

Independent Auditor's Report

To the members of Atul Ltd

Report on the audit of the Consolidated Financial Statements

Opinion

01. We have audited the accompanying Consolidated Financial Statements of Atul Ltd (the Company or the Parent) and its subsidiary companies, (the Parent and its subsidiary companies together referred to as the Group) which includes the share of profit of the Group in its joint venture company, which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information, and which includes a joint operation (which is an entity) of the Group accounted on proportionate basis.
02. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other Auditors on separate Financial Statements of the subsidiary companies referred to in the other matters section, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for opinion

03. We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's responsibility for the audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its joint venture company and joint operation in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's

Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other Auditors in terms of their reports referred to in para 14 in the other matters section, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Key audit matter

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

| Key audit matters | Auditor's response |
|--|--|
| <p>Allowance for credit losses</p> <p>The Group determines the allowance for credit losses on trade receivables based on historical loss experience adjusted to reflect current and estimated future economic conditions of its customers, their industry and geography of operations.</p> <p>In calculating expected credit loss, the Group also considers the insurance covers and other securities, besides other related information for its customers, including credit reports, to estimate the probability of default in future and has taken into account estimates of possible effect from the COVID-19 pandemic. The Management has exercised significant judgement in estimating the allowance for credit losses.</p> <p>Refer Note 11 and 29.8(c) to the Consolidated Financial Statements.</p> | <p>Principle procedures included but were not limited to:</p> <p>Testing the effectiveness of controls over the:</p> <ul style="list-style-type: none"> - classification of customers by the businesses and computing the net exposure as at the reporting date - development of the expected credit model for the allowance for credit losses, including consideration of the current and estimated future economic conditions - completeness and accuracy of information used in the estimation of probability of default and - computation of the allowance for credit losses. <p>Testing the arithmetical accuracy and computation of the allowances prepared by the Management.</p> <p>Testing the allowance for credit loss through alternate scenarios, including profiling of customers based on their attributes with various sensitivities around approach, the assumptions and factoring the possible effect of the pandemic, to independently validate the Management estimates.</p> |

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

05. The Board of Directors of the Parent is responsible for the other information. The other information comprises the information included in the letter to shareholders, operational highlights, financial charts, Directors' Report and its annexure, Management Discussion and Analysis, Corporate Governance Report, Business Responsibility and Sustainability Report, Dividend Distribution Policy and performance trend, but does not include the Standalone Financial Statements, the Consolidated Financial Statements and our Auditor's Reports thereon.
06. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
07. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information, compare with the Financial Statements of the subsidiary companies audited by the other Auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other Auditors and consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary companies, is traced from their Financial Statements audited by other Auditors.
08. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the Consolidated Financial Statements

09. The Board of Directors of the Parent is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance, including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group, including its joint venture company in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its joint venture company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective entities and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgements and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial controls, which were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.
10. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group and its joint venture company are

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

11. The respective Board of Directors of the companies included in the Group and of its joint venture company are also responsible for overseeing the financial reporting process of the respective entities.

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

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

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

- a) Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- d) Conclude on the appropriateness of use of the going concern basis of accounting by the Management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the ability of the Group and its joint venture 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 Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group and its joint venture company to cease to continue as a going concern.

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

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

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Financial Statements of which we are the Independent Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other matters

14. We did not audit the Financial Statements | financial information of 34 subsidiary companies, whose Financial Statements | financial information reflect total assets of ₹ 702.31 cr as at March 31, 2022, total revenues of ₹ 785.72 cr, total net profit after tax of ₹ 48.53 cr, total other comprehensive income of ₹ 48.87 cr and net cash inflows amounting to ₹ 3.02 cr for the year ended on that date, as considered in the Consolidated Financial Statements. These Financial Statements | financial information have been audited by other Auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies and our report in terms of Sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary companies is based solely on the reports of other Auditors.

Some of these subsidiary companies are located outside India whose Financial Statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other Auditors under generally accepted auditing standards applicable in their respective countries. The Management of the Company has converted the Financial Statements | financial and other information of such subsidiary companies located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Management of the Company. Our opinion in so far as it relates to the balances and affairs of such subsidiary companies located outside India is based on the reports of other Auditors and the conversion adjustments prepared by the Management of the Company and audited by us.

