



DETERMINATION

Assimilate Grow Serve

Atul Ltd | Annual Report 2016-17

A coconut palm is considered a *kalpavruksha* (a tree that provides all the necessities of life) that stands tall through various seasons, with the support of its straight, columnar trunk and strong, fibrous roots. With each passing year, the palm rises towards the sky and sprouts leaves for shelter and bears fruit for nourishment. While this dynamic growth is noticeable, the fact remains that it firmly withstands the strongest winds with the help of its deep, well entrenched roots. It is the endeavour of team Atul to think deeply, grow sustainably and create value for its Stakeholders, all this by institutionalising processes and empowering teams to deliver innovative solutions.

Contents

Every seed has the potential
to become a tree.

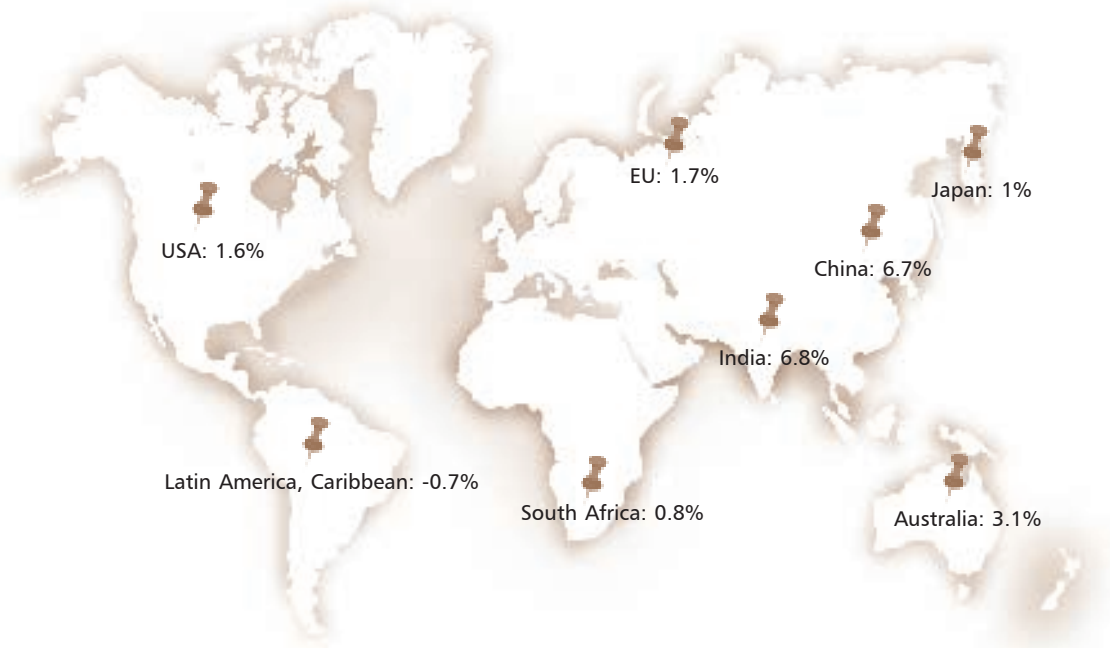
~ Gautama Buddha

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Forward looking statements

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

World GDP* growth remained stable at 3.1%



Crude oil and steel prices and forex rates fluctuated widely



between
US\$ 35.88 and
US\$ 56.34 per barrel



between
₹ 34,000 and
₹ 45,000 per MT



between
₹ 64.84 and
₹ 68.70 per US\$

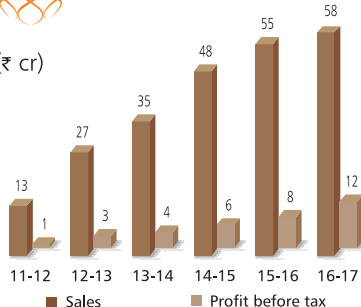
The Company made new investments to grow in an inclusive way

- Increased sales volume by 16% and maintained profit before tax at ~ ₹ 400 cr
- Undertook capex of ₹ 127 cr
- Served the society through 25 initiatives



Atul shareholding: 100%

(₹ cr)

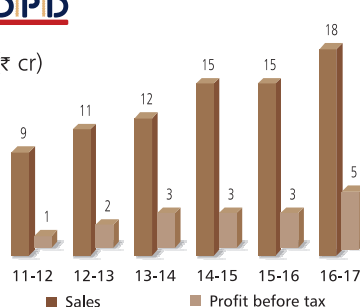


Atul Bioscience Ltd



Atul shareholding: 98%

(₹ cr)

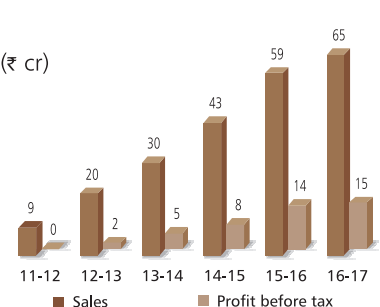


DPD Ltd



Atul shareholding: 50%

(₹ cr)



Rudolf Atul Chemicals Ltd

* Calendar year 2016 for all except India where the year is April 2016 to March 2017

Corporate identity

Adaptability is not imitation; it means power of resistance and assimilation.

~ Mahatma Gandhi



Dolphins

India declared the Ganga dolphin, a rare species of dolphins found only in India, as the National Aquatic Animal of the country. A part of the cetacean family, dolphins have abundant behavioural characteristics which enable them to adapt to varied environments. At Atul, it is our endeavour to continuously renew ourselves to broaden our horizon.

We are a diversified Indian company (a part of Lalbhai Group, one of the oldest business houses of India with a legacy of conducting business with a larger purpose) meeting the needs of varied industries such as Adhesives, Agriculture, Animal Feed, Automobile, Composites, Construction, Cosmetic, Defence, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Plastic, Rubber, Soap and Detergent, Sports and Leisure, Textile, Tyre and Wind Energy across the world. We manage complex chemical processes in a responsible way.

In order to enhance focus, we have placed the products belonging to the 2 reporting Segments, namely Life Science Chemicals and Performance and Other Chemicals, under 7 Sub-segments (interchangeably called Businesses), namely Aromatics, Bulk Chemicals and Intermediates, Colors, Crop Protection, Floras, Pharmaceuticals and Polymers – these in turn are managed through a matrix organisation structure for achieving all-round functional excellence.

Purposeful past

- Founded by a legendary Indian, Mr Kasturbhai Lalbhai, on September 15, 1947
- ...
- First private sector Company of India inaugurated by its first Prime Minister, Mr Jawaharlal Nehru
- A company that has manufactured many products for the first time in India

Preparative present

- Increasing efficiency and productivity, and strengthening people and business processes
- Broadening and deepening its presence in the marketplace
- Serving the society, particularly in the areas of national priorities like education, empowerment and infrastructure

Progressive future

- Developing, amongst others, a retail product portfolio with good growth potential
- Leveraging depth in science and technology and having integrated manufacturing
- Endeavouring sustainable growth through people, processes and products

Promoter group shareholding of ~ 44%

Equity share capital of ₹ 30 cr, net worth of ₹ 1,921 cr and debt equity of 0.08

Paid uninterrupted dividend since commencement of operations in 1952 (except 1999-2000)



Serving diverse industries

touching lives in many ways ...



Agriculture



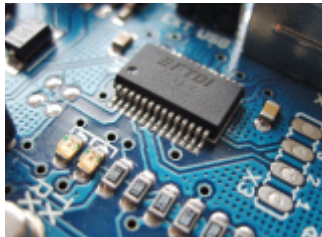
Composites



Construction



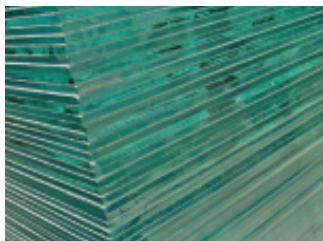
Cosmetic



Electrical and Electronics



Fragrance



Glass



Home Care



Horticulture



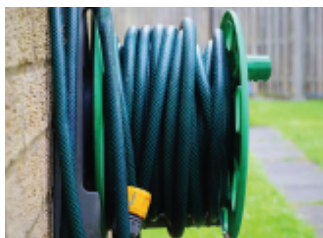
Paints and Coatings



Paper



Personal Care



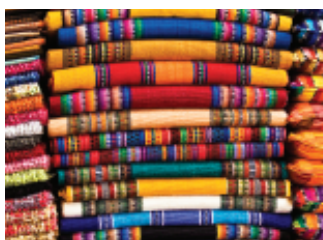
Rubber



Soap and Detergent



Sports and Leisure



Textile



Tyre



Wind Energy

- Production facilities in India (Ankleshwar, Atul, Panoli and Tarapur)
- Subsidiary company with production facility in the UK (Bristol)
- Joint venture companies with production facilities in India (Atul and Jodhpur)
- Distribution network for retail sales across India
- Wholly-owned subsidiary companies in Brazil (São Paulo), China (Shanghai), the UAE (Dubai), the UK (Wilmslow) and the USA (Charlotte)

...

- Manufactures about 900 products and 450 formulations classified into Life Science Chemicals and Performance and Other Chemicals Segments
- Serves about 6,000 customers in 68 countries
- Owns 55 retail brands



Growing with Purpose

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

- fostering a spirit of continuous learning and innovation
- adopting developments in science and technology
- providing high quality products and services, thus becoming the most preferred partner
- having people who practice Values and exemplify high standards of behaviour
- seeking sustained, dynamic growth and securing long-term success
- taking responsible care of the surrounding environment
- improving the quality of life of the communities we operate in

Mr Kasturbhai Lalbhai (1894 – 1980)

The legacy of our Founder has been synonymous with three terms in the broadest sense: excellence, perseverance and trusteeship. We, the people of Atul, have the most onerous of responsibilities: to expand and diversify business footprints and follow his figurative footsteps. We will endeavour to achieve this remit in full measure.



Mr Balwantrai Mazumdar (1902 – 1981)

An economist, Balwantrai Mazumdar was a voracious reader, sound thinker, patient listener and farsighted professional. He created an atmosphere of camaraderie that brought out the collective best of the people of Atul. He was the moving force behind making Atul Complex one of the largest eco-friendly chemical sites of its kind in the world. He remained with the Group till the end of his life, as did most of the people who worked with our Founder.

Mr Siddharth Kasturbhai (1923 – 1998)

A chemical engineer and the elder son of our Founder, Siddharth Kasturbhai dedicated his life to the development of Atul Conglomerate, according equal value to the creation of wealth and service to society. The principles he upheld of trusteeship in governance, the personal qualities he lived by of integrity, perseverance, a low profile, simplicity and the single-minded devotion he gave to the tasks on hand will remain our guiding force.



The name 'Atul' is a unique asset, which amongst others, represents a rich heritage of Values. In an environment where change is a way of life, continuity of Values is fundamental to us. We have therefore formalised key Values and are committed to institutionalising them. We will seek to create an environment wherein these Values are consistently practised and nurtured and ensure that they are not compromised to realise short-term gains.



Integrity

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

Understanding

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



Unity

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

Responsibility

Delivering value and taking ownership of actions. Responsibility must also give us the realisation that what is good for the business must be in the overall good. In essence, we must work with a spirit of trusteeship not only for the Shareholders, but also for the other Stakeholders. What comes to us must be returned many times over.



Excellence

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

Letter to the Shareholders

Dear Shareholders,

2017 will mark the completion of **70 years** of Atul. Though our inspiring Founder, Mr Kasturbhai Lalbhai, is not in our midst, the Values he cherished and which have in fact equipped our Company to withstand the test of time – Integrity, Excellence, Humility, Hard work and Larger purpose – continue to guide us as we endeavour strengthening our people, processes and products, keeping in focus what our Company can and ought to be in the years to come.

The **world economy** at US\$75 tn grew by 3.1% – similar to that in 2016; the USA (US\$18.6 tn, 1.6%), China (US\$11.2 tn, 6.7%) and Japan (US\$4.9 tn, 1%) remained at the top. India (US\$2.3 tn, 6.8%) is fast moving forward, but has a long way to go economically and also environmentally – the dimensions of the work to be done are vast, giving us an opportunity to grow meaningfully – locally as well as globally – and thereby contribute in our own small ways to nation building.

The **Chemical industry** at US\$4.4 tn contributes 6% to the world economy; it grew by 1.5% – not very differently than it did in 2016. India (US\$110 bn, 7%) remains much behind the top 3 – China (US\$1.6 tn, 5%), the USA (US\$630 bn, 2%) and Germany (US\$190 bn, 1%). This calls for industry participants and the Government to work together as the Chemical industry was, is and will remain an integral part of the economy. Our Company, driven by science and technology, will continue touching lives in a responsible way.

Our Company achieved volume growth of 16%, but price and margin de-growth pulled down the **performance**; for the year, i) sales at ₹ 2,639 cr increased by 10%, ii) EBITDA at ₹ 512 cr increased by 6% though EBITDA at 19.4% decreased by 0.78 percentage point and iii) PBT at ₹ 400 cr remained unchanged; however PAT at ₹ 285 cr was higher by 4% on account of lower tax liability. Our Company decreased its borrowing from ₹ 302 cr to ₹ 155 cr.

Barring Atul Brazil, the operating **subsidiary and associate companies** improved their performance; Atul Bioscience and Rudolf Atul Chemicals declared dividend of 60% and 127.50% respectively.

AkzoNobel and our Company have formed a 50-50 joint venture partnership, named ANAVEN, to manufacture Monochloroacetic acid – the plant will not only be the biggest in India, but also the best in the world in terms of efficiency. The proposal to merge Amal with our Company has been dropped.

We are not happy with our performance in 2016-17 as our potential is much higher – we continued to perform poorly in Colors; our performance deteriorated in Crop Protection – Retail significantly and Polymers – Retail marginally. We believe the investments we have made and the path we are pursuing will deliver value, but I was perhaps too optimistic in my last letter wherein I had mentioned that we will try and achieve sales of ₹ 4,000 cr in 2017-18 – this will take some more time.

Over the last 3 years, we have made investments in projects (related to sales growth) totaling to ₹ 350 cr. We are taking time to achieve the expected rise in sales as some of the projects although completed are under stabilisation; it is also because of the time being taken to build more capabilities (in particular) for growing retail sales. During 2016-17, we completed 3 expansion projects with an investment of ₹ 117 cr. In light of these facts, I believe higher sales will be realised in course of time.

Atul Foundation took up initiatives mainly in Gujarat and also in Jharkhand, Rajasthan and Uttar Pradesh. Atul Bioscience and Rudolf Atul Chemicals contributed to Atul Foundation. The initiatives which covered programs such as Education, Empowerment and Infrastructure were in step with national priorities. DPD, a subsidiary company in the UK, was recognised by the Community Council of Somerset for supporting a play park. Our people are also supporting the initiatives of Atul Foundation.

How well our Company will do in the times to come will depend on the competence, perseverance and teamwork of our **people** for it is they who institutionalise efficient processes and introduce new products & services. Our sustainability will depend also on how well we develop our people, old and new. We are therefore consistently focusing on enhancing 3 areas – performance management, people development and recruitment.



Atul office in Thane, built in addition to 2 offices in Mumbai, to increase productivity.

A tree gathers light and grows, and the more it grows, the more light it gathers to grow further. The same can be true for us - when we imbibe knowledge, we grow, and the more we grow, the more knowledge we imbibe to grow further. We also know that knowledge is incomplete unless accompanied by well-executed action and that action is imperfect without having in-depth knowledge. It is therefore our effort to be both, a learning and an action-oriented organisation - where we take high quality and high velocity decisions and actions.

This is a key task for the HR function and leadership at different levels.

What we are doing is not meant to be easy – some for the first time anywhere (for example, becoming the best in the world in efficiencies) and some for the first time in our Company (for example, building a retail business) – I convey my **appreciation** to every team member who is working long and hard, with an eye for detail and depth in thinking and thereby making a difference to our Company. I value the critical analysis, constructive questioning and encouragement by our Non-executive Directors.

Even in 2017, we will like to remind ourselves of 1947 – the birth year of our Company and the independence year of our country – so that we work with the same **newness, optimism and purpose**. I wish to assure you that team Atul will focus not on what our Company has been, but on what it can be. Once our recent investments deliver value, we will

like to see more bold moves ahead of us than behind us – there may be struggle, but we know that where there is life, there is struggle, and we are prepared for it.

Sincerely,

(Sunil Siddharth Lalbhai)
Chairman and Managing Director

Operational highlights

Raise your abilities to the height of your goals.

~ Swami Vivekananda

Experience has taught us that when we work with vision, attention to detail, passion for excellence and a spirit of solidarity, significant improvements will be realised. We are therefore trying to develop these time-tested qualities and are pleased to share with you some of the initiatives taken by team Atul in 2016-17.



People

- Enhanced training for retail sales team
- Strengthened integrated development plan for managers
- Initiated performance management for workmen through HRIS

Systems

- Enhanced 'AtulNet', the intranet portal
- Launched Vendor Portal to improve quality of communication with vendors
- Implemented application to facilitate foreign exchange deal documentation and confirmation



Safety

- Achieved 32.7 mn accident free man hours
- Implemented online incident | accident reporting system for data analysis and reporting
- Institutionalised safety audit through an independent agency

Health

- Carried out 5,486 health check-ups
- Circulated 54 health related articles
- Conducted 4 health workshops





Environment

- Achieved zero liquid discharge in 3 more plants
- Commissioned a microbiology research laboratory to find better ways to treat pollutants
- Installed 2 MW wind turbine

Technology and Manufacturing

- Completed 31 projects
- Decreased per unit consumption of water, electricity and natural gas by 8%, 10% and 6% respectively
- Recovered 5 useful products from waste



Research and Development

- Developed 52 products | formulations
- Improved processes of 47 products
- Supported 49 scale-ups

Sales and Marketing

- Added 247 customers
- Initiated implementation of customer relationship management software
- Introduced 3 retail brands

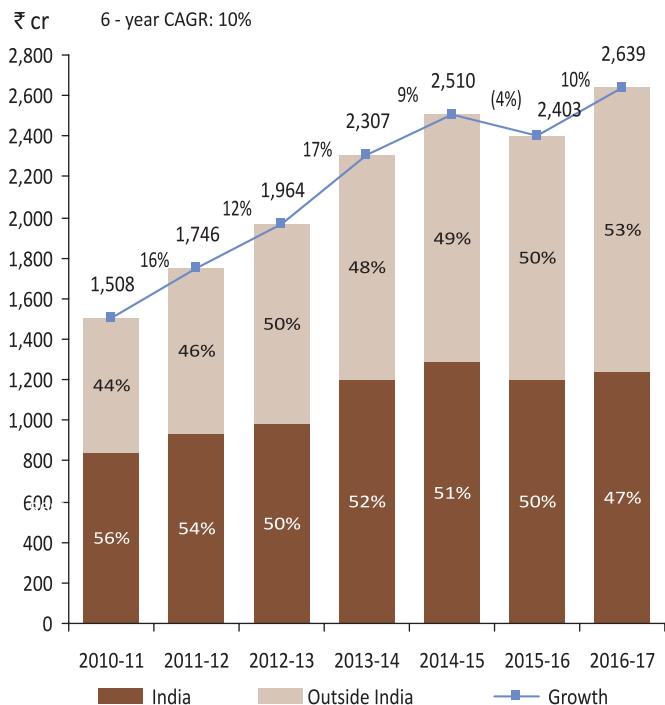


Growth

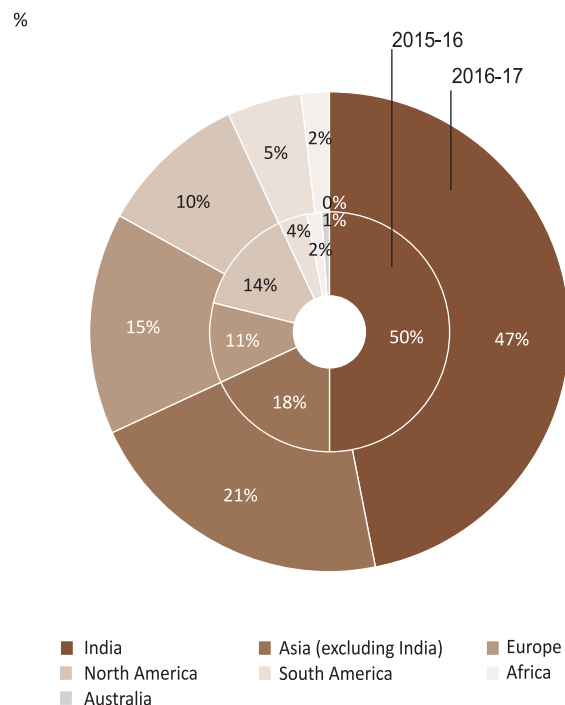
- Debottlenecked capacities in 10 products
- Decreased time-cycle in 9 products
- Executed 3 expansion projects

Financial charts

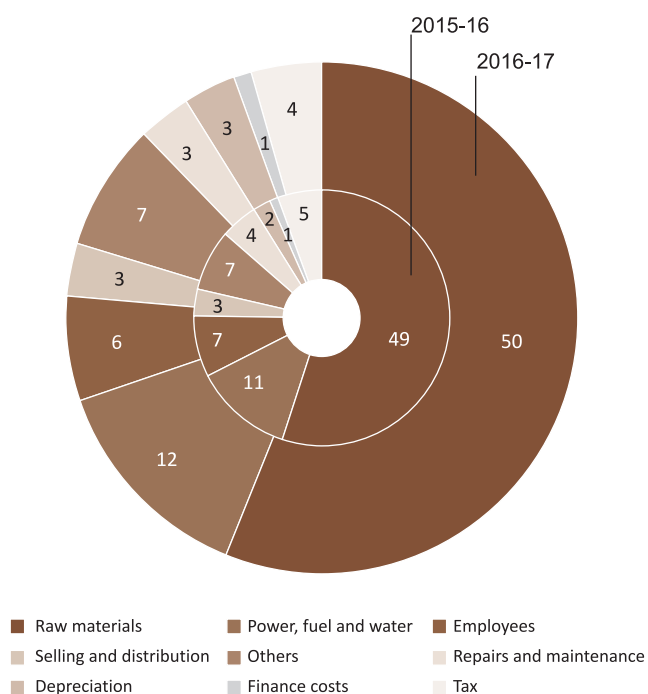
Sales



Sales by geography

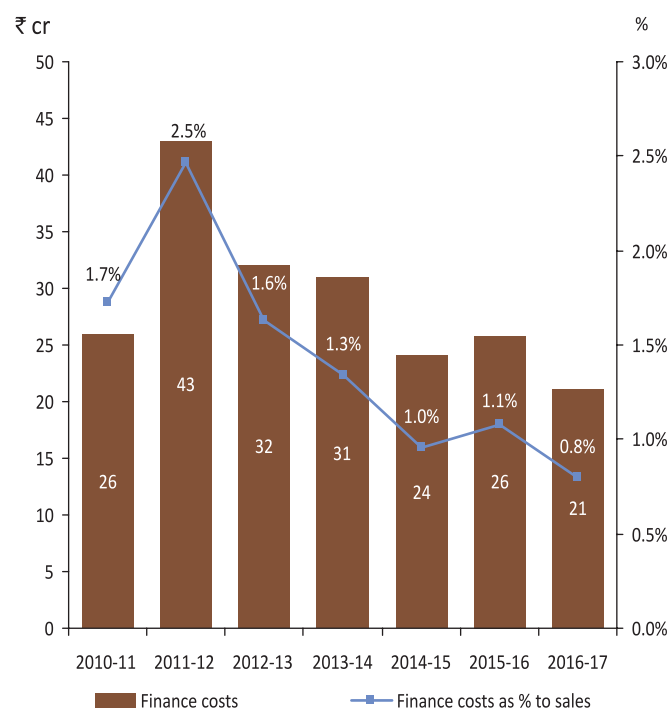


Expenses*

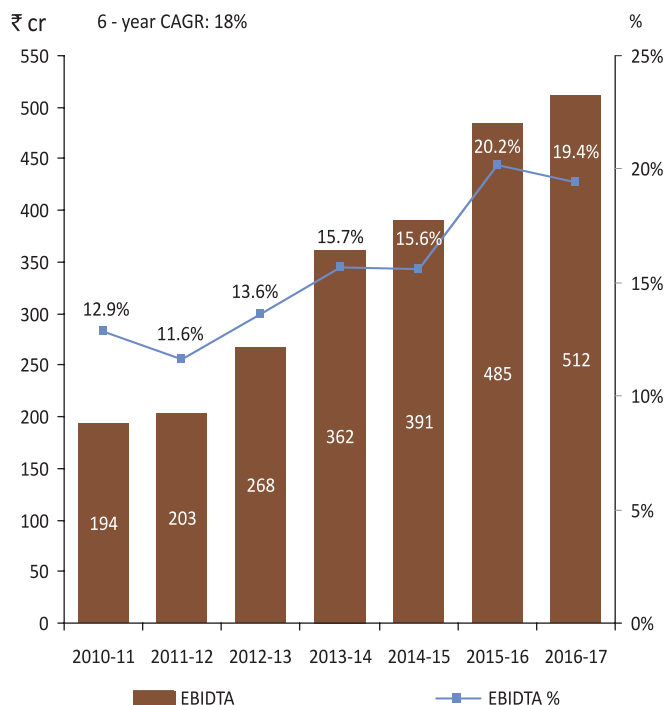


* as percentage of operating revenue

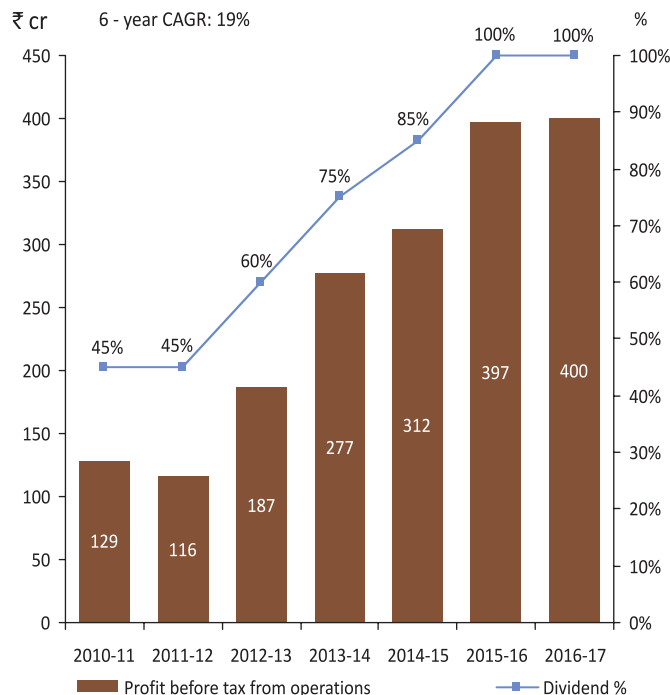
Finance costs



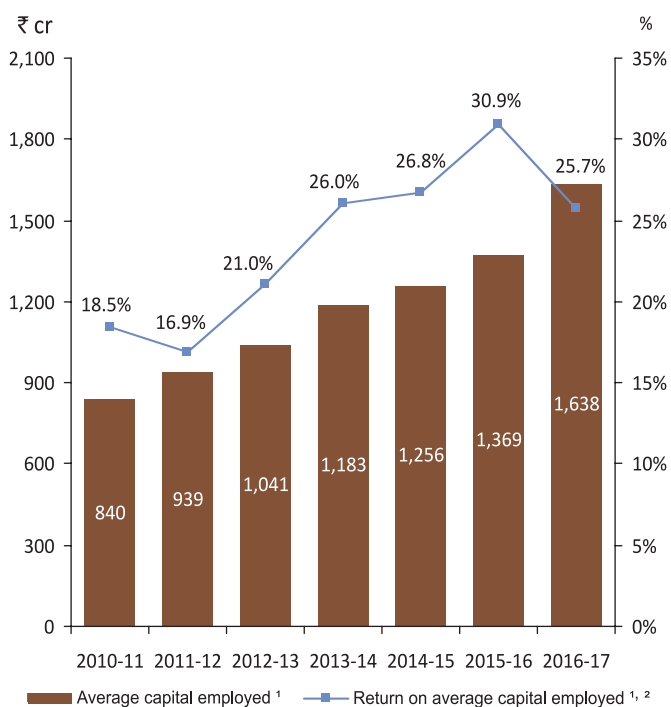
EBIDTA



Profit before tax from operations and Dividend



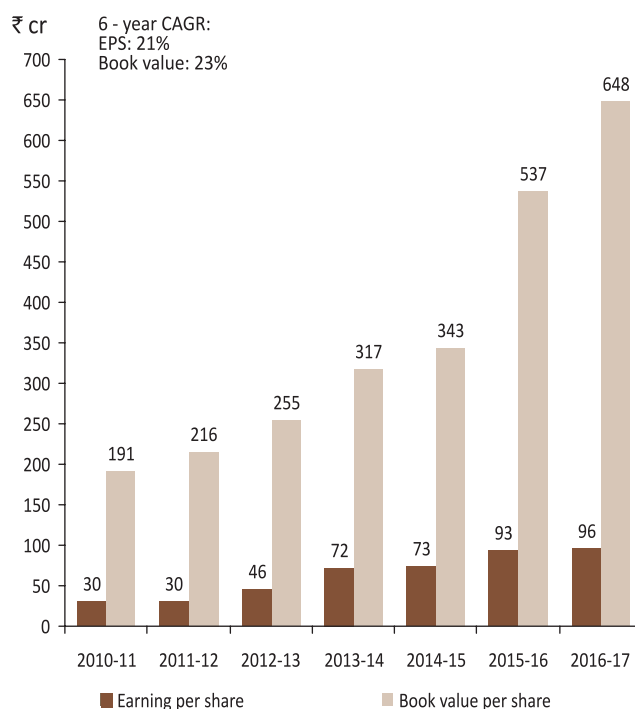
Return on average capital employed



¹Excluding capital work-in-progress | revaluation reserve on investment

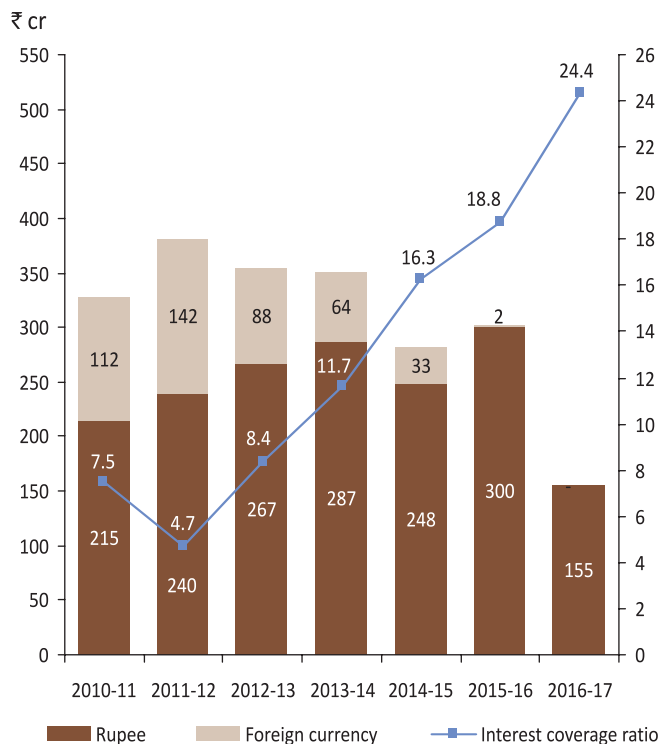
²Excluding exceptional | Non-recurring items

Earning per share and Book value per share

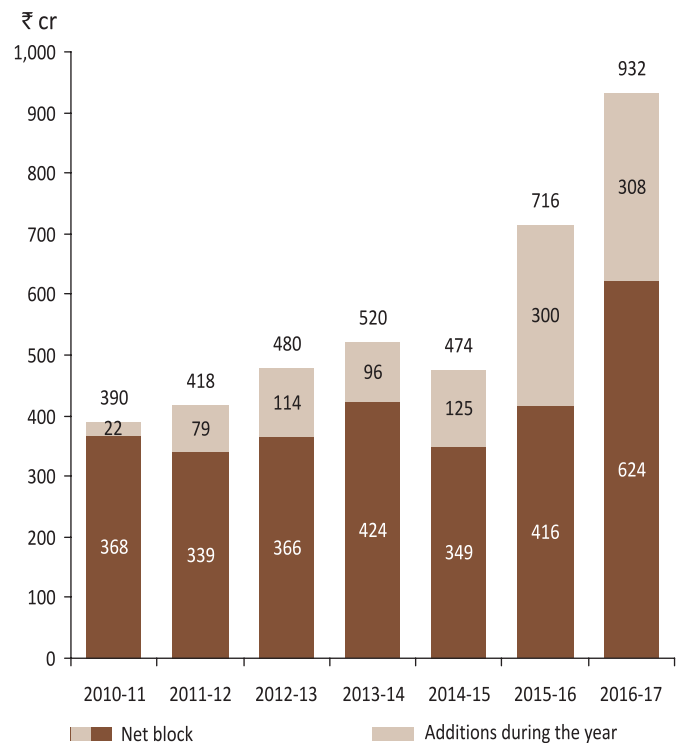


Financial charts

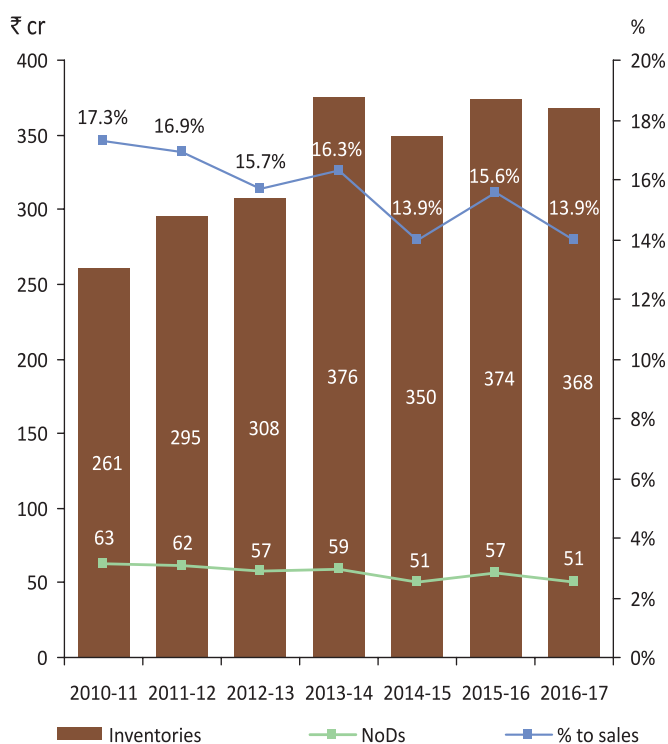
Borrowings



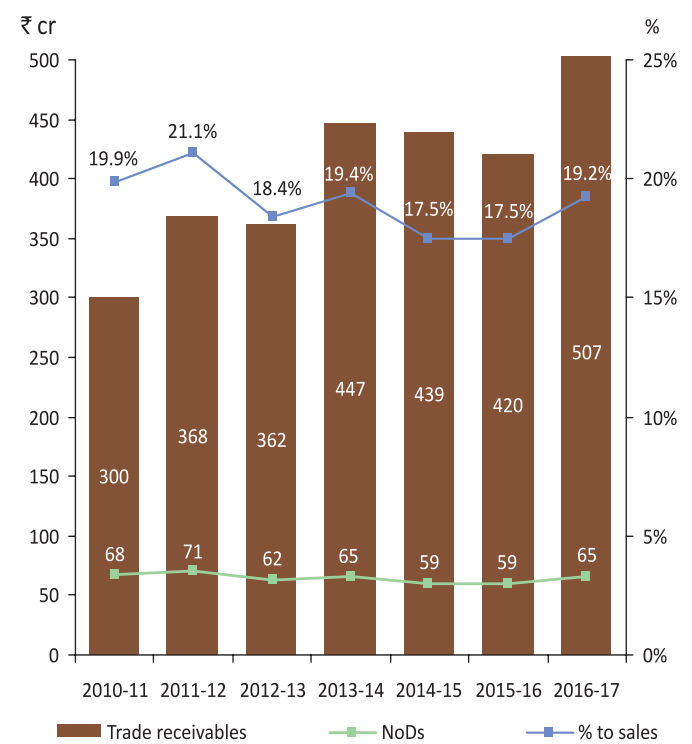
Property, plant and equipment



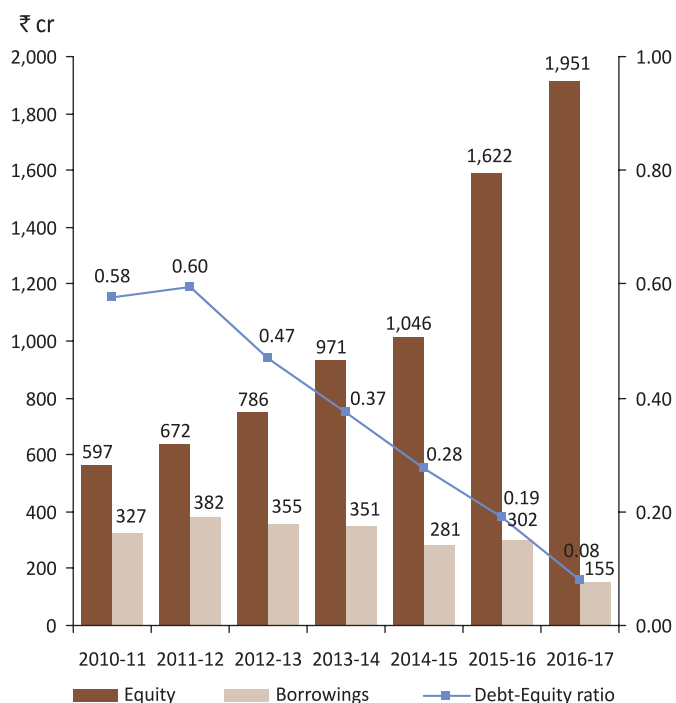
Inventories



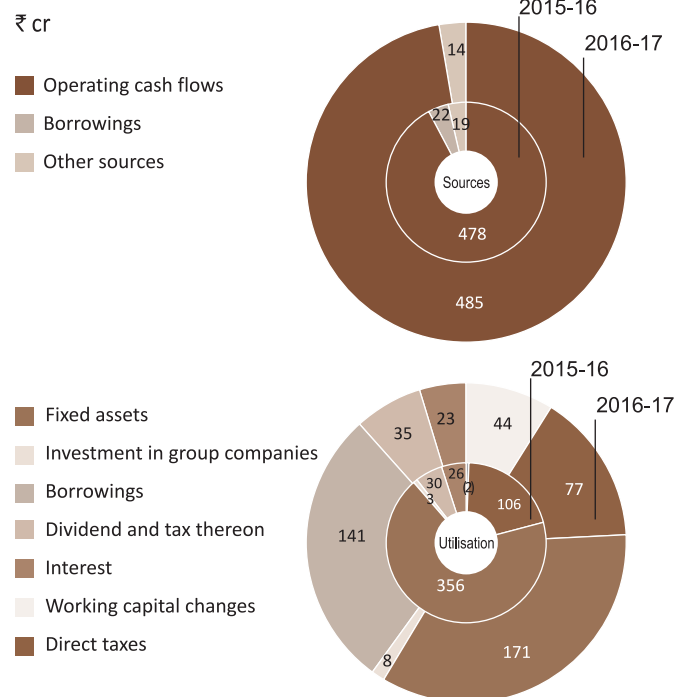
Trade receivables



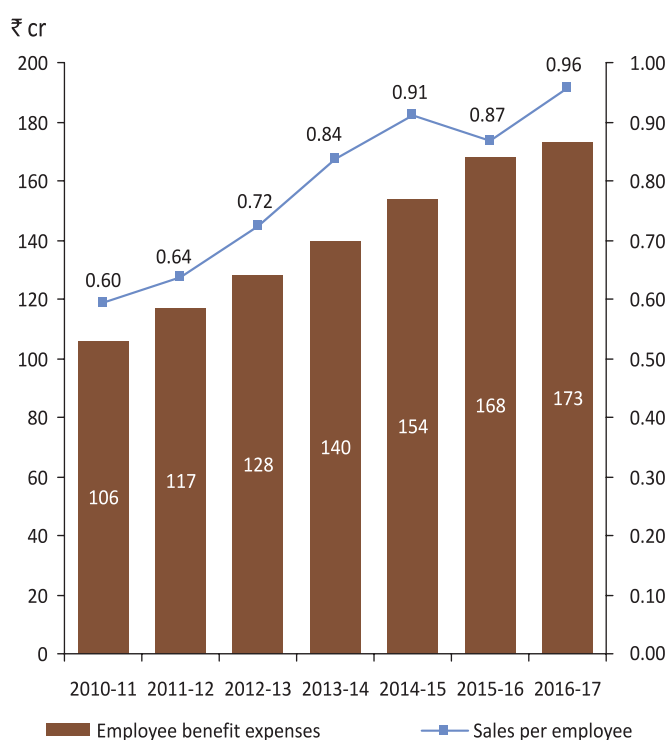
Debt-Equity



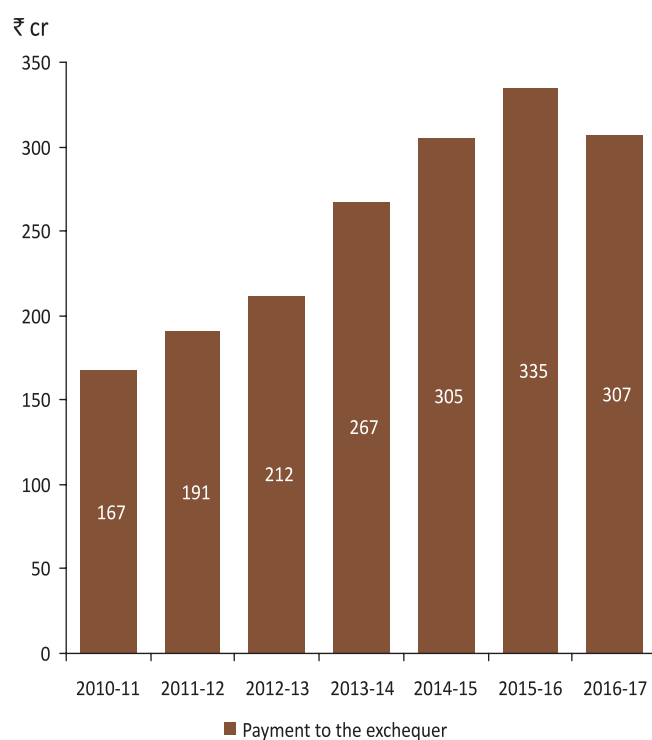
Sources and Utilisation of cash



Employee benefit expenses and Sales per employee



Payment to the exchequer



Serving the society

Give, even if you only have a little.

~ Gautama Buddha

Mr Kasturbhai Lalbhai, our nationalist Founder, was committed to make a social impact through every business enterprise he established. The legacy and ideals he left behind are being carried forward by us in our own small ways, to bring about a change for the better. Some of the initiatives undertaken by Atul Foundation (Trust) in 2016-17 are outlined below.



