

# Independent Auditor's Report

## To the Members of Atul Ltd

### Report on the Standalone Ind AS Financial Statements

01. We have audited the accompanying Standalone Ind AS Financial Statements of Atul Ltd (the Company) which comprise the Balance Sheet as at March 31, 2018, 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 the significant Accounting Policies and other explanatory information.

### Management's responsibility for the Standalone Ind AS Financial Statements

02. The Board of Directors of the Company is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these Standalone Ind AS 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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other Accounting Principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate Accounting Policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

03. Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

04. In conducting our audit, we have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the Audit Report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

05. We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

06. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers Internal Financial Control relevant to the preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the Accounting Policies used and the reasonableness of the accounting estimates made by the Directors of the Company, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

07. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

### Opinion

08. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other Accounting Principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit (including Other Comprehensive Income), its cash flows and the changes in equity for the year ended on that date.

### Other matter

09. The Standalone Financial Statements of the Company for the year ended March 31 2017, were audited by the M/s Dalal & Shah Chartered Accountants LLP, the predecessor Auditor.

Our opinion on the Standalone Ind AS Financial Statements is not modified in respect of this matter.

### Report on other legal and regulatory requirements

10. As required by Section 143(3) of the Act, based on our audit on the separate Financial Statements 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 Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) On the basis of the written representations received from the Directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Internal Financial Controls of the Company over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements.
    - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
11. As required by the Companies (Auditor's Report) Order, 2016 (the Order) issued by the Central Government in terms of Section 143(11) of the Act, we give in Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number: 117366W | W-100018

Mumbai  
April 27, 2018

Samir R. Shah  
**Partner**  
Membership Number: 101708

# Annexure A to the Independent Auditor's Report

Referred to in paragraph 10(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)**

01. We have audited the Internal Financial Controls over financial reporting of Atul Ltd (the Company) as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

## **Management's responsibility for Internal Financial Controls**

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

## **Auditor's responsibility**

03. Our responsibility is to express an opinion on the Internal Financial Controls of the Company over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India 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. These Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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

05. We believe that the audit evidence obtained by us 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**

06. The Internal Financial Controls over financial reporting of a company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. Internal Financial Controls over financial reporting of a Company include those policies and procedures that a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Financial Statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company and c) 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**

07. Because of the inherent limitations of Internal Financial Controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur

and not be detected. Also, projections of any evaluation of the Internal Financial Controls over financial reporting to future periods are subject to the risk that the Internal Financial Controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

08. 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, 2018, 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 issued by the Institute of Chartered Accountants of India.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number: 117366W | W-100018

Samir R. Shah

**Partner**

Mumbai  
April 27, 2018

Membership Number: 101708

# Annexure B to the Independent Auditor's Report

Referred to in paragraph 11 under 'Report on other legal and regulatory requirements' Section of our report of even date.

01. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, appears reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed | transfer deed | conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the Balance Sheet date, except the following:

Particulars of the land and building	Carrying value as at March 31, 2018	Name of entity on the title deed
Freehold land	₹ 0.32 cr	Atul Products Ltd
Freehold land	₹ 0.02 cr	Atic Industries Ltd
Freehold land	₹ 1.76 cr	Agrimore Ltd
Investment properties	₹ 0.94 cr	Atul products Ltd
Building in Delhi	₹ 0.02 cr	Atul products Ltd

In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment in the Financial Statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement. There are no buildings that have been taken on lease.

02. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
03. According to the information and explanations given to us, the Company has granted an interest bearing unsecured loan to a wholly owned subsidiary company

Atul Bioscience Ltd and an interest free unsecured loan to Amal Ltd (Pursuant to an Order of the Board for Industrial and Financial Reconstruction) covered in the register maintained under Section 189 of the Companies Act, 2013. The Company has not granted any loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

In respect of aforesaid loans:

- a) The terms and conditions of the grant of such loans are, in our opinion, not prejudicial to the interest of the Company.
  - b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - c) There is no overdue amount remaining outstanding as at the Balance Sheet date.
04. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
  05. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
  06. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  07. According to the information and explanations given to us, in respect of statutory dues:
    - a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service Tax and other material statutory dues applicable to it to the appropriate authorities.

- b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess, Goods and Service Tax and other material statutory dues in arrears as at March 31, 2018 for a period of more than 6 months from the date they became payable.
- c) There are no disputed dues of Sales Tax, Service Tax, Customs Duty, Value Added Tax and Goods and Service Tax which have not been deposited as on March 31, 2018. Details of dues of Income-tax and Excise Duty which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of the statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount unpaid (₹ cr)	Amount paid under protest (₹ cr)
Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeals)	Assessment year 1997-98 and 1999-2000	0.66	0.91
		Income Tax Appellate Tribunal	2010-11	*	0.87
The Central Excise Act, 1944 and Chapter V of the Finance Act, 1994	Excise duty and Service tax	Commissioner (Appeals)	1992-2018	4.41	0.11
		Customs, Excise and Service Tax Appellate Tribunal	1993-2016	5.17	0.50
		High Court	1994-95	3.53	—
Customs Act, 1962	Custom duty	Commissioner (Appeals)	1988-2009	3.19	—
		High Court	2017-18	1.76	—

\* ₹ 16,000.

08. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings from financial institutions, banks and Government. The Company has not issued any debentures.
09. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause (ix) of the CARO 2016 Order is not applicable.
10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid | provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company, and hence reporting under Clause (xii) of the CARO 2016 Order is not applicable.
13. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the Related Parties and the details of Related Party Transactions have been disclosed in the Financial Statements etc, as required by the applicable Accounting Standards.
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, and hence reporting under Clause (xiv) of CARO 2016 is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or Directors of its subsidiary companies or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number: 117366W | W-100018

Samir R. Shah

**Partner**

Membership Number: 101708

Mumbai

April 27, 2018