Directors' Report

Dear Members,

The Board of Directors (Board) presents the Annual Report of Amal Speciality Chemicals Ltd together with the audited Financial Statements for the year ended March 31, 2022.

01. **Financial results**

(₹ *lakhs*)

	2021-22	2020-21
Revenue from operations	-	-
Other income	0.07	0.24
Total revenue	0.07	0.24
Profit before tax	(56.27)	(1.45)
Tax	0.25	(0.25)
Profit for the year	(56.52)	(1.20)

02. **Performance**

The Company was incorporated on October 12, 2020 and is implementing a 300 tpd Sulfuric acid plant. The plant is still under implementation.

03. **Dividend**

The Board does not recommend any dividend on the equity shares for the financial year ended March 31, 2022 in view of loss.

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

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

05. **Insurance**

The Company took adequate insurance policies.

06. **Risk Management**

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

07. **Internal Financial Controls**

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

08. **Fixed deposits**

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

09. **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 framed a Policy on Prevention of Sexual Harassment of Women at Workplace and constituted Internal Complaints Committee. No complaint was received during 2021-22.

10. **Loans, guarantees, investments and security**

During 2021-22, the Company did not give any loans, provided guarantees or made any investments during the year.

11. **Subsidiary, associate and joint venture companies**

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

12. **Related Party Transactions**

All the transactions entered into with the Related Parties were in ordinary course of business and on arm's length basis. Details of such transactions are given at note number 17.2. No transactions were entered into by the Company which required disclosure in Form AOC-2.

13. **Corporate Social Responsibility**

The provision of Section 135 of the Act are not applicable to the Company.

14. **Annual Return**

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

15. **Auditors**

B R Shah & Associates, Chartered Accountants resigned as the Statutory Auditors of the Company. Deloitte Haskins & Sells LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company by the Board to fill the casual vacancy. Deloitte Haskins & Sells LLP will retire at the conclusion of the ensuing Annual General Meeting (AGM), the Board recommended their appointment as the Statutory Auditors for a term of five consecutive years from 2022-23 to 2026-27. They have given their consent to act as the Auditors, if appointed.

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

16. Directors' responsibility statement

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

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

16.2 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.

16.3 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.

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

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

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

17. Directors

17.1 Appointments | Reappointments | Cessations

17.1.1 According to the Articles of Association of the Company, Mr Yogesh Vyas retires by rotation and being eligible offers himself for reappointment at the forthcoming AGM.

17.1.2 Policies on appointment and remuneration

The Company will formulate policy on remuneration of Directors as and when it starts paying remuneration to the Directors. The Company appoints directors in accordance with the applicable provisions of the Act.

18. Key Managerial Personnel and other employees

The provision of Section 203 of the Act are not applicable to the Company.

19. Board Meetings and Secretarial standards

The Board met Four times during 2021-22. Secretarial standards as applicable to the Company were followed and complied with.

20. Analysis of remuneration

There is no employee who falls within the criteria provided in Sections 134(3)(q) and 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 .

21. Acknowledgements

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

For and on behalf of the Board of Directors

Atul
April 20, 2022 Director Director

Annexure to the Directors' Report

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

1.1 Conservation of energy

1.1.1 Measures taken

nil

1.2 Technology absorption

No major steps were taken during the current year.

1.3 Total foreign exchange used and earned

nil

**Deloitte
Haskins & Sells LLP**

Chartered Accountants
One International Center
Tower 3, 27th -32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai – 400 013
Maharashtra, India

Tele: + 91 22 6185 4000
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Independent Auditor's Report

To the Members of Amal Speciality Chemicals Limited
Report on the audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Amal Speciality Chemicals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2022, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its loss, total comprehensive expense, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

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

- The Board of Directors of the Company is responsible for the other information. The other information comprises the information included in the Directors' Report and its annexure but does not include the Financial Statements and our Auditor's Report thereon.

- Our opinion on the 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Financial Statements

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

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

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

Auditor's responsibility for the audit of the Financial Statements

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

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

i) Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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 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 Financial Statements, including the disclosures and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and the Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the Directors as on March 31, 2022 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's 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 has not been paid/provided. Accordingly reporting under Section 197 read with Schedule V to the Companies Act, 2013 is not required.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

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

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

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

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W/W-100018

Ketan Vora
Partner
(Membership No. 100459)
UDIN: 22100459AIAOOQ7312

Place: MUMBAI
Date: APRIL 21, 2022

Annexure A to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of Amal Speciality Chemicals Limited (the Company) as of March 31, 2022, in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 judgement of the Auditor's, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm Registration No. 117366W|W-100018

Ketan Vora
Partner
(Membership No. 100459)
UDIN: 22100459AIAOOQ7312

Place: MUMBAI
Date: APRIL 21, 2022

Annexure B to Auditors' Report

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details of Plant and Equipment, capital work-in-progress, and relevant details of right-of-use assets.