Education

- Distributed writing material to students of 23 primary schools and books to 30 libraries in 9 villages
- Enhanced infrastructure facilities in 3 schools in 3 villages
- Established a library in a Sarvajanic Madhyamik Shala
- Extended financial assistance to an Ashramshala for holistic development of 185 children
- Initiated 'Adhyapika' course to enable 21 girls | women with 10+2 qualification to become skilled elementary school teachers

Empowerment

- Trained 200 women in garment making, soft toy making and beauty and styling in 5 villages
- Trained 184 students in computer operations and 76 students in English language
- Introduced 2 new courses in Atul Institute of Vocational Excellence (AIVE)
- Trained 462 students in 10 vocations in Industrial Training Institutes
- Trained 1,285 tribal students in 10 vocational courses in AIVE, 87.91% of whom were placed in surrounding companies



Health

- Constructed 1,350 individual household toilets in 15 villages
- Organised 22 blood donation camps (2,203 blood units) in 16 villages
- Organised eye and ENT camps benefitting 3,103 patients in 10 villages; 129 were operated for cataract, 551 were provided spectacles
- Organised a general health camp; 104 patients were provided with free medication
- Trained 69 women in yoga and 36 in food and nutrition



Relief

- Contributed towards flood relief in Valsad city
- Contributed towards community marriage of 115 poor couples
- Helped 36 poor cancer patients from 5 villages
- Helped 63 thalassemia patients from 36 villages and 3 cities for blood transfusion
- Provided subsidised fertilisers and farm kits to 71 farmers

Conservation

- Upgraded gas based crematorium facility in Atul village
- Planted 53,000 trees



Infrastructure

- Constructed community shed in Chanvai village
- Upgraded Bhakti shed and temple in Binwada village
- Upgraded amenities (paver blocks and compound wall) in 3 schools in 3 villages
- Installed dustbins in Dungarwadi village benefitting 1,500 villagers
- Installed 40 LED lights in Parnera village

If you wish to join in this endeavour of uplifting the rural poor, a form about proposed association is given at page number 232.

Board of Directors



Dr S S Baijal



Mr H S Shah



Mr B N Mohanan



Mr T R Gopi Kannan



Mr R A Shah



Mr B S Mehta



Mr S M Datta



Mr M M Chitale



Mr B R Arora



Mr S S Lalbhai



Mr S A Lalbhai



Mr V S Rangan



Ms S A Panse

Directors' Report



Dear Members,

The Board of Directors (Board) presents the Annual Report of Atul Ltd together with the audited Financial Statements for the year ended March 31, 2017.

01. Financial results

(₹ cr)

	2016-17	2015-16
Sales	2,639	2,403
Revenue from operations	2,848	2,609
Other income	43	43
Total revenue	2,891	2,652
Profit before tax	400	400
Provision for tax	115	126
Profit for the year	285	274
Balance brought forward	1,145	900
Transfer from Comprehensive Income	3	(2)
Disposable surplus	1,433	1,172
Less:		
Dividend paid	30	25
Dividend distribution tax (net)	6	2
Balance carried forward	1,397	1,145

02. Performance

Sales increased by 10% from ₹ 2,403 cr to ₹ 2,639 cr mainly due to higher volumes (16%), partly offset by lower prices (6%). Sales in India increased by 3% from ₹ 1,198 cr to ₹ 1,239 cr. Sales outside India increased by 16% from ₹ 1,205 cr to ₹ 1,400 cr. The Earning per share increased from ₹ 92.53 to ₹ 96.18. While the operating profit before working capital changes increased by 1% from ₹ 478 cr to ₹ 485 cr, the net cash flow from operating activities decreased by 3% from ₹ 375 cr to ₹ 364 cr.

Sales of Life Science Chemicals (LSC) Segment increased by 10% from ₹ 737 cr to ₹ 807 cr, mainly because of higher sales in Sub-segments Crop Protection and Aromatics - I; its EBIT decreased by 19% from ₹ 161 cr to ₹ 130 cr. Sales of Performance and Other Chemicals (POC) Segment increased by 10% from ₹ 1,666 cr to ₹ 1,832 cr mainly because of higher sales in Sub-segments Aromatics - II and Polymers; its EBIT increased by 16% from ₹ 249 cr to ₹ 290 cr. More details are given in the Management Discussion and Analysis (MDA) Report.

The borrowings of the Company decreased (including current maturities of long-term borrowings) by 49% from ₹ 302 cr to ₹ 155 cr despite payments towards capital expenditure of ₹ 176 cr.

Credit Analysis and Research Ltd (CARE) maintained its credit rating at 'AA+' (double A plus) for long-term borrowings of the Company. Its rating for short-term borrowings and commercial paper remained at 'A1+' (A1 plus), the highest possible awarded by CARE.

The Company completed 3 expansion projects with an investment of ₹ 117 cr which are expected to generate sales of ₹ 220 cr at full capacity utilisation.

03. Dividend

The Board recommends payment of dividend of ₹ 10 per share on 2,96,61,733 Equity shares of ₹ 10 each fully paid up. The dividend will entail an outflow of ₹ 35.70 cr {including dividend distribution tax (net)} on the paid-up Equity share capital of ₹ 29.66 cr.

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

Information required under Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, as amended from time to time, forms a part of this Report which is given at page number 24.

05. Insurance

The Company has taken adequate insurance to cover the risks to its employees, property (land and buildings), plant, equipment, other assets and third parties.

06. Risk Management

Risk Management is an integral part of the business practices of the Company. The framework of Risk Management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. With the help of a reputed international consultancy firm, the Company has developed and

implemented a comprehensive Risk Management System to ensure that risks to the continued existence of the Company as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised Risk Management System, leading standards and practices have been considered. The Risk Management System is relevant to business reality, pragmatic and simple and involves the following:

- i) Risk identification and definition – Focused on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- ii) Risk classification – Focused on understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes generating the root causes and clear understanding of risk interrelationships.
- iii) Risk assessment and prioritisation – Focused on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and existing mitigation controls.
- iv) Risk mitigation – Focused on addressing critical risks to restrict their impact(s) to an acceptable level (within the defined risk appetite). This involves a clear definition of actions, responsibilities and milestones.
- v) Risk reporting and monitoring – Focused on providing to the Board and the Audit Committee periodic information on risk profile evolution and mitigation plans.

Roles and responsibilities

Governance

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

Implementation

Implementation of the Risk Management Policy is the responsibility of the Management. It ensures functioning of the Risk Management System as per the guidance of the Audit Committee. The Company has Risk Management Oversight Structure in which each Sub-segment has a Chief Risk and Compliance Officer.

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

07. Internal Financial Controls

The Internal Financial Controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements.

These include those policies and procedures that:

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

The Management assessed the effectiveness of the Internal Financial Controls over financial reporting as of March 31, 2017, and the Board believes that the controls are adequate.

08. Fixed deposits

During 2016-17, the Company did not accept any fixed deposits.

09. Loans, guarantees, investments and security

Particulars of loans, guarantees, investments and security provided are given at page numbers 108 and 110.

10. Subsidiary, associate and joint venture companies

During 2016-17, Atul Finserv Ltd, a wholly-owned subsidiary of the Company formed two wholly-owned subsidiary companies, Atul Fin Resources Ltd and Atul Nivesh Ltd. There were no other changes in the subsidiary, associate and joint venture companies which were reported earlier.

Performance and financial position of such companies are given at page number 26.

11. Related Party Transactions

All the transactions entered into with the Related Parties were in ordinary course of business and on arm's length basis. Details of such transactions are given at page number 120. No transactions were entered into by the Company which required disclosure in Form AOC-2.

12. Corporate Social Responsibility

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at page number 28.

13. Extract of the Annual Return

This is given at page number 31.

14. Auditors

Statutory Auditors

Dalal & Shah Chartered Accountants LLP, the Statutory Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting (AGM).

Pursuant to Section 139 of the Companies Act, 2013 and Rules made thereunder, it is mandatory for the Company to rotate the current Statutory Auditors on completion of a maximum term permitted under the said Section. Accordingly, based on the recommendation of the Audit Committee, the Board at its meeting held on May 05, 2017, recommended the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors of the Company. Deloitte Haskins & Sells LLP will hold the office for a period of 5 consecutive years from the conclusion of the 40th AGM of the Company till the conclusion of the 45th AGM to be held in the year 2022, subject to the approval of the Shareholder(s) of the Company at the ensuing AGM and ratification at subsequent AGMs. Deloitte Haskins & Sells LLP have given their consent to act as the Auditors and confirmed their eligibility for appointment.

The relevant Notes forming part of the accounts are self-explanatory and give full information and explanation in respect of the observations made by the Auditors in their report.

Cost Auditors

The Shareholders ratified the appointment of R Nanabhoy & Co as the Cost Auditors for 2016-17 on July 29, 2016.

Secretarial Auditors

The Board appointed Mr A C Doshi, Practising Company Secretary, as the Secretarial Auditor for 2016-17 on April 29, 2015, and his report is given at page number 42.

15. Directors' responsibility statement

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

- 15.1 The applicable Accounting Standards were followed along with proper explanations relating to material departures in the preparation of the annual accounts.
- 15.2 The Accounting Policies were selected and applied consistently and judgements and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- 15.3 Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 15.4 The attached annual accounts for the year ended March 31, 2017 were prepared on a going concern basis.
- 15.5 Adequate Internal Financial Controls to be followed by the Company were laid down; and they were adequate and operating effectively.
- 15.6 Proper systems were devised to ensure compliance with the provisions of all applicable laws and the same were adequate and operating effectively.

16. Directors

- 16.1 Appointments | Reappointments | Cessations
- 16.1.1 Subject to the approval of the Members in the AGM, Mr S A Lalbhai was reappointed as a Managing Director effective December 15, 2016 for a period of 5 years.

- 16.1.2 According to Article 86 of the Articles of Association of the Company, Mr R A Shah and Mr T R Gopi Kannan retire by rotation and being eligible, offer themselves for reappointment at the forthcoming AGM scheduled on July 28, 2017.

16.2 Policies on appointment and remuneration

16.2.1 Appointment

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

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

16.2.2 Remuneration of the Non-executive Directors

- i) Sitting fees: up to ₹ 20,000 for attending a Board, Committee and any other meeting
- ii) Commission: up to 1% of net profit as may be decided by the Board based on the following factors:
 - a. Membership of Committee(s)
 - b. Profit
 - c. Attendance
 - d. Category (Independent or Non-independent)

16.2.3 Remuneration of the Executive Directors

This is given under para number 17.2.

16.3 Criteria and method of annual evaluation

- 16.3.1 The criteria for evaluation of performance of
 - a) the Non-independent Directors (Executive)
 - b) the Non-independent Directors (Non-executive)
 - c) the Independent Directors d) the Chairman
 - e) the Committees of the Board and f) the Board as a whole are summarised in the table at the end of the Directors' Report at page number 22.

16.3.2 The Independent Directors have carried out annual:

- i) Review of performance of the Non-independent Directors – Executive
- ii) Review of performance of the Non-independent Directors – Non-executive
- iii) Review of performance of the Chairman
- iv) Assessment of quality, quantity and timeliness of the flow of information to the Board
- v) Review of performance of the Board as a whole

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

- i) Its Committees namely Audit, Nomination and Remuneration, Stakeholders Relationship, Corporate Social Responsibility and Investment
 - ii) The Independent Directors
- The templates for the above purpose were circulated in advance for feedback of the Directors.

16.4 Familiarisation Program for the Independent Directors

The Company has Familiarisation Programs for its Independent Directors. It comprises, amongst others, presentations by and discussions with the senior Management on the nature of the industries in which it operates, its vision and strategy and its organisation structure. A visit is organised to one or more of its manufacturing sites. Details of the program are also available at http://www.atul.co.in/investors/familiarisation_program.html

17. Key Managerial Personnel and other employees

- 17.1 Appointments and cessations of the Key Managerial Personnel
There were no appointments | cessations of the Key Managerial Personnel during 2016-17.
- 17.2 Remuneration
The Remuneration Policy of the Key Managerial Personnel and other employees consists of the following:
- 17.2.1 Components
- Fixed pay
 - Basic salary
 - Allowances
 - Perquisites
 - Retirals
 - Variable pay
- 17.2.2 Factors for determining and changing fixed pay
- Existing compensation
 - Education
 - Experience
 - Salary bands
 - Performance
 - Market benchmark
- 17.2.3 Factors for determining and changing variable pay
- Business performance
 - Individual performance
 - Grade

18. Analysis of remuneration

The information required pursuant to Sections 134 (3)(q) and 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, forms part of this Report. However, as per the provisions of Sections 134 and 136 of the Act, the Report and the Accounts are being sent to the Members and others entitled thereto excluding the information on employees' particulars which are available for inspection by the Members at the registered office of the Company during business hours on working days of the Company up to the date of ensuing AGM.

Any Member interested in obtaining a copy of such statement may write to the Company Secretary at the Registered office of the Company.

19. Management Discussion and Analysis

The Management Discussion and Analysis Report covering performance of the 2 reporting Segments, namely, LSC and POC, is given at page number 46.

20. Corporate Governance Report

20.1 Statement of declaration given by the Independent Directors.

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

The Corporate Governance Report along with the certificate from the Statutory Auditors regarding compliance of the conditions of Corporate Governance pursuant to Regulation 34 (3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given at page number 53. Details about the number of meetings of the Board held during 2016-17 are given at page number 56. The composition of the Audit Committee is given at page number 59.

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

20.3 Whistle-blowing Policy

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

No personnel has been denied access to the Audit Committee.

21. Business Responsibility Report

As per Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report is given at page number 68.

22. Dividend Distribution Policy

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Dividend Distribution Policy is given at page number 74.

23. Acknowledgements

The Board expresses its sincere thanks to all the employees, customers, suppliers, lenders, regulatory and Government authorities, Stock Exchanges, investors for their support.

For and on behalf of the Board of Directors

Mumbai
May 05, 2017

(Sunil Siddharth Lalbhai)
Chairman and Managing Director

Table

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

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

1.1 Conservation of energy

1.1.1 Measures taken

- i) Installation of new efficient boiler to enhance co-generation of steam and electricity capacity
- ii) Implementation of encon scheme to generate low pressure steam from autoclave cooling, and fractionation system
- iii) Replacement of 19 bar steam with 7 bar to reduce electricity generation cost

1.1.2 Additional investments and proposals, if any, being implemented

- i) Optimisation of cooling water networks to decrease pumping energy
- ii) Recovery and use of steam condensate as boiler feed water
- iii) Replacement of conventional agitators by energy efficient agitators

1.2 Technology absorption

1.2.1 Research and Development

- i) Specific areas in which Research and Development (R&D) was carried out by the Company:
The Company focused its R&D efforts on process improvement of its existing products, recovery of products from pollutants and process development of new products and formulations. The R&D departments also helped in troubleshooting in manufacturing departments.
- ii) Benefits derived from R&D:
The Company was able to increase yields, decrease consumption of raw materials and solvents, recover products from pollutants and introduce new products and formulations.
- iii) Future plan:
The Company is investing further in people and equipment so as to strengthen its R&D and thereby enhance its capability to face the future.
- iv) R&D expenditure:

(₹ cr)

Capital	Recurring	Total	Total R&D expenditure as a percentage of total sales
18.93	19.00	37.93	1.44

1.2.2 Technology absorption, adaptation and innovation

- i) Efforts, in brief, made towards technology absorption, adaptation and innovation:
The Company upgraded many of its processes and operations imbibing new technology using more efficient equipment and incorporating automation.
- ii) Benefits derived as a result of the above efforts, for example, product improvement, cost reduction, product development, import substitution:
The above efforts have resulted in improvement in quality, increase in yields, increase in throughput and decrease in manpower.
- iii) Technology, if any, imported during the last 3 years reckoned from the beginning of the financial year:
The Company did not import any technology.

1.3 Foreign exchange earnings and outgo

1.3.1 Export sales: activities, development initiatives and future plan

The Company sold its products in 68 countries, directly and through its subsidiary companies in the USA, the UK, the UAE, China and Brazil. Sales outside India* increased by 16% from ₹ 1,148 cr to ₹ 1,332 cr mainly due to higher volumes as compared to the previous year. The Company is taking further steps to strengthen its international marketing network.

* Free On Board (FOB) value

1.3.2 Total foreign exchange earnings and outgo

(₹ cr)

Particulars	2016-17	2015-16
Earnings		
Exports – FOB value	1,332.49	1,148.03
Dividend, etc	5.27	24.48
Outgo		
Loan repayment	218.08	132.58
Payment for raw materials, books and periodicals, dividend, etc	411.07	392.69

2. Subsidiary, associate and joint venture companies¹

2.1 Operational companies

(₹ Cr)

No.	Name	Equity share capital	Reserves and surplus	Total assets	Total liabilities	Investments	Turnover	Profit before tax	Provision for tax	Profit after tax	Dividend	shareholding	%	Reporting currency
Subsidiary companies														
01.	Amal Ltd	7.03	(8.14)	4.87	5.98	0.02	28.67	8.89	–	8.89	–	–	36.74	INR
02.	Atul Bioscience Ltd	10.84	11.96	54.51	31.71	0.01	64.80	11.65	4.12	7.53	6.50	–	100	INR
03.	Atul Biospace Ltd	8.46	1.91	10.65	0.28	5.10	11.60	1.68	0.59	1.09	–	–	100	INR
04.	Atul Brasil Quimicos Ltda	1.46	(1.26)	0.70	0.50	–	0.05	(1.06)	–	(1.06)	–	–	100	BRL
05.	Atul China Ltd	3.19	(1.21)	18.78	16.79	–	77.47	0.10	–	0.10	–	–	100	CNY
06.	Atul Crop Care Ltd	0.05	0.93	1.70	0.72	0.14	8.04	0.51	0.13	0.38	–	–	26	INR
07.	Atul Europe Ltd	26.61	1.70	71.11	42.80	7.48	180.12	7.36	0.65	6.71	5.27	–	100	GBP
08.	Atul Finserv Ltd	12.61	2.76	15.48	0.11	14.25	0.59	0.24	–	0.24	–	–	100	INR
09.	Atul Infotech Pvt Ltd	0.16	11.00	14.72	3.56	0.02	3.33	0.47	0.14	0.33	–	–	100	INR
10.	Atul Middle East FZ LLC	0.53	(0.28)	0.26	0.01	–	–	(0.14)	–	(0.14)	–	–	100	AED
11.	Atul Rajasthan Date Palms Ltd	8.11	0.33	22.64	14.20	–	0.65	0.32	0.03	0.29	–	–	74	INR
12.	Atul USA Inc	12.97	5.09	43.28	25.22	–	196.01	1.42	0.48	0.94	–	–	100	USD
13.	DPD Ltd	2.02	11.08	15.35	2.25	–	16.34	5.01	0.97	4.04	4.04	–	98	GBP
14.	Lapox Polymers Ltd	0.05	0.80	1.96	1.11	0.11	7.53	0.32	0.11	0.21	–	–	20	INR
Joint venture company														
01.	Rudolf Atul Chemicals Ltd	5.84	14.51	40.35	20.00	–	73.11	14.64	5.11	9.53	17.91	–	50	INR

¹ As per Ind-AS

2.2 Non-operational companies

(₹ cr)

No.	Name	Equity share capital	Reserves and surplus	Total assets	Total liabilities	Investments	Turnover	Profit before tax	Provision for tax	Profit after tax	Dividend	shareholding	%	Reporting currency
Subsidiary companies														
01.	Aasthan Dates Ltd	2.10	(0.33)	1.77	-	-	0.03	-	-	-	-	-	100	INR
02.	Anchor Adhesives Pvt Ltd	0.59	(0.18)	0.41	-	-	0.03	0.03	0.01	0.02	-	-	100	INR
03.	Atul Aarogya Ltd	0.06	0.07	0.13	-	0.11	-	-	-	-	-	-	41.67	INR
04.	Atul Ayurveda Ltd	0.06	0.02	0.08	-	0.04	-	-	-	-	-	-	41.67	INR
05.	Atul Clean Energy Ltd	0.06	(0.01)	0.05	-	0.03	-	-	-	-	-	-	28.47	INR
06.	Atul Deutschland GmbH	0.69	(0.24)	0.51	0.06	-	-	(0.03)	-	(0.03)	-	-	100	Euro
07.	Atul Elkay Polymers Ltd	0.05	(0.03)	0.15	0.13	0.01	-	(0.01)	-	(0.01)	-	-	50	INR
08.	Atul Entertainment Ltd	0.06	0.02	0.08	-	0.05	-	-	-	-	-	-	41.67	INR
09.	Atul Fin Resources Ltd	2.50	(0.01)	2.50	0.01	-	-	-	0.01	(0.01)	-	-	100	INR
10.	Atul Hospitality Ltd	0.06	0.02	0.08	-	0.03	-	-	-	-	-	-	41.67	INR
11.	Atul Nivesh Ltd	2.50	(0.01)	2.49	0.01	-	-	-	0.01	(0.01)	-	-	100	INR
12.	Atul (Retail) Brands Ltd	0.06	(0.01)	0.05	-	0.04	-	-	-	-	-	-	43.05	INR
13.	Atul Seeds Ltd	0.06	-	0.06	-	0.03	-	-	-	-	-	-	41.67	INR
14.	Biyaban Agri Ltd	1.09	(0.45)	0.64	-	-	0.01	(0.06)	-	-	-	-	100	INR
15.	Jayati Infrastructure Ltd	0.06	-	0.06	-	0.03	-	-	-	(0.06)	-	-	41.67	INR
16.	Osia Dairy Ltd	0.06	-	0.06	-	0.03	-	-	-	-	-	-	41.67	INR
17.	Osia Infrastructure Ltd	0.06	-	0.06	-	0.04	-	-	-	-	-	-	40	INR
18.	Raja Dates Ltd	4.10	(0.23)	4.67	0.80	-	0.01	(0.10)	-	(0.10)	-	-	100	INR

AED: United Arab Emirate Dirham, BRL: Brazilian Real, CNY: Chinese Yuan, GBP: Great Britain Pound, INR: Indian Rupee, USD: United States Dollar

Rate of exchange considered as on March 31, 2017 are 1 AED = ₹ 17.67, 1 BRL = ₹ 20.62, 1 CNY = ₹ 9.42, 1 Euro = ₹ 69.25, 1 GBP = ₹ 80.88, 1 USD = ₹ 64.84

Below 2 companies are under liquidation:

- Subsidiary company: Gujarat Synthwood Ltd
- Associate company: AtRo Ltd

3. Corporate Social Responsibility

3.1 Policy, programs and scope

3.1.1 Policy

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

3.1.2 Programs and scope

Atul Foundation will take up projects and | or carry out activities under 3 broad programs: i) Education and Empowerment, ii) Health and Relief and iii) Conservation and Infrastructure with varied scope of work.

- i) Education and Empowerment
 - a) Establish and | or support schools
 - b) Establish and | or support colleges
 - c) Establish and | or support vocational institutes
 - d) Encourage sports
 - e) Promote integrated development of tribal areas
- ii) Health and Relief
 - a) Enhance rural hygiene and sanitation
 - b) Establish mobile medical care facilities
 - c) Organise medical camps
 - d) Establish medi-care centres
 - e) Assist during natural calamities
- iii) Conservation and Infrastructure
 - a) Protect environment
 - b) Develop and | or maintain rural utilities
 - c) Develop and | or maintain rural amenities
 - d) Restore sites of historical importance
 - e) Promote use of renewable resources

Please refer to the following web-link for details of policy, programs and projects:

http://www.atul.co.in/sustainability/pdf/CSR_Note_%20June_3_Amended_DA.pdf

3.2 Committee

- » H S Shah (Chairman)
- » S S Lalbhai
- » B N Mohanan

3.3 Expenditure: determination and actual spent

(₹ cr)

Particulars	Amount
Average net profit of the Company of the last 3 financial years	329.31
Prescribed CSR expenditure, at 2% of above	6.59
Total amount spent for 2016-17	6.60
Amount unspent by the Company	Nil

3.4 Manner in which spent

(₹ lakhs)

No.	Program	Project Activity	Location Village, District (State)	Outlay for the year		Cumulative expenditure up to reporting period ¹	Implementing agency
				Budget	Spent		
(A)	(B)	(C)	(D)	(E)	(F)	(G)	
01.	Education	Enhancement of education practices in Kalyani Shala	Atul, Valsad (Gujarat)	100.00	100.00	200.00	AFT Atul Kelavani Mandal
02.		Contribution towards publication of books on Indian culture ecology philosophy	Jaipur (Rajasthan)	3.00	3.00	3.00	AFT Prakriti Bharati Academy
03.		Promotion of education in Ashramshalas	Pardi, Valsad (Gujarat)	3.00	3.00	3.00	Shree Vallabh Seva Kendra
04.		Imparting training to women to become skilled elementary school teachers (Adhyapika)	Valsad (Gujarat)	9.00	9.00	9.00	AFT ARDF
05.		Distribution of books to school libraries	Valsad (Gujarat)	1.00	1.00	1.00	AFT
06.		Enhancement of rural education	15 villages ² , Valsad (Gujarat)	8.00	8.00	8.00	AFT ARDF
07.	Empowerment	Skill development (Atul Institute of Vocational Excellence)	Ozarpada, Valsad (Gujarat)	100.00	100.00	176.28	AFT ARDF
08.		Enhancement of computer and English language skills	Atul and Dharampur, Valsad (Gujarat)	3.00	3.00	3.00	AFT ARDF
09.		Empowerment of women through vocational training courses	5 villages ³ , Valsad (Gujarat)	3.00	3.00	3.00	AFT ARDF
10.	Health	Improvement of hygiene through construction of toilets	10 villages ⁴ , Valsad (Gujarat)	130.00	130.00	237.00	AFT ARDF
11.		Provision of quality health care facilities (Atul Medical Diagnostic and Research Centre)	Atul, Valsad (Gujarat)	150.00	150.00	510.00	ARDF
12.		Enhancement of rural health	21 villages ⁵ , Valsad (Gujarat)	9.00	9.00	9.00	AFT ARDF
13.	Relief	Contribution for advanced treatment of cancer patients	Karamsad, Anand (Gujarat)	5.00	5.00	5.00	Charutar Arogya Seva Mandal
14.		Provision of blood units to thalassemia patients	Goraj, Vadodara (Gujarat)	5.00	5.00	5.00	Muni Seva Ashram
15.			Valsad (Gujarat)	7.00	7.00	7.00	AFT Valsad Raktdan Kendra
16.		Contribution for community marriage of underprivileged couples	Valsad (Gujarat)	2.00	2.00	2.00	ARDF Valsad Taluka Patel Samaj Pragati Mandal
17.		Support to prevention of exploitation of women	Varanasi (Uttar Pradesh)	5.00	5.00	5.00	AFT Guria Swayam Sevi Sansthan
18.		Provision of relief to victims of floods in Valsad	Valsad (Gujarat)	1.00	1.00	1.00	AFT ARDF
19.		Upliftment of salt pan workers	Kharaghoda, Surendranagar (Gujarat)	10.00	10.00	10.00	AFT ARDF
20.		Contribution for provision of free ambulance service	Chanvai, Valsad (Gujarat)	1.00	1.00	1.00	AFT Sainath Sevabhavi Mandal
21.		Support to rural child day care centers (crèches)	Ranchi (Jharkhand)	10.00	10.00	10.00	AFT Udyogini
22.		Provision of free farm kits and fertilisers at subsidised rates to farmers	Haria, Valsad (Gujarat)	1.00	1.00	1.00	AFT ARDF
23.	Infrastructure	Construction of an open shed for prayer cum dining hall in Prathmik Shala	Andada, Bharuch (Gujarat)	5.00	5.00	5.00	AFT ARDF
24.		Enhancement of rural infrastructure	6 villages ⁶ , Valsad (Gujarat)	61.00	61.00	61.00	AFT ARDF
25.	Conservation	Afforestation	Atul, Valsad (Gujarat)	5.00	5.00	5.00	Direct
26.	Various	Various	—	—	—	250.07	Various
Total direct expenditure				637.00	637.00	1530.35	
Administrative overheads (OH)				22.00	23.00	55.65	
Total (Direct expenditure + OH)				659.00	660.00	1586.00	

AFT: Atul Foundation Trust

ARDF: Atul Rural Development Fund Trust

¹ Since April 01, 2014

² 15 villages covered under rural education initiatives: Atar, Bhagod, Bilpudi, Chanvai, Chichwada, Dived, Dungarwadi, Haria, Magod, Dungri, Mama Bhacha, Mani, Meh, Parnera, Savarmal and Umarsadi

³ 5 villages covered under women empowerment initiatives: Ambheti, Atul, Binwada, Navera and Parnera

⁴ 10 villages covered under Sanitation project: Atar, Atul, Bhagod, Chanvai, Dived, Haria, Magod, Magod, Dungri, Meh and Parnera Pardi

⁵ 21 villages covered under rural health initiatives: Atgam, Atul, Bahej, Bhambha, Bildha, Binwada, Chanvai, Dixal, Dungri, Hanmatmal, Haria, Mama Bhacha, Mograwadi, Mrugmal, Navera, Panchlai, Parnera, Parnera Pardi, Rabda, Rola, Dungri and Umarsadi

⁶ 6 villages covered under infrastructure development: Atul, Binwada, Chanvai, Dungarwadi, Haria and Parnera

3.5 Implementing agencies

- 3.5.1 Atul Foundation Trust: (Atul, Gujarat)
Established in 2011, AFT is an embodiment of the purpose of Atul towards serving the society and is an umbrella organisation through which all CSR initiatives of the Company are undertaken.
- 3.5.2 Atul Rural Development Fund Trust: (Atul, Gujarat)
Established in 1978, ARDF implements projects for upliftment of the marginalised sections of the communities.
- 3.5.3 Atul Kelavani Mandal: (Atul, Gujarat)
Established in 1955, Atul Kelavani Mandal manages Kalyani Shala.
- 3.5.4 Charutar Arogya Mandal: (Karamsad, Gujarat)
Established in 1972, Charutar Arogya Mandal provides health care facilities at subsidised rates | free of cost to the underprivileged.
- 3.5.5 Prakrit Bharati Academy: (Jaipur, Rajasthan)
Established in 1977, Prakrit Bharati Academy publishes books in Prakrit, Sanskrit and other Indian languages.
- 3.5.6 Shree Vallabh Seva Kendra: (Pardi, Gujarat)
Established in 1978, Shree Vallabh Seva Kendra provides academic and technical education.
- 3.5.7 Muni Seva Ashram: (Goraj, Gujarat)
Established in 1978, Muni Seva Ashram implements integrated community welfare initiatives.
- 3.5.8 Valsad Raktdan Kendra: (Valsad, Gujarat)
Established in 1984, Valsad Raktdan Kendra provides voluntary blood bank services.
- 3.5.9 Shri Sainath Sevabhavi Mandal: (Binwada, Gujarat)
Established in 2003, Shri Sainath Sevabhavi Mandal provides free ambulance services to the needy patients.
- 3.5.10 Guria Swayam Sevi Sansthan: (Varanasi, Uttar Pradesh)
Established in 1993, Guria Swayam Sevi Sansthan is actively working against child and women abuse.
- 3.5.11 Udyogini: (Ranchi, Jharkhand)
Established in 1992, Udyogini empowers poor and tribal women through enterprise promotion.
- 3.5.12 Valsad Taluka Patel Samaj Pragati Mandal: (Valsad, Gujarat)
Established in 1973, Valsad Taluka Patel Samaj Pragati Mandal promotes community development initiatives.

3.6 Confirmation of compliance

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

Chairman and Managing Director	Chairman CSR Committee
S S Lalbhai	H S Shah

4. Extract of the Annual Return

Form number MGT – 9

Extract of the Annual Return as on March 31, 2017

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

4.1 Registration and other details

- » CIN: L99999GJ1975PLC002859
- » Registration date: December 11, 1975
- » Name of the company: Atul Ltd
- » Category | Sub-category of the company: Company limited by shares
- » Address of the registered office and contact details: Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India, Telephone: (+91 79) 2646 1294 | 2646 3706
- » Whether listed company: yes, listed on the BSE and the National Stock Exchange of India
- » Name, address and contact details of Registrar and Transfer Agent: Link Intime India Pvt Ltd, 506-508 Amarnath Business Centre - 1, Umashankar Joshi Marg, Off C G Road, Ahmedabad 380 006, Gujarat, India, Telephone: (+91 79) 26465179 | 86 | 87

4.2 Principal business activities of the Company

No.	Name and description of main products services	National Industrial Classification code of the product service	% to total revenue of the Company*
01.	Basic chemicals	201	34%
02.	Other chemical products	202	66%

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

4.3 Particulars of the holding, the subsidiary and the associate companies

No.	Name and address of the company	Corporate Identification Number	Holding subsidiary associate	% of shares held	Applicable Section
01.	Aasthan Dates Ltd Jodhpur 342 003, Rajasthan	U01122RJ2010PLC030642	Subsidiary	100%	2(87)(ii)
02.	Anchor Adhesives Pvt Ltd Mumbai 400 028, Maharashtra	U24100MH1992PTC067870	Subsidiary	100%	2(87)(ii)
03.	Atul Bioscience Ltd Atul 396 020, Gujarat	U24230GJ1997PLC032369	Subsidiary	100%	2(87)(ii)
04.	Atul Biospace Ltd Atul 396 020, Gujarat	U01500GJ2005PLC045244	Subsidiary	100%	2(87)(ii)
05.	Atul Brasil Quimicos Ltda CEP 01046-010, São Paulo, Brazil		Subsidiary	100%	2(87)(ii)
06.	Atul China Ltd Shanghai 200 233, China		Subsidiary	100%	2(87)(ii)
07.	Atul Deutschland GmbH Wiesbaden, Germany		Subsidiary	100%	2(87)(ii)
08.	Atul Europe Ltd Wilmslow SK9 2TB, UK		Subsidiary	100%	2(87)(ii)
09.	Atul Finserv Ltd Mumbai 400 028, Maharashtra	U51900MH1947PLC005453	Subsidiary	100%	2(87)(ii)
10.	Atul Fin Resources Ltd Atul 396 020, Gujarat	U65990GJ2016PLC093639	Subsidiary	100%	2(87)(ii)
11.	Atul Infotech Pvt Ltd Atul 396 020, Gujarat	U72200GJ2000PTC038460	Subsidiary	100%	2(87)(ii)
12.	Atul Middle East FZ LLC Dubai, UAE		Subsidiary	100%	2(87)(ii)
13.	Atul Nivesh Ltd	U65929GJ2016PLC093630	Subsidiary	100%	2(87)(ii)

No.	Name and address of the company	Corporate Identification Number	Holding subsidiary associate	% of shares held	Applicable Section
	Atul 396 020, Gujarat				
14.	Atul Rajasthan Date Palms Ltd Jodhpur 342 009, Rajasthan	U01122RJ2009PLC028415	Subsidiary	74%	2(87)(ii)
15.	Atul USA Inc North Carolina 28226, USA		Subsidiary	100%	2(87)(ii)
16.	Biyaban Agri Ltd Jodhpur 342 008, Rajasthan	U01122RJ2010PLC030636	Subsidiary	100%	2(87)(ii)
17.	DPD Ltd Somerset BA6 8QG, UK		Subsidiary	98%	2(87)(ii)
18.	Raja Dates Ltd Jodhpur 342 008, Rajasthan	U01122RJ2010PLC030640	Subsidiary	100%	2(87)(ii)
19.	Amal Ltd Mumbai 400 028, Maharashtra	L24100MH1974PLC017594	Associate	37%	2(6)
20.	Atul Aarogya Ltd Atul 396 020, Gujarat	U85110GJ2010PLC062180	Associate	42%	2(6)
21.	Atul Ayurveda Ltd Atul 396 020, Gujarat	U24233GJ2010PLC062028	Associate	42%	2(6)
22.	Atul Clean Energy Ltd Atul 396 020, Gujarat	U40106GJ2010PLC059498	Associate	28%	2(6)
23.	Atul Crop Care Ltd Atul 396 020, Gujarat	U01403GJ2010PLC061909	Associate	26%	2(6)
24.	Atul Elkay Polymers Ltd Atul 396 020, Gujarat	U24100GJ2011PLC065979	Associate	50%	2(6)
25.	Atul Entertainment Ltd Atul 396 020, Gujarat	U92190GJ2010PLC061999	Associate	42%	2(6)
26.	Atul Hospitality Ltd Atul 396 020, Gujarat	U55101GJ2010PLC062000	Associate	42%	2(6)
27.	Atul (Retail) Brands Ltd Atul 396 020, Gujarat	U24233GJ2010PLC059517	Associate	43%	2(6)
28.	Atul Seeds Ltd Atul 396 020, Gujarat	U01122GJ2010PLC062769	Associate	42%	2(6)
29.	Jayati Infrastructure Ltd Atul 396 020, Gujarat	U45200GJ2010PLC062029	Associate	42%	2(6)
30.	Lapox Polymers Ltd Atul 396 020, Gujarat	U51434GJ2009PLC056053	Associate	20%	2(6)
31.	Osia Dairy Ltd Atul 396 020, Gujarat	U15200GJ2010PLC061906	Associate	42%	2(6)
32.	Osia Infrastructure Ltd Atul 396 020, Gujarat	U45200GJ2011PLC064854	Associate	40%	2(6)
33.	Rudolf Atul Chemicals Ltd Atul 396 020, Gujarat	U24110GJ2005PLC045564	Associate	50%	2(6)

UAE: United Arab Emirates | USA: United States of America | UK: United Kingdom

4.4 Shareholding pattern (Equity share capital break-up as percentage of total Equity)

4.4.1 Category-wise shareholding

Category code	Category of the Shareholders	Number of shares held at the beginning of the year (as at April 01, 2016)			Number of shares held at the end of the year (as at March 31, 2017)			% change during the year		
		Physical	Demat	Total	% of total shares	Physical	Demat		Total	% of total shares
A. Shareholding of the promoter and the promoter group										
01.	Indian									
a)	Individuals Hindu Undivided Family	-	8,54,316	8,54,316	2.880	-	8,84,642	2,982	0.102	
b)	Central Government State Government(s)	-	-	-	-	-	-	-	-	
c)	Bodies corporate	-	1,42,57,786	1,42,57,786	48.068	-	1,23,06,997	41,491	(6.577)	
d)	Financial institutions Banks	-	-	-	-	-	-	-	-	
e)	Any other	-	-	-	-	-	-	-	-	
Sub total (A)(1)		-	1,51,12,102	1,51,12,102	50.948	-	1,31,91,639	44,474	(6.475)	
02.	Foreign									
a)	Individuals (Non-resident Individuals Foreign individuals)	-	-	-	-	-	-	-	-	
b)	Bodies corporate	-	-	-	-	-	-	-	-	
c)	Institutions	-	-	-	-	-	-	-	-	
d)	Any other	-	-	-	-	-	-	-	-	
Sub total (A)(2)		-	-	-	-	-	-	-	-	
Total shareholding of the promoter and the promoter group (A)=(A)(1)+(A)(2)										
		-	1,51,12,102	1,51,12,102	50.948	-	1,31,91,639	44,474	(6.475)	
B. Public shareholding										
01.	Institutions									
a)	Mutual funds UTI Mutual fund	450	35,49,028	35,49,478	11.967	450	58,15,108	58,15,558	19,606	7.640
b)	Financial institutions Banks	16,016	34,073	50,089	0.169	16,016	8,010	24,026	0.081	(0.088)
c)	Central Government State Government(s)	336	-	336	0.001	336	-	336	0.001	-
d)	Venture capital funds	-	-	-	-	-	-	-	-	-
e)	Insurance companies	-	2,80,572	2,80,572	0.946	-	2,46,597	2,46,597	0.831	(0.115)
f)	Foreign institutional investors	900	16,18,939	16,19,839	5.461	900	32,760	33,660	0.113	(5.348)
g)	Foreign venture capital investors	-	-	-	-	-	-	-	-	-
h)	Trusts	-	609	609	0.002	-	2,71,390	2,71,390	0.915	0.913
Sub total (B)(1)		17,702	54,83,221	55,00,923	18.546	17,702	63,73,865	63,91,567	21,548	3.003

Category code	Category of the Shareholders	Number of shares held at the beginning of the year (as at April 01, 2016)				Number of shares held at the end of the year (as at March 31, 2017)				% change during the year
		Physical	Demat	Total	% of total shares	Physical	Demat	Total	% of total shares	
02.	Non-institutions									
a)	Bodies corporate									
i)	Indian	28,255	11,10,708	11,38,963	3.840	15,675	12,17,587	12,33,262	4.158	0.318
ii)	Overseas	–	6,40,089	6,40,089	2.518	–	17,80,624	17,80,624	6.003	3.845
b)	Individuals									
i)	Shareholders holding nominal share capital up to ₹ 1 lakh	8,24,829	35,04,668	43,29,497	14.596	7,84,098	32,54,183	40,38,281	13.614	(0.982)
ii)	Shareholders holding nominal share capital in excess of ₹ 1 lakh	10,737	27,64,861	27,75,598	9.358	10,737	26,26,121	26,36,858	8.890	(0.468)
c)	Non-resident Indians (NRI)									
i)	NRI repatriable	3,908	77,576	81,484	0.275	3,495	83,348	86,843	0.293	0.018
ii)	NRI non-repatriable	–	44,224	44,224	0.149	–	82,452	82,452	0.278	0.129
iii)	Foreign bodies	–	–	–	–	–	–	–	–	–
iv)	Foreign nationals	–	–	–	–	–	–	–	–	–
v)	Any other	–	38,853	38,853	0.131	–	2,20,207	2,20,207	0.742	0.611
	Sub total (B)(2)	8,67,729	81,80,979	90,48,708	30.506	8,14,005	92,64,522	1,00,78,527	33.978	3.472
	Total public shareholding (B)=(B)(1)+(B)(2)	8,85,431	1,36,64,200	1,45,49,631	49.052	8,31,707	1,56,38,387	1,64,70,094	55.526	6.475
	Total (A)+(B)	8,85,431	2,87,76,302	2,96,61,733	100.000	8,31,707	2,88,30,026	2,96,61,733	100.000	–
C.	Shares held by custodians and against which depository receipts have been issued									
01.	Promoter and promoter group	–	–	–	–	–	–	–	–	–
02.	Public	–	–	–	–	–	–	–	–	–
	Sub total (C)	–	–	–	–	–	–	–	–	–
	Grand total (A)+(B)+(C)	8,85,431	2,87,76,302	2,96,61,733	100.000	8,31,707	2,88,30,026	2,96,61,733	100.000	–

