



Amal Ltd

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August 28, 2021

BSE Listing portal

Manager
BSE Ltd
Listing department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

Dear Sir:

Annual Report for the financial year ended March 31, 2021

Reference: Scrip ID – AMAL, Scrip code – 506597

Pursuant to Regulations 34(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to submit herewith Annual Report of financial year 2020-21 including notice of the 47th Annual General Meeting of the Company for the record of the Stock Exchange.

The Annual Report is also available on the Company's website at
<https://www.amal.co.in/investors/information-for-stakeholders/annual-reports/>

Kindly acknowledge and take note of the same on your record.

Thank you,

Very truly yours,
For Amal Ltd



(Ankit Mankodi)
Company Secretary



CIN: L24100MH1974PLC017594



Lalibhai Group



Amal Ltd
Annual Report 2020-21

The logo of Amal Ltd portrays a diya whose constituents are an earthen pot, ghee, a wick and a flame. Our actions (symbolised by the ghee) will remain within the boundary of ethics (symbolised by the earthen pot) and we will through hard work (symbolised by the wick) achieve our purpose (symbolised by the flame).

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Growth is the only evidence of life.

~ John Henry

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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 can 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.



Amal Ltd is engaged in manufacturing and marketing of bulk chemicals such as sulphuric acid and oleum and their downstream products such as sulphur dioxide and sulphur trioxide. The plant is located in Ankleshwar, Gujarat, India.

Amal Ltd was promoted by Piramal Group in 1974-75; the controlling interest of the Company was sold to Atul Ltd in 1985-86.

Purpose

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



fostering a spirit of continuous learning and innovation



adopting developments in science and technology



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



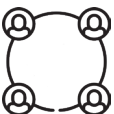
having people who practice Values and exemplify a high standard of behaviour



seeking sustained, dynamic growth and securing long-term success



taking responsible care of the surrounding environment



improving the quality of life of the communities we operate in



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



INTEGRITY

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



UNDERSTANDING

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



UNITY

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



RESPONSIBILITY

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



EXCELLENCE

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

Letter to the shareholders

Fellow Shareholders,

The start of a new decade typically brings hope, but confronted by compounding crises caused by the COVID-19 pandemic, we instead saw the world come to a near standstill. 2020-21 and even 2021-22 so far have been reminders of the exceptional times India is in; amid this, it is easy to fall prey to pessimism, but team Amal has moved forward with **hope and hard work**, remaining true to our Company purpose.

In **2020-21**, our Company delivered, in spite of closure and disruption of operations during the first quarter, revenue of ₹ 31.66 cr (₹ 34.34 cr), EBIDTA of 41% (48%), profit before tax of ₹ 10.86 cr (₹ 12.69 cr) and RoCE of 37% (49%). During the last quarter of 2020-21, it almost wiped out the remaining carried forward loss (which at peak was ₹ 56 cr). This loss is expected to be wiped out in 2021-22.

During 2020-21, our Company took up two expansion **projects** (one of debottlenecking existing capacity and the other of setting up a new plant in Amal Speciality Chemicals Ltd, a 100% newly formed subsidiary) with an investment of ₹ 81 cr; once completed, at 90% capacity and prevailing prices, consolidated sales are expected to reach about ₹ 117 cr with better overall performance.

Atul Foundation, to which our Company contributed ₹ 26.65 lakhs towards fulfilling its obligation to the society, undertook projects of national importance. You may like to go through the link (at the end of this letter) of the video clip of Ankur project, one of the initiatives of Atul Foundation and also its website. Growing is considered incomplete without caring and sharing, and our Company is reinforcing this concept of **inclusiveness** as it moves in to the future.

Team Amal has **five everlasting mandates**. One, boost people productivity and remain lean in fixed costs; two, drive efficiency in manufacturing and other processes; three, pervade 'R&D' in every function; four, become financially resilient and five, work with customers on ideas with high potential. In essence, team Amal is

working to bring multifarious improvements and thus create value for all its stakeholders.

We are thankful to our **customers** for giving us the opportunity to serve and grow our Company – their expectations help us achieve higher standards. We recognise and appreciate the perseverance of every member of **team Amal** even in times like these. We are indebted to the **Non-executive Directors** for their involvement, analysis and direction. And finally, we value your trust as a **shareholder** – it is a source of continuous motivation.

Even amid disruption caused by the COVID-19 pandemic, what remains so clear is that the **basics of long-term success**, namely, integrity, perseverance (not to give up), teamwork (learn from failures) and larger purpose, remain just the same, and we will stay true to them. Once the investments underway deliver value, we will like to see more bold moves ahead of us than behind us – For this, we are optimistic.

Sincerely,

(Rajeev Kumar)
Managing Director

(Sunil Lalbhai)
Chairman

<https://youtu.be/WDhe202OKyU>

Directors' Report



Dear Members,

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

01. Financial results

| | (₹ lakhs) | |
|---|-----------|---------|
| | 2020-21 | 2019-20 |
| Sales and other income | 3,166 | 3,434 |
| Profit before tax | 1,086 | 1,269 |
| Provision for tax | 202 | 350 |
| Profit for the year | 885 | 919 |
| Other comprehensive income (net of tax) | (1) | 0 |
| Profit after tax | 884 | 919 |
| Balance brought forward | (913) | (1,832) |
| Balance carried forward | (29) | (913) |

02. Performance

During 2020-21, sales and other income decreased by 8% (reduction in selling prices by 5% and sales volume of 3%) from ₹ 3,434 lakhs to ₹ 3,166 lakhs. The Company reported a profit before tax of ₹ 1,086 lakhs in 2020-21 against a profit before tax of ₹ 1,269 lakhs in 2019-20.

03. Dividend

Under the extant laws, the Company shall not declare a dividend in view of its carried forward losses of ₹ 29 lakhs.

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 a 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 buildings), plant, equipment, other assets and third parties.

06. Risk management

Risk management is an integral part of 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. With the help of a reputed international consultancy firm, 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 - Focuses 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 - Focuses 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 a clear understanding of risk inter-relationships.

- iii) Risk assessment and prioritisation - Focuses on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and the existing mitigation controls.
- iv) Risk mitigation - Focuses 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 - Focuses on providing to the Audit Committee and the Board periodic information on risk profile evolution and mitigation plans.

Roles and responsibilities

Governance

The Board has approved the Risk Management Policy of the Company. The Company has laid down procedures to inform the Board on i) to iv) above. The Audit Committee periodically reviews the risk management system and gives its recommendations, if any, to the Board.

The Board reviews and guides the Risk Management Policy.

Implementation

Implementation of the Risk Management Policy is the responsibility of the Management. It ensures functioning of the risk management system as per the guidance of the Audit Committee. The Company has a risk management oversight structure and a Chief Risk and Compliance Officer.

The Management at various levels takes accountability for risk identification, appropriateness of risk analysis, and timeliness as well as adequacy of risk mitigation decisions at both individual and aggregate levels. It is also responsible for the implementation, tracking and reporting of defined mitigation plans, including periodic reporting to the Audit Committee and the Board.

07. Internal financial controls

The internal financial controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements. These include those policies and procedures that:

- i) pertain to the maintenance of records, which in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company,
- ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Financial Statements in accordance with Generally Accepted Accounting Principles and that receipts and expenditures are being made only in accordance with authorisations of the Management and the Directors of the Company,
- iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the assets that can have a material effect on the Financial Statements. A reputed international consultancy firm has reviewed the adequacy of the internal financial controls with respect to the Financial Statements.

The Management assessed the effectiveness of the internal financial controls over financial



reporting as of March 31, 2021, and the Board believes that the controls are adequate.

08. Fixed deposits

During 2020-21, the Company did not accept any fixed deposits.

09. Loans, guarantees, investments and security

Particulars of loans, guarantees, investments and security provided are given at page numbers 78.

10. Subsidiary, associate and joint venture entities

During 2020-21, Amal Speciality Chemicals Ltd was incorporated as a wholly-owned subsidiary company of the 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 89. No transactions were entered into by the Company that 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. Annual return

Annual return for 2020-21, is available on the website of the Company at www.amal.co.in/investors/information-for-stakeholders/annual-general-meeting

14. Auditors

Statutory Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company at the 43rd Annual General Meeting (AGM) held on June 30, 2017, until the conclusion of the 48th AGM.

The relevant Notes forming part of the Financial

Statements are self-explanatory and give full information and explanation in respect to the observations made by the Auditors in their report.

Secretarial Auditors

Nirali Solanki & Co was appointed as the Secretarial Auditor by the Board of Directors in the meeting held on October 17, 2019 and its report is given at page number 15.

15. Directors' responsibility statement

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

- 15.1 In preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards have been followed and there are no material departures.
- 15.2 The accounting policies were selected and applied consistently and judgements and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- 15.3 Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 15.4 The attached annual accounts for the year ended March 31, 2021, were prepared on a going concern basis.
- 15.5 Adequate internal financial controls to be followed by the Company were laid down and they were adequate and operating effectively.
- 15.6 Proper systems were devised to ensure compliance with the provisions of all applicable laws and the same were adequate and operating effectively.

16. Directors

16.1 Appointments | Reappointments | Cessations

16.1.1 According to the Articles of Association of the Company, Mr Gopi Kannan Thirukonda retires by rotation and being eligible, offers himself for reappointment at the AGM scheduled on September 24, 2021.

16.2 Policies on appointment and remuneration

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
Sitting fees: ₹ 20,000 for attending a Board meeting and Audit Committee meeting, and ₹ 10,000 for attending any other Committee meeting

16.3 Criteria and method of annual evaluation

16.3.1 The criteria for evaluation of performance of

- i) the Non-independent Directors (Executive),
- ii) the Non-independent Directors Non-executive,
- iii) the Independent Directors, iv) the Chairman,
- v) the Committees of the Board and vi) the Board as a whole are summarised in the table at the end of the Directors' Report at page number 10.

16.3.2 The Independent Directors have carried out annual:

- i) review of performance of the Non-independent Directors - Executive,

- ii) review of performance of the Non-independent Directors - Non-executive,

- iii) review of performance of the Chairman, assessment of quality, quantity and timeliness of the flow of information to the Board and

- iv) review of performance of the Board as a whole.

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

- i) its committees namely Audit, Corporate Social Responsibility, Nomination and Remuneration, Stakeholders Relationship
- ii) the Independent Directors

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

16.4 Familiarisation programs for the Independent Directors

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

17. Key Managerial Personnel and other employees

17.1 Appointments and cessations of the Key Managerial Personnel

There were no appointments | cessations of the Key Managerial Personnel during 2020-21.

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

The information required pursuant to 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 is given at page number 18.

The Company is not required to disclose the information required as there were no employees during 2020-21 drawing remuneration exceeding the limit specified.

19. Management Discussion and Analysis

The Management Discussion and Analysis covering performance is given at page number 19.

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 20. Details about the number of meetings of the Board held during 2020-21, are given at page number 25. The composition of the Audit Committee is given at page number 28.

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

20.3 Whistleblowing Policy

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

No personnel has been denied access to the Audit Committee.

20.4 Secretarial standards

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

21. COVID-19

The COVID-19 pandemic is a worldwide crisis and has meant that the economies will have to operate alongside the disease.

The Company strictly followed the guidelines

issued by the local, state and central governments and also went beyond to protect the health and well-being of its workforce and ensured minimum disruption to its customers. Despite this, the sales of the Company in the first quarter were affected due to the pandemic.

The Company provided support to its employees and their families to undergo vaccination.

22. Acknowledgements

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

For and on behalf of the Board of Directors

Atul
April 22, 2021

(Sunil Siddharth Lalbhai)
Chairman

| Evaluation of | Evaluation by | Criteria |
|--|-------------------------|--|
| Non-independent Director (Executive) | Independent Directors | Qualification, Experience, Availability and attendance, Integrity, Commitment, Governance, Transparency, Communication, Business leadership, People leadership, Investor relations |
| Non-independent Director (Non-executive) | Independent Directors | Qualification, Experience, Availability and attendance, Integrity, Commitment, Governance, Independence, Communication, Preparedness, Participation and Value addition |
| Independent Director | All other Board Members | Qualification, Experience, Availability and attendance, Integrity, Commitment, Governance, Independence, Communication, Preparedness, Participation and Value addition |
| Chairman | Independent Directors | Qualification, Experience, Availability and attendance, Integrity, Commitment, Governance, Impartiality, Communication, Business leadership, People leadership and Meeting conduct |
| Committees | Board Members | Composition, Process and Dynamics |

Annexure to the Directors' Report



| No. | Subject title | Page |
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1. Conservation of energy, technology absorption and foreign exchange earnings and outgo

Information required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 as amended from time to time, forms a part of this report. However, as per the provisions of Section 136 of the Companies Act, 2013 the report and accounts are being sent to all the Members excluding the information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo.

2. Subsidiary, associate and joint venture companies

(₹ lakhs)

| No. | Name | Equity share-capital | Reserves and surplus | Total assets | Total liabilities | Investments | Revenue | Profit before tax | Provision for tax | Profit after tax | Dividend | % share-holding | Reporting currency |
|---------------------------|-------------------------------|----------------------|----------------------|--------------|-------------------|-------------|---------|-------------------|-------------------|------------------|----------|-----------------|--------------------|
| Subsidiary company | | | | | | | | | | | | | |
| 1. | Amal Speciality Chemicals Ltd | 500 | (7.32) | 884.36 | 391.68 | 20.23 | 0.24 | (1.45) | (0.25) | (1.20) | - | 100% | INR |

3. Corporate Social Responsibility

3.1 Policy, programs and scope

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

3.1.2 Programs and scope

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

- i) Education and Empowerment
 - a) Establish and | or support schools
 - b) Establish and | or support colleges
 - c) Encourage sports
 - d) Establish and | or support vocational institutes
 - e) Promote integrated development of tribal areas
- ii) Health and Relief
 - a) Enhance rural hygiene and sanitation
 - b) Establish mobile medical care facilities
 - c) Organise medical camps
 - d) Establish medical care centers
 - e) Assist during natural calamities



- iii) Infrastructure and Conservation
 - a) Protect environment
 - b) Develop and | or maintain rural utilities
 - c) Develop and | or maintain rural amenities
 - d) Restore sites of historical importance
 - e) Promote use of renewable resources

3.2 Composition of the CSR Committee:

| No. | Name of Directors | Designation Nature of Directorship | Number of meetings held during the year | Number of meetings attended during the year |
|-----|---------------------------|--|--|---|
| 1. | Abhay Jadeja | Chairman Independent | 1 | 1 |
| 2. | Gopi Kannan Thirukonda | Member Non-independent | 1 | 1 |
| 3. | Rajeev Kumar | Member Non-independent | 1 | 1 |

3.3. The URL for composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

www.atul.co.in/pdf/investors/policies/CSR.pdf

3.4. Impact assessment

not applicable

3.5. Details of the amount available for set-off in pursuance of Sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any

not applicable

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

₹ 1,332.34 lakhs

3.7. CSR obligation:

| | | (₹ lakhs) |
|----|---|-----------|
| a) | Two percent of average net profit of the Company as per Section 135(5) | 26.65 |
| b) | Surplus arising out of the CSR projects or programs or activities of the previous financial years | - |
| c) | Amount required to be set-off for the financial year, if any | - |
| d) | Total CSR obligation for the financial year (a+b-c) | 26.65 |

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

(₹ lakhs)

| Total amount spent for the financial year | Amount unspent | | | | |
|---|---|------------------|---|--------|------------------|
| | Total amount transferred to the Unspent CSR Account as per Section 135(6) | | Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5) | | |
| | Amount | Date of transfer | Name of the fund | Amount | Date of transfer |
| 26.65 | - | - | - | - | - |

b) Details of CSR amount spent against ongoing projects for the financial year:

(₹ lakhs)

| No. | Name of the project | Item from the list of activities in Schedule VII to the Act | Local area (yes no) | Location of the project | | Amount spent for the project | Amount transferred to the Unspent CSR Account for the project as per Section 135 (6) | Mode of implementation-direct (yes no) | Mode of implementation-through agency | |
|--------------|--------------------------|---|-----------------------|-------------------------|----------|------------------------------|--|--|---------------------------------------|-------------------------|
| | | | | State | District | | | | Name | CSR registration number |
| 1. | Nutrition garden project | Eradicating hunger and malnutrition | Yes | Gujarat | Valsad | 26.65 | NA | No | Atul Foundation | CSR00000635 |
| Total | | | | | | 26.65 | | | | |

c) Amount spent in administrative overheads:

nil

d) Amount spent on impact assessment, if applicable:

nil

e) Total amount spent for the financial year (b+c+d+e):

₹ 26.65 lakh

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

nil

3.9 a) Details of unspent CSR amount for the preceding three financial years:

nil

b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

nil

3.10 In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:

nil

3.11 Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5):

not applicable

| Managing Director | Chairman CSR Committee |
|-------------------|------------------------|
| Rajeev Kumar | Abhay Jadeja |



4. Secretarial Audit Report

Form number MR – 3 Secretarial Audit Report

For the financial year ended March 31, 2021

{Pursuant to Section 204(1) of the Companies Act, 2013 and Rule number 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

The Members

Amal Ltd

Atul House

310 B, Veer Savarkar Marg

Mumbai 400 028, Maharashtra

India

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Amal Ltd (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts | statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as per Annexure I for the financial year ended March 31, 2021, according to the provisions of:

- i. The Companies Act, 2013 (Act) and the rules made thereunder read with the notified provisions of Companies (Amendment) Act, 2017;
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- iii. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
 - d. The Securities and Exchange Board of India (Share-based Employee Benefits) Regulations, 2014
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
 - h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018

- vi. Other sector specific laws as applicable to the Company, including product laws, pollution laws, manufacturing laws and safety laws.

However, it has been found that there were no instances requiring compliance with the provisions of the laws indicated at point (c), (d), (e), (g) and (h) of para (v) mentioned hereinabove during the period under review.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial standards issued by the Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with BSE Ltd and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

During the period under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, mentioned hereinabove and there is adequate compliance management system for the purpose of other sector specific laws. We have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company for compliances under other sector specific laws and regulations applicable to the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of the Executive Directors and the Non-executive Directors (Independent and Non-independent). The changes in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the views of the dissenting Members are captured and recorded as part of the minutes, wherever required.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with the applicable laws, rules, regulations and guidelines.

Pursuant to the Modified Sanctioned Scheme (MS-10 and MS-13) approved by the Board of Industrial Finance and Reconstruction, the Company has redeemed 20,00,000, (0%) redeemable and non-convertible preference shares of ₹ 10 each issued to Atul Ltd.

We further report that during the audit period there were no specific events | actions having a major bearing on the affairs of the Company in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc and more specifically related to:

- i) Public | Right | Preferential issue of shares | debentures | sweat equity, etc
- ii) Redemption | Buy-back of securities
- iii) Major decisions taken by the Members in pursuance to Section 180 of the Act
- iv) Foreign technical collaborations

For Nirali Solanki & Co

(Nirali Solanki)

Proprietor

Membership number: A24770

CPN: 21339

UID: A024770C000075051

Ahmedabad
April 22, 2021



Amal Ltd

Annexure I – List of documents verified

01. Memorandum and Articles of Association of the Company.
02. Minutes of the meetings of the Board of Directors, Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee along with attendance register held during the period under report.
03. Minutes of General Body meetings held during the period under report.
04. Statutory registers | records under the Companies Act, 2013 and Rules made thereunder, namely:
 - Register of Directors and the Key Managerial Personnel
 - Register of Directors' shareholding
 - Register of loans, guarantees and security and acquisition made by the Company
 - Register of renewed and duplicate share certificate
 - Register of Members
 - Periodical BENPOS, registers of DEMAT | REMAT and records made available from registrar and transfer agents
05. Agenda papers submitted to all the Directors | Members for the Board meetings and Committee meetings.
06. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013.
07. Intimations received from the Directors under the Prohibition of Insider Trading and SEBI Takeover Code.
08. e-Forms and attachments thereof filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 during the period under report.
09. Intimations | Documents | Reports | Returns filed with the stock exchange pursuant to the provisions of Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the period under report.
10. Filings made with the Reserve Bank of India under the foreign direct investment guidelines and for overseas direct investments made by the Company.
11. Documents related to payments of dividend made to its shareholders during the period under report.
12. Communications | Letters issued to and acknowledgements received from the Independent Directors for their appointment.
13. Various policies framed by the Company from time to time as required under the Companies Act, 2013 as well as Listing Agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with circulars issued by SEBI from time to time as mentioned hereunder:
 - Archival Policy
 - Code of Conduct for the Directors | Key Managerial Personnel
 - Corporate Social Responsibility Policy
 - Determination of material events
 - Policy framed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
 - Preservation of documents
 - Related Party Transactions Policy
 - Risk Management Policy
 - Whistleblowing Policy
14. Manual maintained for compliance management system for applicable laws to the Company.

5. Statement of particulars under Sections 134(3)(q) and 197(12) of the Companies Act, 2013*

| No. | Particulars | Status | | |
|---------------|--|---|---|--|
| | | | Number of times | |
| | | | If total remuneration of the Director is considered | If total remuneration of the Director, excluding variable pay and commission is considered |
| i) | Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year | Sujal Shah | 0.31 | 0.31 |
| | | Abhay Jadeja | 0.33 | 0.33 |
| | | Mahalakshmi Subramanian | 0.31 | 0.31 |
| | | Rajeev Kumar | 2.08 | 2.08 |
| ii) | Percentage increase in remuneration of each of the Director, the Chief Financial Officer, the Chief Executive Officer, the Company Secretary or the Manager, if any, in the financial year | Directors | | % |
| | | Sujal Shah | | 6 |
| | | Abhay Jadeja | | 6 |
| | | Mahalakshmi Subramanian | | 6 |
| | | Managing Director | | |
| | | Rajeev Kumar | | - |
| | | Company Secretary | | |
| Ankit Mankodi | | 8% | | |
| iii) | Percentage increase in the median remuneration of employees in the financial year | | | 6.74% |
| iv) | Number of permanent employees on the rolls of Company | | | 33 |
| v) | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration | Average increase for Key Managerial Personnel and for other employees was about 7.62%. There is no exceptional increase in remuneration of Key Managerial Personnel. | | |
| vi) | Affirmation that the remuneration is as per the Remuneration Policy of the Company | It is affirmed that the remuneration is as per the Remuneration Policy of the Company. | | |

*Read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2021.



The Company manufactures bulk chemicals such as sulphuric acid and oleum and their downstream products such as sulphur dioxide and sulphur trioxide at its manufacturing site at Ankleshwar.

These chemicals find their use in several industries like Dyestuff, Fertiliser, Personal Care, Petrochemical, Pharmaceutical, Textile, etc. These chemicals are generally sold locally within a radius of 150 km from the manufacturing site.

During 2020-21, due to the disruptions caused by the COVID-19 pandemic, sales and other income decreased by 8% from ₹ 3,434 lakhs to ₹ 3,166 lakhs. The world market for sulphuric acid is estimated at 266 mn mt per annum. Assuming demand equals production and is growing at about 3% per annum, the world market for sulphuric acid is projected to be about 275 mn mt per annum by 2022, with Fertiliser industry contributing up to 65% of the consumption.

The manufacturing plant of the Company at Ankleshwar has an installed capacity of 140 mt per day of sulphuric acid (including downstream products). Optimising the product mix is a key factor. The way to succeed in these products is to ensure high capacity utilisation, excellent conversion efficiency and full deployment of the by-product, steam. The Company incorporated a wholly-owned subsidiary namely, Amal Speciality Chemicals Ltd (ASCL), in 2020-21. ASCL will have a capacity to manufacture 300 mt per day of sulphuric acid (including downstream products). This will help the Company to have a higher market share.

The products manufactured by the Company are commodity in nature whose prices and contributions fluctuate significantly. The price of the key raw material, sulphur, varies from month to month. The uncertainties

associated with the COVID-19 pandemic may have adverse impact on the demand and supply chain in the short-term, and the Company is working to minimise the impact of such aberrations to sustain the operations and identify new opportunities to grow.

Internal control systems

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

The Company is working with reputed firms specialised in internal audit function. The combined efforts are helping the Company to introduce best practices required to manage its business.

Human Resources

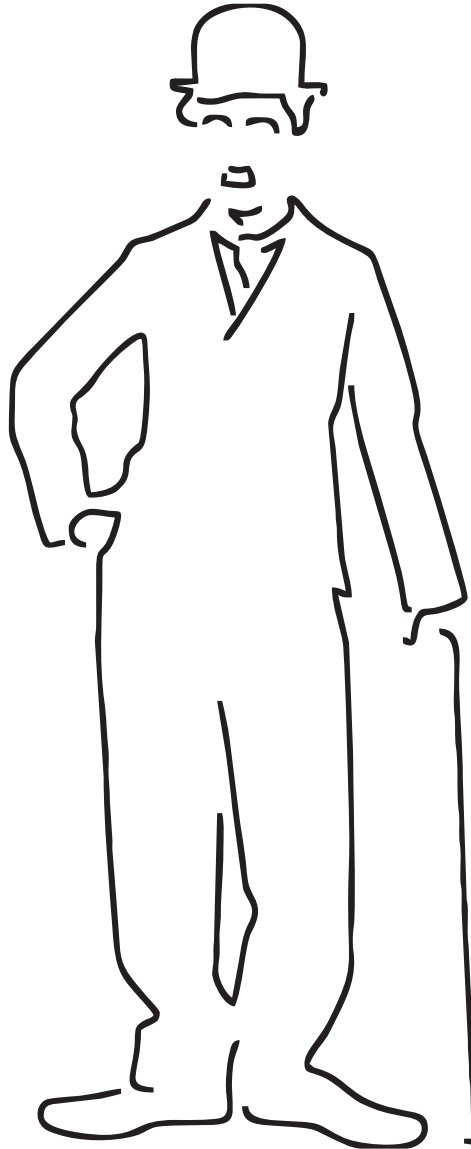
The Company believes that people are the foundation on which the business is built, and this remains a key focus area. It continued with its drive to institutionalise and upgrade HR processes. In particular, it focused on improving its processes related to recruitment, training and development, performance management and succession planning in order to manage a dynamic and growing business.

The training needs are identified based on self-assessment and L+1 assessment. In addition, there are certain standard courses which everyone is expected to go through, depending upon his (her) grade.



Corporate Governance Report

Worry more about your conscience than your reputation.
Because your conscience is what you are, your reputation is what others think of you.
~ Charlie Chaplin





1. Philosophy

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

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

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

2. Board

2.1 Board business

The normal business of the Board comprises:

2.1.1 Approving:

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

2.1.2 Monitoring:

- i) potential conflicts of interest of the Management, the Board Members and the shareholders, including misuse of corporate assets and abuse in related party transactions
- ii) implementation of performance objectives and corporate performance
- iii) effectiveness of the governance practices and making desirable changes

- iv) the Board nomination process such that it is transparent and results in diversity of experience, gender, knowledge, perspective and thoughts in the Board
- v) the Management and providing strategic guidance while ensuring that encouraging positive thinking does not result in over-optimism that either leads to significant risks not being recognised or exposes the Company to excessive risk

2.1.3 Noting:

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

2.1.4 Recommending:

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

2.1.5 Reviewing:

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

2.1.6 Setting:

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

2.1.7 Others:

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



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

2.2 Appointment and tenure

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

2.3 Composition, name, other directorships | committee memberships

The Board comprises experts drawn from diverse fields | professions. At this time, it consists of six Members comprising five Non-executive Directors (three Independent and two Non-independent) and one Managing Director. The Independent Directors account for 50% of the strength of the Board, as against the minimum requirement of 50% as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and 33.33% as per the Companies Act, 2013.