(B) As the Company does not hold intangible assets so reporting under clause (i)(a)(B) of the Order is not applicable.

(b) The Company has a program of verification of property, plant and equipment, capital work in-progress, and right-of-use assets so as to cover all the items once every 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no such assets were due for physical verification during the year. Since no physical verification of property, plant and equipment was due during the year the question of reporting on material discrepancies noted on verification does not arise.

(c) The Company does not have any immovable properties other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee and hence reporting under clause (i)(c) of the Order is not applicable.

(d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) during the year.

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

(ii) (a) The Company does not have any inventory and hence reporting under clause (ii)(a) of the Order is not applicable.

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

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

(iv) According to information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees or securities that are covered under the provisions of sections 185 or 186 of the Companies Act, 2013, and hence reporting under clause (iv) of the Order is not applicable.

(v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the Order is not applicable.

(vii) (a) Undisputed statutory dues, including goods and service tax, provident fund, income tax, customs duty, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year. We have been informed that the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company.

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

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2022.

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

(ix) (a) In our opinion there is no loan repayable during the year by the Company. Hence reporting under clause (ix)(a) of the Order is not applicable to the Company.

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

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

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

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

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

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

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

(xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

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

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

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.

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

(b) The Company did not conduct internal audit during the Financial Year 2021-22 due to which we were there were no internal audit reports of the Company issued for the period under audit, hence we were unable to consider the internal audit reports in our audit.

(xv) In our opinion during the year the Company has not entered into any non-cash transactions with any of its Directors or Directors of the holding company, subsidiary company, associate company or persons connected with such directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a)(b)(c) &(d) of the Order is not applicable.

(xvii) The Company has not incurred any cash losses during the year covered by our audit and the immediately preceding financial year.

(xviii) There has been resignation of the statutory auditors of the Company during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors.

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

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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

Ketan Vora
Partner

Membership Number: 100459
UDIN: 22100459AIAOOQ7312

Place: Mumbai
Date: April 21, 2022.

Amal Speciality Chemicals Ltd
Balance Sheet as at March 31, 2022

(₹ lakhs)

Particulars	Note	As at March 31, 2022	As at March 31, 2021
A ASSETS			
1 Non-current assets			
a) Property, plant and equipment	2	338.46	-
b) Capital work-in-progress	2	6,778.51	477.43
c) Other non-current assets	3	233.34	262.20
d) Income tax assets (net)	17.3	1.03	0.22
e) Deferred tax assets	17.3	1.27	1.52
Total non-current assets		**7,352.61**	**741.37**
2 Current assets			
a) Financial assets			
i) Investments	4	-	20.23
ii) Cash and cash equivalents	5	0.65	26.26
iii) Other financial assets	6	24.99	-
b) Other current assets	3	1,125.25	96.50
Total current assets		**1,150.89**	**142.99**
Total assets		**8,503.50**	**884.36**
B EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	7	500.00	500.00
b) Other equity	8	(64.33)	(7.32)
Total equity		**435.67**	**492.68**
Liabilities			
1 Non-current liabilities			
a) Other financial liabilities			
i) Borrowings	9	6,395.01	244.14
ii) Lease liability	10	352.74	-
Total non-current liabilities		**6,747.75**	**244.14**
2 Current liabilities			
a) Financial liabilities			
i) Borrowings	9	739.94	-
ii) Trade payables			
Total outstanding dues of			
a) Micro-enterprises and small enterprises	11	-	-
b) Creditors other than micro-enterprises and small enterprises	11	0.92	0.23
iii) Other financial liabilities	12	573.39	145.46
b) Other current liabilities	13	5.83	1.85
Total current liabilities		**1,320.08**	**147.54**
Total liabilities		**8,067.83**	**391.68**
Total equity and liabilities		**8,503.50**	**884.36**

The accompanying Notes 1-17 form an integral part of the Financial Statements.

