Board
- ii) Indicating reasons to the Board in case the amount of expenditure is less than 2% of the average net profit in a given year



- iii) Monitoring the CSR Policy from time to time
- iv) Recommending the amount of expenditure to be incurred on the CSR initiatives which may not be less than 2% of the average net profit of the last three years

### 3.3.2 Composition

The Committee comprises following Members:

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

### 3.3.3 Meetings and attendance

During 2018-19, one meeting was held.

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

## 4. Company policies

### 4.1 Compliance

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

### 4.2 Code of Conduct

The Code of Conduct is available on the website of the Company at <http://www.racl.net.in/investors.html#>

All the Directors and the Senior Management personnel have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this report.

### 4.3 Prevention of Sexual Harassment of Women at Workplace

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has framed a Policy on Prevention of Sexual Harassment of Women at Workplace and constituted Internal Complaints Committee. Status of complaints received during 2018-19 are as under:

|                              |     |
|------------------------------|-----|
| Filed during 2018-19         | Nil |
| Disposed of during 2018-19   | Nil |
| Pending as at end of 2018-19 | 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, among others, during 2018-19 that may have a potential conflict with the interests of the Company at large. All details relating to financial and commercial transactions where the Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.

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

#### 6. Shareholders' information

##### 6.1 General Body meetings

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

| Year    | Location  | Date            | Time     |
|---------|---|-----------------|----------|
| 2015-16 | B   18598, Survey number 33<br>Atul 396 020, Gujarat, India | August 09, 2016 | 04:00 pm |
| 2016-17 | B   18598, Survey number 33<br>Atul 396 020, Gujarat, India | August 11, 2017 | 12:30 pm |
| 2017-18 | B   18598, Survey number 33<br>Atul 396 020, Gujarat, India | August 03, 2018 | 12:30 pm |

###### 6.1.2 Special resolutions passed in the previous three AGMs: yes

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

##### 6.2 Annual General Meeting 2019

Details of the 15<sup>th</sup> AGM are as under:

| Year    | Location  | Date            | Time    |
|---------|---|-----------------|---------|
| 2018-19 | B   18598, Survey number 33<br>Atul 396 020, Gujarat, India | August 09, 2019 | 1:00 pm |

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

##### 6.3 Financial year

April 01 to March 31



#### 6.4 Date of book closure

July 13, 2019 to July 19, 2019

#### 6.5 Date of dividend payment

August 14, 2019

#### 6.6 Location of plant

Atul 369 020, Gujarat, India

#### 6.7 Address of correspondance

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

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

#### 6.8 Tentative Board meeting dates for consideration of results for 2019-20

| No. | Particulars                            | Date              |
|-----|--|-------------------|
| 1.  | First quarter results                  | August 09, 2019   |
| 2.  | Second quarter and half-yearly results | November 15, 2019 |
| 3.  | Third quarter results                  | February 14, 2020 |
| 4.  | Fourth quarter and annual results      | April 17, 2020    |

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

All the Directors have access to the suggestions and services of the Company Secretary in ensuring an effective functioning of the Board and its Committees. The Company Secretary administers, attends and prepares minutes of the Board 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 Milind Phatak, Chief Financial Officer, issued certificates to the Board. The certificates were placed before the Board at the meeting held on April 16, 2019 in which the accounts for the year ended March 31, 2019 were considered and approved by the Board.

For Rudolf Atul Chemicals Ltd

(G Venugopala Rao)  
Managing Director

Mumbai  
April 16, 2019

# Notice

NOTICE is hereby given that the 15<sup>th</sup> Annual General Meeting of the Members of Rudolf Atul Chemicals Ltd will be held on Friday, August 09, 2019, at 1:00 pm at B | 18598, Survey Number 33, Atul 396 020, Gujarat, India to transact the following businesses:

## Ordinary business:

1. To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended March 31, 2019 and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr Ulrich Hambrecht (DIN: 01967154) who retires by rotation and being eligible, offers himself for reappointment.

## Notes

1. A Member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and vote instead of himself | herself and the proxy need not be a Member. A person can act as proxy on behalf of not more than 50 Members and holding in aggregate not more than 10% of the total share capital of the Company. In order that the appointment of a proxy is effective, the instrument appointing the proxy must be received at the registered office of the Company not later than 48 hours before the commencement of the meeting, that is, by 1:00 pm on Wednesday, August 07, 2019.
2. Copies of the Balance Sheet, the Statement of Profit and Loss, the Directors' Report, the Auditor's Report and every other document required by law to be annexed or attached to

the Balance Sheet for the financial year ending March 31, 2019 are annexed | attached.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from July 13, 2019 to July 19, 2019 (both days inclusive).
4. The dividend if approved, will be paid to those Members whose names stand on the Register of Members on July 12, 2019.
5. The physical copies of the documents which are referred in this Notice and not attached will also be available at the registered office of the Company for inspection during normal business hours on working days on or before the date of the Annual General Meeting. Even after registering for e-communication, the Members are entitled to receive communication in physical form (upon making a request for the same) by post, free of cost.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
7. The Members, desiring any information relating to the accounts, are requested to write to the Company at least seven days before the date of Annual General Meeting (AGM) so as to enable the Management to keep the information ready and provide at the AGM.
8. At the ensuing Annual General Meeting, Mr Ulrich Hambrecht retires by rotation and being eligible offers himself for reappointment. The information or details pertaining to him are as under:





|   |   |
|---|---|
| <b>Name</b>                                 | <b>Mr Ulrich Hambrecht</b>  |
| Date of birth                               | May 08, 1948  |
| Brief résumé                                | Mr Ulrich Hambrecht is a Director of the Company since March 27, 2008. He is a Member of Nomination and Remuneration Committee of the Board.<br>Mr Ulrich has 49 years of experience in various capacities. He is a certified banking specialist and has specialisation in Textile Chemistry. |
| Directorship in other companies             | <b>Public companies</b><br>Nil<br><b>Private companies</b><br>Nil   |
| Membership in committees of other companies | <b>Member of committees</b><br>Nil  |
| Relationship with other Directors           | None  |
| Number of shares held in the Company        | Nil   |

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

Registered office:

B | 18598, Survey number 33

Atul 396 020, Gujarat

India

Corporate identification number: U24110GJ2005PLC045564

April 16, 2019

By order of the Board of Directors

(Rakesh Pathak)  
Company Secretary

CIN: Corporate identification number

DIN: Director identification number

FRN: Firm registration number

# Performance trend

(₹ lakhs)

| Particulars                            | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 <sup>1</sup> |
|--|---------|---------|---------|---------|---------|---------|----------------------|
| <b>Operating results</b>               |         |         |         |         |         |         |                      |
| Net sales                              | 8,295   | 7,327   | 6,457   | 6,086   | 4,341   | 3,063   | 2,055                |
| Revenue                                | 8,372   | 7,399   | 6,523   | 6,147   | 4,046   | 3,112   | 2,067                |
| PBIDT                                  | 1,581   | 1,445   | 1,508   | 1,424   | 897     | 564     | 274                  |
| Interest                               | 13      | 12      | 12      | 10      | 3       | (42)    | 1                    |
| PBDT                                   | 1,568   | 1,432   | 1,496   | 1,414   | 894     | 606     | 274                  |
| Depreciation                           | 40      | 36      | 32      | 26      | 80      | 78      | 81                   |
| PBT from operations <sup>2</sup>       | 1,528   | 1,396   | 1,464   | 1,387   | 814     | 528     | 193                  |
| Exceptional   Non-recurring items      | -       | -       | -       | -       | -       | -       | -                    |
| PBT                                    | 1,528   | 1,396   | 1,464   | 1,387   | 814     | 528     | 193                  |
| Tax                                    | 455     | 492     | 511     | 480     | 264     | 175     | 54                   |
| Net profit                             | 1,073   | 904     | 953     | 907     | 550     | 353     | 140                  |
| Other comprehensive income             |         |         |         |         |         |         |                      |
| Net of tax                             | 0.18    | (0.4)   | (3)     | -       | -       | -       | -                    |
| Total comprehensive income             | 1,073   | 903     | 950     | 907     | 550     | 353     | 140                  |
| Dividend (including DDT <sup>3</sup> ) | -       | 703     | 1792    | 140     | -       | 102     | -                    |
| <b>Financial position</b>              |         |         |         |         |         |         |                      |
| Gross block <sup>4</sup>               | 707     | 689     | 643     | 519     | 448     | 312     | 309                  |
| Net block <sup>4</sup>                 | 574     | 596     | 586     | 494     | 423     | 122     | 198                  |
| Other assets (net)                     | 2,732   | 1,639   | 1,448   | 2,382   | 1,686   | 1,462   | 1,136                |
| Capital employed                       | 3,308   | 2,235   | 2,034   | 2,876   | 2,109   | 1,584   | 1,334                |
| Equity share capital                   | 584     | 584     | 584     | 584     | 584     | 584     | 584                  |
| Other equity                           | 2,725   | 1,651   | 1,450   | 2,292   | 1,525   | 1,001   | 750                  |
| Total equity                           | 3,308   | 2,235   | 2,034   | 2,876   | 2,109   | 1,584   | 1,334                |
| Borrowings                             | -       | -       | -       | -       | -       | -       | -                    |
| <b>Per equity share (₹)</b>            |         |         |         |         |         |         |                      |
| Dividend                               | -       | 10.00   | 12.75   | 12.75   | 2.00    | 1.50    | -                    |
| Book value                             | 56.67   | 38.28   | 34.84   | 49.27   | 36.13   | 27.13   | 22.85                |
| Earning                                | 18.38   | 15.48   | 16.33   | 15.54   | 9.43    | 6.04    | 2.39                 |
| <b>Key indicators</b>                  |         |         |         |         |         |         |                      |
| PBIDT %                                | 19.05%  | 19.24%  | 20.81%  | 21.41%  | 21.20%  | 18.41%  | 13.33%               |
| PBDT %                                 | 18.90%  | 19.07%  | 20.65%  | 21.26%  | 21.12%  | 19.78%  | 13.33%               |
| PBT %                                  | 18.42%  | 18.59%  | 20.21%  | 20.85%  | 19.23%  | 17.24%  | 9.39%                |
| RoCE % <sup>2,5</sup>                  | 46.58%  | 63.01%  | 72.59%  | 48.57%  | 38.74%  | 30.68%  | 1.54%                |
| RoNW % <sup>2</sup>                    | 32.44%  | 40.44%  | 46.88%  | 31.54%  | 26.08%  | 22.29%  | 10.49%               |
| Payment to the exchequer               | 1,984   | 2,377   | 1,991   | 1,854   | 1,200   | 848     | 341                  |

Notes:

<sup>1</sup>First full year of partnership between Rudolf Group and Atul Conglomerate | <sup>2</sup>Excluding exceptional items |

<sup>3</sup>Dividend distribution tax | <sup>4</sup>Including capital work-in-progress | <sup>5</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

We have audited the accompanying Financial Statements of Rudolf Atul Chemicals Limited (the Company), which comprise the Balance Sheet as at March 31, 2019, 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.