The Independent Directors fulfil the conditions specified in the Regulations and are independent of the Management. The Board has identified following skills | expertise | competence as required to be possessed by the Board of Directors to ensure effective functioning of the business(es) and sectors of the Company. The mapping of these skills | expertise | competence among the Directors is as given here:

| Skills expertise competence | Names of Directors |
|---|---|
| Commercial | Sunil Lalbhai, Rajeev Kumar |
| Finance | Sujal Shah, Mahalakshmi Subramanian, Gopi Kannan Thirukonda |
| Sales and marketing | Sunil Lalbhai, Rajeev Kumar |
| Science and technology | Sunil Lalbhai, Rajeev Kumar |
| Domain industry | Sunil Lalbhai, Rajeev Kumar |
| General management | Sunil Lalbhai, Rajeev Kumar |
| Legal, including laws related to corporate governance | Abhay Jadeja, Gopi Kannan Thirukonda |

The Non-executive Directors are eminent professionals drawn from the above area. Relevant details about the Board Members are given here:

| No. | Name | Directorship(s) in other company(ies) ¹ | Membership(s) of the Committee(s) of the Board(s) ² | Chairmanship(s) of the Committee(s) of the Board(s) ² |
|-----|--------------------------------|--|--|--|
| | Chairman | | | |
| 1. | Sunil Lalbhai ³ | 6 | 3 | 1 |
| | Managing Director | | | |
| 2. | Rajeev Kumar | 2 | - | - |
| | Non-executive Directors | | | |
| 3. | Gopi Kannan Thirukonda | 8 | 4 | - |
| 4. | Sujal Shah | 8 | 6 | 3 |
| 5. | Abhay Jadeja | - | - | 1 |
| 6. | Mahalakshmi Subramanian | - | - | 1 |

Except Mr Gopi Kannan Thirukonda all other Non-executive Directors are Independent.

¹Excludes Directorships in foreign companies and private limited companies.

²In compliance with Regulation 27 of the Regulations, Memberships | Chairmanships of only the Audit Committees and the Stakeholders Relationship Committees of all public limited companies, including the Company were considered.

³Chairman - promoter and Non-executive Director.

The details of the Directors with respect to directorships in other listed entities along with category are as under:

| No. | Name | Name of other listed entities in which the Director is a director | Category |
|-----|-------------------------|---|--|
| 1. | Sunil Lalbhai | Atul Ltd Navin Fluorine International Ltd Pfizer Ltd The Bombay Dyeing and Manufacturing Company Ltd | Non-independent Director Independent Director Independent Director Independent Director |
| 2. | Rajeev Kumar | - | - |
| 3. | Gopi Kannan Thirukonda | Atul Ltd | Whole-time Director and Chief Financial Officer (CFO) |
| 4. | Sujal Shah | Hindoostan Mills Ltd Amrit Corp Ltd Mafatlal Industries Ltd | Independent Director Independent Director Independent Director |
| 5. | Abhay Jadeja | - | |
| 6. | Mahalakshmi Subramanian | - | |



2.4 Board meetings

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

| No. | Day | Date | Venue* |
|-----|----------|------------------|--------|
| 1. | Thursday | April 23, 2020 | Mumbai |
| 2. | Friday | July 17, 2020 | Mumbai |
| 3. | Friday | October 16, 2020 | Mumbai |
| 4. | Friday | January 22, 2021 | Mumbai |

*All meetings were held through video conference.

2.5 Attendance at the Board meetings and the AGM

| No. | Name | Board meetings | | AGM |
|-----|-------------------------|----------------|----------|-----------------|
| | | Total | Attended | August 14, 2020 |
| 1. | Sunil Lalbhai | 4 | 4 | Present |
| 2. | Rajeev Kumar | 4 | 4 | Present |
| 3. | Gopi Kannan Thirukonda | 4 | 4 | Present |
| 4. | Sujal Shah | 4 | 4 | Present |
| 5. | Abhay Jadeja | 4 | 4 | Present |
| 6. | Mahalakshmi Subramanian | 4 | 4 | Present |

2.6 Appointment | Cessation

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

2.7 Remuneration

(₹)

| No. | Name | Remuneration during the year | | | |
|-----|---|------------------------------|------------------------|------------|-----------|
| | | Sitting fees | Salary and perquisites | Commission | Total |
| 1. | Chairman Sunil Lalbhai | - | - | - | - |
| 2. | Managing Director Rajeev Kumar* | - | 11,44,500 | - | 11,44,500 |
| 3. | Non-executive Directors Gopi Kannan Thirukonda | - | - | - | - |
| 4. | Sujal Shah | 1,70,000 | - | - | 1,70,000 |
| 5. | Abhay Jadeja | 1,80,000 | - | - | 1,80,000 |
| 6. | Mahalakshmi Subramanian | 1,70,000 | - | - | 1,70,000 |

Sitting fees of ₹ 20,000 per meeting constitute fees paid to the Non-executive Directors for attending Board meetings and Audit Committee and ₹ 10,000 per meeting for attending the other Committee meetings.

*Represents lower of 10% of the remuneration paid by Atul Ltd to the Managing Director (being an employee of Atul Ltd) or an amount allowable under Section I or Section II of Part II of the Schedule V of the Companies Act, 2013. Accordingly, an amount of ₹ 11.45 lakhs was paid to Atul Ltd for the year 2020-21.

3. Committees of the Board

The Board has constituted the following committees:

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

3.1 Audit Committee

3.1.1 Role

- i) Approving:
 - » appointment of the Chief Financial Officer
 - » transactions with related parties and subsequent modifications thereof
- ii) Conducting:
 - » pre-audit discussions with the Auditors regarding nature and scope of the audit and post-audit discussion to ascertain any area of concern
 - » valuation of undertakings or assets, wherever necessary
- iii) Formulating:
 - » scope, functioning, periodicity and methodology for conducting the internal audit in consultation with the Internal Auditor
 - » Code of Conduct and related matters
- iv) Reviewing:
 - » adequacy of the internal audit function, including the structure of Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
 - » compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively
 - » significant transactions and arrangements entered into by the unlisted subsidiary company
 - » the Auditors' independence, performance and effectiveness of the audit process
 - » periodically with the Auditors the internal control systems, the scope of audit, including the observations of the Auditors and the Financial Statements before submission to the Board
 - » the annual Financial Statements and Auditor's Report with the Management before submission to the Board for approval with particular reference to:
 - any change in accounting policies and practices



- compliance with accounting standards
- compliance with the stock exchanges and legal requirements concerning the Financial Statements
- 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
- » with the Internal Auditors any significant findings and follow-up thereon, including findings of any internal investigations into matters where there is suspected fraud or irregularity or failure of the internal control systems of material nature and reporting such matters to the Board
- » financial reporting process and the disclosure of financial information to ensure that the Financial Statements are correct, credible and sufficient
- » compliance reports of all applicable laws as well as steps taken to rectify instances of non-compliances periodically
- » reasons for substantial defaults, if any, in the payment to the depositors, the debenture holders, the Members (in case of non-payment of declared dividends) and creditors
- » the Financial Statements, in particular, investments made by unlisted subsidiary company
- » the functioning of whistleblowing mechanism
- » the following information mandatorily:
 - appointment, removal and terms of remuneration of the Chief Internal Auditor
 - Internal Audit Reports relating to weaknesses in the internal control systems
 - Management Discussion and Analysis of financial condition and results of operations
 - management letters | letters of internal control weaknesses issued by the Statutory Auditors
 - statement of related party transactions submitted by the Management
- » with the 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

- » utilisation of loans | advances from the holding company to the subsidiary company or investments by the holding company in the subsidiary company exceeding ₹ 100 cr or 10% of the asset size of the subsidiary company, whichever is lower
- v) Others
 - » Evaluating internal financial controls and risk management system
 - » Recommending appointment, remuneration and terms of appointment of the Auditors and approval for payment for any other services
 - » Scrutinising inter-corporate loans and investments
 - » Carrying out any other function as mentioned in the terms of reference of the Audit Committee

3.1.2 Composition

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

| No. | Name | Designation |
|-----|-------------------------|-------------|
| 1. | Mahalakshmi Subramanian | Chairman |
| 2. | Sujal Shah | Member |
| 3. | Abhay Jadeja | Member |

3.1.3 Meetings and attendance

During 2020-21, four meetings were held.

| No. | Name | Total | Attended |
|-----|-------------------------|-------|----------|
| 1. | Mahalakshmi Subramanian | 4 | 4 |
| 2. | Sujal Shah | 4 | 4 |
| 3. | Abhay Jadeja | 4 | 4 |

The Statutory Auditors, the Chairman, the Managing Director, the Chief Financial Officer (CFO), the Company Secretary, the head of Finance, Accounts and Internal Audit 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 Directors | Senior Management Personnel as per the policy



3.2.2 Composition

The Committee comprises the following Members:

| No. | Name | Designation |
|-----|-------------------------|-------------|
| 1. | Sujal Shah | Chairman |
| 2. | Sunil Lalbhai | Member |
| 3. | Mahalakshmi Subramanian | Member |

3.2.3 Meetings and attendance

During 2020-21, no meeting was held.

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

3.3 Stakeholders Relationship Committee

3.3.1 Role

- i) Considering and resolving grievances (including complaints related to non-receipt of the annual report, non-receipt of declared dividends and transfer of shares) of security holders (including the shareholders, debenture holders and other security holders)
- ii) Resolving the grievances of the security holders related to general meetings, issue of new | duplicate certificates, non-receipt of annual report, non-receipt of declared dividends and transfer | transmission of shares, etc.
- iii) Reviewing any other related matter, which the Committee may deem fit in the circumstances of the case, including the following:
 - » Adherence to the service standards in respect of various services being rendered by the Registrar and Share Transfer Agent
 - » Change of name(s) of the Members on share certificates
 - » Consolidation of share certificates
 - » Deletion of name(s) of guardian(s)
 - » Deletion of name(s) from share certificates
 - » Dematerialisation of shares
 - » Issue of duplicate share certificates
 - » Measures taken for effective exercise of voting rights by the shareholder(s)
 - » Measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants | annual reports | statutory notices by the shareholder(s) of the Company
 - » Rematerialisation of shares
 - » Replacement of shares
 - » Splitting-up of shares
 - » Transfer of shares
 - » Transmission of shares
 - » Transposition of names

3.3.2 Composition

The Committee comprises the following Members:

| No. | Name | Designation |
|-----|------------------------|-------------|
| 1. | Abhay Jadeja | Chairman |
| 2. | Gopi Kannan Thirukonda | Member |

Mr Ankit Mankodi, Company Secretary, is the Chief Compliance Officer.

3.3.3 Meetings and attendance

During 2020-21, no meeting was held.

During 2020-21, no complaints were received from the investors.

| No. | Name | Total | Attended |
|-----|---|----------|----------|
| 1. | Non-receipt of dividend warrant | 0 | 0 |
| 2. | Non-receipt of share certificates | 0 | 0 |
| 3. | Non-receipt of duplicate share certificates | 0 | 0 |
| 4. | Others | 0 | 0 |
| | Total | 0 | 0 |

The Board notes the minutes of the Stakeholders Relationship Committee meetings.

3.4 Corporate Social Responsibility Committee

3.4.1 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 profits 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 activities, which may not be less than 2% of the average net profits of the last three years
- v) Formulating and recommending to the Board, the annual action plan, which must include:
 - a) the list of CSR projects or programs that are to be undertaken
 - b) the manner of execution
 - c) the modalities of utilisation of funds and implementation schedules
 - d) monitoring and reporting mechanism
 - e) details of need and impact assessment

3.4.2 Composition

The Committee comprises the following Members:

| No. | Name | Designation |
|-----|------------------------|-------------|
| 1. | Abhay Jadeja | Chairman |
| 2. | Gopi Kannan Thirukonda | Member |
| 3. | Rajeev Kumar | Member |



3.4.3 Meetings and attendance

During 2020-21, one meeting was held.

| No. | Name | Total | Attended |
|-----|------------------------|-------|----------|
| 1. | Abhay Jadeja | 1 | 1 |
| 2. | Gopi Kannan Thirukonda | 1 | 1 |
| 3. | Rajeev Kumar | 1 | 1 |

The Board notes the minutes of the CSR Committee meeting.

4. Subsidiary company registered in India

As on March 31, 2021, the Company has one wholly-owned subsidiary company – Amal Speciality Chemicals Ltd.

The Financial Statements of the above company were reviewed by the Audit Committee. The minutes of the meetings of the subsidiary company were placed before the Board.

5. Company policies

5.1 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.

5.2 Code of Conduct

The Code of Conduct is available on the website of the Company at www.amal.co.in/pdf/Code_of_Conduct.pdf

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 a part of this report.

5.3 Prevention of sexual harassment of women at workplace

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has framed a policy on prevention of sexual harassment of women at workplace and constituted Internal Complaints Committee. Status of complaints received during 2020-21 are as under:

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

5.4 Related party transactions

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

5.5 Commodity price risk or foreign exchange risk and hedging activities

The Company does not go for commodity price risk hedging activities as it does not expect significant advantage in medium to long-term horizon. However, for minimising procurement risk for short duration, it enters into annual purchase contracts for key raw materials linked to input costs | published benchmark prices.

5.6 Credit rating

The Company has obtained credit rating from Care Ratings and is A- as on March 31, 2021.

6. Affirmation and disclosure

There were no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors or the Management and their subsidiary companies or relatives, amongst others, during 2020-21 that may have a potential conflict with the interests of the Company at large. All details relating to financial and commercial transactions where the Directors may have a pecuniary interest are provided to the Board. The interested Directors neither participate in the discussion nor vote on such matters.

The Company complied with the statutory provisions, rules and regulations relating to the capital markets during the last three years and the stock exchanges or the Securities and Exchange Board of India or any statutory authority did not impose any penalty or stricture on the Company for the said period.

7. Shareholders' information

7.1 General Body meetings

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

| Year | Location | Date | Time |
|---------|---|--------------------|----------|
| 2017-18 | The Synthetic and Art Silk Mills Research Association Sasmira, Sasmira Marg, Worli Mumbai 400 030, Maharashtra, India | September 21, 2018 | 10:30 am |
| 2018-19 | The Synthetic and Art Silk Mills Research Association Sasmira, Sasmira Marg, Worli Mumbai 400 030, Maharashtra, India | July 19, 2019 | 11:30 am |
| 2019-20 | Through video conferencing | August 14, 2020 | 10:00 am |

7.1.2 Special resolutions passed in the previous three AGMs: yes

7.1.3 Resolutions passed through postal ballot: nil

7.2 Annual General Meeting 2021

Details of the 47th AGM is as under:

| Year | Location | Date | Time |
|---------|--------------------------|--------------------|----------|
| 2020-21 | Through video conference | September 24, 2021 | 10:00 am |

As required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, particulars of the Directors seeking reappointment | appointment are given in the Notice of the AGM.



7.3 Financial year

April 01 to March 31

7.4 Date of book closure

September 11, 2021 to September 17, 2021

7.5 Date of dividend payment

Not applicable

7.6 Listing on the stock exchanges

Equity shares of the Company are listed on the BSE Ltd (BSE). The Company has paid listing fees for 2021-22 to the stock exchange where securities are listed. Pursuant to a circular of the Securities and Exchange Board of India, custody charges were also paid to the Depositories, namely National Securities Depository Ltd and Central Depository Services (India) Ltd. The international securities identification number of the equity shares of the Company is INE841D0101013. The corporate identity number is L24100MH1974PLC017594.

7.7 Stock code

BSE: 506597

7.8 Share price data and comparison with the BSE Sensex

The monthly high and low share prices of the Company in comparison with the BSE Sensex during 2020-21 are as under:

| Month | Share price of the Company on BSE | | BSE Sensex | |
|----------------|-----------------------------------|--------|------------|-----------|
| | High ₹ | Low ₹ | High ₹ | Low ₹ |
| April 2020 | 133.80 | 90.00 | 33,887.25 | 27,500.79 |
| May 2020 | 127.75 | 110.40 | 32,845.48 | 29,968.45 |
| June 2020 | 135.90 | 114.00 | 35,706.55 | 32,348.10 |
| July 2020 | 171.00 | 119.05 | 38,617.03 | 34,927.20 |
| August 2020 | 210.00 | 148.00 | 40,010.17 | 36,911.23 |
| September 2020 | 198.00 | 162.80 | 39,359.51 | 36,495.98 |
| October 2020 | 197.00 | 171.00 | 41,048.05 | 38,410.20 |
| November 2020 | 209.90 | 167.00 | 44,825.37 | 39,334.92 |
| December 2020 | 204.75 | 168.00 | 47,896.97 | 44,118.10 |
| January 2021 | 239.95 | 180.00 | 50,184.01 | 46,160.46 |
| February 2021 | 265.00 | 209.00 | 52,516.76 | 46,433.65 |
| March 2021 | 444.00 | 242.05 | 51,821.84 | 48,236.35 |

7.9 Registrar and transfer agent

Link Intime India Pvt Ltd

C101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India

Telephone: (+91 22) 4918 6270 | Fax: (+91 22) 4918 6060

E-mail: rnt.helpdesk@linkintime.co.in

7.10 Share transfer system

Securities lodged for transfer at the office of the Registrar are processed within 15 days from the date of lodgement, if the documents are clear in all respect. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 15 days or the additional time allowed by the SEBI, as the case may be.

Pursuant to Regulation 40(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates on a half-yearly basis were issued by the Company Secretary in practice for due compliance of share transfer formalities by the Company. Pursuant to the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, certificates were also received from the Company Secretary in practice for timely dematerialisation of the shares and for conducting the Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company. All the certificates were filed with the stock exchange where the shares of the Company are listed.

7.11 Distribution of shareholding as on March 31, 2021

7.11.1 Shareholding-wise:

| Holding | Shareholders | | Shares | |
|------------------|---------------|-------------|------------------|-------------|
| | Number | % of total | Number | % of total |
| 1 - 500 | 12,575 | 93.28% | 14,07,388 | 14.93% |
| 501 - 1,000 | 526 | 3.90% | 3,97,852 | 4.22% |
| 1,001 - 2,000 | 216 | 1.60% | 3,11,178 | 3.30% |
| 2,001 - 3,000 | 66 | 0.49% | 1,62,244 | 1.72% |
| 3,001 - 4,000 | 26 | 0.19% | 87,996 | 0.93% |
| 4,001 - 5,000 | 16 | 0.12% | 75,440 | 0.80% |
| 5,001 - 10,000 | 28 | 0.21% | 2,00,173 | 2.12% |
| 10,001 and above | 28 | 0.21% | 67,82,729 | 71.97% |
| Total | 13,481 | 100% | 94,25,000 | 100% |

7.11.2 Category-wise:

| Category | Shares (numbers) | Shareholding (%) |
|-------------------------------|------------------|------------------|
| Promoter group | 62,33,693 | 66.14% |
| Indian public | 30,50,183 | 32.36% |
| Bodies corporate | 1,15,568 | 1.23% |
| Non-resident Indians | 23,473 | 0.25% |
| Banks and insurance companies | 1,083 | 0.01% |
| Mutual funds | 1,000 | 0.01% |
| Total | 94,25,000 | 100.00% |



7.12 Dematerialisation of shares and liquidity

The paid-up share capital of the Company is held by the Members as on March 31, 2021, as follows: 87% in an electronic form and 13% in the physical form.

7.13 Outstanding American Depository Receipts | Global Depository Receipts | warrants or any convertible instruments, conversion date and likely impact on equity

Paid-up share capital of the Company comprises equity shares. It does not have outstanding American Depository Receipts, Global Depository Receipts, warrants or any convertible instruments.

7.14 Equity shares held by the Non-executive Director

| No. | Name | Shares |
|-----|---------------|--------|
| 1. | Sunil Lalbhai | 3,750 |

7.15 Location of plants

- i) Atul 396 020, Gujarat, India
- ii) GIDC, Ankleshwar 393 002, Gujarat, India

The plant at Ankleshwar is the only plant which is in operation.

7.16 Address for correspondence

Secretarial and Legal department, Amal Ltd, Atul 396 020, Gujarat, India
E-mail: sec@amal.co.in

7.17 E-mail address of grievance redressal office

igc@amal.co.in

7.18 Nomination facility

A Member can nominate a person who will have rights to shares and | or amount payable in respect of shares registered in his | her name in the event of his | her death. This facility is available to the Members and the nomination form can be obtained from the Company.

7.19 Communication

| | |
|--|--|
| Half-yearly report sent to each household of the Members | Half-yearly report was not sent to the Members. |
| Quarterly and half-yearly results | Quarterly and half-yearly results of the Company were sent to the stock exchange immediately after approval by the Board and published in The Financial Express (English), Mumbai edition and Aapla Mahanagar or Mumbai Lakshadweep (Marathi), Mumbai edition. The results were published in accordance with the guidelines of the stock exchange. |
| Websites where displayed | On the website of the Company: www.amal.co.in On the website of the stock exchange: www.bseindia.com |

| | |
|--|---|
| Official news releases | Official news releases as and when issued are placed on the website of the Company. |
| Presentations made to the institutional investors or to the analysts | No presentation was made to institutional investors or analysts during the year. |
| Management Discussion and Analysis | Management Discussion and Analysis is a part of the annual report. |

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

| No. | Particulars | Dates |
|-----|--|------------------|
| 1. | First quarter results | July 16, 2021 |
| 2. | Second quarter and half-yearly results | October 22, 2021 |
| 3. | Third quarter results | January 21, 2022 |
| 4. | Fourth quarter and annual results | April 22, 2022 |

8. Details of compliance with the mandatory requirements and extent of compliance with non-mandatory requirements

The Company is exempted under Regulation 15 (2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) from the compliance with the corporate governance requirements, however the Company voluntarily complied with major provisions of Corporate Governance prescribed under the Regulations.

9. Payment to Statutory Auditors

Nil

10. Evaluation by the Independent Directors

The Independent Directors at their meeting held on January 21, 2021, carried out annual evaluation in accordance with the Regulation 25(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

11. Role of the Company Secretary in overall governance process

The Directors have access to the suggestions and services of the Company Secretary | Legal department 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.

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

Rajeev Kumar, Managing Director and Yogesh Vyas, CFO issued a certificate to the Board as prescribed under Regulation 17(8) of the Regulations.



The said certificate was placed before the Board at the meeting held on April 22, 2021, in which the accounts for the year ended March 31, 2021, were considered and approved by the Board.

13. Certification by the Practicing Company Secretary

The above report on Corporate Governance is given on voluntary basis as the Company is not mandatorily required to comply with the requirement in this regard. For this reason the certificate from the Practising Company Secretary is not obtained.

14. Declaration by the Managing Director

In accordance with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the stock exchange, all the Directors and the Senior Management Personnel have, respectively, affirmed compliance with the Code of Conduct as approved and adopted by the Board.

Atul
April 22, 2021

For Amal Ltd
(Rajeev Kumar)
Managing Director

Notice

NOTICE is hereby given that the 47th Annual General Meeting of the Members of Amal Ltd will be held on Friday, September 24, 2021, 10:00 am through video conferencing | other audiovisual means to transact the following business:

Ordinary business:

1. To receive, consider and adopt:
 - i) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021 and the Reports of the Directors and the Auditors thereon and
 - ii) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021, and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr Gopi Kannan Thirukonda (DIN: 00048645), who retires by rotation and being eligible, offers himself for reappointment.

Notes

01. The 47th Annual General Meeting (AGM) is being held through video conferencing | other audiovisual means (VC) in accordance with the procedure prescribed in circular number 20 | 2020 dated May 05, 2020, read with circular number 14 | 2020 dated April 08, 2020, and circular number 17 | 2020 dated April 13, 2020, issued by the Ministry of Corporate Affairs and circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, read with circular number SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, issued by the Securities and Exchange Board of India (the e-AGM circulars). The Members can attend the AGM through VC by following instructions given in Note number 10.3 of the Notice. For the purpose of recording the proceedings, the AGM will be deemed to be held at the registered office of the Company at Atul House, 310 B, Veer Savarkar Marg, Mumbai 400 028, Maharashtra, India. Keeping in view the guidelines to fight the COVID-19 pandemic, the Members are requested to attend the AGM from their respective locations by VC and do not visit the registered office to attend the AGM.
02. Since the Annual General Meeting (AGM) is being held pursuant to the e-AGM circulars through video conferencing | other audiovisual means, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form, Attendance Slip and route map of the AGM venue are not annexed to this Notice. However, a Member may appoint a representative as per applicable provisions of the Companies Act, 2013 to attend and | or vote.
03. Copies of the Balance Sheet, the Statement of Profit and Loss, the Directors' Report, the Auditor's Report and every other document required by law to be annexed or attached to the Balance Sheet for the financial year ended March 31, 2021, are annexed | attached.
04. The Register of Members and Share Transfer Books of the Company will remain closed from September 11, 2021, to September 17, 2021, (both days inclusive).
05. The electronic copies of the annual report for 2020-21, including the Notice, which includes the process and manner of attending the Annual General Meeting through video conferencing | other audiovisual means, and e-voting is being sent to all the Members whose e-mail addresses are registered with the Company | Depository Participants.
06. Printed copies of the annual report (including the Notice) are not being sent to the Members in view of the e-AGM circulars.