4.4.2 Shareholding of the promoters

No.	Name of the Shareholder	Shareholding as at April 01, 2016			Shareholding as at March 31, 2017			% change in shareholding during the year
		Number of shares held	% of total shares of the Company	% of shares pledged encumbered to total number of shares	Number of shares held	% of total shares of the Company	% of shares pledged encumbered to total number of shares	
01.	Aagam Holdings Pvt Ltd	68,00,496	22.927	–	59,00,000	19.891	–	(13.242)
02.	Aagam Holdings Pvt Ltd	–	–	–	7,50,000	2.529	100.000	100.000
03.	Aura Securities Pvt Ltd	16,14,045	5.442	34.076	–	–	–	(100.000)
04.	Aeon Investments Private Ltd	10,39,383	3.504	–	10,39,383	3.504	–	–
05.	Aeon Investments Pvt Ltd	7,25,000	2.444	–	9,75,000	3.287	54.359	34.483
06.	Arvind Ltd	6,48,641	2.187	–	–	–	–	(100.000)
07.	Aayojan Resources Pvt Ltd	5,93,000	1.999	–	5,98,753	2.019	–	0.970
08.	Shalva Investments Pvt Ltd	5,00,000	1.686	–	5,00,000	1.686	–	–
09.	Akshita Holdings Pvt Ltd	4,56,784	1.540	–	4,59,784	1.550	–	0.657
10.	Adhinami Investments Pvt Ltd	4,47,755	1.510	–	4,50,255	1.518	–	0.558
11.	Arvind Brands Ltd	4,30,000	1.450	100.000	–	–	–	(100.000)
12.	Adhigam Investments Pvt Ltd	4,32,757	1.459	–	10,08,054	3.399	–	132.938
13.	Anusandhan Investments Ltd	2,33,000	0.786	–	2,35,000	0.792	–	0.858
14.	Samveg Arvind Lalbhai	2,02,377	0.682	–	2,02,377	0.682	–	–
15.	Ashini Investments Pvt Ltd	2,00,000	0.674	–	2,00,000	0.674	–	–
16.	Asman Investments Ltd	1,25,000	0.421	–	–	–	–	(100.000)
17.	Samveg Arvind	1,14,943	0.388	–	1,14,943	0.388	–	–
18.	Hansa Niranjana Lalbhai	91,375	0.308	–	91,375	0.308	–	–
19.	Saumya Samveg Lalbhai	82,695	0.279	–	82,695	0.279	–	–
20.	Swati S Lalbhai	59,593	0.201	–	63,500	0.214	–	6.556
21.	Tara S Lalbhai	50,022	0.169	–	50,022	0.169	–	–
22.	Anamika Samveg Lalbhai	47,199	0.159	–	47,199	0.159	–	–
23.	Sunil Siddhartha Lalbhai	43,193	0.146	–	91,772	0.309	–	112.470
24.	Sunil Siddhartha	31,544	0.106	–	31,544	0.106	–	–
25.	Sanjay Shrenik Lalbhai	31,210	0.105	–	–	–	–	(100.000)
26.	Vimla S Lalbhai	28,318	0.095	–	35,532	0.120	–	25.475
27.	Vimla S Lalbhai	21,661	0.073	–	25,750	0.087	–	18.877
28.	Astha Lalbhai	16,800	0.057	–	20,500	0.069	–	22.024
29.	Anshuman Holdings Pvt Ltd	11,825	0.040	–	11,825	0.040	–	–
30.	Sanjay Shrenik Lalbhai	8,641	0.029	–	–	–	–	(100.000)
31.	Hansa Niranjana	5,437	0.018	–	5,437	0.018	–	–
32.	Vimla Siddhartha	4,612	0.016	–	4,612	0.016	–	–
33.	Nishtha Sunil Lalbhai	4,000	0.013	–	5,500	0.019	–	37.500
34.	Samveg Arvind Lalbhai	3,653	0.012	–	3,653	0.012	–	–
35.	Sanjay Shrenik Lalbhai	2,000	0.007	–	2,000	0.007	–	–
36.	Sunil Lalbhai Employee Trust	–	–	–	2,000	0.007	–	100.000
37.	Sanjay Shrenik Lalbhai	1,349	0.005	–	1,349	0.005	–	–
38.	Rajiv Chinu Lalbhai	1,169	0.004	–	1,169	0.004	–	–

No.	Name of the Shareholder	Shareholding as at April 01, 2016			Shareholding as at March 31, 2017			% change in shareholding during the year
		Number of shares held	% of total shares of the Company	% of shares pledged encumbered to total number of shares	Number of shares held	% of total shares of the Company	% of shares pledged encumbered to total number of shares	
39.	Hansa Niranjana	562	0.002	—	562	0.002	—	—
40.	Sanjay Shrenik Lalbhai	500	0.002	—	500	0.002	—	—
41.	Sheth Narottam Lalbhai	495	0.002	—	495	0.002	—	—
42.	Sanjay Shrenik Lalbhai	412	0.001	—	—	—	—	(100.000)
43.	Sanjay Shrenik Lalbhai	100	—	—	—	—	—	(100.000)
44.	Lalbhai Shrenik Kasturbhai	100	—	—	100	—	—	—
45.	Jayshree Sanjay Lalbhai	100	—	—	—	—	—	(100.000)
46.	Punit Sanjay	100	—	—	—	—	—	(100.000)
47.	Kulin Sanjay	100	—	—	—	—	—	(100.000)
48.	Arvind J & M Ltd	100	—	—	—	—	—	(100.000)
49.	Rajiv Chinubhai Lalbhai	56	—	—	56	—	—	—
Total		1,51,12,002	50.948	47.944	1,31,91,639	44.474	—	(12.708)

4.4.3 Change in the promoters' shareholding

No.	Particulars	Reason for change	Shareholding as at April 01, 2016		Cumulative shareholding during 2016-17	
			Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
A.	Individuals					
	At the beginning of the year		8,54,316	2.880	8,54,316	2.880
	Increase Decrease during the year					
01.	August 2016	Purchase	60,269	0.203	9,14,585	3.083
02.	September 2016	Sale	(31,210)	(0.105)	8,83,375	2.978
03.	October 2016	Purchase	1,000	0.003	8,84,375	2.982
04.	November 2016	Purchase	1,079	0.004	8,85,454	2.985
05.	March 2017	Sale	(812)	(0.003)	8,84,642	2.982
	At the end of the year		8,84,642	2.982	8,84,642	2.982
B.	Companies					
	At the beginning of the year		1,42,57,786	48.068	1,42,57,786	48.068
	Increase Decrease during the year					
01.	April 2016	Purchase	15,632	0.052	1,42,73,418	48.121
02.	May 2016	Purchase	3,505	0.112	1,42,76,923	48.132
03.	June 2016	Purchase	5,269	0.018	1,42,82,192	48.150
04.	July 2016	Sale	(16,77,467)	(5.655)	1,26,04,725	42.495
05.	August 2016	Sale	(2,98,231)	(1.005)	1,23,06,494	41.489
06.	October 2016	Purchase	753	0.003	1,23,07,247	41.492
07.	March 2017	Sale	(250)	(0.001)	1,23,06,997	41.491
	At the end of the year		1,23,06,997	41.491	1,23,06,997	41.491

4.4.4 Shareholding pattern of top 10 Shareholders (other than the Directors, the promoters and the holders of American Depositary Receipts and Global Depositary Receipts)

No.	Name of the Shareholder	Reason for change	Shareholding as at April 01, 2016		Cumulative shareholding during 2016-17	
			Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
01.	Saif Advisors Mauritius Ltd A/c Saif India IV FII Holdings Ltd					
	At the beginning of the year		8,06,493	2.719	8,06,493	2.719
	Increase Decrease during the year					
	01. October 2016	Sale	(70,014)	(0.236)	7,36,479	2.483
	02. February 2017	Sale	(41,549)	(0.140)	6,94,930	2.343
	03. March 2017	Sale	(17,000)	(0.057)	6,77,930	2.286
	At the end of the year		6,77,930	2.286	6,77,930	2.286
02.	DSP Blackrock Micro Cap Fund					
	At the beginning of the year		4,37,855	1.476	4,37,855	1.476
	Increase Decrease during the year					
	01. May 2016	Sale	(23,585)	(0.080)	4,14,270	1.397
	02. June 2016	Sale	(13,870)	(0.047)	4,00,400	1.350
	03. July 2016	Purchase	1,10,874	0.374	5,11,274	1.724
	04. November 2016	Purchase	31,949	0.108	5,43,223	1.831
	05. January 2017	Purchase	88,513	0.298	6,31,736	2.130
	At the end of the year		6,31,736	2.130	6,31,736	2.130
03.	Tejas B. Trivedi					
	At the beginning of the year		4,32,942	1.460	4,32,942	1.460
	Increase Decrease during the year					
	01. June 2016	Purchase	32,701	0.110	4,65,643	1.570
	02. July 2016	Purchase	58,696	0.198	5,24,339	1.768
	03. October 2016	Purchase	100	—	5,24,439	1.768
	At the end of the year		5,24,439	1.768	5,24,439	1.768
04.	Reliance Capital Trustee Co Ltd - A/c Reliance Mid cap and Small Cap Fund					
	At the beginning of the year		3,78,659	1.277	3,78,659	1.277
	Increase Decrease during the year					
	01. April 2016	Sale	(19,000)	(0.064)	3,59,659	1.213
	At the end of the year		3,59,659	1.213	3,59,659	1.213
05.	Minaxi Bhalchandra Trivedi					
	At the beginning of the year		3,60,000	1.214	3,60,000	1.214
	Increase Decrease during the year					
	01. October 2016	Purchase	100	—	3,60,100	1.214
	02. March 2017	Sale	(3,50,000)	(1.180)	10,100	0.034
	At the end of the year		10,100	0.034	10,100	0.034
06.	Franklin India Smaller Companies fund					
	At the beginning of the year		3,54,620	1.196	3,54,620	1.196
	Increase Decrease during the year					
	01. April 2016	Sale	(5,000)	(0.017)	3,49,620	1.179
	02. October 2016	Sale	(28,978)	(0.098)	3,20,642	1.081
	At the end of the year		3,20,642	1.081	3,20,642	1.081

No.	Name of the Shareholder	Reason for change	Shareholding as at April 01, 2016		Cumulative shareholding during 2016-17	
			Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
07.	DSP Blackrock Small and Mid-cap Fund					
	At the beginning of the year		3,36,245	1.134	3,36,245	1.134
	Increase Decrease during the year					
	01. May 2016	Sale	(50,796)	(0.171)	2,85,449	0.962
	02. June 2016	Sale	(17,795)	(0.060)	2,67,654	0.902
	03. November 2016	Purchase	8,687	0.029	2,76,341	0.932
	04. December 2016	Purchase	22,809	0.077	2,99,150	1.009
	05. January 2017	Purchase	86,564	0.292	3,85,714	1.300
	06. March 2017	Purchase	30,620	0.103	4,16,334	1.404
	At the end of the year		4,16,334	1.404	4,16,334	1.404
08.	Kotak Mahindra (UK) Ltd A/c India Midcap (Mauritius) Ltd					
	At the beginning of the year		3,22,068	1.086	3,22,068	1.086
	Increase Decrease during the year					
	01. May 2016	Sale	(7,698)	(0.026)	3,14,370	1.060
	02. August 2016	Sale	(2,000)	(0.007)	3,12,370	1.053
	03. September 2016	Sale	(12,370)	(0.042)	3,00,000	1.011
	04. October 2016	Sale	(15,000)	(0.051)	2,85,000	0.961
	05. November 2016	Sale	(15,000)	(0.051)	2,70,000	0.910
	06. February 2017	Sale	(3,872)	(0.013)	2,66,128	0.897
	At the end of the year		2,66,128	0.897	2,66,128	0.897
09.	DSP Blackrock Equity Fund					
	At the beginning of the year		3,21,704	1.085	3,21,704	1.085
	Increase Decrease during the year					
	01. April 2016	Sale	(47,282)	(0.159)	2,74,422	0.925
	02. July 2016	Sale	(1,74,394)	(0.588)	1,00,028	0.337
	03. August 2016	Sale	(1,00,028)	(0.337)	–	–
	At the end of the year		–	–	–	–
10.	Government Pension Fund Global					
	At the beginning of the year		3,12,747	1.054	3,12,747	1.054
	Increase Decrease during the year					
	01. April 2016	Purchase	53,932	0.182	3,66,679	1.236
	02. May 2016	Purchase	37,292	0.126	4,03,971	1.362
	03. July 2016	Sale	(21,699)	(0.073)	3,82,272	1.289
	04. August 2016	Sale	(30,601)	(0.103)	3,51,671	1.186
	05. October 2016	Sale	(23,871)	(0.080)	3,27,800	1.105
	06. November 2016	Sale	(4,599)	(0.016)	3,23,201	1.090
	07. December 2016	Sale	(2,56,066)	(0.863)	67,135	0.226
	08. January 2017	Sale	(67,135)	(0.226)	–	–
	At the end of the year		–	–	–	–

4.4.5 Shareholding of the Directors and the Key Managerial Personnel

No.	Particulars	Reason for change	Shareholding as at April 01, 2016		Cumulative shareholding during 2016-17	
			Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
01.	R A Shah					
	At the beginning of the year		14,960	0.050	14,960	0.050
	Increase Decrease during the year					
	At the end of the year		14,960	0.050	14,960	0.050
02.	S S Baijal					
	At the beginning of the year		6,000	0.020	6,000	0.020
	Increase Decrease during the year					
	At the end of the year		6,000	0.020	6,000	0.020
03.	S S Lalbhai					
	At the beginning of the year		43,193	0.146	43,193	0.146
	Increase Decrease during the year					
	01. August 2016	Purchase	46,500	0.157	89,693	0.302
	02. October 2016	Purchase	1,000	0.003	90,693	0.306
	03. November 2016	Purchase	1,079	0.003	91,772	0.309
	At the end of the year		91,772	0.309	91,772	0.309
04.	B S Mehta					
	At the beginning of the year		162	0.001	162	0.001
	Increase Decrease during the year					
	At the end of the year		162	0.001	162	0.001
05.	H S Shah					
	At the beginning of the year		1,290	0.004	1,290	0.004
	Increase Decrease during the year					
	At the end of the year		1,290	0.004	1,290	0.004
06.	S A Lalbhai					
	At the beginning of the year		2,02,377	0.682	2,02,377	0.682
	Increase Decrease during the year					
	At the end of the year		2,02,377	0.682	2,02,377	0.682
07.	S M Datta					
	At the beginning of the year		10,000	0.034	10,000	0.034
	Increase Decrease during the year					
	At the end of the year		10,000	0.034	10,000	0.034
08.	B N Mohanan					
	At the beginning of the year		5,800	0.020	5,800	0.020
	Increase Decrease during the year					
	At the end of the year		5,800	0.020	5,800	0.020
09.	V S Rangan					
	At the beginning of the year		2,000	0.007	2,000	0.007
	Increase Decrease during the year					
	01. March 2017	Purchase	1,000	0.003	3,000	0.010
	At the end of the year		3,000	0.010	3,000	0.010
10.	M M Chitale					
	At the beginning of the year		50	—	50	—
	Increase Decrease during the year					
	At the end of the year		50	—	50	—
11.	T R Gopi Kannan					
	At the beginning of the year		50	—	50	—
	Increase Decrease during the year					
	At the end of the year		50	—	50	—

No.	Particulars	Reason for change	Shareholding as at April 01, 2016		Cumulative shareholding during 2016-17	
			Number of shares	% of total shares of the Company	Number of shares	% of total shares of the Company
12.	S A Panse					
	At the beginning of the year		50	—	50	—
	Increase Decrease during the year					
	At the end of the year		50	—	50	—
13.	B R Arora					
	At the beginning of the year		100	—	100	—
	Increase Decrease during the year					
	At the end of the year		100	—	100	—
14.	L P Patni					
	At the beginning of the year		—	—	—	—
	Increase Decrease during the year					
	At the end of the year		—	—	—	—

4.5 Indebtedness

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

(₹ cr)

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	132.97	168.69	—	301.67
ii) Interest due, but not paid	—	—	—	—
iii) Interest accrued, but not due	0.42	—	—	0.42
Total i) + ii) + iii)	133.39	168.69	—	302.09
Change in indebtedness during the financial year				
Addition	—	—	—	—
Reduction	103.83	42.87	—	146.69
Net change	103.83	42.87	—	146.69
Indebtedness at the end of the financial year				
i) Principal amount	29.39	125.83	—	155.22
ii) Interest due, but not paid	—	—	—	—
iii) Interest accrued, but not due	0.18	—	—	0.18
Total i) + ii) + iii)	29.57	125.83	—	155.40

Note: As on March 31, 2017, 2 Deposits of ₹ 0.005 cr from each of the Directors, Mr B S Mehta and Mr R A Shah were lying with the Company.

4.6 Remuneration of the Directors and the Key Managerial Personnel

4.6.1 Remuneration to the Managing Director, the Whole-time Directors and | or the Manager

(₹)

No.	Particulars	S S Lalbhai ¹	S A Lalbhai	B N Mohanan	T R Gopi Kannan ²	Total amount
01.	Gross salary					
	Salary as per provisions under Section 17(1) of the Income-tax Act, 1961	2,86,67,129	89,09,469	1,09,79,918	1,45,94,999	6,31,51,515
	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	77,744	5,91,619	7,99,691	39,600	15,08,654
	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	—	—	—	—	—
02.	Stock option	—	—	—	—	—
03.	Sweat Equity	—	—	—	—	—
04.	Commission	4,19,80,070 ³	1,30,64,250 ⁴	—	—	5,50,44,320
05.	Others	—	—	—	—	—
06.	Total (A)	7,07,24,943	2,25,65,338	1,17,79,609	1,46,34,599	11,97,04,489
07.	Overall ceiling as per the Act					41,98,07,000

¹ CMD (CEO)

² WTD (CFO)

³ 1% of profit (₹ 4,19,80,070/-) or 60 months basic salary (₹ 7,16,85,000/-) whichever is lower

⁴ 0.50% of profit (₹ 2,09,90,035/-) or 30 months basic salary (₹ 1,30,64,250/-) whichever is lower.

4.6.2 Remuneration to the other Directors

(₹)

No.	Particulars	R A Shah	S S Bajjal	B S Mehta	H S Shah	S M Datta	V S Rangan	M M Chitale	S A Panse	B R Arora	Total amount
01.	Non-executive Independent Directors										
a)	Fee for attending the Board, the Committee and other meetings	–	2,80,000	–	95,000	1,40,000	2,00,000	1,20,000	1,20,000	1,20,000	10,75,000
b)	Commission	–	13,60,000	–	5,17,000	7,20,000	11,20,000	8,00,000	8,00,000	8,00,000	61,17,000
	Total 1	–	16,40,000	–	6,12,000	8,60,000	13,20,000	9,20,000	9,20,000	9,20,000	71,92,000
02.	Non-executive Non-independent Directors										
a)	Fee for attending the Board, Committee and other meetings	1,80,000	–	2,40,000	–	–	–	–	–	–	4,20,000
b)	Commission	7,80,000	–	9,60,000	–	–	–	–	–	–	17,40,000
	Total 2	9,60,000	–	12,00,000	–	–	–	–	–	–	21,60,000
	Total B = (1+2)	9,60,000	16,40,000	12,00,000	6,12,000	8,60,000	13,20,000	9,20,000	9,20,000	9,20,000	93,52,000
	Total managerial remuneration (A+B)										12,90,56,489
	Overall ceiling as per the Act										46,17,87,700

4.6.3 Remuneration to the Key Managerial Personnel other than the Managing Director | the Manager | the Whole-time Director

(₹)

No.	Particulars	Key Managerial Personnel
		CS
		L P Patni
01.	Gross salary	
	Salary as per provisions contained under Section 17(1) of the Income-tax Act, 1961	50,47,480
	Value of perquisites under Section 17(2) of the Income-tax Act, 1961	4,92,544
	Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	–
02.	Stock option	–
03.	Sweat Equity	–
04.	Commission	–
05.	Others	–
	Total	55,40,024

4.7 Penalties | Punishment | Compounding of offences

There were no penalties | punishment | compounding of offences for the year ending March 31, 2017.

5. Secretarial Audit Report

Form number MR – 3 Secretarial Audit Report

For the financial year ended March 31, 2017

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

The Members

Atul Ltd

Atul House

G I Patel Marg

Ahmedabad 380 014, Gujarat

India

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

Based on my verification of the books, papers, Minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, Minute books, forms and returns filed and other records maintained by the Company as per Annexure I for the financial year ended March 31, 2017 according to the provisions of:

- i. The Companies Act, 2013 (Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- iii. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;
- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- vi. Other sector specific laws as applicable to the Company including product laws, pollution laws, manufacturing laws and safety laws.

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

I have also examined compliance with the applicable Clauses of the following:

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

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

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

Adequate notice is given to all the Directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least 7 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

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

Ahmedabad
May 05, 2017

Name of Practising CS: A C Doshi
FCS Number: F3544

Atul Ltd

Annexure I – List of documents verified

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

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

Particulars	Status																																													
i) Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	<table><tr><th colspan="3">Number of times</th></tr><tr><th></th><th>if total remuneration of the Director is considered</th><th>if total remuneration of the Director excluding variable pay and commission is considered</th></tr><tr><td>R A Shah</td><td>2.99</td><td>0.56</td></tr><tr><td>S S Bajjal</td><td>5.10</td><td>0.87</td></tr><tr><td>B S Mehta</td><td>3.73</td><td>0.75</td></tr><tr><td>H S Shah</td><td>1.90</td><td>0.30</td></tr><tr><td>S M Datta</td><td>2.68</td><td>0.44</td></tr><tr><td>V S Rangan</td><td>4.11</td><td>0.62</td></tr><tr><td>M M Chitale</td><td>2.86</td><td>0.37</td></tr><tr><td>S A Panse</td><td>2.86</td><td>0.37</td></tr><tr><td>B R Arora</td><td>2.86</td><td>0.37</td></tr><tr><td>S S Lalbhai</td><td>220.02</td><td>89.42</td></tr><tr><td>S A Lalbhai</td><td>70.20</td><td>29.56</td></tr><tr><td>B N Mohanan</td><td>36.65</td><td>27.43</td></tr><tr><td>T R Gopi Kannan</td><td>45.53</td><td>36.92</td></tr></table>	Number of times				if total remuneration of the Director is considered	if total remuneration of the Director excluding variable pay and commission is considered	R A Shah	2.99	0.56	S S Bajjal	5.10	0.87	B S Mehta	3.73	0.75	H S Shah	1.90	0.30	S M Datta	2.68	0.44	V S Rangan	4.11	0.62	M M Chitale	2.86	0.37	S A Panse	2.86	0.37	B R Arora	2.86	0.37	S S Lalbhai	220.02	89.42	S A Lalbhai	70.20	29.56	B N Mohanan	36.65	27.43	T R Gopi Kannan	45.53	36.92
Number of times																																														
	if total remuneration of the Director is considered	if total remuneration of the Director excluding variable pay and commission is considered																																												
R A Shah	2.99	0.56																																												
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B N Mohanan	36.65	27.43																																												
T R Gopi Kannan	45.53	36.92																																												
ii) Percentage increase in remuneration of each of the Directors, the Chief Financial Officer, the Chief Executive Officer, the Company Secretary or the Manager, if any, in the financial year	<table><tr><th>Directors</th><th>%</th></tr><tr><td>R A Shah</td><td>6.67</td></tr><tr><td>S S Bajjal</td><td>3.80</td></tr><tr><td>B S Mehta</td><td>3.45</td></tr><tr><td>H S Shah</td><td>(49.21)</td></tr><tr><td>S M Datta</td><td>(21.82)</td></tr><tr><td>V S Rangan</td><td>—</td></tr><tr><td>M M Chitale</td><td>64.29</td></tr><tr><td>S A Panse</td><td>4.55</td></tr><tr><td>B R Arora</td><td>—</td></tr><tr><td>Chairman and Managing Director</td><td></td></tr><tr><td>S S Lalbhai</td><td>7.83</td></tr><tr><td>Managing Director</td><td></td></tr><tr><td>S A Lalbhai</td><td>9.64</td></tr><tr><td>Whole-time Director</td><td></td></tr><tr><td>B N Mohanan</td><td>12.49</td></tr><tr><td>Whole-time Director and Chief Financial Officer</td><td></td></tr><tr><td>T R Gopi Kannan</td><td>3.50</td></tr><tr><td>Company Secretary</td><td></td></tr><tr><td>L P Patni</td><td>13.66</td></tr></table>	Directors	%	R A Shah	6.67	S S Bajjal	3.80	B S Mehta	3.45	H S Shah	(49.21)	S M Datta	(21.82)	V S Rangan	—	M M Chitale	64.29	S A Panse	4.55	B R Arora	—	Chairman and Managing Director		S S Lalbhai	7.83	Managing Director		S A Lalbhai	9.64	Whole-time Director		B N Mohanan	12.49	Whole-time Director and Chief Financial Officer		T R Gopi Kannan	3.50	Company Secretary		L P Patni	13.66					
Directors	%																																													
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Company Secretary																																														
L P Patni	13.66																																													
iii) Percentage increase in the median remuneration of employees in the financial year	17.68%																																													
iv) Number of permanent employees on the rolls of Company	2,434																																													
v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<p>Average increase for Key Managerial Personnel and for other employees was about 8%.</p> <p>There is no exceptional increase in remuneration of Key Managerial Personnel.</p>																																													
vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company	It is affirmed that the remuneration is as per the Remuneration Policy of the Company.																																													

* Read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2017.

Management Discussion and Analysis

Atul Ltd has identified 2 reporting Segments, namely, Life Science Chemicals and Performance and Other Chemicals.

Life Science Chemicals Segment

Particulars	2016-17	2015-16	% change
Sales (₹ cr)	807	737	9%
Share in total sales (%)	31%	31%	—

Life Science Chemicals Segment consists of 3 Sub-segments, namely, Crop Protection, Pharmaceuticals and Intermediates and Aromatics - I.

Crop Protection

Product groups: Herbicides, Insecticides, Fungicides, Others

The products falling under these product groups are used by customers belonging to Agriculture and Crop Protection Chemicals industries. The product groups comprise about 20 products and 40 formulations. 2,4-D, Indoxacarb and Isoprothiolane are some of the key products.

During 2016-17, sales increased by 8% from ₹ 422 cr to ₹ 455 cr. Sales in India decreased by 8% from ₹ 166 cr to ₹ 153 cr; bulk sales in India increased by 20% from ₹ 69 cr to ₹ 83 cr whereas brand sales which are currently only in India decreased by 28% from ₹ 97 cr to ₹ 70 cr. Sales outside India increased by 18% from ₹ 256 cr to ₹ 302 cr and formed 66% of the total. Increase on account of volume was 22%. Sales increased mainly because of good demand for one of the key herbicides. The Company completed 2 projects and undertook 1 project for implementation.

The size of the world Agriculture industry is estimated at US\$ 3.2 tn and is growing at about 3%. The size of the world Crop Protection Chemicals industry is estimated at US\$ 56 bn and is growing at about 5%. There are about 60 major crop protection chemical companies which dominate the world marketplace.

The main user industries, namely Agriculture and Crop Protection Chemicals, are growing well because of the need to feed a growing population under constraints of related resources. The Company will participate in this growth by i) building a strong sales and marketing organisation and broadening and deepening its presence in other countries, particularly in Africa and



South America, ii) promoting its brand sales, iii) improving its manufacturing and working capital efficiencies, iv) generating and adding capacities and v) introducing new products and formulations.

Floods or famines may adversely affect the demand. Fluctuations in foreign exchange may impact sales realisations. Given that some of these chemicals can be toxic, it is essential to take due care in their manufacture and use. Registration costs are high in certain countries.



Pharmaceuticals and Aromatics - I

Product groups: API intermediates, Active Pharmaceutical Ingredients, Others

The products falling under these product groups are used by customers belonging to Pharmaceutical industry for various therapeutic categories, such as anti-depressant, anti-diabetic, anti-infective, anti-retroviral and cardiovascular. The product groups comprise about 72 products. Carbonates, chloroformates, isocyanates and organic ureas are some of the key classes of products.



During 2016-17, sales increased by 10% from ₹ 311 cr to ₹ 342 cr. Sales in India increased by 9% from ₹ 163 cr to ₹ 178 cr. Sales outside India increased by 11% from ₹ 148 cr to ₹ 164 cr and formed 48% of the total. Growth on account of volume was 9%. The Company completed 1 project and undertook 1 project for implementation. Atul Bioscience Ltd (ABL), a 100% subsidiary company, focussed on production of advanced API intermediates, increased its sales by 4% from ₹ 55 cr to ₹ 57 cr, primarily because of volume; it undertook 1 project for implementation.

The size of the world Pharmaceutical industry is estimated at US\$ 1.75 tn, of which the conventional pharmaceutical segment is US\$ 1.2 tn and is growing at about 8%. Of this, the size of the world API industry is estimated

at US\$ 150 bn and is growing at about 7%. There are about 20 major companies which dominate the world marketplace.

The main user industry, namely, Pharmaceutical, is growing well because of increasing awareness about diseases and health. The Company along with ABL will participate in this growth by i) widening its market reach, ii) increasing its manufacturing efficiencies, iii) generating and adding capacities, iv) introducing new products and v) forming long-term strategic alliances with other companies.



The prices of some products may come down in a short time. Fluctuations in foreign exchange may impact sales realisations.

Performance and Other Chemicals Segment

Particulars	2016-17	2015-16	% change
Sales (₹ cr)	1,832	1,666	10%
Share in total sales (%)	69%	69%	—

Performance and Other Chemicals Segment consists of 4 Sub-segments, namely, Aromatics - II, Bulk Chemicals and Intermediates, Colors and Polymers.

Aromatics - II

Product groups: Intermediates, Perfumery, Others



The products falling under these product groups are mainly used by customers belonging to Fragrance and Personal Care industries. The product groups comprise about 20 products. *para* Cresol, Sodium Sulphate and Sodium Sulphite are some of the key products.

During 2016-17, sales increased by 15% from ₹ 469 cr to ₹ 537 cr. Sales in India decreased by 12% from ₹ 139 cr to ₹ 123 cr. Sales outside India increased by 25% from ₹ 330 cr to ₹ 414 cr and formed 77% of the total. Growth on account of volume was 21%. The Company completed 2 projects and undertook 1 project for implementation.

The world market for *para* Cresol (a key product) is estimated at 63,000 mt and is growing at about 2%. Though earlier the product used to be manufactured in the UK and the USA, China and India are now major suppliers of the product.

The size of the world Fragrance industry is estimated at US\$ 11 bn and is growing at about 4% and the size of the world Personal Care industry is estimated at US\$ 400 bn of which personal care ingredient segment is US\$ 20 bn and is growing at about 4%.

The main user industries, namely, Fragrance and Personal Care, are growing well because of improving standard of living. The Company will participate in this growth by i) broadening its market reach, ii) increasing its manufacturing efficiencies, iii) generating and adding capacities and iv) introducing new products.

The prices of some products may come down in a short time. Fluctuations in foreign exchange may impact sales realisations.



Bulk Chemicals and Intermediates

Product groups: Bulk chemicals, Adhesion promoters, Others

The products falling under these product groups are used mainly for internal consumption and by customers belonging to Cosmetic, Dyestuff and Tyre industries. The product groups comprise about 21 products. Resorcinol, Resorcinol Formaldehyde Resins, Sulphur Trioxide, Chlorosulphonic Acid and Caustic Soda are some of the key products.



During 2016-17, sales (external) increased by 33% from ₹ 104 cr to ₹ 138 cr. Sales in India increased by 46% from ₹ 61 cr to ₹ 89 cr. Sales outside India increased by 14% from ₹ 43 cr to ₹ 49 cr and formed 36% of the total. Growth on account of volume was 34%. The Company completed 1 project and undertook 1 project for implementation.

The world market for Resorcinol (a key product) is estimated at US\$ 320 mn and is growing at about 3%. The size of the world Tyre industry is estimated at US\$ 220 bn and is growing at about 6.5%. The size of the world Chlor-alkali industry is estimated at US\$ 70 bn and is growing at about 6%.



The Tyre industry is expected to grow further because of increasing population on the one hand and improving standard of living on the other. The captive consumption of bulk chemicals is expected to grow as the Company expands manufacturing capacities of its various products. The Company will participate in this growth by i) widening its market reach, ii) increasing its manufacturing efficiencies, iii) generating and adding capacities and iv) introducing downstream products.

The demand and prices of bulk chemicals are cyclical in nature. Fluctuations in foreign exchange may impact sales realisations.

Colors

Product groups: Textile dyes, Pigments, Paper dyes, Inks, Textile chemicals, Others

The products falling under these product groups are used by customers belonging to Textile, Paint and Coatings and Paper industries. The product groups comprise about 571 products. Green 1, P Red and Sulphur Black are some of the key products.

During 2016-17, sales increased by 3% from ₹ 394 cr to ₹ 407 cr. Sales in India increased by 2% from ₹ 220 cr to ₹ 224 cr. Sales outside India increased by 5% from ₹ 174 cr to ₹ 183 cr and formed 45% of the total. Growth on account of volume was 7%. The Company completed 2 projects. Rudolf Atul Chemicals Ltd (RACL), a joint venture company formed in 2011-12, provides a complete range of textile chemicals in the Indian market; it increased its sales by 10% from ₹ 59 cr to ₹ 65 cr, primarily because of volume.



The size of the world Dyestuff industry is estimated at US\$ 5.6 bn and is growing at about 3.5%. China is the largest manufacturer of dyes followed by India. The world market for high performance pigments is estimated at US\$ 4.7 bn and is growing at about 3.8%.

The main user industries, namely, Paint and Coatings and Textile, will continue to grow because of increase in discretionary spending. The Company along with RACL will participate in this growth by i) broadening its market reach in new geographies, ii) increasing its manufacturing and working capital efficiencies and iii) introducing new dyes, pigments and products for non-textile applications.

Fluctuations in foreign exchange and availability of raw materials may impact sales realisations. Treatment costs are expected to remain high given that the manufacture of dyes and pigments generates significant pollutants.



Polymers

Product groups: Epoxy Resins and Hardeners, Reactive Diluents, Sulphones, Rubber and Polyurethane based Adhesives, Others



The products falling under these product groups are used by customers belonging to Aerospace, Automobile, Composites, Construction, Defence, Electrical and Electronics, Footwear, Paint and Coatings, Paper, Sports and Leisure and Wind Energy industries. The product groups comprise about 96 synthetic products and 300 formulations. B11, P62 and P101 are some of the key products.

During 2016-17, sales increased by 7% from ₹ 699 cr to ₹ 750 cr. Sales in India increased by 4% from ₹ 445 cr to ₹ 462 cr; bulk sales in India increased by 9% from ₹ 612 cr to ₹ 665 cr whereas retail sales decreased by 2% from ₹ 87 cr to ₹ 85 cr. Sales outside India increased by 13% from ₹ 254 cr to ₹ 288 cr and formed 38% of the total. Growth on account of volume was 14%. The Company completed 1 project and undertook 1 project for implementation.

The world market for epoxy resins and hardeners is estimated at US\$ 6.3 bn and is growing at about 2% and Indian market is estimated at US\$ 250 mn and is growing at about 6%. There are about 7 major companies which dominate the world marketplace. The world market for sulphones (hardener) is estimated at US\$ 320 mn and is growing at about 4%.

The user industries, Construction, Defence, Electrical and Electronics, Paint and Coatings and Wind Energy are growing well, particularly in India. The Company will participate in this growth by i) widening its market reach, ii) increasing its manufacturing and working capital efficiencies, iii) generating and adding new capacities of epoxy resins and hardeners and iv) introducing new products and formulations.

Cheaper imports of epoxy resins and hardeners may keep the margins under pressure. Since the 2 main raw materials, namely Bisphenol-A and Epichlorohydrin, are imported, fluctuations in foreign exchange may impact margins.



Internal Control Systems

Internal Control Systems of the Company are commensurate with the nature of its business and size and complexity of its operations. These are routinely tested, certified and upgraded whenever required by the Statutory as well as the Internal Auditors covering all key areas of business. Significant audit observations and follow up actions and recommendations

thereon are reported to the higher Management and Audit Committee for their review.



The Company has an in-house Internal Audit department (which became ISO 9001:2008 certified in 2014) consisting of professionally qualified managers. It is also working with reputed firms specialising in Internal Audit function. The combined efforts are helping to introduce best practices required to manage its growing business that now comprises, amongst others, subsidiary, joint venture and associate companies in India and abroad. Internal Audit is also carried out for Atul Foundation and entities overseen by it.

During 2016-17, the Company further strengthened the systems of Internal Audit and risk assessment and mitigation and took several Key Initiatives. In specific, it i) conducted 96 process reviews, ii) introduced continuous monitoring with the help of system reports iii) developed | implemented 5 new Standard Operating Procedures (SOPs) and iv) reviewed and revised 45 more SOPs under SOP project for all functions.

Human Resources

The Company continued with its drive to institutionalise and upgrade its HR processes, to help build a more robust workforce capable of managing dynamic and growing business needs. In particular, it focused on improving its processes related to Integrated Development, Performance Management and Succession Planning.

The process of identification and review of Key Initiatives is becoming more robust and is continuously upgraded. During 2016-17, on an average, 5.1 man days of training was imparted. The training needs are identified based on self-assessment, L+1 assessment; 360 degree feedback and Individual Development Plan; in addition, there are certain standard in-house and external Management Development Programs (to enhance functional and behavioural competencies) which an employee is expected to go through, depending upon his (her) grade and potential.



The number of employees (as on March 31, 2017) decreased by 31 from 2,465 to 2,434. The Marketing and Research and Development functions have been further strengthened (24% of new hires belong to these functions). The increase in numbers in Marketing and Research and Development has been more than offset by the reduction in numbers in Manufacturing.

Long-term settlement with the Union at Ankleshwar site is expiring in 2017-18, and discussions are underway to arrive at an amicable settlement. Employee Relations at all locations remained cordial and progressive, and the endeavour is to completely eliminate the divide that sometimes separates managers and workmen and use the strengths of everyone to enhance the performance of the Company.

There is no witness so terrible
and no accuser so powerful
as the conscience which dwells
within us.

~ Gautama Buddha



1. Philosophy

Transparency and accountability are the 2 basic tenets of Corporate Governance. Atul is proud to belong to a Group whose Founder lived his life with eternal Values and built the business enterprises on the foundation of good governance.

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

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

2. Board

2.1 Board business

The normal business of the Board comprises:

2.1.1 Approving

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

2.1.2 Monitoring

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

2.1.3 Noting

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

2.1.4 Recommending

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

2.1.5 Reviewing

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

2.1.6 Setting

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

2.1.7 Others

- i) Acting on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the Shareholders
- ii) Aligning remuneration of the key executives and the Board Members with the long-term interests of the Company and the Shareholders
- iii) Applying high ethical standards
- iv) Assigning sufficient number of the Non-executive Board Members capable of exercising independent judgement to items where there is a potential for conflict of interest
- v) Assisting the Executive Management by challenging the assumptions underlying strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of focus of the Company
- vi) Encouraging training of the Directors on a continuous basis to ensure that the Board Members are kept up-to-date
- vii) Exercising objective and independent judgement on corporate affairs
- viii) Facilitating the Independent Directors to perform their role effectively as the Board Members and also as the Members of Committees
- ix) Meeting the expectations of operational transparency of the Stakeholders while maintaining confidentiality of information in order to foster a culture of good decision-making

2.2 Appointment and tenure

2 | 3rd of the Directors (other than the Independent Directors) are rotational Directors. 1 | 3rd of rotational Directors retire in every Annual General Meeting (AGM) and, if eligible, offer themselves for reappointment. The Whole-time Directors are appointed by the Members for a period up to 5 years. The contracts with Whole-time Directors provide notice period of 6 months and severance pay as per the provisions of the Companies Act, 2013.

2.3 Composition, name, other directorships | committee memberships

The Board comprises experts drawn from diverse fields | professions. At this time, it consists of 13 Members comprising 9 Non-executive Directors (7 Independent and 2 Non-independent), 4 Executive Directors (including 2 promoters). The Independent Directors account for 54% of the strength of the Board, as against minimum requirement of 50% as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 33.33% as per the Companies Act, 2013. The Non-executive Directors are eminent professionals, drawn from amongst persons with skill, experience and knowledge in one or more fields of finance, law, management or any other discipline related to the business of the Company.

No.	Name	Directorship(s) in other company (ies) ¹	Membership(s) of the Committee(s) of the Board(s) ²	Chairmanship(s) of the Committee(s) of the Board(s) ²
Chairman and Managing Director				
01.	S S Lalbhai	5	3	—
Managing Director				
02.	S A Lalbhai	4	—	—
Whole-time Directors				
03.	B N Mohanan	8	—	—
04.	T R Gopi Kannan	8	4	—

No.	Name	Directorship(s) in other company (ies) ¹	Membership(s) of the Committee(s) of the Board(s) ²	Chairmanship(s) of the Committee(s) of the Board(s) ²
Non-executive Directors				
05.	R A Shah	9	4	4
06.	S S Bajjal	2	–	2
07.	B S Mehta	8	6	3
08.	H S Shah	1	1	1
09.	S M Datta	9	7	2
10.	V S Rangan	7	7	–
11.	M M Chitale	7	4	3
12.	S A Panse	6	3	–
13.	B R Arora	2	2	–

Mr S S Lalbhai and Mr S A Lalbhai are promoter Directors.

Except Mr B S Mehta and Mr R A Shah, all other Non-executive Directors are Independent.

¹ Excludes Directorships in foreign companies and private limited companies

² In compliance with Regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships | Chairmanships of only the Audit Committees and the Stakeholders Relationship Committees of all public limited companies including the Company were considered

2.4 Board meetings

The Board meeting dates were normally determined well in advance. During 2016 -17, the Board met 6 times.

No.	Day	Date	Venue
01.	Friday	April 29, 2016	Mumbai
02.	Friday	July 22, 2016	Mumbai
03.	Friday	October 21, 2016	Mumbai
04.	Friday	December 09, 2016	Mumbai
05.	Friday	January 20, 2017	Mumbai
06.	Friday	March 24, 2017	Mumbai

2.5 Attendance at the Board meetings and the AGM

No.	Name	Board Meetings		AGM on July 29, 2016
		Total	Attended	
01.	S S Lalbhai	6	5	Present
02.	R A Shah	6	6	–
03.	S S Bajjal	6	6	Present
04.	B S Mehta	6	6	–
05.	H S Shah	6	3	Present
06.	S A Lalbhai	6	6	Present
07.	S M Datta	6	5	Present
08.	B N Mohanan	6	6	Present
09.	V S Rangan	6	5	–
10.	M M Chitale	6	5	–
11.	T R Gopi Kannan	6	6	Present
12.	S A Panse	6	5	Present
13.	B R Arora	6	5	Present

2.6 Appointment | Cessation

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

2.7 Remuneration

No.	Name	Remuneration during the year (₹)			
		Sitting fees	Salary and perquisites	Commission	Total
Chairman and Managing Director					
01.	S S Lalbhai	–	2,87,44,873	4,19,80,070	7,07,24,943
Managing Director					
02.	S A Lalbhai	–	95,01,088	1,30,64,250	2,25,65,338
Whole-time Directors					
03.	B N Mohanan	–	1,17,79,609	–	1,17,79,609
04.	T R Gopi Kannan	–	1,46,34,599	–	1,46,34,599
Non-executive Directors					
05.	R A Shah	1,80,000	–	7,80,000	9,60,000
06.	S S Baijal	2,80,000	–	13,60,000	16,40,000
07.	B S Mehta	2,40,000	–	9,60,000	12,00,000
08.	H S Shah	95,000	–	5,17,000	6,12,000
09.	S M Datta	1,40,000	–	7,20,000	8,60,000
10.	V S Rangan	2,00,000	–	11,20,000	13,20,000
11.	M M Chitale	1,20,000	–	8,00,000	9,20,000
12.	S A Panse	1,20,000	–	8,00,000	9,20,000
13.	B R Arora	1,20,000	–	8,00,000	9,20,000

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

Commission up to 1% of the net profit of the Company to the Non-executive Directors was approved by the Members of the Company at the AGM held on July 26, 2013 for a period of 5 years, effective April 01, 2013. The Board approves, within the aforesaid limit, commission payable to each Non-executive Director.