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, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for opinion

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

01. 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.

02. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
03. 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.
04. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's Responsibility for the financial statements

05. 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.
06. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
07. In preparing the Financial Statements, the Management is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to

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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**

08. 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.
09. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:
- a) Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - b) Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - c) Evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by the Management.

- d) Conclude on the appropriateness of use of the going concern basis of accounting by the Management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

10. 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 Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the Directors as on March 31, 2019 taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance

with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

11. As required by the Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Firm registration number: 117366W|W-100018

(Samir R. Shah)

**Partner**

Mumbai

April 16, 2019

Membership number: 101708

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

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

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

We have audited the internal financial controls over financial reporting of Rudolf Atul Chemicals Limited (the Company) as of March 31, 2019 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

### **Responsibility of Management for internal financial controls**

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

### **Responsibility of Auditor**

Our responsibility is to express an opinion on the internal financial controls of the Company over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India (the Guidance Note) and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance

about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the judgement of the auditors including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

### **Meaning of internal financial controls over financial reporting**

Internal financial controls over financial reporting of a company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. Internal financial controls over financial reporting of a company include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the 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 (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the assets of the Company that may have a material effect on the Financial Statements.



### **Inherent limitations of internal financial controls over financial reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management, override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the

Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm registration number: 117366W|W-100018

(Samir R. Shah)

**Partner**

Mumbai

April 16, 2019

Membership number: 101708

## Annexure B to the Independent Auditor's Report

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- Referred to in paragraph 2 under 'Report on other legal and regulatory requirements' Section of our report of even date.
- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the lease deed provided to us, we report that, in respect of immovable property of buildings that have been taken on lease and disclosed as fixed asset in the Financial Statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals except for inventories lying with third party and goods-in-transit where conformation has been received by the Management and no material discrepancies were notice on physical verification.
  - (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
  - (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits, hence reporting under Clause (v) of the Order is not applicable.
  - (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under Sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.  
  
We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  - (vii) According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, customs duty, cess, goods and service tax and other material statutory dues applicable to it to the appropriate authorities.
    - (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, customs duty, cess, goods and service tax and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
    - (c) There are no disputed dues of customs duty and goods and service tax which have not been deposited as on March 31, 2019. The details of dues of income tax and service tax which have not been deposited as on March 31, 2019 on account of disputes are given below:





| Name of the statute      | Nature of dues | Forum where the 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 to 2012       | 18,58,210         | 3,27,800                      |
| The Income Tax Act, 1961 | Income Tax     | Commissioner of Income Tax (Appeals)                | Assessment year 2015 to 2016       | 13,26,883         | 2,61,502                      |
| The Finance Act, 1994    | Service Tax    | Customs, Excise and Services Tax Appellate Tribunal | 2012-13 to 2014-15                 | 12,17,848         | 1,34,205                      |

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence, reporting under Clause (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) or term loans and hence, reporting under Clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid | provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company, and hence reporting under Clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with them and hence, provisions of Section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm registration number: 117366W|W-100018

(Samir R. Shah)

**Partner**

Mumbai

April 16, 2019

Membership number: 101708

# Balance Sheet as at March 31, 2019

(₹ lakhs)

| Particulars  | Note | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|------|-------------------------|-------------------------|
| <b>A ASSETS</b>  |      |                         |                         |
| <b>1 Non-current assets</b>  |      |                         |                         |
| a) Property, plant and equipment   | 2    | 574.28                  | 596.03                  |
| b) Intangible assets   | 3    | 0.21                    | 0.31                    |
| c) Income tax assets (net)   | 25.4 | 9.74                    | 9.74                    |
| d) Deferred tax assets (net)   | 25.4 | 2.30                    | -                       |
| e) Other non-current assets  | 4    | 14.95                   | 12.70                   |
| <b>Total non-current assets</b>  |      | <b>601.48</b>           | <b>618.78</b>           |
| <b>2 Current assets</b>  |      |                         |                         |
| a) Inventories   | 5    | 995.82                  | 887.66                  |
| b) Financial assets  |      |                         |                         |
| i) Trade receivables   | 6    | 1,617.78                | 1,651.46                |
| ii) Cash and cash equivalents  | 7    | 324.71                  | 469.43                  |
| iii) Loans   | 8    | 1,100.00                | 500.00                  |
| iv) Bank balances other than cash and cash equivalents above             | 9    | 31.64                   | -                       |
| v) Other financial assets  | 10   | 9.44                    | 1.99                    |
| c) Other current assets  | 4    | 39.57                   | 45.93                   |
| <b>Total current assets</b>  |      | <b>4,118.96</b>         | <b>3,556.47</b>         |
| <b>Total assets</b>  |      | <b>4,720.44</b>         | <b>4,175.25</b>         |
| <b>B EQUITY AND LIABILITIES</b>  |      |                         |                         |
| <b>Equity</b>  |      |                         |                         |
| a) Equity share capital  | 11   | 583.75                  | 583.75                  |
| b) Other equity  | 12   | 2,724.56                | 1,651.31                |
| <b>Total equity</b>  |      | <b>3,308.31</b>         | <b>2,235.06</b>         |
| <b>Liabilities</b>   |      |                         |                         |
| <b>1 Non-current liabilities</b>   |      |                         |                         |
| a) Financial liabilities   |      |                         |                         |
| i) Borrowings  | 13   | 128.20                  | 125.07                  |
| b) Provisions  | 15   | 16.42                   | 14.35                   |
| c) Deferred tax liabilities (net)  | 25.4 | -                       | 2.44                    |
| <b>Total non-current liabilities</b>                                     |      | <b>144.62</b>           | <b>141.86</b>           |
| <b>2 Current liabilities</b>   |      |                         |                         |
| a) Financial liabilities   |      |                         |                         |
| i) Trade payables  |      |                         |                         |
| Total outstanding dues of  |      |                         |                         |
| a) Micro enterprises and small enterprises                               | 16   | 5.61                    | 5.39                    |
| b) Creditors other than micro enterprises and small enterprises          | 16   | 965.99                  | 817.69                  |
| ii) Other financial liabilities  | 14   | 203.12                  | 889.38                  |
| b) Other current liabilities   | 17   | 67.80                   | 72.97                   |
| c) Provisions  | 15   | 8.82                    | 10.06                   |
| d) Current tax liabilities (net)   | 25.4 | 16.17                   | 2.84                    |
| <b>Total current liabilities</b>   |      | <b>1,267.51</b>         | <b>1,798.33</b>         |
| <b>Total liabilities</b>   |      | <b>1,412.13</b>         | <b>1,940.19</b>         |
| <b>Total equity and liabilities</b>                                      |      | <b>4,720.44</b>         | <b>4,175.25</b>         |
| The accompanying Notes form an integral part of the Financial Statements | 1-25 |                         |                         |

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Wolfgang Schumann  
Chairman

Samir R Shah  
Partner

Milind Phatak  
Chief Financial Officer

Ulrich Hambrecht  
Gopi Kannan Thirukonda  
Sudhir Merchant  
Sujal Shah  
Directors

G Venugopala Rao  
Managing Director

Mumbai  
April 16, 2019

Rakesh Pathak  
Company Secretary

Mumbai  
April 16, 2019

## Statement of Profit and Loss for the year ended March 31, 2019



(₹ lakhs)

| Particulars   | Note  | 2018-19         | 2017-18         |
|---|-------|-----------------|-----------------|
| <b>INCOME</b>   |       |                 |                 |
| Revenue from operations   | 18    | 8,371.61        | 7583.47         |
| Other income  | 19    | 84.14           | 71.50           |
| <b>Total income</b>   |       | <b>8,455.75</b> | <b>7,654.97</b> |
| <b>EXPENSES</b>   |       |                 |                 |
| Cost of materials consumed  | 20    | 5883.39         | 4,971.52        |
| Purchase of stock-in-trade  |       | -               | 100.01          |
| Changes in inventories of finished goods and stock-in-trade                     | 21    | (200.88)        | (93.94)         |
| Excise duty   |       | -               | 184.22          |
| Employee benefit expenses   | 22    | 493.44          | 446.98          |
| Finance costs   | 23    | 12.73           | 12.12           |
| Depreciation and amortisation expense   | 23    | 39.60           | 36.43           |
| Other expenses  | 24    | 699.22          | 601.40          |
| <b>Total expenses</b>   |       | <b>6,927.50</b> | <b>6,258.74</b> |
| <b>Profit before tax</b>  |       | <b>1,528.25</b> | <b>1,396.23</b> |
| <b>Tax expense</b>  |       |                 |                 |
| Current tax   | 25.4  | 459.93          | 484.13          |
| Deferred tax  | 25.4  | (4.74)          | 8.28            |
| <b>Total tax expense</b>  |       | <b>455.19</b>   | <b>492.41</b>   |
| <b>Profit for the year</b>  |       | <b>1,073.06</b> | <b>903.81</b>   |
| <b>Other comprehensive income</b>   |       |                 |                 |
| Items that will not be reclassified to profit   loss                            |       |                 |                 |
| i) Remeasurement (loss) on defined benefit plans                                | 25.5  | 0.25            | (0.71)          |
| ii) Income tax relating to Item number i) above                                 |       | (0.07)          | 0.25            |
| <b>Other comprehensive income, net of tax</b>                                   |       | <b>0.18</b>     | <b>(0.46)</b>   |
| <b>Total comprehensive income for the year</b>                                  |       | <b>1,073.25</b> | <b>903.35</b>   |
| <b>Earnings per equity share</b>  |       |                 |                 |
| Basic and diluted earning ₹ per equity share of ₹ 10 each                       | 25.10 | 18.38           | 15.48           |
| <b>The accompanying Notes form an integral part of the Financial Statements</b> | 1-25  |                 |                 |