07. The Members who have not registered their e-mail addresses are requested to register them with the Company to receive e-communication from the Company. For registering an e-mail address, the Members are requested to follow these steps:
- i. The Members holding shares in physical mode are requested to provide name, folio number, mobile number, e-mail address, scanned copies of share certificate(s) (both sides), self-attested PAN and Aadhar card through e-mail on sec@amal.co.in
 - ii. The Members holding shares in dematerialised mode are requested to provide their names, depository participant and Client IDs, mobile numbers, e-mail addresses, scanned copies of self-attested client master or consolidated account statements through e-mail on sec@amal.co.in
08. The Members may also note that the Notice of the Annual General Meeting and the annual report for 2020-21, will also be available on the website of the Company, www.amal.co.in, which can be downloaded. The electronic copies of the documents that are referred to in this Notice but not attached to it will be made available for inspection. For inspection, the Members are requested to send a request through an e-mail on sec@amal.co.in with their Depository participant ID and client ID or folio number.
09. Electronic copy of the Register of Directors and Key Managerial Personnel and their shareholding, maintained under the Companies Act, 2013 will be available for inspection by the Members on request.
10. The Members desiring any information relating to the accounts or have any questions, are requested to write to the Company on sec@amal.co.in at least seven days before the date of the Annual General Meeting (AGM) so as to enable the Management to keep the information ready and provide it at the AGM.
11. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and the e-AGM circulars, the Company is pleased to provide the Members with the facility to attend the Annual General Meeting (AGM) through video conferencing | other audiovisual means (VC) and exercise their right to vote at the AGM by electronic means. The business will be transacted through remote e-voting prior to and during the AGM.
- 11.1 The instructions for remote e-voting for the individual Members holding shares in the dematerialised (demat) form are given below:

Having shareholding with Central Depository Services (India) Ltd (CDSL)

- i. The Members registered on the CDSL Myeasi facility are requested to follow the steps given below:
 - a. Log on to web.cdslindia.com/myeasi/home/login using the existing user ID and password.
 - b. Go to the e-voting menu.
 - c. Go to the link of the respective e-voting service provider.
 - d. Follow the steps given at Note number 11.2.5 - from step ii) to vii).
- ii. The Members not registered on the CDSL Myeasi facility are requested to follow the steps given below for the first-time registration:
 - a. Go to the Myeasi website:
web.cdslindia.com/myeasi/Registration/EasiRegistration
 - b. Enter the 16-digit beneficiary ID.

| | |
|---|---|
| | <ul style="list-style-type: none"> c. Enter Permanent Account Number (PAN) in capital letters followed by first four digits of the Date of Birth (DoB), in the DDMM format) of the first sole holder. d. Tick the checkbox of 'terms and conditions' and click on 'Submit'. e. A One-time password (OTP) will be sent on the registered mobile numbers of the Members. f. Enter the OTP in the OTP box and click on 'Submit'. g. The registration form will appear, fill the form to create a username, password and an answer to the secret question and click on 'Continue'. h. The message 'Successfully registered' will appear. i. A list of other demat account(s) available for grouping will appear. j. Select the other demat accounts to club in single login of Myeasi. k. Click on 'Continue'. l. The message 'Registration Completed' will appear. m. Log on to web.cdslindia.com/myeasi/home/login using user ID and password. n. Go to the e-voting menu. o. Go to the link of respective e-voting service provider. p. Follow the steps given at Note number 11.2.5 - from step ii) to vii). |
| <p>Having shareholding with National Securities Depository Ltd (NSDL)</p> | <ul style="list-style-type: none"> i. The Members registered on the NSDL IDeAS facility are requested to follow the steps given below: <ul style="list-style-type: none"> a. Log on to eservices.nsdl.com b. Go to the IDeAS section and log in through Beneficial Owner using the existing user ID and password. c. Click on 'Access to e-voting'. d. Click on e-voting. e. Follow the steps given at Note number 11.2.5 - from step ii) to vii). ii. The Members not registered on the NSDL IDeAS facility are requested to follow the steps given below for the first-time registration: <ul style="list-style-type: none"> a. Go to the IDeAS website: eservices.nsdl.com b. Click on 'Register Online for IDeAS'. |



| | |
|--|---|
| | <ul style="list-style-type: none">c. Enter the eight-character depository participant (DP) ID followed by the eight-digit client ID and registered mobile number.d. Select any of the following options for verification of the demat account: Option 1: Bank account – enter the last four digits of the bank account. Option 2: One-time password (OTP) – enter the six-digit OTP sent on the registered mobile number.e. Fill in personal information and click on 'Submit'.f. Confirm details.g. A message 'Successfully registered' will appear.h. Log on to eservices.nsdl.comi. Go to the IDeAS section and log in through Beneficial Owner using the user ID and password.j. Click on 'Access to e-voting'.k. Click on e-voting.l. Follow the steps given at Note number 11.2.5 - from step ii) to vii). |
| Log in through Depository Participants | <ul style="list-style-type: none">i. E-voting can be done through Depository Participant registered with NSDL CDSL by using login credentials of the demat account.ii. Click on the e-voting option and the Members are redirected to the NSDL CDSL Depository website.iii. Click on the e-voting link for casting the e-vote.iv. Follow the steps given at Note number 11.2.5 - from step ii) to vii). |
| Log in through Depository by OTP | <p>Alternatively, the Members can directly access e-Voting without registration, through OTP as below:</p> <ul style="list-style-type: none">i. The Members holding shares with CDSL may log on to www.evotingindia.com and click on "Shareholders Members", enter the DP ID followed by the eight-digit client ID and PAN.ii. The Members holding shares with NSDL may log on to the www.evoting.nsdl.com and click on "Shareholder Member", enter the DP ID followed by the eight-digit client ID. <p>The system will authenticate the Members by sending OTP on registered mobile numbers and e-mail addresses as recorded with the DPs. After successful authentication, the Members will be provided the links for e-voting. Follow the steps given at Note number 11.2.5 - from step ii) to vii).</p> |

11.2 The instructions for remote e-voting by the Members other than those referred in Note number 11.1 are as under:

11.2.1 Log on to the e-voting website: www.evotingindia.com

11.2.2 Click on the 'Shareholders' tab.

11.2.3 Enter user ID as determined in the following table:

| | |
|--|--|
| User ID for the Members holding shares in the demat form with CDSL | the 16-digit beneficiary ID |
| User ID for the Members holding shares in the demat form with NSDL | the eight-character depository participant (DP) ID followed by the eight-digit client ID |
| User ID for the Members holding shares in the physical form | the folio numbers of the shares held in the Company |

11.2.4 Enter image verification details as displayed on the screen and click on 'Login'.

11.2.5 The Members who are already registered with CDSL and have exercised e-voting through www.evotingindia.com earlier may follow the steps given below:

- i) Use the existing password.
- ii) Click on the electronic voting serial number 210726002 of Amal Ltd to vote.
- iii) The 'Resolution description' message will appear on the e-voting page with 'Yes | No' options for e-voting. Select the option 'Yes' or 'No' as desired. The option 'Yes' implies assent and option 'No' implies dissent to the resolution.
- iv) Click on the 'Resolutions file link' to view the details.
- v) After selecting the resolution, click on the 'Submit' tab. A confirmation box will be displayed. To confirm vote, click on 'Ok'; else click on 'Cancel'.
- vi) After voting on a resolution, the Members will not be allowed to modify their votes.
- vii) A print of the e-voting done may be taken by clicking on the 'Click here to print' tab on the e-voting page.
- viii) In case the Members holding shares in the demat form forget their passwords, they can enter the User ID and the image verification details and click on 'Forgot password' to generate a new one.

11.2.6 The Members (holding shares in the demat | physical form) who are not already registered with CDSL and are using the e-voting facility for the first time may follow the steps given below:

- i) Register as under:
 - a) The Members who have already submitted their Permanent Account Number (PAN) to the Company | DP may enter their 10-digit alpha-numeric PAN issued by the Income Tax department. Others are requested to use the sequence number in the PAN field. The sequence number is mentioned in the e-communication.



b) Enter date of birth (DoB) as recorded in the demat account or in the records of the Company for the said demat account or folio in the dd | mm | yyyy format

or

Enter the dividend bank details (DBD) as recorded in the demat account or in the records of the Company for the said demat account or folio

or

If the DoB or DBD details are not recorded with the DP or the Company, enter the Member ID | folio number in the DBD field as under:

| | |
|--|---|
| User ID for the Members holding shares in the demat form with CDSL | the 16-digit beneficiary ID |
| User ID for the Members holding shares in the demat form with NSDL | the eight-character DP ID followed by the eight-digit client ID |
| User ID for the Members holding shares in the physical form | the folio number of the shares held in the Company |

- ii) After entering these details appropriately, click on 'Submit'.
- iii) The Members holding shares in the physical form will reach the Company selection screen. However, the Members holding shares in the demat form will reach the 'Password creation' menu and will have to enter the login password in the 'new password' field. It is strongly recommended not to share the password with any other person and take utmost care to keep it confidential.
- iv) The Members holding shares in the physical form can use login details only for e-voting on the resolutions contained in this Notice.
- v) Click on the electronic voting serial number 210726002 of Amal Ltd to vote.
- vi) The 'Resolution description' message will appear on the voting page with 'Yes | No' options for voting. Select the option 'Yes' or 'No' as desired. The option 'Yes' implies assent and option 'No' implies dissent to the resolution.
- vii) Click on the 'Resolutions file link' to view the details.
- viii) After selecting the resolution, click on the 'Submit' tab. A confirmation box will be displayed. To confirm vote, click on 'Ok'; else click on 'Cancel'.
- ix) After voting on a resolution, the Members will not be allowed to modify their votes.
- x) A print of the e-voting done may be taken by clicking on the 'Click here to print' tab on the e-voting page.
- xi) In case the Members holding shares in the demat form forget their password, they can enter the user ID and the image verification details and click on 'Forgot password' to generate a new one.

11.2.7 Note for the non-individual Members and the Custodians:

- i) The non-individual Members (that is, other than individuals, Hindu Undivided Family, non-resident individual) and custodians are required to log on to www.evotingindia.com and register themselves as Corporates.

- ii) A scanned copy of the registration form bearing the stamp and sign of the entity will be e-mailed by the Members to helpdesk.evoting@cdslindia.com
- iii) After receiving the login details, a Compliance user will be created using the admin login and password. The Compliance user will be able to link the account(s) for which they wish to vote on.
- iv) The list of accounts will be e-mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, votes can be cast.
- v) A scanned copy of the Board Resolution and Power of Attorney issued in favour of the Custodian, if any, will have to be uploaded in the portable document format in the system for verification by the Scrutiniser.

11.2.8 The Members can also use mobile application 'm-Voting' of CDSL for e-voting using their e-voting credentials.

11.2.9 The remote e-voting period commences on September 21, 2021 (at 9:00 am) and ends on September 23, 2021 (at 5:00 pm). During this period, the Members holding shares either in the physical form or in the demat form, as on the cut-off date of September 17, 2021, may cast their votes electronically. The remote e-voting module will be disabled by CDSL for voting after the said period. Once the votes on a resolution are cast by the Members, no change will be allowed subsequently. Only the Members who have not cast their votes through remote e-voting may cast their votes during the AGM by attending the AGM through VC by following the aforesaid process.

11.2.10 The voting rights of the Members will be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date of September 17, 2021.

11.3 The instructions for e-voting during the AGM are as under:

11.3.1 The facility for voting through ballot | polling paper will not be available. The Members attending the AGM through VC and who have not cast their votes through remote e-voting will be able to exercise their voting rights during the AGM through the e-voting facility. The Members who have already cast their votes through remote e-voting may attend the AGM, but will not be able to cast their votes again.

11.3.2 The procedure for e-voting during the AGM is same as per the instructions mentioned in Note numbers 11.1 and 11.2, as the case may be, for remote e-voting.

- i) Only those Members who will be present at the AGM through VC and have not cast their votes on the resolutions through remote e-voting and are otherwise not barred from doing so, will be eligible to vote through e-voting system available in the AGM.
- ii) If any votes are cast by the Members through e-voting available during the AGM without participating in the AGM through VC, then the votes cast by such Members will be considered invalid as the facility of e-voting during the AGM is available only to the Members participating in the AGM.

11.4 The Company has availed services of Cisco Webex to provide the VC facility to the Members to attend the AGM in collaboration with CDSL. More than 1,000 Members, excluding promoters, large shareholders (holding 2% or more shares in the Company), Directors, Key Managerial Personnel, Auditors and



the Chairmen of Committees of the Board, can participate in the AGM through VC on a first-come, first-served basis.

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

- i) The individual Members holding shares in the demat form can log in at any time starting from 09:30 am on September 24, 2021, as per Note number 11.1.
- ii) Other Members can log in to www.evotingindia.com during any time starting from 09:30 am on September 24, 2021, and follow the steps mentioned below:
 - a) Click on the 'Shareholders | Members' tab.
 - b) The 'Shareholders | Members' message will appear, enter user ID | verification code and click on the 'Log in' tab. If the Members are not having remote e-voting login credentials, then they may create the same by following the instructions given in Note number 11.2.6.
 - c) When 'Character validation was successful. Kindly enter other login details to proceed' appears, enter password in the 'Password' tab and click on the 'Submit' tab.
- iii) When 'Member Voting Screen' appears, click on the 'Click Here' tab on the Live Streaming column.
- iv) When the message 'This is external link, are you sure you want to continue' appears, click on the 'OK' tab to proceed.
- v) When 'Event information' appears, enter first name and last name and click on the 'Join Now' tab.
- vi) When 'Meeting room joining confirmation' appears, click on the 'Join Event' tab.

11.4.2 The Members are encouraged to join the meeting through laptops for better experience. The Members will be required to ensure high-definition web cameras and high-speed internet connectivity to avoid any disturbance during the AGM.

11.4.3 The participants connecting through mobile devices | tablets | laptops using mobile hotspots may experience audio | video loss due to fluctuations in their respective networks. It is therefore recommended to use a stable Wi-Fi | LAN connection to mitigate such possible glitches.

11.4.4 The Members who wish to express their views | ask questions during the AGM are requested to register themselves as speakers by providing their names, demat account numbers | folio numbers, e-mail addresses, mobile | telephone numbers along with questions, if any, to the Company on sec@amal.co.in. Such requests need to reach the Company at least seven days before the date of the AGM.

11.4.5 Those Members who have registered themselves as speakers may only be allowed to express their views | ask questions during the AGM.

11.5 In case of queries or issues regarding e-voting, the Members may refer to the 'frequently asked questions' and e-voting manual available at www.evotingindia.com, under the 'help' section or write an e-mail to helpdesk.evoting@cdslindia.com

11.6 Nirali Solanki & Co have been appointed as the Scrutiniser to scrutinise the remote e-voting and the voting process at the AGM in a fair and transparent manner.

- 11.7 The Scrutiniser will within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, and forward it to the Chairman of the Company.
- 11.8 The results will be declared at or after the AGM. The results declared along with the Scrutiniser's Report will be placed on www.amal.co.in, the website of the Company and on www.evotingindia.com the website of CDSL within two days of passing of the resolutions at the AGM and also will be communicated to the BSE Ltd.
12. The Members may send their comments on or suggestions for improvement of the annual report by e-mail to sec@amal.co.in
13. At the ensuing Annual General Meeting, Mr Gopi Kannan Thirukonda retires by rotation and being eligible, offers himself for reappointment. The information or details required as per Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to him are as under:

| Name | Mr Gopi Kannan Thirukonda |
|---------------------------------|---|
| Date of birth | March 30, 1959 |
| Brief résumé | <p>Mr Gopi Kannan Thirukonda is a Director of the Company since 2010. He is a Member of the Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Board.</p> <p>Mr Thirukonda has 36 years of experience in various capacities and is currently the Whole-time Director and the Chief Financial Officer in Atul Ltd.</p> <p>Mr Thirukonda holds a degree in Science from University of Madras and a postgraduate diploma in management from Indian Institute of Management, Ahmedabad. He is a Fellow Member of the Institute of Chartered Accountants of India, the Institute of Cost and Management Accountants of India and the Institute of Company Secretaries of India.</p> |
| Directorship in other companies | <p>Public companies</p> <p>Atul Ltd Atul Bioscience Ltd Atul Elkay Polymers Ltd - Chairman Atul Finserv Ltd - Chairman Atul Fin Resources Ltd Atul Nivesh Ltd Atul Rajasthan Date Palms Ltd Rudolf Atul Chemicals Ltd</p> <p>Foreign companies</p> <p>Atul China Ltd - Chairman Atul Deutschland GmbH - Chairman</p> |



| | |
|---|---|
| Membership in committees of other companies | Chairman of committee Rudolf Atul Chemicals Ltd – Corporate Social Responsibility Committee Member of committees Atul Ltd – Stakeholders Relationship Committee Atul Ltd – Risk Management Committee Atul Bioscience Ltd – Audit Committee Rudolf Atul Chemicals Ltd – Audit Committee Rudolf Atul Chemicals Ltd – Nomination and Remuneration Committee |
| Relationship with other Directors | None |
| Number of shares held in the Company | Nil |

Registered office:

Atul House
310 B, Veer Savarkar Marg, Dadar (West)
Mumbai 400 028, Maharashtra
India

Corporate identification number: L24100MH1974PLC017594
April 22, 2021

By order of the Board of Directors

(Rajeev Kumar)
Managing Director

Performance trend

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 |
|---------------------------------------|---------|---------|---------|---------|----------|---------|
| Operating results | | | | | | |
| Net sales | 3,042 | 3,260 | 3,287 | 3,232 | 2,867 | 2,583 |
| Revenue | 3,166 | 3,434 | 3,344 | 3,265 | 2,875 | 2,589 |
| PBIDT | 1,255 | 1,565 | 1,290 | 1,256 | 1,193 | 407 |
| Finance cost | 73 | 210 | 238 | 247 | 267 | 235 |
| PBDT ¹ | 1,182 | 1,354 | 1,052 | 1,009 | 926 | 171 |
| Depreciation | 96 | 85 | 54 | 38 | 37 | 37 |
| PBT from operations ¹ | 1,086 | 1,269 | 998 | 970 | 889 | 135 |
| Exceptional Non-recurring items | - | - | - | - | - | - |
| PBT | 1,086 | 1,269 | 998 | 970 | 889 | 135 |
| Tax | 202 | 350 | 223 | - | - | - |
| Net profit | 884 | 919 | 775 | 970 | 889 | 135 |
| Financial position | | | | | | |
| Gross block ² | 1,531 | 1,199 | 1,100 | 794 | 700 | 655 |
| Net block ² | 1,191 | 955 | 939 | 682 | 626 | 618 |
| Other assets (net) | 2,567 | 2,047 | 1,877 | 1,521 | 759 | (76) |
| Capital employed | 3,757 | 3,002 | 2,816 | 2,203 | 1,385 | 542 |
| Equity share capital | 943 | 943 | 943 | 943 | 703 | 703 |
| Advance towards share capital | - | - | - | - | 240 | 240 |
| Other equity | 2,494 | 1,610 | 691 | (83) | (1,054) | (1,944) |
| Total equity | 3,436 | 2,553 | 1,634 | 859 | (112) | (1,002) |
| Borrowings | 321 | 449 | 1,182 | 1,344 | 1,497 | 1,544 |
| Per Equity share (₹) | | | | | | |
| Book value | 36.46 | 27.09 | 17.33 | 9.12 | (1.59) | (14.26) |
| EPS | 9.38 | 9.75 | 8.22 | 11.92 | 12.65 | 1.94 |
| Key indicators | | | | | | |
| PBIDT % | 41.24 | 47.99 | 39.25 | 38.86 | 41.62 | 15.75 |
| PBDT % | 38.85 | 41.55 | 32.00 | 31.21 | 32.29 | 6.64 |
| PBT % | 35.71 | 38.93 | 30.36 | 30.03 | 30.99 | 5.22 |
| Employee cost % | 5.51 | 3.98 | 3.02 | 2.16 | 1.90 | 2.60 |
| Finance cost % | 2.39 | 6.44 | 7.25 | 7.65 | 9.33 | 9.12 |
| Operating cash flow total revenue % | 36.00 | 42.23 | 26.29 | 25.34 | 25.24 | 0.94 |
| Asset turnover ratio ³ | 2.40 | 2.73 | 2.99 | 4.55 | 4.14 | 4.19 |
| RoCE % ¹ | 37.43 | 48.66 | 48.84 | 70.58 | 126.03 | 118.28 |
| RoNW % ¹ | 29.51 | 43.91 | 62.18 | 259.58 | (159.62) | (12.60) |

¹Excluding exceptional items

²Including capital work-in-progress

³Excluding capital work-in-progress

Financial Statements

Standalone Financial Statements

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Consolidated Financial Statements

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Independent Auditor's Report

To the Members of Amal Ltd

Report on the audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of Amal Ltd (the Company), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act

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

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the Standalone Financial Statements of the current period. This matter was addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on this matter. We have determined the matter described as follows to be the key audit matter to be communicated in our report.

| Key audit matter | Auditor's response |
|--|---|
| Revenue from sale of goods to the parent company Significant revenue of the Company is generated through sale of goods to its holding company. The occurrence of such transactions and their pricing on an arm's length basis were significant areas of audit focus. | Our principle procedures included the following, but were not limited to: <ul style="list-style-type: none">- obtaining a detailed understanding of the Management's processes, controls and policies with respect to the related party transactions,- evaluation of the design of controls including approvals and related compliances,- testing implementation and operating effectiveness of the controls that address risks relating to the occurrence and pricing. |



| Key audit matter | Auditor's response |
|------------------|--|
| | <p>Performing the following procedures on the samples selected:</p> <ul style="list-style-type: none"> - reading and verification of the terms of the purchase orders; performing corroborative inquiries for the business rational on pricing and relevant terms and conditions, including sighting evidences of transaction of similar products on identical terms with unrelated parties, - verification of necessary approvals as per the authorisation matrices, - verification of documentary evidences around deliveries and subsequent realisation and obtaining balance confirmations, - performing analytical procedures and trend analysis, - assessing adequacy and appropriateness of the disclosures in the Financial Statements. |

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

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

Management's responsibility for the Standalone Financial Statements

The 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 Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibility for the audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance

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

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

- i) Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ii) 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.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- iv) 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 Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- v) Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- vi) Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the Standalone Financial Statements.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and is therefore the key audit matters. We describe these



matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter must not be communicated in our report because the adverse consequences of doing so will reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and the Statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the Directors as on March 31, 2021, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2021, from being appointed as a Director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Company.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. 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 22, 2021

Membership number: 101708
UDIN: 21101708AAAACE5289

Annexure A to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of Amal Ltd (the Company) as of March 31, 2021, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the Guidance Note) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditor's responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of internal financial controls over financial reporting

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



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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm registration number: 117366W|W-100018

Samir R. Shah

Partner

Mumbai

Membership number: 101708

April 22, 2021

UDIN: 21101708AAAACE5289

Annexure B to the Independent Auditor's Report

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a program of verification of fixed asset to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regards to size of the Company and nature of its fixed assets. Pursuant to the program, certain fixed assets were physically verified by the

Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed | transfer deed | conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the Balance Sheet date, except for the following:

| Particulars of the land and building | Gross block as at March 31, 2021 (₹ lakh) | Net block as at March 31, 2021 (₹ lakh) | Remarks |
|--|---|---|---|
| Freehold land at Ankleshwar | 3.33 | 3.33 | The title deeds are in the name of Amal Products Ltd, former name of the Company. |
| Building (residential flat) at Atul | 2.32 | 2.01 | |
| Building (residential flats) at Ankleshwar | 8.38 | 7.23 | The title deeds are in the name of Amal Rasayan Ltd, former name of the Company. |

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the Standalone Financial Statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

2. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (the Act).
4. The Company has not granted any loans, made investments other than a wholly-owned

subsidiary company and in mutual funds or provided guarantees and hence reporting under Clause (iv) of the Order is not applicable.

5. According to the information and explanations given to us, the Company has not accepted any deposit during the year and unclaimed deposits, hence reporting under Clause (v) of the Order is not applicable.
6. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Company's Act, 2013.
7. According to the information and explanations given to us, in respect of statutory dues:
 - a) The Company has been regular in depositing undisputed statutory dues of the year, including provident fund, employees' state insurance, income tax, customs duty, cess, goods and service tax and other material statutory dues applicable to it to the appropriate authorities.



- b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, customs duty, cess, goods and service tax and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- c) Details of dues of sales tax that have not been deposited as on March 31, 2021, on account of disputes are given as follows:

| Name of statute | Nature of dues | Forum where dispute is pending | Period to which the amount relates | Amount (₹ in lakh) |
|---------------------------------|--|---|------------------------------------|--------------------|
| The Gujarat Sales Tax Act, 1969 | Sales tax (including interest and penalty) | High Court of Gujarat | 1999-00 | 10.39 |
| The Gujarat Sales Tax Act, 1969 | Sales tax (including interest and penalty) | Joint Commissioner, Surat | 2001-02 to 2003-04 | 52.47 |
| CST Act, 1956 | Sales tax (including interest and penalty) | Gujarat Value Added Tax Tribunal, Ahmedabad | 2003-04 | 3.31* |

*net of ₹ 50,000 paid under protest

- d) 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.
- e) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause (ix) of the Order is not applicable to the Company.
- f) 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.
- g) 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.
- h) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.
- i) 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 Standalone Financial Statements, etc as required by the applicable accounting standards.
- j) 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 CARO 2016 is not applicable to the Company.
- k) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its Directors or Directors of its holding, subsidiary or associate companies or persons connected with them and hence provisions of Section 192 of the Act are not applicable.
- l) 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 22, 2021

Membership number: 101708
UDIN: 21101708AAAACE5289

Standalone Balance Sheet as at March 31, 2021

(₹ lakhs)

| Particulars | Note | As at March 31, 2021 | As at March 31, 2020 |
|---|------|-------------------------|-------------------------|
| A ASSETS | | | |
| 1 Non-current assets | | | |
| a) Property, plant and equipment | 2 | 928.43 | 949.90 |
| b) Capital work-in-progress | 2 | 262.23 | 4.75 |
| c) Financial assets | | | |
| i) Investments in a subsidiary company | 3.1 | 500.00 | - |
| ii) Other investments | 3.2 | 42.77 | 2.10 |
| iii) Other financial assets | 4 | 37.85 | 37.85 |
| d) Income tax assets (net) | 25.4 | 77.00 | 55.14 |
| e) Other non-current assets | 5 | 4.95 | 0.04 |
| Total non-current assets | | 1,853.23 | 1,049.78 |
| 2 Current assets | | | |
| a) Inventories | 6 | 137.78 | 93.42 |
| b) Financial assets | | | |
| i) Investments | 3.3 | 1,891.50 | 1,481.18 |
| ii) Trade receivables | 7 | 486.60 | 713.66 |
| iii) Cash and cash equivalents | 8 | 27.74 | 52.12 |
| iv) Other financial assets | 4 | 6.38 | - |
| c) Other current assets | 5 | 60.43 | 49.43 |
| Total current assets | | 2,610.43 | 2,389.81 |
| Total assets | | 4,463.66 | 3,439.59 |
| B EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a) Equity share capital | 9 | 942.50 | 942.50 |
| b) Other equity | 10 | 2,493.91 | 1,610.28 |
| Total equity | | 3,436.41 | 2,552.78 |
| Liabilities | | | |
| 1 Non-current liabilities | | | |
| a) Other financial liabilities | 12 | 173.24 | 321.79 |
| b) Provisions | 13 | 5.51 | 2.90 |
| c) Deferred tax liabilities (net) | 25.4 | 107.81 | 140.53 |
| Total non-current liabilities | | 286.56 | 465.22 |
| 2 Current liabilities | | | |
| a) Financial liabilities | | | |
| i) Trade payables | | | |
| Total outstanding dues of | | | |
| a) Micro-enterprises and small enterprises | 14 | 26.71 | 0.14 |
| b) Creditors other than micro-enterprises and small enterprises | 14 | 287.86 | 238.66 |
| ii) Other financial liabilities | 12 | 385.01 | 155.30 |
| b) Other current liabilities | 15 | 40.36 | 26.48 |
| c) Provisions | 13 | 0.75 | 1.01 |
| Total current liabilities | | 740.69 | 421.59 |
| Total liabilities | | 1,027.25 | 886.81 |
| Total equity and liabilities | | 4,463.66 | 3,439.59 |

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

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

For and on behalf of the Board of Directors

Samir R. Shah
Partner

Yogesh Vyas
Chief Financial Officer

Rajeev Kumar
Managing Director

Sunil Lalbhai
Chairman

Mumbai
April 22, 2021

Ankit Mankodi
Company Secretary

Atul
April 22, 2021

Standalone Statement of Profit and Loss

for the year ended March 31, 2021



(₹ lakhs)

| Particulars | Note | 2020-21 | 2019-20 |
|--|------|-----------------|-----------------|
| INCOME | | | |
| Revenue from operations | 16 | 3,042.04 | 3,259.99 |
| Other income | 17 | 124.22 | 173.72 |
| Total income | | 3,166.26 | 3,433.71 |
| EXPENSES | | | |
| Cost of materials consumed | 18 | 960.24 | 884.01 |
| Changes in inventories of finished goods and work-in-progress | 19 | (5.06) | 14.24 |
| Power, fuel and water | 20 | 258.56 | 285.10 |
| Repairs and maintenance | 21 | 181.23 | 193.99 |
| Employee benefit expenses | 22 | 167.57 | 129.60 |
| Finance costs | 23 | 72.85 | 210.04 |
| Depreciation and amortisation expenses | 2 | 95.56 | 85.31 |
| Other expenses | 24 | 349.13 | 362.23 |
| Total expenses | | 2,080.08 | 2,164.52 |
| Profit before tax | | 1,086.18 | 1,269.19 |
| Tax expense | | | |
| Current tax | 25.4 | 234.38 | 385.81 |
| Deferred tax | 25.4 | (32.71) | (35.79) |
| Total tax expense | | 201.67 | 350.02 |
| Profit for the year | | 884.51 | 919.17 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit loss | | | |
| i) Remeasurement gain (loss) on defined benefit plans (net of tax) | | (0.88) | 0.07 |
| Other comprehensive income (expense), (net of tax) | | (0.88) | 0.07 |
| Total comprehensive income for the year | | 883.63 | 919.24 |
| Earnings per equity share | | | |
| Basic and diluted earnings ₹ per equity share of ₹ 10 each | 25.9 | 9.38 | 9.75 |