3. Committees of the Board

The Board has constituted the following Committees:

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

3.1 Audit Committee

3.1.1 Role

- i) Approving
 - » appointment of the Chief Financial Officer
 - » transactions with Related Parties and subsequent modifications thereof

- ii) Conducting
 - » pre-audit discussions with the Auditors regarding nature and scope of the audit and post-audit discussion to ascertain any areas of concern
 - » valuation of undertakings or assets, wherever necessary
- iii) Formulating
 - » scope, functioning, periodicity and methodology for conducting the Internal Audit in consultation with the Internal Auditor
 - » Code of Conduct and related matters
- iv) Reviewing
 - » adequacy of the Internal Audit function, including the structure of Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit
 - » significant transactions and arrangements entered into by the unlisted subsidiary companies
 - » the Auditors' independence, performance and effectiveness of the audit process
 - » periodically with the Auditors the Internal Control Systems, the scope of audit including the observations of the Auditors and the Financial Statements before submission to the Board
 - » the annual Financial Statements and Auditors' Report with the Management before submission to the Board for approval with particular reference to:
 - any changes in Accounting Policies and practices
 - compliance with Accounting Standards
 - compliance with the Stock Exchanges and legal requirements concerning the Financial Statements
 - disclosure of any Related Party Transactions
 - going concern assumption
 - major accounting entries involving estimates based on exercise of judgement by the Management
 - matters required to be included in the Directors' Responsibility Statement for the Directors' Report
 - qualifications in the draft Audit Report
 - significant adjustments made in the Financial Statements arising out of audit findings
 - » with the Internal Auditors any significant findings and follow up thereon including findings of any internal investigations into matters where there is suspected fraud or irregularity or failure of the Internal Control Systems of material nature and reporting such matters to the Board
 - » financial reporting process and the disclosure of financial information to ensure that the Financial Statements are correct, credible and sufficient
 - » compliance reports of all applicable laws as well as steps taken to rectify instances of non-compliances periodically
 - » reasons for substantial defaults, if any, in the payment to the depositors, the debenture holders, the Members (in case of non-payment of declared dividends) and creditors
 - » the Financial Statements, in particular, investments made by unlisted subsidiary companies
 - » functioning of Whistle-blowing mechanism
 - » following information mandatorily:
 - appointment, removal and terms of remuneration of the Chief Internal Auditor
 - Internal Audit Reports relating to weaknesses in the Internal Control Systems
 - Management Discussion and Analysis of financial condition and results of operations
 - management letters | letters of internal control weaknesses issued by the Statutory Auditors
 - statement of Related Party Transactions submitted by the Management
 - » with the Management the statement of uses | applications of funds raised through an issue (public issue, rights issue, preferential issue, etc), the statement of funds utilised for the purposes other than those stated
- v) Others
 - » determining procedures for risk assessment and minimisation, and reviewing them periodically to ensure that the Executive Management controls risks through means of a properly defined framework
 - » evaluating internal financial controls and Risk Management system
 - » recommending appointment, remuneration and terms of appointment of the Auditors and approval for payment for any other services
 - » scrutinising inter-corporate loans and investments
 - » carrying out any other function as mentioned in the terms of reference of the Audit Committee

3.1.2 Composition

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

No.	Name	Designation
01.	S S Baijal	Chairman
02.	B S Mehta	Member
03.	V S Rangan	Member

3.1.3 Meetings and attendance

During 2016-17, 4 meetings were held.

No.	Name	Total	Attended
01.	S S Baijal	4	4
02.	B S Mehta	4	4
03.	V S Rangan	4	4

The Statutory Auditors, the Cost Auditors, the Chairman and Managing Director, the Whole-time Director and CFO, the Company Secretary, the heads of Finance, Accounts, Costing and Internal Audit are permanent invitees to the meetings. The Board notes the Minutes of the Audit Committee meetings.

3.2 Nomination and Remuneration Committee

3.2.1 Role

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

3.2.2 Composition

The Committee comprises following Members:

No.	Name	Designation
01.	H S Shah	Chairman
02.	S S Baijal	Member
03.	R A Shah	Member

3.2.3 Meetings and attendance

During 2016-17, 1 meeting was held.

No.	Name	Total	Attended
01.	H S Shah	1	—
02.	S S Baijal	1	1
03.	R A Shah	1	1

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

3.3 Stakeholders Relationship Committee

3.3.1 Role

- Considering and resolving grievances (including complaints related to non-receipt of the Annual Report, non-receipt of declared dividends and transfer of shares) of security holders (including the Shareholders, debenture holders and other security holders)
- Reviewing any other related matter which the Committee may deem fit in the circumstances of the case including the following:
 - » Change of name(s) of the Members on share certificates
 - » Consolidation of share certificates

- » Deletion of name(s) of guardian(s)
- » Deletion of name(s) from share certificates
- » Dematerialisation of shares
- » Issue of duplicate share certificates
- » Rematerialisation of shares
- » Replacement of shares
- » Splitting-up of shares
- » Transfer of shares
- » Transmission of shares
- » Transposition of names

3.3.2 Composition

The Committee comprises following Members:

No.	Name	Designation
01.	H S Shah	Chairman
02.	S S Lalbhai	Member
03.	T R Gopi Kannan	Member

Mr L P Patni, Company Secretary, is the Chief Compliance Officer.

3.3.3 Meetings and attendance

During 2016-17, 5 meetings were held.

No.	Name	Total	Attended
01.	H S Shah	5	3
02.	S S Lalbhai	5	5
03.	T R Gopi Kannan	5	5

During 2016-17, 17 complaints were received from the Investors. All the grievances were solved to the satisfaction of the Investors.

No.	Nature of complaint	Received	Redressed
01.	Non-receipt of dividend warrant	1	1
02.	Non-receipt of share certificates	4	4
03.	Non-receipt of duplicate share certificates	3	3
04.	Others	9	9
Total		17	17

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

3.4 Corporate Social Responsibility Committee

3.4.1 Role

- i) Formulating and recommending the Corporate Social Responsibility (CSR) Policy to the Board
- ii) Indicating reasons to the Board in case the amount of expenditure is less than 2% of the average net profits in a given year
- iii) Monitoring the CSR Policy from time to time
- iv) Recommending the amount of expenditure to be incurred on the CSR activities which may not be less than 2% of the average net profits of the last 3 years

3.4.2 Composition

The Committee comprises following Members:

No.	Name	Designation
01.	H S Shah	Chairman
02.	S S Lalbhai	Member
03.	B N Mohanan	Member

3.4.3 Meetings and attendance

During 2016-17, 1 meeting was held.

No.	Name	Total	Attended
01.	H S Shah	1	1
02.	S S Lalbhai	1	1
03.	B N Mohanan	1	1

The Board notes the Minutes of the CSR Committee meetings.

3.5 Investment Committee

3.5.1 Role

- reviewing business strategies
- approving capital expenditure proposals exceeding ₹ 5 cr but not exceeding ₹ 25 cr each
- recommending to the Board for approval capital expenditure proposals exceeding ₹ 25 cr each
- recommending to the Board acquisition, disinvestment and divestment proposals
- reviewing progress of the approved projects

3.5.2 Composition

The Committee comprises following Members:

No.	Name	Designation
01.	R A Shah	Chairman
02.	S S Baijal	Member
03.	B S Mehta	Member
04.	S M Datta	Member
05.	S S Lalbhai	Member

3.5.3 Meetings and attendance

During 2016-17, 2 meetings were held.

No.	Name	Total	Attended
01.	R A Shah	2	2
02.	S S Baijal	2	2
03.	B S Mehta	2	2
04.	S M Datta	2	1
05.	S S Lalbhai	2	2

The Board notes the Minutes of the Investment Committee meetings.

4. Subsidiary companies registered in India

As on March 31, 2017, the Company had 11 non-material Indian unlisted subsidiary companies:

- 5 wholly-owned – Anchor Adhesives Pvt Ltd, Atul Bioscience Ltd, Atul Finserv Ltd, Atul Nivesh Ltd and Atul Fin Resources Ltd
- 1 joint venture – Atul Rajasthan Date Palms Ltd
- 5 others – Aasthan Dates Ltd, Atul Biospace Ltd, Atul Infotech Pvt Ltd, Biyaban Agri Ltd and Raja Dates Ltd

The Financial Statements of the above companies were reviewed by the Audit Committee. The Minutes of the meetings of all the subsidiary companies were placed before the Board.

5. Company policies

5.1 Compliance

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

5.2 Code of Conduct

The Code of Conduct is available on the website of the Company at www.atul.co.in/investors/corporate_governance.html. All the Directors and the Senior Management Personnel have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Chairman and Managing Director forms a part of this report.

5.3 Prevention of Sexual Harassment of Women at Workplace

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Company has framed a policy on Prevention of Sexual Harassment of Women at Workplace. During 2016-17, no complaint was received by the Committee set up pursuant to the aforesaid Policy.

5.4 Related Party Transactions

The Company has formulated a Related Party Transactions Policy and the same is disclosed on the website of the Company at www.atul.co.in/investors/pdf/Policy%20on%20transactions.pdf

5.5 'Material' subsidiary companies

The Company has formulated a policy for determining 'material' subsidiary companies and the same is disclosed on the website of the Company at www.atul.co.in/investors/pdf/Policy%20on%20transactions.pdf

5.6 Familiarisation programs

The details of Familiarisation programs imparted to Independent Directors are disclosed on the website of the Company at http://www.atul.co.in/investors/familiarisation_program.html

5.7 Commodity price risk or foreign exchange risk and hedging activities

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

Foreign exchange risks are tracked and managed within the Risk Management framework. Short-term foreign currency asset - liability mismatch is continuously monitored and hedged. The foreign exchange market is highly regulated and the Company ensures compliance with all the regulations.

6. Affirmation and disclosure

There were no materially significant Related Party Transactions, pecuniary transactions or relationships between the Company and its Directors or the Management and their subsidiary companies or relatives, among others, during 2016-17 that may have a potential conflict with the interests of the Company at large. All details relating to financial and commercial transactions where the Directors may have a pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.

The Company complied with the statutory provisions, rules and regulations relating to the capital markets during the last 3 years and the Stock Exchanges or the Securities and Exchange Board of India or any statutory authority did not impose any penalties or strictures on the Company for the said period.

7. Shareholders' information

7.1 General Body meetings

7.1.1 Location and time where last 3 AGMs were held:

Year	Location	Date	Time
2013-14	H T Parekh Hall Ahmedabad Management Association Dr Vikram Sarabhai Marg Ahmedabad 380 015, Gujarat, India	July 25, 2014	11:00 am
2014-15	H T Parekh Hall Ahmedabad Management Association Dr Vikram Sarabhai Marg Ahmedabad 380 015, Gujarat, India	August 04, 2015	10:30 am
2015-16	H T Parekh Hall Ahmedabad Management Association Dr Vikram Sarabhai Marg Ahmedabad 380 015, Gujarat, India	July 29, 2016	10:30 am

7.1.2 Special Resolutions were passed in the previous 3 AGMs.

7.1.3 Resolutions through postal ballot were not passed.

7.2 AGM 2017

Details of the 40th AGM is as under:

Year	Location	Date	Time
2016-17	H T Parekh Hall Ahmedabad Management Association Dr Vikram Sarabhai Marg Ahmedabad 380 015, Gujarat, India	July 28, 2017	10:30 am

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

7.3 Financial year

April 01 to March 31

7.4 Date of book closure

July 15, 2017 to July 19, 2017

7.5 Date of dividend payment

August 02, 2017

7.6 Listing on the Stock Exchanges

Equity shares of the Company are listed on the BSE Ltd (BSE) and the National Stock Exchange of India Ltd (NSE). The Company has paid listing fees for 2017-18 to the Stock Exchanges where securities are listed. Pursuant to a circular of the Securities and Exchange Board of India, custody charges were also paid to the Depositories, namely National Securities Depository Ltd and Central Depository Services (India) Ltd. The International Securities Identification Number of the Equity shares of the Company is INE100A01010. The Corporate Identity Number is L99999GJ1975PLC002859.

7.7 Stock code

BSE: 500027 and NSE: ATUL

7.8 Share price data and comparison with the BSE Sensex

The monthly high and low share prices of the Company in comparison with the BSE Sensex during 2016-17 are as under:

Month	Share price of the Company on BSE		BSE Sensex	
	High ₹	Low ₹	High	Low
April 2016	1,894.95	1,496.70	26,100.54	24,523.20
May 2016	2,040.00	1,703.70	26,837.20	25,057.93
June 2016	2,087.70	1,805.00	27,105.41	25,911.33
July 2016	2,299.00	1,911.00	28,240.20	27,034.14
August 2016	2,251.00	1,885.00	28,532.25	27,627.97
September 2016	2,347.80	2,050.00	29,077.28	27,716.78
October 2016	2,489.10	2,265.00	28,477.65	27,488.30
November 2016	2,358.95	1,900.30	28,029.80	25,717.93
December 2016	2,254.00	1,951.25	26,803.76	25,753.74
January 2017	2,295.00	2,015.00	27,980.39	26,447.06
February 2017	2,432.70	2,178.85	29,065.31	27,590.10
March 2017	2,435.00	2,100.00	29,824.62	28,716.21

7.9 Registrar and transfer agent

Link Intime India Pvt Ltd

506-508 Amarnath Business Centre - 1, Umashankar Joshi Marg, Off C G Road, Ahmedabad 380 006, Gujarat, India, Telephone: (+91 79) 26465179 | 86 | 87.

7.10 Share transfer system

Securities lodged for transfer at the office of the Registrar are processed within 15 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 21 days.

Pursuant to Regulation 40(9) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, certificates on a half-yearly basis were issued by the Company Secretary in practice for due compliance of share transfer formalities by the Company. Pursuant to the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, certificates were also received from the Company Secretary in practice for timely dematerialisation of the shares and for conducting the Secretarial Audit on a quarterly basis for reconciliation of the share capital of the Company. All the certificates were filed with the Stock Exchanges where the shares of the Company are listed.

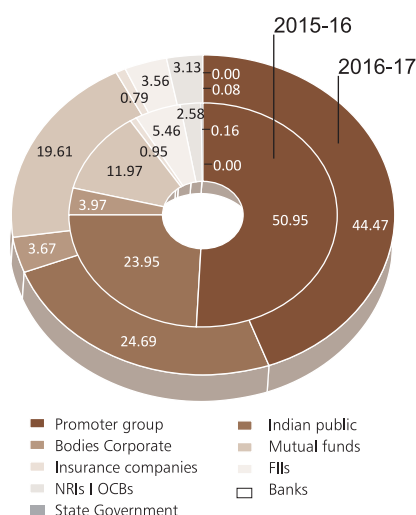
7.11 Distribution of shareholding as on March 31, 2017

7.11.1 Shareholding-wise:

Holding	Shareholders		Shares	
	Numbers	% of total	Numbers	% of total
1 – 10	6,964	23.19	36,548	0.12
11 – 50	11,636	38.75	3,18,737	1.08
51 – 100	4,140	13.79	3,42,977	1.16
101 – 500	5,374	17.89	12,83,017	4.33
501 – 1,000	946	3.15	7,00,476	2.36
1,001 – 2,000	407	1.36	5,87,463	1.98
2,001 – 3,000	150	0.50	3,74,700	1.26
3,001 – 4,000	78	0.26	2,79,813	0.94
4,001 – 5,000	58	0.19	2,70,418	0.91
5,001 – 10,000	107	0.36	7,80,240	2.63
10,001 and above	171	0.57	2,46,87,344	83.23
Total	30,031	100.00	2,96,61,733	100.00

7.11.2 Category-wise:

Category	Shares (Numbers)	Shareholding (%)
Promoter group	1,31,91,639	44.47
Indian public	73,22,488	24.69
Bodies corporate	10,88,212	3.67
Mutual funds	58,15,518	19.61
Insurance companies	2,35,935	0.79
Foreign institutional investors	10,54,623	3.56
Non-resident Indians Overseas bodies corporate	9,28,956	3.13
Banks	24,026	0.08
State Government	336	0.00
Total	2,96,61,733	100.00



7.12 Details of Equity shares in unclaimed suspense account

No.	Particulars	Number of Shareholders	Number of unclaimed shares
01.	Opening balance of Equity shares in unclaimed suspense account as on April 01, 2016	1,091	40,490
02.	Unclaimed Equity shares transferred to unclaimed suspense account during 2016-17	Nil	Nil
	Total	1,091	40,490
03.	Transferred to Shareholders from unclaimed suspense account	Nil	Nil
04.	Balance of Equity shares in unclaimed suspense account as on March 31, 2017 (1+2-3)	1,091	40,490
	Number of Shareholders who approached the Company for transfer of Equity shares from unclaimed suspense account	Nil	Nil

7.13 Dematerialisation of shares and liquidity

The paid-up share capital of the Company is held by the Members as on March 31, 2017 as follows: 97.20% in electronic form and 2.80% in physical form.

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

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

7.15 Equity shares held by the Non-executive Directors

No.	Name	Shares
01	R A Shah	14,960
02	S S Baijal	6,000
03	B S Mehta	162
04	H S Shah	1,290
05	S M Datta	10,000
06	V S Rangan	3,000
07	M M Chitale	50
08	S A Panse	50
09	B R Arora	100

7.16 Location of plants

- Atul 396 020, District Valsad, Gujarat, India
- GIDC, Ankleshwar 393 002, District Bharuch, Gujarat, India
- GIDC, Kharod 394 115, District Bharuch, Gujarat, India
- MIDC, Tarapur 401 506, District Palghar, Maharashtra, India

7.17 Address for correspondence

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

7.18 E-mail address of grievance redressal office

atul_ahmedabad@atul.co.in

7.19 Nomination facility

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

7.20 Communication

Half-yearly report sent to each household of the Members	Half-yearly report was not sent to the Members.
Quarterly and half-yearly results	Quarterly and half-yearly results of the Company were sent to the Stock Exchanges immediately after approval by the Board and published in The Economic Times (English) Ahmedabad and Mumbai editions and The Economic Times (Gujarati) Ahmedabad edition. The results were published in accordance with the guidelines of the Stock Exchanges.
Website where displayed	On the website of the Company: www.atul.co.in On the website of the Stock Exchanges: 1. www.bseindia.com 2. www.nseindia.com
Official news releases	Official news releases as and when issued are placed on the website of the Company.
Presentations made to the institutional investors or to the analysts	Presentation was made to the analysts on May 05, 2017 and a copy thereof was displayed on the website of the Company.
Management Discussion and Analysis	Management Discussion and Analysis is part of the Annual Report.

7.21 Tentative Board meeting dates for consideration of results for 2017-18

No.	Particulars	Dates
01.	First quarter results	July 21, 2017
02.	Second quarter and half-yearly results	October 17, 2017
03.	Third quarter results	January 19, 2018
04.	Fourth quarter and annual results	April 27, 2018

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

8.1 Compliance with the mandatory requirements

The Company complied with the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

8.2 Extent of compliance with the non-mandatory requirements

The Company complies with the following non-mandatory requirements:

- Reporting of the Internal Auditor to the Audit Committee
- Unqualified Financial Statements

9. Evaluation by the Independent Directors

The Independent Directors at their meeting held on March 24, 2017 carried out annual evaluation in accordance with the Regulation 25(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

10. Role of the Company Secretary in overall governance process

All the Directors have access to the suggestions and services of the Company Secretary | Legal department in ensuring an effective functioning of the Board and its Committees. The Company Secretary administers, attends and prepares Minutes of the Board and the Committee proceedings in accordance with the statutory requirements as well as the norms of Corporate Governance.

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

Mr S S Lalbhai, Chairman and Managing Director and Mr T R Gopi Kannan, Whole-time Director and CFO, issued a certificate to the Board as prescribed under Regulation 17 (8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The said certificate was placed before the Board at the meeting held on May 05, 2017 in which the accounts for the year ended March 31, 2017 were considered and approved by the Board.

12. Certification by the Statutory Auditors

Certificate from the Statutory Auditors of the Company, Dalal & Shah Chartered Accountants LLP, regarding compliance of conditions of Corporate Governance as stipulated in Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is forming a part of the Annual Report.

13. Declaration by the Chairman and Managing Director

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

Mumbai
May 05, 2017

For Atul Ltd
(S S Lalbhai)
Chairman and Managing Director

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Atul Ltd

We have examined the compliance of conditions of Corporate Governance by Atul Ltd for the year ended March 31, 2017, as stipulated in Regulations 17, 18, 19, 20, 22, 23, 24, 25, 26, 27 and Clause (b) to (i) of sub-regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as 'SEBI Listing Regulations, 2015').

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Dalal & Shah Chartered Accountants LLP
Firm Registration Number 102020W | W-100040
Chartered Accountants

Mumbai
May 05, 2017

(S Venkatesh)
Partner
Membership Number: 037942

Business Responsibility Report

Securities and Exchange Board of India (SEBI) has mandated the requirement of submission of Business Responsibility Report (BRR) for the first 500 listed entities under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Atul is pleased to present its first BRR for 2016-17 based on the suggested framework provided by SEBI.

Section A: General information

01. Corporate Identity Number (CIN): L99999GJ1975PLC002859
02. Name: Atul Ltd
03. Registered office address: Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India
04. Website: www.atul.co.in
05. E-mail address: sec@atul.co.in
06. Financial year reported: 2016-17
07. Sector(s) engaged in (industrial activity code-wise): 201- basic chemicals, 202 - other chemical products
08. 3 key products | services manufactured | provided:
 - i) Epoxy resins and hardeners
 - ii) Herbicides
 - iii) Textile dyes
09. Number of locations where business activity is undertaken:
 - i) International locations: 6*
 - ii) National locations: 9* through subsidiary companies
10. Markets served: national and international

Section B: Financial details

01. Paid up capital: ₹ 29.68 cr
02. Turnover: ₹ 2,639 cr
03. Profit after tax: ₹ 285 cr
04. Spending on Corporate Social Responsibility: 2% of profit after tax
05. Activities in which the Corporate Social Responsibility expenditures have been incurred: refer to page number 28.

Section C: Other details

01. Number of subsidiary companies: 18
02. Participation of the subsidiary companies in the BR initiatives: all operating subsidiary companies are participating in the BR initiatives of the Company.
03. Percentage of participation in the BR initiatives by other entities (suppliers | customers) with whom the Company does business: less than 30%.

Section D: BR information

01. Details of the Director (responsible for BR) and the head of BR

a. Details of the Director:

Name:	Mr Bharathy Mohanan
Designation:	Whole-time Director and President – Utilities and Services
DIN:	00198716

b. Details of the head of BR:

Name:	Mr Deepak Ahuja
Designation:	General Manager – Human Resources
E-mail address:	deepak_ahuja@atul.co.in
Telephone:	(+91 2632) 230398

02. Principles related to BR as per National Voluntary Guidelines (NVG)

The NVG on Economic, Environmental and Social responsibilities of Businesses released by the Ministry of Corporate Affairs has adopted 9 Principles related to BRR. These are as follows:

- P1 Ethics, transparency and accountability**
Businesses should conduct and govern themselves with ethics, transparency and accountability.
- P2 Product lifecycle sustainability**
Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.
- P3 Well-being of the employees**
Businesses should promote the well-being of all employees.
- P4 Engagement with the Stakeholders**
Businesses should respect the interests of and be responsive towards all the Stakeholders, especially those who are disadvantaged, marginalised and vulnerable.
- P5 Human rights**
Businesses should respect and promote human rights.
- P6 Environment**
Businesses should respect, protect and make efforts to restore the environment.
- P7 Policy advocacy**
Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 Equitable development**
Businesses should support inclusive growth and equitable development.
- P9 Value to the customers**
Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. Details of the compliance (Y: yes, N: no)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
01.	Does the Company have policies for the 9 Principles of BR?	Y	Y	Y	Y	Y	Y	Y	Y	Y
02.	Have the policies been formulated in consultation with the relevant Stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
03.	Do the policies conform to any national international standards?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has developed policies for its significant operations in conformance with the international standards (such as ISO 9000, ISO 14000, OHSAS 18000), UNGC guidelines and ILO Principles.								
04.	Have the policies been approved by the Board? If so, has it been signed by the owner MD CEO appropriate Board of Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		All the policies have been approved by the Board and have been signed by a Whole-time Director (WtD).								
05.	Does the Company have a specified Committee of the Board Directors Officials to oversee the implementation of the policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Company has appointed a WtD to oversee implementation of the policies.								
06.	What is the URL to view the policies online?	The policies are not yet made available online.								
07.	Have the policies been formally communicated to all relevant internal and external Stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies have been communicated to many relevant internal and external Stakeholders.								
08.	Does the Company have an in-house structure to implement the policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
09.	Does the Company have a grievance redressal mechanism to address grievances of the Stakeholders (related to the policies)?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit evaluation of the working of the policies by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

03. Governance

No.	Questions	Frequency
a.	What is the frequency with which the Board, Committee of the Board or the CEO assesses the BR performance?	The WtD assesses the BR performance once a quarter.
b.	Will the BR and Sustainability Reports be published and if so, with what frequency and at what URL?	The BRR will be published annually. URL: http://www.atul.co.in/sustainability/overview.html

Section E: Principle-wise performance

Principle 1: Ethics, transparency and accountability

Businesses should conduct and govern themselves with ethics, transparency and accountability.

01. Does the Policy relating to ethics, bribery and corruption cover only the Company or does it extend to the Group | joint ventures | suppliers | contractors | NGOs | others?
The Policy extends to the Group | joint ventures | suppliers | contractors | NGOs | others.
02. How many Stakeholders' complaints have been received in 2016-17 and what percentage was satisfactorily resolved by the Management?
During 2016-17, no such complaints were received from the Stakeholders and there were no outstanding complaints as on March 31, 2017.

Principle 2: Product lifecycle sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

01. List up to 3 products or services of the Company whose design(s) has (have) incorporated social or environmental concerns, risks and | or opportunities.
 - i) para Cresol
 - ii) Caustic | Chlorine
 - iii) Sulphur Black
02. Does the Company have procedures in place for sustainable sourcing (including transportation)? If so, what percentage of inputs was sourced sustainably?
The Company is in the process of institutionalising procedures for sustainable sourcing including transportation. Currently, the Company expects its suppliers to abide by ISO 9001 and ISO 14001 standards.
03. Has the Company taken any steps to procure goods and services from local and small producers | providers, including communities surrounding its place of work? If so, what steps have been taken to improve their capacity and capability?
The Company gives preference to local and small producers | providers of goods and services based near its manufacturing sites. Its managers regularly interact with such producers | providers of goods and services to improve their capacity and capability, particularly in the areas of manufacturing and fabrication and safety, health and environment.
04. Does the Company have a mechanism to recycle its products and wastes? If so, what percentage of products and wastes is recycled (separately as <5%, 5-10%, >10%) and what are the details thereof?
The Company has in-house facilities to recycle its wastes and is continuously striving to minimise them. At present, it is recycling more than 10% of its wastes. In addition to the in-house facilities, it also works with selected companies which are duly authorised by the State Pollution Control Board (SPCB) for using such wastes as their inputs.

Principle 3: Well-being of the employees

Businesses should promote the well-being of all employees.

01. Number of employees: 2,434 permanent employees as on March 31, 2017
02. Number of employees hired on temporary | contractual | casual basis: 2,551 as on March 31, 2017
03. Number of permanent women employees: 98 as on March 31, 2017
04. Number of permanent employees with disabilities: 5 as on March 31, 2017
05. Recognition of employee association by the Management: the Company has recognised employee associations for workmen.
06. Percentage of permanent employees who are members of the recognised employee associations: 100% of workmen constituting 41% of the permanent employees.
07. Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in 2016-17 and pending as on March 31, 2017: none

08. Percentage of employees given safety and skill up-gradation training in 2016-17:

Employee category	Employees imparted safety training	Employees imparted skill up-gradation training
Permanent employees	35%	52%
Temporary contractual casual employees	28%	28%
Permanent women employees	10%	85%
Permanent employees with disabilities	30%	60%

Principle 4: Engagement with the Stakeholders

Businesses should respect the interests of and be responsive towards all Stakeholders, especially those who are disadvantaged, marginalised and vulnerable.

01. Has the Company mapped its internal and external Stakeholders?

The Company has mapped its internal and external Stakeholders; they are community, consumers, customers, employees, Government, lenders, NGOs and the Shareholders.

02. Out of the above, has the Company identified the disadvantaged, marginalised and vulnerable Stakeholders?

The Company has identified the poor, tribals, women and children as the disadvantaged, marginalised and vulnerable Stakeholders.

03. Are there any special initiatives taken by the Company to engage with the disadvantaged, marginalised and vulnerable Stakeholders?

Stakeholder groups	Program	Initiatives (not exhaustive)*
Poor	<ul style="list-style-type: none"> Empowerment Health Infrastructure Relief 	<ul style="list-style-type: none"> Generated employment by hiring apprentices Constructed individual household toilets Repaired community sheds and roads in villages Provided financial assistance to cancer patients
Tribals	<ul style="list-style-type: none"> Education Empowerment 	<ul style="list-style-type: none"> Provided school education Imparted vocational skills
Women	<ul style="list-style-type: none"> Empowerment Relief 	<ul style="list-style-type: none"> Trained women to become skilled elementary school teachers Supported prevention of exploitation of women
Children	<ul style="list-style-type: none"> Education Health Infrastructure Relief 	<ul style="list-style-type: none"> Distributed books to children in village schools Provided food supplements Repaired school buildings Supported day care centres

* Details of various initiatives undertaken by the Company are given at page numbers 29 and 30.

Principle 5: Human rights

Businesses should respect and promote human rights.

01. Does the Policy of the Company on human rights cover only the Company or extend to the Group | joint ventures | suppliers | contractors | NGOs | others?

The Policy extends to the Group | joint ventures | suppliers | contractors | NGOs | others.

02. How many Stakeholder complaints have been received in 2016-17 and what percent was satisfactorily resolved by the Management?

During 2016-17, no complaints were received.

Principle 6: Environment

Businesses should respect, protect and make efforts to restore the environment.

01. Does the Policy related to environment cover only the Company or extend to the Group | joint ventures | suppliers | contractors | NGOs | others?

The Policy extends to the Group | joint ventures | suppliers | contractors | NGOs | others.

02. Does the Company have strategies | initiatives to address global environmental issues such as climate change, global warming, etc? If so, what is the URL?

The Company has strategies | initiatives for enhancing its own performance (over which it is able to exercise control) related to issues concerning the environment. There is no URL at present.

03. Does the Company identify and assess potential environmental risks?
The Company identifies and assesses potential environmental risks for its existing and new products.
04. Does the Company have any project related to Clean Development Mechanism and if so, details thereof and whether any environmental compliance report is filed?
The Company does not have any project related to Clean Development Mechanism.
The Company is continuously improving its environmental performance for its existing products and undertakes thorough investigation for new products. It drops any project, even if financially viable, if it does not meet norms of CPCB | SPCB.
05. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? If so, what is the URL?
The Company regularly undertakes many initiatives related to clean technology, energy efficiency, renewable energy, etc. For example, it has implemented a new caustic | chlorine project with membrane technology and installed 2 wind turbines. It recovers products from effluents | emissions | wastes. At present, it does not have any URL.
06. Are the emissions | waste generated by the Company within permissible limits given by CPCB | SPCB for 2016-17?
The effluents | emissions | wastes generated by the manufacturing facilities of the Company are within the permissible limits given by CPCB | SPCB for 2016-17.
07. Number of show cause | legal notices received from CPCB | SPCB which are pending (not resolved to satisfaction) as of end of 2016-17.
There were no pending show cause notices as on March 31, 2017.

Principle 7: Policy advocacy

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

01. Is the Company a member of any trade chamber or association?
The Company is a member of various associations such as:
- i) Basic Chemicals, Cosmetics and Dyes Export Promotion Council
 - ii) Chemical and Allied Export Promotion Council of India
 - iii) Confederation of Indian Industry
 - iv) Crop Care Federation of India
 - v) Federation of Indian Chambers of Commerce and Industry
 - vi) Federation of Indian Export Organisations
 - vii) Pesticides Manufacturers and Formulators Association
02. Has the Company advocated | lobbied through above associations for advancement or improvement of public good? If so, which are the broad areas?
The Company works with the trade associations from time to time for advancement or improvement of public good. For example, it worked with such associations and on its own for rationalisation of duty structure (excise and customs).

Principle 8: Equitable development

Businesses should support inclusive growth and equitable development.

01. Does the Company have specified programs | projects | initiatives in pursuit of the Policy related to equitable development? If so, what are the details thereof?
The Company has 6 programs, namely, Education, Empowerment, Health, Relief, Conservation and Infrastructure in support of inclusive growth and equitable development. Serving the society is embedded in its working since its inception – for example, its first site was established not only as a factory, but an integrated township. The details of initiatives undertaken for such programs are given at page numbers 16 and 17.
02. Are the programs | projects undertaken through in-house teams | own foundation | external NGOs | Government structures | any other organisation?
The Company undertakes projects through Atul Foundation (a trust established by the Company), NGOs and other selected trusts.
03. Has the Company done any impact assessment of its initiatives?
Every initiative is monitored and reviewed for its effective implementation, quantitatively and qualitatively.
04. What is the direct contribution of the Company towards community development in terms of amount (in ₹) and what are the details of the projects | initiatives undertaken?
The direct contribution of the Company was ₹ 659.94 lakhs (2016-17); details of the projects | initiatives undertaken are mentioned at page number 29.

05. Has the Company taken steps to ensure that community development projects | initiatives are successfully adopted by the community?

Atul Foundation identifies and implements projects along with the beneficiaries to ensure their successful adoption; for example, the project to build toilets is being implemented with active participation of all the beneficiaries.

Principle 9: Value to the customers

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

01. What percentage of customer complaints | consumer cases are pending as on March 31, 2017?

Around 1%.

02. Does the Company display product information on the product label, over and above what is mandated as per local laws?

The Company proactively displays product information on the label as per applicable national and international laws. Any additional information required is provided to the customers | consumers.

03. Is there any case filed by any Stakeholder against the Company regarding unfair trade practices, irresponsible advertising and | or anti-competitive behaviour during the last 5 years and pending as on March 31, 2017?

No cases were filed by any Stakeholder against the Company for the above reasons.

04. Did the Company carry out any consumer survey | satisfaction trends?

The Company undertakes customer satisfaction surveys periodically. The feedback received is compiled and analysed to take corrective actions.

Dividend Distribution Policy

Background

The Dividend Distribution Policy is formulated as required by the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Philosophy

The Company believes that ploughing back of profits for driving growth is important in the long run for the creation of robust Shareholders value. At the same time, it recognises the need for distributing a portion of the profit as payout by way of appropriate rate of dividend to the Shareholders. Thus, the Company strikes a judicious balance between the two while recommending the dividend rate for approval of the Shareholders.

Parameters for declaration of Dividend

A) Financial parameters | Internal factors:

- i) Consolidated net operating profit after tax
- ii) Working capital requirements
- iii) Capital expenditure requirements
- iv) Resources required to fund acquisitions and | or new businesses
- v) Cash required to meet contingencies
- vi) Quantum of outstanding debt
- vii) Past dividend trends
- viii) Investments in subsidiary | associate companies
- ix) Outlook for the near term

B) External factors:

- i) Government policies
- ii) Economic environment and outlook for growth
- iii) Trade cycles
- iv) Dividend declared by companies in the same industry
- v) Any other factor having impact on the business of the Company

Circumstances under which the Shareholders may or may not expect dividend

The Shareholders may generally expect a reasonable dividend in case of significant profit and cash flow from operations.

Utilisation of retained earnings

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of dividend, after having due regard to the parameters laid down in this Policy.

Parameters adopted with regard to various classes of shares

- a) Presently, the authorised share capital of the Company is divided into Equity shares of ₹ 10 each and Preference shares of ₹ 100 each. At present, the issued and paid-up share capital of the Company comprises only Equity shares.
- b) The Company will first declare dividend on outstanding Preference shares, if any, at the rate of dividend fixed at the time of issue of Preference shares and thereafter, the dividend will be declared on Equity shares.

Amendment

The Policy may be amended by the Board of Directors.

NOTICE is hereby given that the 40th Annual General Meeting of the Members of Atul Ltd will be held on Friday, July 28, 2017, at 10:30 am at H T Parekh Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad 380 015, Gujarat, India to transact the following business:

Ordinary business:

01. To receive, consider and adopt:
 - a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017 and the Reports of the Directors and the Auditors thereon and
 - b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 and the Report of the Auditors thereon.
02. To declare dividend on Equity shares.
03. To appoint a Director in place of Mr R A Shah (DIN: 00009851) who retires by rotation and being eligible, offers himself for reappointment.
04. To appoint a Director in place of Mr T R Gopi Kannan (DIN: 00048645) who retires by rotation and being eligible, offers himself for reappointment.
05. To appoint Deloitte Haskins & Sells LLP, Chartered Accountants, (FRN 117366W | W-1000018) as the Statutory Auditors of the Company in place of Dalal & Shah Chartered Accountants LLP, the retiring Statutory Auditors, to hold office from the conclusion of this Annual General Meeting (AGM), until the conclusion of 45th AGM, subject to ratification at every AGM on a remuneration to be decided by the Board or its Committee.

Special business:

06. To consider and, if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 196, 197, 203 read with Schedule V of the Companies Act, 2013 and any other applicable provisions for the time being in force (including any statutory modification(s) or re-enactment thereof), approval be and is hereby accorded to the reappointment of Mr S A Lalbhai (DIN: 00009278) as a Managing Director of the Company, and his receiving of remuneration including minimum remuneration for a period of 5 years effective December 15, 2016, as per the draft Agreement submitted to this meeting and for identification initialed by the Chairman.

RESOLVED FURTHER THAT the Board of Directors (Board) be and is hereby authorised to alter and vary any or all of the terms and conditions and the draft of Agreement as approved vide this Resolution as may be deemed fit from time to time which may have the effect of increasing the remuneration and for considering modifications, if any, by the Central Government in regard to the policy | guidelines pertaining to managerial remuneration and for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do

all such acts, deeds, matters and things as it may in its absolute discretion deem expedient, necessary, proper or in the best interest of the Company.”

07. To consider and, if thought fit, pass, with or without modifications, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT in accordance with Regulation 31A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) including any statutory modification(s) or re-enactment thereof, for the time being in force and other applicable provisions, and subject to necessary approvals from the Securities and Exchange Board of India (SEBI), Stock Exchanges and other appropriate statutory authorities, as may be necessary, the consent of the Members of the Company be and is hereby accorded to reclassify the following persons | entities from ‘promoter and promoter group category’ to ‘public category’:

No.	Name of the promoter promoter group
01.	Arvind Ltd
02.	Arvind Brands Ltd (amalgamated with Arvind Brands and Retail Ltd)
03.	Arvind Fashions Ltd (formerly known as Arvind J & M Ltd)
04.	Asman Investments Ltd (amalgamated with Arvind Brands and Retail Ltd)
05.	Aura Merchandise Pvt Ltd
06.	Aura Securities Pvt Ltd
07.	Fast Credit Consulting Pvt Ltd (name changed to Aura Business Enterprise Pvt Ltd)
08.	Jayshree Sanjay Lalbhai
09.	Kulin Sanjaybhai
10.	Lalbhai Shrenikbhai Kasturbhai
11.	Punit Sanjaybhai
12.	Sanjay Shrenik Lalbhai

RESOLVED FURTHER THAT any of the Whole-time Directors or the Company Secretary of the Company be and is hereby authorised to submit application for reclassification to the Stock Exchanges wherein the securities of the Company are listed or any other regulatory authority, as may be required, and to take such steps expedient or desirable to give effect to this Resolution.”

08. To consider and, if thought fit, pass, with or without modifications, the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to Section 148(3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 2.69 lakhs plus taxes as applicable and reimbursement of actual travel and out of pocket expenses for the

financial year ending March 31, 2018 as recommended by the Audit Committee and approved by the Board of Directors of the Company, to be paid to R Nanabhoy & Co, Cost Accountants, (FRN: 000010) for conducting Cost Audit of the applicable products in the category of Bulk Drugs, Chemicals, Insecticides, Inorganic Chemicals, Organic Chemicals and their derivatives and Polymers be and is hereby ratified and confirmed."

Notes

01. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself | herself and the proxy need not be a Member. A person can act as proxy on behalf of not more than 50 Members and holding in aggregate not more than 10% of the total share capital of the Company. In order that the appointment of a proxy is effective, the instrument appointing the proxy must be received at the registered office of the Company not later than 48 hours before the commencement of the meeting, that is, by 10:30 am on Wednesday, July 26, 2017.
02. Copies of the Balance Sheet, Statement of the Profit and Loss, the Directors' Report, the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet for the financial year ended March 31, 2017 are annexed | attached.
03. The Register of Members and the Share Transfer Books of the Company will remain closed from July 15, 2017 to July 19, 2017 (both days inclusive).
04. The dividend if approved will be paid to those Members whose names stand on the Register of Members on July 14, 2017.
The Members holding shares in electronic form may please note that:
 - i) Instructions regarding bank details which they wish to incorporate in future dividend warrants must be submitted to their Depository Participants (DPs). As per the regulations of National Securities Depository Ltd and Central Depository Services (India) Ltd, the Company is obliged to print on the dividend warrants, bank details as furnished by these depositories.
 - ii) Instructions already given by the Members for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form. Fresh instructions regarding bank details should be given to the DPs.
 - iii) Instructions regarding change of address, nomination and power of attorney must be given directly to the DPs.
05. Unpaid dividend payable to the Members in respect of the 22nd dividend onwards, that is, from financial year ended March 31, 2010, will be transferred to the Investor Education and Protection Fund (IEPF). Information in respect of such unclaimed dividends as to when they are due for transfer to the said fund is given below:

Dividend	Financial year ended	Date of declaration of dividend	Dividend payment	Expected date of transfer of unpaid dividend to IEPF
22 nd	March 31, 2010	September 06, 2010	40%	September 05, 2017
23 rd	March 31, 2011	August 04, 2011	45%	August 03, 2018
24 th	March 31, 2012	July 27, 2012	45%	July 26, 2019
25 th	March 31, 2013	July 26, 2013	60%	July 25, 2020
26 th	March 31, 2014	July 25, 2014	75%	July 24, 2021
27 th	March 31, 2015	August 04, 2015	85%	August 03, 2022
28 th	March 31, 2016	July 29, 2016	100%	July 28, 2023

No claim will lie from a Member once the transfer is made to the said Fund. The Members who have not encashed their dividend warrants are requested to encash the same before the said transfer in their own interest.