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered AccountantsWolfgang Schumann  
ChairmanSamir R Shah  
PartnerMilind Phatak  
Chief Financial OfficerUlrich Hambrecht  
Gopi Kannan Thirukonda  
Sudhir Merchant  
Sujal Shah  
DirectorsG Venugopala Rao  
Managing DirectorMumbai  
April 16, 2019Rakesh Pathak  
Company SecretaryMumbai  
April 16, 2019

## Statement of change in equity for the year ended March 31, 2019

### A. Equity share capital

(₹ lakhs)

| Particulars                     | Note | Amount |
|---------------------------------|------|--------|
| As at March 31, 2017            |      | 583.75 |
| Changes in equity share capital |      | -      |
| As at March 31, 2018            |      | 583.75 |
| Changes in equity share capital |      | -      |
| As at March 31, 2019            | 11   | 583.75 |

### B. Other equity

(₹ lakhs)

| Particulars  | Reserves and surplus |                    |                 |                   | Total other equity |
|--|----------------------|--------------------|-----------------|-------------------|--------------------|
|  | Note                 | Securities premium | General reserve | Retained earnings |                    |
| As at March 31, 2017   |                      | 416.69             | 35.27           | 998.60            | 1450.56            |
| Profit for the year  |                      | -                  | -               | 903.81            | 903.81             |
| Other comprehensive income   |                      | -                  | -               | (0.46)            | (0.46)             |
| Total comprehensive income for the year                                  |                      | -                  | -               | 903.35            | 903.35             |
| Transactions with owners in their capacity as owners                     |                      |                    |                 |                   |                    |
| Dividend paid (including dividend distribution tax)                      | 25.8                 | -                  | -               | (702.59)          | (702.59)           |
| As at March 31, 2018   |                      | 416.69             | 35.27           | 1,199.36          | 1,651.32           |
| Profit for the year  |                      | -                  | -               | 1,073.06          | 1,073.07           |
| Other comprehensive income   |                      | -                  | -               | 0.18              | 0.18               |
| Total comprehensive income for the year                                  |                      | -                  | -               | 1,073.25          | 1,073.25           |
| Transactions with owners in their capacity as owners:                    |                      |                    |                 |                   |                    |
| Dividend paid (including dividend distribution tax)                      | 25.8                 | -                  | -               | -                 | -                  |
| As at March 31, 2019   |                      | 416.69             | 35.27           | 2,272.61          | 2,724.57           |
| The accompanying Notes form an integral part of the Financial Statements | 1-25                 |                    |                 |                   |                    |

In terms of our report attached

For and on behalf of the Board of Directors

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Chartered Accountants

Wolfgang Schumann  
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G Venugopala Rao  
Managing Director

Mumbai  
April 16, 2019

Rakesh Pathak  
Company Secretary

Mumbai  
April 16, 2019



## Statement of Cash Flow for the year ended March 31, 2019

|             |  | (₹ lakhs)       |               |
|-------------|--|-----------------|---------------|
| Particulars |  | 2018-19         | 2017-18       |
| <b>A</b>    | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                         |                 |               |
|             | Profit before tax  | 1,528.25        | 1,396.23      |
|             | Adjustments for:   |                 |               |
|             | Add:   |                 |               |
|             | Depreciation and amortisation expenses                             | 39.60           | 36.43         |
|             | Finance costs  | 12.73           | 12.12         |
|             | Unrealised exchange rate difference (net)                          | 0.73            | 2.22          |
|             |  | 53.06           | 50.77         |
|             |  | 1,581.31        | 1,447.00      |
|             | Less:  |                 |               |
|             | Interest income  | 61.68           | 54.33         |
|             | Liability no longer required written back                          | -               | 0.61          |
|             |  | 61.68           | 54.94         |
|             | Operating profit before change in operating assets and liabilities | 1,519.63        | 1,392.06      |
|             | Adjustments for:   |                 |               |
|             | (Increase)   decrease in inventories                               | (108.16)        | (353.06)      |
|             | (Increase)   decrease in trade receivables                         | 33.68           | (507.47)      |
|             | (Increase)   decrease in other current financial assets            | (1.09)          | 0.29          |
|             | (Increase)   decrease in other current assets                      | 6.36            | (7.97)        |
|             | (Increase)   decrease in other non-current assets                  | (2.95)          | (1.01)        |
|             | Increase   (decrease) in trade payables                            | 143.02          | 48.68         |
|             | Increase   (decrease) in other current financial liabilities       | 14.33           | 178.56        |
|             | Increase   (decrease) in other current liabilities                 | (5.16)          | 39.20         |
|             | Increase   (decrease) in other non-current financial liabilities   | -               | (133.23)      |
|             | Increase   (decrease) in current provisions                        | (1.25)          | 1.91          |
|             | Increase   (decrease) in non-current provisions                    | 2.32            | 1.92          |
|             |  | 81.10           | (732.18)      |
|             | Cash generated from operations                                     | 1,600.73        | 659.88        |
|             | Less:  |                 |               |
|             | Income tax paid (net of refund)                                    | 446.67          | 504.92        |
|             | <b>Net cash inflow from operating activities</b>                   | <b>1,154.06</b> | <b>154.96</b> |

## Statement of Cash Flow for the year ended March 31, 2019

(₹ lakhs)

| Particulars   | Note         | 2018-19         | 2017-18         |
|---|--------------|-----------------|-----------------|
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                                    |              |                 |                 |
| Payment to acquire property, plant and equipment (including capital advance)    |              | (19.87)         | (12.72)         |
| Inter corporate Deposit given   |              | (1,100.00)      | (800.00)        |
| Inter corporate Deposit received back   |              | 500.00          | 1,225.00        |
| Short-term bank deposits  |              | (31.63)         | -               |
| Interest received   |              | 55.32           | 61.38           |
| <b>Net cash inflow from investing activities</b>                                | <b>B</b>     | <b>(596.18)</b> | <b>473.66</b>   |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                                    |              |                 |                 |
| Finance lease obligation paid   |              | -               | (20.00)         |
| Dividend on equity shares (including dividend distribution tax)                 |              | (702.59)        | (895.80)        |
| <b>Net cash used in financing activities</b>                                    | <b>C</b>     | <b>(702.59)</b> | <b>(915.80)</b> |
| <b>Net increase   (decrease) in cash and cash equivalents</b>                   | <b>A+B+C</b> | <b>(144.71)</b> | <b>(287.18)</b> |
| <b>Cash and cash equivalents at the beginning of the year</b>                   |              | <b>469.42</b>   | <b>756.60</b>   |
| <b>Cash and cash equivalents at the end of the year</b>                         |              | <b>324.71</b>   | <b>469.42</b>   |
| <b>The accompanying Notes form an integral part of the Financial Statements</b> |              |                 |                 |

- i) The above Cash Flow Statement 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.
- ii) Cash flow from operating activities include ₹ 29.00 lakhs (March 31, 2018: ₹ 24.50 lakhs) being expenditure towards Corporate Social Responsibility.
- iii) Refer Note 12 for a reconciliation of changes in liabilities arising from financing activities.

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Wolfgang Schumann  
Chairman

Samir R Shah  
Partner

Milind Phatak  
Chief Financial Officer

Ulrich Hambrecht  
Gopi Kannan Thirukonda  
Sudhir Merchant  
Sujal Shah  
Directors

G Venugopala Rao  
Managing Director

Mumbai  
April 16, 2019

Rakesh Pathak  
Company Secretary

Mumbai  
April 16, 2019



## 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 a total solution provider and is thereby helping the two partners to participate in the growing marketplace. The registered office of the Company is located at B | 18598, Survey number 33, Atul 396 020, Gujarat, India.

### Note 1 Significant accounting policies

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

#### 01. Basis of preparation:

- i) Compliance with Ind AS:  
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 {Companies (Indian Accounting Standards) Rules, 2015} and other relevant provisions of the Act as amended.
- ii) Historical cost convention:  
The Financial Statements have been prepared on a historical cost basis except for the following:
  - a) Certain financial assets and liabilities are measured at fair value.
  - b) Defined benefit plans: plan assets measured at fair value.

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

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

- iii) Recent accounting pronouncements: Standard issued, but not yet effective: Ind AS 116 Leases: On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases and related interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 01, 2019. The standard permits two possible methods of transition:

- a) Full retrospective – retrospectively to each prior period presented applying Ind AS 8 of Accounting Policies, Changes in Accounting Estimates and Errors
- b) Modified retrospective – retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application

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Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- a) Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- b) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

The Company will adopt the standard on April 01, 2019 by using the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 01, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition. No material impact on Ind AS 116 is expected.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to

be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the Financial Statements.

Amendment to Ind AS 12 Income Taxes On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment will be effective from April 01, 2019. The effect on adoption of amendment to Ind AS 12 is not expected to be material in the Financial Statements.

Amendment to Ind AS 19 – plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- a) to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- b) to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.





The Company does not have any impact on account of this amendment.

## 02. 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.

### Depreciation:

- i) Depreciation is being provided on a pro-rata basis on the 'Straight Line Method' over the estimated useful lives of the assets.
- ii) Depreciation is calculated on a pro-rata basis from the date of acquisition | installation till the date the assets are sold or disposed of.
- iii) Useful lives of the assets as prescribed under part C of Schedule II to the Companies Act, 2013 are applied.
- iv) The property, plant and equipment acquired under finance leases is depreciated over the assets' useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.
- v) The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

## 03. Intangible assets:

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

### Amortisation:

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

## 04. Impairment of assets:

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.