15. We did not audit the Financial Statements | financial information of five subsidiary companies, whose financial information reflects total assets of ₹ 73.34 cr as at March 31, 2022, total revenue of ₹ 148 cr, total net profit after tax of ₹ 2.55 cr, total other comprehensive income of ₹ 2.54 cr and net cash inflows of ₹ 0.60 inflow amounting to ₹ 6.56 crore for the year ended on that date, as considered in the Consolidated Financial

Statements. These Financial Statements | financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies, is based solely on such unaudited Financial Statements | financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, these Financial Statements | financial information are not material to the Group.

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

Report on other legal and regulatory requirements

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other Auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of changes in equity dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the Directors of the Parent as on March 31, 2022, taken on record by the Board of Directors of the Parent and the reports of the Statutory Auditors of its subsidiary companies and a joint venture company incorporated in India, none of the Directors of the Group companies and a joint venture company incorporated in India 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 and the operating effectiveness of such controls, refer to our separate report in Annexure A, which is based on the Auditor's Reports of the Parent, subsidiary companies and a joint venture company incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

Reporting on the adequacy of internal financial controls over financial reporting and the operating effectiveness of such controls under Section 143(3)(i) of the Act is not applicable to the joint operation of the Group as it is a limited liability partnership.

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

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

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

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group and its joint venture company.

ii. The Group and its joint venture company did not have any material foreseeable losses on long-term contracts, including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent, its subsidiary companies and a joint venture company incorporated in India.

iv. (a) The respective Managements of the Company and its subsidiary companies, which are incorporated in India, whose Financial Statements have been audited under the Act, have represented to us and to the other Auditors of such subsidiary companies respectively that, to the best of their 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 or any of such subsidiary companies 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 or any of such subsidiary companies (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The respective Managements of the Company and its subsidiary companies, which are incorporated in India, whose Financial Statements have been audited under the Act, have represented to us and to the other Auditors of such subsidiary companies respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiary companies from any person or entity, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiary companies 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 Beneficiary) 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 performed by us and those performed by the Auditors of the subsidiary companies, which are incorporated in India, whose Financial Statements have been audited under the Act, nothing has come to our or other Auditor's notice that has caused us or the other Auditors 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. (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

(b) The Board of Directors of the Company have proposed final dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed, declared is in accordance with Section 123 of the Act, as applicable.

18. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the Order) issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's Report, according to the information and explanations given to us, and based on the CARO report issued by the Auditors of the subsidiary companies and a joint venture company included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, provided to us by the Management of the Company and based on the identification of matters of qualifications or adverse remarks in their CARO reports by the respective component Auditors and provided to us, we report that the Auditors of such companies have not reported any qualifications or adverse remarks in their CARO report, except for the one given below:

| No. | Name of entity | CIN | Relationship with Parent entity | Clause number of the CARO report which is qualified or adverse |
|-----|------------------|-----------------------|---------------------------------|--|
| 1. | Atul Finserv Ltd | U51900MH1947PLC005453 | Wholly owned subsidiary | Clause (iii)(c) |

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm registration number: 117366W|W-100018

Ketan Vora

Partner

Mumbai

April 26, 2022

Membership Number: 100459

UDIN: 22100459AIAQLX4183



Annexure A to the Independent Auditor's Report

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

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

01. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Atul Ltd (the Parent), its subsidiary companies and a joint venture company, which are companies incorporated in India, as of that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

03. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its joint venture company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and whether 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 judgement of the Auditor, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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, and based on the consideration of the reports of the other Auditors referred to in the other matters paragraph, the Parent, its subsidiary companies and a joint venture company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other matters

09. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to, 30 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the Auditors of such companies.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm registration number: 117366W|W-100018

Ketan Vora

Partner

Mumbai

Membership Number: 100459

April 26, 2022

UDIN: 22100459AIAQLX4183