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

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP

Chartered Accountants

Sunil Lalbhai
Chairman

Samir R. Shah
Partner

Yogesh Vyas
Chief Financial Officer

Rajeev Kumar
Managing Director

Mumbai
April 22, 2021

Ankit Mankodi
Company Secretary

Atul
April 22, 2021

Standalone Statement of changes in equity

for the year ended March 31, 2021

A Equity share capital

(₹ lakhs)

| Particulars | Note | Amount |
|---|------|---------------|
| As at March 31, 2019 | | 942.50 |
| Changes in equity share capital during the year | | - |
| As at March 31, 2020 | | 942.50 |
| Changes in equity share capital during the year | | - |
| As at March 31, 2021 | 9 | 942.50 |

B Other equity

(₹ lakhs)

| Particulars | Reserves and surplus | | | Total other equity |
|--|----------------------|-------------------|--|--------------------|
| | Securities premium | Retained earnings | Other equity (capital contributions from Atul Ltd) | |
| As at March 31, 2019 | 876.88 | (1,832.41) | 1,646.57 | 691.04 |
| Profit for the year | - | 919.17 | - | 919.17 |
| Other comprehensive income, net of tax | - | 0.07 | - | 0.07 |
| As at March 31, 2020 | 876.88 | (913.17) | 1,646.57 | 1,610.28 |
| Profit for the year | - | 884.51 | - | 884.51 |
| Other comprehensive income, net of tax | - | (0.88) | - | (0.88) |
| As at March 31, 2021 | 876.88 | (29.54) | 1,646.57 | 2,493.91 |

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

| | | |
|---|---|----------------------------------|
| In terms of our report attached | For and on behalf of the Board of Directors | |
| For Deloitte Haskins & Sells LLP | | |
| Chartered Accountants | | Sunil Lalbhai Chairman |
| Samir R. Shah | Yogesh Vyas | Rajeev Kumar |
| Partner | Chief Financial Officer | Managing Director |
| Mumbai | Ankit Mankodi | Atul |
| April 22, 2021 | Company Secretary | April 22, 2021 |

Standalone Statement of Cash Flows

for the year ended March 31, 2021



(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|--|-----------------|-----------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 1,086.18 | 1,269.19 |
| Adjustments for: | | |
| Depreciation and amortisation expenses | 95.56 | 85.31 |
| Finance costs | 72.85 | 209.95 |
| Interest income from financial assets measured at amortised cost | (5.20) | (2.23) |
| Gain on disposal of current investments measured at FVPL (net) | (45.09) | (18.63) |
| Unrealised (gain) loss from investments in mutual funds measured at FVPL (net) | (31.34) | 5.07 |
| Gain on revaluation of investments in equity shares | (40.67) | - |
| Dividend income | (0.52) | (90.07) |
| Credit balance appropriated | (1.31) | - |
| Gain on disposal of property, plant and equipment (net) | - | (61.54) |
| Operating profit before change in operating assets and liabilities | 1,130.46 | 1,397.05 |
| Adjustments for: | | |
| (Increase) Decrease in inventories | (44.36) | 9.82 |
| (Increase) Decrease in trade receivables | 227.06 | 437.41 |
| (Increase) Decrease in other financial assets | (6.38) | 1.20 |
| (Increase) Decrease in other assets | (11.84) | (5.19) |
| Increase (Decrease) in trade payables | 77.08 | 47.17 |
| Increase (Decrease) in other financial liabilities | 7.89 | 7.54 |
| Increase (Decrease) in other current liabilities | 13.88 | (28.60) |
| Increase (Decrease) in provisions | (0.26) | 0.44 |
| Increase (Decrease) in non-current provisions | 2.61 | (0.04) |
| Cash generated from operations | 1,396.14 | 1,866.80 |
| Income tax paid (net of refund) | (256.24) | (416.82) |
| Net cash flow from operating activities | 1,139.90 | 1,449.98 |

Standalone Statement of Cash Flows

for the year ended March 31, 2021

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|---|-------------------|-----------------|
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments towards property, plant and equipment (including capital advances) | (135.23) | (112.36) |
| Proceeds from disposal of property, plant and equipment | - | 72.98 |
| Investment in equity shares of subsidiary company measured at cost | (500.00) | - |
| Purchase of current investments measured at FVPL (net) | (378.98) | (536.95) |
| Income received from investments in mutual funds measured at FVPL | 45.09 | 18.63 |
| Dividend received | 0.52 | 90.07 |
| Interest received on financial assets measured at amortised cost | 5.20 | 2.23 |
| Net cash used in investing activities | B (963.40) | (465.40) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Disbursements (repayments) of borrowings | (200.00) | (943.47) |
| Interest paid | (0.88) | - |
| Net cash used in financing activities | C (200.88) | (943.47) |
| Net increase (decrease) in cash and cash equivalents A+B+C | (24.38) | 41.11 |
| Cash and cash equivalents at the beginning of the year | 52.12 | 11.01 |
| Cash and cash equivalents at the end of the year | 27.74 | 52.12 |

- The above Standalone Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Ind AS 7 on the Statement of Cash Flows as notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- Cash flows from operating activities include ₹ 26.65 lakhs (March 31, 2020: ₹ 24.08 lakhs) being expenses towards Corporate Social Responsibility initiatives.
- Refer Note 11 (v) for a reconciliation of changes in liabilities arising from financing activities.
- Cash flow includes non-cash item, reinstatement of creditors, written down pursuant to the sanctioned scheme by BIFR ₹ Nil (March 31, 2020: ₹ 58.04 lakhs).

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

| | | |
|---|---|----------------------------------|
| In terms of our report attached | For and on behalf of the Board of Directors | |
| For Deloitte Haskins & Sells LLP | | |
| Chartered Accountants | | Sunil Lalbhai Chairman |
| Samir R. Shah | Yogesh Vyas | Rajeev Kumar |
| Partner | Chief Financial Officer | Managing Director |
| Mumbai | Ankit Mankodi | Atul |
| April 22, 2021 | Company Secretary | April 22, 2021 |



Background

Amal Ltd (the Company) is a public company limited by shares, incorporated and domiciled in India. The Company is a subsidiary of Atul Ltd. Its registered office is located at Atul House, 310 B, Veer Savarkar Marg, Dadar (West), Mumbai 400 028, Maharashtra, India and its principal place of business is located at Ankleshwar 393 002, Gujarat, India.

The Company is engaged in manufacturing of bulk chemicals such as sulphuric acid and oleum and their downstream products such as Sulphur dioxide and Sulphur trioxide.

The Company is registered as a small manufacturing company effective July 03, 2020, as per the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

Note 1 Significant accounting policies

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

a) Statement of compliance

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

b) Basis of preparation

i) Historical cost convention:

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

- a) Certain financial assets and liabilities (including derivative instruments): measured at fair value
- b) Defined benefit plans: plan assets measured at fair value

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

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

iv) New and amended standards adopted by the Company:

The Company has applied the following amendments to Ind AS for the first time for its annual reporting period commencing April 01, 2020:

- Definition of material – amendments to Ind AS 1 and Ind AS 8

Note 1 Significant accounting policies (continued)

- Definition of a business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- v) Recent accounting pronouncements:

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

c) Foreign currency transactions

- i) Functional and presentation currency:

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

- ii) Transactions and balances:

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

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

d) Revenue recognition

- i) Revenue from contracts with customers:

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



Note 1 Significant accounting policies (continued)

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 is measured based on the consideration to which the Company expects to be entitled as per contract with a customer. The consideration is determined based on the price specified in the contract, net of the estimated variable consideration. Accumulated experience is used to estimate and provide for the variable consideration, using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Contracts with customers are for short-term, at an agreed price basis having contracted credit period ranging up to 90 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 that are levied on sales such as goods and services tax and tax collected at source.

ii) Other income:

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

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

e) **Income tax**

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

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

The Company has adopted the option available under Section 115 BAA of the Income Tax Act, 1961 (the Act) hence Minimum Alternate Tax (MAT) is not applicable to the Company from current year onwards.

Note 1 Significant accounting policies (continued)

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

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

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

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

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

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

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

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



Note 1 Significant accounting policies (continued)

f) Leases

As a lessee

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

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

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

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

As a lessor

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

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

Note 1 Significant accounting policies (continued)

and interest income. The interest income is recognised in the Standalone Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the asset for each period.

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

g) Property, plant and equipment

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

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

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

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

Depreciation methods, estimated useful lives and residual value

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

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

| Asset category | Estimated useful life |
|----------------------------------|-----------------------|
| Buildings | 5 to 60 years |
| Plant and equipment ¹ | 3 to 20 years |
| Vehicles ¹ | 6 to 10 years |
| Office equipment and furniture | 3 to 10 years |

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



Note 1 Significant accounting policies (continued)

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

Land accounted under finance lease is amortised on a straight-line basis over the primary period of lease. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

h) Impairment

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

i) 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.

j) Trade receivables

Trade receivables are recognised when the right to consideration becomes unconditional. These assets are held at amortised cost, using the effective interest rate (EIR) method where applicable, less provision for impairment based on expected credit loss.

k) Trade and other payables

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

l) Inventories

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

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

Note 1 Significant accounting policies (continued)

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

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

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

m) Investments and other financial assets

Classification and measurement

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

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

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

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

Debt instruments

Initial recognition and measurement

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

Subsequent measurement

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

Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently



Note 1 Significant accounting policies (continued)

measured at amortised cost using the EIR method less impairment, if any, the amortisation of EIR and loss arising from impairment, if any is recognised in the Standalone Statement of Profit and Loss.

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

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

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

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

Equity instruments

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

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

Investments in subsidiary company:

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

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and OCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 25.7 details how the Company determines whether there has been a significant increase in credit risk.

Note 1 Significant accounting policies (continued)

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

Derecognition

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

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

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

Financial liabilities

i) Classification as debt or equity:

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

ii) Initial recognition and measurement:

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

iii) Subsequent measurement:

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

iv) Derecognition:

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

n) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Standalone Balance Sheet



Note 1 Significant accounting policies (continued)

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.

o) Borrowings

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

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

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

p) Borrowing costs

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

q) Provisions and contingent liabilities

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

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

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

Note 1 Significant accounting policies (continued)

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

r) Employee benefits

Defined benefit plan

Gratuity:

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

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

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

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

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

Defined contribution plan

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



Note 1 Significant accounting policies (continued)

Short-term employee benefits

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

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

Other long-term employee benefits

The liabilities for earned leave is 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.

s) Earnings per share

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

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

Estimation of uncertainties relating to the COVID-19 pandemic

The manufacturing facility of the Company that was shut down in the last week of March 2020, due to countrywide lockdown, resumed operations in a phased manner from the last week of April 2020 after obtaining requisite approvals.

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

Critical estimates and judgements

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

The areas involving critical estimates or judgements are:

- i) Estimation for income tax: Note 1 (e)
- ii) Estimation of useful life of tangible assets: Note 1 (g)
- iii) Estimation of provision for inventories: Note 1 (l)
- iv) Allowance for credit losses on trade receivables: Note 1 (j)
- v) Estimation of defined benefit obligations: Note 1 (r)
- vi) Fair value measurements: Note 25.6
- vii) Impairment: Note 1 (h)

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.



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

(₹ lakhs)

| Particulars | Land - freehold | Right of use - leasehold land ^{1, 3} | Buildings ² | Plant and equipment ² | Vehicles | Office equipment | Furniture and fixtures | Total | Capital work-in-progress ⁴ |
|------------------------------------|-----------------|---|------------------------|----------------------------------|-------------|------------------|------------------------|-----------------|---------------------------------------|
| Gross carrying amount | | | | | | | | | |
| As at March 31, 2019 | 5.53 | 28.85 | 61.67 | 976.56 | 0.01 | 15.81 | 9.81 | 1,098.24 | 1.37 |
| Additions | - | 0.86 | 1.67 | 106.28 | - | 0.18 | - | 108.99 | 111.51 |
| Disposals and transfers | (2.19) | - | (4.29) | (6.20) | - | - | - | (12.68) | (108.13) |
| As at March 31, 2020 | 3.34 | 29.71 | 59.05 | 1,076.64 | 0.01 | 15.99 | 9.81 | 1,194.55 | 4.75 |
| Additions | - | - | - | 71.38 | - | 2.48 | 0.23 | 74.09 | 331.57 |
| Disposals and transfers | - | - | - | - | - | - | - | - | (74.09) |
| As at March 31, 2021 | 3.34 | 29.71 | 59.05 | 1,148.02 | 0.01 | 18.47 | 10.04 | 1,268.64 | 262.23 |
| Depreciation Amortisation | | | | | | | | | |
| Up to March 31, 2019 | - | 1.84 | 9.25 | 144.28 | - | 3.95 | 1.26 | 160.58 | - |
| For the year | - | 0.47 | 3.21 | 76.85 | - | 3.83 | 0.95 | 85.31 | - |
| Disposals and transfers | - | - | (0.21) | (1.03) | - | - | - | (1.24) | - |
| Up to March 31, 2020 | - | 2.31 | 12.25 | 220.10 | - | 7.78 | 2.21 | 244.65 | - |
| For the year | - | 0.47 | 3.49 | 86.63 | - | 4.01 | 0.96 | 95.56 | - |
| Disposals and transfers | - | - | - | - | - | - | - | - | - |
| Up to March 31, 2021 | - | 2.78 | 15.74 | 306.73 | - | 11.79 | 3.17 | 340.21 | - |
| Net carrying amount | | | | | | | | | |
| As at March 31, 2020 | 3.34 | 27.40 | 46.80 | 856.54 | 0.01 | 8.21 | 7.60 | 949.90 | 4.75 |
| As at March 31, 2021 | 3.34 | 26.93 | 43.31 | 841.29 | 0.01 | 6.68 | 6.87 | 928.43 | 262.23 |

Notes:

¹The lease term in respect of leasehold land is 99 years. The lease term in respect of land acquired under finance lease is up to 99 years with ability to opt for renewal of the lease term on fulfilment of certain conditions.

²Includes assets retired from active use

³Refer Note 25.10 for disclosures where the Company is a lessee under a finance lease.

⁴Capital work-in-progress mainly comprises addition | expansion projects in progress.

Refer Note 25.2 for disclosure of contractual commitment for acquisition of property, plant and equipment.

(₹ lakhs)

| Note 3.1 Investment in a subsidiary company | Face value (₹) | As at March 31, 2021 | | As at March 31, 2020 | |
|--|-------------------|-------------------------|---------------|-------------------------|----------|
| | | Number of shares | Amount | Number of shares | Amount |
| Investment in equity instruments measured at cost (fully paid-up) | | | | | |
| Unquoted | | | | | |
| Amal Speciality Chemicals Ltd ¹ | 10 | 50,00,000 | 500.00 | - | - |
| Total investment in subsidiary company (A) | | | 500.00 | | - |

¹During the year, the Company has incorporated a wholly-owned subsidiary, Amal Speciality Chemicals Limited.

(₹ lakhs)

| Note 3.2 Other investments | Face value (₹) | As at March 31, 2021 | | As at March 31, 2020 | |
|---|-------------------|-------------------------|--------------|-------------------------|-------------|
| | | Number of shares | Amount | Number of shares | Amount |
| Investment in equity instruments at FVPL (fully paid-up) | | | | | |
| Unquoted | | | | | |
| Gujarat Synthwood Ltd ¹ | 10 | 1,00,000 | - | 1,00,000 | - |
| Aakar Performance Plastics Ltd | 10 | 880 | - | 880 | - |
| Valmiki Poly Products Ltd | 10 | 40,000 | - | 40,000 | - |
| Zoroastrian Co-operative Bank Ltd | 25 | 4,000 | - | 4,000 | - |
| Bharuch Enviro Infrastructure Ltd | 10 | 21,000 | 2.10 | 21,000 | 2.10 |
| Narmada Clean Tech Ltd ² | 10 | 4,06,686 | 40.67 | 4,06,686 | - |
| Total other investments (B) | | | 42.77 | | 2.10 |

¹Under liquidation

²Equity shares of Narmada Clean Tech Ltd have been revalued at their original cost in current year.

(₹ lakhs)

| Note 3.3 Current investment | As at March 31, 2021 | | As at March 31, 2020 | |
|---|-------------------------|-----------------|-------------------------|-----------------|
| | Number of units | Amount | Number of units | Amount |
| Unquoted | | | | |
| Investment in mutual funds measured at FVPL | 1,45,94,550 | 1,891.50 | 1,27,44,435 | 1,481.18 |
| Total current investments (C) | | 1,891.50 | | 1,481.18 |
| Aggregate amount of unquoted investments (A+B+C) | | 2,434.27 | | 1,483.28 |



(₹ lakhs)

| Note 4 Other financial assets | | As at March 31, 2021 | | As at March 31, 2020 | |
|-------------------------------|--|-------------------------|--------------|-------------------------|--------------|
| | | Current | Non-current | Current | Non-current |
| a) | Security deposits for utilities and premises | - | 37.35 | - | 37.35 |
| b) | Sales tax paid under protest | - | 0.50 | - | 0.50 |
| c) | Other receivables | | | | |
| | Related party (refer Note 25.3) | 6.38 | - | - | - |
| | | 6.38 | 37.85 | - | 37.85 |

(₹ lakhs)

| Note 5 Other assets | | As at March 31, 2021 | | As at March 31, 2020 | |
|---------------------|---------------------------------|-------------------------|-------------|-------------------------|-------------|
| | | Current | Non-current | Current | Non-current |
| a) | Income tax refund receivable | - | - | - | 0.04 |
| b) | Prepaid | | | | |
| | i) Gratuity | 4.70 | - | 10.04 | - |
| | ii) Others | 3.24 | - | 15.48 | - |
| c) | Advance to staff | 0.07 | - | 0.36 | - |
| d) | Advances for goods and services | 48.58 | - | 8.89 | - |
| e) | Other receivables | 3.84 | - | 14.66 | - |
| f) | Capital advances | - | 4.95 | - | - |
| | | 60.43 | 4.95 | 49.43 | 0.04 |

(₹ lakhs)

| Note 6 Inventories ¹ | | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------------|-------------------------------------|-------------------------|-------------------------|
| a) | Raw materials and packing materials | 27.48 | 18.82 |
| b) | Work-in-progress | - | 8.47 |
| c) | Finished goods | 17.75 | 4.22 |
| d) | Stores, spares and fuel | 92.55 | 61.91 |
| | | 137.78 | 93.42 |

¹Valued at cost or net realisable value, whichever is lower. The Company determines realisable value of inventory based on the latest selling prices, customer orders on hand and margins, adjusted to reflect current and estimated future economic conditions taking into account the possible effect due to the COVID-19 pandemic.

Reversal of written down amounts recognised in the Standalone Statement of Profit and Loss: ₹ (0.06) lakhs (March 31, 2020: ₹ (0.19) lakhs)

During the year, the Company has changed inventory valuation method from FIFO to weighted average. The impact of which is not material.

(₹ lakhs)

| Note 7 Trade receivables | | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| Considered good - unsecured | | | |
| i) | Related parties (refer Note 25.3) | 469.01 | 686.74 |
| ii) | Others | 17.59 | 26.92 |
| | | 486.60 | 713.66 |

Trade receivables consists a few customers, primarily from related parties, for which ongoing credit evaluation is performed on the financial condition of the account receivables, historical experience of collecting receivables, subsequent realisations and orders in hand. Based on evaluation, allowance for doubtful debts recognised in the Standalone Statement of Profit and Loss is nil.

(₹ lakhs)

| Note 8 Cash and cash equivalents | | As at March 31, 2021 | As at March 31, 2020 |
|---|---------------------|---------------------------------|---------------------------------|
| a) | Balances with banks | | |
| | In current accounts | 27.64 | 51.89 |
| b) | Cash on hand | 0.10 | 0.23 |
| | | 27.74 | 52.12 |

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

(₹ lakhs)

| Note 9 Equity share capital | | As at March 31, 2021 | As at March 31, 2020 |
|--|--|---------------------------------|---------------------------------|
| Authorised | | | |
| 1,50,00,000 (March 31, 2020: 1,50,00,000) equity shares of ₹ 10 each | | 1,500.00 | 1,500.00 |
| | | 1,500.00 | 1,500.00 |
| Issued and subscribed | | | |
| 94,25,000 (March 31, 2020: 94,25,000) equity shares of ₹ 10 each, fully paid | | 942.50 | 942.50 |
| | | 942.50 | 942.50 |

a) Rights, preferences and restrictions:

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

i) Equity shares:

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts and preference shares. The distribution will be in proportion to the number of equity shares held by the shareholders. Each holder of equity shares is entitled to one vote per share. Additionally, the Company has authorised, issued and fully paid 0% redeemable non-convertible cumulative preference shares of ₹10 each classified as liabilities. These shares do not carry voting rights. Further details are provided in note 11.



Note 9 Equity share capital (continued)

ii) Dividend:

The dividend proposed by the Board, if any, is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

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

| No. | Name of the shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|-----|----------------------------|----------------------|------------------|----------------------|------------------|
| | | Holding % | Number of shares | Holding % | Number of shares |
| 1. | Atul Finserv Ltd | 48.48% | 45,68,824 | 48.48% | 45,68,824 |
| 2. | Aagam Holdings Pvt Ltd | 11.54% | 10,87,809 | 11.54% | 10,87,809 |
| 3. | Atul Ltd (holding company) | 1.38% | 1,29,703 | 1.38% | 1,29,703 |

c) Reconciliation of the number of shares outstanding and the amount of equity share capital:

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|----------------------|---------|----------------------|---------|
| | Number of shares | ₹ lakhs | Number of shares | ₹ lakhs |
| Balance as at the beginning of the year | 94,25,000 | 942.50 | 94,25,000 | 942.50 |
| Balance as at the end of the year | 94,25,000 | 942.50 | 94,25,000 | 942.50 |

(₹ lakhs)

| Note 10 Other equity | | As at March 31, 2021 | As at March 31, 2020 |
|----------------------|---|----------------------|----------------------|
| a) | Securities premium | 876.88 | 876.88 |
| b) | Retained earnings | | |
| | Balance as at the beginning of the year | (913.17) | (1,832.41) |
| | Add: Profit for the year | 884.51 | 919.17 |
| | Add: Other comprehensive income, net of tax | (0.88) | 0.07 |
| | Balance as at the end of the year | (29.54) | (913.17) |
| c) | Other reserves | | |
| | i) Capital contribution from Atul Ltd | 1,646.57 | 1,646.57 |
| | | 2,493.91 | 1,610.28 |

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.

Note 10 Other equity (continued)**b) Retained earnings**

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

c) Other reserve

As per Modified Sanction Scheme MS-10 and MS-13 approved by the Board of Industrial Finance and Reconstruction, the Company had issued 0% redeemable and non-convertible preference shares of ₹ 1,000 lakhs to Atul Ltd promoter and received interest free secured loan of ₹ 1,128.89 lakhs and interest free unsecured loan of ₹ 539.58 lakhs from Atul Ltd. These financial liabilities are measured at amortised cost and the initial fair value difference is recognised as capital contribution from Atul Ltd.

(₹ lakhs)

| Note 11 Borrowings at amortised cost | | As at March 31, 2021 | | As at March 31, 2020 | |
|--------------------------------------|--|----------------------|---------------|----------------------|---------------|
| | | Current ¹ | Non-current | Current ¹ | Non-current |
| a) | 40,00,000 (March 31, 2020: 60,00,000) 0% redeemable and non-convertible preference shares of ₹ 10 each {refer Note (iii), (iv) and (v) below and also refer Note 25.3} | 148.55 | 172.37 | 128.02 | 320.92 |
| | | 148.55 | 172.37 | 128.02 | 320.92 |

¹Current maturities of long-term debt grouped under other financial liabilities {refer Note 12(e)}

Notes:**i) Terms | rights attached to preference shares**

The Company has only one class of 0% redeemable and non-convertible preference shares having a par value of ₹ 10 per share. These shares are redeemable at par over a period of seven years, starting ₹ 100 lakhs every year from financial year 2016-17 to 2019-20 and ₹ 200 lakhs every year from financial year 2020-21 to 2022-23.

ii) Preference share capital

(₹ lakhs)

| (a) | Details of preference share capital: | As at March 31, 2021 | As at March 31, 2020 |
|-----|--|-------------------------|-------------------------|
| | Authorised | | |
| | 1,00,00,000 (March 31, 2020: 1,00,00,000) 0% redeemable and non-convertible preference shares of ₹ 10 each | 1,000 | 1,000 |
| | Issued, subscribed and fully paid-up | | |
| | 40,00,000 (March 31, 2020: 60,00,000) 0% redeemable and non-convertible preference shares of ₹ 10 each | 400 | 600 |



Note 11 Borrowings at amortised cost (continued)

iii) Details of the shareholders holding more than 5% shares of preference shares

(₹ lakhs)

| Name of the shareholder | Nature of holding | As at March 31, 2021 | | As at March 31, 2020 | |
|-------------------------|-------------------|----------------------|------------------|----------------------|------------------|
| | | Holding % | Number of shares | Holding % | Number of shares |
| Atul Ltd | Holding company | 100.00 | 40,00,000 | 100.00 | 60,00,000 |

During the year, the Company has redeemed 20,00,000 0% redeemable and non-convertible preference shares of ₹ 10 each as per the schedule of repayment.

iv) Effective interest rate and maturity profile of borrowings

a) Effective interest rate

| Particulars | Rate |
|----------------------|--------|
| a) Preference shares | 14.87% |

b) Maturity profile

(₹ lakhs)

| Particulars | 2021-22 | 2022-23 |
|---|---------|---------|
| 0% redeemable and non-convertible preference shares | 148.55 | 172.37 |

v) Net debt reconciliation

(₹ lakhs)

| Particulars | Liabilities from financing activities | | |
|---|---------------------------------------|------------------------|-----------------|
| | Current borrowings | Non-current borrowings | Total |
| Net debt as on March 31, 2019 | 733.52 | 448.94 | 1,182.46 |
| Interest expenses | 209.95 | - | 209.95 |
| Repayments | (943.47) | - | (943.47) |
| Transfer from non-current to current borrowings | 128.02 | (128.02) | - |
| Net debt as on March 31, 2020 | 128.02 | 320.92 | 448.94 |
| Interest expenses | 71.98 | - | 71.98 |
| Repayments | (200.00) | - | (200.00) |
| Transfer from non-current to current borrowings | 148.55 | (148.55) | - |
| Net debt as on March 31, 2021 | 148.55 | 172.37 | 320.92 |

(₹ lakhs)

| Note 12 Other financial liabilities | | As at March 31, 2021 | | As at March 31, 2020 | |
|-------------------------------------|---|----------------------|---------------|----------------------|---------------|
| | | Current | Non-current | Current | Non-current |
| a) | Employee benefits payable | 17.99 | - | 13.46 | - |
| b) | Security deposits | 17.18 | - | 13.82 | - |
| c) | Creditors for capital goods | 201.29 | - | - | - |
| d) | Lease liability ¹ | - | 0.87 | - | 0.87 |
| e) | Current maturities of long-term borrowings | | | | |
| | i) 40,00,000 (March 31, 2020: 60,00,000) 0% redeemable and non-convertible preference shares of ₹ 10 each | 148.55 | 172.37 | 128.02 | 320.92 |
| | | 385.01 | 173.24 | 155.30 | 321.79 |

¹Refer Note 25.10 for disclosures of lease liability

(₹ lakhs)

| Note 13 Provisions | | As at March 31, 2021 | | As at March 31, 2020 | |
|--------------------|------------------------------------|----------------------|-------------|----------------------|-------------|
| | | Current | Non-current | Current | Non-current |
| a) | Provision for compensated absences | 0.75 | 5.51 | 1.01 | 2.90 |
| | | 0.75 | 5.51 | 1.01 | 2.90 |

The compensated absences cover the liability for earned leave. Out of the total amount disclosed above, the amount of ₹ 0.75 lakhs (March 31, 2020: ₹ 1.01 lakhs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

(₹ lakhs)

| Note 14 Trade payables | | As at | As at |
|------------------------|--|----------------|----------------|
| | | March 31, 2021 | March 31, 2020 |
| a) | Total outstanding dues of micro-enterprises and small enterprises (refer Note 25.12) | 26.71 | 0.14 |
| b) | Total outstanding dues of creditors other than micro-enterprises and small enterprises | | |
| | i) Related parties (refer Note 25.3) | 40.65 | 38.17 |
| | ii) Others | 247.21 | 200.49 |
| | | 287.86 | 238.66 |
| | | 314.57 | 238.80 |



(₹ lakhs)

| Note 15 Other current liabilities | | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------|---------------------------------|---------------------------------|
| a) | Statutory dues | 39.51 | 25.55 |
| b) | Other liabilities | 0.85 | 0.93 |
| | | 40.36 | 26.48 |

(₹ lakhs)

| Note 16 Revenue from operations¹ | 2020-21 | 2019-20 |
|--|-----------------|-----------------|
| Sale of chemicals | 2,718.29 | 2,926.68 |
| Sale of steam | 314.89 | 320.33 |
| Revenue from contracts with customers | 3,033.18 | 3,247.01 |
| Other operating revenue: | | |
| Scrap sales Other revenue | 8.86 | 12.98 |
| | 3,042.04 | 3,259.99 |

¹Contracts with customers are for short-term, at an agreed price basis having contracted credit period ranging up to 90 days. These contracts are mainly for sale of chemical products and steam besides sale of scrap and other goods. The contracts do not grant for any rights to return to the customers. Return of goods are accepted by the Company only on exceptional basis.