## 05. 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.

## 06. Trade receivables:

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

## 07. 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.

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## 08. 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. Other borrowing costs are charged as expense in the year in which these are incurred.

## 09. Inventories:

- i) Raw materials, packing materials, purchased finished goods, finished goods, fuel, stores and spares are valued at cost or net realisable value whichever is lower. The cost is arrived at on First-In-First-Out (FIFO) 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) Due allowances are made for obsolete inventory based on technical estimates made by the Company.

## 10. 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 profit or loss. 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) is presented in the Statement of Profit and Loss on a net basis within other income | (expense).

## 11. Revenue recognition:

### i) Revenue from Contracts with Customers:

The Company has adopted Ind AS 115, 'Revenue from Contracts with Customers' using the modified retrospective transition method effective from April 01, 2018. Refer Note 18 for details of impact on the Financial Statements on account of the transition.

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

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

### Measurement:

Revenue is measured based on the consideration to which the Company expects to be entitled as per contract with a customer. The consideration is determined based on the price specified in the contract, net of the estimated variable consideration. Accumulated experience is used to estimate and provide for the variable consideration, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Contracts with customers are for short-term, at an agreed price basis having contracted



credit period ranging 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 revenue:**

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.

**12. 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.

**Provident fund**

The company pays provident fund contributions to publicly administered provident funds as per local regulations. The group 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 leave encashment:**

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

**Short-term leave encashment:**

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting

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period, regardless of when the actual settlement is expected to occur.

**13. Provisions, contingent liabilities and contingent assets:**

Provisions are recognised when there is a present 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 neither recognised nor disclosed in the Financial Statements.

**14. Income taxes:**

The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

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

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

tax liability. Such an asset is reviewed at each Balance Sheet date.

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

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

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

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

**15. Leases:**

**As a lessee**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are



capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### **16 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.

#### **17 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.

#### **18. 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 judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

The areas involving critical estimates or judgements are:

- i) Estimation of current tax expense and payable – Note 25.4
- ii) Estimation of defined benefit obligation – Note 25.5

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.

(₹ lakhs)

| Note 2 Property, plant and equipment | Buildings <sup>1</sup> | Plant and equipment <sup>2</sup> | Office equipment and furniture | Vehicles    | Total         |
|--------------------------------------|------------------------|----------------------------------|--------------------------------|-------------|---------------|
| <b>Gross carrying amount</b>         |                        |                                  |                                |             |               |
| As at March 31, 2017                 | 393.87                 | 230.25                           | 18.57                          | -           | 642.69        |
| Additions                            | -                      | 38.55                            | 1.96                           | 5.74        | 46.25         |
| <b>As at March 31, 2018</b>          | <b>393.87</b>          | <b>268.80</b>                    | <b>20.53</b>                   | <b>5.74</b> | <b>688.94</b> |
| Additions                            | -                      | 17.02                            | 0.73                           | -           | 17.75         |
| <b>As at March 31, 2019</b>          | <b>393.87</b>          | <b>285.82</b>                    | <b>21.26</b>                   | <b>5.74</b> | <b>706.69</b> |
| <b>Depreciation</b>                  |                        |                                  |                                |             |               |
| Upto March 31, 2017                  | 29.21                  | 24.43                            | 2.96                           | -           | 56.60         |
| For the year                         | 14.75                  | 19.31                            | 1.95                           | 0.29        | 36.30         |
| <b>Upto March 31, 2018</b>           | <b>43.96</b>           | <b>43.74</b>                     | <b>4.91</b>                    | <b>0.29</b> | <b>92.90</b>  |
| For the year                         | 14.75                  | 21.73                            | 2.05                           | 0.97        | 39.50         |
| <b>Upto March 31, 2019</b>           | <b>58.71</b>           | <b>65.47</b>                     | <b>6.96</b>                    | <b>1.26</b> | <b>132.40</b> |
| <b>Net carrying amount</b>           |                        |                                  |                                |             |               |
| As at March 31, 2018                 | 349.91                 | 225.06                           | 15.61                          | 5.45        | 596.03        |
| <b>As at March 31, 2019</b>          | <b>335.16</b>          | <b>220.35</b>                    | <b>14.29</b>                   | <b>4.48</b> | <b>574.28</b> |

Building includes premises (along with affixed land) taken on 30 year lease, and classified as finance lease (for details refer note no. 25.11). The carrying value of Leased Building included in Buildings above is as follows:

(₹ lakhs)

| Buildings                  | March 31, 2019 | March 31, 2018 |
|----------------------------|----------------|----------------|
| Cost   Deemed cost         | 392.81         | 392.81         |
| Accumulated depreciation   | (58.19)        | (43.65)        |
| <b>Net carrying amount</b> | <b>334.61</b>  | <b>349.16</b>  |

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

(₹ lakhs)

| Note 3 Intangible assets     | Computer software |
|------------------------------|-------------------|
| <b>Gross carrying amount</b> |                   |
| As at March 31, 2017         | 1.63              |
| Additions                    | -                 |
| As at March 31, 2018         | 1.63              |
| Additions                    | -                 |
| As at March 31, 2019         | 1.63              |
| <b>Amortisation</b>          |                   |
| Upto March 31, 2017          | 1.19              |
| For the year                 | 0.13              |
| Upto March 31, 2018          | 1.32              |
| For the year                 | 0.10              |
| Upto March 31, 2019          | 1.42              |
| <b>Net carrying amount</b>   |                   |
| As at March 31, 2018         | 0.31              |
| <b>As at March 31, 2019</b>  | <b>0.21</b>       |



(₹ lakhs)

| Note 4 Other assets                        | As at March 31, 2019 |             | As at March 31, 2018 |             |
|--|----------------------|-------------|----------------------|-------------|
|  | Current              | Non-current | Current              | Non-current |
| i) Balances with the government department |                      |             |                      |             |
| a) Tax paid under protest                  | -                    | 14.95       | -                    | 11.99       |
| b) Balances with the statutory authorities | 30.27                | -           | 30.27                | -           |
| ii) Capital advances                       | -                    | -           | -                    | 0.71        |
| iii) Prepayment for goods and services     | 0.70                 | -           | 0.03                 | -           |
| iv) Others                                 | 8.60                 | -           | 15.63                | -           |
|  | 39.57                | 14.95       | 45.93                | 12.70       |

(₹ lakhs)

| Note 5 Inventories*                    | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| i) Raw materials and packing materials | 442.48               | 512.90               |
| Add: Goods-in-transit                  | 89.40                | 111.70               |
|  | 531.88               | 624.60               |
| ii) Finished goods                     | 463.94               | 263.06               |
|  | 463.94               | 263.05               |
|  | 995.82               | 887.66               |

\*The mode of valuation of inventory has been stated in Note 1(9)

(₹ lakhs)

| Note 6 Trade receivables             | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------------|----------------------|----------------------|
| Unsecured, considered good           |                      |                      |
| i) Related parties (refer note 25.3) | 10.66                | 9.98                 |
| ii) Others                           | 1,607.12             | 1,641.48             |
|                                      | 1,617.78             | 1,651.46             |

(₹ lakhs)

| Note 7 Cash and cash equivalents                                     | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Balances with banks  |                      |                      |
| i) In current accounts   | 5.66                 | 15.79                |
| ii) In demand deposit having original maturity of less than 3 months | 319.05               | 453.64               |
|  | 324.71               | 469.42               |

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting year and previous year.

| (₹ lakhs)   |                      |                      |
|---|----------------------|----------------------|
| Note 8 Loans  | As at March 31, 2019 | As at March 31, 2018 |
| Unsecured, considered good                                      |                      |                      |
| i) Inter corporate deposit to related party (refer note 25.3 C) | 500.00               | 500.00               |
| ii) Inter corporate deposit to others                           | 600.00               | -                    |
|   | <b>1,100.00</b>      | <b>500.00</b>        |

| (₹ lakhs)   |                      |                      |
|---|----------------------|----------------------|
| Note 9 Bank balances other than cash and cash equivalents above                 | As at March 31, 2019 | As at March 31, 2018 |
| i) Demand deposit having maturity of more than 3 months but less than 12 months | 31.64                | -                    |
|   | <b>31.64</b>         | <b>-</b>             |

| (₹ lakhs)  |                      |                      |
|--|----------------------|----------------------|
| Note 10 Other financial assets   | As at March 31, 2019 | As at March 31, 2018 |
| i) Advances given for goods and services   | 1.59                 | 0.50                 |
| ii) Interest accrued, but not due on inter corporate deposit (refer Note 25.3 C) | 7.85                 | 1.49                 |
|  | <b>9.44</b>          | <b>1.99</b>          |

| (₹ lakhs)  |                      |                      |
|--|----------------------|----------------------|
| Note 11 Equity share capital                     | As at March 31, 2019 | As at March 31, 2018 |
| <b>Authorised</b>                                |                      |                      |
| 70,00,000 (70,00,000) equity shares of ₹ 10 each | 700.00               | 700.00               |
| <b>Issued, subscribed and fully paid up</b>      |                      |                      |
| 58,37,500 (58,37,500) equity shares of ₹ 10 each | 583.75               | 583.75               |

| i) Movement in equity share capital |                  |                      |
|-------------------------------------|------------------|----------------------|
|                                     | Number of shares | Equity share capital |
| As at March 31, 2018                | 58,37,500        | 58,37,500            |
| As at March 31, 2019                | 58,37,500        | 58,37,500            |

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 is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is approved by the Board.