06. Pursuant to the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (Rules), the Company has to transfer the Equity shares in respect of which dividend has not been claimed | encashed for 7 or more consecutive years to the Investor Education and Protection Fund (IEPF) of the Central Government. In this regard, during the financial year 2016-17, the Company sent letters to the Shareholders falling under the aforesaid category. The details of such Shareholders are available on the Company website at <http://atul.co.in/investors/shareholder-details.html> Please note that once such shares are transferred to the IEPF, the same can be claimed from the IEPF Authority as per the procedure prescribed under the Rules.
07. Electronic copy of the Annual Report for 2016-17 is being sent to all the Members whose e-mail addresses are registered with the Company | Depository Participants; however, a print copy is being sent in the permitted mode to such Members who may have so requested and to the Members who have not so registered.
08. Electronic copy of the Notice, *inter alia* indicating the process and manner of e-voting along with attendance slip and proxy form is being sent to all the Members whose e-mail addresses are registered with the Company | Depository Participants for communication purposes unless any Member has requested for a print copy of the same. For the Members who have not so registered, physical copy of the Notice of the 40th Annual General Meeting *inter alia* indicating the process and manner of e-voting along with attendance slip and proxy form is being sent in the permitted mode.

09. The Members may also note that the Notice of the 40th Annual General Meeting (AGM) and the Annual Report for 2016-17 will also be available on the website of the Company, www.atul.co.in, which can be downloaded. The physical copies of the documents which are referred in this Notice and not attached will also be available at the registered office of the Company for inspection during normal business hours on working days on or before the date of the AGM. Even after registering for e-communication, the Members are entitled to receive communication in physical form (upon making a request for the same) by post, free of cost.
10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.
11. The Members desiring any information relating to the accounts, are requested to write to the Company at least 7, days before the date of the Annual General Meeting (AGM) so as to enable the Management to keep the information ready and provide at the AGM.
12. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to the Members facility to exercise their right to vote at the 40th Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-voting services provided by Central Depository Services (India) Ltd (CDSL).

A. The instructions for remote e-voting are as under:

- i) Log on to the e-voting website: www.evotingindia.com
- ii) Click on 'Shareholders' tab
- iii) Enter User ID as determined from the following table:

User ID for the Members holding shares in dematerialised (demat) form with CDSL	the 16-digit beneficiary ID
User ID for the Members holding shares in demat form with NSDL	the 8-character DP ID followed by 8-digit client ID
User ID for the Members holding shares in physical form	the folio number of the shares held in the Company

- iv) Enter image verification details as displayed on the screen and click on 'Login'
- v) **The Members who are already registered with CDSL and have exercised e-voting through www.evotingindia.com earlier may follow the steps given below:**
 - a. Use the existing password.
 - b. Click on the Electronic Voting Serial Number of Atul Ltd for voting.
 - c. 'Resolution description' appears on the voting page with 'Yes | No' options for voting. Select the option 'Yes' or 'No' as desired. The option 'Yes' implies assent and option 'No' implies dissent to the Resolution.
 - d. Click on the 'Resolutions file link' to view the details.
 - e. After selecting the Resolution, click on 'Submit' tab. A confirmation box will be displayed. To confirm vote, click on 'Ok' else click on 'Cancel'.
 - f. After voting on a Resolution, the Members will not be allowed to modify their vote.
 - g. A print of the voting done may be taken by clicking on 'Click here to print' tab on the voting page.
 - h. In case a Member holding shares in demat form forgets his password, he can enter the User ID and the image verification details and click on 'Forgot password' to generate a new one.
- vi) **The Members (holding shares in demat | physical form) who are NOT already registered with CDSL and are using the e-voting facility for the first time may follow the steps given below:**
 - a. Register as under:
 - » The Members who have already submitted their Permanent Account Number (PAN) to the Company | Depository Participant (DP) may enter their 10-digit alpha-numeric PAN issued by the Income Tax department. Others are requested to use the sequence number in the PAN field. The sequence number is mentioned in the attendance slip.
 - » Enter Date of Birth (DOB) as recorded in demat account or in records of the Company for the said demat account or folio in dd | mm | yyyy format.
 - or
 - Enter the Dividend Bank Details (DBD) as recorded in demat account or in records of the Company for the said demat account or folio.
 - or
 - If the DOB or DBD details are not recorded with the DP or the Company, enter the Member ID | folio number in the DBD field as under:

User ID for the Members holding shares in dematerialised (demat) form with CDSL	the 16-digit beneficiary ID
User ID for the Members holding shares in demat form with NSDL	the 8-character DP ID followed by 8-digit client ID
User ID for the Members holding shares in physical form	the folio number of the shares held in the Company

- b. After entering these details appropriately, click on 'Submit'.
 - c. The Members holding shares in physical form will reach the Company selection screen. However, the Members holding shares in demat form will reach 'Password creation' menu and will have to enter login password in the 'new password' field. It is strongly recommended not to share the password with any other person and take utmost care to keep it confidential.
 - d. The Members holding shares in physical form can use login details only for e-voting on the Resolutions contained in this Notice.
 - e. Click on the Electronic Voting Serial Number of Atul Ltd for voting.
 - f. 'Resolution description' appears on the voting page with 'Yes | No' options for voting. Select the option 'Yes' or 'No' as desired. The option 'Yes' implies assent and option 'No' implies dissent to the Resolution.
 - g. Click on the 'Resolutions file link' to view the details.
 - h. After selecting the Resolution, click on 'Submit' tab. A confirmation box will be displayed. To confirm vote, click on 'Ok' else click on 'Cancel'.
 - i. After voting on a Resolution, the Members will not be allowed to modify their vote.
 - j. A print of the voting done may be taken by clicking on 'Click here to print' tab on the voting page.
 - k. In case a Member holding shares in demat form forgets his password, he can enter the User ID and the image verification details and click on 'Forgot password' to generate a new one.
- vii) Note for the Non-individual Member and the Custodian:
- a. Non-individual Member (that is, other than Individuals, Hindu Undivided Family, Non-Resident Individual) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - b. A scanned copy of the registration form bearing the stamp and sign of the entity will be e-mailed to helpdesk.evoting@cdslindia.com
 - c. After receiving the login details a Compliance user shall be created using the admin login and password. The Compliance user will be able to link the account(s) for which they wish to vote on.
 - d. The list of accounts will be e-mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts votes can be cast.
 - e. A scanned copy of the Board Resolution and Power of Attorney issued in favour of the Custodian, if any, will have to be uploaded in PDF format in the system for verification by the Scrutiniser.
- viii) In case of queries or issues regarding e-voting, the Members may refer to the 'Frequently asked questions' and e-voting manual available at www.evotingindia.com, under 'help' section or write an e-mail to helpdesk.evoting@cdslindia.com. The Members may also contact Mr Nilesh Dalwadi, Senior Associate, Link Intime India Pvt Ltd, 506-508 Amarnath Business Centre - 1, Umashankar Joshi Marg, Off C G Road, Ahmedabad 380 006, Gujarat, India, E-mail address: nilesh.dalwadi@linkintime.co.in, Telephone: (+91 79) 26465179 | 86 | 87, or Mr S M Bhavsar, Senior Manager, Atul Ltd, Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India, E-mail address: shareholders@atul.co.in, Telephone: (+91 79) 26461294 | 26463706.
- B. The remote e-voting period commences on July 25, 2017 (at 9:00 am) and ends on July 27, 2017 (at 5:00 pm). During this period, the Members holding shares either in physical form or in demat form, as on the cut-off date of July 21, 2017, may cast their votes electronically. The remote e-voting module will be disabled by CDSL for voting thereafter. Once the vote on a Resolution is cast by the Member, no change will be allowed subsequently.
 - C. The voting rights of the Members will be in proportion to their share of the paid-up Equity share capital of the Company as on the cut-off date of July 21, 2017.
 - D. Mr A C Doshi, Practising Company Secretary (CPN: 2356) has been appointed as the Scrutiniser to scrutinise the remote e-voting and the voting process at the AGM in a fair and transparent manner.
 - E. The Scrutiniser will within a period not exceeding 3 working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 witnesses not in the employment of the Company and make a Scrutiniser's Report of the votes cast in favour or against, if any, and forward it to the Chairman of the Company.
 - F. The results will be declared at or after the AGM. The results declared along with the Scrutiniser's Report will be placed on www.atul.co.in, the website of the Company and on www.evotingindia.com, the website of CDSL within 2 days of passing of the Resolutions at the AGM and also will be communicated to the BSE Ltd and the National Stock Exchange of India Ltd.

13. The facility for voting through ballot | polling paper will also be made available at the venue of the Annual General Meeting (AGM). The Members attending the meeting who have not already cast their vote through remote e-voting will be able to exercise their voting rights at the AGM. The Members who have already cast their votes through remote e-voting may attend the AGM, but will not be entitled to cast their vote again.
14. The Members may send their comments on or suggestions for improvement of the Annual Report by e-mail to sec@atul.co.in
15. At the ensuing Annual General Meeting, Mr R A Shah retires by rotation and being eligible, offers himself for reappointment. The information or details required as per Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to him are as under:

Name	Mr R A Shah
Date of birth	July 07, 1931
Brief résumé	Mr R A Shah was appointed a Director of the Company on May 26, 1983. Mr Shah is a Senior Partner of Crawford Bayley & Co, a firm of Solicitors and Advocates. Mr Shah holds a graduate degree in Law from University of Mumbai and has passed Solicitor exam from Honourable High Court at Mumbai.
Directorship in other companies	Public companies: Abbott India Ltd BASF India Ltd Colgate Palmolive India Ltd – Vice-Chairman Deepak Fertilizers & Petrochemicals Corporation Ltd Godfrey Philips India Ltd – Chairman Lupin Ltd Pfizer Ltd – Chairman Procter & Gamble Hygiene & Healthcare Ltd – Chairman The Bombay Dyeing & Manufacturing Company Ltd Private company: ThyssenKrupp Solutions (India) Pvt Ltd Foreign company: Jumbo World Holdings Ltd (Body incorporated outside India)
Membership in committees of other companies	Chairman of Committees: Abbott India Ltd – Audit Committee Colgate Palmolive India Ltd – Nomination and Remuneration Committee Godfrey Philips India Ltd – Corporate Social Responsibility Committee Pfizer Ltd – Audit Committee Procter & Gamble Hygiene & Healthcare Ltd – Audit Committee Member of Committees: Abbott India Ltd – Nomination and Remuneration Committee Abbott India Ltd – Stakeholders Relationship Committee BASF India Ltd – Audit Committee BASF India Ltd – Nomination and Remuneration Committee Godfrey Philips India Ltd – Audit Committee Godfrey Philips India Ltd – Nomination and Remuneration Committee Lupin Ltd – Nomination and Remuneration Committee Pfizer Ltd – Nomination and Remuneration Committee Procter & Gamble Hygiene & Healthcare Ltd – Nomination and Remuneration Committee The Bombay Dyeing & Manufacturing Company Ltd – Audit Committee The Bombay Dyeing & Manufacturing Company Ltd – Nomination and Remuneration Committee
Relationship with other Directors	None
Number of shares held in the Company	14,960

16. At the ensuing Annual General Meeting, Mr T R Gopi Kannan retires by rotation and being eligible, offers himself for reappointment. The information or details required as per Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to him are as under:

Name	Mr T R Gopi Kannan
Date of birth	March 30, 1959
Brief résumé	Mr Gopi Kannan joined the Company on October 29, 1993 and he is a Whole-time Director of the Company since October 17, 2014. Mr Gopi Kannan has experience of 32 years in various capacities and is currently the Chief Financial Officer. Mr Gopi Kannan is a FCA, FCMA, FCS and holds a PGDM.
Directorship in other companies	Public companies: Amal Ltd Atul Bioscience Ltd Atul Elkay Polymers Ltd – Chairman Atul Fin Resources Ltd – Chairman Atul Finserv Ltd – Chairman Atul Nivesh Ltd – Chairman Atul Rajasthan Date Palms Ltd Rudolf Atul Chemicals Ltd Private companies: Nil Foreign companies: Atul China Ltd – Chairman Atul Deutschland GmbH – Chairman Atul Europe Ltd – Chairman Atul USA Inc – Chairman DPD Ltd
Membership in committees of other companies	Chairman of Committees: Nil Member of Committees: Amal Ltd – Stakeholders Relationship Committee Amal Ltd – Corporate Social Responsibility Committee Atul Bioscience Ltd – Audit Committee Rudolf Atul Chemicals Ltd – Audit Committee Rudolf Atul Chemicals Ltd – Corporate Social Responsibility Committee
Relationship with other Directors	None
Number of shares held in the Company	50

17. At the ensuing Annual General Meeting, Mr S A Lalbhai is proposed to be reappointed as a Managing Director of the Company.

The information or details required as per Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to him are given in the Explanatory Statement.

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

Registered office:
Atul House
G I Patel Marg
Ahmedabad 380 014, Gujarat
India
CIN: L99999GJ1975PLC002859
May 05, 2017

By order of the Board of Directors

(L P Patni)

Company Secretary and Chief Compliance Officer

CIN: Company Identification Number
CPN: Certificate of Practice Number
DIN: Director Identification Number
FRN: Firm Registration Number

EXPLANATORY STATEMENT

The following Explanatory Statement, as required by Section 102 of the Companies Act, 2013, sets out material facts including the nature and concern or interest of the Directors in relation to the items of Special business under Item number 6, 7 and 8 mentioned in the accompanying Notice:

Item number 06

Subject to approval of the Shareholders, the Board reappointed Mr S A Lalbhai as a Managing Director for 5 years effective December 15, 2016. His brief résumé is given below:

Name	Mr S A Lalbhai
Date of birth	June 04, 1961
Brief résumé	Mr S A Lalbhai is a Managing Director of Atul Ltd; he has been a Director of the Company since January 2000. Mr Lalbhai is actively associated with Ahmedabad Textile Mills Association, Ahmedabad Textile Industry's Research Association, Gujarat Chamber of Commerce and Industry, Federation of Indian Chamber of Commerce & Industry and Indian Cotton Mills Federation. Mr Lalbhai is associated with some of the social institutions established by Lalbhai Group. Mr Lalbhai holds B Com degree from Gujarat University.
Directorship in other companies	Public companies: Anup Engineering Ltd – Chairman Bengal Tea and Fabrics Ltd Private companies: Arvind Farms Pvt Ltd Saumya Farms & Organic Production Pvt Ltd Sneh Farms Pvt Ltd Foreign companies: Arvind Overseas (M) Ltd Arvind Worldwide (N) Ltd Arvind Worldwide Inc. USA
Membership in committees of other companies	Member of Committees: Bengal Tea and Fabrics Ltd – Remuneration Committee
Relationship with other Directors	None
Number of shares held in the Company	2,02,377

The terms of reappointment of Mr Lalbhai are in accordance with applicable provisions of the Companies Act, 2013.

The terms and conditions of the reappointment of the Managing Director are set out in the draft Agreement, which is placed before the meeting. The material terms of the draft Agreement are as under:

I. Responsibilities:

Mr Lalbhai will work closely with the Chairman and Managing Director to assist him in matters relating to overall policy making, corporate governance and review of operational performance and also take up special assignment(s) under the overall co-ordination and guidance of the Chairman and Managing Director.

II. Remuneration:

During his 5 year tenure, he will be paid remuneration as below:

- 1) Basic Salary of ₹ 4,35,475/- per month. The Basic Salary may be increased from time to time by the Nomination and Remuneration Committee at its absolute discretion within the contractual period of 5 years; however, the maximum Basic Salary payable will not exceed ₹ 10,00,000/- (Rupees ten lakhs only) per month.
- 2) Perquisites
 - a) Housing: the Company will provide residential accommodation with water and electricity, or pay House Rent Allowance as per its policy.
 - b) Furnishing: the Company will provide furniture and fixtures as per its policy.
 - c) Medical reimbursement: the Company will reimburse medical expenses for self and family incurred as per its policy.
 - d) Leave travel assistance: the Company will provide leave travel assistance for self and family once in a year as per its policy.

- e) Personal accident insurance and medical insurance: the Company will provide personal accident insurance and medical insurance as per its policy.
- f) Car: the Company will provide a car at its entire cost as per its policy.
- g) Car driver wages | fuel | maintenance: the Company will reimburse for car driver wages, fuel and maintenance as per its policy.
- h) Communication devices: the Company will provide a landline telephone at his residence and mobile telephone as per its policy.

3) Retirals

- a) The Company will contribute towards Provident Fund and Superannuation Fund as per its policy.
- b) The Company will pay Gratuity as per its policy. The period worked under this contract will be in continuum of the service already considered under the policy.
- c) The Company will grant leaves and allow encashment of leaves not availed as per its policy. Unavailed accumulated leaves lying unencashed may also be carried forward to the next tenure, if any.
- 4) The Company will pay commission at the rate of 0.50% of net profits of the Company provided that the commission shall not exceed 30 months' Basic Salary. When payable for the part of the year, commission will be payable on pro-rata basis.

III. Mr Lalbhai will not be entitled to sitting fees for attending meetings of the Board and | or Committees thereof. He will, however, be reimbursed the actual travelling, lodging, boarding and out of pocket expenses incurred by him for attending meetings of the Board or Committees thereof.

IV. The above remuneration and any alteration thereof from time to time is subject to the overall limit of 5% of the annual net profit of the Company and subject further to the overall limit of 10% of the annual net profit of the Company as computed under the applicable provisions of the Companies Act, 2013. Provided, however, that in the event of absence or inadequacy of profit, Mr Lalbhai will be paid minimum remuneration subject to Schedule V of the Companies Act, 2013.

V. Mr Lalbhai will be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.

VI. Notice period of 6 months will be applicable from either side.

The Board considers that his association will be of immense benefit to the Company. Accordingly, the Board recommends the Resolution in Item number 06 in the Notice in relation to reappointment of Mr Lalbhai as a Managing Director for 5 years for the approval by the Members.

Memorandum of interest

The nature of the concern or interest of Mr Lalbhai, Managing Director, is that the above Resolution pertains to his Agreement with the Company and he will be receiving the remuneration as stated therein, if approved. None of the other Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said Resolution.

Item number 07

Regulation 31A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations'), provides a regulatory mechanism for re-classification of 'promoters' as 'public shareholders' subject to fulfillment of conditions as provided therein.

The Company received applications from the following 'promoters and promoter group' pursuant to Regulation 31A of the Listing Regulations for re-classifying them under the 'public category':

No.	Name of the promoters promoter group	No. of shares held as per application
01.	Arvind Ltd	0
02.	Arvind Brands Ltd (amalgamated with Arvind Brands and Retail Ltd)	0
03.	Arvind Fashions Ltd (formerly known as Arvind J & M Ltd)	0
04.	Asman Investments Ltd (amalgamated with Arvind Brands and Retail Ltd)	0
05.	Aura Merchandise Pvt Ltd	0
06.	Aura Securities Pvt Ltd	0
07.	Fast Credit Consulting Pvt Ltd (name changed to Aura Business Enterprise Pvt Ltd)	0
08.	Jayshree Sanjay Lalbhai	0
09.	Kulin Sanjaybhai	0
10.	Lalbhai Shrenikbhai Kasturbhai	100
11.	Punit Sanjaybhai	0
12.	Sanjay Shrenik Lalbhai	4,361

The applicants requested the Company to reclassify them as public shareholders on account of the following reasons:

1. They and persons acting in concert with them do not hold more than 0.01% shares in the Company.
2. They do not have any special rights in the Company through formal or informal arrangements.
3. They do not directly or indirectly, exercise control over the affairs of the Company.
4. They have neither any representation on the Board of the Company nor have any veto | special rights as to voting power or control over the Company.
5. They will not act as Key Managerial Personnel of the Company.

In view of the explanations given by the applicants as detailed above and in accordance with the conditions stipulated in Regulation 31A of the Listing Regulations, the Board of Directors of the Company at their meeting held on May 05, 2017, recommended to the Members for reclassification of the applicants from the 'promoters and promoter group category' to 'public category'.

The Board recommends the passing of the Resolution in Item number 07 of the Notice as an Ordinary Resolution.

Memorandum of interest

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said Resolution.

Item number 08

In pursuance of Section 148(3) of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the appointment of the Cost Auditors and their remuneration as recommended by the Audit Committee requires approval by the Board of Directors (Board). The remuneration also requires ratification by the Members.

On the recommendation of the Audit Committee, the Board considered and approved appointment of the Cost Auditors, R Nanabhoy & Co, Cost Accountants, for conducting Cost Audit of the applicable products in the category of Bulk Drugs, Chemicals, Insecticides, Inorganic Chemicals, Organic Chemicals and their derivatives and Polymers at a remuneration of ₹ 2.69 lakhs plus taxes as applicable and reimbursement of actual travel and out of pocket expenses for the financial year ending March 31, 2018.

The Board seeks ratification of the aforesaid remuneration by the Members and accordingly requests their approval of the Ordinary Resolution.

Memorandum of interest

None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said Resolution.

Registered office:
Atul House
G I Patel Marg
Ahmedabad 380 014, Gujarat
India
CIN: L99999GJ1975PLC002859
May 05, 2017

By order of the Board of Directors

(L P Patni)

Company Secretary and Chief Compliance Officer

CIN: Company Identification Number
CPN: Certificate of Practice Number
DIN: Director Identification Number
FRN: Firm Registration Number

Performance trend

(₹ cr)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Operating results														
Net sales	2,639	2,403	2,510	2,307	1,964	1,746	1,508	1,168	1,159	998	895	817	682	568
Revenue	2,891	2,652	2,571	2,405	2,022	1,792	1,553	1,204	1,196	1,033	925	837	710	604
PBIDT	512	485	391	362	268	203	194	143	124	97	85	78	68	56
Interest	21	26	24	31	32	43	26	26	41	33	28	29	22	22
PBDT ¹	491	459	367	331	236	160	168	117	83	64	57	49	46	34
Depreciation	91	62	55	54	49	44	39	37	32	29	31	29	27	27
PBT from operations ¹	400	397	312	277	187	116	129	80	51	35	26	20	19	7
Exceptional Non-recurring items	–	3 ²	–	20 ²	5	6	10	–	(5)	3	–	63	–	–
PBT	400	400	312	297	192	122	139	80	46	38	26	83	19	7
Tax	115	126	95	84	56	34	43	27	10	3	1	(1)	3	5
Net profit	285	274	217	213	136	88	96	53	36	35	25	84	16	2
Dividend (including DDT) ³	36	30	30	26	21	16	16	14	10	10	10	10	7	5
Financial position														
Gross block ⁴	1,121	948	1,345	1,285	1,202	1,100	1,002	986	967	936	771	730	685	666
Net block ⁴	969	886	578	573	526	474	420	424	443	433	295	273	249	276
Other assets (net)	1,107	1,008	719	719	585	550	474	355	384	428	374	349	312	310
Capital employed	2,076	1,894	1,297	1,292	1,111	1,024	894	779	827	861	669	622	561	586
Equity share capital	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Other equity	1,891	1,562	986	911	726	612	537	454	429	403	270	243	170	256
Shareholders' fund	1,921	1,592	1,016	941	756	642	567	484	459	433	300	273	200	286
Borrowings	155	302	281	351	355	382	327	295	368	428	369	349	361	300
Per Equity share (₹)														
Dividend	10.00	10.00	8.50	7.50	6.00	4.50	4.50	4.00	3.00	3.00	3.00	3.00	2.00	1.50
Book value	648	537	343	317	255	216	191	163	155	146	101	92	67	96
EPS	96.18	92.53	73.30	71.74	45.69	29.70	30.34	19.15	12.77	12.35	9.98	28.00	6.07	0.67
Key indicators														
PBIDT %	19.40	20.18	15.58	15.69	13.65	11.63	12.86	12.24	10.70	9.72	9.50	9.55	9.97	9.86
PBDT %	18.61	19.10	14.62	14.35	12.02	9.16	11.14	10.02	7.16	6.41	6.37	6.00	6.74	5.99
PBT %	15.16	16.52	12.43	12.01	9.52	6.64	8.55	6.85	4.40	3.51	2.91	2.45	2.79	1.23
Employee cost %	6.56	6.99	6.14	6.07	6.52	6.70	6.76	8.82	7.85	8.12	8.04	10.40	9.97	13.56
Interest cost %	0.80	1.08	0.96	1.34	1.63	2.46	1.72	2.23	3.54	3.31	3.13	3.55	3.23	3.87
Debt-Equity ratio	0.08	0.19	0.28	0.37	0.47	0.60	0.58	0.61	0.80	0.99	1.23	1.28	1.81	1.05
Interest coverage ratio	24.38	18.65	16.29	11.68	8.38	4.72	7.46	5.50	3.02	2.94	3.04	2.69	3.09	2.55
Asset turnover ratio ⁵	2.43	3.09	2.02	1.87	1.70	1.67	1.55	1.20	1.22	1.14	1.25	1.19	1.02	0.87
RoCE % ¹	25.71	30.91	26.76	26.04	21.04	16.93	18.46	13.09	11.19	9.42	8.81	8.41	6.98	4.88
RoNW % ¹	16.23	20.78	22.18	23.45	18.74	13.56	16.37	11.24	8.95	8.80	8.73	8.56	6.58	0.70
Payment to exchequer	307	335	305	267	212	191	167	99	101	98	99	82	70	56

Notes:

¹Excluding exceptional items | ²Relates to one-time dividend received, grouped as revenue but excluded from PBIDT above | ³Dividend distribution tax | ⁴Including capital work-in-progress | ⁵Excluding capital work-in-progress.

Figures from the year 2015-16 are as per Ind AS, for the year 2010-11 to 2014-15 are as per revised Schedule VI and prior to 2010-11 are as per old Schedule VI of the Companies Act, 1956.

Standalone

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Consolidated

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Independent Auditors' Report

To the Members of Atul Ltd

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

01. We have audited the accompanying Standalone Financial Statements of Atul Ltd (the Company), which comprise the Balance Sheet as at March 31, 2017, 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 (Act) with respect to the preparation of these Standalone Ind AS Financial Statements to 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 Accounting Principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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.

Auditors' responsibility

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

04. We have taken into account the provisions of the Act and the Rules made thereunder including the Accounting and Auditing Standards and matters which are required to be included in the Audit report.

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 and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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 amount and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the Auditors' 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 of the company 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 we have obtained 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 Accounting Principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, 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 financial information of the Company for the year ended March 31, 2016 and the transition date opening Balance Sheet as at April 01, 2015 included in these Standalone Ind AS Financial Statements, are based on the previously issued Statutory Financial Statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 29, 2016 and April 30, 2015. The adjustments to those Financial Statements for the differences in Accounting Principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of these matters.

Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act (the Order), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of changes in equity dealt with by this Report are in agreement with the books of accounts.
- d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the Directors as on March 31, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 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.
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge

and belief and according to the information and explanations given to us:

- i) The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its Standalone Ind AS Financial Statements - refer Note 27.1.
- ii) The Company has made a provision as at March 31, 2017, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, 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 Company during 2016-17.
- iv) The Company has provided requisite disclosures in the Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the Management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - refer Note 27.15.

For Dalal & Shah Chartered Accountants LLP

Firm Registration Number: 102020W | W-100040

Mumbai
May 05, 2017

S Venkatesh
Partner
Membership Number: 037942

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the Members of Atul Ltd on the Standalone Financial Statements for the year ended March 31, 2017.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

01. We have audited the Internal Financial Controls over financial reporting of Atul Ltd ('the Company') as of March 31, 2017 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 control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting 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 Act.

Auditors' 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 on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note) and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. 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 was 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 Ind AS Financial Statements, whether due to fraud or error.

05. 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

06. 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 Ind AS Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. Internal Financial Control over financial reporting of a Company includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of the Management and the Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the assets of the company that could have a material effect on the Ind AS 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 override of controls by the Management, 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

08. In our opinion, 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, 2017, 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 issued by the Institute of Chartered Accountants of India.

For Dalal & Shah Chartered Accountants LLP

Firm Registration Number: 102020W | W-100040

S Venkatesh

Partner

Mumbai

May 05, 2017

Membership Number: 037942

Annexure B to the Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the Members of Atul Ltd on the Standalone Ind AS Financial Statements as of and for the year ended March 31, 2017

01. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 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 programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- c) The title deeds of immovable properties other than self-constructed immovable properties (buildings), as disclosed in Note 2 and 3 on fixed assets to the Ind AS Financial Statements, are held in the name of the Company (Atul Ltd), except for the following:

Name of entity on the title deed	Total number of Agreements	Book value of land (₹ cr)
Atul Products Ltd(*)	91	0.52
Atic Industries Ltd	1	0.78
Cibatul Ltd	3	0.15
Total	95	1.45

* Out of above, 45 title deeds amounting to ₹ 0.07 cr form part of Investment properties (refer Note 3).

02. The physical verification of inventory (excluding stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
03. 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 Act. The Company has not granted any loan, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the said register.

- a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
- b) In respect of the aforesaid loans, the schedule of repayment of principal and payment of interest has been stipulated, and the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest as applicable.
- c) In respect of the aforesaid loans, there is no amount which is overdue for more than 90 days.
04. In our opinion, and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security in respect of any loans to any party covered under Section 185 of the Act. In respect of loans granted to, guarantees or security in respect of any loan and investments made in bodies corporates by the Company, the provisions of Section 186 of the Act have been complied with. The Company has given an interest free loan of ₹ 7.01 cr to Amal Ltd pursuant to the Order of the Board for Industrial and Financial Reconstruction. (refer Note 27.13).
05. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.
06. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
07. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities.
- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Sales-Tax, Service-Tax, Duty of Customs and Value Added Tax which have not been deposited on account of any dispute. The particulars of dues of Income Tax and Duty of Excise as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in cr) ^(a)	Period to which the amount relates	Forum where the dispute is pending ^(b)
Central Excise Act, 1944	Excise and service tax	0.94	1986 to 2016	Commissioner (Appeals)
		4.07	1992 to 2011	Customs, Excise and Service Tax Appellate Tribunal
		3.53	1994-95	High Court
Total		8.54		
Income Tax Act, 1961	Income tax	0.19	2009-11	Commissioner of Income Tax (Appeals)
Total		0.19		

^(a) Net of amounts deposited. | ^(b) Necessary stay received from respective authorities.

08. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the Balance Sheet date.
09. The Company has not raised any monies by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. The Company has paid | provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with Related Parties in compliance with the provisions of Sections 177 and 188 of the Act, where applicable. The details of such Related Party Transactions have been disclosed in the Ind AS Financial Statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non-cash transactions with its Directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Dalal & Shah Chartered Accountants LLP

Firm Registration Number: 102020W | W-100040

S Venkatesh

Partner

Mumbai

May 05, 2017

Membership Number: 037942

Balance Sheet as at March 31, 2017

(₹ cr)

Particulars	Note	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
A ASSETS				
1 Non-current assets				
a) Property, plant and equipment	2	928.48	712.83	471.56
b) Capital work-in-progress	2	36.99	169.66	104.08
c) Investment properties	3	3.22	3.22	3.22
d) Intangible assets	4	0.02	0.12	0.21
e) Financial assets				
i) Investments	5	530.78	445.81	487.86
ii) Loans	6	7.01	13.67	12.18
iii) Other financial assets	7	4.65	6.52	9.67
f) Income tax assets (net)	27.5	–	3.11	–
g) Other non-current assets	8	74.63	71.72	71.52
Total non-current assets		1,585.78	1,426.66	1,160.30
2 Current assets				
a) Inventories	9	367.89	374.17	349.65
b) Financial assets				
i) Trade receivables	10	507.06	420.12	439.19
ii) Cash and cash equivalents	11	5.38	3.40	4.70
iii) Bank balances other than cash and cash equivalents above	12	1.83	1.92	1.70
iv) Loans	6	5.18	–	–
v) Other financial assets	7	25.12	10.91	11.69
c) Other current assets	8	121.50	147.18	128.98
Total current assets		1,033.96	957.70	935.91
Total assets		2,619.74	2,384.36	2,096.21
B EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	13	29.68	29.68	29.68
b) Other equity	14	1,891.14	1,562.47	1,355.50
Total equity		1,920.82	1,592.15	1,385.18
Liabilities				
1 Non-current liabilities				
a) Financial liabilities				
i) Borrowings	15	–	21.47	54.08
ii) Other financial liabilities	16	21.44	21.70	17.33
b) Provisions	17	20.04	17.23	15.86
c) Deferred tax liabilities (net)	27.5	99.75	64.20	42.33
Total non-current liabilities		141.23	124.60	129.60
2 Current liabilities				
a) Financial liabilities				
i) Borrowings	15	134.00	245.60	161.87
ii) Trade payables	19	329.06	294.19	264.89
iii) Other financial liabilities	16	46.26	61.92	83.28
b) Other current liabilities	18	38.76	58.90	59.16
c) Provisions	17	7.62	7.00	7.04
d) Current tax liabilities (net)	27.5	1.99	–	5.19
Total current liabilities		557.69	667.61	581.43
Total liabilities		698.92	792.21	711.03
Total equity and liabilities		2,619.74	2,384.36	2,096.21

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For Dalal & Shah Chartered Accountants LLP

Firm Registration Number: 102020W | W-100040

S Venkatesh

Partner

Membership Number: 037942

T R Gopi Kannan
Whole-time Director and CFO

L P Patni
Company Secretary

B N Mohanan
**Whole-time Director
and President - U&S**

R A Shah
S S Bajjal
B S Mehta
H S Shah
S M Datta
V S Rangan
M M Chitale
S A Panse
B R Arora
Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director
Mumbai
May 05, 2017

Statement of Profit and Loss

for the year ended March 31, 2017

(₹ cr)

Particulars	Note	2016-17	2015-16
INCOME			
Revenue from operations	20	2,848.27	2,608.61
Other income	21	42.46	43.53
Total income		2,890.73	2,652.14
EXPENSES			
Cost of materials consumed	22	1,324.51	1,234.05
Purchase of stock-in-trade		18.04	19.68
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	17.88	(27.66)
Excise duty		153.74	154.11
Employee benefit expenses	24	173.23	168.47
Finance costs	25	21.02	25.84
Depreciation and amortisation expenses	2, 4	91.12	61.92
Other expenses	26	690.67	618.20
Total expenses		2,490.21	2,254.61
Profit before exceptional items and tax		400.52	397.53
Exceptional items	27.17	–	2.67
Profit before tax		400.52	400.20
Tax expense			
Current tax	27.5	79.73	103.56
Deferred tax	27.5	35.49	22.19
Total tax expense		115.22	125.75
Profit for the year		285.30	274.45
Other Comprehensive Income			
a) Items that will not be reclassified to profit and loss			
i) Fair value of equity instruments through Other Comprehensive Income (FVOCI)		77.34	(38.38)
ii) Remeasurement gain (loss) on defined benefit plans		2.48	(3.06)
iii) Income tax related to item no (ii) above		(0.86)	1.06
b) Items that will be reclassified to profit and loss			
i) Effective portion of gain (loss) on cash flow hedges		(0.72)	(0.90)
ii) Income tax related to item no (i) above		0.25	0.31
Other Comprehensive Income, net of tax		78.49	(40.97)
Total Comprehensive Income for the year		363.79	233.48
Earnings per Equity share			
Basic and diluted earning ₹ per Equity share of ₹ 10 each	27.11	96.18	92.53

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For Dalal & Shah Chartered Accountants LLP
Firm Registration Number: 102020W | W-100040

S Venkatesh
Partner
Membership Number: 037942

T R Gopi Kannan
Whole-time Director and CFO

L P Patni
Company Secretary

B N Mohanan
Whole-time Director and President - U&S

Mumbai
May 05, 2017

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director
Mumbai
May 05, 2017

R A Shah
S S Baijal
B S Mehta
H S Shah
S M Datta
V S Rangan
M M Chitale
S A Panse
B R Arora
Directors

Statement of changes in equity

for the year ended March 31, 2017

A Equity share capital

			(₹ cr)
Particulars	Note	Amount	
As at April 01, 2015		29.68	
Changes in Equity share capital during the year		–	
As at March 31, 2016		29.68	
Changes in Equity share capital during the year		–	
As at March 31, 2017	13	29.68	

B Other equity

Particulars	Reserves and surplus			Other reserves		Total other equity
	Securities premium reserve	General reserve	Retained earnings	FVOCI equity instruments	Effective portion of cash flow hedges	
As at April 01, 2015	34.66	95.80	899.44	325.88	(0.28)	1,355.50
Profit for the year	–	–	274.45	–	–	274.45
Other Comprehensive Income	–	–	(2.00)	(38.38)	(0.59)	(40.97)
Total Comprehensive Income for the year	–	–	272.45	(38.38)	(0.59)	233.48
Hedging gain (loss) reclassified to Statement of Profit and Loss	–	–	–	–	0.28	0.28
Transactions with owners in their capacity as owners						
Dividend paid (including dividend distribution tax)	–	–	(26.79)	–	–	(26.79)
As at March 31, 2016	34.66	95.80	1,145.10	287.50	(0.59)	1,562.47
Profit for the year	–	–	285.30	–	–	285.30
Other Comprehensive Income	–	–	1.62	77.34	(0.47)	78.49
Total Comprehensive Income for the year	–	–	286.92	77.34	(0.47)	363.79
Transfer to retained earnings on disposal of FVOCI equity instruments	–	–	0.73	(0.73)	–	–
Hedging gain (loss) reclassified to Statement of Profit and Loss	–	–	–	–	0.59	0.59
Transactions with owners in their capacity as owners:						
Dividend paid (including dividend distribution tax)	–	–	(35.71)	–	–	(35.71)
As at March 31, 2017	34.66	95.80	1,397.04	364.11	(0.47)	1,891.14

The accompanying Notes form an integral part of the Financial Statements

As per our attached report of even date

For Dalal & Shah Chartered Accountants LLP
Firm Registration Number: 102020W | W-100040

S Venkatesh
Partner
Membership Number: 037942

T R Gopi Kannan
Whole-time Director and CFO

L P Patni
Company Secretary

B N Mohanan
Whole-time Director and President - U&S

Mumbai
May 05, 2017

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director
Mumbai
May 05, 2017

Statement of Cash Flows

for the year ended March 31, 2017



(₹ cr)

Particulars	Note	2016-17	2015-16
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		400.52	400.20
Adjustments for:			
Add:			
Depreciation and amortisation expenses	2, 4	91.12	61.92
Finance costs	25	21.02	25.84
Loss on disposal of property, plant and equipment	26	0.20	1.01
Unrealised exchange rate difference (net)		0.95	3.86
		113.29	92.63
		513.81	492.83
Less:			
Dividend received	21	22.27	10.64
Interest income from financial assets measured at amortised cost		2.87	2.54
Gain on disposal of equity instruments measured at cost	21	–	0.03
Gain on disposal of property, plant and equipment	21	3.71	1.27
		28.85	14.48
Operating profit before change in operating assets and liabilities		484.96	478.35
Adjustments for:			
(Increase) Decrease in inventories	9	6.28	(24.52)
(Increase) Decrease in trade receivables		(86.77)	16.13
(Increase) Decrease in other financial assets		3.30	5.50
(Increase) Decrease in other assets		20.38	(21.12)
Increase (Decrease) in non-current loans		(5.18)	–
Increase (Decrease) in trade payables		33.65	27.62
Increase (Decrease) in other financial liabilities		(3.23)	1.81
Increase (Decrease) in other current liabilities		(17.42)	(3.07)
Increase (Decrease) in current provisions		2.61	(1.67)
Increase (Decrease) in non-current provisions		2.81	1.37
		(43.57)	2.05
Cash generated from operations		441.39	480.40
Less:			
Income tax paid (net of refund)		77.47	105.61
Net cash inflow from operating activities	A	363.92	374.79

Statement of Cash Flows for the year ended March 31, 2017 (continued)

(₹ cr)

Particulars	Note	2016-17	2015-16
B CASH FLOW FROM INVESTING ACTIVITIES			
Payment to acquire property, plant and equipment		(175.59)	(358.14)
Proceeds from disposal of equity instruments measured at FVOCI		0.76	–
Proceeds from redemption of Preference shares measured at FVPL		–	2.40
Repayments (Disbursements) of loans given		6.66	(1.49)
Proceeds (Payment) from fixed deposits		(0.17)	–
Proceeds from disposal of property, plant and equipment		4.68	1.81
Interest received on financial assets measured at amortised cost		3.72	2.51
Dividend received		6.43	10.55
Net cash outflow from investing activities	B	(153.51)	(342.36)
C CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of term loans non-current borrowings		(29.63)	(60.31)
Disbursements (Repayments) of working capital loans current borrowings		(111.60)	81.92
Total Disbursements (Repayments) of borrowings		(141.23)	21.61
Payment of unclaimed dividend		(0.27)	(0.18)
Interest paid		(23.12)	(26.27)
Dividend on Equity shares (including dividend distribution tax)		(35.43)	(30.17)
Purchase of equity instruments measured at cost		(8.38)	(2.85)
Proceeds from disposal of equity instruments measured at cost		–	4.13
Net cash outflow from financing activities	C	(208.43)	(33.73)
Net increase (decrease) in cash and cash equivalents	A+B+C	1.98	(1.30)
Cash and cash equivalents at the beginning of the financial year		3.40	4.70
Cash and cash equivalents at the end of the financial year		5.38	3.40

- 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 (Accounts) Rules, 2015.
- ii) Cash flows from operating activities includes ₹ 6.60 cr (March 31, 2016: ₹ 5.31 cr) being expenses towards Corporate Social Responsibility initiatives.

As per our attached report of even date

For Dalal & Shah Chartered Accountants LLP
Firm Registration Number: 102020W | W-100040

S Venkatesh
Partner

Membership Number: 037942

Mumbai
May 05, 2017

T R Gopi Kannan
Whole-time Director and CFO

L P Patni
Company Secretary

B N Mohanan
**Whole-time Director
and President - U&S**

R A Shah
S S Baijal
B S Mehta
H S Shah
S M Datta
V S Rangan
M M Chitale
S A Panse
B R Arora
Directors

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director
Mumbai
May 05, 2017

Notes to the Financial Statements

Background

Atul Ltd (the Company) is a public company limited by shares, incorporated and domiciled in India. Its registered office is located at Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India and principal place of business is located at Atul, Gujarat, India.

The Company is in the business of Life Science Chemicals and Performance and Other Chemicals and caters to the needs of varied industries such as Adhesives, Agriculture, Animal Feed, Automobile, Composites, Construction, Cosmetic, Defence, Dyestuff, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Polymer, Rubber, Soap and Detergent, Sports and Leisure, Textile, Tyre and Wind Energy across the world.

Note 1 Significant Accounting Policies

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

a) Basis of preparation:

i) Compliance with Ind AS:

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) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The Financial Statements up to the year ended March 31, 2016 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Companies Act, 2013.

These Financial Statements are the first Financial Statements of the Company under Ind AS. Refer Note 27.23 for an explanation of how the transition from previously applicable Indian GAAP (hereinafter referred to as 'IGAAP') to Ind AS has affected the financial position, financial performance and cash flows of the Company.

ii) Historical cost convention:

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

- a) Certain financial assets and liabilities (including derivative instruments) that are measured at fair value
- b) Defined benefit plans: plan assets measured at fair value
- c) Biological assets: measured at fair value less cost to sell

iii) Recent accounting pronouncements:

Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based Payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-based Payment,' respectively. The amendments are applicable to the Company from April 01, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the Financial Statements is being evaluated.

Amendment to Ind AS 102:

The Company does not have any impact on the Financial Statements on account of this pronouncement.

b) Foreign currency transactions:

i) Functional and presentation currency:

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

Notes to the Financial Statements

Note 1 Significant Accounting Policies (continued)

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain | (loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss except that they are deferred in 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 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).