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

For and on behalf of the Board of Directors

Rajeev Kumar
Director

Ketan Vora
Partner

Yogesh Vyas
Director

Ankit Mankodi
Director

Mumbai
April 21, 2022

Atul
April 21, 2022

Amal Speciality Chemicals Ltd
Statement of Profit and Loss
for the year ended March 31, 2022

(₹ lakhs)

Particulars	Note	2021-22	2020-21*
INCOME			
Revenue from operations		-	-
Other income	14	0.07	0.24
Total income		**0.07**	**0.24**
EXPENSES			
Finance costs	15	33.96	-
Depreciation and amortisation expenses	2	6.13	-
Other expenses	16	16.25	1.69
Total expenses		**56.34**	**1.69**
Loss before tax		(56.27)	(1.45)
Tax expense			
Current tax	17.3	-	-
Deferred tax	17.3	0.25	(0.25)
Total tax expense		**0.25**	**(0.25)**
Loss for the year		(56.52)	(1.20)
Other comprehensive income			
Items that will not be reclassified to profit | loss			
Remeasurement gain | (loss) on defined benefit plans (net of tax)		-	-
Other comprehensive income | (expense), (net of tax)		-	-
Total comprehensive income | (expense) for the year		(56.52)	(1.20)
Earnings per equity share			
Basic and diluted earnings ₹ per equity share of ₹ 10 each	17.7	(1.13)	(0.10)

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* FY 2020-21 is the period from the date of incorporation (October 12, 2020) to March 31, 2021

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Partner

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April 21, 2022

Amal Speciality Chemicals Ltd
Statement of Cash Flows
for the year ended March 31, 2022

(₹ lakhs)

	Particulars		2021-22	2020-21*
A	CASH FLOW FROM OPERATING ACTIVITIES			
	Loss before tax		(56.27)	(1.45)
	Adjustments for:			
	Depreciation		6.13	-
	Finance costs		33.96	-
	Income from investments in mutual funds measured at FVPL (net)		(0.07)	(0.24)
	Operating loss before change in operating assets and liabilities		**(16.25)**	**(1.69)**
	Adjustments for:			
	Increase in non-current and current assets		(1,118.84)	(96.50)
	Increase in non-current and current liabilities		385.51	4.41
	Cash used in operations		**(749.58)**	**(93.78)**
	Income tax paid (net of refund)		(0.81)	(0.22)
	Net cash used in operating activities	A	**(750.39)**	**(94.00)**
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Payments towards property, plant and equipment (including capital advances)		(6,151.88)	(595.88)
	Sale | (Purchase) of current investments measured at FVPL (net)		20.30	(19.99)
	Net cash used in investing activities	B	**(6,131.58)**	**(615.87)**
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Disbursements of borrowings		6,890.81	244.14
	Proceeds from issue of equity shares		-	500.00
	Share issue expenses		(0.49)	(7.39)
	Interest on Loan paid		(33.96)	(0.62)
	Net cash flow from financing activities	C	**6,856.36**	**736.13**
	Net increase | (decrease) in cash and cash equivalents	A+B+C	**(25.61)**	**26.26**
	Cash and cash equivalents at the beginning of the year		**26.26**	**-**
	Cash and cash equivalents at the end of the year		**0.65**	**26.26**

i) The above 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.

The accompanying Notes 1-17 form an integral part of the Financial Statements.

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Amal Speciality Chemicals Ltd
Statement of changes in equity
for the year ended March 31, 2022

A Equity share capital

(₹ lakhs)

Particulars	Note	Amount
As at October 12, 2020		-
Changes in equity share capital during the year		500.00
As at March 31, 2021		**500.00**
Changes in equity share capital during the year		-
As at March 31, 2022	7	**500.00**

B Other equity

(₹ lakhs)

Particulars	Reserves and surplus	Total other equity
	Retained earnings	
As at October 12, 2020	-	-
Loss for the period	(1.20)	(1.20)
Share issue expenses net of tax	(6.12)	(6.12)
As at March 31, 2021	**(7.32)**	**(7.32)**
Loss for the year	(56.52)	(56.52)
Share issue expenses	(0.49)	(0.49)
As at March 31, 2022	**(64.33)**	**(64.33)**

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April 21, 2022

Atul
April 21, 2022

Notes to the Financial Statements

Background

Amal Speciality Chemicals Ltd (the Company) is a public company limited by shares, incorporated and domiciled in India. The Company is a subsidiary of Amal Ltd. Its registered office is located at O-16 east site offices, Atul, Valsad, Gujarat 396020, India and its principal place of business is located at Ankleshwar 393 002, Gujarat, India.

The Company has been incorporated for manufacturing of bulk chemicals such as Sulphuric acid and Oleum and their downstream products. The company is in process to set up manufacturing facility at its principal place of business.

The Financial Statements of the Company for the year ended March 31, 2021 were audited by, M/s B. R. Shah & Associates Chartered Accountants, the predecessor auditor.

Note 1 Significant accounting policies

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

a) Statement of compliance

The Financial Statements comply in all material 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 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 Financial Statements have been prepared on accrual and going concern basis.

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

iv) The Company was incorporated on October 12, 2020. The statement of Profit and Loss for previous year has therefore been prepared from October 12, 2020 to March 31, 2021. Thus, previous period figures are not comparable.