Reconciliation of revenue from contracts with customers recognised at contract price:

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|---|-----------------|-----------------|
| Contract price | 3,033.34 | 3,247.10 |
| Adjustments for: | | |
| Consideration payable to customers - discounts ¹ | (0.16) | (0.09) |
| Revenue from contract with customers | 3,033.18 | 3,247.01 |

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

(₹ lakhs)

| Note 17 Other income | 2020-21 | 2019-20 |
|--|----------------|----------------|
| Income from investments in mutual funds measured at FVPL | 76.43 | 13.56 |
| Income on revaluation of investments measured at FVPL | 40.67 | - |
| Dividend income from investments measured at FVPL | 0.52 | 90.07 |
| Interest from others | 5.20 | 2.23 |
| Gain on disposal of property, plant and equipment | - | 66.71 |
| Miscellaneous income | 1.40 | 1.15 |
| | 124.22 | 173.72 |

(₹ lakhs)

| Note 18 Cost of materials consumed | 2020-21 | 2019-20 |
|---|----------------|----------------|
| Raw materials consumed | | |
| Stocks at commencement | 18.82 | 19.66 |
| Add: Purchase | 968.90 | 883.17 |
| | 987.72 | 902.83 |
| Less: Stocks at close | 27.48 | 18.82 |
| | 960.24 | 884.01 |

(₹ lakhs)

| Note 19 Changes in inventories of finished goods and work-in-progress | 2020-21 | 2019-20 |
|--|----------------|----------------|
| Stocks at close | | |
| Finished goods | 17.75 | 4.22 |
| Work-in-progress | - | 8.47 |
| | 17.75 | 12.69 |
| Less: Stocks at commencement | | |
| Finished goods | 4.22 | 12.06 |
| Work-in-progress | 8.47 | 14.87 |
| | 12.69 | 26.93 |
| (Increase) Decrease in stocks | (5.06) | 14.24 |



(₹ lakhs)

| Note 20 Power, fuel and water | 2020-21 | 2019-20 |
|--------------------------------------|----------------|----------------|
| Power, fuel and water | 258.56 | 285.10 |
| | 258.56 | 285.10 |

(₹ lakhs)

| Note 21 Repairs and maintenance | 2020-21 | 2019-20 |
|--|----------------|----------------|
| Consumption of stores and spares | 62.84 | 95.70 |
| Plant and equipment repairs | 118.39 | 98.29 |
| | 181.23 | 193.99 |

(₹ lakhs)

| Note 22 Employee benefit expenses | 2020-21 | 2019-20 |
|---|----------------|----------------|
| Salaries, wages and bonus (refer Note 25.5) | 145.93 | 109.84 |
| Contribution to provident and other funds (refer Note 25.5) | 7.52 | 5.32 |
| Staff welfare | 2.67 | 2.99 |
| Directors' remuneration | 11.45 | 11.45 |
| | 167.57 | 129.60 |

(₹ lakhs)

| Note 23 Finance costs | 2020-21 | 2019-20 |
|--|----------------|----------------|
| Interest on redeemable and non-convertible preference shares carried at amortised cost | 71.97 | 76.04 |
| Interest on borrowings - secured loan | - | 98.50 |
| Interest on borrowings - unsecured loan | - | 35.41 |
| Other finance costs | 0.88 | 0.09 |
| | 72.85 | 210.04 |

(₹ lakhs)

| Note 24 Other expenses | 2020-21 | 2019-20 |
|---|----------------|----------------|
| Plant operation charges | 78.56 | 77.96 |
| Freight charges | 11.48 | 15.90 |
| Effluent treatment expenses | 29.86 | 23.12 |
| Security services | 29.45 | 28.05 |
| Business auxiliary services | 88.54 | 67.16 |
| Legal and professional expenses | 13.81 | 12.57 |
| Rent | 1.32 | 1.32 |
| Rates and taxes | 9.96 | 9.02 |
| Remuneration to the Statutory Auditors | | |
| a) Audit fees | 6.15 | 5.60 |
| b) Tax matters | 1.38 | 1.28 |
| Remuneration to the Internal Auditors | 2.73 | 4.11 |
| Directors' fees | 5.20 | 4.90 |
| Reinstatement of creditors (refer Note 25.14) | - | 58.04 |
| Loss on assets sold or discarded | - | 5.17 |
| Expenditure on Corporate Social Responsibility initiatives (refer Note 25.13) | 26.65 | 24.08 |
| Miscellaneous expenses | 44.04 | 23.95 |
| | 349.13 | 362.23 |

Note 25.1 Contingent liabilities

(₹ lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|---------------------------------|---------------------------------|
| Claims against the Company not acknowledged as debts in respects of: | | |
| Sales tax | 66.68 | 67.43 |



Note 25.2 Commitments

Capital commitments

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

(₹ lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed and not provided for (net of advances): | | |
| Property, plant and equipment | 70.12 | 6.80 |

Note 25.3 Related party disclosures

Note 25.3 (A) Related party information

Name of the related party and nature of relationship, where there were transactions during the year.

| No. | Name of the related party | Description of relationship |
|-----|-------------------------------|---|
| 1. | Atul Finserv Ltd | Investing company and subsidiary of holding company |
| 2. | Atul Ltd | Holding by virtue of control |
| 3. | Amal Speciality Chemicals Ltd | Wholly-owned subsidiary |
| 4. | Aagam Holdings Pvt Ltd | |
| 5. | Adhigam Investment Pvt Ltd | Entities over which Key Management Personnel or their close family members have significant influence |
| 6. | Aayojan Resources Pvt Ltd | |
| 7. | Atul Foundation Trust | |
| 8. | Key Management Personnel | |
| | Sunil Lalbhai | Chairman |
| | Rajeev Kumar | Managing Director |
| | Gopi Kannan Thirukonda | Director |
| | Sujal Shah | Independent Director |
| | Abhay Jadeja | Independent Director |
| | Mahalakshmi Subramanian | Independent Director |
| | Yogesh Vyas | Chief Financial Officer |
| | Ankit Mankodi | Company Secretary |

Note 25.3 Related party disclosures (continued)

(₹ lakhs)

| Note 25.3 (B) Transactions with related parties | | 2020-21 | 2019-20 |
|---|--|-----------------|-----------------|
| a) | Sales and income | | |
| 1 | Sale of goods | 2,376.38 | 2,740.92 |
| | Atul Ltd | 2,376.38 | 2,740.92 |
| 2 | Rent received | - | 0.30 |
| | Aagam Holdings Pvt Ltd | - | 0.15 |
| | Adhigam Investment Pvt Ltd | - | 0.10 |
| | Aayojan Resources Pvt Ltd | - | 0.05 |
| 3 | Sale of property | - | 72.98 |
| | Aagam Holdings Pvt Ltd | - | 72.98 |
| b) | Purchases and expenses | | |
| 1 | Business auxiliary services | 88.54 | 67.13 |
| | Atul Ltd | 88.54 | 67.13 |
| 2 | EDP software expenses | 17.60 | - |
| | Atul Ltd | 17.60 | - |
| 3 | Reimbursement of expenses | 2.98 | 0.26 |
| | Atul Finserv Ltd | - | 0.26 |
| | Atul Ltd | 2.98 | - |
| 4 | Lease rent expenses | 0.08 | 0.08 |
| | Atul Ltd | 0.08 | 0.08 |
| c) | Other transactions | | |
| 1 | Repayment of loans | - | 843.47 |
| | Atul Ltd | - | 843.47 |
| 2 | Redemption of redeemable and non-convertible preference shares | 200.00 | 100.00 |
| | Atul Ltd | 200.00 | 100.00 |
| 3 | Investment in equity shares of wholly-owned subsidiary | 500.00 | - |
| | Amal Speciality Chemicals Ltd | 500.00 | - |
| 4 | Reimbursements received | 219.91 | 1.98 |
| | Atul Ltd | 1.59 | 1.98 |
| | Amal Speciality Chemicals Ltd | 218.32 | - |

**Note 25.3 Related party disclosures (continued)**

(₹ lakhs)

| Note 25.3 (C) Key Management Personnel compensation | | 2020-21 | 2019-20 |
|--|---|----------------|----------------|
| Remuneration | | 16.65 | 16.35 |
| 1 | Short-term employee benefits ¹ | 11.45 | 11.45 |
| 2 | Sitting fees to Independent Directors | 5.20 | 4.90 |

¹Compensation exclude provision for gratuity and compensated absences since these are based on actuarial valuation on an overall company basis.

(₹ lakhs)

| Note 25.3 (D) Transactions with entities over which Key Management Personnel or their close family members have significant influence | | 2020-21 | 2019-20 |
|--|--|----------------|----------------|
| Other transactions | | | |
| 1 | Expenditure on Corporate Social Responsibility initiatives | 26.65 | 24.08 |
| | Atul Foundation Trust | 26.65 | 24.08 |

(₹ lakhs)

| Note 25.3 (E) Outstanding balances | | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------------|---------------------------------|---------------------------------|
| 1 | Preference shares | 320.92 | 448.94 |
| | Atul Ltd | 320.92 | 448.94 |
| 2 | Receivables | 469.01 | 686.74 |
| | Atul Ltd | 464.51 | 686.74 |
| | Amal Speciality Chemicals Ltd | 4.50 | - |
| 3 | Payables | 40.65 | 38.17 |
| | Atul Ltd | 40.65 | 28.25 |
| | Atul Finserv Ltd | - | 9.92 |

Note 25.3 (f) Terms and conditions

- 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.
- Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. Subscriptions for new equity shares were on preferential basis.
- All outstanding balances are unsecured and are repayable in cash and cash equivalent.

Note 25.4 Current and deferred tax

During the year, the Company has decided to opt for provisions of Section 115BAA of the Income tax Act, 1961 (as per the provisions of section 115BAA, the Company is entitled to pay taxes at lower rate and give up certain exemptions including benefit of accelerated tax depreciation under the Income Tax Act 1961) with effect from

Note 25.4 Current and deferred tax (continued)

assessment year 2020-21 (financial year 2019-20). Accordingly, the current tax provision and the deferred tax liability have been remeasured, and the resultant impact of reversal of current tax provision of ₹ 42.75 lakhs and deferred tax liability of ₹ 19.89 lakhs is recognised during the year.

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

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

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|---|----------------|----------------|
| i) Current tax | | |
| Current tax on profit for the year | 277.13 | 386.93 |
| Adjustments for current tax of prior periods | (42.75) | (1.12) |
| Total current tax expense | 234.38 | 385.81 |
| ii) Deferred tax | | |
| (Decrease) Increase in deferred tax liabilities | (20.16) | (43.07) |
| Decrease (Increase) in deferred tax assets | 7.34 | (1.66) |
| Adjustments for deferred tax of prior periods due to change in statutory tax rate | (19.89) | 8.94 |
| Total deferred tax expense (benefit) | (32.71) | (35.79) |
| Income tax expense | 201.67 | 350.02 |

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

| Particulars | 2020-21 | 2019-20 |
|--------------------------------------|---------------|---------------|
| a) Statutory income tax rate | 25.17% | 29.12% |
| b) Differences due to: | | |
| i) Non-deductible expenses | 2.28% | (0.80)% |
| ii) Exempt income | (2.53)% | (2.07)% |
| iii) Tax adjustment of earlier years | (3.94)% | 0.70% |
| iv) Others | (2.40)% | 0.60% |
| Effective income tax rate | 18.58% | 27.55% |

The applicable statutory income tax rates for the year ended March 31, 2021 and March 31, 2020 is 25.17% and 29.12%, respectively.



Note 25.4 Current and deferred tax (continued)

c) Income tax assets (net)

(₹ lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------------|-------------------------|-------------------------|
| Opening balance | 55.14 | 24.13 |
| Add: Taxes paid in advance | 256.24 | 416.82 |
| Less: current tax provision | 234.38 | 385.81 |
| Closing balance | 77.00 | 55.14 |

d) Deferred tax liabilities (net)

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

(₹ lakhs)

| Deferred tax liabilities (assets) | As at March 31, 2021 | (Charged) Credited to profit or loss | As at March 31, 2020 | (Charged) Credited to profit or loss | As at March 31, 2019 |
|--|----------------------------|--|----------------------------|--|----------------------------|
| Property, plant and equipment | 83.22 | (15.96) | 99.18 | 22.32 | 76.86 |
| Financial liabilities at amortised cost | 19.89 | (24.09) | 43.98 | (56.45) | 100.43 |
| Provision for leave encashment | (0.55) | 0.60 | (1.15) | (0.18) | (0.98) |
| Unrealised gain (loss) on mutual funds | 5.26 | 6.74 | (1.48) | (1.48) | - |
| Net deferred tax liabilities (assets) | 107.81 | (32.71) | 140.53 | (35.79) | 176.31 |

Includes ₹ 19.89 impact due to change in tax rate

Note 25.5 Employee benefit obligations

Funded schemes

a) Defined contribution plans

Gratuity

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

(₹ lakhs)

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|---|--------------------------------|------------------------------|---------------|
| As at March 31, 2019 liability (asset) | 6.60 | (15.80) | (9.20) |
| Current service cost | 1.01 | - | 1.01 |
| Interest expense (income) | 0.49 | (1.18) | (0.69) |
| Total amount recognised in profit and loss | 1.50 | (1.18) | 0.32 |

Note 25.5 Employee benefit obligations (continued)

(₹ lakhs)

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|--|-----------------------------|---------------------------|----------------|
| Remeasurement | | | |
| (Gain) loss from change in financial assumptions | 0.28 | - | 0.28 |
| Return on plan assets, excluding amount included in interest expense | (0.09) | 0.05 | (0.04) |
| Experience (gain) | (0.31) | - | (0.31) |
| Total (income) expense recognised in other comprehensive income | (0.12) | 0.05 | (0.07) |
| Employer contributions | - | (1.09) | (1.09) |
| Benefit payments | (0.23) | 0.23 | - |
| As at March 31, 2020 liability (asset) | 7.75 | (17.79) | (10.04) |
| Current service cost | 1.14 | - | 1.14 |
| Interest expense (income) | 0.50 | (1.14) | (0.64) |
| Total (income) expense recognised in profit and loss | 1.64 | (1.14) | 0.50 |
| Remeasurement | | | |
| (Gain) loss from change in financial assumptions | (0.59) | - | (0.59) |
| Return on plan assets, excluding amount included in interest expense | 0.87 | 0.29 | 1.16 |
| Experience (gain) | 0.31 | - | 0.31 |
| Total (income) expense recognised in other comprehensive income | 0.59 | 0.29 | 0.88 |
| Employer contributions | - | (0.12) | (0.12) |
| Liability for employee transferred | 4.08 | - | 4.08 |
| Benefits paid | (5.03) | 5.03 | - |
| As at March 31, 2021 liability (asset) | 9.03 | (13.73) | (4.70) |

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

(₹ lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| Present value of funded obligations | 9.03 | 7.75 |
| Fair value of plan assets | (13.73) | (17.79) |
| Deficit (surplus) of gratuity plan | (4.70) | (10.04) |



Note 25.5 Employee benefit obligations (continued)

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-------------------------------|--|--|
| Discount rate | 6.44% | 6.43% |
| Attrition rate | 8.00% | 14.00% |
| Rate of return on plan assets | 6.44% | 6.43% |
| Salary escalation rate | 7.62% | 8.04% |
| Mortality rate | Indian Assured Lives Mortality (2006-08) ultimate | Indian Assured Lives Mortality (2006-08) ultimate |

Sensitivity analysis

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

| Particulars | Change in assumptions | | Impact on defined benefit obligation | | | |
|------------------------|----------------------------|----------------------------|--------------------------------------|----------------------------|----------------------------|----------------------------|
| | As at March 31, 2021 | As at March 31, 2020 | Increase in assumptions | | Decrease in assumptions | |
| | | | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Discount rate | 1.00% | 1.00% | (7.45%) | (2.62%) | 8.50% | 2.96% |
| Attrition rate | 1.00% | 1.00% | (1.38%) | (0.79%) | 1.47% | 0.84% |
| Salary escalation rate | 1.00% | 1.00% | 8.31% | 2.87% | (7.43%) | (2.60%) |

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

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

Risk exposure

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

i) Interest rate risk

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

Note 25.5 Employee benefit obligations (continued)

ii) Salary risk

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

iii) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate, which is determined with 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.

iv) Concentration risk

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

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

(₹ lakhs)

| Particulars | Less than a year | Between 1 - 2 years | Between 2 - 5 years | Over 5 years | Total |
|---------------------------------------|------------------|---------------------|---------------------|--------------|-------|
| Defined benefit obligation (gratuity) | | | | | |
| As at March 31, 2021 | 0.51 | 0.51 | 1.96 | 13.78 | 16.77 |
| As at March 31, 2020 | 4.77 | 0.26 | 0.98 | 3.94 | 9.95 |

b) Other long-term benefits

Leave encashment is payable to eligible employees who have earned leaves, during the employment and/or on separation as per the policy of the Company. Valuation in respect of leave encashment has been carried out by an independent actuary, as at the Standalone Balance Sheet date, based on the following assumptions:

(₹ lakhs)

| Expenses recognised for the year ended on March 31, 2021 (included in Note 22) | 2020-21 | 2019-20 |
|--|---------|---------|
| Present value of unfunded obligations | 6.26 | 3.91 |
| - Current | 0.75 | 1.01 |
| - Non-current | 5.51 | 2.90 |
| Expense recognised in the Standalone Statement of Profit and Loss | 0.66 | 0.40 |
| Discount rate | 6.44% | 6.43% |
| Salary escalation rate | 7.62% | 8.40% |



Note 25.5 Employee benefit obligations (continued)

c) Defined contribution plans

Provident fund

State defined contribution plans

Employers' contribution to employees' state insurance

Employers' contribution to employees' pension scheme 1995

The provident fund and the state defined contribution plans are operated by the Regional Provident Fund Commissioner. Under the scheme, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits. These funds are recognised by the income tax authorities. The contribution of the Company to the provident fund and other contribution plans for all employees is charged to the Standalone Statement of Profit and Loss.

The Company has recognised the following amounts in the Standalone Statement of Profit and Loss for the year (refer Note 22):

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|--|-------------|-------------|
| Contribution to provident fund | 2.70 | 2.45 |
| Contribution to employees pension scheme 1995 | 3.81 | 2.20 |
| Contribution to employees' state insurance | 0.77 | 0.54 |
| Contribution to employee depository linked insurance | 0.23 | 0.13 |
| | 7.52 | 5.32 |

Estimation of social security code:

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

Note 25.6 Fair value measurements

Financial instruments by category

(₹ lakhs)

| Particulars | As at March 31, 2021 | | | As at March 31, 2020 | | |
|--|----------------------|----------|-----------------|----------------------|----------|----------------|
| | FVPL | FVOCI | Amortised cost | FVPL | FVOCI | Amortised cost |
| Financial assets | | | | | | |
| Investments: | | | | | | |
| Equity instruments | 42.77 | - | 500.00 | 2.10 | - | - |
| Mutual funds | 1,891.50 | - | - | 1,481.18 | - | - |
| Trade receivables | - | - | 486.60 | - | - | 713.66 |
| Security deposits for utilities and premises | - | - | 37.35 | - | - | 37.35 |
| Sales tax paid under protest | - | - | 0.50 | - | - | 0.50 |
| Other receivables | - | - | 6.38 | - | - | - |
| Cash and bank balances | - | - | 27.74 | - | - | 52.12 |
| Total financial assets | 1,934.27 | - | 1,058.57 | 1,483.28 | - | 803.63 |
| Financial liabilities | | | | | | |
| Trade payables | - | - | 314.57 | - | - | 238.80 |
| Borrowings | - | - | 320.92 | - | - | 448.94 |
| Lease liability | - | - | 0.87 | - | - | 0.87 |
| Employee benefits payable | - | - | 17.99 | - | - | 13.46 |
| Creditors for capital goods | - | - | 201.29 | - | - | - |
| Security deposits | - | - | 17.18 | - | - | 13.82 |
| Total financial liabilities | - | - | 872.82 | - | - | 715.89 |

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are a) recognised and measured at fair value and b) measured at amortised cost and for which fair values are disclosed in the Standalone Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into 3 levels prescribed in the Indian Accounting Standard. An explanation of each level follows underneath the table:

**Note 25.6 Fair value measurements (continued)**

(₹ lakhs)

| i) | Financial assets and liabilities measured at fair value as at March 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|----|--|----------|-----------------|--------------|-----------------|
| | Financial assets | | | | |
| | Financial investments at FVPL: | | | | |
| | Unquoted equity shares ¹ | - | - | 42.77 | 42.77 |
| | Mutual funds at FVPL | - | 1,891.50 | - | 1,891.50 |
| | Total financial assets | - | 1,891.50 | 42.77 | 1,934.27 |

(₹ lakhs)

| ii) | Financial assets and liabilities measured at fair value as at March 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|-----|--|----------|-----------------|-------------|-----------------|
| | Financial assets | | | | |
| | Financial Investments at FVPL: | | | | |
| | Unquoted equity shares ¹ | - | - | 2.10 | 2.10 |
| | Mutual funds at FVPL | - | 1,481.18 | - | 1,481.18 |
| | Total financial assets | - | 1,481.18 | 2.10 | 1,483.28 |

¹Includes investments in Bharuch Enviro Infrastructure Ltd (21,000 equity shares) and Narmada Clean Tech Ltd (4,06,686 equity shares), which are for operation purpose and the Company has to hold it till production site continues. The Company estimates that the fair value of these investments are not materially different as compared to its cost.

There were no transfers between any levels during the year.

Level 1: This hierarchy includes financial instruments measured using quoted prices. The fair value of all equity instruments which are traded on the stock exchange is valued using the closing price as at the reporting period.

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

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

b) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis

Note 25.6 Fair value measurements (continued)

c) Valuation processes

The Finance department of the Company includes a team that performs the valuations of financial assets and liabilities with assistance from independent external experts when required, for financial reporting purposes, including level 3 fair values.

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

(₹ lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|---------------------------------|---------------------------------|
| | Carrying amount Fair value | Carrying amount Fair value |
| Financial assets | | |
| Security deposits for utilities and premises | 37.35 | 37.35 |
| Sales tax paid under protest | 0.50 | 0.50 |
| Total financial assets | 37.85 | 37.85 |
| Financial liabilities | | |
| Borrowings | 320.92 | 448.94 |
| Lease liability | 0.87 | 0.87 |
| Total financial liabilities | 321.79 | 449.81 |

The carrying amounts of trade receivables, bank deposits with less than 12 months maturity, cash and cash equivalents, trade payables, employee benefits payable, payable towards expenses and retention payable are considered to be the same as their fair values due to the current and short-term nature of such balances.

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

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

Note 25.7 Financial risk management

The business activities of the Company are exposed to a variety of financial risks, namely liquidity risk, market risk and credit risk. Responsibility for the establishment and oversight of the risk management framework lies with the Senior Management of the Company. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the risk management policies of the Company. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the activities of the Company.



Note 25.7 Financial risk management (continued)

The Risk Management Committee of the Company is supported by the Finance team and experts who provide assurance that the financial risk activities of the Company are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the policies and risk objectives of the Company. The objective of the Management is to maintain financial risk and market risk within acceptable parameters, while optimising returns.

This note explains the risks that the Company is exposed to and how the Company manages the risks in the Standalone Financial Statements.

| Risk | Exposure arising from | Measurement | Management |
|----------------|---|----------------------------------|---|
| Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost | Aging analysis and credit rating | Diversification of investments in mutual fund and credit limits |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, financial assets measured at amortised cost or fair value through profit and loss and deposits with banks and financial institutions, as well as credit exposures to trade | non-trade customers including outstanding receivables.

i) Credit risk management

Credit risk is managed through the policy surrounding Credit Risk Management.

ii) Provision for expected credit losses

The Company provides for expected credit loss based on the following:

Trade receivables

Trade receivables consist of few customers, majorly of amount receivable from Atul Ltd, the holding company for which ongoing credit evaluation is performed on the financial condition of the account receivables. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company has considered subsequent recoveries, past trends, credit risk profiles of the customers based on their industry, macroeconomic forecasts and internal and external information available to estimate the probability of default in future and has taken into account estimates of possible effect from the COVID-19 pandemic.