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

| No. | Name of the shareholder              | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|-----|--------------------------------------|----------------------|------------------|----------------------|------------------|
|     |                                      | Holding %            | Number of shares | Holding %            | Number of shares |
| 1.  | IB Industriechemie Beteiligungs GmbH | 50.00%               | 29,18,750        | 50.00%               | 29,18,750        |
| 2.  | Atul Ltd                             | 50.00%               | 29,18,750        | 50.00%               | 29,18,750        |

(₹ lakhs)

| Note 12 Other equity |  | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|--|----------------------|----------------------|
| i)                   | Security premium reserve   | 416.69               | 416.69               |
| ii)                  | General reserves   | 35.27                | 35.27                |
| iii)                 | Retained earnings  |                      |                      |
|                      | Balance at the beginning of the year                                   | 1,199.36             | 998.60               |
|                      | Add: Profit for the year   | 1,073.06             | 903.81               |
|                      | Less: Dividend on equity shares for the year 2017-18:<br>₹10 per share | -                    | (583.75)             |
|                      | Dividend distribution tax on dividend                                  | -                    | (118.84)             |
|                      | Add: Other comprehensive income   (Loss)                               | 0.18                 | (0.46)               |
|                      | Balance at the end of the year   | 2,272.60             | 1,199.36             |
|                      |  | 2,724.56             | 1,651.31             |

## 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 OCI, dividends or other distributions paid to shareholders.

(₹ lakhs)

| Note 13 Borrowings   | As at March 31, 2019 |        | As at March 31, 2018 |        |
|--|----------------------|--------|----------------------|--------|
|  | Non-current          |        | Non-current          |        |
| <b>Long-term borrowing (Unsecured)</b>   |                      |        |                      |        |
| Finance lease obligations  |                      | 133.03 |                      | 125.07 |
| Less: Current maturities of finance lease obligations<br>(included in Note 14 Other financial liabilities) |                      | (4.83) |                      | -      |
|  |                      | -      |                      | -      |
|  |                      | 128.20 |                      | 125.07 |

**Net Debt Reconciliation:**

(₹ lakhs)

| Particulars                          | Liabilities from financing activities |                    |               |
|--------------------------------------|---------------------------------------|--------------------|---------------|
|                                      | Non-current borrowings                | Current borrowings | Total         |
| <b>Net debt as at March 31, 2017</b> | <b>133.31</b>                         | <b>4.27</b>        | <b>137.58</b> |
| Repayments                           | (15.73)                               | (4.27)             | (20.00)       |
| Changes in fair value                | 7.49                                  |                    | 7.49          |
| <b>Net debt as at March 31, 2018</b> | <b>125.07</b>                         | <b>-</b>           | <b>125.07</b> |
| Repayments                           | -                                     | -                  | -             |
| Changes in fair value                | 3.13                                  | 4.83               | 7.97          |
| <b>Net debt as at March 31, 2019</b> | <b>128.20</b>                         | <b>4.83</b>        | <b>133.04</b> |

(₹ lakhs)

| Note 14 Other financial liabilities (Current)                      | As at March 31, 2019 |        | As at March 31, 2018 |        |
|--|----------------------|--------|----------------------|--------|
|  | i) Security deposits |        | 160.93               |        |
| ii) Creditor for capital goods                                     |                      | -      |                      | 2.83   |
| iii) Dividend payable  |                      | -      |                      | 583.75 |
| iv) Dividend distribution tax payable                              |                      | -      |                      | 118.84 |
| v) Employee benefits payable                                       |                      | 33.75  |                      | 41.00  |
| vi) Current maturities of finance lease obligation (Refer Note 13) |                      | 4.83   |                      | -      |
| vii) Others  |                      | 3.60   |                      | 3.60   |
|  |                      | 203.12 |                      | 889.38 |

(₹ lakhs)

| Note 15 Provisions                          | As at March 31, 2019 |             | As at March 31, 2018 |             |
|---|----------------------|-------------|----------------------|-------------|
|   | Current              | Non-current | Current              | Non-current |
| Provisions for employee benefits            |                      |             |                      |             |
| i) Compensated absences (refer note 25.5 d) | 4.23                 | 16.42       | 2.46                 | 14.35       |
| ii) Gratuity (refer note 25.5)              | 4.59                 | -           | 7.60                 | -           |
|   | 8.82                 | 16.42       | 10.06                | 14.35       |



(₹ lakhs)

| Note 16 Trade payables  | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| <b>Trade payables</b>   |                      |                      |
| a) Total outstanding dues of micro enterprises and small enterprises (refer note 25.12)   | 5.62                 | 5.39                 |
| b) Total outstanding dues of creditors other than micro enterprises and small enterprises |                      |                      |
| i) Related party (refer note 25.3)  | 232.61               | 218.53               |
| ii) Others  | 733.38               | 599.17               |
|   | <b>971.60</b>        | <b>823.08</b>        |

(₹ lakhs)

| Note 17 Other current liabilities          | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| i) Statutory dues                          | 49.42                | 65.64                |
| ii) Contract liabilities for sale of goods | 18.39                | 7.33                 |
|  | <b>67.80</b>         | <b>72.97</b>         |

(₹ lakhs)

| Note 18 Revenue from operations                        | 2018-19         | 2017-18         |
|--|-----------------|-----------------|
| <b>Revenue from contracts with customers:</b>          |                 |                 |
| Sale of products (including excise duty <sup>1</sup> ) | 8295.31         | 7511.28         |
| Scrap sales  | 15.19           | 19.19           |
| <b>Other operating revenue</b>                         |                 |                 |
| Commission received                                    | 61.11           | 53.00           |
|  | <b>8,371.61</b> | <b>7,583.47</b> |

<sup>1</sup>Revenue from operations up to June 30, 2017 includes excise duty of ₹ 184.22 lakhs which is discontinued effective July 01, 2017 upon implementation of Goods and Services Tax (GST) in India. In view of the aforesaid restructuring of indirect taxes, revenue from operations for the year ended on March 31, 2019 is not comparable with the previous year.

#### Reconciliation of revenue recognised with contract price:

(₹ lakhs)

| Particulars                                 | 2018-19        | 2017-18        |
|---|----------------|----------------|
| Contract Price                              | 8438.51        | 7701.91        |
| Adjustment for:                             |                |                |
| Variable Consideration <sup>1</sup>         | (143.20)       | (190.63)       |
| <b>Revenue from contract with customers</b> | <b>8295.31</b> | <b>7511.28</b> |

<sup>1</sup>Variable 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)

| <b>Note 19 Other Income</b>               | <b>2018-19</b> | <b>2017-18</b> |
|---|----------------|----------------|
| Interest from inter company deposits      | 45.05          | 45.51          |
| Interest on demand deposits with banks    | 16.63          | 8.83           |
| Liability no longer required written back | -              | 0.61           |
| Exchange rate difference gain (net)       | 22.27          | 15.45          |
| Miscellaneous income                      | 0.19           | 1.10           |
|   | <b>84.14</b>   | <b>71.50</b>   |

(₹ lakhs)

| <b>Note 20 Cost of materials consumed</b>    | <b>2018-19</b>  | <b>2017-18</b>  |
|--|-----------------|-----------------|
| Raw materials and packing materials consumed |                 |                 |
| Stocks at beginning of the year              | 624.60          | 335.48          |
| Add: Purchases                               | 5,790.67        | 5,260.64        |
|  | <b>6,415.27</b> | <b>5,596.12</b> |
| Less: Stocks at end of the year              | 531.88          | 624.60          |
|  | <b>5,883.39</b> | <b>4,971.52</b> |

(₹ lakhs)

| <b>Note 21 Changes in inventories of finished goods and stock-in-trade</b> | <b>2018-19</b>  | <b>2017-18</b> |
|--|-----------------|----------------|
| <b>Stocks at end of the year</b>   |                 |                |
| Finished goods   | 463.93          | 263.05         |
|  | <b>463.93</b>   | <b>263.05</b>  |
| <b>Less: Stocks at beginning of the year</b>                               |                 |                |
| Finished goods   | 263.05          | 192.07         |
| Stock-in-trade   | -               | 7.04           |
|  | <b>263.05</b>   | <b>199.12</b>  |
|  | <b>(200.88)</b> | <b>(63.94)</b> |
| Excise duty variation on opening   closing stocks of finished goods        | -               | (30.00)        |
| (Increase)   Decrease in stocks  | <b>(200.88)</b> | <b>(93.94)</b> |

(₹ lakhs)

| <b>Note 22 Employee benefit expenses</b>                    | <b>2018-19</b> | <b>2017-18</b> |
|---|----------------|----------------|
| Salaries, wages and bonus                                   | 393.33         | 365.70         |
| Contribution to provident and other funds (refer Note 25.5) | 19.23          | 19.88          |
| Staff welfare expenses                                      | 80.88          | 61.40          |
|   | <b>493.44</b>  | <b>446.98</b>  |



|   | (₹ lakhs)      |                |
|---|----------------|----------------|
| <b>Note 23 Finance costs</b>  | <b>2018-19</b> | <b>2017-18</b> |
| Interest on income tax  | -              | 0.63           |
| Interest on finance lease obligation                                    | 7.97           | 7.49           |
| Interest on security deposits   | 4.76           | 4.00           |
|   | <b>12.73</b>   | <b>12.12</b>   |
|   | (₹ lakhs)      |                |
| <b>Note 24 Other expenses</b>   | <b>2018-19</b> | <b>2017-18</b> |
| Consumption of stores and spares  | 3.27           | 7.30           |
| Power, fuel and water   | 13.40          | 10.36          |
| Manpower services   | 302.03         | 270.77         |
| Plant and equipment repairs   | 8.51           | 4.55           |
| Sundry repairs  | 1.20           | 1.00           |
| Rent  | 35.80          | 36.66          |
| Insurance   | 11.66          | 9.10           |
| Plant operation charges   | 11.25          | 6.72           |
| Freight, cartage and octroi   | 13.57          | 16.43          |
| Commission  | 111.06         | 77.46          |
| Travelling and conveyance   | 79.91          | 70.02          |
| Payments to the Statutory Auditors                                      |                |                |
| i) As auditor   | 1.38           | 1.31           |
| ii) For other services  | 1.55           | 1.07           |
| iii) For reimbursement of expenses                                      | 0.21           | 0.07           |
| Directors' fees   | 1.70           | 1.70           |
| Directors' commission (other than the Executive Directors)              | 4.00           | 4.00           |
| Expenditure on Corporate Social Responsibility<br>(refer Note no 25.13) | 29.00          | 24.50          |
| Legal and professional charges  | 4.74           | 10.77          |
| Testing analysis and inspection charges                                 | 3.35           | 4.51           |
| Miscellaneous expenses  | 61.63          | 43.10          |
|   | <b>699.22</b>  | <b>601.40</b>  |