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

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

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

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

vi) Recent accounting pronouncements:

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

Ind AS 16 - Property, Plant and Equipment:

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

Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets:

The amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples might be direct labour, material) or an allocation of other costs that relate directly to fulfilling contracts (an example might be the allocation of depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual period beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

c) Foreign currency transactions

i) Functional and presentation currency:

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

ii) Transactions and balances:

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

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

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 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 45 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 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 option available under Section 115 BAB of the Income Tax Act, 1961, hence Minimum Alternate Tax (MAT) is not applicable to the Company.

e) Income tax (continued)

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 | (loss) 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.

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 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 the 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 Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease substantially transfer 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.

f) Leases (continued)

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 Balance sheet based on their nature. Leases of property, plant and equipment where the Company as a lessor has substantially transferred all the risks and rewards are classified as finance lease. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rent receivables, net of interest income, are included in other financial assets. Each lease receipt is allocated between the asset and interest income. The interest income is recognised in the 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 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 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 which are not ready for intended use as on the date of Balance Sheet are disclosed as 'capital work-in-progress'.

Depreciation methods, estimated useful lives and residual value

The charge in respect of periodic depreciation is derived after determining an estimate of expected useful life and the expected residual value 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:
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 or their useful lives.

h) Impairment

The carrying amount of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal | external factors. An impairment loss on such assessment 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 EIR method.

l) 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 the case of financial asset not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Subsequent measurement

After initial recognition, financial asset is measured at:

i) Fair value (either through FVOCI or through FVPL) or,

ii) Amortised cost

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

Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any, the amortisation of EIR and loss arising from impairment, if any is recognised in the 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 Statement of Profit and Loss. On derecognition, cumulative gain | (loss) previously recognised in OCI is reclassified from the equity to other income in the 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 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 FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in

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

l) Investments and other financial assets (continued)

Derecognition

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

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

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

Financial liabilities

i) Classification as debt or equity:

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

ii) Initial recognition and measurement:

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

iii) Subsequent measurement:

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

iv) Derecognition:

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

m) Offsetting financial instruments

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

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

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

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

o) 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.

p) Provisions and contingent liabilities

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

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

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

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

q) 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 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 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

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 Statement of Profit and Loss.

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

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

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 Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as defined contribution schemes as the Company has no further defined obligations beyond the monthly contributions.

Short-term employee benefits

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

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

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.

r) **Earnings per share**

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

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

Estimation of uncertainties relating to the global health pandemic COVID-19

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

Critical estimates and judgements

Preparation of the Financial Statements requires use of accounting estimates which, by definition, will seldom equal the actual results. This Note provides an overview of the areas that involved a higher degree of judgements or complexity and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

The areas involving critical estimates or judgements are:

i) Fair value measurements: Note 17.4
ii) Lease: Note 17.8
ii)i Estimation of claims | liabilities: Note 1 (p)
iv) Estimation of income tax: Note 17.3
v) Impairment: Note 1 (h)

Notes to the Financial Statements

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

(₹ lakhs)

Particulars	Right of use - leasehold land[1]	Total	Capital work-in-progress[2]
Gross carrying amount			
As at October 12, 2020	**-**	**-**	**-**
Additions	-	-	477.43
Disposals and transfers	-	-	-
As at March 31, 2021	**-**	**-**	**477.43**
Additions	344.59	344.59	6,301.08
Disposals and transfers	-	-	-
As at March 31, 2022	**344.59**	**344.59**	**6,778.51**
Depreciation	-	-	
Up to October 12, 2020	-	-	-
For the year	-	-	-
Disposals and transfers	-	-	-
Up to March 31, 2021	**-**	**-**	**-**
For the year	6.13	6.13	-
Disposals and transfers	-	-	-
Up to March 31, 2022	**6.13**	**6.13**	**-**
Net carrying amount	-	-	-
As at March 31, 2021	-	-	477.43
As at March 31, 2022	**338.46**	**338.46**	**6,778.51**

Notes:

[1]Refer Note 17.8 for disclosures of leases, where the Company is a lessee under a finance lease.

[2]Capital work-in-progress mainly comprises addition | expansion projects in progress.

Refer Note 17. 1 for disclosure of contractual commitment for acquisition of property, plant and equipment.