Note 25.7 Financial risk management (continued)**b) Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has approved an appropriate liquidity risk management framework for short, medium and long-term funding and liquidity management requirements of the Company. The Management monitors rolling forecasts of the liquidity position of the Company and cash and cash equivalents on the basis of expected cash flows and manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

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

(₹ lakhs)

| Contractual maturities of financial liabilities as at March 31, 2021 | Less than 1 year | More than 1 year | Total |
|--|------------------|------------------|--------|
| Borrowings | 200.00 | 200.00 | 400.00 |
| Trade payables | 314.57 | - | 314.57 |
| Security deposits payable | 17.18 | - | 17.18 |
| Employee benefits payable | 17.99 | - | 17.99 |

(₹ lakhs)

| Contractual maturities of financial liabilities as at March 31, 2020 | Less than 1 year | More than 1 year | Total |
|--|------------------|------------------|--------|
| Borrowings | 200.00 | 400.00 | 600.00 |
| Trade payables | 238.80 | - | 238.80 |
| Security deposits payable | 13.82 | - | 13.82 |
| Employee benefits payable | 13.46 | - | 13.46 |

c) Market risk**i) Cash flow and fair value interest rate risk**

Maturity analysis of financial liabilities of the Company is based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

Entire borrowings of the Company are from Atul Ltd (holding company) and have a fixed rate of borrowing that is 0% and are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.



Note 25.7 Financial risk management (continued)

ii) Price risk

Exposure

The Company is mainly exposed to the price risk due to its investments in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. In order to manage its price risk arising from investments in equity instruments, the Company maintains its portfolio in accordance with the framework set by the risk management policies.

Sensitivity

(₹ lakhs)

| Particulars | Impact in the Standalone Statement of Profit and Loss | |
|------------------------|---|----------------|
| | March 31, 2021 | March 31, 2020 |
| Price increase by 10%* | 189.15 | 148.12 |
| Price decrease by 10%* | (189.15) | (148.12) |

*ceteris paribus

Note 25.8 Segment information

The Company operates in a single business segment that is manufacturing of bulk chemicals. Further, its operations are confined within India and the major customer of the Company is Atul Ltd. Accordingly, there are no separate reportable segments as per Ind AS - 108 on 'Operating segment' and no further disclosures are required.

Note 25.9 Earnings per share

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

| Particulars | | 2020-21 | 2019-20 |
|--|---------|-----------|-----------|
| Profit for the year attributable to the equity shareholders | ₹ lakhs | 884.51 | 919.17 |
| Weighted average number of equity shares used in calculating basic diluted EPS | Number | 94,25,000 | 94,25,000 |
| Nominal value of equity share | ₹ | 10 | 10 |
| Basic and diluted EPS | ₹ | 9.38 | 9.75 |

Note 25.10 Leases

a) As a lessee

The company has taken land on cancellable lease at Atul from Atul Ltd for 97 years from February 03, 1996 on an annual lease rent of ₹ 8,000.

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

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|-----------------------------|---------|---------|
| Opening | 0.85 | - |
| Additions | - | 0.86 |
| Depreciation Amortisation | (0.01) | (0.01) |
| Closing | 0.84 | 0.85 |

Following are the movements in lease liability

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|----------------------------|---------|---------|
| Opening | 0.87 | - |
| Additions | - | 0.87 |
| Finance cost accrued | 0.08 | 0.08 |
| Payment of lease liability | (0.08) | (0.08) |
| Closing | 0.87 | 0.87 |

The table below provides details regarding the contractual maturities of lease liability as at March 31, 2021 on an undiscounted basis:

(₹ lakhs)

| Particulars | As at March 31, 2021 |
|--|-------------------------|
| Not later than 1 year | 0.08 |
| Later than 1 year and not later than 5 years | 0.32 |
| Later than 5 years | 5.44 |
| Total minimum lease payments payable | 5.84 |

Note 25.11 Loans

During the year, the Company has not entered into any transaction in nature of loans and advances which falls within the purview of Regulation 34(3) read with para A of Schedule V to the SEBI (listing obligations and disclosure requirements) Regulations, 2015 read with Section 186 (4) of the Companies Act, 2013.



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 Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 26.71 | 0.14 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | - | - |
| Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year | - | - |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | - | - |
| Further interest remaining due and payable for earlier years | - | - |

Above disclosures have been made based on information available with the Company, for suppliers who are registered as micro, small and medium enterprise under 'The Micro, Small and Medium Enterprise Development Act, 2006' as at March 31, 2021. The auditors have relied upon in respect of this matter.

Note 25.13 Expenditure on Corporate Social Responsibility initiatives

- a) Gross amount required to be spent by the Company during the year is ₹ 26.65 lakhs (March 31, 2020 ₹ 24.08 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 | 26.65 | - | 26.65 |

Note 25.14 Creditors restatement as per BIFR scheme

The old unsecured creditors of ₹ 24.87 lakhs as at March 31, 2019, stated at 30% of payable amount as per the Modified Sanction Scheme MS-13, sanctioned by the Board of Industrial and Financial Reconstruction (BIFR), on July 01, 2013, are reinstated to ₹ 82.91 lakhs at 100%, as Modified Sanction Scheme MS-13 period is applicable till FY 2019-20. Increase in amount of creditors has been charged to Standalone Statement of Profit and Loss in 2019-20. (refer Note 24)

Note 25.15 Uncertain tax position

The Company has assessed no major uncertain tax position as per Ind AS 12, Uncertain Tax Position.

Note 25.16 Rounding off

All amounts are rounded off to the nearest thousand unless otherwise stated.

Note 25.17 Authorisation for issue of the Standalone Financial Statements

The Standalone Financial Statements were authorised for issue by the Board of Directors on April 22, 2021.

| | | |
|---|---|----------------------------------|
| In terms of our report attached | For and on behalf of the Board of Directors | |
| For Deloitte Haskins & Sells LLP | | |
| Chartered Accountants | | Sunil Lalbhai Chairman |
| Samir R. Shah | Yogesh Vyas | Rajeev Kumar |
| Partner | Chief Financial Officer | Managing Director |
| Mumbai | Ankit Mankodi | Atul |
| April 22, 2021 | Company Secretary | April 22, 2021 |

Independent Auditor's Report



To the Members of Amal Ltd

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Amal Ltd (the Company or the Parent) and its subsidiary company, (the Parent and its subsidiary companies are together referred to as the Group), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including other comprehensive income, the Consolidated Statement of Cash Flows and the Consolidated 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 and based on the consideration of reports of the other Auditors on separate Financial Statements of the subsidiary company referred to in the other matter section, the aforesaid Consolidated 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 consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the Consolidated 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 Consolidated 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 and the audit evidence obtained by the other Auditors in terms of their reports referred to in paragraph 11 in the other matters section, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the Consolidated Financial Statements of the current period. This matter was addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on this matter. We have determined the matter described as follows to be the key audit matter to be communicated in our report.

| Key audit matter | Auditor's response |
|---|---|
| <p>Revenue from sale of goods to the parent company</p> <p>Significant revenue of the Company is generated through sale of goods to its holding company. Occurrence of such transactions and their pricing on an arm's length basis were significant areas of audit focus.</p> | <p>Principle procedures included but were not limited to:</p> <ul style="list-style-type: none"> - obtaining a detailed understanding of the processes, controls and policies with respect to related party transactions - evaluation of the design of controls including approvals and related compliances - testing implementation and operating effectiveness of the controls that address risks relating to the occurrence and the pricing - Performing following procedures on the samples selected: <ul style="list-style-type: none"> - reading and verification of the terms of the purchase orders. Performing corroborative inquiries for the business rational on pricing and relevant terms and conditions, including sighting evidences of transaction of similar products on identical terms with unrelated parties - verification of necessary approvals as per the authorisation matrices - verification of documentary evidences around deliveries and subsequent realisation and obtaining balance confirmations - performing analytical procedures and trend analysis <p>Assessing the adequacy and appropriateness of the disclosures in the Financial Statements.</p> |

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

The Board of Directors of the Parent is responsible for the other information. The other information comprises the information included in the letter to shareholders, corporate identity, Directors' Report and its annexure, Management Discussion and Analysis, Corporate Governance Report and performance trend, but does not include the Standalone Financial Statements, Consolidated Financial Statements and our Auditor's Reports thereon.

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

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the Financial Statements of the subsidiary company audited by the other Auditor, to the extent it relates to the

entity and, in doing so, place reliance on the work of the other Auditor and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary company, is traced from their Financial Statements audited by the other Auditor.

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 Consolidated Financial Statements

The Board of Directors of the Parent is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view



of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective entities, and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial controls, which were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the respective entities.

Auditor's responsibility for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated 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 Consolidated Financial Statements. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated 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.
- 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 Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- 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 Group 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 Consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities or business activities included in the Consolidated Financial Statements of which we are the Independent Auditors. For the other entities or business activities included in the Consolidated Financial Statements, which have been audited by the other Auditors, such other Auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matter. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

We did not audit the Financial Statements | financial information of a subsidiary company, whose Financial Statements | financial information reflect total assets of ₹ 884.36 lakhs as at March 31, 2021, total revenues of ₹ 0.24 lakhs and net cash outflows amounting to ₹ 26.26 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These Financial Statements | financial information has been audited by other Auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of Sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other Auditors.

Our opinion on the Consolidated Financial Statements above and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other Auditors and the Financial Statements.



Report on other legal and regulatory requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of other Auditors on separate Financial Statements, referred to in the other matters section, above we report to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other Auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated 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 of the Parent as on March 31, 2021, taken on record by the Board of Directors of the Parent and the reports of the Statutory Auditors of its subsidiary company, none of the Directors of the Group companies incorporated in India is disqualified as on March 31, 2021, from being appointed as a Director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in Annexure A, which is based on the Auditors' Reports of

the Parent, subsidiary company incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those Companies.

- 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 Parent 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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group.
- ii. The Group did not have any material foreseeable losses on long-term contracts, including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent, its subsidiary company incorporated in India.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm registration number: 117366W|W-100018

Samir R. Shah

Partner

Mumbai
April 22, 2021

Membership number: 101708
UDIN: 21101708AAAACE5289

Annexure A to the Independent Auditor's Report

(Referred to in paragraph (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)

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Amal Ltd (the Parent), its subsidiary company, which is a company incorporated in India, as of that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, and its subsidiary company, which is a company incorporated in India, based on our audit.

We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other Auditors of the subsidiary company, which is a company incorporated in India, in terms of its report referred to in the other matters paragraph, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company which is a company incorporated in India.

Meaning of internal financial controls over financial reporting

The internal financial control over financial reporting of the Company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. The internal financial control over financial reporting of



the Company includes those policies and procedures that i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; ii) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of Financial Statements in accordance with Generally Accepted Accounting Principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of the Management and Directors of the Company; and iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of assets of the Company that could have a material effect on the Financial Statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls 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, and based on the consideration of the reports of the other Auditors referred to in the other matters paragraph, the Parent and its subsidiary company which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the respective

companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to, a subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the Auditors of such company. Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm registration number: 117366W|W-100018

Samir R. Shah

Partner

Mumbai

April 22, 2021

Membership number: 101708

UDIN: 21101708AAAACE5289

Consolidated Balance Sheet as at March 31, 2021

(₹ lakhs)

| Particulars | Note | As at March 31, 2021 | As at March 31, 2020 |
|---|------|-------------------------|-------------------------|
| A ASSETS | | | |
| 1 Non-current assets | | | |
| a) Property, plant and equipment | 2 | 928.43 | 949.90 |
| b) Capital work-in-progress | 2 | 736.09 | 4.75 |
| c) Financial assets | | | |
| i) Other investments | 3.1 | 42.77 | 2.10 |
| ii) Other financial assets | 4 | 37.85 | 37.85 |
| d) Income tax assets (net) | 25.4 | 77.21 | 55.14 |
| e) Other non-current assets | 5 | 267.16 | 0.04 |
| Total non-current assets | | 2,089.51 | 1,049.78 |
| 2 Current assets | | | |
| a) Inventories | 6 | 137.78 | 93.42 |
| b) Financial assets | | | |
| i) Investments | 3.2 | 1,911.74 | 1,481.18 |
| ii) Trade receivables | 7 | 482.10 | 713.66 |
| iii) Cash and cash equivalents | 8 | 54.00 | 52.12 |
| iv) Other financial assets | 4 | 6.38 | - |
| c) Other current assets | 5 | 156.92 | 49.43 |
| Total current assets | | 2,748.92 | 2,389.81 |
| Total assets | | 4,838.43 | 3,439.59 |
| B EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a) Equity share capital | 9 | 942.50 | 942.50 |
| b) Other equity | 10 | 2,483.03 | 1,610.28 |
| Total equity | | 3,425.53 | 2,552.78 |
| Liabilities | | | |
| 1 Non-current liabilities | | | |
| a) Other financial liabilities | 12 | 417.37 | 321.79 |
| b) Provisions | 13 | 5.51 | 2.90 |
| c) Deferred tax liabilities (net) | 25.4 | 106.30 | 140.53 |
| Total non-current liabilities | | 529.18 | 465.22 |
| 2 Current liabilities | | | |
| a) Financial liabilities | | | |
| i) Trade payables | | | |
| Total outstanding dues of | | | |
| a) Micro-enterprises and small enterprises | 14 | 26.71 | 0.14 |
| b) Creditors other than micro-enterprises and small enterprises | 14 | 288.09 | 238.66 |
| ii) Other financial liabilities | 12 | 525.95 | 155.30 |
| b) Other current liabilities | 15 | 42.22 | 26.48 |
| c) Provisions | 13 | 0.75 | 1.01 |
| Total current liabilities | | 883.72 | 421.59 |
| Total liabilities | | 1,412.90 | 886.81 |
| Total equity and liabilities | | 4,838.43 | 3,439.59 |

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

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

Samir R. Shah
Partner

Mumbai
April 22, 2021

Yogesh Vyas
Chief Financial Officer

Ankit Mankodi
Company Secretary

For and on behalf of the Board of Directors

Sunil Lalbhai
Chairman

Rajeev Kumar
Managing Director

Atul
April 22, 2021

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021



(₹ lakhs)

| Particulars | Note | 2020-21 | 2019-20 |
|---|------|-----------------|-----------------|
| INCOME | | | |
| Revenue from operations | 16 | 3,042.04 | 3,259.99 |
| Other income | 17 | 124.46 | 173.72 |
| Total income | | 3,166.50 | 3,433.71 |
| EXPENSES | | | |
| Cost of materials consumed | 18 | 960.24 | 884.01 |
| Changes in inventories of finished goods and work-in-progress | 19 | (5.06) | 14.24 |
| Power, fuel and water | 20 | 258.56 | 285.10 |
| Repairs and maintenance | 21 | 181.23 | 193.99 |
| Employee benefit expenses | 22 | 171.14 | 129.60 |
| Finance costs | 23 | 72.85 | 210.04 |
| Depreciation and amortisation expenses | 2 | 95.56 | 85.31 |
| Other expenses | 24 | 350.81 | 362.23 |
| Total expenses | | 2,085.33 | 2,164.52 |
| Profit before tax | | 1,081.17 | 1,269.19 |
| Tax expense | | | |
| Current tax | 25.4 | 234.38 | 385.81 |
| Deferred tax | 25.4 | (32.96) | (35.79) |
| Total tax expense | | 201.42 | 350.02 |
| Profit for the year | | 879.75 | 919.17 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit loss | | | |
| Remeasurement gain (loss) on defined benefit plans (net of taxes) | | (0.88) | 0.07 |
| Other comprehensive income, net of tax | | (0.88) | 0.07 |
| Total comprehensive income for the year | | 878.87 | 919.24 |
| Earnings per equity share | | | |
| Basic and diluted earnings ₹ per equity share of ₹ 10 each | 25.9 | 9.33 | 9.75 |

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

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

For and on behalf of the Board of Directors

Samir R. Shah
Partner

Yogesh Vyas
Chief Financial Officer

Rajeev Kumar
Managing Director

Mumbai
 April 22, 2021

Ankit Mankodi
Company Secretary

Atul
 April 22, 2021

Consolidated Statement of changes in equity

for the year ended March 31, 2021

A Equity share capital

(₹ lakhs)

| Particulars | Note | Amount |
|---|------|---------------|
| As at March 31, 2019 | | 942.50 |
| Changes in equity share capital during the year | | - |
| As at March 31, 2020 | | 942.50 |
| Changes in equity share capital during the year | | - |
| As at March 31, 2021 | 9 | 942.50 |

B Other equity

(₹ lakhs)

| Particulars | Reserves and surplus | | | |
|--|----------------------|-------------------|--|--------------------|
| | Securities premium | Retained earnings | Other equity (capital contributions from Atul Ltd) | Total other equity |
| As at March 31, 2019 | 876.88 | (1,832.41) | 1,646.57 | 691.04 |
| Profit for the year | - | 919.17 | - | 919.17 |
| Other comprehensive income, net of tax | - | 0.07 | - | 0.07 |
| As at March 31, 2020 | 876.88 | (913.17) | 1,646.57 | 1,610.28 |
| Profit for the year | - | 879.75 | - | 879.75 |
| Share issue expenses net of tax | - | (6.12) | - | (6.12) |
| Other comprehensive income, net of tax | - | (0.88) | - | (0.88) |
| As at March 31, 2021 | 876.88 | (40.42) | 1,646.57 | 2,483.03 |

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

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Samir R. Shah

Partner

Mumbai

April 22, 2021

For and on behalf of the Board of Directors

Sunil Lalbhai

Chairman

Yogesh Vyas

Chief Financial Officer

Ankit Mankodi

Company Secretary

Rajeev Kumar

Managing Director

Atul

April 22, 2021

Consolidated Statement of Cash Flows

for the year ended March 31, 2021



(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|--|-------------------|-----------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 1,081.17 | 1,269.19 |
| Adjustments for: | | |
| Depreciation and amortisation expenses | 95.56 | 85.31 |
| Finance costs | 72.85 | 209.95 |
| Interest income from financial assets measured at amortised cost | (5.20) | (2.23) |
| Gain on disposal of current investments measured at FVPL | (45.20) | (18.63) |
| Unrealised (gain) loss from investments in mutual funds measured at FVPL | (31.47) | 5.07 |
| Amount written back on investments in equity instruments measured at FVPL | (40.67) | - |
| Dividend income | (0.52) | (90.07) |
| Credit balance appropriated | (1.31) | - |
| Gain on disposal of property, plant and equipment (net) | - | (61.54) |
| Operating profit before change in operating assets and liabilities | 1,125.21 | 1,397.05 |
| Adjustments for: | | |
| (Increase) Decrease in inventories | (44.36) | 9.82 |
| (Increase) Decrease in trade receivables | 231.56 | 437.41 |
| (Increase) Decrease in other financial assets | (6.38) | 1.20 |
| (Increase) Decrease in other assets | (108.33) | (5.19) |
| Increase (Decrease) in trade payables | 77.31 | 47.17 |
| Increase (Decrease) in other financial liabilities | 10.22 | 7.54 |
| Increase (Decrease) in other current liabilities | 15.74 | (28.60) |
| Increase (Decrease) in provisions | (0.26) | 0.44 |
| Increase (Decrease) in non-current provisions | 2.61 | (0.04) |
| Cash generated from operations | 1,303.32 | 1,866.80 |
| Income tax paid (net of refund) | (256.46) | (416.82) |
| Net cash flow from operating activities | A 1,046.86 | 1,449.98 |

Consolidated Statement of Cash Flows

for the year ended March 31, 2021

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|---|---------------------|-----------------|
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments towards property, plant and equipment (including capital advances) | (732.05) | (112.36) |
| Proceeds from disposal of property, plant and equipment | - | 72.98 |
| Purchase of current investments measured at FVPL (net) | (399.09) | (536.95) |
| Income received from investments in mutual funds measured at FVPL (net) | 45.20 | 18.63 |
| Dividend received | 0.52 | 90.07 |
| Interest received on financial assets measured at amortised cost | 5.20 | 2.23 |
| Net cash used in investing activities | B (1,080.22) | (465.40) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Disbursements (Repayments) of term loans | 244.13 | - |
| Disbursements (Repayments) of borrowings | (200.00) | (943.47) |
| Interest paid | (0.88) | - |
| Interest on term loan | (0.62) | - |
| Share issue expenses | (7.39) | - |
| Net cash from (used) in financing activities | C 35.24 | (943.47) |
| Net increase (decrease) in cash and cash equivalents | A+B+C 1.88 | 41.11 |
| Cash and cash equivalents at the beginning of the year | 52.12 | 11.01 |
| Cash and cash equivalents at the end of the year | 54.00 | 52.12 |

- The above Consolidated Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Ind AS 7 on Statement of Cash Flows as notified under Companies (Indian Accounting Standards) Rules, 2015 as amended.
- Cash flows from operating activities include ₹ 26.65 lakhs (March 31, 2020: ₹ 24.08 lakhs) being expenses towards Corporate Social Responsibility initiatives.
- Refer Note 11 (v) for a reconciliation of changes in liabilities arising from financing activities.
- Cash flow includes non-cash item, reinstatement of creditors, written down pursuant to the sanctioned scheme by BIFR ₹ nil (March 31, 2020 ₹ 58.04 lakhs).

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

| | | |
|---|---|----------------------------------|
| In terms of our report attached | For and on behalf of the Board of Directors | |
| For Deloitte Haskins & Sells LLP | | |
| Chartered Accountants | | Sunil Lalbhai Chairman |
| Samir R. Shah | Yogesh Vyas | Rajeev Kumar |
| Partner | Chief Financial Officer | Managing Director |
| Mumbai | Ankit Mankodi | Atul |
| April 22, 2021 | Company Secretary | April 22, 2021 |



Background

Amal Ltd (the Company) is a public company limited by shares, incorporated and domiciled in India. The Company is a subsidiary of Atul Ltd. Its registered office is located at Atul House, 310 B, Veer Savarkar Marg, Dadar (West), Mumbai 400 028, Maharashtra, India and its principal place of business is located at Ankleshwar 393 002, Gujarat, India.

During the year, the Company has incorporated a wholly-owned subsidiary 'Amal Speciality Chemicals Limited'. The Group has, for the first time prepared and presented its Consolidated Financial Statements for the year ended March 31, 2021. Comparative figures for year ended March 31, 2020, are presented based on the Standalone Financial Statement of the Company.

The Company and its subsidiary company are referred to as Group hereunder. The Group is engaged in the manufacturing of bulk chemicals such as Sulphuric acid and Oleum and their downstream products such as Sulphur dioxide and Sulphur trioxide.

Note 1 Significant accounting policies

This Note provides a list of the significant Accounting Policies adopted by the Group in preparation of these Consolidated Financial Statements. These policies have been consistently applied to all the years presented unless otherwise stated. The Consolidated Financial Statements are for the Group consisting of the Company and its subsidiary company.

a) Statement of compliance

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

b) Basis of preparation

i) Historical cost convention:

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

- a) Certain financial assets and liabilities (including derivative instruments): measured at fair value
- b) Defined benefit plans: plan assets measured at fair value

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

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

iv) New and amended standards adopted by the Group:

The Group has applied the following amendments to Ind AS for the first time for its annual reporting period commencing April 01, 2020:

Note 1 Significant accounting policies (continued)

- Definition of material – amendments to Ind AS 1 and Ind AS 8
- Definition of a business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

v) Recent accounting pronouncements:

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2021.

c) Basis of Consolidation

i) Subsidiary company

Subsidiary company is entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary company is consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group reassesses whether or not it controls an investee, if facts and circumstances indicate that there are one or more changes to elements of control described above.

The acquisition method of accounting is used to account for business combinations by the Group.

The Group combines the Financial Statements of the Parent and its subsidiary company line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting Policies of subsidiary company have been changed where necessary, to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiary company is shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of changes in equity and Consolidated Balance Sheet respectively.

ii) Changes in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary company. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value



Note 1 Significant accounting policies (continued)

becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate company, joint venture company or financial asset. In addition, any amount previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the Consolidated Statement of Profit and Loss.

d) Foreign currency transactions

i) Functional and presentation currency

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

ii) Transactions and balances

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

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

e) Revenue recognition

i) Revenue from contracts with customers:

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 Group 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 Group 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 is measured based on the consideration to which the Group 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

Note 1 Significant accounting policies (continued)

only recognised to the extent that it is highly probable that a significant reversal will not occur. The contracts with customers are for short-term, at an agreed price basis having contracted credit period ranging up to 90 days. The contracts do not grant any rights of return to the customer. Returns of Goods are accepted by the Group 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 and tax collected at source.

ii) Other income:

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

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

f) **Income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Minimum Alternate Tax (MAT) under the provisions of the Income Tax Act, 1961 (the Act) is recognised as current tax in the Consolidated 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 Group 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 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 in the Consolidated Financial Statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit | (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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



Note 1 Significant accounting policies (continued)

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary company where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary company where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity 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 Consolidated profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

g) Leases

As a lessee

The Group assesses whether a contract is, or contains a lease, at inception of the contract. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease or (3) the Group has the right to direct the use of the asset.

At the commencement date of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is lessee, except for short-term leases (leases with a

Note 1 Significant accounting policies (continued)

term of twelve months or less), leases of low value assets and, for contract where the lessee and lessor has right to terminate a lease without permission from the other party with no more than an insignificant penalty. The lease expense of such short-term leases, low value assets leases and cancellable leases are recognised as an operating expense on a straight-line basis over the term of the lease.

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

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

As a lessor:

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

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

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

h) Property, plant and equipment

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

Subsequent costs are included in the carrying amount of asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow



Note 1 Significant accounting policies (continued)

to the Group and the cost of the item can be measured reliably. Gains or losses arising on retirement or disposal of assets are recognised in the Consolidated Statement of Profit and Loss.

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

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

Depreciation methods, estimated useful lives and residual value

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

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

| Asset category | Estimated useful life |
|----------------------------------|-----------------------|
| Buildings | 5 to 60 years |
| Plant and equipment ¹ | 3 to 20 years |
| Vehicles ¹ | 6 to 10 years |
| Office equipment and furniture | 3 to 10 years |

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

The property, plant and equipment including land acquired under finance leases are depreciated over the useful life of the asset or over the shorter of the useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit and Loss within other income.

Note 1 Significant accounting policies (continued)

i) Impairment

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

j) Cash and cash equivalents

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

k) Trade receivables

Trade receivables are recognised when the right to consideration becomes unconditional. These assets are held at amortised cost, using the effective interest rate (EIR) method where applicable, less provision for impairment based on expected credit loss.

l) Trade and other payables

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

m) Inventories

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

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

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

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

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



Note 1 Significant accounting policies (continued)

n) Investments and other financial assets

Classification and measurement

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

- i) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)
- ii) Those measured at amortised cost

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

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

Debt instruments

Initial recognition and measurement:

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

Subsequent measurement:

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

Measured at amortised cost:

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

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

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

Note 1 Significant accounting policies (continued)

| (loss) previously recognised in OCI is reclassified from the equity to other income in the Consolidated Statement of Profit and Loss.

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

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

Equity instruments

The Group subsequently measures all investments in equity instruments at fair value. The Management of the Group has elected to present fair value gains and losses on its investment equity instruments in other comprehensive income and there is no subsequent reclassification of these fair value gains and losses to the Consolidated Statement of Profit and Loss. Dividends from such investments continue to be recognised in the Statement of Profit and Loss as other income when the right to receive payment is established.

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

Impairment of financial assets

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

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

Derecognition

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

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

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



Note 1 Significant accounting policies (continued)

Financial liabilities

i) Classification as debt or equity:

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

ii) Initial recognition and measurement:

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

iii) Subsequent measurement:

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

iv) Derecognition:

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

o) Offsetting financial instruments

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

p) Borrowings

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

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

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

q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time

Note 1 Significant accounting policies (continued)

to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

r) Provisions and contingent liabilities

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

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

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

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

s) Employee benefits

Defined benefit plan

Gratuity:

Gratuity liability is a defined benefit obligation and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method at the end of each financial year. The liability or asset recognised in the Consolidated Balance Sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The liability so provided is represented by creation of separate fund and is used to meet the liability as and when it become due for payment in future. Any shortfall in the value of assets over the defined benefit obligation is recognised as a liability with a corresponding charge to the Consolidated Statement of Profit and Loss.