Transition to Ind AS:

The Company has opted to continue the Accounting Policy availed under para 46 A of Accounting Standard - 11 'The effects of changes in foreign currency rates' of IGAAP inserted vide Notification dated December 29, 2011 issued by Ministry of Corporate Affairs, Government of India. Paragraph D13AA of Ind AS 101 allows an entity to continue this Accounting Policy availed under IGAAP for all outstanding long-term foreign currency monetary items as on March 31, 2016. Consequently foreign exchange difference on account of long-term foreign currency borrowings utilised to acquire a depreciable asset is adjusted in the cost of the depreciable asset, which will be depreciated over the balance life of the asset.

c) Revenue recognition:

i) Timing of recognition:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods, the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities of the Company. This generally happens upon dispatch of the goods to customers, except for export sales which are recognised when significant risk and rewards are transferred to the buyer as per the terms of contract. Revenue from services is recognised in the accounting period in which the services are rendered.

Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

ii) Measurement of revenue:

Revenue is measured at the fair value of the consideration received or receivable, after the deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the Government which are levied on sales such as sales tax, value added tax, etc. Revenue includes excise duty as it is paid on production and is a liability of the manufacturer, irrespective of whether the goods are sold or not. Discounts given include rebates, price reductions and other incentives given to customers. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as sales are made with a credit term which is consistent with market practice.

d) Income taxes:

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

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

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

Notes to the Financial Statements

Note 1 Significant Accounting Policies (continued)

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

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

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

Current and deferred tax is recognised in 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.

e) Government grants:

- i) Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.
- ii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss in proportion to depreciation over the expected lives of the related assets and presented within other income.
- iii) Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

f) Leases:

As a lessee:

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

As a lessor:

Lease 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. Lease rental attributable to the operating lease are charged to Statement of Profit and Loss as lease income whereas lease income attributable to finance lease is recognised as finance lease receivable and recognised on the basis of effective interest rate.

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.

Notes to the Financial Statements

Note 1 Significant Accounting Policies (continued)

Fruit bearing plants qualify as bearer plants under Ind AS 16. Expenditure incurred on cultivation of plantations up to the date they become capable of bearing fruit are accumulated under 'Bearer plant under development (Immature)' and then capitalised as a Bearer plant (Mature) to be amortised | depreciated over their estimated useful life.

The plantation destroyed due to calamity, disease or any other reasons whether capitalised as Bearer plant (Mature) or being carried under Bearer plant under development (Immature) are charged off to 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:

Depreciation is provided on the straight-line method to allocate the cost of assets, net of their residual values, over their estimated useful lives.

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

Asset category	Estimated useful life
Buildings	30 years
Plant and equipment ¹	6 to 20 years
Vehicles ¹	6 to 10 years
Office equipment and furniture	5 to 10 years
Roads	5 years
Bearer plants ¹	40 years

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

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

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

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2015 measured under IGAAP as the deemed cost of the property, plant and equipment.

h) Intangible assets:

Computer software includes enterprise resource planning project and other cost relating to such software which provides significant future economic benefits. These costs comprise of license fees and cost of system integration services.

Development expenditure qualifying as an intangible asset, if any, is capitalised, to be amortised over the economic life of the product | patent.

Computer software cost is amortised over a period of 3 years using straight-line method.

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of intangible assets recognised as at April 01, 2015 measured under IGAAP as the deemed cost of intangible assets.

i) Investment properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not in use by the Company, is classified as investment property. Land held for a currently undetermined future use is also classified as an investment property. Investment property is measured initially at its acquisition cost, including related transaction costs and where applicable borrowing costs.

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 01, 2015 measured under IGAAP as the deemed cost of investment properties.

Note 1 Significant Accounting Policies (continued)

j) Impairment of assets:

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 will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets is net selling price or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in the circumstances 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.

k) Cash and cash equivalents:

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

l) Trade receivables:

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

m) 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 after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

n) Inventories:

Raw materials, packing materials, purchased finished goods, work-in-progress, manufactured finished goods, fuel, stores and spares other than specific spares for machinery are valued at cost or net realisable value whichever is lower. Cost is arrived at on moving weighted average basis.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs.

Due allowances are made for slow moving and obsolete inventories based on estimates made by the Company.

Items such as spare parts, stand-by equipment and servicing equipment which is not plant and machinery gets classified as inventory.

The harvested product of biological assets of the entity that is oil palm Fresh Fruit Bunch (FFB) are initially measured at fair value less costs to sell at the point of harvest and subsequently measured at the lower of such value or net realisable value.

o) Investments and other financial assets:

Classification:

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 the business model of the entity 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.

Initial recognition and measurement:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognised initially at fair value plus, in the case of financial assets 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 assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Notes to the Financial Statements

Note 1 Significant Accounting Policies (continued)

Subsequent measurement:

After initial recognition, financial assets are measured at:

- i) Fair value {either through Other Comprehensive Income (FVOCI) or through profit or loss (FVPL)} or,
- ii) Amortised cost

Debt instruments:

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 3 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 (OCI):

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 de-recognition, 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:

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.

Equity instruments:

The Company subsequently measures all investments in equity instruments other than subsidiary companies, associate company and joint venture company at fair value. The Management of the Company has elected to present fair value gains and losses on such equity investments in Other Comprehensive Income, and there is no subsequent reclassification of these fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payment is established.

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

Investments in subsidiary companies, associate company and joint venture company:

Investments in subsidiary companies, associate company and joint venture company are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary companies, associate company and joint venture company, the difference between net disposal proceeds and the carrying amounts are recognised 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 credit risk. Note 27.8 details how the Company determines whether there has been a significant increase in credit risk.

For trade and lease receivable 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.

De-recognition:

A financial asset is de-recognised only when the Company

- i) has transferred the rights to receive cash flows from the financial asset or
- ii) 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.

Note 1 Significant Accounting Policies (continued)

Where the entity 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 de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised 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.

Income recognition:

Interest income from debt instruments 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.

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) De-recognition

A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

p) 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 asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

q) Derivatives and hedging activities:

The Company holds derivative financial instruments such as foreign exchange forward, interest rate swaps, currency swaps and currency options to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

i) Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets | liabilities in this category are presented as current assets | current liabilities if they are either held for trading or are expected to be realised within 12 months after the Balance Sheet date.

Notes to the Financial Statements

Note 1 Significant Accounting Policies (continued)

ii) Cash flow hedge

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on firm commitment and highly probable forecast transactions. It designates certain Interest rate swaps as cash flow hedge to mitigate the risk of foreign exchange exposure on variable interest loans.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain | (loss) on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain | (loss) previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

r) Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. 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.

s) Borrowing costs:

General and specific 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.

t) Biological assets:

The oil palm trees are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the oil palm fresh fruit bunches (FFB) growing on the trees is accounted for as biological assets until the point of harvest. Harvested oil palm FFBs are transferred to inventory at fair value less costs to sell when harvested.

Biological assets are measured at fair value less cost to sell. Costs to sell include the incremental selling costs, including auction charges, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Changes in fair value of oil palm FFB on trees are recognised in the Statement of Profit and Loss.

Measurement technique:

The fair value of growing oil palm FFB is determined using a discounted cash flow model based on the expected yield by plantation size, the market price for the produce | sampling and after allowing for harvesting costs, contributory asset charges for the land and bearer plants owned by the entity and other costs yet to be incurred in getting the fruit bunches to maturity or sampling ready for sale.

u) 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.

Note 1 Significant Accounting Policies (continued)

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 Management 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.

v) Employee benefits:

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 within the Balance Sheet. Termination benefits are recognised as an expense as and when incurred.

Short-term leave encashment is provided at undiscounted amount during the accounting period based on service rendered by employees. Compensation payable under Voluntary Retirement Scheme is being charged to Statement of Profit and Loss in the year of settlement.

Other long-term employee benefits:

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

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Defined contribution plan:

Contributions to defined contribution schemes such as contribution to Provident Fund, Superannuation Fund, Employees' State Insurance Corporation, National Pension Scheme and Labours Welfare Fund are charged as an expense to the 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.

Provident Fund for certain eligible employees is managed by the Company through the 'Atul Products Ltd - Ankleshwar Division Employees Provident Fund Trust' in line with Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund authorities. The contributions by the employer and employees together with the interest accumulated thereon are payable to employees at the time of their retirement or separation from the Company, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. 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.

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 pension and gratuity plans 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 paid to a Trust administered by the Company, which in turn invests in eligible securities to meet the liability as and when it accrues for payment in future. 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.

Notes to the Financial Statements

Note 1 Significant Accounting Policies (continued)

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

The net interest cost is calculated by applying the discount rate 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.

w) Research and Development expenditure:

Research and Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Research and Development expenditure on property, plant and equipment is treated in the same way as expenditure on other property, plant and equipment.

x) 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.

y) Contributed equity:

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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) Estimation of useful life of tangible assets: Note 1 (g)
- ii) Estimation of defined benefit obligation: Note 27.6

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the Financial Statements



Note 2 Property, plant and equipment									
Particulars	Land – freehold ¹	Land – leasehold ¹	Buildings ^{1,2}	Plant and equipment ³	Vehicles	Office equipment and furniture	Roads	Bearer plants	Total
Gross carrying amount									
Deemed cost as at April 01, 2015⁵									
Additions	6.03	3.66	107.21	341.34	4.77	7.76	0.79	–	471.56
Other adjustments ⁶	0.31	–	27.63	262.92	3.78	1.99	3.60	–	300.23
Disposal, transfer and adjustments	–	–	–	4.41	–	–	–	–	4.41
As at March 31, 2016	6.34	3.66	134.84	607.62	7.95	9.75	4.39	–	774.55
Additions	8.21	–	28.45	261.32	1.01	2.20	6.40	0.33	307.92
Other adjustments ⁶	–	–	–	(0.07)	–	–	–	–	(0.07)
Disposal, transfer and adjustments	(0.59)	–	(0.01)	–	(0.79)	–	–	–	(1.39)
As at March 31, 2017	13.96	3.66	163.28	868.87	8.17	11.95	10.79	0.33	1,081.01
Depreciation Amortisation									
For the year	–	0.05	6.24	51.69	1.51	1.90	0.44	–	61.83
Disposal and adjustments	–	–	–	(0.06)	(0.05)	–	–	–	(0.11)
Up to March 31, 2016	–	0.05	6.24	51.63	1.46	1.90	0.44	–	61.72
For the year	–	0.05	6.61	79.81	1.59	1.73	1.22	0.01	91.02
Disposal and adjustments	–	–	–	0.02	(0.22)	(0.01)	–	–	(0.21)
Up to March 31, 2017	–	0.10	12.85	131.46	2.83	3.62	1.66	0.01	152.53
Net carrying amount									
As at March 31, 2016	6.34	3.61	128.60	555.99	6.49	7.85	3.95	–	712.83
As at March 31, 2017	13.96	3.56	150.43	737.41	5.34	8.33	9.13	0.32	928.48
Notes:									

¹ Pursuant to the order passed by Honourable High Court of Gujarat, dated November 17, 2008 and April 17, 2009 in case of water charges, the Company has created first charge over its certain land and buildings in favour of Government of Gujarat and paid security deposit ₹ 2 cr (March 31, 2016 and April 01, 2015: ₹ 2 cr).

² Includes premises on ownership basis ₹ 1.10 cr (March 31, 2016 and April 01, 2015: ₹ 1.10 cr) and cost of fully paid share in co-operative society ₹ 2,000 (March 31, 2016 and April 01, 2015: ₹ 2,000).

³ Includes equity contribution of ₹ 0.07 cr in 70,000 Equity shares of Bharuch Enviro Infrastructure Ltd and ₹ 0.72 cr in 7,15,272 Equity shares of Narmada Clean Tech Ltd to discharge effluent through common ETP facility.

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

⁵ Property plant and equipment – Gross amount as at April 01, 2015 under GAAP

Particulars	Land – freehold ¹	Land – leasehold ¹	Buildings ^{1,2}	Plant and equipment ³	Vehicles	Office equipment and furniture	Roads	Bearer plants	Total
Gross carrying amount as at April 01, 2015									
Deemed cost as at April 01, 2015 ⁵									
Additions	6.03	3.66	177.70	989.00	14.91	29.62	3.42	–	1,224.34
Other adjustments ⁶	–	–	–	–	–	–	–	–	–
Disposal, transfer and adjustments	–	–	70.49	647.66	10.14	21.86	2.63	–	752.78
As at March 31, 2016	6.03	3.66	107.21	341.34	4.77	7.76	0.79	–	471.56
Net carrying amount as at April 01, 2015									
Deemed cost as at April 01, 2015 ⁵									
Depreciation Amortisation up to March 31, 2015	–	–	–	–	–	–	–	–	–
As at March 31, 2016	6.03	3.66	107.21	341.34	4.77	7.76	0.79	–	471.56

⁶ Exchange rate difference capitalised during current year ₹ (0.07) cr (Previous year: ₹ 4.41 cr)

⁷ Refer Note 15 for information on property, plant and equipment hypothecated | mortgaged as security by the Company.

⁸ Refer Note 27.2 for disclosure of contractual commitment for acquisition of property, plant and equipment.

⁹ Refer Note 27.12 for disclosures where the Company is a lessee under a finance lease.

Notes to the Financial Statements

(₹ cr)

Note 3 Investment properties	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Land – freehold			
Gross carrying amount Deemed cost	3.22	3.22	3.22
Net carrying amount	3.22	3.22	3.22

- a) Amount recognised in Statement of Profit and Loss for investment properties
The Company has classified parcels of freehold land held for a currently undeterminable future use as investment properties. There are no amounts pertaining to these investment properties recognised in the Statement of Profit and Loss, since the Company does not receive any rental income, incur any depreciation or other operating expenses.
- b) The Company does not have any contractual obligations to purchase, construct or develop, for maintenance or enhancements of investment property.
- c) Fair value.

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Investment properties	134.00	145.00	130.00
	134.00	145.00	130.00

Estimation of fair value

The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers information from a variety of sources including:

- Current prices in an active market for investment properties of different nature or recent prices of similar investment properties in less active markets, adjusted to reflect those differences.
- Discounted cash flow projections based on reliable estimates of future cash flows.
- Capitalised income projections based upon a estimated net market income from investment properties and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by reputed third party and independent valuers. The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

(₹ cr)

Note 4 Intangible assets	Computer software
Gross carrying amount	
Deemed cost as at April 01, 2015	0.21
As at March 31, 2016	0.21
As at March 31, 2017	0.21
Amortisation	
Amortisation charged for the year	0.09
Up to March 31, 2016	0.09
Amortisation charged for the year	0.10
Up to March 31, 2017	0.19
Net carrying amount	
As at April 01, 2015	0.21
As at March 31, 2016	0.12
As at March 31, 2017	0.02

(₹ cr)

Note 5 Non-current investments	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Investment in equity instruments of subsidiary companies measured at cost ¹	103.27	95.55	97.39
b) Investment in equity instruments of joint venture company measured at cost	6.13	6.13	6.13
c) Investment in Preference shares of subsidiary companies at amortised cost	7.10	6.43	8.21
	116.50	108.11	111.73
a) Investment in equity instruments of other company measured at FVOCI	414.27	337.69	376.12
b) Investment in Government or Trust securities measured at amortised cost	0.01	0.01	0.01
	414.28	337.70	376.13
	530.78	445.81	487.86

¹ Includes share application money

Notes to the Financial Statements



(₹ cr)

Note 5 Non-current investments (continued)	Face value	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Number of shares		Number of shares		Number of shares	
a) Investment in equity instruments (fully paid-up)							
i) Subsidiary companies Joint venture company Associate company measured at cost							
Quoted							
In subsidiary company measured at cost^{1,2}							
Amal Ltd	10	4,12,453	18.16	4,12,453	18.16	4,12,453	18.16
Unquoted							
In foreign subsidiary companies measured at cost							
Atul Brasil Quimicos Ltda	R\$ 1	7,04,711	2.03	7,04,711	2.03	7,04,711	2.03
Atul China Ltd	US\$ 4,10,000	1	0.92	1	0.92	1	0.92
Atul Deutschland GmbH	€ 1,00,000	1	—	1	—	1	—
Atul Europe Ltd	£ 1	32,88,911	24.14	32,88,911	24.14	43,38,911	31.85
Atul Middle East FZ-LLC	AED 1,000	300	0.51	300	0.51	—	—
Atul USA Inc	US\$ 1,000	2,000	6.29	2,000	6.29	2,000	6.29
In Indian subsidiary companies measured at cost							
Aasthan Dates Ltd	10	20,98,000	2.10	20,98,000	2.10	18,98,000	1.90
Anchor Adhesives Pvt Ltd	10	5,86,155	2.28	5,86,155	2.28	2,93,077	1.47
Atul Bioscience Ltd	10	1,08,40,050	12.57	1,08,40,050	12.57	79,90,050	8.01
Atul Biospace Ltd	10	84,63,349	8.82	38,89,600	3.90	37,09,600	3.71
Atul Finserv Ltd	100	12,25,533	12.26	7,50,000	7.50	7,50,000	7.50
	7	5,00,000	5.00	5,00,000	5.00	5,00,000	5.00
Atul Infotech Pvt Ltd	10	—	—	—	—	42,770	2.75
Atul Rajasthan Date Palms Ltd	1,000	30,001	3.00	30,001	3.00	30,001	3.00
Biyaban Agri Ltd	10	10,91,100	1.09	10,91,100	1.09	10,41,100	1.04
Raja Dates Ltd	10	40,95,500	4.10	40,95,500	4.10	32,45,500	3.25
In joint venture company measured at cost							
Rudolf Atul Chemicals Ltd	10	29,18,750	6.13	29,18,750	6.13	29,18,750	6.13
ii) Other companies measured at FVOCI							
Quoted							
Arvind Smartspaces Ltd	10	4,12,747	3.58	4,12,747	3.43	—	—
Arvind Ltd	10	41,27,471	163.01	41,27,471	112.72	41,27,471	108.14
BASF India Ltd	10	2,61,396	35.83	2,61,396	22.81	2,61,396	29.17
ICICI Bank Ltd	2	99,115	2.74	99,115	2.34	99,115	3.13
Jain Irrigation Systems Ltd	2	4,000	0.04	4,000	0.02	4,000	0.03
Jain Irrigation Systems Ltd -DVR ³	2	200		200		200	
Nagarjuna Fertilizers and Chemicals Ltd	1	34,650	0.07	34,650	0.10	34,650	0.10
Nagarjuna Oil Refinery Ltd	1	31,500	0.01	31,500	0.01	31,500	0.01
Novartis India Ltd ⁴	5	3,74,627	25.33	3,84,660	24.95	3,84,660	21.64
Pfizer Ltd	10	9,58,927	183.66	9,58,927	171.31	9,58,927	213.87
Unquoted							
AtRo Ltd ⁵ (March 31, 2016: ₹ 10,256)	10	—	—	50,004		50,004	0.03
Gujarat Synthwood Ltd ⁵	10	4,00,000	—	4,00,000	—	4,00,000	—

Notes to the Financial Statements

(₹ cr)

Note 5 Non-current investments (continued)	Face value	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Number of shares		Number of shares		Number of shares	
b) Investment in Preference shares (fully paid-up)							
Subsidiary company measured at FVPL							
Unquoted							
Atul Bioscience Ltd							
6% Cumulative Redeemable Preference shares	100	–	–	–	–	2,00,000	2.00
10% Cumulative Redeemable Preference shares	100	–	–	–	–	40,400	0.40
Subsidiary company measured at amortised cost^{1, 6}							
Unquoted							
Amal Ltd (0% Redeemable Preference shares)	10	1,00,00,000	7.10	1,00,00,000	6.43	1,00,00,000	5.81
c) Investments in Government or Trust securities measured at amortised cost							
6 Years National Savings Certificates (deposited with the Government departments)	88,000	–	0.01	–	0.01	–	0.01
d) Share application money		–	–	–	1.96	–	0.51
			530.78		445.81		487.86

(₹ cr)

Particulars	Book value As at			Market value As at		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Quoted ²	432.43	355.85	394.25	418.74	338.91	377.00
Unquoted	98.35	89.96	93.61	–	–	–
	530.78	445.81	487.86	418.74	338.91	377.00

¹ Associate company up to November 30, 2016

² includes equity component recognised from 0% finance provided to Amal Ltd

³ carrying value of ₹ 12,040 (March 31, 2016: ₹ 7,720 and April 01, 2015: ₹ 7,850)

⁴ Sale of Equity shares under the buy back offer

⁵ Under liquidation

⁶ Includes ₹ 1 cr due for redemption as on March 31, 2017

Refer Note 7.12 of Corporate Governance Report for details of Equity shares in unclaimed suspense account.

(₹ cr)

Note 6 Loans	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
a) Loan to subsidiary companies associate company (refer Note 27.4 and 27.13)						
i) Secured, considered good	0.59	7.01	–	6.41	–	5.41
ii) Unsecured, considered good	4.59	–	–	7.26	–	6.77
	5.18	7.01	–	13.67	–	12.18

Notes to the Financial Statements



(₹ cr)

Note 7 Other financial assets	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
a) Security deposits for utilities and premises	0.41	2.86	0.60	2.86	0.83	2.76
b) Derivative financial assets – foreign exchange forward contracts	1.31	–	3.55	2.37	3.34	5.47
c) Finance lease receivable	–	1.38	–	1.29	–	1.42
d) Balance with banks in fixed deposits, with maturity beyond 12 months	–	0.41	–	–	–	0.02
e) Dividend receivable	15.93	–	0.09	–	–	–
f) Other receivables (including discount receivable, insurance receivable, etc.)	7.47	–	6.67	–	7.52	–
	25.12	4.65	10.91	6.52	11.69	9.67

(₹ cr)

Note 8 Other assets	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
a) Balances with the Government authorities						
i) Tax paid under protest	–	16.46	–	19.91	–	16.80
ii) VAT receivable	6.33	34.99	37.35	28.67	26.07	29.84
iii) Balances with the statutory authorities	59.00	–	49.40	–	49.78	–
iv) Deposit paid under protest	–	3.41	–	0.98	–	–
v) Security deposit	–	2.00	–	2.00	–	2.00
b) Export incentive receivable	30.37	–	34.76	–	29.66	–
c) Capital advances	–	17.77	–	20.16	–	22.88
d) Advances						
i) Related Parties (refer Note 27.4)	–	–	0.17	–	4.13	–
ii) Others	25.02	–	24.86	–	18.86	–
e) Other receivables	0.78	–	0.64	–	0.48	–
	121.50	74.63	147.18	71.72	128.98	71.52

(₹ cr)

Note 9 Inventories *		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Raw materials and packing materials		82.22	68.01	79.22
Add: Goods-in-transit		18.01	28.90	22.00
		100.23	96.91	101.22
b) Work-in-progress		112.76	113.64	107.13
c) Finished goods		112.03	127.48	109.05
d) Stock-in-trade		5.55	7.10	4.38
e) Stores, spares and fuel		30.27	27.41	20.74
Add: Goods-in-transit		7.05	1.63	7.13
		37.32	29.04	27.87
		367.89	374.17	349.65

* Goods-in-transit at cost to date and others at cost or net realisable value whichever is lower.

Amounts recognised in the Statement of Profit and Loss

Written-down value of inventories to net realisable value amounted to ₹ 6.21 cr (March 31, 2016: ₹ 10.09 cr). These were recognised as an expense during the year and included in cost of materials consumed, and changes in value of inventories of work-in-progress, stock-in-trade and finished goods in the Statement of Profit and Loss.

Notes to the Financial Statements

(₹ cr)

Note 10 Trade receivables	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Unsecured, considered good			
i) Trade receivables	413.46	354.06	344.52
ii) Related Parties (refer Note 27.4)	93.60	66.06	94.67
b) Unsecured, considered doubtful	3.16	3.80	2.73
Less: Allowance for doubtful debts	3.16	3.80	2.73
	–	–	–
	507.06	420.12	439.19

(₹ cr)

Note 11 Cash and cash equivalents	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Balances with banks			
In current accounts	5.28	3.31	4.62
b) Cash on hand	0.10	0.09	0.08
	5.38	3.40	4.70

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

(₹ cr)

Note 12 Bank balances other than cash and cash equivalents above	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Unclaimed dividend	1.71	1.44	1.27
b) Unclaimed interest on public deposit	0.02	0.02	0.02
c) Short-term bank deposit with maturity between 3 to 12 months	0.10	0.46	0.41
	1.83	1.92	1.70

(₹ cr)

Note 13 Equity share capital	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorised			
8,00,00,000 (March 31, 2016 and April 01, 2015: 8,00,00,000)			
Equity shares of ₹ 10 each	80.00	80.00	80.00
	80.00	80.00	80.00
Issued			
2,96,91,780 (March 31, 2016 and April 01, 2015: 2,96,91,780)			
Equity shares of ₹ 10 each	29.69	29.69	29.69
	29.69	29.69	29.69
Subscribed			
2,96,61,733 (March 31, 2016 and April 01, 2015: 2,96,61,733)			
Equity shares of ₹ 10 each, fully paid	29.66	29.66	29.66
29,991 (March 31, 2016 and April 01, 2015: 29,991)			
Add: Forfeited shares (amount paid-up)	0.02	0.02	0.02
	29.68	29.68	29.68

a) Rights, preferences and restrictions:

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

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.

ii) Dividend:

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

Notes to the Financial Statements



b) Shares reserved for allotment at a later date:

56 Equity shares are held in abeyance due to disputes at the time of earlier rights issues.

c) Details of Shareholders holding more than 5% of Equity shares:

No.	Name of the Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Holding %	Number of Shares	Holding %	Number of Shares	Holding %	Number of Shares
1	Aagam Holdings Pvt Ltd	22.41%	66,50,000	22.92%	67,97,264	22.67%	67,25,501
2	Aeon Investments Pvt Ltd	6.79%	20,14,383	5.95%	17,64,383	5.95%	17,64,383
3	Aura Securities Pvt Ltd	–	–	5.44%	16,14,045	5.44%	16,14,045

(₹ cr)

Note 14 Other equity		As at March 31, 2017	As at March 31, 2016
a)	Securities premium reserve	34.66	34.66
b)	General reserve	95.80	95.80
c)	Retained earnings		
	Balance as at the beginning of the year	1,145.10	899.44
	Add: Profit for the year	285.30	274.45
	Less: Dividend on Equity shares for the year {2015-16: ₹ 10 per share, (2014-15: ₹ 8.50 per share)}	29.66	25.21
	Dividend distribution tax on dividend	6.05	5.14
	Add: Excess provision of dividend distribution tax written back	–	3.56
	Add: Transfer from OCI on disposal of FVOCI equity instruments	0.73	–
	Add: Remeasurement gain (loss) on defined benefit plans	1.62	(2.00)
	Balance as at the end of the year	1,397.04	1,145.10
d)	Other reserves		
i)	FVOCI Equity instruments		
	Balance as at the beginning of the year	287.50	325.88
	Add: Equity instruments through Other Comprehensive Income (FVOCI)	77.34	(38.38)
	Less: Transfer to retained earnings on disposal of FVOCI equity instruments	(0.73)	–
	Balance as at the end of the year	364.11	287.50
ii)	Effective portion of cash flow hedges		
	Balance as at the beginning of the year	(0.59)	(0.28)
	Add: Effective portion of gain (loss) on cash flow hedges	(0.72)	(0.90)
	Add: Deferred tax liability	0.25	0.31
	Less: Hedging gain (loss) reclassified to Statement of Profit and Loss	0.59	0.28
	Balance as at the end of the year	(0.47)	(0.59)
		1,891.14	1,562.47

Nature and purpose of other reserves

a) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) FVOCI - Equity instruments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in Other Comprehensive Income. These changes are accumulated within the FVOCI equity instruments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are de-recognised.

Notes to the Financial Statements

c) Cash flow hedging reserve

The Company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory purchases and interest rate risk associated with variable interest rate borrowings. For hedging foreign currency risk, the Company uses foreign currency forward contracts, foreign currency option contracts and Interest rate swaps. They are designated as cash flow hedges to the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss (for example, sales and interest payments). When the forecast transaction results in the recognition of a non-financial asset (for example, inventory), the amount recognised in the cash flow hedging reserve is adjusted against the carrying amount of the non-financial asset.

(₹ cr)

Note 15 Borrowings	Maturity	Terms of repayment	Effective interest rate p.a.	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
				Current	Non-current	Current	Non-current	Current	Non-current
a) Secured									
i) Rupee term loan from a foreign financial institution (refer Note a)	January, 2018	15 equal half yearly installments	6.99% - 7.46%	–	10.42	–	20.83	–	31.25
ii) Foreign currency term loans from banks (refer Note b and c)	September, 2017	12 equal quarterly installments	3 months LIBOR + 2.90%	–	10.81	–	33.17	–	52.15
	April, 2016	16 equal quarterly installments	3 months LIBOR + 2.25%	–	–	–	2.07	–	9.78
iii) Foreign currency term loan from a foreign financial institution (refer Note d)	January, 2016	16 equal quarterly installments	6 months LIBOR + 2.25%	–	–	–	–	–	23.47
iv) Working capital loans from banks (refer Note e)	1-6 months	Repayable on demand	2.43%-10.40%	8.17	–	76.90	–	51.61	–
b) Unsecured									
i) Rupee term loans from a bank (March 31, 2016: ₹ 30,112)	May, 2016	20 equal quarterly installments	Base rate + 1.50%	–	–	–	–	–	0.14
ii) Loan from banks including foreign banks	1-6 months	1-6 months	1.10%	51.87	–	53.07	–	12.52	–
iii) Loan from Related Parties	1-6 months	1-6 months		–	–	10.50	–	–	–
c) Buyers' credit				–	–	6.91	–	–	–
d) Commercial papers	1-3 months	1-3 months	6.50%	73.95	–	98.21	–	97.73	–
e) Deposit from the Directors	1-12 months	1-12 months	9.00%	0.01	–	0.01	–	0.01	–
				134.00	21.23	245.60	56.07	161.87	116.79
Amount of current maturities of long-term debt disclosed under the head 'Other financial liabilities' (refer Note 16)				–	(21.23)	–	(34.60)	–	(62.71)
				134.00	–	245.60	21.47	161.87	54.08

- a) Rupee term loan from a foreign financial institution is secured by first *pari passu* charge by way of hypothecation of all movable property, plant and equipment and mortgage of immovable properties of the Company, present and future, excluding specific assets with first *pari passu* charge with other lenders and second charge on entire current assets of the Company, both present and future.
- b) Foreign currency term loan from a foreign bank is secured by first *pari passu* charge by way of hypothecation of all movable property, plant and equipment and mortgage of immovable properties of the Company, present and future, excluding specific assets with first *pari passu* charge and second charge on entire current assets of the Company, both present and future.
- c) Foreign currency term loan from a bank is secured by first *pari passu* charge on the entire movable and immovable property, plant and equipment of the Company, both present and future.
- d) Foreign currency term loan from a foreign bank is secured by first *pari passu* charge by way of hypothecation of all movable property, plant and equipment and mortgage of immovable properties of the Company, present and future, excluding specific assets with first *pari passu* charge with other lenders charge and second charge on entire current assets of the Company, both present and future.

Notes to the Financial Statements



e) Security details:

Working capital loans repayable on demand from banks is secured by hypothecation of tangible current assets, namely, inventories and book debts of the Company as a whole and also secured by second and subservient charge on immovable and movable assets of the Company to the extent of individual bank limit as mentioned in joint consortium documents. This also extends to guarantees and letter of credits given by the bankers aggregating ₹ 83.24 cr (March 31, 2016: ₹ 65.03 cr, April 01, 2015: ₹ 70.66 cr)

f) The carrying amount of assets hypothecated | mortgaged as security for current and non-current borrowings are:

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
First charge for current and second charge for non-current borrowings			
i) Inventories	367.89	374.17	349.65
ii) Trade receivables	507.06	420.12	439.19
iii) Current assets other than inventories and trade receivables	153.83	163.41	147.07
	1,028.78	957.70	935.91
First charge for non-current and second charge for current borrowings			
Property, plant and equipment excluding leasehold land	909.77	681.11	440.67
Total assets as security	1,938.55	1,638.81	1,376.58

(₹ cr)

Note 16 Other financial liabilities	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
a) Current maturities of long-term debt (refer Note 15)	21.23	–	34.60	–	62.71	–
b) Security deposits	–	19.30	–	18.51	–	14.93
c) Interest accrued but not due	0.18	–	0.42	–	0.66	–
d) Unclaimed dividends *	1.71	–	1.44	–	1.27	–
e) Unclaimed matured deposits and interest thereon *	0.01	–	0.02	–	0.02	–
f) Creditor for capital goods	18.38	–	17.95	–	8.82	–
g) Other liabilities (includes discount payable)	4.75	2.14	7.49	3.19	9.80	2.40
	46.26	21.44	61.92	21.70	83.28	17.33

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2017.

(₹ cr)

Note 17 Provisions	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
a) Provision for compensated absences	6.08	20.04	5.35	17.23	5.53	15.86
b) Others {refer a (ii) and b below}	1.54	–	1.65	–	1.51	–
	7.62	20.04	7.00	17.23	7.04	15.86

a) Information about individual provisions and significant estimates

i) Compensated absences

The Compensated absences covers the liability for sick and earned leave. Out of the total amount disclosed above, the amount of ₹ 6.08 cr (March 31, 2016: ₹ 5.35 cr, April 01, 2015: ₹ 5.53 cr) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Notes to the Financial Statements

ii) Others

Effluent disposal

The entity has provided for expenses it estimates to be incurred for safe disposal of effluent in line with the regulatory framework it operates in. The provision represents the unpaid amount the entity expects to incur for which the obligating event has already arisen as on the reporting date.

Wealth tax

The entity has provided for payments expected pertaining to wealth tax in line with the provisions of the erstwhile the Wealth Tax Act, 1957. The application of the Act was discontinued from April 01, 2016. (amount as on April 01, 2015 is ₹ 0.22 cr)

b) Movement of provision for effluent disposal

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance as at the beginning of the year	1.65	1.29	0.90
Less: Utilised	(1.65)	(1.29)	(0.90)
Provision made during the year	1.54	1.65	1.29
Balance as at the end of the year	1.54	1.65	1.29

(₹ cr)

Note 18 Other current liabilities	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Employee benefits payable	22.56	35.47	31.96
b) Statutory dues	11.23	14.08	17.03
c) Advances received from customers	4.97	9.35	10.17
	38.76	58.90	59.16

(₹ cr)

Note 19 Trade payables	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Related Party (refer Note 27.4)	6.35	7.67	7.09
b) Others (refer Note 27.14 for outstanding dues of micro enterprise and small enterprise)	322.71	286.52	257.80
	329.06	294.19	264.89

(₹ cr)

Note 20 Revenue from operations	2016-17	2015-16
Sale of products (including excise duty)	2,792.60	2,556.93
Sale of services	0.08	—
Other operating revenue:		
Export incentives	44.74	37.98
Scrap sales	7.63	5.40
Processing charges	3.22	8.30
	2,848.27	2,608.61

Notes to the Financial Statements



(₹ cr)

Note 21 Other income	2016-17	2015-16
Dividend from equity investment measured at FVOCI	2.89	3.37
Dividend from equity investment measured at cost	19.21	7.19
Dividend from investments measured at FVPL	0.17	0.08
Interest income from financial assets measured at amortised cost	3.22	2.22
Interest from others	1.84	2.98
Lease income	0.03	–
Gain on disposal of property, plant and equipment	3.71	1.27
Gain on disposal of equity investment measured at cost	–	0.03
Exchange rate difference – gain	–	7.56
Miscellaneous income	11.39	18.83
	42.46	43.53

(₹ cr)

Note 22 Cost of materials consumed	2016-17	2015-16
Raw materials and packing materials consumed		
Stocks at commencement	68.01	79.22
Add: Purchase	1,338.72	1,222.84
	1,406.73	1,302.06
Less: Stocks at close	82.22	68.01
	1,324.51	1,234.05

(₹ cr)

Note 23 Changes in inventories of finished goods, work-in-progress and stock-in-trade	2016-17	2015-16
Stocks at close		
Finished goods	112.03	127.48
Work-in-progress	112.76	113.64
Stock-in-trade	5.55	7.10
	230.34	248.22
Less: Stocks at commencement		
Finished goods	127.48	109.05
Work-in-progress	113.64	107.13
Stock-in-trade	7.10	4.38
	248.22	220.56
(Increase) Decrease in stocks	17.88	(27.66)

(₹ cr)

Note 24 Employee benefit expenses	2016-17	2015-16
Salaries, wages and bonus (refer Note 27.6)	155.29	151.23
Contribution to Provident and other funds (refer Note 27.6)	11.88	11.25
Staff welfare	6.06	5.99
	173.23	168.47

Notes to the Financial Statements

(₹ cr)

Note 25 Finance costs	2016-17	2015-16
Interest on borrowings	17.16	20.25
Interest on financial liabilities at amortised cost	1.11	1.19
Interest on others	1.20	0.93
Other borrowings cost	0.52	0.67
Exchange difference regarded as an adjustment to borrowing cost	1.03	2.80
	21.02	25.84

(₹ cr)

Note 26 Other expenses	2016-17	2015-16
Consumption of stores and spares	44.87	38.42
Power, fuel and water	315.81	263.32
Conversion and plant operation charges	32.07	36.63
Building repairs	15.36	19.45
Plant and equipment repairs	50.91	58.80
Sundry repairs	7.54	7.12
Rent	2.31	2.18
Rates and taxes	1.25	1.25
Insurance	6.96	6.33
Freight, cartage and octroi	69.82	61.81
Commission	7.40	8.53
Travelling and conveyance	15.85	14.76
Payments to the Statutory Auditors		
a) Audit fees	0.29	0.29
b) Tax matters	0.09	0.07
c) Other matters	0.32	0.15
d) Out of pocket expenses	0.02	0.01
Payments to the Cost Auditors		
a) Audit fees	0.02	0.02
b) Other matters (Current year: ₹ 7,000)		—
c) Out of pocket expenses (Current year: ₹ 17,970 and Previous year: ₹ 21,315)		
Directors' fees and travelling	0.24	0.18
Directors' commission (other than the Executive Directors)	0.79	0.83
Manpower services	40.74	33.43
Bad debts and irrecoverable balances written off	2.07	1.55
Allowance for doubtful debts written off (written back)	—	1.24
Loss on assets sold, discarded or demolished	0.20	1.01
Expenditure on Corporate Social Responsibility initiatives (refer Note 27.16)	6.60	5.31
Exchange rate difference - loss	5.43	—
Miscellaneous expenses	63.71	55.51
	690.67	618.20

Note 27.1 Contingent liabilities

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Claims against the Company not acknowledged as debts in respects of:			
i) Excise duty	8.00	7.70	7.25
ii) Income tax	6.24	7.52	8.33
iii) Sales tax	0.67	0.67	0.67
iv) Custom duty	0.18	0.18	0.18
v) Water charges	87.27	86.39	79.84
vi) Others	6.43	14.83	15.34
vii) In respect of a customer claim amounting to ₹ 32.35 cr, the Company, based on legal opinion, believes that the claim will not sustain.			

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

Note 27.2 Commitments

a) Capital commitments

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

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Estimated amount of contracts remaining to be executed and not provided for (net of advances):			
Property, plant and equipment	25.09	44.96	121.86

Note 27.3 Research and Development

Details of expenditure incurred on approved in-house Research and Development facilities:

(₹ cr)

Particulars	2016-17	2015-16
Capital expenditure on building	6.07	–
Other capital expenditure	12.86	1.32
Recurring expenditure	19.00	18.16
	37.93	19.48

Notes to the Financial Statements

Note 27.4 (A) Related Party information		
Name of the Related Party and nature of relationship		
No.	Name of the Related Party	Description of relationship
01	Aasthan Dates Ltd	Subsidiary companies
02	Amal Ltd ¹	
03	Anchor Adhesives Pvt Ltd	
04	Atul Aarogya Ltd	
05	Atul Ayurveda Ltd	
06	Atul Bioscience Ltd	
07	Atul Biospace Ltd	
08	Atul Brasil Quimicos Ltda	
09	Atul China Ltd	
10	Atul Clean Energy Ltd	
11	Atul Crop Care Ltd	
12	Atul Deutschland GmbH	
13	Atul Elkay Polymers Ltd	
14	Atul Entertainment Ltd	
15	Atul Europe Ltd	
16	Atul Finserv Ltd	
17	Atul Fin Resources Ltd ²	
18	Atul Hospitality Ltd	
19	Atul Infotech Pvt Ltd ²	
20	Atul Middle East FZ-LLC	
21	Atul Nivesh Ltd ²	
22	Atul Rajasthan Date Palms Ltd ²	
23	Atul (Retail) Brands Ltd	
24	Atul Seeds Ltd	
25	Atul USA Inc	
26	Biyaban Agri Ltd	
27	DPD Ltd ²	
28	Gujarat Synthwood Ltd ³	
29	Jayati Infrastructure Ltd	
30	Lapox Polymers Ltd	
31	Osia Dairy Ltd	
32	Osia Infrastructure Ltd	
33	Raja Dates Ltd	
	Other Related Parties with whom transactions have taken place during the year	
34	Rudolf Atul Chemicals Ltd	Joint venture company
35	Aagam Holdings Pvt Ltd	Entity over which control exercised by Key Management Personnel
36	Samveg Agencies Pvt Ltd	
37	Key Management Personnel	
	S S Lalbhai	Chairman and Managing Director
	S A Lalbhai	Managing Director
	B N Mohanan	Whole-time Director and President - U&S

Notes to the Financial Statements



Note 27.4 (A) Related Party information (continued)		
Name of the Related Party and nature of relationship		
No.	Name of the Related Party	Description of relationship
	T R Gopi Kannan	Whole-time Director and CFO
	R A Shah	Non-executive Director
	S S Baijal	Non-executive Director
	B S Mehta	Non-executive Director
	H S Shah	Non-executive Director
	S M Datta	Non-executive Director
	V S Rangan	Non-executive Director
	M M Chitale	Non-executive Director
	S A Panse	Non-executive Director
	B R Arora	Non-executive Director
38	Close family members of Key Management Personnel	
	Vimlaben S Lalbhai	Mother of S S Lalbhai
	Swati S Lalbhai	Sister of S S Lalbhai
	Saumya S Lalbhai	Son of S A Lalbhai
	Astha S Lalbhai	Daughter of S S Lalbhai
	Nishtha S Lalbhai	Daughter of S S Lalbhai
39	Welfare funds	
	Atul Foundation Trust	Entities over which Key Management Personnel or their close family members have significant influence
	Atul Kelavani Mandal	
	Atul Rural Development Fund	
	Atul Vidyalaya	
	Urmi Stree Sanstha	
40	Other Related Parties ⁴	
	The Atul Officers Retirement Benefit Fund	Post-employment benefit plan of Atul Ltd
	Atul Products Ltd-Ankleshwar Division Employees' Provident Fund Trust	
	Atul Limited Employees Gratuity Fund	

¹ Associate company up to November 30, 2016 | ² Investments held through subsidiary companies | ³ Under liquidation | ⁴ Refer Note 27.6 for information on transaction with post - employment benefit plans mentioned above.