Capital-work-in progress ageing

(₹ lakhs)

Particulars	As at March 31, 2022					As at March 31, 2021				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	6,301.08	477.43	-	-	6,778.51	477.43	-	-	-	477.43
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

(₹ lakhs)

Note 3 Other assets		As at March 31, 2022		As at March 31, 2021	
		Current	Non-current	Current	Non-current
a)	GST receivables	957.00	233.34	96.50	
b)	Capital advances	168.25	-	-	262.20
		1,125.25	**233.34**	**96.50**	**262.20**

Note 4 Current investment		As at March 31, 2022		As at March 31, 2021	
		Number of units	Amount (₹ lakhs)	Number of units	Amount (₹ lakhs)
	Unquoted				
	Investment in mutual funds measured at	-	-	551	20.23
	Total current investments		-		20.23
	Aggregate amount of unquoted investments		-		20.23

(₹ lakhs)

Note 5 Cash and cash equivalents		As at March 31, 2022	As at March 31, 2021
	Balances with banks		
	In current accounts	0.65	26.26
		0.65	**26.26**

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

(₹ lakhs)

Note 6 Other financial assets		As at March 31, 2022		As at March 31, 2021	
		Current	Non-current	Current	Non-current
	Other receivables				
	Insurance claim receivable	24.00	-	-	-
	Related party (refer Note 17.2)	0.99	-	-	-
		24.99	**-**	**-**	**-**

(₹ lakhs)

Note 7 Equity share capital	As at March 31, 2022	As at March 31, 2021
Authorised		
50,00,000 (March 31, 2021: 50,00,000) equity shares of ₹ 10 each	500.00	500.00
	500.00	**500.00**
Issued and subscribed		
50,00,000 (March 31, 2021: 50,00,000) equity shares of ₹ 10 each, fully paid	500.00	500.00
	500.00	**500.00**

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.

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, 2022		As at March 31, 2021	
		Holding %	Number of shares	Holding %	Number of shares
1	Amal Ltd (holding company)	100.00%	49,94,994	100.00%	49,94,994

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	(₹ lakhs)	Number of shares	(₹ lakhs)
Balance as at the beginning of the year	50,00,000	500.00	50,00,000	500.00
Balance as at the end of the year	50,00,000	500.00	50,00,000	500.00

Note 7 Equity share capital (continued)

d) Shareholding of promoters

No.	Name of the promoter	As at March 31, 2022			As at March 31, 2021		
		Number of shares	% of total shares	% Change during the year	Number of shares	% of total shares	% Change during the year
1	Amal Ltd (holding company)	49,94,994	100.00%	0.00%	49,94,994	100.00%	100%
2	Atul Ayurveda Ltd	1	0.00%	0.00%	1	0.00%	100%
3	Atul Crop Care Ltd	1	0.00%	0.00%	1	0.00%	100%
4	Atul Clean Energy Ltd	1	0.00%	0.00%	1	0.00%	100%
5	Atul Entertainment Ltd	1	0.00%	0.00%	1	0.00%	100%
6	Lapox Polymers Ltd	1	0.00%	0.00%	1	0.00%	100%
7	Osia Infrastructure Ltd	1	0.00%	0.00%	1	0.00%	100%

(₹ lakhs)

Note 8 Other equity		As at March 31, 2022	As at March 31, 2021
a)	Retained earnings	(64.33)	(7.32)
		(64.33)	**(7.32)**

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

Nature and purpose of other reserves

a) Retained earnings

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

(₹ lakhs)

Note 9 Borrowings		Maturity	Terms of repayment	Interest rate p.a.	As at March 31, 2022		As at March 31, 2021	
					Current	Non-current	Current	Non-current
a)	Rupee term loan from Axis Bank (Secured)	September 2027	20 equal quarterly instalments	8.25%	-	4,932.95	-	244.14
b)	Unsecured loan from related party (refer note 17.2)	March 2028	5 equal Annual instalments	9.75%	-	2,202.00	-	-
	Amount of current maturities of long-term debt disclosed under the head 'short-term borrowing'				739.94	(739.94)	-	-
					739.94	**6,395.01**	**-**	**244.14**

Notes:

i) **Security:**

a) The secured loan 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.

b) Corporate Guarantee given by Amal Limited (holding company).

ii) Net debt reconciliation (₹ lakhs)

Particulars	Liabilities from financing activities		
	Current borrowings	Non-current borrowings	Total
Net debt as on October 12, 2020	-	-	-
(Repayments) | Disbursements	-	244.14	244.14
Interest expense	-	0.57	0.57
Interest paid	-	(0.57)	(0.57)
Net debt as on March 31, 2021	**-**	**244.14**	**244.14**
(Repayments) | Disbursements	-	6,890.81	6,890.81
Interest expense	-	264.26	264.26
Interest paid	-	(264.26)	(264.26)
Transfer from non-current to current borrowings	739.94	(739.94)	-
Net debt as on March 31, 2022	**739.94**	**6,395.01**	**7,134.95**

(₹ lakhs)

Note 10 Lease liability		As at March 31, 2022		As at March 31, 2021	
		Current	Non-current	Current	Non-current
	Lease liability[1]	-	352.74	-	-
		-	**352.74**	**-**	**-**

[1]Refer Note 17.8 for disclosures of lease liability.