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

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



Note 1 Significant accounting policies (continued)

benefit expense in the Consolidated 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 Consolidated Balance Sheet.

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

Defined contribution plan

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

Short-term employee benefits

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

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

Other long-term employee benefits

The liabilities for earned leave is 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.

t) Earnings per share

Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to equity shareholders of the Amal Ltd 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.

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

Note 1 Significant accounting policies (continued)

Estimation of uncertainties relating to the COVID-19 pandemic

The manufacturing facility of the entity which was shut down in the last week of March 2020 due to country wide lockdown, resumed operations in a phased manner from the last week of April 2020 after obtaining requisite approvals.

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

Critical estimates and judgements

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

The areas involving critical estimates or judgements are:

- i) Estimation for income tax: Note 1 (f)
- ii) Estimation of useful life of tangible assets: Note 1 (h)
- iii) Estimation of provision for inventories: Note 1 (m)
- iv) Allowance for credit losses on trade receivable: Note 1 (k)
- v) Estimation of defined benefit obligation: Note 1 (s)
- vi) Impairment: Note 1 (n)

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 Group and that are believed to be reasonable under the circumstances.



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

(₹ lakhs)

| Particulars | Land - freehold | Right of use - leasehold land ^{1,3} | Buildings ² | Plant and equipment ² | Vehicles | Office equipment | Furniture and fixtures | Total | Capital work-in-progress ⁴ |
|------------------------------------|-----------------|--|------------------------|----------------------------------|-------------|------------------|------------------------|-----------------|---------------------------------------|
| Gross carrying amount | | | | | | | | | |
| As at March 31, 2019 | 5.53 | 28.85 | 61.67 | 976.56 | 0.01 | 15.81 | 9.81 | 1,098.24 | 1.37 |
| Additions | - | 0.86 | 1.67 | 106.28 | - | 0.18 | - | 108.99 | 111.51 |
| Disposals and transfers | (2.19) | - | (4.29) | (6.20) | - | - | - | (12.68) | (108.13) |
| As at March 31, 2020 | 3.34 | 29.71 | 59.05 | 1,076.64 | 0.01 | 15.99 | 9.81 | 1,194.55 | 4.75 |
| Additions | - | - | - | 71.38 | - | 2.48 | 0.23 | 74.09 | 805.43 |
| Disposals and transfers | - | - | - | - | - | - | - | - | (74.09) |
| As at March 31, 2021 | 3.34 | 29.71 | 59.05 | 1,148.02 | 0.01 | 18.47 | 10.04 | 1,268.64 | 736.09 |
| Depreciation Amortisation | | | | | | | | | |
| Up to March 31, 2019 | - | 1.84 | 9.25 | 144.28 | - | 3.95 | 1.26 | 160.58 | - |
| For the year | - | 0.47 | 3.21 | 76.85 | - | 3.83 | 0.95 | 85.31 | - |
| Disposals and transfers | - | - | (0.21) | (1.03) | - | - | - | (1.24) | - |
| Up to March 31, 2020 | - | 2.31 | 12.25 | 220.10 | - | 7.78 | 2.21 | 244.65 | - |
| For the year | - | 0.47 | 3.49 | 86.63 | - | 4.01 | 0.96 | 95.56 | - |
| Disposals and transfers | - | - | - | - | - | - | - | - | - |
| Up to March 31, 2021 | - | 2.78 | 15.74 | 306.73 | - | 11.79 | 3.17 | 340.21 | - |
| Net carrying amount | | | | | | | | | |
| As at March 31, 2020 | 3.34 | 27.40 | 46.80 | 856.54 | 0.01 | 8.21 | 7.60 | 949.90 | 4.75 |
| As at March 31, 2021 | 3.34 | 26.93 | 43.31 | 841.29 | 0.01 | 6.68 | 6.87 | 928.43 | 736.09 |

Notes:

¹The lease term in respect of leasehold land is 99 years. The lease term in respect of land acquired under finance lease is up to 99 years with ability to opt for renewal of the lease term on fulfilment of certain conditions.

²Includes assets retired from active use

³Refer Note 25.10 for disclosures where the Company is a lessee under a finance lease.

⁴Capital work-in-progress mainly comprises addition | expansion projects in progress.

Refer Note 25.2 for disclosure of contractual commitment for acquisition of property, plant and equipment.

(₹ lakhs)

| Note 3.1 Other investments | Face value (₹) | As at March 31, 2021 | | As at March 31, 2020 | |
|---|-------------------|-------------------------|--------------|-------------------------|-------------|
| | | Number of shares | Amount | Number of shares | Amount |
| Investment in equity instruments at FVPL (fully paid-up) | | | | | |
| Unquoted | | | | | |
| Gujarat Synthwood Ltd ¹ | 10 | 1,00,000 | - | 1,00,000 | - |
| Aakar Performance Plastics Ltd | 10 | 880 | - | 880 | - |
| Valmiki Poly Products Ltd | 10 | 40,000 | - | 40,000 | - |
| Zoroastrian Co-operative Bank Ltd | 25 | 4,000 | - | 4,000 | - |
| Bharuch Enviro Infrastructure Ltd | 10 | 21,000 | 2.10 | 21,000 | 2.10 |
| Narmada Clean Tech Ltd ² | 10 | 4,06,686 | 40.67 | 4,06,686 | - |
| Total other investments (A) | | | 42.77 | | 2.10 |

¹Under liquidation²Equity shares of Narmada Clean Tech have been revalued at their original cost in current year

(₹ lakhs)

| Note 3.2 Current investment | As at March 31, 2021 | | As at March 31, 2020 | |
|---|-------------------------|-----------------|-------------------------|-----------------|
| | Number of units | Amount | Number of units | Amount |
| Unquoted | | | | |
| Investment in mutual funds measured at FVPL | 1,45,95,101 | 1,911.74 | 1,27,44,435 | 1,481.18 |
| Total current investment (B) | | 1,911.74 | | 1,481.18 |
| Aggregate amount of unquoted investments (A+B) | | 1,954.51 | | 1,483.28 |

(₹ lakhs)

| Note 4 Other financial assets | As at March 31, 2021 | | As at March 31, 2020 | |
|---|-------------------------|--------------|-------------------------|--------------|
| | Current | Non-current | Current | Non-current |
| a) Security deposits for utilities and premises | - | 37.35 | - | 37.35 |
| b) Sales tax paid under protest | - | 0.50 | - | 0.50 |
| c) Other receivables | | | | |
| Related party (refer Note 25.3) | 6.38 | - | - | - |
| | 6.38 | 37.85 | - | 37.85 |



(₹ lakhs)

| Note 5 Other assets | | As at March 31, 2021 | | As at March 31, 2020 | |
|---------------------|---------------------------------|-------------------------|---------------|-------------------------|-------------|
| | | Current | Non-current | Current | Non-current |
| a) | Income tax refund receivable | - | - | - | 0.04 |
| b) | Prepaid | | | | |
| | i) Gratuity | 4.70 | - | 10.04 | - |
| | ii) Others | 3.23 | - | 15.48 | - |
| c) | Advances to staff | 0.07 | - | 0.36 | - |
| d) | Advances for goods and services | 48.58 | - | 8.89 | - |
| e) | Other receivables | 3.84 | - | 14.66 | - |
| f) | Capital advances | - | 267.16 | - | - |
| g) | GST receivables | 96.50 | - | - | - |
| | | 156.92 | 267.16 | 49.43 | 0.04 |

(₹ lakhs)

| Note 6 Inventories ¹ | | As at March 31, 2021 | As at March 31, 2020 |
|---------------------------------|-------------------------------------|-------------------------|-------------------------|
| a) | Raw materials and packing materials | 27.48 | 18.82 |
| b) | Work-in-progress | - | 8.47 |
| c) | Finished goods | 17.75 | 4.22 |
| d) | Stores, spares and fuel | 92.55 | 61.91 |
| | | 137.78 | 93.42 |

¹Valued at cost or net realisable value, whichever is lower. The Company determines realisable value of inventory based on the latest selling prices, customer orders on hand and margins, adjusted to reflect current and estimated future economic conditions taking into account the possible effect due to COVID-19 pandemic.

Reversal of written down amounts recognised in the Consolidated Statement of Profit and Loss: ₹ (0.06) lakhs (March 31, 2020: ₹ (0.19) lakhs)

During the year, the Group has changed inventory valuation method from FIFO to weighted average the impact of which is not material.

(₹ lakhs)

| Note 7 Trade receivables | | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------------|---------------------------------|-------------------------|-------------------------|
| Considered good - unsecured | | | |
| i) | Related party (refer Note 25.3) | 464.51 | 686.74 |
| ii) | Others | 17.59 | 26.92 |
| | | 482.10 | 713.66 |

Note 7 Trade receivables (continued)

Trade receivables consists of few customers, majorly from the related party, for which ongoing credit evaluation is performed on the financial condition of the account receivables, historical experience of collecting receivables, subsequent realisations and orders in hand.

Based on evaluation, allowance for doubtful debts recognised in the Consolidated Statement of Profit and Loss is nil.

(₹ lakhs)

| Note 8 Cash and cash equivalents | | As at March 31, 2021 | As at March 31, 2020 |
|----------------------------------|---|-------------------------|-------------------------|
| a) | Balances with banks in current accounts | 53.90 | 51.89 |
| b) | Cash on hand | 0.10 | 0.23 |
| | | 54.00 | 52.12 |

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

(₹ lakhs)

| Note 9 Equity share capital | | As at March 31, 2021 | As at March 31, 2020 |
|--|--|-------------------------|-------------------------|
| Authorised | | | |
| 1,50,00,000 (March 31, 2020: 1,50,00,000) equity shares of ₹ 10 each | | 1,500.00 | 1,500.00 |
| | | 1,500.00 | 1,500.00 |
| Issued and subscribed | | | |
| 94,25,000 (March 31, 2020: 94,25,000) equity shares of ₹ 10 each, fully paid | | 942.50 | 942.50 |
| | | 942.50 | 942.50 |

a) Rights, preferences and restrictions:

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

i) Equity shares:

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive the remaining assets of the Group, after distribution of all preferential amounts and preference shares. The distribution will be in proportion to the number of equity shares held by the shareholders. Each holder of equity shares is entitled to one vote per share. Additionally, the Group, has authorised and issued fully paid 0% redeemable and non-convertible cumulative preference shares of ₹ 10 each classified as liabilities. These shares do not carry voting rights. Further details are provided in Note 11.

ii) Dividend:

The dividend proposed by the Board, if any is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.



Note 9 Equity share capital (continued)

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

| No. | Name of the shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|-----|----------------------------|----------------------|------------------|----------------------|------------------|
| | | Holding % | Number of shares | Holding % | Number of shares |
| 1 | Atul Finserv Ltd | 48.48% | 45,68,824 | 48.48% | 45,68,824 |
| 2 | Aagam Holdings Pvt Ltd | 11.54% | 10,87,809 | 11.54% | 10,87,809 |
| 3 | Atul Ltd (holding company) | 1.38% | 1,29,703 | 1.38% | 1,29,703 |

c) Reconciliation of the number of shares outstanding and the amount of equity share capital:

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|----------------------|---------|----------------------|---------|
| | Number of shares | ₹ lakhs | Number of shares | ₹ lakhs |
| Balance as at the beginning of the year | 94,25,000 | 942.50 | 94,25,000 | 942.50 |
| Balance as at the end of the year | 94,25,000 | 942.50 | 94,25,000 | 942.50 |

(₹ lakhs)

| Note 10 Other equity | | As at March 31, 2021 | As at March 31, 2020 |
|----------------------|---|----------------------|----------------------|
| a) | Securities premium | 876.88 | 876.88 |
| b) | Retained earnings | | |
| | Balance as at the beginning of the year | (913.17) | (1,832.41) |
| | Add: Profit for the year | 879.75 | 919.17 |
| | Add: Other comprehensive income, net of tax | (0.88) | 0.07 |
| | Add: Share issue expenses, net of tax | (6.12) | - |
| | Balance as at the end of the year | (40.42) | (913.17) |
| c) | Other reserves | | |
| | i) Capital contribution from Atul Ltd | 1,646.57 | 1,646.57 |
| | | 2,483.03 | 1,610.28 |

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) Retained earnings

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

c) Other reserve

As per Modified Sanction Scheme MS-10 and MS-13 approved by the Board of Industrial Finance and Reconstruction, the Company had issued 0% redeemable and non-convertible preference shares of ₹ 1,000 lakhs to Atul Ltd (promoter) and received interest free secured loan of ₹ 1,128.89 lakhs and interest free unsecured loan of ₹ 539.58 lakhs from Atul Ltd. These financial liabilities are measured at amortised cost and the initial fair value difference is recognised as capital contribution from Atul Ltd.

(₹ lakhs)

| Note 11 Borrowings at amortised cost | | As at March 31, 2021 | | As at March 31, 2020 | |
|--------------------------------------|--|-------------------------|---------------|-------------------------|---------------|
| | | Current ¹ | Non-current | Current ¹ | Non-current |
| a) | 40,00,000 (March 31, 2020: 60,00,000) 0% redeemable and non-convertible preference shares of ₹ 10 each {refer Note (iii), (iv) and (v) below and also refer Note 25.3} | 148.55 | 172.37 | 128.02 | 320.92 |
| | | 148.55 | 172.37 | 128.02 | 320.92 |

¹Current maturities of long-term debt grouped under other financial liabilities {refer Note 12(e)}

Notes:

i) Terms | rights attached to preference shares

The Group has only one class of 0% redeemable and non-convertible preference shares having a par value of ₹ 10 per share. These shares are redeemable at par over a period of 7 years, starting ₹ 100 lakhs every year from financial year 2016-17 to 2019-20 and ₹ 200 lakhs every year from the financial year 2020-21 to 2022-23.

ii) Preference share capital

(₹ lakhs)

| (a) Details of preference share capital: | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Authorised | | |
| 1,00,00,000 (March 31, 2020: 1,00,00,000) 0% redeemable and non-convertible preference shares of ₹ 10 each | 1,000 | 1,000 |
| Issued, subscribed and fully paid-up | | |
| 40,00,000 (March 31, 2020: 60,00,000) 0% redeemable and non-convertible preference shares of ₹ 10 each | 400 | 600 |



Note 11 Borrowings at amortised cost (continued)

iii) Details of the shareholders holding more than 5% shares in the preference share capital of the Company

| Name of the shareholder | Nature of holding | As at March 31, 2021 | | As at March 31, 2020 | |
|-------------------------|-------------------|----------------------|------------------|----------------------|------------------|
| | | Holding % | Number of shares | Holding % | Number of shares |
| Atul Ltd | Holding company | 100.00 | 40,00,000 | 100.00 | 60,00,000 |

During the year, the Company has redeemed 20,00,000 0% redeemable and non-convertible preference shares of ₹ 10 each as per the schedule of repayment.

iv) Effective interest rate and maturity profile of borrowings

a) Effective interest rate

| Particulars | Rate |
|----------------------|--------|
| a) Preference shares | 14.87% |

b) Maturity profile

(₹ lakhs)

| Particulars | 2021-22 | 2022-23 |
|---|---------|---------|
| 0% redeemable and non-convertible preference shares | 148.55 | 172.37 |

v) Net debt reconciliation

(₹ lakhs)

| Particulars | Liabilities from financing activities | | |
|---|---------------------------------------|------------------------|-----------------|
| | Current borrowings | Non-current borrowings | Total |
| Net debt as on March 31, 2019 | 733.52 | 448.94 | 1,182.46 |
| Interest expenses | 209.95 | - | 209.95 |
| Repayments | (943.47) | - | (943.47) |
| Transfer from non-current to current borrowings | 128.02 | (128.02) | - |
| Net debt as on March 31, 2020 | 128.02 | 320.92 | 448.94 |
| Interest expenses | 71.98 | - | 71.98 |
| Repayments | (200.00) | - | (200.00) |
| Transfer from non-current to current borrowings | 148.55 | (148.55) | - |
| Net debt as on March 31, 2021 | 148.55 | 172.37 | 320.92 |

(₹ lakhs)

| Note 12 Other financial liabilities | | As at March 31, 2021 | | As at March 31, 2020 | |
|-------------------------------------|---|----------------------|---------------|----------------------|---------------|
| | | Current | Non-current | Current | Non-current |
| a) | Employee benefits payable | 17.97 | - | 13.46 | - |
| b) | Security deposits | 19.51 | - | 13.82 | - |
| c) | Creditors for capital goods | 339.92 | - | - | - |
| d) | Lease Liability ¹ | - | 0.87 | - | 0.87 |
| e) | Current maturities of long-term borrowings | | | | |
| | i) 40,00,000 (March 31, 2020: 60,00,000) 0% redeemable and non-convertible preference shares of ₹ 10 each | 148.55 | 172.37 | 128.02 | 320.92 |
| | ii) Secured loan from Axis Bank ^{2, 3} | - | 244.13 | - | - |
| | | 525.95 | 417.37 | 155.30 | 321.79 |

¹Refer Note 25.10 for disclosures of lease liability²Security

a) The secured loan from Axis Bank is secured by the whole immovable and movable properties including machinery, machinery spares, tools and accessories, inventory and other movable assets both present and future of Amal Speciality Chemicals Ltd (subsidiary company).

b) Corporate guarantee given by Amal Ltd (holding company).

³Rate of interest 8.25% (all in cost) and secured loan is repayable in 20 equal quarterly instalments of ₹ 250 lakhs each starting from December 2022.

(₹ lakhs)

| Note 13 Provisions | | As at March 31, 2021 | | As at March 31, 2020 | |
|--------------------|------------------------------------|----------------------|-------------|----------------------|-------------|
| | | Current | Non-current | Current | Non-current |
| a) | Provision for compensated absences | 0.75 | 5.51 | 1.01 | 2.90 |
| | | 0.75 | 5.51 | 1.01 | 2.90 |

The compensated absences cover the liability for earned leave. Out of the total amount disclosed above, the amount of ₹ 0.75 lakhs (March 31, 2020: ₹ 1.01 lakhs) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

(₹ lakhs)

| Note 14 Trade payables | | As at | As at |
|------------------------|--|----------------|----------------|
| | | March 31, 2021 | March 31, 2020 |
| a) | Total outstanding dues of micro-enterprises and small enterprises | 26.71 | 0.14 |
| b) | Total outstanding dues of creditors other than micro-enterprises and small enterprises | | |
| | i) Related party (refer Note 25.3) | 40.65 | 38.17 |
| | ii) Others | 247.44 | 200.49 |
| | | 288.09 | 238.66 |
| | | 314.80 | 238.80 |



(₹ lakhs)

| Note 15 Other current liabilities | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------------------|-------------------------|-------------------------|
| Statutory dues | 41.37 | 25.55 |
| Other liabilities | 0.85 | 0.93 |
| | 42.22 | 26.48 |

(₹ lakhs)

| Note 16 Revenue from operations ¹ | 2020-21 | 2019-20 |
|--|-----------------|-----------------|
| Sale of chemicals | 2,718.29 | 2,926.68 |
| Sale of steam | 314.89 | 320.33 |
| Revenue from contracts with customers | 3,033.18 | 3,247.01 |
| Other operating revenue: | | |
| Scrap sales Other revenue | 8.86 | 12.98 |
| | 3,042.04 | 3,259.99 |

¹Contracts with customers are for short-term, at an agreed price basis having contracted credit period ranging upto 90 days. These contracts are mainly for sale of chemical products and steam besides sale of scrap and other goods. The contracts do not grant for any rights to return to the customers. Return of goods are accepted by the Group only on exceptional basis.

Reconciliation of revenue from contracts with customers recognised at contract price:

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|---|-----------------|-----------------|
| Contract price | 3,033.34 | 3,247.10 |
| Adjustments for: | | |
| Consideration payable to customers - discounts ¹ | (0.16) | (0.09) |
| Revenue from contract with customers | 3,033.18 | 3,247.01 |

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

(₹ lakhs)

| Note 17 Other income | 2020-21 | 2019-20 |
|--|---------------|---------------|
| Income from investments in mutual funds measured at FVPL | 76.67 | 13.56 |
| Income on revaluation of investments measured at FVPL | 40.67 | - |
| Dividends income from investments measured at FVPL | 0.52 | 90.07 |
| Interest from others | 5.20 | 2.23 |
| Gain on disposal of property, plant and equipment | - | 66.71 |
| Miscellaneous income | 1.40 | 1.15 |
| | 124.46 | 173.72 |

(₹ lakhs)

| Note 18 Cost of materials consumed | 2020-21 | 2019-20 |
|---|----------------|----------------|
| Raw materials consumed | | |
| Stocks at commencement | 18.82 | 19.66 |
| Add: Purchase | 968.90 | 883.17 |
| | 987.72 | 902.83 |
| Less: Stocks at close | 27.48 | 18.82 |
| | 960.24 | 884.01 |

(₹ lakhs)

| Note 19 Changes in inventories of finished goods and work-in-progress | 2020-21 | 2019-20 |
|--|----------------|----------------|
| Stocks at close | | |
| Finished goods | 17.75 | 4.22 |
| Work-in-progress | - | 8.47 |
| | 17.75 | 12.69 |
| Less: Stocks at commencement | | |
| Finished goods | 4.22 | 12.06 |
| Work-in-progress | 8.47 | 14.87 |
| | 12.69 | 26.93 |
| (Increase) Decrease in stocks | (5.06) | 14.24 |

(₹ lakhs)

| Note 20 Power, fuel and water | 2020-21 | 2019-20 |
|--------------------------------------|----------------|----------------|
| Power, fuel and water | 258.56 | 285.10 |
| | 258.56 | 285.10 |

(₹ lakhs)

| Note 21 Repairs and maintenance | 2020-21 | 2019-20 |
|--|----------------|----------------|
| Consumption of stores and spares | 62.84 | 95.70 |
| Plant and equipment repairs | 118.39 | 98.29 |
| | 181.23 | 193.99 |

(₹ lakhs)

| Note 22 Employee benefit expenses | 2020-21 | 2019-20 |
|---|----------------|----------------|
| Salaries, wages and bonus (refer Note 25.5) | 149.50 | 109.84 |
| Contribution to provident and other funds (refer Note 25.5) | 7.52 | 5.32 |
| Staff welfare | 2.67 | 2.99 |
| Directors' remuneration | 11.45 | 11.45 |
| | 171.14 | 129.60 |



(₹ lakhs)

| Note 23 Finance costs | 2020-21 | 2019-20 |
|--|--------------|---------------|
| Interest on redeemable and non-convertible preference shares carried at amortised cost | 71.97 | 76.04 |
| Interest on borrowings - secured loan | - | 98.50 |
| Interest on borrowings - unsecured loan | - | 35.41 |
| Other finance costs | 0.88 | 0.09 |
| | 72.85 | 210.04 |

(₹ lakhs)

| Note 24 Other expenses | 2020-21 | 2019-20 |
|--|---------------|---------------|
| Plant operation charges | 78.56 | 77.96 |
| Freight charges | 11.48 | 15.90 |
| Effluent treatment expenses | 29.86 | 23.12 |
| Security services | 29.45 | 28.05 |
| Business auxiliary services | 88.54 | 67.16 |
| Legal and professional expenses | 15.08 | 12.57 |
| Rent | 1.32 | 1.32 |
| Rates and taxes | 9.96 | 9.02 |
| Remuneration to the Statutory Auditors | | |
| a) Audit fees | 6.35 | 5.60 |
| b) Tax matters | 1.38 | 1.28 |
| Remuneration to the Internal Auditors | 2.73 | 4.11 |
| Directors' fees | 5.20 | 4.90 |
| Reinstatement of creditors (refer Note 25.12) | - | 58.04 |
| Loss on assets sold or discarded | - | 5.17 |
| Expenditure on Corporate Social Responsibility initiatives | 26.65 | 24.08 |
| Miscellaneous expenses | 44.25 | 23.95 |
| | 350.81 | 362.23 |

Note 25.1 Contingent liabilities

(₹ lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Claims against the Company not acknowledged as debts in respect of | | |
| Sales tax | 66.68 | 67.43 |

Note 25.2 Commitments

Capital commitments

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

| Particulars | (₹ lakhs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Estimated amount of contracts remaining to be executed and not provided for (net of advances): | | |
| Property, plant and equipment | 2,516.38 | 6.80 |

Note 25.3 Related party disclosures

Note 25.3 (A) Related party information

Name of the related party and nature of relationship, where there were transactions during the year.

| No. | Name of the related party | Description of relationship |
|-----|----------------------------|---|
| 1 | Atul Finserv Ltd | Investing company and subsidiary of holding company |
| 2 | Atul Ltd | Holding by virtue of control |
| 3 | Aagam Holdings Pvt Ltd | |
| 4 | Adhigam Investment Pvt Ltd | Entities over which Key Management Personnel or their close family members have significant influence |
| 5 | Aayojan Resources Pvt Ltd | |
| 6 | Atul Foundation Trust | |
| 7 | Key Management Personnel | |
| | Sunil Lalbhai | Chairman |
| | Rajeev Kumar | Managing Director |
| | Gopi Kannan Thirukonda | Director |
| | Sujal Shah | Independent Director |
| | Abhay Jadeja | Independent Director |
| | Mahalakshmi Subramanian | Independent Director |
| | Yogesh Vyas | Chief Financial Officer |
| | Ankit Mankodi | Company Secretary |

**Note 25.3 Related party disclosures (continued)**

(₹ lakhs)

| Note 25.3 (B) Transactions with related parties | | 2020-21 | 2019-20 |
|--|--|-----------------|-----------------|
| a) | Sales and income | | |
| 1 | Sale of goods | 2,376.38 | 2,740.92 |
| | Atul Ltd | 2,376.38 | 2,740.92 |
| 2 | Rent received | - | 0.30 |
| | Aagam Holdings Pvt Ltd | - | 0.15 |
| | Adhigam Investment Pvt Ltd | - | 0.10 |
| | Aayojan Resources Pvt Ltd | - | 0.05 |
| 3 | Sale of property | - | 72.98 |
| | Aagam Holdings Pvt Ltd | - | 72.98 |
| b) | Purchases and expenses | | |
| 1 | Service charges | 94.84 | 67.13 |
| | Atul Ltd | 94.84 | 67.13 |
| 2 | Software expenses | 17.60 | - |
| | Atul Ltd | 17.60 | - |
| 3 | Reimbursement of expenses | 2.98 | 0.26 |
| | Atul Finserv Ltd | - | 0.26 |
| | Atul Ltd | 2.98 | - |
| 4 | Lease rent expenses | 0.08 | 0.08 |
| | Atul Ltd | 0.08 | 0.08 |
| c) | Other transactions | | |
| 1 | Repayment of loans | - | 843.47 |
| | Atul Ltd | - | 843.47 |
| 2 | Redemption of redeemable and non-convertible preference shares | 200.00 | 100.00 |
| | Atul Ltd | 200.00 | 100.00 |
| 3 | Reimbursements received | 1.59 | 1.98 |
| | Atul Ltd | 1.59 | 1.98 |

Note 25.3 Related party disclosures (continued)

(₹ lakhs)

| Note 25.3 (C) Key Management Personnel compensation | | 2020-21 | 2019-20 |
|--|---|----------------|----------------|
| Remuneration | | 16.65 | 16.35 |
| 1 | Short-term employee benefits ¹ | 11.45 | 11.45 |
| 2 | Sitting fees to Independent Directors | 5.20 | 4.90 |

¹Compensation exclude provision for gratuity and compensated absences since these are based on actuarial valuation on an overall company basis.