Note 27.4 (B) Transactions with subsidiary companies		2016-17	2015-16
a) Sales and income			
01	Sale of goods	457.64	344.39
	Amal Ltd (Previous year: ₹ 26,100)	—	—
	Atul Bioscience Ltd	25.52	21.67
	Atul Biospace Ltd	9.35	3.77
	Atul China Ltd	78.70	20.91
	Atul Europe Ltd	198.12	114.07
	Atul Infotech Pvt Ltd (Current year: ₹ 12,415)	—	—
	Atul Middle East FZ-LLC	—	1.24
	Atul USA Inc	145.95	182.73
02	Service charges received	1.92	1.55
	Amal Ltd	0.29	0.20
	Atul Bioscience Ltd	1.43	1.16
	Atul Crop Care Ltd	0.07	0.07
	Atul Finserv Ltd	0.01	—
	Atul Infotech Pvt Ltd	0.09	0.10
	Lapox Polymers Ltd	0.03	0.02

Notes to the Financial Statements

(₹ cr)

Note 27.4 (B) Transactions with subsidiary companies (continued)		2016-17	2015-16
03	Interest received	0.85	0.42
	Atul Bioscience Ltd	0.85	0.42
04	Lease rent received		
	Amal Ltd (Current year: ₹ 8,000 and Previous year: ₹ 8,000)		
	Atul Bioscience Ltd (Current year: ₹ 3,935 and Previous year: ₹ 3,935)		
b) Purchases and expenses			
01	Purchase of goods	25.39	25.57
	Aasthan Dates Ltd	0.01	–
	Amal Ltd	21.43	19.11
	Atul Bioscience Ltd	0.19	0.07
	Atul Biospace Ltd	0.03	–
	Atul Europe Ltd	0.55	–
	Atul Infotech Pvt Ltd	0.03	–
	Atul USA Inc	0.71	3.28
	DPD Ltd	2.44	3.11
02	Purchase of capital goods	0.07	0.03
	Amal Ltd	0.05	–
	Atul Bioscience Ltd	0.02	0.03
03	Service charges	19.14	15.44
	Atul Bioscience Ltd		0.30
	Atul Crop Care Ltd	8.07	6.80
	Atul Finserv Ltd	0.59	0.61
	Atul Infotech Pvt Ltd	2.55	2.31
	Lapox Polymers Ltd	7.93	5.42
04	Commission	2.19	2.27
	Atul China Ltd	0.94	1.01
	Atul Europe Ltd	1.10	0.98
	Atul USA Inc	0.15	0.28
05	Reimbursement of expenses	13.04	9.13
	Amal Ltd (Current year: ₹ 41,011)		0.01
	Atul Bioscience Ltd	0.03	0.02
	Atul China Ltd	0.28	0.11
	Atul Crop Care Ltd	3.48	2.86
	Atul Europe Ltd	5.26	1.25
	Atul Finserv Ltd	1.12	1.03
	Atul Infotech Pvt Ltd (Current year: ₹ 3,200 and Previous year: ₹ 16,385)		
	Atul Middle East FZ-LLC	0.01	0.01
	Atul USA Inc	0.68	2.01
	DPD Ltd	–	0.01
	Lapox Polymers Ltd	2.18	1.82

Notes to the Financial Statements



(₹ cr)

Note 27.4 (B) Transactions with subsidiary companies (continued)		2016-17	2015-16
c) Other transactions			
01	Repayment of loan given	3.25	—
	Amal Ltd	3.25	—
02	Direct investments made in Equity shares	9.67	8.18
	Aasthan Dates Ltd	—	0.15
	Anchor Adhesives Pvt Ltd	—	0.81
	Atul Bioscience Ltd	—	4.56
	Atul Biospace Ltd	4.91	—
	Atul Finserv Ltd	4.76	—
	Atul Infotech Pvt Ltd	—	1.35
	Atul Middle East FZ-LLC	—	0.51
	Raja Dates Ltd	—	0.80
03	Share application money	—	1.96
	Atul Biospace Ltd	—	1.96
04	Reimbursement received	—	8.92
	Amal Ltd (Current year: ₹ 9,845 and Previous year: ₹11,985)		
	Atul Infotech Pvt Ltd (Current year: ₹ 26,438)		0.01
	Atul Middle East FZ-LLC	—	0.12
	Atul USA Inc	—	8.79
05	Redemption of Preference shares	—	2.40
	Atul Bioscience Ltd	—	2.40
06	Dividend received	11.77	17.57
	Atul Bioscience Ltd	6.50	1.88
	Atul Europe Ltd	5.27	15.69
07	Purchase of investment in Equity shares of Aasthan Dates Ltd	—	0.05
	Atul Biospace Ltd	—	0.05
	Atul Finserv Ltd (Previous year: ₹ 10)	—	
	Atul Infotech Pvt Ltd (Previous year: ₹ 10)	—	
08	Purchase of investment in Equity shares of Atul Biospace Ltd	—	0.03
	Atul Finserv Ltd	—	0.01
	Atul Infotech Pvt Ltd	—	0.02
09	Purchase of investment in Equity shares of Biyaban Agri Ltd	—	0.05
	Atul Biospace Ltd	—	0.05
	Atul Finserv Ltd (Previous year: ₹ 10)	—	
	Atul Infotech Pvt Ltd (Previous year: ₹ 10)	—	
10	Purchase of investment in Equity shares of Raja Dates Ltd	—	0.05
	Atul Biospace Ltd	—	0.05
	Atul Finserv Ltd (Previous year: ₹ 10)	—	
	Atul Infotech Pvt Ltd (Previous year: ₹ 10)	—	
11	Sales of investment in Equity shares of Atul Infotech Pvt Ltd	—	4.13
	Atul Biospace Ltd	—	2.06
	Atul Finserv Ltd	—	2.07

Notes to the Financial Statements

(₹ cr)

Note 27.4 (B) Transactions with subsidiary companies (continued)		2016-17	2015-16
12	Purchase of investment in Equity shares of Atul Biospace Ltd	—	0.15
	Atul Aarogya Ltd	—	0.02
	Atul Ayurveda Ltd	—	0.02
	Atul Crop Care Ltd	—	0.02
	Atul Entertainment Ltd	—	0.02
	Atul Hospitality Ltd	—	0.02
	Atul Seeds Ltd	—	0.01
	Jayati Infrastructure Ltd	—	0.02
	Osia Dairy Ltd	—	0.02
13	Purchase of investment in Equity shares of Anchor Adhesives Pvt Ltd	—	—
	Atul Crop Care Ltd (Previous year: ₹ 28,630)	—	—
	Lapox Polymers Ltd (Previous year: ₹ 30,000)	—	—
14	Purchase of investment in Equity shares of Aasthan Dates Ltd	—	—
	Lapox Polymers Ltd (Previous year: ₹ 10)	—	—
15	Purchase of investment in Equity shares of Biyaban Agri Ltd	—	—
	Lapox Polymers Ltd (Previous year: ₹ 10)	—	—
16	Purchase of investment in Equity shares of Raja Dates Ltd	—	—
	Lapox Polymers Ltd (Previous year: ₹ 10)	—	—

(₹ cr)

Note 27.4 (C) Transactions with joint venture company		2016-17	2015-16
a) Sales and income			
01	Sale of goods	3.38	3.27
02	Service charges received	2.68	4.25
03	Lease rent received	0.25	0.20
b) Purchases and expenses			
01	Purchase of goods	0.03	0.14
c) Other transactions			
01	Dividend received from Equity investment measured at cost	3.72	0.58
02	Interest paid of loan	0.41	0.61
03	Inter Corporate Deposits taken	—	11.50
04	Repayment of Inter Corporate Deposits taken	10.50	1.00
05	Reimbursement received	0.74	0.87
06	Repayment of security deposit	0.20	—

All above transactions are with Rudolf Atul Chemicals Ltd.

(₹ cr)

Note 27.4 (D) Transactions with entity over which control exercised by Key Management Personnel		2016-17	2015-16
a) Expenses			
01	Reimbursement	0.03	0.02
	Samveg Agencies Pvt Ltd	0.03	0.02

Notes to the Financial Statements



(₹ cr)

Note 27.4 (E) Key Management Personnel compensation		2016-17	2015-16
a) Remuneration		12.91	12.04
01	Short-term employee benefits	11.05	10.26
02	Post-employment benefits ¹	0.92	0.82
03	Commission and other benefits to Non-executive Independent Directors	0.94	0.96
04	Interest on deposits from Directors (Current year: ₹ 9,000 and Previous year: ₹ 9,045)		

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

(₹ cr)

Note 27.4 (F) Close family members of Key Management Personnel compensation		2016-17	2015-16
a) Remuneration		0.29	0.13
01	Saumya S Lalbhai	0.03	0.10
02	Astha S Lalbhai	0.19	–
03	Nishtha S Lalbhai	0.07	0.03

(₹ cr)

Note 27.4 (G) Transactions with entities over which Key Management Personnel or their close family members have significant influence		2016-17	2015-16
a) Sales and income			
01	Sale of goods	0.15	0.14
	Atul Kelavani Mandal	0.04	0.03
	Atul Rural Development Fund (Current year: ₹ 49,622)		0.01
	Atul Vidyalaya	0.11	0.10
	Urmi Stree Sanstha (Current year: ₹ 1,723)		–
02	Sale of capital goods	–	0.01
	Atul Vidyalaya	–	0.01
b) Purchases and expenses			
01	Reimbursement of expenses		
	Atul Vidyalaya (Current year: ₹ 2,500 and Previous year: ₹ 3,000)		
	Urmi Stree Sanstha (Current year: ₹ 14,433)		–
c) Other transactions			
01	Expenditure on Corporate Social Responsibility initiatives	6.33	4.95
	Atul Foundation Trust	4.83	3.64
	Atul Rural Development Fund	1.50	1.31
02	Reimbursements received	0.06	0.05
	Atul Kelavani Mandal (Current year: ₹ 42,171 and Previous year: ₹ 46,886)		
	Atul Vidyalaya	0.06	0.05

Notes to the Financial Statements

(₹ cr)

Note 27.4 (H) Outstanding balances as at year end		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) With subsidiary companies				
01	Loans receivable	15.93	19.18	19.18
	Amal Ltd ¹	11.63	14.88	14.88
	Atul Bioscience Ltd ²	4.30	4.30	4.30
02	Deposit receivable	2.14	2.14	2.14
	Atul Infotech Pvt Ltd	2.14	2.14	2.14
03	Dividend receivable	11.77	–	–
	Atul Bioscience Ltd	6.50	–	–
	Atul Europe Ltd	5.27	–	–
04	Receivables	92.41	49.37	97.18
	Amal Ltd (Current year: ₹ 49,533)		1.11	5.41
	Atul Bioscience Ltd	5.98	6.17	3.30
	Atul Biospace Ltd	0.80	0.54	0.03
	Atul China Ltd	23.31	1.94	13.31
	Atul Crop Care Ltd	0.01	0.01	–
	Atul Elkay Polymers Ltd	0.07	0.07	0.10
	Atul Europe Ltd	23.34	3.36	27.75
	Atul Finserv Ltd	0.01	–	–
	Atul Infotech Pvt Ltd (Previous year: ₹ 43,173)	–		0.05
	Atul Middle East FZ-LLC	–	0.88	–
	Atul USA Inc	38.89	35.29	47.23
	Lapox Polymers Ltd (Previous year: ₹ 26,390)	–		–
05	Payables	7.66	7.76	7.40
	Aasthan Dates Ltd (Current year: ₹ 20,500)		–	–
	Amal Ltd (Previous year: ₹ 6,384)	3.42		–
	Atul Bioscience Ltd	0.03	0.23	0.12
	Atul China Ltd	0.17	0.19	0.34
	Atul Crop Care Ltd	–	0.71	–
	Atul Europe Ltd	2.08	0.96	1.16
	Atul Finserv Ltd ³	0.14	2.88	4.23
	Atul Infotech Pvt Ltd	0.19	0.07	–
	Atul Middle East FZ-LLC	0.01	0.01	–
	Atul USA Inc	0.45	1.31	1.52
	DPD Ltd	–	0.77	0.03
	Lapox Polymers Ltd	1.17	0.63	–

¹ Interest free pursuant to Board for Industrial and Financial Reconstruction Order and including equity component.

² The Loan to subsidiary is for a periods of 3 years repayable on March, 2018 at interest rate of SBI prevailing market rate.

³ Includes acceptances for bills discounted by third parties.

Notes to the Financial Statements



(₹ cr)

Note 27.4 (H) Outstanding balances as at year end (continued)		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
b) With joint venture company				
01	Inter Corporate Deposits payable ¹	–	10.50	–
02	Interest payable on Inter Corporate Deposits	–	0.03	–
03	Dividend receivable	3.72	–	–
04	Receivables	1.59	1.71	1.12
05	Refundable security deposit	2.60	2.80	2.80
06	Payables	–	0.02	–

All above balances are with Rudolf Atul Chemicals Ltd

¹ Inter Corporate Deposit taken from joint venture company for short-term periods at prevailing market rate.

(₹ cr)

c) With entity over which control exercised by Key Management Personnel		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
01	Payable	–	3.98	–
	Aagam Holdings Pvt Ltd ¹	–	3.98	–

¹ Includes acceptances for bills discounted by third parties.

(₹ cr)

d) With Key Management Personnel		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
01	Payable	0.01	0.01	0.01
	Directors deposit payable	0.01	0.01	0.01

(₹ cr)

e) With Entities over which Key Management Personnel or their close family members have significant influence		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
01	Receivables	0.03	0.12	0.07
	Atul Kelavani Mandal (Current year: ₹ 35,655)		0.09	0.06
	Atul Rural Development Fund	0.01	0.01	–
	Atul Vidyalaya	0.02	0.02	0.01
	Urmi Stree Sanstha (Current year: ₹ 1,864)		–	–
02	Payables	0.03	–	–
	Atul Rural Development Fund	0.03	–	–

Note 27.4 (I) Terms and conditions

01	Sales to and purchases from Related Parties were made on normal commercial terms and conditions and at prevailing market prices or where market price is not available, at cost plus margin.
02	Transactions relating to dividends and subscriptions for new Equity shares were on the same terms and conditions that applied to other Shareholders.
03	All outstanding balances are unsecured and are repayable in cash.

Notes to the Financial Statements

Note 27.5 Current and Deferred tax

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

a) Income tax expense

(₹ cr)

Particulars		2016-17	2015-16
i)	Current tax		
	Current tax on profit for the year	81.80	103.56
	Adjustments for current tax of prior periods	(2.07)	–
	Total current tax expense	79.73	103.56
ii)	Deferred tax		
	(Decrease) Increase in deferred tax liabilities	61.26	22.50
	Decrease (Increase) in deferred tax assets	(25.77)	(0.31)
	Total deferred tax expense (benefit)	35.49	22.19
	Income tax expense	115.22	125.75

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		2016-17	2015-16
a)	Statutory income tax rate	34.61%	34.61%
b)	Differences due to:		
i)	Expenses not deductible for tax purposes	0.75%	1.30%
ii)	Income exempt from income tax	(2.17%)	(0.99%)
iii)	Income tax incentives	(3.48%)	(2.94%)
iv)	Others	(0.94%)	(0.55%)
	Effective income tax rate	28.77%	31.43%

c) No aggregate amounts of current and deferred tax have arisen in the reporting periods which have been recognised in equity and not in Statement of Profit and Loss or Other Comprehensive Income.

d) Current tax assets

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Opening balance	3.11	–	–
Add: Tax paid in advance, net of provisions during the year	(3.11)	3.11	–
Closing balance	–	3.11	–

e) Current tax liabilities

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Opening balance	–	5.19	–
Add: Current tax payable for the year	79.73	103.56	80.50
Less: Taxes paid	(77.74)	(108.75)	(75.31)
Closing balance	1.99	–	5.19

Notes to the Financial Statements



f) Deferred tax liabilities (net)

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

(₹ cr)

Particulars	As at March 31, 2017	(Charged) Credited to profit or loss OCI	As at March 31, 2016	(Charged) Credited to profit or loss OCI	As at April 01, 2015
Property, plant and equipment	138.74	61.26	77.48	22.50	54.98
Total deferred tax liabilities	138.74	61.26	77.48	22.50	54.98
Provision for leave encashment	(9.04)	(1.23)	(7.81)	(0.41)	(7.40)
Provision for doubtful debts	(1.10)	0.22	(1.32)	0.18	(1.50)
Provision for doubtful advances	—	0.07	(0.07)	—	(0.07)
Investment properties	(3.95)	(0.18)	(3.77)	(0.25)	(3.52)
Voluntary Retirement Scheme	—	—	—	0.16	(0.16)
Unrealised MTM losses on derivatives (CIRS)	(1.75)	(1.75)	—	—	—
Effective portion of gains and loss on cash flow hedges	(0.25)	0.06	(0.31)	(0.31)	—
MAT credit entitlement	(22.90)	(22.90)	—	—	—
Total deferred tax assets	(38.99)	(25.71)	(13.28)	(0.63)	(12.65)
Net deferred tax (asset) liability	99.75	35.55	64.20	21.87	42.33

g) Unrecognised temporary differences

The Company has not recognised deferred tax liability associated with fair value gains on Equity share measured at OCI as based on the Management projection of future taxable income and existing plan it is not probable that such difference will reverse in the foreseeable future.

Note 27.6 Employee benefit obligations

Funded schemes

a) Defined benefit plans:

Gratuity

The Company operates a gratuity plan through the 'Atul Employees Gratuity Trust'. Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972 or Company scheme whichever is beneficial. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after 5 years of continuous service.

Balance Sheet amount (Gratuity)

(₹ cr)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2015	44.44	(44.44)	—
Current service cost	2.10	—	2.10
Interest expense (income)	3.55	(3.55)	—
Total amount recognised in profit and loss	5.65	(3.55)	2.10
Remeasurement			
Return on plan assets, excluding amount included in interest expense (income)	—	0.79	0.79
(Gain) Loss from change in financial assumptions	0.36	—	0.36
Experience (gain) loss	1.91	—	1.91
Total amount recognised in Other Comprehensive Income	2.27	0.79	3.06
Employer contributions	—	(5.16)	(5.16)
Benefit payments	(5.09)	5.09	—
March 31, 2016	47.27	(47.27)	—
Current service cost	2.52	—	2.52
Interest expense (income)	3.69	(3.69)	—
Total amount recognised in profit and loss	6.21	(3.69)	2.52
Remeasurement			
Return on plan assets, excluding amount included in interest expense (income)	—	(1.98)	(1.98)
(Gain) Loss from change in financial assumptions	1.11	—	1.11
Experience (gain) loss	(1.61)	—	(1.61)
Total amount recognised in Other Comprehensive Income	(0.50)	(1.98)	(2.48)
Employer contributions	—	(0.04)	(0.04)
Benefit payments	(5.81)	5.81	—
March 31, 2017	47.17	(47.17)	—

Notes to the Financial Statements

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

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Present value of funded obligations	47.17	47.27	44.44
Fair value of plan assets	(47.17)	(47.27)	(44.44)
Deficit of Gratuity plan	–	–	–

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Discount rate	7.22%	7.80%	7.99%
Attrition rate	7.30%	7.00%	7.00%
Rate of return on plan assets	7.22%	7.80%	7.99%
Salary escalation rate	7.75%	7.75%	7.75%

Sensitivity analysis

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

Particulars	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Discount rate	1.00%	1.00%	(3.92%)	(3.92%)	4.31%	4.31%
Attrition rate	1.00%	1.00%	(0.06%)	(0.06%)	0.06%	0.06%
Rate of return on plan assets	1.00%	1.00%	(3.92%)	(3.92%)	4.31%	4.31%
Salary escalation rate	1.00%	1.00%	4.27%	4.27%	(3.96%)	(3.96%)

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

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

Major category of plan assets are as follows:

(₹ cr)

Particulars	As at March 31, 2017				As at March 31, 2016				As at April 01, 2015			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Government of India assets	–	1.27	1.27	2.69%	–	1.27	1.27	2.69%	–	1.52	1.52	3.42%
Debt instruments												
Corporate bonds	1.22	–	1.22	2.59%	1.27	–	1.27	2.69%	1.35	–	1.35	3.04%
Investment funds												
Insurance fund	44.52	–	44.52	94.38%	39.63	–	39.63	83.83%	38.45	–	38.45	86.52%
Others	–	–	–	–	–	4.94	4.94	10.45%	–	2.96	2.96	6.66%
Special deposit scheme	–	0.16	0.16	0.34%	–	0.16	0.16	0.34%	–	0.16	0.16	0.36%
	45.74	1.43	47.17	100.00%	40.90	6.37	47.27	100.00%	39.80	4.64	44.44	100.00%

Risk exposure

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

i) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields, if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in Government securities. These are subject to interest rate risk. The Company has a Risk Management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

ii) Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of bond holdings.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment will not have a material impact on the overall level of assets.

A large portion of assets in 2017 consists of insurance funds, although the Company also invests in corporate bonds and special deposit schemes. The plan asset mix is in compliance with the requirements of the respective local regulations.

Expected contributions to post-employment benefit plans for the year ending March 31, 2018 are ₹ 2.71 cr.

The weighted average duration of the defined benefit obligation is 5 years (2015-16: 5 years). The expected maturity analysis of gratuity is as follows:

(₹ cr)

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
Defined benefit obligation (gratuity)					
As at March 31, 2017	7.45	5.75	20.50	17.20	50.90
As at March 31, 2016	8.15	5.55	25.44	26.46	65.60

b) Defined contribution plans:

Amount of ₹ 9.36 cr (March 31, 2016: ₹ 9.15 cr) is recognised as expense and included in the Note 24 'Contribution to Provident and Other funds'.

c) Provident Fund:

The Company has established an Employee Provident Fund Trust administered by the Company to which both the employee and the employer make monthly contribution equal to 12% of basic salary of employee respectively. The Company's contribution to the Provident Fund for all employees is charged to Statement of Profit and Loss. In case of any liability arising due to short fall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company. The actuary has provided an actuarial valuation and indicated that the interest shortfall liability is ₹ Nil. The Company has contributed the following amounts towards Provident Fund during the respective period ended:

(₹ cr)

Expenses recognised for the year ended March 31, 2017 (included in Note 24)	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
i) Defined benefit obligation	9.14	10.90	10.14
ii) Fund	9.16	11.04	10.40
iii) Net asset (liability)	0.03	0.14	0.26
iv) Charge to the Statement of Profit and Loss during the year	0.20	0.17	0.23

Notes to the Financial Statements

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars	2016-17	2015-16
i) Mortality rate (2006-08) ultimate table	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate
ii) Withdrawal rates	6% pa for all age groups	5% pa for all age groups
iii) Rate of discount	7.22%	7.80%
iv) Expected rate of interest	8.65%	8.80%
v) Retirement age	60 years	60 years
vi) Guaranteed rate of interest	8.65%	8.80%

- d) Compensated absences amount of ₹ 5.99 cr (March 31, 2016: ₹ 3.39 cr) is recognised as expense and included in the Note 24 'Salaries, wages and bonus'.

Note 27.7 Fair value measurements

Financial instruments by category

(₹ cr)

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Investments:									
Equity instruments	–	414.27	–	–	337.69	–	–	376.12	–
Preference shares	–	–	7.10	–	–	6.43	2.40	–	5.81
Government securities	–	–	0.01	–	–	0.01	–	–	0.01
Trade receivables	–	–	507.06	–	–	420.12	–	–	439.19
Loans	–	–	12.19	–	–	13.67	–	–	12.18
Security deposits for utilities and premises	–	–	3.27	–	–	3.46	–	–	3.59
Dividend receivable	–	–	15.93	–	–	0.09	–	–	–
Derivative financial assets designated as hedges	–	1.70	–	–	0.44	–	–	0.28	–
Finance lease receivable	–	–	1.38	–	–	1.29	–	–	1.42
Cash and bank balances	–	–	7.21	–	–	5.32	–	–	6.40
Other receivables	–	–	7.47	–	–	6.67	–	–	7.52
Total financial assets	–	415.97	561.62	–	338.13	457.06	2.40	376.40	476.12
Financial liabilities									
Borrowings	–	–	155.23	–	–	301.67	–	–	278.66
Trade payables	–	–	329.06	–	–	294.19	–	–	264.89
Security deposits	–	–	19.30	–	–	18.51	–	–	14.93
Derivative financial liabilities designated as hedges	–	2.43	–	–	1.34	–	–	0.56	–
Derivative financial liabilities not designated as hedges	5.07	–	–	2.23	–	–	–	–	–
Capital creditors	–	–	18.38	–	–	17.95	–	–	8.82
Other liabilities (Includes discount payables)	–	–	8.79	–	–	12.56	–	–	14.15
Total financial liabilities	5.07	2.43	530.76	2.23	1.34	644.88	–	0.56	581.45

Note 27.7 Fair value measurements (continued)

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 3 levels prescribed under the Accounting Standard. An explanation of each level follows underneath the table.

(₹ cr)

i)	Financial assets and liabilities measured at fair value – recurring fair value measurement at March 31, 2017	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Financial investments at FVOCI:					
	Quoted Equity shares	5	414.27	–	–	414.27
	Derivatives designated as hedges:					
	Currency options		–	1.70	–	1.70
	Total financial assets		414.27	1.70	–	415.97
	Financial liabilities					
	Derivatives designated as hedges:					
	Foreign exchange forward contracts		–	2.43	–	2.43
	Derivatives not designated as hedges:					
	Currency swaps		–	5.07	–	5.07
	Total financial liabilities		–	7.50	–	7.50

(₹ cr)

ii)	Assets and liabilities for which fair values are disclosed at March 31, 2017	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Investments:					
	Preference shares	5	–	–	7.10	7.10
	Government securities	5	0.01	–	–	0.01
	Loans	6	–	–	12.19	12.19
	Security deposits for utilities and premises	7	–	–	3.27	3.27
	Finance lease receivable	7	–	–	1.38	1.38
	Total financial assets		0.01	–	23.94	23.95
	Financial liabilities					
	Borrowings	15	–	–	154.80	154.80
	Security deposits	16	–	–	19.30	19.30
	Total financial liabilities		–	–	174.10	174.10
	Investment Properties	3			134.00	134.00

Notes to the Financial Statements

Note 27.7 Fair value measurements (continued)

(₹ cr)

iii) Financial assets and liabilities measured at fair value – recurring fair value measurements at March 31, 2016	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVOCI:					
Quoted equity instruments	5	337.69	–	–	337.69
Derivatives designated as hedges:					
Currency options		–	0.44	–	0.44
Total financial assets		337.69	0.44	–	338.13
Financial liabilities					
Derivatives designated as hedges:					
Foreign exchange forward contracts		–	1.33	–	1.33
Interest rate swaps		–	0.01	–	0.01
Derivatives not designated as hedges:					
Forward contract to hedge buyers credit		–	0.23	–	0.23
Currency swaps		–	2.00	–	2.00
Total financial liabilities		–	3.57	–	3.57

(₹ cr)

iv) Assets and liabilities for which fair values are disclosed at March 31, 2016	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Preference shares	5	–	–	6.43	6.43
Government securities	5	0.01	–	–	0.01
Loans	6	–	–	13.67	13.67
Security deposits for utilities and premises	7	–	–	3.46	3.46
Finance lease receivable	7	–	–	1.29	1.29
Total financial assets		0.01	–	24.85	24.86
Financial liabilities					
Borrowings	15	–	–	300.05	300.05
Security deposits	16	–	–	18.51	18.51
Total financial liabilities		–	–	318.56	318.56
Investment Properties	3			145.00	145.00

Notes to the Financial Statements



Note 27.7 Fair value measurements (continued)

(₹ cr)

v)	Financial assets and liabilities measured at fair value – recurring fair value measurements at April 01, 2015	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Financial investments at FVPL:					
	Preference shares	5	–	–	2.40	2.40
	Financial investments at FVOCI:					
	Quoted equity instruments	5	376.09	–	–	376.09
	Unquoted equity instruments		–	–	0.03	0.03
	Derivatives designated as hedges:					
	Foreign exchange forward contracts		–	0.01	–	0.01
	Currency options		–	0.27	–	0.27
	Total financial assets		376.09	0.28	2.43	378.80
	Financial liabilities					
	Derivatives designated as hedges:					
	Foreign exchange forward contracts		–	0.45	–	0.45
	Interest rate swaps		–	0.11	–	0.11
	Total financial liabilities		–	0.56	–	0.56

(₹ cr)

vi)	Assets and liabilities for which fair values are disclosed at April 01, 2015	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Investments:					
	Preference shares	5			5.81	5.81
	Government securities	5	0.01	–	–	0.01
	Loans	6	–	–	12.18	12.18
	Security deposits for utilities and premises	7	–	–	3.59	3.59
	Finance lease receivable	7	–	–	1.42	1.42
	Total financial assets		0.01	–	23.00	23.01
	Financial Liabilities					
	Borrowings	15	–	–	275.14	275.14
	Security deposits	16	–	–	14.93	14.93
	Total financial liabilities		–	–	290.07	290.07
	Investment properties	3			130.00	130.00

There were no transfers between any levels during the year.

Notes to the Financial Statements

Note 27.7 Fair value measurements (continued)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual fund units that have a quoted price. The fair value of all equity instruments which are traded on the Stock Exchanges is valued using the closing price as at the reporting period. The mutual fund units are valued using the closing net assets value.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. 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. Financial assets valued using Level 3 valuation techniques comprise of unquoted Preference shares in subsidiary company with a fair value amount of ₹ 2.40 cr as on April 01, 2015. These Preference shares have been redeemed in the financial year ended March 31, 2016. These investments are collectively not material and hence disclosures regarding significant unobservable inputs used in Level 3 fair values have not been made.

b) Valuation technique 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 interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- iii) the fair value of forward foreign exchange contracts are determined using forward exchange rates at the Balance Sheet date
- iv) the fair value of foreign currency option contracts is determined using the Black Scholes valuation model
- v) the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2.

c) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

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

(₹ cr)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Investments:						
Preference shares	7.10	7.04	6.43	7.37	5.81	6.54
Government securities	0.01	0.01	0.01	0.01	0.01	0.01
Loans for utilities and premises	12.19	13.78	13.67	12.93	12.18	15.24
Security deposits	3.27	3.27	3.46	3.46	3.59	3.59
Finance lease receivable	1.38	1.38	1.29	1.29	1.42	1.42
Total financial assets	23.95	25.48	24.86	25.06	23.01	26.80
Financial Liabilities						
Borrowings	155.23	154.80	301.67	300.05	278.66	275.14
Security deposits	19.30	19.30	18.51	18.51	14.93	14.93
Total financial liabilities	174.53	174.10	320.18	318.56	293.59	290.07

Note 27.7 Fair value measurements (continued)

The carrying amounts of trade receivables, trade payables, other receivables, short-term security deposits, bank deposits with more than 12 months maturity, capital creditors, dividend receivable, other liabilities (including discount payable) and cash and cash equivalents including bank balances other than cash and cash equivalents are considered to be the same as their fair values due to the current and short-term nature of such balances.

The fair values for loans and investment in Preference shares were calculated based on cash flows discounted using a current lending rate.

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

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

Note 27.8 Financial Risk Management

Risk Management is an integral part of the business practices of the Company. The framework of Risk Management concentrates on formalising a system to deal with the most relevant risks, building on existing Management practices, knowledge and structures. With the help of a reputed international consultancy firm, the Company has developed and implemented a comprehensive Risk Management System to ensure that risks to the continued existence of the Company as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised Risk Management System, leading standards and practices have been considered. The Risk Management System is relevant to business reality, pragmatic and simple and involves the following:

- Risk identification and definition: Focused on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- Risk classification: Focused on understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes generating the root causes and clear understanding of risk interrelationships.
- Risk assessment and prioritisation: Focused on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and existing mitigation controls.
- Risk mitigation: Focused on addressing critical risks to restrict their impact(s) to an acceptable level (within the defined risk appetite). This involves a clear definition of actions, responsibilities and milestones.
- Risk reporting and monitoring: Focused on providing to the Board and the Audit Committee periodic information on risk profile evolution and mitigation plans.

a) Management of liquidity risk

The principal sources of liquidity of the Company are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.

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

(₹ cr)

As at March 31, 2017	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	15	155.23	155.23	–	155.23
Interest on non-current borrowings			0.46	–	0.46
Trade payables	19	329.06	329.06	–	329.06
Security and other deposits	16	19.30	19.30	–	19.30
Capital creditors	16	18.38	18.38	–	18.38
Other liabilities	16	8.79	8.40	0.39	8.79
Derivatives (settlement on net basis)		2.43	2.43	–	2.43
As at March 31, 2016	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	15	301.67	280.20	21.47	301.67
Interest on non-current borrowings			1.26	0.45	1.71
Trade payables	19	294.19	294.19	–	294.19
Security and other deposits	16	18.51	18.51	–	18.51
Capital creditors	16	17.95	17.95	–	17.95
Other liabilities	16	12.56	11.80	0.76	12.56
Derivatives (settlement on net basis)		1.34	1.34	–	1.34
As at April 01, 2015	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	15	278.66	224.58	54.08	278.66
Interest on non-current borrowings			2.27	1.61	3.88
Trade payables	19	264.89	264.89	–	264.89
Security and other deposits	16	14.93	14.93	–	14.93
Capital creditors	16	8.82	8.82	–	8.82
Other liabilities	16	14.15	13.62	0.53	14.15
Derivatives (settlement on net basis)		0.56	0.56	–	0.56

Notes to the Financial Statements

Note 27.8 Financial Risk Management (continued)

b) Management of market risk

The size and operations of the Company result in it being exposed to the following market risks that arise from its use of financial instruments:

- i) price risk
- ii) interest rate risk
- iii) foreign exchange risk

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

Potential impact of risk	Management policy	Sensitivity to risk
i) Price risk		
<p>The Company is mainly exposed to the price risk due to its investments in equity instruments. The price risk arises due to uncertainties about the future market values of these investments.</p> <p>Equity price risk is related to the change in market reference price of the investments in equity securities.</p> <p>In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities. The fair value of quoted equity instruments classified as fair value through Other Comprehensive Income as at March 31, 2017 is ₹ 414.27 cr (March 31, 2016: ₹ 337.70 cr and April 01, 2015: ₹ 376.12 cr).</p>	<p>In order to manage its price risk arising from investments in equity instruments, the Company maintains its portfolio in accordance with the framework set by the Risk Management policies.</p> <p>Any new investment or divestment must be approved by the Board of Directors, Chief Financial Officer and Risk Management Committee.</p>	<p>As an estimation of the approximate impact of price risk, with respect to investments in equity instruments, the Company has calculated the impact as follows:</p> <p>For equity instruments, a 9.14% increase in Nifty 50 prices would have led to approximately an additional ₹ 33.95 cr gain in Other Comprehensive Income (2015-16: ₹ 23.68 cr). A 9.14% decrease in Nifty 50 prices would have led to an equal but opposite effect.</p>
ii) Interest rate risk		
a) Financial liabilities:		
<p>The Company 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.</p> <p>As at March 31, 2017, the exposure to interest rate risk due to variable interest rate borrowings amounted to ₹ 51.87 cr (March 31, 2016: ₹ 106.30 cr and April 01, 2015: ₹ 80.08 cr)</p>	<p>In order to manage its interest rate risk arising from variable interest rate borrowings, the Company uses interest rate swaps to hedge its exposure to future market interest rates whenever appropriate. The hedging activity is undertaken in accordance with the framework set by the Risk Management Committee and supported by the Treasury department.</p> <p>The Risk Management Committee and the Treasury department maintain a list of approved instruments which can be used for the purpose of such interest rate hedging.</p>	<p>As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Company 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 ₹ 0.13 cr (2015-16: ₹ 0.27 cr) gain in Other Comprehensive Income. A 25 bps decrease in interest rates would have led to an equal but opposite effect.</p>

Note 27.8 Financial Risk Management (continued)

b) Financial assets:	<p>The Company holds variable interest rate financial assets and fixed interest rate financial assets. However, it does not designate fixed interest rate financial assets at fair value through profit and loss. Therefore, changes in interest rates of fixed rate instruments would not affect profit or loss equity.</p> <p>As at March 31, 2017, the exposure to interest rate risk due to variable interest rate loans amounted to ₹ 4.30 cr (March 31, 2016 and April 01, 2015: ₹ 4.30 cr)</p>	<p>In order to manage its interest rate risk on variable interest rate financial assets, any new loan is as per the Policy of the Company.</p>	<p>The Company has calculated the impact of a 25 bps change in interest rates.</p> <p>A 25 bps increase in interest rates would have led to approximately an additional ₹ 0.01 cr (2015-16: ₹ 0.01 cr) gain in Other Comprehensive Income. A 25 bps decrease in interest rates would have led to an equal but opposite effect.</p>
ii) Foreign exchange risk	<p>The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the functional currency (INR) of the Company. The risk also includes highly probable foreign currency cash flows. The objective of the cash flow hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions.</p>	<p>The Company has exposure arising out of export, import, loans and other transactions other than functional risks. The Company hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Risk Management Policy of the Company.</p>	<p>As an estimation of the approximate impact of the foreign exchange rate risk, with respect to Financial Statements, the Company has calculated the following:</p> <p>For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date would have led to an increase in additional ₹ 3.76 cr gain in Other Comprehensive Income (2015-16: gain of ₹ 2.25 cr). A 2% decrease would have led to an increase in additional ₹ 2.36 cr loss in Other Comprehensive Income (2015-16: loss of ₹ 0.91 cr).</p>

Foreign currency risk exposure:

The exposure to foreign currency risk of the Company at the end of the reporting period expressed in ₹ cr, are as follows:

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	USD	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP
Financial assets									
Trade receivables	244.26	16.80	0.77	202.95	8.58	1.52	186.33	15.93	1.03
Dividend receivable	–	–	5.25	–	–	–	–	–	–
Less:									
Hedged through derivatives (Includes hedges for highly probable transactions up to next 12 months)									
Foreign exchange forward contracts	–	–	–	–	–	–	4.38	–	–
Currency range options	49.60	–	–	83.25	–	–	162.74	–	–
Currency vanilla options	–	–	–	44.00	–	–	–	–	–
Net exposure to foreign currency risk (assets)	194.66	16.80	6.02	75.70	8.58	1.52	19.21	15.93	1.03
Financial liabilities									
Borrowings	69.15	–	–	95.21	–	–	97.93	–	–
Trade payables	52.33	1.52	0.04	35.51	0.78	0.82	38.15	0.40	0.13
Less:									
Hedged through derivatives (Includes hedges for highly probable transactions up to next 12 months)									
Foreign exchange forward contracts	58.35	–	–	59.98	–	–	12.52	–	–
Interest rate swaps	–	–	–	2.07	–	–	12.39	–	–
Currency swaps	10.80	–	–	33.17	–	–	52.16	–	–
Net exposure to foreign currency risk (liabilities)	52.33	1.52	0.04	35.50	0.78	0.82	59.01	0.40	0.13

Notes to the Financial Statements

iii) Management of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the customer base being large, diverse and across sectors and countries. All trade receivables are reviewed and assessed for default on a quarterly basis.

Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

Reconciliation of loss allowance provision – Trade receivables

(₹ cr)

Particulars	As at March 31, 2017
Loss allowance on April 01, 2015	2.73
Changes in loss allowance	1.07
Loss allowance on March 31, 2016	3.80
Changes in loss allowance	(0.64)
Loss allowance on March 31, 2017	3.16

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in Government securities, Preference shares and loans to subsidiary companies. The Company has a diversified portfolio of investment with various number of counterparties which have secure credit ratings, hence the risk is reduced. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the treasury department of the Company.

Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

As at March 31, 2017

(₹ cr)

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity (months)	Weighted average strike price interest rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : US\$								
Foreign exchange risk								
Foreign exchange forward contracts	–	58.35	–	(2.43)	1-12	68.06	(2.43)	(2.43)
Currency range options	49.60	–	1.70	–	1-12	67.98-73.20	1.70	1.70

Notes to the Financial Statements



As at March 31, 2016

(₹ cr)

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity (months)	Weighted average strike price interest rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : US\$								
Foreign exchange risk								
Foreign exchange forward contracts	–	53.07	–	(1.33)	1-12	68.69	(1.33)	(1.33)
Currency range options	83.25	–	0.14	–	1-12	65.96-73.86	0.14	0.14
Currency vanilla options	44.00	–	0.30	–	1-12	66.41	0.30	0.30
Interest rate risk								
Interest rate swaps	–	2.07	–	(0.01)	1-15	3.70	(0.01)	(0.01)

As at April 01, 2015

(₹ cr)

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity (months)	Weighted average strike price interest rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : US\$								
Foreign exchange risk								
Foreign exchange forward contracts	4.38	12.55	0.01	(0.45)	1-12	65.02	(0.44)	(0.44)
Currency range options	162.74	–	0.27	–	1-12	63.26-68.47	0.27	0.27
Interest rate risk								
Interest rate swaps	–	15.62	–	(0.11)	1-15	3.91	(0.11)	(0.11)

b) Disclosure of effects of hedge accounting on financial performance

As at March 31, 2017

(₹ cr)

Type of hedge	Change in the value of the hedging instrument recognised in Other Comprehensive Income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Financial Statement line item affected
Cash flow hedge				
i) Foreign exchange risk	(0.73)	–	(0.89)	Revenue and inventories
ii) Interest rate risk	–	–	–	Finance costs

Notes to the Financial Statements

As at March 31, 2016

(₹ cr)

Type of hedge	Change in the value of the hedging instrument recognised in Other Comprehensive Income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Financial Statement line item affected
Cash flow hedge				
i) Foreign exchange risk	(0.89)	–	(0.17)	Revenue and inventories
ii) Interest rate risk	(0.01)	–	(0.11)	Finance costs

Movements in cash flow hedging reserve

(₹ cr)

Risk category	Foreign currency risk	
Derivative instruments	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the period	(0.59)	(0.28)
Gain (Loss) recognised in Other Comprehensive Income during the year	(0.73)	(0.90)
Amount reclassified to revenue during the year	0.59	0.28
Tax impact on above	0.25	0.31
Balance at the end of the period	(0.48)	(0.59)

Note 27.9 Capital Management

Risk Management

The primary objective of Capital Management of the Company is to maximise Shareholder value. The Company monitors capital using Debt-Equity ratio which is total debt divided by total equity.

For the purposes of Capital Management, the Company considers the following components of its Balance Sheet to manage capital:

Total equity includes General reserve, Retained earnings, Share capital, Security premium. Total debt includes current debt plus non-current debt.

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016
Total debt	155.23	301.67
Total equity	1,920.82	1,592.15
Debt-Equity ratio	0.08	0.19

Note 27.10 Segment information

In accordance with Ind AS 108 'Operating Segment', segment information has been given in the Consolidated Financial Statements of Atul Ltd, and therefore, no separate disclosure on segment information is given in the Standalone Financial Statements.