(₹ lakhs)

Note 11 Trade payables		As at March 31, 2022	As at March 31, 2021
a)	Total outstanding dues of micro-enterprises and small enterprises (refer Note 17.9)	-	-
b)	Total outstanding dues of creditors other than micro-enterprises and small enterprises		
	i) Related parties (refer Note 17.2)	-	-
	ii) Others	0.92	0.23
		0.92	**0.23**

Trade payable ageing (₹ lakhs)

No.	Particulars	As at March 31, 2022						
		Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
1	MSME	-	-	-	-	-	-	**-**
2	Others	0.75	0.17	-	-	-	-	**0.92**
3	Disputed MSME	-	-	-	-	-	-	**-**
4	Disputed others	-	-	-	-	-	-	**-**

No.	Particulars	As at March 31, 2021						
		Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
1	MSME	-	-	-	-	-	-	**-**
2	Others	0.23	0.00	-	-	-	-	**0.23**
3	Disputed MSME	-	-	-	-	-	-	**-**
4	Disputed others	-	-	-	-	-	-	**-**

(₹ lakhs)

Note 12 Other financial liabilities		As at March 31, 2022		As at March 31, 2021	
		Current	Non-current	Current	Non-current
a)	Employee benefits payable	2.81	-	-	-
b)	Security deposits	27.61	-	2.33	-
c)	Creditors for capital goods	542.97	-	143.13	-
		573.39	**-**	**145.46**	**-**

(₹ lakhs)

Note 13 Other current liabilities		As at March 31, 2022	As at March 31, 2021
a)	Statutory dues	5.83	1.85
		5.83	**1.85**

(₹ lakhs)

Note 14 Other income	2021-22	2020-21
Income from investments in mutual funds measured at FVPL	0.07	0.24
	0.07	0.24

(₹ lakhs)

Note 15 Finance costs	2021-22	2020-21
Other finance costs	33.96	-
	33.96	-

(₹ lakhs)

Note 16 Other expenses	2021-22	2020-21
Legal and professional expenses	6.32	1.28
Sundry repairs	1.46	-
Rent	0.01	-
Rates and taxes	0.16	-
Remuneration to the Statutory Auditors		
a) Audit fees	1.00	0.20
Miscellaneous expenses	7.30	0.21
	16.25	1.69

Note 17.1 Commitments

Capital commitments

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

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed and not provided for (net of advances):		
Property, plant and equipment	1,323.02	2,446.26

Note 17.2 Related party disclosures

Note 17.2 (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 Ltd	Ultimate Holding Company
2	Amal Ltd	Holding Company
3	Key Management Personnel	
	Rajeev Kumar	Director
	Yogesh Vyas	Director
	Ankit Mankodi	Director
	Syamal De	Director

(₹ lakhs)

Note 17.2 (B) Transactions with related parties			2021-22	2020-21
a)	Purchases and expenses			
	1	Interest on unsecured loan	**124.54**	**-**
		Amal Ltd	124.54	-
	2	Service charges	**73.06**	**6.30**
		Amal Ltd	42.46	-
		Atul Ltd	30.60	6.30
	3	Reimbursement of expenses	**11.25**	**218.32**
		Amal Ltd	11.25	218.32
	4	Lease rent expenses	**25.81**	**-**
		Atul Ltd	0.01	-
		Amal Ltd	25.80	-
b)	Other transactions			
	1	Equity contribution	**-**	**500.00**
		Amal Ltd	-	500.00
	2	Reimbursement received	**0.99**	**-**
		Amal Ltd	0.99	-
	3	Unsecured loan	**2,202.00**	**-**
		Amal Ltd	2,202.00	-

(₹ lakhs)

Note 17.2 (C) Outstanding balances		As at March 31, 2022	As at March 31, 2021
1	Unsecured loan	**2,202.00**	**-**
	Amal Ltd	2,202.00	-
2	Receivables	**0.99**	**-**
	Amal Ltd	0.99	-
2	Payables	**16.55**	**11.31**
	Amal Ltd	8.67	4.50
	Atul Ltd	7.88	6.81

Note 17.2 (d) Terms and conditions

1. 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.
2. All outstanding balances are unsecured and are repayable in cash and cash equivalent.