(₹ lakhs)

| Note 25.3 (D) Transactions with entities over which Key Management Personnel or their close family members have significant influence | | 2020-21 | 2019-20 |
|--|--|----------------|----------------|
| Other transactions | | | |
| 1 | Expenditure on Corporate Social Responsibility initiatives | 26.65 | 24.08 |
| | Atul Foundation Trust | 26.65 | 24.08 |

(₹ lakhs)

| Note 25.3 (E) Outstanding balances | | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------|---------------------------------|---------------------------------|
| With related parties | | | |
| 1 | Preference shares | 320.92 | 448.94 |
| | Atul Ltd | 320.92 | 448.94 |
| 2 | Receivables | 464.51 | 686.74 |
| | Atul Ltd | 464.51 | 686.74 |
| 3 | Payables | 40.65 | 38.17 |
| | Atul Ltd | 40.65 | 28.25 |
| | Atul Finserv Ltd | - | 9.92 |

Note 25.3 (f) Terms and conditions

- 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.
- Transactions relating to dividends were on the same terms and conditions that applied to other shareholders.
- All outstanding balances are unsecured and are repayable in cash and cash equivalent.

Note 25.4 Current and deferred tax

During the year, the Company has decided to opt for provisions of section 115BAA of the Income Tax Act, 1961 (as per the provisions of section 115BAA, the Company is entitled to pay taxes at lower rate and give up certain exemptions including benefit of accelerated tax depreciation under the Income Tax Act 1961) with effect from



Note 25.4 Current and deferred tax (continued)

assessment year 2020-21 (financial year 2019-20). Accordingly, the current tax provision and the deferred tax liability have been remeasured, and the resultant impact of reversal of current tax provision of ₹ 42.75 lakhs and deferred tax liability of ₹ 19.89 lakhs is recognised during the year.

The major components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

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

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|---|----------------|----------------|
| i) Current tax | | |
| Current tax on profit for the year | 277.13 | 386.93 |
| Adjustments for current tax of prior periods | (42.75) | (1.12) |
| Total current tax expense | 234.38 | 385.81 |
| ii) Deferred tax | | |
| (Decrease) Increase in deferred tax liabilities | (20.41) | (43.07) |
| Decrease (Increase) in deferred tax assets | 7.34 | (1.66) |
| Adjustments for deferred tax of prior periods due to change in statutory tax rate | (19.89) | 8.94 |
| Total deferred tax expense (benefit) | (32.96) | (35.79) |
| Income tax expense | 201.42 | 350.02 |

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

| Particulars | 2020-21 | 2019-20 |
|--------------------------------------|---------------|---------------|
| a) Statutory income tax rate | 25.17% | 29.12% |
| b) Differences due to: | | |
| i) Non-deductible expenses | 2.28% | (0.80)% |
| ii) Exempt income | (2.53)% | (2.07)% |
| iii) Tax adjustment of earlier years | (3.94)% | 0.70% |
| iv) Rate difference | (0.06)% | - |
| v) Others | (2.28)% | 0.60% |
| Effective income tax rate | 18.64% | 27.55% |

The applicable statutory income tax rates for the year ended March 31, 2021, and March 31, 2020 are 25.17% and 29.12%, respectively.

Note 25.4 Current and deferred tax (continued)**c) Income tax assets (net)**

(₹ lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-----------------------------|-------------------------|-------------------------|
| Opening balance | 55.14 | 24.13 |
| Add: Taxes paid in advance | 256.46 | 416.82 |
| Less: current tax provision | 234.38 | 385.81 |
| Closing balance | 77.21 | 55.14 |

d) Deferred tax liabilities (net)

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

(₹ lakhs)

| Deferred tax liabilities (assets) | As at March 31, 2021 | (Charged) Credited to profit or loss OCI Equity | As at March 31, 2020 | (Charged) Credited to profit or loss OCI Equity | As at March 31, 2019 |
|--|----------------------------|--|----------------------------|--|----------------------------|
| Property, plant and equipment | 83.22 | (15.96) | 99.18 | 22.32 | 76.86 |
| Financial liabilities at amortised cost | 19.89 | (24.09) | 43.98 | (56.45) | 100.43 |
| Others | (1.52) | (1.52) | - | - | - |
| Provision for leave encashment | (0.55) | 0.60 | (1.15) | (0.18) | (0.98) |
| Unrealised gain (loss) on mutual funds | 5.26 | 6.74 | (1.48) | (1.48) | - |
| Net deferred tax liabilities (assets) | 106.30 | (34.23) | 140.53 | (35.79) | 176.31 |

Includes ₹ 19.89 impact due to change in tax rate.



Note 25.5 Employee benefit obligations

Funded schemes

a) Defined contribution plans:

Gratuity

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

(₹ lakhs)

| Particulars | Present value of obligation | Fair value of plan assets | Net amount |
|--|-----------------------------|---------------------------|----------------|
| As at March 31, 2019 liability (asset) | 6.60 | (15.80) | (9.20) |
| Current service cost | 1.01 | - | 1.01 |
| Interest expense (income) | 0.49 | (1.18) | (0.69) |
| Total (income) expense recognised in Consolidated profit and loss | 1.50 | (1.18) | 0.32 |
| Remeasurement | | | |
| (Gain) loss from change in financial assumptions | 0.28 | - | 0.28 |
| Return on plan assets, excluding amount included in interest expense | (0.09) | 0.05 | (0.04) |
| Experience (gain) | (0.31) | - | (0.31) |
| Total (income) expense recognised in other comprehensive income | (0.12) | 0.05 | (0.07) |
| Employer contributions | - | (1.09) | (1.09) |
| Benefits paid | (0.23) | 0.23 | - |
| As at March 31, 2020 liability (asset) | 7.75 | (17.79) | (10.04) |
| Current service cost | 1.14 | - | 1.14 |
| Interest expense (income) | 0.50 | (1.14) | (0.64) |
| Total (income) expense recognised in Consolidated profit and loss | 1.64 | (1.14) | 0.50 |
| Remeasurement | | | |
| (Gain) loss from change in financial assumptions | (0.59) | - | (0.59) |
| Return on plan assets, excluding amount included in interest expense | 0.87 | 0.29 | 1.16 |
| Experience (gain) | 0.31 | - | 0.31 |
| Total (income) expense recognised in other comprehensive income | 0.59 | 0.29 | 0.88 |
| Employer contributions | - | (0.12) | (0.12) |
| Liability for employee transferred | 4.08 | - | 4.08 |
| Benefits paid | (5.03) | 5.03 | - |
| As at March 31, 2021 liability (asset) | 9.03 | (13.73) | (4.70) |

Note 25.5 Employee benefit obligations (continued)

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

(₹ lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Present value of funded obligations | 9.03 | 7.75 |
| Fair value of plan assets | (13.73) | (17.79) |
| Deficit (surplus) of gratuity plan | (4.70) | (10.04) |

Significant estimates: actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|-------------------------------|--|--|
| Discount rate | 6.44% | 6.43% |
| Attrition rate | 8.00% | 14.00% |
| Rate of return on plan assets | 6.44% | 6.43% |
| Salary escalation rate | 7.62% | 8.04% |
| Mortality rate | Indian Assured Lives Mortality (2006-08) ultimate | Indian Assured Lives Mortality (2006-08) ultimate |

Sensitivity analysis

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

| Particulars | Change in assumptions | | Impact on defined benefit obligation | | | |
|------------------------|----------------------------|----------------------------|--------------------------------------|----------------------------|----------------------------|----------------------------|
| | As at March 31, 2021 | As at March 31, 2020 | Increase in assumptions | | Decrease in assumptions | |
| | | | As at March 31, 2021 | As at March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| Discount rate | 1.00% | 1.00% | (7.45%) | (2.62%) | 8.50% | 2.96% |
| Attrition rate | 1.00% | 1.00% | (1.38%) | (0.79%) | 1.47% | 0.84% |
| Salary escalation rate | 1.00% | 1.00% | 8.31% | 2.87% | (7.43%) | (2.60%) |

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

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



Note 25.5 Employee benefit obligations (continued)

Risk exposure

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

i) Interest rate risk

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

ii) Salary risk

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

iii) Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate, which is determined with 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.

iv) Concentration risk

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

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

| (₹ lakhs) | | | | | |
|---------------------------------------|------------------|---------------------|---------------------|--------------|-------|
| Particulars | Less than a year | Between 1 - 2 years | Between 2 - 5 years | Over 5 years | Total |
| Defined benefit obligation (gratuity) | | | | | |
| As at March 31, 2021 | 0.51 | 0.51 | 1.96 | 13.78 | 16.77 |
| As at March 31, 2020 | 4.77 | 0.26 | 0.98 | 3.94 | 9.95 |

b) Other long-term benefits

Leave encashment is payable to eligible employees who have earned leaves, during the employment and | or on separation as per the policy of the Group. Valuation in respect of leave encashment has been carried out by an independent actuary, as at the Balance Sheet date, based on the following assumptions:

Note 25.5 Employee benefit obligations (continued)

(₹ lakhs)

| Expenses recognised for the year ended on March 31, 2021 (included in Note 22) | 2020-21 | 2019-20 |
|---|-------------|-------------|
| Present value of unfunded obligations | 6.26 | 3.91 |
| - Current | 0.75 | 1.01 |
| - Non-current | 5.51 | 2.90 |
| Expense recognised in the Consolidated Statement of Profit and Loss | 0.66 | 0.40 |
| Discount rate | 6.44% | 6.43% |
| Salary escalation rate | 7.62% | 8.40% |

c) Defined contribution plans**Provident fund****State defined contribution plans**

Employers' contribution to employees' state insurance

Employers' contribution to employees' pension scheme 1995

The provident fund and the state defined contribution plans are operated by the Regional Provident Fund Commissioner. Under the scheme, the Group is required to contribute a specified percentage of payroll cost to the retirement benefit scheme to fund the benefits. These funds are recognised by the income tax authorities. The contribution of the Group to the provident fund and other contribution plans for all employees is charged to the Consolidated Statement of Profit and Loss.

The Group has recognised the following amounts in the Consolidated Statement of Profit and Loss for the year (refer Note 22):

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|--|-------------|-------------|
| Contribution to provident fund | 2.70 | 2.45 |
| Contribution to employees pension scheme 1995 | 3.81 | 2.20 |
| Contribution to employees' state insurance | 0.77 | 0.54 |
| Contribution to employee depository linked insurance | 0.23 | 0.13 |
| | 7.52 | 5.32 |

Estimation of social security code:

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



Note 25.6 Fair value measurements

Financial instruments by category

(₹ lakhs)

| Particulars | As at March 31, 2021 | | | As at March 31, 2020 | | |
|--|----------------------|----------|-----------------|----------------------|----------|----------------|
| | FVPL | FVOCI | Amortised cost | FVPL | FVOCI | Amortised cost |
| Financial assets | | | | | | |
| Investments: | | | | | | |
| Equity instruments | 42.77 | - | - | 2.10 | - | - |
| Mutual funds | 1,911.74 | - | - | 1,481.18 | - | - |
| Trade receivables | - | - | 482.10 | - | - | 713.66 |
| Security deposits for utilities and premises | - | - | 37.35 | - | - | 37.35 |
| Sales tax paid under protest | - | - | 0.50 | - | - | 0.50 |
| Other receivables | - | - | 6.38 | - | - | - |
| Cash and bank balances | - | - | 54.00 | - | - | 52.12 |
| Total financial assets | 1,954.51 | - | 580.33 | 1,483.28 | - | 803.63 |
| Financial liabilities | | | | | | |
| Trade payables | - | - | 314.80 | - | - | 238.80 |
| Borrowings | - | - | 565.05 | - | - | 448.94 |
| Security deposits | - | - | 19.51 | - | - | 13.82 |
| Lease liability | - | - | 0.87 | - | - | 0.87 |
| Employee benefits payable | - | - | 17.97 | - | - | 13.46 |
| Creditors for capital goods | - | - | 339.92 | - | - | - |
| Total financial liabilities | - | - | 1,258.12 | - | - | 715.89 |

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are, a) recognised and measured at fair value and b) measured at amortised cost and for which fair values are disclosed in the Consolidated Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the 3 levels prescribed in the Indian Accounting Standard. An explanation of each level follows underneath the table:

(₹ lakhs)

| i) Financial assets and liabilities measured at fair value as at March 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|----------|-----------------|--------------|-----------------|
| Financial assets | | | | |
| Financial investments at FVPL: | | | | |
| Unquoted equity shares ¹ | - | - | 42.77 | 42.77 |
| Mutual funds at FVPL | - | 1,911.74 | - | 1,911.74 |
| Total financial assets | - | 1,911.74 | 42.77 | 1,954.51 |

Note 25.6 Fair value measurements (continued)

(₹ lakhs)

| ii) Financial assets and liabilities measured at fair value as at March 31, 2020 | Level 1 | Level 2 | Level 3 | Total |
|--|---------|-----------------|-------------|-----------------|
| Financial assets | | | | |
| Financial Investments at FVPL: | | | | |
| Unquoted equity shares ¹ | - | - | 2.10 | 2.10 |
| Mutual funds at FVPL | - | 1,481.18 | - | 1,481.18 |
| Total financial assets | - | 1,481.18 | 2.10 | 1,483.28 |

¹Includes investments in Bharuch Enviro Infrastructure Ltd (21,000 equity shares) and Narmada Clean Tech Ltd (4,06,686 equity shares), which are for operation purposes and the Company expects its refund on exit. The Group estimates that the fair value of these investments are not materially different as compared to its cost.

There were no transfers between any levels during the year.

Level 1: This hierarchy includes financial instruments measured using quoted prices. The fair value of all equity instruments, which are traded on the stock exchange is valued using the closing price as at the reporting period.

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

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

b) Valuation techniques used to determine fair value

Specific valuation techniques used to value financial instruments include:

- i) the use of quoted market prices or dealer quotes for similar instruments,
- ii) the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1, 2 and 3.

c) Valuation processes

The Finance department of the Group includes a team that performs the valuations of financial assets and liabilities with assistance from independent external experts when required, for financial reporting purposes, including level 3 fair values.



Note 25.6 Fair value measurements (continued)

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

(₹ lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|---------------------------------|---------------------------------|
| | Carrying amount Fair value | Carrying amount Fair value |
| Financial assets | | |
| Security deposits for utilities and premises | 37.35 | 37.35 |
| Sales tax paid under protest | 0.50 | 0.50 |
| Total financial assets | 37.85 | 37.85 |
| Financial liabilities | | |
| Borrowings | 565.05 | 448.94 |
| Lease liability | 0.87 | 0.87 |
| Total financial liabilities | 565.92 | 449.81 |

The carrying amounts of trade receivables, bank deposits with less than 12 months maturity, cash and cash equivalents, trade payables, capital creditors, employee benefits payable, payable towards expenses and security deposits payable are considered to be the same as their fair values due to the current and short-term nature of such balances.

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

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

Note 25.7 Financial risk management

The business activities of the Group are exposed to a variety of financial risks, namely liquidity risk, market risk and credit risk. Responsibility for the establishment and oversight of the risk management framework lies with the Senior Management of the Group. The Group has constituted a Risk Management Committee, which is responsible for developing and monitoring the risk management policies of the Group. The key risks and mitigating actions are also placed before the Audit Committee of the Group. The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the activities of the Group.

The Risk Management Committee of the Group is supported by the Finance team and experts who provide assurance that the financial risk activities of the Group are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the policies and risk objectives of the Group. The objective of the Management is to maintain financial risk and market risk within acceptable parameters, while optimising returns.

Note 25.7 Financial risk management (continued)

This note explains the risks which the Group is exposed to and how the Group manages the risks in the Consolidated Financial Statements.

| Risk | Exposure arising from | Measurement | Management |
|----------------|---|----------------------------------|---|
| Credit risk | Cash and cash equivalents, trade receivables, financial assets measured at amortised cost | Aging analysis and credit rating | Diversification of investments in mutual fund and credit limits |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, financial assets measured at amortised cost or fair value through profit and loss and deposits with banks and financial institutions, as well as credit exposures to trade | non-trade customers including outstanding receivables.

i) Credit risk management

Credit risk is managed through the policy surrounding Credit Risk Management.

ii) Provision for expected credit losses

The Group provides for expected credit loss based on the following:

Trade receivables

Trade receivables consist of few customers, majorly of amount receivable from Atul Ltd, the holding company, for which ongoing credit evaluation is performed on the financial condition of the account receivables. Historical experience of collecting receivables of the Group is supported by low level of past default and hence the credit risk is perceived to be low.

The Group determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Group has considered subsequent recoveries, past trends, credit risk profiles of the customers based on their industry, macroeconomic forecasts and internal and external information available to estimate the probability of default in future and has taken into account estimates of possible effect from the COVID-19 pandemic.

b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has approved an appropriate liquidity risk management framework for short, medium and long-term funding and liquidity management requirements of the Group. The Management monitors rolling forecasts of the liquidity position of the Group and cash and cash equivalents on the basis of expected cash flows and manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following table shows the maturity analysis of financial liabilities of the Group based on contractually agreed undiscounted cash flows including contractual interest payment, as at the Balance Sheet date:

**Note 25.7 Financial risk management (continued)**

(₹ lakhs)

| Contractual maturities of financial liabilities as at March 31, 2021 | Less than 1 year | More than 1 year | Total |
|--|------------------|------------------|--------|
| Borrowings | 200.00 | 444.13 | 644.13 |
| Capital creditors | 339.92 | - | 339.92 |
| Trade payables | 314.80 | - | 314.80 |
| Lease liability | - | 0.87 | 0.87 |
| Security deposits payable | 19.51 | - | 19.51 |
| Employee benefits payable | 17.97 | - | 17.97 |

(₹ lakhs)

| Contractual maturities of financial liabilities as at March 31, 2020 | Less than 1 year | More than 1 year | Total |
|--|------------------|------------------|--------|
| Borrowings | 200.00 | 400.00 | 600.00 |
| Trade payables | 238.80 | - | 238.80 |
| Lease liability | - | 0.87 | 0.87 |
| Security deposits payable | 13.82 | - | 13.82 |
| Employee benefits payable | 13.46 | - | 13.46 |

c) Market risk

i) Cash flow and fair value interest rate risk

Maturity analysis of financial liabilities of the Group is based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

Entire borrowings of the Company are from the Atul Ltd (holding company) and have a fixed rate borrowings that is 0% and are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

ii) Price risk

Exposure

The Group is mainly exposed to the price risk due to its investments in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. In order to manage its price risk arising from investments in equity instruments, the Group maintains its portfolio in accordance with the framework set by the risk management policies.

Sensitivity

(₹ lakhs)

| Particulars | Impact in the Consolidated Statement of Profit and Loss | |
|------------------------|---|----------------|
| | March 31, 2021 | March 31, 2020 |
| Price increase by 10%* | 191.17 | 148.12 |
| Price decrease by 10%* | (191.17) | (148.12) |

*Ceteris paribus

Note 25.8 Segment information

The Group operates in a single business segment that is manufacturing of bulk chemicals. Its operations are confined within India and the major customer of the Group is Atul Ltd. Accordingly, there are no separate reportable segments as per Ind AS - 108 on 'Operating segment' and no further disclosures are required.

Note 25.9 Earnings per share

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

| Particulars | | 2020-21 | 2019-20 |
|--|---------|-----------|-----------|
| Profit for the year attributable to the equity shareholders | ₹ lakhs | 879.75 | 919.17 |
| Weighted average number of equity shares used in calculating basic diluted EPS | Number | 94,25,000 | 94,25,000 |
| Nominal value of equity share | ₹ | 10 | 10 |
| Basic and diluted EPS | ₹ | 9.33 | 9.75 |

Note 25.10 Leases

a) As a lessee

The Group has taken land on cancellable lease at Atul from Atul Ltd for 97 years from February 03, 1996 on annual lease rent of ₹ 8,000.

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

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|-----------------------------|---------|---------|
| Opening | 0.85 | - |
| Additions | - | 0.86 |
| Depreciation Amortisation | (0.01) | (0.01) |
| Closing | 0.84 | 0.85 |

Following are the movements in lease liability

(₹ lakhs)

| Particulars | 2020-21 | 2019-20 |
|----------------------------|---------|---------|
| Opening | 0.87 | - |
| Additions | - | 0.87 |
| Finance cost accrued | 0.08 | 0.08 |
| Payment of lease liability | (0.08) | (0.08) |
| Closing | 0.87 | 0.87 |



Note 25.10 Leases (continued)

The table below provides details regarding the contractual maturities of lease liability as at March 31, 2021, on an undiscounted basis:

| Particulars | (₹ lakhs) | |
|--|-------------------------|--|
| | As at March 31, 2021 | |
| Not later than 1 year | 0.08 | |
| Later than 1 year and not later than 5 years | 0.32 | |
| Later than 5 years | 5.44 | |
| Total minimum lease payments payable | 5.84 | |

Note 25.11 Loans

During the year, the Group has not entered into any transaction in nature of loans and advances which falls within the purview of Regulation 34(3) read with para A of Schedule V to the SEBI (listing obligations and disclosure requirements) Regulations, 2015 read with Section 186 (4) of the Companies Act, 2013.

Note 25.12 Creditors restatement as per BIFR scheme

The old unsecured creditors of ₹ 24.87 lakhs as at March 31, 2019, stated at 30% of payable amount as per the Modified Sanction Scheme MS-13, sanctioned by the Board of Industrial and Financial Reconstruction (BIFR), on July 01, 2013 are reinstated to ₹82.91 lakhs at 100%, as Modified Sanction Scheme MS-13 period is applicable till FY 2019-20. Increase in amount of creditors has been charged to Consolidated Statement of Profit and Loss. (refer Note 24)

Note 25.13 Interest in other entities

a) Subsidiary company

The Group has incorporated a wholly-owned subsidiary during the financial year 2020-21. It has share capital consisting solely of equity shares that are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group.

| Name of entity | Principal activities | Place of business Country of incorporation | Ownership interest held by the Group | |
|-------------------------------|---------------------------------|---|--------------------------------------|-------------------------|
| | | | As at March 31, 2021 | As at March 31, 2020 |
| | | | % | % |
| Amal Speciality Chemicals Ltd | Manufacturing of bulk chemicals | India | 100% | - |

(₹ lakhs)

Note 25.14 Disclosure of additional information pertaining to the parent and subsidiary company as per Schedule III of the Companies Act, 2013

| No. | Name of the entity in the Group | Net assets | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|-----|---|---------------------------------|------------------|--------------------------------------|------------------|---|------------------|---|------------------|
| | | As % of consolidated net assets | Amount (₹ lakhs) | As % of consolidated profit (loss) | Amount (₹ lakhs) | As % of consolidated other comprehensive income | Amount (₹ lakhs) | As % of consolidated total comprehensive income | Amount (₹ lakhs) |
| | Parent company | | | | | | | | |
| 1 | Amal Ltd | 87% | 3,436.41 | 100% | 884.51 | 100% | (0.88) | 100% | 883.63 |
| | Subsidiary company | | | | | | | | |
| 1 | Amal Speciality Chemicals Ltd | 13% | 492.68 | (0%) | (1.20) | - | - | (0%) | (1.20) |
| | Total | 100% | 3,929.09 | 100% | 883.31 | 100% | (0.88) | 100% | 882.43 |
| | Adjustment arising out of consolidation | | (503.56) | | (3.56) | | - | | (3.56) |
| | Grand Total | | 3,425.53 | | 879.75 | | (0.88) | | 878.87 |

Note 25.15 Events after the reporting period

There was no significant event after the end of the reporting period, which require any adjustment or disclosure in the Consolidated Financial Statement.

Note 25.16 Rounding off

All amounts are rounded off to the nearest thousand unless otherwise stated.

Note 25.17 Authorisation for issue of the Financial Statements

The Consolidated Financial Statements were authorised for issue by the Board of Directors on April 22, 2021.

| | | |
|---|---|----------------------------------|
| In terms of our report attached | For and on behalf of the Board of Directors | |
| For Deloitte Haskins & Sells LLP | | |
| Chartered Accountants | | Sunil Lalbhai Chairman |
| Samir R. Shah | Yogesh Vyas | Rajeev Kumar |
| Partner | Chief Financial Officer | Managing Director |
| Mumbai | Ankit Mankodi | Atul |
| April 22, 2021 | Company Secretary | April 22, 2021 |

Form AOC - I

{Pursuant to first proviso to Sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014}

Statement containing salient features of the Financial Statements of subsidiaries, associates and joint arrangements

Subsidiary company

| No. | Name of the company | Reporting period for the concerned subsidiary company, if different from that of holding company | Reporting currency and exchange rate as on date of the relevant financial year in case of foreign subsidiary companies | Equity share capital | Reserves and surplus | Total assets | Total liabilities | Investments | Revenue | Profit before tax | Provision for tax | Profit after tax | Dividend | % Shareholding |
|-----|-------------------------------|--|--|----------------------|----------------------|--------------|-------------------|-------------|---------|-------------------|-------------------|------------------|----------|----------------|
| 1 | Amal Speciality Chemicals Ltd | NA | NA | 500.00 | (7.32) | 884.36 | 391.68 | - | 0.24 | (1.45) | (0.25) | (1.20) | - | 100.00% |

(₹ lakhs)



Board of Directors



Mr Sunil Lalbhai is the Chairman of the Board since 2010 and is also the Chairman of Atul Ltd. Mr Lalbhai holds a postgraduate degree in Chemistry from the University of Massachusetts and a postgraduate degree in Economic Policy and Planning from Northeastern University.

Mr Rajeev Kumar is the Managing Director of the Company since 2017. Mr Kumar holds a graduate degree in Engineering from Indian Institute of Technology, Roorkee and a postgraduate degree in Management from Indira Gandhi National Open University.



Mr Gopi Kannan Thirukonda is a member of the Board since 2010 and is also the Chief Financial Officer and Whole-time Director of Atul Ltd. Mr Thirukonda is a Fellow Member of Institute of Chartered Accountants of India, Institute of Cost and Management Accountants of India and Institute of Company Secretaries of India. He holds a postgraduate diploma in Management from Indian Institute of Management, Ahmedabad.

Mr Abhay Jadeja is a member of the Board since 2010. Mr Jadeja is a partner in Crawford Bayley & Co, a firm of Solicitors and Advocates. He holds a graduate degree in law from the University of Mumbai.



Mr Sujal Shah is a member of the Board since 2010. Mr Shah is a founder partner of SSPA & Co Chartered Accountants. He is a Fellow Member of Institute of Chartered Accountants of India.

Ms Mahalakshmi Subramanian is a member of the Board since 2014. Ms Subramanian is a Member of Institutional Ethics Committee at ESI Post Graduate Institute of Medical Sciences and Research. She is a Fellow Member of Institute of Chartered Accountants of India and is a Certified Financial Risk Manager from The Global Association of Risk Professionals.



Corporate information

Directors

Mr Sunil Lalbhai

(Chairman)

Mr Rajeep Kumar

(Managing Director)

Mr Gopi Kannan Thirukonda

Mr Abhay Jadeja

Mr Sujal Shah

Ms Mahalakshmi Subramanian

Chief Financial Officer

Mr Yogesh Vyas

Company Secretary

Mr Ankit Mankodi

Statutory Auditors

Deloitte Haskins & Sells LLP

Secretarial Auditors

Nirali Solanki & Co

Head office

Atul House

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Dadar (West)

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India

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

Website: www.amal.co.in

Bankers

Axis Bank

State Bank of India

Amal Ltd

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India