(₹ lakhs)

| Note 25.1 Contingent liabilities  | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| <b>Claims against the Company not acknowledged as debts in respects of:</b> |                      |                      |
| i) Income tax   | 37.74                | 34.94                |
| ii) Service tax   | 13.52                | 13.52                |
| iii) Other  | 2.38                 | -                    |

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

#### Note 25.2 Commitments

##### Capital commitments

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

#### Note 25.3 (A) Related party information

Name of the related party and nature of relationship

| No. | Name of the related party   | Description of relationship  |
|-----|---|--|
|     | Party where control exists  |  |
| 1.  | Atul Ltd  | Joint Venturer   |
| 2.  | I B Industrieschemie Beteiligungs GmbH  |  |
|     | Other related parties with whom transactions have taken place during the year |  |
| 1.  | Atul Bioscience Ltd   | Enterprises over which significant influence exercised by Joint Venturer |
| 2.  | Atul Finserve Ltd   |  |
| 3.  | Atul Foundation Trust (welfare fund)  |  |
| 4.  | Atul Infotech Private Ltd   |  |
| 5.  | Rudolf GmbH   |  |
| 6.  | Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme           | Post employment benefit plan of Rudolf Atul Chemicals Ltd                |



|  |             | (₹ lakhs)             |                       |
|--|-------------|-----------------------|-----------------------|
| <b>Note 25.3 (B) Transactions with joint venture</b> |             | <b>2018-19</b>        | <b>2017-18</b>        |
| <b>a) Sales and income</b>                           |             |                       |                       |
| 1. Sale of goods                                     |             | 24.05                 | 30.46                 |
|  | Atul Ltd    | 24.05                 | 30.46                 |
| <b>b) Purchases and expenses</b>                     |             |                       |                       |
| 1. Purchase of goods                                 |             | 371.39                | 265.28                |
|  | Atul Ltd    | 371.39                | 265.28                |
| 2. Service charges paid                              |             | 328.56                | 290.33                |
|  | Atul Ltd    | 328.56                | 290.33                |
| 3. Utility expenses                                  |             | 13.40                 | 10.04                 |
|  | Atul Ltd    | 13.40                 | 10.04                 |
| 4. Reimbursement of expenses                         |             | 66.39                 | 55.70                 |
|  | Atul Ltd    | 66.39                 | 55.70                 |
| 5. Lease rent  |             | 34.00                 | 34.00                 |
|  | Atul Ltd    | 34.00                 | 34.00                 |
| 6. Interest expense                                  |             | 7.97                  | 7.49                  |
|  | Atul Ltd    | 7.97                  | 7.49                  |
| <b>c) Other transactions</b>                         |             |                       |                       |
| 1. Interim equity dividend                           |             | -                     | 583.75                |
|  | Atul Ltd    | -                     | 291.88                |
|  | Rudolf GmbH | -                     | 291.88                |
| 2. Security deposit received back                    |             | 20.00                 | -                     |
|  | Atul Ltd    | 20.00                 | -                     |
| 3. Lease rent paid                                   |             | 20.00                 | 20.00                 |
|  | Atul Ltd    | 20.00                 | 20.00                 |
| <b>Outstanding balances as at year end</b>           |             | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
| 1. Trade receivables                                 |             | 10.66                 | 9,98                  |
|  | Atul Ltd    | 10.66                 | 9,98                  |
| 2. Trade payables                                    |             | 160.85                | 143.87                |
|  | Atul Ltd    | 160.85                | 143.87                |
| 3. Finance lease obligation                          |             | 133.04                | 125.07                |
|  | Atul Ltd    | 133.04                | 125.07                |

(₹ lakhs)

| Note 25.3 (C) Transactions with organisations over which significant influence exercised |   | 2018-19               | 2017-18               |
|--|---|-----------------------|-----------------------|
| <b>a)</b>  | <b>Sales and income</b>   |                       |                       |
| 1.   | Commission income   | 61.12                 | 53.00                 |
|  | Rudolf GmbH   | 61.12                 | 53.00                 |
| 2.   | Interest income on inter corporate deposits                         | 9.12                  | 22.00                 |
|  | Atul Bioscience Ltd   | 9.12                  | 20.10                 |
|  | Atul Infotech Private Ltd   | -                     | 1.90                  |
| <b>b)</b>  | <b>Purchases and expenses</b>                                       |                       |                       |
| 1.   | Purchase of goods   | 1,400.55              | 2,333.43              |
|  | Rudolf GmbH   | 1,400.55              | 2,333.43              |
|  | Atul Bioscience Ltd   | 0.16                  | -                     |
| 2.   | Insurance expenses  | 5.18                  | -                     |
|  | Rudolf GmbH   | 5.18                  | -                     |
| 3.   | Reimbursement of expenses   | 0.10                  | 0.06                  |
|  | Atul Finserv Ltd  | 0.10                  | 0.06                  |
| 4.   | Employer Contribution   | 7.60                  | 7.04                  |
|  | Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme | 7.60                  | 7.04                  |
| <b>c)</b>  | <b>Other transactions</b>   |                       |                       |
| 1.   | Corporate Social Responsibility initiatives                         | 29.00                 | 24.50                 |
|  | Atul Foundation Trust   | 29.00                 | 24.50                 |
| 2.   | Inter corporate Deposit given                                       | 500.00                | 500.00                |
|  | Atul Bioscience Ltd <sup>1</sup>                                    | 500.00                | 500.00                |
| 3.   | Inter corporate deposit received back                               | 500.00                | 425.00                |
|  | Atul Bioscience Ltd   | 500.00                | 350.00                |
|  | Atul Infotech Private Ltd   | -                     | 75.00                 |
|  | <b>Outstanding balances as at year end</b>                          | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
| 1.   | Inter corporate Deposit given                                       | 500.00                | 500.00                |
|  | Atul Bioscience Ltd   | 500.00                | 500.00                |
| 2.   | Interest accrued but not due on Inter corporate Deposits given      | 7.85                  | 1.49                  |
|  | Atul Bioscience Ltd   | 7.85                  | 1.49                  |
| 3.   | Trade payables  | 71.76                 | 74.66                 |
|  | Rudolf GmbH   | 71.75                 | 74.66                 |
|  | Atul Finserv Ltd  | 0.02                  | -                     |
| 4.   | Provision for gratuity  | 4.59                  | 7.60                  |
|  | Rudolf Atul Chemicals Ltd Employees Group Gratuity Assurance Scheme | 4.59                  | 7.60                  |

<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.





### Note 25.3 (D) Transactions with organisations over which significant influence exercised

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

### Note 25.4 Current and Deferred tax

The major components of income tax expense are:

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

| Particulars                                  | (₹ lakhs)     |               |
|--|---------------|---------------|
|  | 2018-19       | 2017-18       |
| <b>i) Current tax</b>                        |               |               |
| Current tax on profit for the year           | 459.93        | 484.13        |
| <b>Total current tax expense</b>             | <b>459.93</b> | <b>484.13</b> |
| <b>ii) Deferred tax</b>                      |               |               |
| Decrease   (Increase) in deferred tax assets | (4.74)        | 8.28          |
| Total deferred tax expense   (benefit)       | (4.74)        | 8.28          |
| <b>Income tax expense</b>                    | <b>455.19</b> | <b>492.41</b> |

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

| Particulars  |             |          |
|--|-------------|----------|
|  | 2018-19     | 2017-18  |
| <b>i) Current tax</b>                                |             |          |
| Remeasurement gain   (loss) on defined benefit plans | 0.07        | -        |
| <b>Total current tax expense</b>                     | <b>0.07</b> | <b>-</b> |
| <b>Income tax expense</b>                            | <b>0.07</b> | <b>-</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                                 |               |               |
|---|---------------|---------------|
|   | 2018-19       | 2017-18       |
| <b>a) Statutory income tax rate</b>         | <b>29.12%</b> | <b>34.61%</b> |
| <b>b) Differences due to:</b>               |               |               |
| i) Expenses not deductible for tax purposes | 0.28%         | 0.35%         |
| ii) Others                                  | 0.38%         | 0.31%         |
| <b>Effective income tax rate</b>            | <b>29.78%</b> | <b>35.27%</b> |

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

| e) Current tax liabilities <span style="float: right;">(₹ lakhs)</span> |              |             |
|---|--------------|-------------|
| Particulars   | 2018-19      | 2017-18     |
| Opening balance   | 2.84         | 19.02       |
| Add: Current tax payable for the year                                   | 460.00       | 484.13      |
| Less: Taxes paid  | (446.67)     | (500.33)    |
| <b>Closing balance</b>  | <b>16.17</b> | <b>2.83</b> |

| f) Current tax assets <span style="float: right;">(₹ lakhs)</span> |             |             |
|--|-------------|-------------|
| Particulars  | 2018-19     | 2017-18     |
| Opening balance  | 9.74        | 5.52        |
| Add: Tax paid in advance, net of provisions during the year        | -           | 4.22        |
| <b>Closing balance</b>   | <b>9.74</b> | <b>9.74</b> |

**g) Deferred tax liabilities (net)**

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

| Particulars   | (₹ lakhs)                  |   |                            |   |                            |  |
|---|----------------------------|---|----------------------------|---|----------------------------|--|
|   | As at<br>March 31,<br>2019 | Charged  <br>(Credited)<br>to profit<br>or loss | As at<br>March 31,<br>2018 | Charged  <br>(Credited)<br>to profit<br>or loss | As at<br>March 31,<br>2017 |  |
| Property, plant and equipment                                       | 17.63                      | 4.51  | 13.12                      | 8.65  | 4.48                       |  |
| <b>Total deferred tax liabilities</b>                               | <b>17.63</b>               | <b>4.51</b>                                     | <b>13.12</b>               | <b>8.65</b>                                     | <b>4.48</b>                |  |
| Expenses disallowed under Section 40(a) of the Income Tax Act, 1961 | 8.56                       | 7.40  | 1.16                       | 0.08  | 1.08                       |  |
| Finance lease transaction   | 5.36                       | 0.73  | 4.63                       | (0.17)  | 4.80                       |  |
| Compensated absences  | 6.01                       | 1.12  | 4.90                       | 0.45  | 4.44                       |  |
| Property, plant and equipment                                       | -                          | -   | -                          | -   | -                          |  |
| <b>Total deferred tax assets</b>                                    | <b>19.94</b>               | <b>9.25</b>                                     | <b>10.69</b>               | <b>0.37</b>                                     | <b>10.32</b>               |  |
| <b>Net deferred tax (assets)   liabilities</b>                      | <b>(2.30)</b>              | <b>(4.74)</b>                                   | <b>2.43</b>                | <b>8.28</b>                                     | <b>(5.84)</b>              |  |

### Note 25.5 Employee benefit obligations

#### Funded scheme

**a) Defined benefit plans:**

**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 15 days salary last drawn 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 to employees. The gratuity is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.