Note 17.3 Current and deferred tax

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

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

(₹ lakhs)

	Particulars	2021-22	2020-21
i)	**Current tax**		
	Current tax on profit for the year	-	-
	Adjustments for current tax of prior periods	-	-
	Total current tax expense	**-**	**-**
ii)	**Deferred tax**		
	Decrease | (Increase) in deferred tax assets	0.25	(1.52)
	Amounts recognised directly in equity	-	1.27
	Total deferred tax expense | (benefit)	**0.25**	**(0.25)**
	Income tax expense	**0.25**	**(0.25)**

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

	Particulars	2021-22	2020-21
a)	Statutory income tax rate	17.16%	17.16%
b)	Differences due to:		
	i) Others	(17.60%)	
	Effective income tax rate	**(0.44%)**	**17.16%**

c) Income tax assets (net)

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	0.22	-
Add: Taxes paid in advance	0.81	0.22
Less: Current tax provision	-	-
Closing balance	**1.03**	**0.22**

Note 17.3 Current and deferred tax (continued)

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, 2022	(Charged) | Credited to profit or loss	As at March 31, 2021	(Charged) | Credited to profit or loss	As at March 31, 2020
Deferred tax: tax loss	-	(0.25)	(0.25)	0.25	-
Deferred tax: share-issue expenses	(1.27)	-	(1.27)	-	-
Net deferred tax liabilities | (assets)	**(1.27)**	**(0.25)**	**(1.52)**	**0.25**	**-**

Note 17.4 Fair value measurements

Financial instruments by category

(₹ lakhs)

Particulars	As at March 31, 2022			As at March 31, 2021		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments in mutual fund	-	-	-	20.23	-	-
Other receivables	-	-	24.99	-	-	-
Cash and bank balances	-	-	0.65	-	-	26.26
Total financial assets	**-**	**-**	**25.64**	**20.23**	**-**	**26.26**
Financial liabilities						
Trade payables	-	-	0.92	-	-	0.23
Borrowings	-	-	7,134.95	-	-	244.14
Lease liability	-	-	352.74	-	-	-
Employee benefits payable	-	-	2.81	-	-	-
Creditors for capital goods	-	-	542.97	-	-	143.13
Security deposits	-	-	27.61	-	-	2.33
Total financial liabilities	**-**	**-**	**8,062.00**	**-**	**-**	**389.83**

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 Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed 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, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at FVPL:				
Mutual funds at FVPL	-	-	-	-
Total financial assets	**-**	**-**	**-**	**-**

(₹ lakhs)

ii) 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:				
Mutual funds at FVPL	20.23	-	-	20.23
Total financial assets	**20.23**	**-**	**-**	**20.23**

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 technique 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

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, 2022	As at March 31, 2021
	Carrying amount | Fair value	Carrying amount | Fair value
Financial liabilities		
Borrowings	7,134.95	244.14
Lease liability	352.74	-
Total financial liabilities	**7,487.69**	**244.14**

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 17.5 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 17.5 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 which the Company is exposed to and how the Company manages the risks in the 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.

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 Balance Sheet date:

(₹ lakhs)

Contractual maturities of financial liabilities as at March 31, 2022	Less than 1 year	More than 1 year	Total
Borrowings	739.94	6,395.01	7134.95
Trade payables	0.92	-	0.92
Creditors for capital goods	542.97	-	542.97
Security deposits payable	27.61	-	27.61
Employee benefits payable	2.81	-	2.81

(₹ lakhs)

Contractual maturities of financial liabilities as at March 31, 2021	Less than 1 year	More than 1 year	Total
Borrowings	-	244.14	244.14
Trade payables	0.23	-	0.23
Creditors for capital goods	143.13	-	143.13
Security deposits payable	2.33	-	2.33

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:

Borrowings of the Company are from Amal Ltd (holding company) and Axis Bank Ltd and is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings.

As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Group has calculated the impact of a 25 bps change in interest rates. A 25 bps increase in interest rates would have led to approximately an additional impact of ₹17.83 lakhs (2020-21: ₹0.61 lakhs). A 25 bps decrease in interest rates would have led to an equal but opposite effect.

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

Sensitivity (₹ lakhs)

Particulars	Impact in the Statement of Profit and Loss	
	March 31, 2022	March 31, 2021
Price increase by 10%*	-	2.02
Price decrease by 10%*	-	(2.02)

* ceteris paribus

Note 17.6 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 customers 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 17.7 Earnings per share

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

Particulars		2021-22	2020-21
Profit for the year attributable to the equity shareholders	₹ lakhs	(56.52)	(1.20)
Weighted average number of equity shares used in calculating basic | diluted EPS	Number	50,00,000	12,53,509
Nominal value of equity share	₹	10	10
Basic and diluted EPS	₹	(1.13)	(0.10)

Note 17.8 Leases

As a lessee

The Company has taken land on cancellable lease at Ankleshwar from Amal Ltd for 57 years from April 01, 2021 on annual lease rent of ₹ 2,15,000

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

(₹ lakhs)

Particulars	2021-22	2020-21
Opening	-	-
Additions	344.59	-
Depreciation | Amortisation	6.13	-
Closing	338.46	-

Note 17.8 Leases (continued)

Following is the movements in lease liability

(₹ lakhs)

Particulars	2021-22	2020-21
Opening	-	-
Additions	344.58	-
Finance cost accrued	33.96	-
Payment of lease liability	(25.80)	-
Closing	352.74	-

The table below provides details regarding the contractual maturities of lease liability as at March 31, 2022 on an undiscounted basis:

(₹ lakhs)

Particulars	As at March 31, 2022
Not later than 1 year	26.44
Later than 1 year and not later than 5 years	112.56
Later than 5 years	2,942.45
Total minimum lease payments payable	**3,081.45**

Note 17.9 Disclosure requirement under MSMED Act, 2006

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

(₹ lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
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, 2022. The auditors have relied upon in respect of this matter.

Note 17.10 Ratios

No.	Ratio	UoM	Formula	As at March 31, 2022	As at March 31, 2021	% Variance	Reason for variance
a)	Current ratio	Times	A ÷ B	1.98	0.83	138%	The Company has been incorporated on October 12, 2020 and currently in execution stage of greenfield project, Thus the ratios do not give appropriate information and are not comparable.
b)	Debt-equity ratio	Times	I ÷ H	16.38	0.50	3205%	
c)	Debt service coverage ratio	Times	Q ÷ (J + M)	(0.48)	NA	0%	
d)	Return on equity ratio	%	P ÷ average of H	(3.04)	(0.12)	2400%	
e)	Inventory turnover ratio	Times	L ÷ average of D	NA	NA	0%	
f)	Trade receivables turnover ratio	Times	L ÷ average of E	NA	NA	0%	
g)	Trade payables turnover ratio	Times	R ÷ average of G	7.07	3.67	92%	
h)	Net capital turnover ratio	Times	L ÷ average of C	NA	NA	0%	
i)	Net profit ratio	%	O ÷ L	NA	NA	0%	
j)	Return on Capital Employed	%	(M + O) ÷ average of K	(1.06)	(0.28)	280%	
k)	Return on Investment	%	(M + O) ÷ average of F	(0.12)	(0.08)	45%	

No.	Base values	UoM	Reference	As at March 31, 2022	As at March 31, 2021
A	Current assets	₹ lakhs	Balance Sheet (current assets) - current investments	1,150.89	122.76
B	Current liabilities	₹ lakhs	Balance Sheet (current liabilities) - current borrowings and tax liabilities	580.14	147.54
C	Working capital	₹ lakhs	A-B	570.75	(24.78)
D	Inventories	₹ lakhs	Balance Sheet	-	-
E	Trade receivables	₹ lakhs	Balance Sheet	-	-
F	Total assets	₹ lakhs	Balance Sheet (total assets)	8,503.50	884.36
G	Trade payables	₹ lakhs	Balance Sheet (Note 11)	0.92	0.23
H	Equity	₹ lakhs	Balance Sheet (Note 7+8)	435.67	492.68
I	Debt	₹ lakhs	Balance Sheet (Note 9)	7,134.95	244.14
J	Principal repayments	₹ lakhs	Balance Sheet	-	-
K	Capital employed	₹ lakhs	H + I - capital work-in-progress (Note 2)	792.11	259.39
L	Net sales	₹ lakhs	Statement of Profit and Loss	-	-
M	Finance cost	₹ lakhs	Statement of Profit and Loss	33.96	-
N	Depreciation	₹ lakhs	Statement of Profit and Loss (Note2)	6.13	-
O	PBT	₹ lakhs	Statement of Profit and Loss	(56.27)	(1.45)
P	Total comprehensive income	₹ lakhs	Statement of Profit and Loss	(56.52)	(1.20)
Q	Net operating income	₹ lakhs	M + N + P	(16.43)	(1.20)
R	Total operating purchase	₹ lakhs	Other expenses (Note 16)	16.25	1.69

Note 17.11 Other statutory information

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

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

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

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

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

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

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

h) There were no loans, advances and investments made in intermediary company.

Note 17.12 Relationship with struck off companies

There were no transactions with struck off companies.

Note 17.13 Rounding off

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

Note 17.14 Foreign currency exposure

There was no foreign currency exposure as on March 31, 2022

Note 17.15 Authorisation for issue of the Financial Statements

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

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

Ketan Vora
Partner

Mumbai
April 21, 2022

For and on behalf of the Board of Directors

Rajeev Kumar
Director

Yogesh Vyas
Director

Ankit Mankodi
Director

Atul
April 21, 2022