### Balance Sheet amount (Gratuity)

| Particulars   | (₹ lakhs)                   |                           |               |
|---|-----------------------------|---------------------------|---------------|
|   | Present value of obligation | Fair value of plan assets | Net amount    |
| <b>As at March 31, 2017</b>   | <b>25.67</b>                | <b>(18.64)</b>            | <b>7.04</b>   |
| Current service cost  | 3.18                        | -                         | 3.18          |
| Past service cost   | 3.39                        | -                         | 3.39          |
| Interest expense   (income)   | 1.80                        | (1.31)                    | 0.48          |
| <b>Total expense recognised in the Statement of Profit and Loss</b>             | <b>8.36</b>                 | <b>(1.31)</b>             | <b>7.05</b>   |
| Remeasurements  |                             |                           |               |
| Return on plan assets, excluding amount included in interest expense   (income) | -                           | -                         | -             |
| (Gain )   Loss from change in demographic assumptions                           | (0.23)                      | -                         | (0.23)        |
| (Gain )   Loss from change in financial assumptions                             | 0.82                        | -                         | 0.82          |
| Experience (gains)   losses   | 0.12                        | -                         | 0.12          |
| <b>Total amount recognised in other comprehensive income</b>                    | <b>0.71</b>                 | <b>-</b>                  | <b>0.71</b>   |
| Employer contributions  | -                           | (7.19)                    | (7.19)        |
| <b>As at March 31, 2018</b>   | <b>34.74</b>                | <b>(27.13)</b>            | <b>7.60</b>   |
| Current service cost  | 4.26                        | -                         | 4.26          |
| Past service cost   | -                           | -                         | -             |
| Interest expense   (income)   | 2.71                        | (2.12)                    | 0.59          |
| <b>Total expense recognised in the Statement of Profit and Loss</b>             | <b>6.96</b>                 | <b>(2.12)</b>             | <b>4.85</b>   |
| Remeasurements  |                             |                           |               |
| Return on plan assets, excluding amount included in interest expense   (income) | -                           | (0.73)                    | (0.73)        |
| (Gain )   Loss from change in demographic assumptions                           | (0.30)                      | -                         | (0.30)        |
| (Gain )   Loss from change in financial assumptions                             | 0.63                        | -                         | 0.63          |
| Experience (gains)   losses   | 0.15                        | -                         | 0.15          |
| <b>Total loss recognised in other comprehensive income</b>                      | <b>0.47</b>                 | <b>(0.73)</b>             | <b>(0.26)</b> |
| Employer contributions  | -                           | (7.60)                    | (7.60)        |
| <b>As at March 31, 2019</b>   | <b>42.18</b>                | <b>(37.59)</b>            | <b>4.59</b>   |

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

| Particulars  | (₹ lakhs)            |                      |
|--|----------------------|----------------------|
|  | As at March 31, 2019 | As at March 31, 2018 |
| Present value of funded obligations                              | 42.18                | 34.74                |
| Fair value of plan assets  | (37.59)              | (27.13)              |
| Deficit of gratuity plan recognised as provision (refer note 15) | 4.59                 | 7.60                 |

### Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

| Particulars   | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Discount rate   | 7.22%                | 7.80%                |
| Attrition rate  | 11.87%               | 9.70%                |
| Rate of return on plan assets (same as discount rate) | 7.22%                | 7.80%                |
| Salary growth rate                                    | 8.04%                | 8.27%                |

### 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, 2019  | As at March 31, 2018 | As at March 31, 2019                 | As at March 31, 2018 | As at March 31, 2019    | As at March 31, 2018 |
| Discount rate                 | 1.00%                 | 1.00%                | (1.74)                               | (1.69)               | 1.92                    | 1.88                 |
| Attrition rate                | 1.00%                 | 1.00%                | (0.17)                               | (0.14)               | 0.18                    | 0.15                 |
| Rate of return on plan assets | 1.00%                 | 1.00%                | (1.74)                               | (1.69)               | 1.92                    | 1.88                 |
| Salary growth rate            | 1.00%                 | 1.00%                | 1.88                                 | 1.85                 | (1.74)                  | (1.70)               |

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

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

Major category of plan assets are as follows:

(₹ lakhs)

| Particulars             | As at March 31, 2019 |          |       |      | As at March 31, 2018 |          |       |      |
|-------------------------|----------------------|----------|-------|------|----------------------|----------|-------|------|
|                         | Quoted               | Unquoted | Total | in % | Quoted               | Unquoted | Total | in % |
| <b>Investment funds</b> |                      |          |       |      |                      |          |       |      |
| Insurance funds         | -                    | 37.40    | 37.40 | 100% | -                    | 26.94    | 26.94 | 99%  |
| <b>Others</b>           |                      |          |       |      |                      |          |       |      |
| Bank balance            | -                    | 0.18     | 0.18  | -    | -                    | 0.19     | 0.19  | 1%   |
|                         | -                    | 37.58    | 37.58 | 100% | -                    | 27.13    | 27.13 | 100% |



## Risk exposure

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

### Interest rate risk

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

### Salary risk

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

### Investment risk

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

### Concentration risk

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

Expected contributions to post-employment benefit plans for the year ending March 31, 2020 are ₹ 9.12 lakhs.

The weighted average duration of the defined benefit obligation is six years (2017-18: 7 years). The expected maturity analysis of gratuity is as follows:

| Particulars                           |                  |                     |                     |              | (₹ lakhs) |
|---------------------------------------|------------------|---------------------|---------------------|--------------|-----------|
|                                       | Less than a year | Between 1 - 2 years | Between 2 - 5 years | Over 5 years | Total     |
| Defined benefit obligation (gratuity) |                  |                     |                     |              |           |
| As at March 31, 2019                  | 8.46             | 4.01                | 19.87               | 29.81        | 62.14     |
| As at March 31, 2018                  | 3.05             | 3.21                | 12.36               | 58.70        | 77.32     |

### 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 ₹ 14.38 lakhs (March 31, 2018: ₹ 12.83 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, 2019 | As at March 31, 2018 |
| a) Present value of unfunded obligations (refer Note 15)  | 20.64                | 16.81                |
| b) Expense recognised in the Statement of Profit and Loss (including encashment paid during the year) | 4.05                 | 4.17                 |
| c) Discount rate (per annum)  | 7.22%                | 7.80%                |
| d) Salary escalation rate (per annum)   | 8.04%                | 8.27%                |

### Note 25.6 Fair value measurements

#### Financial instruments by category

(₹ lakhs)

| Particulars   | As at March 31, 2019 |       |                 | As at March 31, 2018 |       |                 |
|---|----------------------|-------|-----------------|----------------------|-------|-----------------|
|   | FVPL                 | FVOCI | Amortised cost  | FVPL                 | FVOCI | Amortised cost  |
| <b>Financial assets</b>   |                      |       |                 |                      |       |                 |
| i) Trade receivables  | -                    | -     | 1,617.78        | -                    | -     | 1,651.46        |
| ii) Cash and cash equivalents                                       | -                    | -     | 324.71          | -                    | -     | 469.42          |
| iii) Loans  | -                    | -     | 1,100.00        | -                    | -     | 500.00          |
| iv) Bank balances other than cash and cash equivalents above        | -                    | -     | 31.64           | -                    | -     | -               |
| v) Interest accrued, but not due on inter corporate deposit         | -                    | -     | 7.85            | -                    | -     | 1.49            |
| <b>Total financial assets</b>                                       | -                    | -     | <b>3,081.97</b> | -                    | -     | <b>2,622.37</b> |
| <b>Financial liabilities</b>  |                      |       |                 |                      |       |                 |
| i) Borrowings   | -                    | -     | 128.20          | -                    | -     | 125.07          |
| ii) Security deposits   | -                    | -     | 160.93          | -                    | -     | 139.36          |
| iii) Creditor for capital goods                                     | -                    | -     | -               | -                    | -     | 2.88            |
| iv) Dividend payable  | -                    | -     | -               | -                    | -     | 583.75          |
| v) Dividend distribution tax payable                                | -                    | -     | -               | -                    | -     | 118.84          |
| vi) Employee benefits payable                                       | -                    | -     | 33.75           | -                    | -     | 41.00           |
| vii) Current maturities of finance lease obligation (refer Note 13) | -                    | -     | 4.83            | -                    | -     | -               |
| viii) Others  | -                    | -     | 3.60            | -                    | -     | 3.60            |
| ix) Trade payables  | -                    | -     | 971.60          | -                    | -     | 823.08          |
| <b>Total financial liabilities</b>                                  | -                    | -     | <b>1,302.92</b> | -                    | -     | <b>1,837.53</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 3 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**

| Particulars   | (₹ lakhs)            |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | As at March 31, 2019 |                      | As at March 31, 2018 |                      |
|   | Carrying amount      | Fair value (Level 3) | Carrying amount      | Fair value (Level 3) |
| <b>Financial assets</b>   |                      |                      |                      |                      |
| i) Trade receivables  | 1,617.78             | 1,617.78             | 1,651.46             | 1,651.46             |
| ii) Cash and cash equivalents                                       | 324.71               | 324.71               | 469.42               | 469.42               |
| iii) Loans  | 1,100.00             | 1,100.00             | 500.00               | 500.00               |
| iv) Bank balances other than cash and cash equivalents above        | 31.64                | 31.64                | -                    | -                    |
| v) Interest accrued, but not due on inter corporate deposit         | 7.85                 | 7.85                 | 1.49                 | 1.49                 |
| <b>Total financial assets</b>                                       | <b>3,081.97</b>      | <b>3,081.97</b>      | <b>2,622.37</b>      | <b>2,622.37</b>      |
| <b>Financial liabilities</b>  |                      |                      |                      |                      |
| i) Borrowings   | 128.20               | 128.20               | 125.07               | 125.07               |
| ii) Security deposits   | 160.93               | 160.93               | 139.36               | 139.36               |
| iii) Creditor for capital goods                                     | -                    | -                    | 2.83                 | 2.83                 |
| iv) Dividend payable  | -                    | -                    | 583.75               | 583.75               |
| v) Dividend distribution tax payable                                | -                    | -                    | 118.84               | 118.84               |
| vi) Employee benefits payable                                       | 33.75                | 33.75                | 41.00                | 41.00                |
| vii) Current maturities of finance lease obligation (refer Note 13) | 4.83                 | 4.83                 | -                    | -                    |
| viii) Others  | 3.60                 | 3.60                 | 3.60                 | 3.60                 |
| ix) Trade payables  | 971.60               | 971.60               | 823.08               | 823.08               |
| <b>Total financial liabilities</b>                                  | <b>1,302.92</b>      | <b>1,302.92</b>      | <b>1,837.53</b>      | <b>1,837.53</b>      |

The carrying amounts of trade receivables, trade payables, other receivables, loans, borrowings, capital creditors 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 for loans, security deposits and investments in preference shares were calculated based on cash flows discounted using a current lending rate.

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.

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## 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 financial institutions, 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 a FD or taking a 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 institution.

#### Financing

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

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## 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 our cash flow can undermine the credit rating and impair investor confidence of the Company.





| (₹ lakhs)  |                     |                     |                 |
|--|---------------------|---------------------|-----------------|
| Contractual maturities of financial liabilities as at March 31, 2019 | Less than 12 months | More than 12 months | Total           |
| Finance lease obligations  | 4.83                | 128.20              | 133.04          |
| Security deposits  | 160.93              | -                   | 160.93          |
| Others   | 3.60                | -                   | 3.60            |
| Employee benefits payable  | 33.75               | -                   | 33.75           |
| Trade payables   | 971.60              | -                   | 971.60          |
| <b>Total financial liabilities</b>                                   | <b>1,174.71</b>     | <b>128.20</b>       | <b>1,302.92</b> |
| Contractual maturities of financial liabilities as at March 31, 2018 | Less than 12 months | More than 12 months | Total           |
| Finance lease obligations  | -                   | 125.07              | 125.07          |
| Security deposits  | 139.36              | -                   | 139.36          |
| Creditor for capital goods   | 2.83                | -                   | 2.83            |
| Dividend payable   | 583.75              | -                   | 583.75          |
| Dividend distribution tax payable                                    | 118.84              | -                   | 118.84          |
| Others   | 3.60                | -                   | 3.60            |
| Employee benefits payable  | 41.00               | -                   | 41.00           |
| Trade payables   | 823.08              | -                   | 823.08          |
| <b>Total financial liabilities</b>                                   | <b>1,712.46</b>     | <b>125.07</b>       | <b>1,837.53</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 (INR) of the Company. The risk is measured through a forecast of highly probable foreign currency cash flows.

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

#### Foreign currency risk exposure:

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

| Particulars                                  | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | Amount in €          | Amount in ₹      | Amount in €          | Amount in ₹      |
| <b>Financial liabilities</b>                 |                      |                  |                      |                  |
| Trade payables                               | 92,779               | 71,74,687        | 93,200               | 74,65,977        |
| <b>Net exposure to foreign currency risk</b> | <b>92,779</b>        | <b>71,74,687</b> | <b>93,200</b>        | <b>74,65,977</b> |

### Note 25.8 Capital management

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

Total equity as shown in the Balance Sheet includes general reserves, 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.

| Particulars   | (₹ lakhs) |         |
|---|-----------|---------|
|   | 2018-19   | 2017-18 |
| <b>Equity shares</b>  |           |         |
| Interim dividend for the year ended March 31, 2019 ₹ Nil<br>(P.Y: ₹ 10.00) per fully paid share (including dividend distribution tax) | -         | 702.59  |

### Note 25.9 Segment information

As the business activity of the Company falls within a single primary segment viz. 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.

Revenue of ₹ 1,086.16 lakhs (March 31, 2018 ₹ 1,028.25 lakhs) is derived from a single customer.



### Note 25.10 Earning per share

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

| Particulars  |         | 2018-19   | 2017-18   |
|--|---------|-----------|-----------|
| <b>Equity shares</b>   |         |           |           |
| Profit for the year attributable to the equity shareholders                  | ₹ lakhs | 1,073.06  | 903.81    |
| Basic   Weighted average number of equity shares outstanding during the year | Number  | 58,37,500 | 58,37,500 |
| Nominal value of equity share  | ₹       | 10        | 10        |
| Basic and diluted EPS  | ₹       | 18.38     | 15.48     |

### Note 25.11 Leases

#### Finance lease

The Company has taken a building on finance lease for a term of 30 years.

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

(₹ lakhs)

| Particulars  | As at March 31, 2019   |   | As at March 31, 2018   |   |
|--|------------------------|---|------------------------|---|
|  | Minimum lease payments | Present value of minimum lease payments | Minimum lease payments | Present value of minimum lease payments |
| Not later than one year                                | 20.00                  | 20.00                                   | -                      | -                                       |
| Later than one year and not later than five years      | 40.00                  | 33.30                                   | 40.00                  | 35.42                                   |
| Later than five years                                  | 180.00                 | 79.74                                   | 200.00                 | 89.65                                   |
| <b>Total minimum lease payments payable</b>            | <b>240.00</b>          | <b>133.04</b>                           | <b>240.00</b>          | <b>125.07</b>                           |
| Less: future finance cost                              | 106.96                 | -                                       | 114.93                 | -                                       |
| <b>Present value of minimum lease payments payable</b> | <b>133.04</b>          | <b>133.04</b>                           | <b>125.07</b>          | <b>125.07</b>                           |

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

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

(₹ lakhs)

| Particulars  | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end         | 4.25                 | 4.02                 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end                 | 0.00                 | 0.01                 |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | 2.41                 | 12.70                |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made             | 1.37                 | 1.35                 |

Above disclosures have been made based on information available with the Company, for suppliers who are registered as Micro, Small and Medium Enterprise under 'The Micro, Small and Medium Enterprise Development Act, 2006' as at March 31, 2019. The auditors have relied upon in respect of this matter.

#### Note 25.13 Corporate Social Responsibility

- a) Gross amount required to be spent by the Company during the year is ₹ 28.95 lakhs
- b) Amount spent during the year on:

(₹ lakhs)

| Particulars                                | Paid  | Payable | Total |
|--|-------|---------|-------|
| i) Construction   acquisition of any asset | -     | -       | -     |
| ii) On purposes other than (i) above       | 29.00 | -       | 29.00 |

#### Note 25.14 Regrouped | Recast | Reclassified

Figures of the earlier year have been regrouped | recast | reclassified wherever necessary.

#### Note 25.15 The Financial Statements were authorised for issue by the Board of Directors on April 16, 2019

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Wolfgang Schumann  
Chairman

Samir R Shah  
Partner

Milind Phatak  
Chief Financial Officer

Ulrich Hambrecht  
Gopi Kannan Thirukonda  
Sudhir Merchant  
Sujal Shah  
Directors

G Venugopala Rao  
Managing Director

Mumbai  
April 16, 2019

Rakesh Pathak  
Company Secretary

Mumbai  
April 16, 2019



# Rudolf Atul Chemicals Ltd

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

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## Attendance slip

15<sup>th</sup> Annual General Meeting

Friday, August 09, 2019

|       |  |                          |  |
|-------|--|--------------------------|--|
| DP ID |  | Folio number   Client ID |  |
|-------|--|--------------------------|--|

**Full name of the shareholder | proxy attending the meeting**

.....  
(First name)

(Middle name)

(Surname)

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

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

.....  
(First name)

(Middle name)

(Surname)

Signature of the shareholder | proxy



# Rudolf Atul Chemicals Ltd

## Form number MGT-11

### Proxy Form

Registered Office: B | 18598, Survey Number 33, Atul 396 020, Gujarat, India

{Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014}

Corporate identification number: U24110GJ2005PLC045564

Name of the Company: Rudolf Atul Chemicals Ltd

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

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

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

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

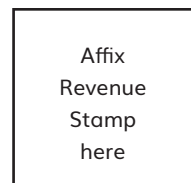
as my | our proxy to attend and vote (on a poll) for me | us and on my | our behalf at the 15<sup>th</sup> Annual General Meeting of the Company, to be held on Friday, August 09, 2019 at 1:00 pm at B | 18598, Survey number 33, Atul 396 020, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

| No. | Resolutions   |
|-----|---|
| 1   | Adoption of the Financial Statements and Reports thereon for the financial year ended on March 31, 2019 |
| 2   | Declaration of dividend on equity shares  |
| 3   | Reappointment of Mr Ulrich Hambrecht as a Director  |

Signed this \_\_ day \_\_\_ of 2019.

Signature of the Member

Signature of the proxy holder(s)



#### Note:

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



## 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

### Company Secretary

Mr Rakesh Pathak

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### Auditors

Deloitte Haskins & Sell LLP

### Registered office

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

E-mail address: [sec@racl.net.in](mailto:sec@racl.net.in)

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

### Bankers

Axis Bank  
State Bank of India  
Yes Bank

**Rudolf Atul Chemicals Ltd**  
Atul 396 020, Gujarat  
India