Note 27.11 Earnings per share

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

Particulars		2016-17	2015-16
Profit for the year attributable to the Equity Shareholders	₹ cr	285.30	274.45
Basic Weighted average number of Equity shares outstanding during the year	Number	29,661,733	29,661,733
Nominal value of Equity share	₹	10	10
Basic and diluted EPS	₹	96.18	92.53

Note 27.12 Leases

a) Operating lease

The Company has taken various residential and office premises under operating lease or leave and license Agreements. These are generally cancellable, having a term between 11 months and 3 years and have no specific obligation for renewal. Payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 26.

b) Finance lease

- i) The Company has given a building on finance lease for a term of 30 years.
Future minimum lease payments receivable under finance leases together with the present value of the net minimum lease payments (MLP) are as under:

(₹ cr)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Minimum lease payments	Present value of MLP	Minimum lease payments	Present value of MLP	Minimum lease payments	Present value of MLP
Not later than 1 year	0.20	0.20	–	–	0.20	0.20
Later than 1 year and not later than 5 years	0.40	0.34	0.40	0.35	0.40	0.33
Later than 5 years	2.00	0.84	2.20	0.94	2.20	0.88
Total minimum lease payments receivable	2.60	1.38	2.60	1.29	2.80	–
Less: unearned finance income	1.22	–	1.31	–	1.38	–
Present value of minimum lease payments receivable	1.38	1.38	1.29	1.29	1.42	–
Less: allowance for uncollectible lease payments	–	–	–	–	–	–
	1.38	1.38	1.29	1.29	1.42	–

- ii) The Company has taken on lease a parcel of land from Gujarat Industrial Development Corporation for a period of 99 years with an option to extend the lease by another 99 years on expiry of lease at a rental that is 100% higher than the current rental. However, the Company has no specific obligation for renewal. The Company has considered that such a lease of land transfers substantially all of the risks and rewards incidental to ownership of land, and has thus accounted for the same as finance lease.

Note 27.13 Loans

Disclosures pursuant to Regulation 34(3) read with para A of Schedule V to the SEBI (Listing obligations and disclosure requirements) Regulations, 2015 read with Section 186 (4) of the Companies Act, 2013.

Particulars	Purpose	Amount outstanding as at			Maximum balance during the year		
		March 31, 2017	March 31, 2016	April 01, 2015	2016-17	2015-16	2014-15
i) Subsidiary companies: Atul Bioscience Ltd	Seed funding support as promoters	4.30	4.30	4.30	4.30	4.30	4.30
Amal Ltd *	Interest free loan, pursuant to Board for Industrial and Financial Reconstruction order	7.89	9.37	7.88	7.89	9.37	7.88
Corporate guarantee: Atul Europe Ltd	Facilitate trade finance	–	–	£ 10,00,000			

* At amortised cost

Notes:

- a) Loans given to employees as per the policy of the Company are not considered.
b) The loanes did not hold any shares in the Share capital of the Company.

Notes to the Financial Statements

Note 27.14 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:

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	3.30	2.78
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.02	0.01
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	2.51	0.28
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	0.01	0.34
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	—	—
Further interest remaining due and payable for earlier years	—	—

Note 27.15 Disclosures on specified bank notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 are as under:

(₹ cr)

Particulars	SBN	Other denomination notes	Total
Closing cash in hand as on November 08, 2016*	0.06	0.10	0.16
(+) Permitted receipts	—	—	—
(-) Permitted payments	—	0.04	0.04
(-) Amount deposited in Banks	0.06	—	0.06
Closing cash in hand as on December 30, 2016	—	0.06	0.06

* Including amounts given as imprest and advances.

The information in relation of other denomination is given in respect of balance as on November 08, 2016.

Note 27.16 Expenditure on Corporate Social Responsibility initiatives

- Gross amount required to be spent by the Company during the year is ₹ 6.60 cr
- Amount spent during the year on:

(₹ cr)

Particulars	In cash	Yet to be paid	Total
i) Construction acquisition of any asset	—	—	—
ii) On purposes other than (i) above	6.60	—	6.60

Note 27.17 Exceptional items

Consequent to the capital reduction of £ 1.05 mn in Atul Europe Ltd (AEL), a wholly-owned subsidiary company of Atul Ltd, following impact has been given to the Financial Statement:

(₹ cr)

Particulars	Income (Expenses)	
	2016-17	2015-16
i) Receipt of one-time special dividend (partial redemption of investment)	–	10.38
ii) Reduction in the carrying value of investment in AEL on account of the above	–	(7.71)
Net foreign exchange gain	–	2.67

Note 27.18 Regrouped | Recast | Reclassified

Figures of the earlier year have been reclassified to conform to Ind AS presentation requirements.

Note 27.19 Rounding off

Figures less than ₹ 50,000 have been shown at actual in brackets.

Note 27.20 Offsetting financial assets and liabilities

The below Note presents the recognised financial instruments that are offset or subject to enforceable master netting arrangements and other similar Agreements, but not offset as at March 31, 2017, March 31, 2016 and April 01, 2015.

a) Collateral against borrowings

The Company has hypothecated | mortgaged financial instruments as collateral against a number of its borrowings. Refer to Note 15 for further information on financial and non-financial collateral hypothecated | mortgaged as security against borrowings.

b) Master netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing | receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Company does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Balance Sheet.

Note 27.21 Events occurring after the reporting period

The proposed dividend on Equity shares at ₹ 10.00 per share is recommended by the Board of Directors which is subject to the approval of Shareholders in the ensuing Annual General Meeting.

Note 27.22 Authorisation for issue of the Financial Statements

The Financial Statements were authorised for issue by the Board of Directors on May 05, 2017.

Note 27.23 Transition to Ind AS

These are the first Financial Statements of the Company prepared in accordance with Ind AS.

The Accounting Policies set out in Note 1 have been applied in preparing the Financial Statements for the year ended March 31, 2017, the comparative information presented in these Financial Statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS Balance Sheet as at April 01, 2015 (the date of transition). In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in Financial Statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (IGAAP). An explanation of how the transition from IGAAP to Ind AS has affected the financial position, financial performance and cash flows of the Company is set out in the following tables and notes:

Notes to the Financial Statements

Transition to Ind AS (continued)

A) Exemptions and exceptions availed

In preparing these Ind AS Financial Statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, as explained below. The resulting difference between the carrying values of the assets and liabilities in the Financial Statements as at the transition date under Ind AS and IGAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This Note explains the adjustments made by the Company in restating its IGAAP Financial Statements, including the Balance Sheet as at April 01, 2015 and the Financial Statements as at and for the year ended March 31, 2016.

a) Ind AS optional exemptions

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from IGAAP to Ind AS.

i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the Financial Statements as at the date of transition to Ind AS, measured under IGAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 'Intangible Assets' and investment properties covered by Ind AS 40 'Investment Property'. Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment properties at their IGAAP carrying value in their Financial Statements.

ii) Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity investments.

iii) Investments in subsidiary companies, associate company and joint venture company

Ind AS 101 permits a first-time adopter to measure its investment, at the date of transition, at cost determined in accordance with Ind AS 27, or deemed cost. The deemed cost of such investment shall be its fair value at date of transition to Ind AS of the Company, or IGAAP carrying amount at that date. The Company has elected to measure its investment in subsidiary companies, associate company and joint venture company under IGAAP carrying amount as its deemed cost on the transition date.

iv) Long-term foreign currency monetary items

Under IGAAP, para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', provided an alternative accounting treatment to companies with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Exchange differences on account of depreciable assets can be added | deducted from the cost of the depreciable asset, which will be depreciated over the balance life of the asset. Ind AS 101 includes an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period.

The Company has opted to apply this exemption.

b) Ind AS mandatory exceptions

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

i) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109 at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of April 01, 2015 are reflected as hedges in the results of the Company under Ind AS. The Company had designated various hedging relationships as cash flow hedges under the IGAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationships qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

Notes to the Financial Statements



Transition to Ind AS (continued)

ii) Estimates

Estimates in accordance with Ind AS at the transition date will be consistent with estimates made for the same date in accordance with IGAAP (after adjustments to reflect any difference in Accounting Policies) unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 01, 2015 are consistent with the estimates as at the same date made in conformity with IGAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under IGAAP:

- 1) Investment in equity instruments carried at FVPL or FVOCI
- 2) Fair value of investment properties

iii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

B) Reconciliations between IGAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, Total Comprehensive Income and cash flows for prior periods. The following tables represent the reconciliations from IGAAP to Ind AS:

a) Reconciliation of equity as at March 31, 2016 and April 01, 2015

(₹ cr)

Particulars	Note to first time adoption	As at March 31, 2016			As at April 01, 2015		
		Regrouped IGAAP*	Adjustments	Ind AS	Regrouped IGAAP*	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	a, b, h	713.79	(0.96)	712.83	474.84	(3.28)	471.56
Capital work-in-progress		169.66	–	169.66	104.08	–	104.08
Investment properties	a	–	3.22	3.22	–	3.22	3.22
Intangible assets		0.12	–	0.12	0.21	–	0.21
Financial assets						–	–
i) Investments	c, g	143.77	302.04	445.81	148.03	339.83	487.86
ii) Loans	g	19.18	(5.51)	13.67	19.18	(7.00)	12.18
iii) Other financial assets	b	5.22	1.30	6.52	8.25	1.42	9.67
Income tax assets (net)		3.11	–	3.11	–	–	–
Other non-current assets		71.72	–	71.72	71.52	–	71.52
Total non-current assets		1,126.57	300.09	1,426.66	826.11	334.19	1,160.30
Current assets							
Inventories		374.17	–	374.17	349.65	–	349.65
Financial assets							
i) Trade receivables		420.12	–	420.12	439.19	–	439.19
ii) Cash and cash equivalents		3.40	–	3.40	4.70	–	4.70
iii) Bank balances other than cash and cash equivalents above		1.92	–	1.92	1.70	–	1.70
v) Other financial assets		10.91	–	10.91	11.69	–	11.69
Other current assets	k	147.10	0.08	147.18	128.77	0.21	128.98
Total current assets		957.62	0.08	957.70	935.70	0.21	935.91
Total assets		2,084.19	300.17	2,384.36	1,761.81	334.40	2,096.21

Notes to the Financial Statements

Transition to Ind AS (continued)

(₹ cr)

Particulars	Note to first time adoption	As at March 31, 2016			As at April 01, 2015		
		Regrouped IGAAP*	Adjustments	Ind AS	Regrouped IGAAP*	Adjustments	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		29.68	–	29.68	29.68	–	29.68
Other equity	b, c, d, e, g	1,221.21	341.26	1,562.47	986.10	369.40	1,355.50
Total equity		1,250.89	341.26	1,592.15	1,015.78	369.40	1,385.18
Liabilities							
Non-current liabilities							
Financial liabilities							
i) Borrowings		21.47	–	21.47	54.08	–	54.08
ii) Other financial liabilities	b	24.50	(2.80)	21.70	20.13	(2.80)	17.33
Provisions		17.23	–	17.23	15.86	–	15.86
Deferred tax liabilities (net)	e	66.88	(2.68)	64.20	44.41	(2.08)	42.33
Total non-current liabilities		130.08	(5.48)	124.60	134.48	(4.88)	129.60
Current liabilities							
Financial liabilities							
i) Borrowings	k	247.39	(1.79)	245.60	164.14	(2.27)	161.87
ii) Trade payables		294.19	–	294.19	264.89	–	264.89
iii) Other financial liabilities		61.92	–	61.92	83.28	–	83.28
Other current liabilities	k	57.02	1.88	58.90	56.67	2.49	59.16
Provisions	d	42.70	(35.70)	7.00	37.38	(30.34)	7.04
Current tax liabilities (net)			–	–	5.19	–	5.19
Total current liabilities		703.22	(35.61)	667.61	611.55	(30.12)	581.43
Total liabilities		833.30	(41.09)	792.21	746.03	(35.00)	711.03
Total equity and liabilities		2,084.19	300.17	2,384.36	1,761.81	334.40	2,096.21

* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this Note.

Notes to the Financial Statements



Transition to Ind AS (continued)

b) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016

(₹ cr)

Particulars	Note to first-time adoption	Regrouped IGAAP*	Adjustments	Ind AS
INCOME				
Revenue from operations	f, j	2,463.99	144.62	2,608.61
Other income	b, h, g	40.65	2.88	43.53
Total income		2,504.64	147.50	2,652.14
EXPENSES				
Cost of materials consumed		1,234.05	—	1,234.05
Purchase of stock-in-trade		19.68	—	19.68
Changes in inventories of finished goods, work-in-progress and stock-in-trade		(27.66)	—	(27.66)
Excise duty	f	(0.36)	154.47	154.11
Employee benefit expenses	i	172.19	(3.72)	168.47
Finance costs		25.84	—	25.84
Depreciation and amortisation expenses	h	61.69	0.23	61.92
Other expenses	j	628.85	(10.65)	618.20
Total expenses		2,114.28	140.33	2,254.61
Profit before exceptional items and tax		390.36	7.17	397.53
Exceptional items		2.67	—	2.67
Profit before tax from continuing operations		393.03	7.17	400.20
Tax expense				
Current tax	i	102.50	1.06	103.56
Deferred tax	e	22.47	(0.28)	22.19
Total tax expense		124.97	0.78	125.75
Profit for the year		268.06	6.39	274.45
Other Comprehensive Income	m	—	(40.97)	(40.97)
Total Comprehensive Income for the year		268.06	(34.58)	233.48

* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this Note.

c) Impact of Ind AS adoption on the Standalone Statements of Cash Flows for the year ended March 31, 2016

The transition from IGAAP to Ind AS has not had a material impact on the Statement of Cash Flows.

C) Notes to the reconciliations

a) Investment property

Under the IGAAP, land, buildings or part thereof were not evaluated for currently determined or undetermined future use for classification into property, plant and equipment or investment property. Under Ind AS, the Company has identified certain parcels of freehold land that are held for a currently undetermined future use. These investment properties are required to be separately presented on the face of the Balance Sheet. There is no impact on the total equity or profit as a result of this adjustment.

b) Leases

Under IGAAP, leasehold land was accounted under AS 10 - 'Accounting for fixed assets'. Under Ind AS, leasehold land is to be evaluated for operating or a finance lease as per the definition and classification criteria under Ind AS 17.

Accordingly, a combined lease agreement of land and building for 30 years between the Company and its joint venture that is Rudolf Atul Chemicals Ltd has been assessed for separation into its land and building components. The building element is recognised as a finance lease while land will remain an operating lease. Present values of minimum lease payments are allocated between land and building elements based on their relative fair values.

Notes to the Financial Statements

Transition to Ind AS (continued)

c) Fair valuation of investments

Under IGAAP, investments in equity instruments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in other equity as part of 'Other reserves - FVOCI Equity instruments' at the date of transition. This increased other reserves by ₹ 287.50 cr as at March 31, 2016 (April 01, 2015: ₹ 325.88 cr).

d) Proposed dividend

Under IGAAP, dividends proposed by the Board of Directors after the Balance Sheet date, but before the approval of the Financial Statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the Shareholders in the General Meeting. Accordingly, the liability for proposed dividend (including dividend distribution tax) of ₹ 35.70 cr as at March 31, 2016 (April 01, 2015: ₹ 30.35 cr) included under current provisions has been reversed with corresponding adjustment to Retained earnings. Consequently, the total equity has increased by an equivalent amount.

e) Deferred tax

Under IGAAP, deferred tax accounting was done using the income statement approach which focuses on differences between taxable profit and accounting profit for the period. Ind AS requires entities to account for deferred taxes using the Balance Sheet approach which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred taxes on temporary differences which were not required to be recorded under IGAAP.

In addition, the various transitional adjustments have led to deferred tax implications which the Company has accounted for. Deferred tax adjustments are recognised in correlation to the underlying transaction either in Retained earnings or Other Comprehensive Income on the date of transition.

f) Excise duty

Under IGAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive excise duty. Excise duty paid is presented on the face of the Statement of Profit and Loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by ₹ 154.47. There is no impact on the total equity and profit.

g) Investments in debt instruments - Redeemable Preference share and loans to Related Parties

Under IGAAP, current investments were measured at cost or fair value, whichever is lower. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. The Redeemable Preference shares and loans given to Related Parties were long-term in nature and measured at cost less provision for other than temporary decline in the value of such investments.

Ind AS requires all financial instruments to be measured on initial recognition at fair value. Where a loan is advanced on normal commercial terms (both in terms of principal and interest), the fair value at inception will usually equal the loan amount. In case of loans advanced to Related Parties, the terms are either not on normal commercial terms or they are forced. On initial recognition the fair value of loans and Redeemable Preference shares to Related Parties has been estimated by discounting the future loan repayments using the rate the borrower may pay to an unrelated lender for a loan | Preference share with otherwise similar conditions (for example, amount, duration, currency, ranking and any security). Having separated the 'off-market' element of the transaction, the remaining part of the loan receivable is accounted for as a financial instrument at amortised cost or FVPL.

Accordingly, the difference between the transaction amount and its fair value at the date of transaction has been recorded as an investment in equity of the related entity in the Financial Statements (as a component of the overall investment) with a corresponding impact to the investment in Preference share and loans. Going forward, the interest income and fair value changes in the instruments are recognised in the Statement of Profit and Loss.

Transition to Ind AS (continued)

h) Hedge accounting

- i) The Company has decided to avail the option of continuing the accounting of long-term foreign currency monetary items under the option of para D13AA of Ind AS 101 for items outstanding as on the adoption date. On availment of the option, the Company has no corresponding foreign currency exposure that affects profit or loss as it capitalises the exchange differences to the cost of the asset. In view of the above, hedge accounting is not applicable to foreign currency swaps. Such foreign currency swaps are considered as held for trading and any change in fair value has been recorded in the Statement of Profit and Loss under Ind AS. Further, the consequential impact on depreciation and deferred tax has been taken to the Statement of Profit and Loss under Ind AS.
- ii) The contracts, which were designated as hedging instruments under IGAAP, have been designated as at the date of transition to Ind AS as hedging instrument in cash flow hedges of either expected future sales for which the Company has firm commitments or expected purchases from suppliers that are highly probable. The corresponding adjustment has been recognised as a cash flow hedge reserve. On the date of transition, cash flow hedge reserve was recognised in Other Comprehensive Income net of tax.

i) Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements that is actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income instead of profit or loss. Under the IGAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹ 2.00 cr. There is no impact on the total equity as at March 31, 2016.

j) Cash Discount

Under IGAAP, revenue from sale of products was measured at transaction price. Under Ind AS, revenue from sale of goods is measured at fair value of consideration received or receivable. Hence, cash discount is reduced from revenue to present the same at its fair value. This change has resulted in a decrease in total revenue and total expenses for the year ended March 31, 2016 by ₹ 9.85 cr. There is no impact on the total equity and profit.

k) Deferred discount on issuance of Commercial Paper

Under the IGAAP, deferred discount on issuance of Commercial Paper were presented as part of current assets. Under Ind AS, in order to reflect Commercial Paper at amortised cost, the deferred discount on issuance is presented within the borrowings by netting off. There is no impact on the total equity or profit as a result of this adjustment.

l) Retained earnings

Retained earnings as at April 01, 2015 have been adjusted consequent to the above Ind AS transition adjustments.

m) Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period are to be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss, but are shown in the Statement of Profit and Loss as Other Comprehensive Income which includes remeasurement of defined benefit plans, effective portion of gain | (loss) on cash flow hedging instruments and fair value gain | (loss) on FVOCI equity instruments. The concept of Other Comprehensive Income did not exist under IGAAP.

As per our attached report of even date

For Dalal & Shah Chartered Accountants LLP
Firm Registration Number: 102020W | W-100040

S Venkatesh
Partner

Membership Number: 037942

Mumbai
May 05, 2017

T R Gopi Kannan
Whole-time Director and CFO

L P Patni
Company Secretary

B N Mohanan
**Whole-time Director
and President - U&S**

R A Shah
S S Baijal
B S Mehta
H S Shah
S M Datta
V S Rangan
M M Chitale
S A Panse
B R Arora
Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director
Mumbai
May 05, 2017

For and on behalf of the Board of Directors

Independent Auditors' Report

To the Members of Atul Ltd

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

01. We have audited the accompanying Consolidated Ind AS Financial Statements of Atul Ltd (hereinafter referred to as 'the Holding Company') and its subsidiary companies (the Holding Company and its subsidiary companies together referred to as the 'Group') and its joint venture company; refer Note 29.16 to the attached Consolidated Financial Statements, comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows for the year then ended and the Consolidated Statement of changes in equity for the year then ended, and a summary of significant Accounting Policies and other explanatory information prepared based on the relevant records (hereinafter referred to as 'the Consolidated Ind AS Financial Statements').

Management's responsibility for the Consolidated Ind AS Financial Statements

02. The Board of Directors of the Holding Company is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as the 'Act') that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance, Consolidated Cash Flows and changes in equity of the Group including its joint venture company in accordance with Accounting Principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Board of Directors of the Holding Company is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Ind AS Financial Statements. 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 Group and its joint venture company respectively and for preventing and detecting frauds and other irregularities; the 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, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditors' responsibility

03. Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the Accounting Standards and matters which are required to be included in the Audit Report.

04. We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

05. An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the Consolidated 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 Consolidated Ind AS Financial Statements of the Holding Company 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 Board of Directors of the Holding Company, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

06. 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 sub-paragraph 8 of the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

07. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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 Accounting Principles generally accepted in India of the consolidated state of affairs of the Group, its joint venture company as at March 31, 2017, and their consolidated profit (including Other Comprehensive Income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other matter

08. We did not audit the Financial Statements of 32 subsidiary companies whose Financial Statements reflect total assets of ₹ 54.54 cr and net assets of ₹ 38.18 cr as at March 31, 2017, total revenue of ₹ 84.42 cr, net profit of ₹ 0.41 cr and net cash flows amounting to ₹ 17.83 cr for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The Consolidated Ind AS Financial Statements also include the Group's share of net profit of ₹ 4.77 cr for the year ended March 31, 2017 as considered in the Consolidated Ind AS Financial Statements, in respect of a joint venture company whose Financial Statements have not been audited by us. These Financial Statements have been audited by other Auditors whose reports have been furnished to us by the Management, and our opinion on the Consolidated Ind AS Financial Statements insofar as it relates to the

amounts and disclosures included in respect of these subsidiary companies and a joint venture company and our report in terms of Sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary companies and a joint venture company, is based solely on the reports of the other Auditors.

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

09. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening Balance Sheet as at April 01, 2015 included in these Consolidated Ind AS Financial Statements, are based on the previously issued Statutory Financial Statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 29, 2016 and April 30, 2015 respectively. The adjustments to those Financial Statements for the differences in Accounting Principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of these matters.

Report on other legal and regulatory requirements

10. As required by Section 143(3) of the Act, 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 Ind AS Financial Statements.
- b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiary companies included in the Group and a joint venture company incorporated in India including relevant records relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other Auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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 by the Holding Company, its subsidiary companies included in the Group, and a joint venture company incorporated in India including relevant records relating to the preparation of the Consolidated Ind AS Financial Statements.
- d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian

Accounting Standards specified under Section 133 of the Act.

- e) On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company 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, 2017 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 Holding Company, its subsidiary companies and a joint venture company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated Ind AS Financial Statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the Consolidated Financial position of the Group and a joint venture company.
 - ii. Provision has been made in the Consolidated Ind AS Financial Statements, as required under the applicable law or Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2017.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and its joint venture company incorporated in India during 2016-17.
 - iv. The Company has provided requisite disclosures in the Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. Based on audit procedures and relying on the Management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - refer Note 29.13.

For Dalal & Shah Chartered Accountants LLP

Firm Registration Number: 102020W | W-100040

Mumbai
May 05, 2017

S Venkatesh
Partner
Membership Number: 037942

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the Members of Atul Ltd on the Consolidated Ind AS Financial Statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

01. In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2017, we have audited the Internal Financial Controls over financial reporting of Atul Ltd (hereinafter referred to as the 'Holding Company') and its subsidiary companies and 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 Holding company, its subsidiary companies and joint venture company, which are companies incorporated in India, are responsible for establishing and maintaining Internal Financial Controls based on 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 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 Act.

Auditors' responsibility

03. 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 on Audit of Internal Financial Controls over financial reporting (the 'Guidance Note') issued by the ICAI and the Standards on auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

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 Consolidated 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 in terms of their reports referred to in the Other matters paragraph below, 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

06. The Internal Financial Control over financial reporting of the Company is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Ind AS Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. The Internal Financial Control over financial reporting of the Company includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind AS Financial Statements in accordance with Generally Accepted Accounting Principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of the Management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the assets of the Company that could have a material effect on the Consolidated 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 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

08. In our opinion, the Holding Company, its subsidiary companies and 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, 2017, 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 issued by the Institute of Chartered Accountants of India.

Internal Financial Controls over financial reporting in so far as it relates to 32 subsidiary companies, and 1 joint venture company, which are companies incorporated in India, is based on the corresponding reports of the Auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For Dalal & Shah Chartered Accountants LLP
Firm Registration Number: 102020W | W-100040

Other matters

09. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the

Mumbai
May 05, 2017

S Venkatesh
Partner
Membership Number: 037942

Consolidated Balance Sheet as at March 31, 2017

(₹ cr)

Particulars		Note	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
A ASSETS					
1 Non-current assets					
a) Property, plant and equipment	2		999.85	749.48	511.18
b) Capital work-in-progress	2		58.99	180.44	111.94
c) Investment properties	3		3.22	3.22	3.22
d) Goodwill	4 (a)		23.75	—	—
e) Other intangible assets	4 (a)		0.02	0.12	0.22
f) Biological assets other than bearer plants	4 (b)		6.64	8.20	7.24
g) Investments accounted for using the equity method	5		10.00	32.43	28.67
h) Financial assets					
i) Investments	6		415.21	344.22	382.73
ii) Loans	7		—	9.40	7.88
iii) Other financial assets	8		1.14	3.14	6.12
j) Income tax assets (net)	29.5		1.21	4.36	1.57
k) Deferred tax assets	29.5		41.66	13.54	12.83
l) Other non-current assets	9		74.66	71.75	71.58
Total non-current assets			1,636.35	1,420.30	1,145.18
2 Current assets					
a) Inventories	10		430.06	427.78	411.51
b) Biological assets	4 (b)		3.63	0.29	—
c) Financial assets					
i) Investments	11		2.92	2.05	2.66
ii) Trade receivables	12		518.96	441.39	439.16
iii) Cash and cash equivalents	13		23.44	18.07	30.99
iv) Bank balances other than cash and cash equivalents above	14		4.86	3.94	3.62
v) Loans	7		—	—	—
vi) Other financial assets	8		19.98	13.96	15.08
d) Other current assets	9		125.92	151.23	131.60
Total current assets			1,129.77	1,058.71	1,034.62
Total assets			2,766.12	2,479.01	2,179.80
B EQUITY AND LIABILITIES					
Equity					
a) Equity share capital	15		29.68	29.68	29.68
b) Other equity	16		1,936.26	1,585.11	1,369.60
Equity attributable to owners of the Company			1,965.94	1,614.79	1,399.28
Non-controlling interests			15.25	2.45	2.52
Total equity			1,981.19	1,617.24	1,401.80
Liabilities					
1 Non-current liabilities					
a) Financial liabilities					
i) Borrowings	17		0.38	23.35	57.46
ii) Other financial liabilities	18		24.05	24.51	20.14
b) Provisions	19		20.15	17.31	15.91
c) Deferred tax liabilities	29.5		143.08	79.35	56.75
d) Other non-current liabilities	20		9.67	11.05	12.46
Total non-current liabilities			197.33	155.57	162.72
2 Current liabilities					
a) Financial liabilities					
i) Borrowings	17		144.59	256.37	174.93
ii) Trade payables	21		337.49	315.12	278.21
iii) Other financial liabilities	18		52.92	65.88	87.34
b) Other current liabilities	20		39.61	60.71	61.00
c) Provisions	19		9.60	7.53	7.86
d) Current tax liabilities (net)	29.5 (e)		3.39	0.59	5.94
Total current liabilities			587.60	706.20	615.28
Total liabilities			784.93	861.77	778.00
Total equity and liabilities			2,766.12	2,479.01	2,179.80

The accompanying Notes from an integral part of the Consolidated Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For Dalal & Shah Chartered Accountants LLP

Firm Registration Number: 102020W | W-100040

S Venkatesh

Partner

Membership Number: 037942

T R Gopi Kannan

Whole-time Director and CFO

L P Patni

Company Secretary

B N Mohanan

**Whole-time Director
and President - U&S**

Mumbai

May 05, 2017

R A Shah

S S Bajjal

B S Mehta

H S Shah

S M Datta

V S Rangan

M M Chitale

S A Panse

B R Arora

Directors

S S Lalbhai

Chairman and Managing Director

S A Lalbhai

Managing Director

Mumbai

May 05, 2017

Consolidated Statement of Profit and Loss

for the year ended March 31, 2017



(₹ cr)

Particulars	Note	2016-17	2015-16
INCOME			
Revenue from operations	22	2,996.05	2,755.01
Other income	23	52.55	34.40
Total income		3,048.60	2,789.41
EXPENSES			
Cost of materials consumed	24	1,397.03	1,323.94
Purchase of stock-in-trade		27.40	23.45
Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	11.05	(20.70)
Excise duty		162.11	160.42
Employee benefit expenses	26	200.14	190.91
Finance costs	27	25.17	27.53
Depreciation and amortisation expenses	2, 4	95.44	66.07
Other expenses	28	688.87	617.76
Total expenses		2,607.21	2,389.38
Profit before exceptional items, share of net profit of investments accounted for using equity method and tax		441.39	400.03
Share of net profit of associate company and joint venture company accounted for using the equity method		4.67	4.46
Profit before tax		446.06	404.49
Tax expense			
Current tax	29.5	87.11	108.03
Deferred tax	29.5	35.60	22.19
Total tax expense		122.71	130.22
Profit for the year		323.35	274.27
Other Comprehensive Income			
a) Items that will not be reclassified to profit and loss			
i) Fair value of equity instruments through Other Comprehensive Income (FVOCI)		77.36	(38.37)
ii) Remeasurement gain (loss) on defined benefit plans		2.44	(2.98)
iii) Income tax related to item no (ii) above		(0.84)	1.06
iv) Share of Other Comprehensive Income of associate company and joint venture company accounted for using the equity method (net of tax)		(0.02)	—
b) Items that will be reclassified to profit and loss			
i) Effective portion of gain (loss) on cash flow hedges		(0.73)	(0.90)
ii) Income tax related to item no (i) above		0.25	0.31
iii) Exchange differences on translation of foreign operations		4.45	9.35
Other Comprehensive Income, net of tax		82.91	(31.53)
Total Comprehensive Income for the year		406.26	242.74
Profit is attributable to:			
Owners of the Company		322.97	274.18
Non-controlling interests		0.38	0.09
		323.35	274.27
Other Comprehensive Income is attributable to:			
Owners of the Company		82.90	(31.53)
Non-controlling interests		0.01	—
		82.91	(31.53)
Total Comprehensive Income is attributable to:			
Owners of the Company		405.87	242.65
Non-controlling interests		0.39	0.09
		406.26	242.74
Earnings per Equity share attributable to owners of the Company			
No. of shares		29,661,733	29,661,733
Basic and diluted earning ₹ per Equity share of ₹ 10 each	29.11	109.01	92.47

The accompanying Notes from an integral part of the Consolidated Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For Dalal & Shah Chartered Accountants LLP

Firm Registration Number: 102020W | W-100040

S Venkatesh

Partner

Membership Number: 037942

T R Gopi Kannan

Whole-time Director and CFO

L P Patni

Company Secretary

B N Mohanan

Whole-time Director

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R A Shah

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Directors

S S Lalbhai

Chairman and Managing Director

S A Lalbhai

Managing Director

Mumbai

May 05, 2017

Mumbai

May 05, 2017

Consolidated Statement of changes in equity for the year ended March 31, 2017

A Equity share capital

Particulars	Note	(₹ cr) Amount
As at April 01, 2015		29.68
Changes in Equity share capital		–
As at March 31, 2016		29.68
Changes in Equity share capital		–
As at March 31, 2017	15	29.68

B Other equity

Particulars	Attributable to owners of the Company						Total other equity	Non-controlling interest	Total
	Reserves and surplus	Securities premium reserve	General reserve	Retained earnings	Other reserves	FVOCI equity instruments	Cash flow hedging reserve	Foreign currency translation reserve	
Balance as at April 01, 2015	34.66	97.36	911.97	325.89	(0.28)	–	1,369.60	2.52	1,372.12
Profit for the year			274.18				274.18	0.09	274.27
Other Comprehensive Income			(1.92)	(38.37)	(0.59)	9.35	(31.53)	–	(31.53)
Total Comprehensive Income for the year	–	–	272.26	(38.37)	(0.59)	9.35	242.65	0.09	242.74
Hedging gain (loss) reclassified to Statement of Profit and Loss					0.28		0.28		0.28
Transactions with owners in their capacity as owners:									
Dividends paid (including dividend distribution tax)			(26.81)				(26.81)		(26.81)
Transactions with non-controlling interests			(0.61)				(0.61)	(0.16)	(0.77)
Balance as at March 31, 2016	34.66	97.36	1,156.81	287.52	(0.59)	9.35	1,585.11	2.45	1,587.56
Profit for the year			322.97				322.97	0.38	323.35
Other Comprehensive Income			1.58	77.36	(0.48)	4.45	82.91	0.01	82.92
Total Comprehensive Income for the year	–	–	324.55	77.36	(0.48)	4.45	405.88	0.39	406.27
Hedging gain (loss) reclassified to Statement of Profit and Loss					0.59		0.59		0.59
Transfer to retained earnings on disposal of FVOCI equity instruments			0.75	(0.75)			–		–
Transactions with owners in their capacity as owners:									
Dividends paid (including dividend distribution tax)			(37.02)				(37.02)		(37.02)
Non-controlling interests on acquisition of subsidiary companies			(18.30)				(18.30)	12.41	(5.89)
Balance as at March 31, 2017	34.66	97.36	1,426.79	364.13	(0.48)	13.80	1,936.26	15.25	1,951.51

The accompanying Notes from an integral part of the Consolidated Financial Statements

As per our attached report of even date

For Dalal & Shah Chartered Accountants LLP
Firm Registration Number: 102020W | W-100040

S Venkatesh
Partner

Membership Number: 037942

T R Gopi Kannan
Whole-time Director and CFO

L P Patni
Company Secretary

B N Mohanan
Whole-time Director and President - U&S

Mumbai
May 05, 2017

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director
Mumbai
May 05, 2017

R A Shah
S S Bajjal
B S Mehta
H S Shah
S M Datta
V S Rangan
M M Chitale
S A Panse
B R Arora
Directors

Consolidated Statement of Cash Flows

for the year ended March 31, 2017



(₹ cr)

Particulars	Note	2016-17	2015-16
A CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		446.06	404.49
Adjustments for:			
Add:			
Depreciation and amortisation expenses	2, 4	95.44	66.07
Finance costs	27	25.17	27.53
Loss on disposal of property, plant and equipment	28	0.20	1.62
Unrealised exchange rate difference (net)		4.64	3.75
Effect of exchange rates on translation of operating cashflows		5.78	9.12
Share of profit on joint venture company		4.65	4.46
Allowance for doubtful debts	28	–	1.24
		135.88	113.79
		581.94	518.28
Less:			
Dividend received	23	7.25	4.79
Interest income from financial assets measured at amortised cost		0.04	0.01
Remeasurement to fair value of existing equity interest acquired in business combination	23	30.98	–
Changes in fair value of biological assets	23	1.78	1.25
Gain on disposal of equity investment measured at cost	23	–	0.01
Gain on disposal of property, plant and equipment	23	3.71	1.27
		43.76	7.33
Operating profit before change in operating assets and liabilities		538.18	510.95
Adjustments for:			
(Increase) Decrease in inventories	9	(2.28)	(16.27)
(Increase) Decrease in trade receivables		(82.20)	(7.21)
(Increase) Decrease in other financial assets		5.14	5.63
(Increase) Decrease in other assets		20.00	(22.53)
Increase (Decrease) in trade payables		21.38	34.12
Increase (Decrease) in other financial liabilities		(0.32)	10.85
Increase (Decrease) in other current liabilities		(19.77)	(4.41)
Increase (Decrease) in current provisions		3.56	(1.79)
Increase (Decrease) in non-current provisions		2.85	1.40
		(51.64)	(0.21)
Cash generated from operations		486.54	510.74
Less:			
Income tax paid (net of refund)		84.81	109.77
Net cash flows from operating activities	A	401.73	400.97

Consolidated Statement of Cash Flows

for the year ended March 31, 2017 (continued)

(₹ cr)

Particulars	Note	2016-17	2015-16
B CASH FLOW FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment		(219.13)	(371.95)
Payments to acquire equity investment measured at cost		12.60	0.20
Proceeds from sale of equity investment measured at FVOCI		(0.09)	(0.04)
Proceeds from sale of equity investment measured at cost		(0.34)	(8.23)
Repayments of loans		21.35	–
(Disbursements) of loans		–	(1.53)
Proceeds (Payment) from fixed deposits		(1.02)	(0.44)
Proceeds (Payment) from mutual funds		(0.86)	0.60
Proceeds from disposal of property, plant and equipment		4.68	1.81
Interest received on financial assets measured at amortised cost		0.76	0.01
Dividend received		(2.16)	4.79
Net cash outflow from investing activities	B	(184.21)	(374.78)
C CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of term loans non-current borrowings		(31.13)	(61.81)
Disbursements (Repayments) of working capital loans current borrowings		(111.79)	79.65
Total Disbursements (Repayments) of borrowings		(142.92)	17.84
Payment of unclaimed dividend		(0.27)	0.10
Transaction with non-controlling interests		(5.89)	(0.77)
Interest paid		(26.29)	(25.98)
Dividend on Equity shares (including dividend distribution tax)		(35.45)	(30.53)
Net cash outflow from financing activities	C	(210.82)	(39.34)
Net increase in cash and cash equivalents	A+B+C	6.70	(13.15)
Cash and cash equivalents at the beginning of the financial year		18.07	30.99
Net effect of exchange gain (loss) on cash and cash equivalents		(1.33)	0.23
Cash and cash equivalents at the end of the financial year		23.44	18.07
i) The above Consolidated Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Ind AS 7 on Statement of Cash Flows as notified under Companies (Accounts) Rules, 2015.			
ii) Cash flows from operating activities includes ₹ 3.90 cr (March 31, 2016: ₹ 5.31 cr) being expenses towards Corporate Social Responsibility initiatives.			

As per our attached report of even date

For Dalal & Shah Chartered Accountants LLP
Firm Registration Number: 102020W | W-100040

S Venkatesh
Partner
Membership Number: 037942

T R Gopi Kannan
Whole-time Director and CFO

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Whole-time Director and President - U&S

Mumbai
May 05, 2017

For and on behalf of the Board of Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director
Mumbai
May 05, 2017

Background

Atul Ltd (the Company) is a public company limited by shares, incorporated and domiciled in India. Its registered office is located at Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India and principal place of business is located at Atul, Gujarat, India.

The Company and its subsidiary Companies are referred to as the Group here under. The Group is serving the needs of varied industries such as Adhesives, Agriculture, Animal Feed, Automobile, Composites, Construction, Cosmetic, Defence, Dyestuff, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Polymer, Rubber, Soap and Detergent, Sports and Leisure, Textile, Tyre and Wind Energy across the world.

Note 1 Significant Accounting Policies

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

a) Basis of preparation:

i) Compliance with Ind AS:

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

The Consolidated Financial Statements up to year ended March 31, 2016 were prepared in accordance with the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Companies Act, 2013.

These Consolidated Financial Statements are the first Consolidated Financial Statements of the Company under Ind AS. Refer Note 29.18 for an explanation of how the transition from the previously applicable Indian GAAP (hereinafter referred to as 'IGAAP') to Ind AS has affected the financial position, financial performance and cash flows.

ii) Historical cost convention:

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

- i) certain financial assets and liabilities (including derivative instruments) that are measured at fair value
- ii) defined benefit plans – plan assets measured at fair value
- iii) biological assets – measured at fair value less cost to sell

b) Principles of consolidation and equity accounting:

i) Subsidiary companies

Subsidiary companies are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

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

ii) Associate companies

Associate companies are all entities over which the Group has significant influence, but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associate companies are accounted for using the equity method of accounting {see (iv) below}.

iii) Joint arrangements

Under Ind AS 111 Joint arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has interest only in one joint venture company.

Notes to the Consolidated Financial Statements

Note 1 Significant Accounting Policies (continued)

Joint venture company

Interest in joint venture company are accounted for using the equity method {see (iv) below}.

iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise share of the Group in post-acquisition profit and loss of the investee in profit and loss, and share of the Group in Other Comprehensive Income of the investee in Other Comprehensive Income. Dividends received or receivable from associate company and joint venture company are recognised as a reduction in the carrying amount of the investment.

When the Group share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associate company and joint venture company are eliminated to the extent of the Group interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting Policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in (l) below.

v) Changes in ownership interest

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

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate company, joint venture company or financial asset. In addition, any amount previously recognised in Other Comprehensive Income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in Other Comprehensive Income are reclassified to the Statement of Profit and Loss.

If the ownership interest in a joint venture company or an associate company is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income are reclassified to the Statement of Profit and Loss where appropriate.

c) **Foreign currency transactions:**

i) Functional and presentation currency:

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

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gains and losses 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 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).

Note 1 Significant Accounting Policies (continued)

iii) Group companies:

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities are translated at the closing rate at the date of that Balance Sheet
- b) income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transaction)
- c) all resulting exchange differences are recognised in Other Comprehensive Income

When a foreign operation is sold, the associated exchange differences are reclassified to the Statement of Profit and Loss, as part of the gain | (loss) on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

iv) Transition to Ind AS:

The Group has opted to continue the Accounting Policy availed under para 46 A of Accounting Standard 11 'The effects of changes in foreign currency rates' of IGAAP inserted vide Notification dated December 29, 2011 issued by Ministry of Corporate Affairs, Government of India. Paragraph D13AA of Ind AS 101 allows an entity to continue this Accounting Policy availed under IGAAP for all outstanding long-term foreign currency monetary items as on March 31, 2016. Consequently foreign exchange difference on account of long-term foreign currency borrowings utilised to acquire a depreciable asset is adjusted in the cost of the depreciable asset, which will be depreciated over the balance life of the asset.

d) Revenue recognition:

i) Timing of recognition:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods, the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities of the Group. This generally happens upon dispatch of the goods to customers, except for export sales which are recognised when significant risk and rewards are transferred to the buyer as per the terms of contract.

Revenue from services is recognised in the accounting period in which the services are rendered.

ii) Measurement of revenue:

Revenue is measured at the fair value of the consideration received or receivable, after the deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the Government which are levied on sales such as Sales Tax, Value Added Tax, etc. Revenue includes excise duty as it is paid on production and is a liability of the manufacturer, irrespective of whether the goods are sold or not. Discounts given include rebates, price reductions and other incentives given to customers. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with a credit term which is consistent with market practice.

e) Income taxes:

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Minimum Alternate Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid will be recognised as an asset only when and to the extent there is convincing evidence that the entity will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. Such asset is reviewed at each Balance Sheet date. 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.

Notes to the Consolidated Financial Statements

Note 1 Significant Accounting Policies (continued)

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

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

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary companies, branches and associate company and interest in joint arrangements where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary companies, branches and associate company and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

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

Current and deferred tax is recognised in the Statement of Profit and 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.

f) Government grants:

- i) Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.
- ii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the Statement of Profit and Loss in proportion to depreciation over the expected lives of the related assets and presented within other income.
- iii) Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

g) Leases:

As a lessee:

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the 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 liability for each period.

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

As a lessor:

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Balance Sheet based on their nature.

Under combined lease agreements, land and building are assessed individually. Lease rental attributable to the operating lease are charged to the Statement of Profit and Loss as lease income whereas lease income attributable to finance lease is recognised as finance lease receivable and recognised on the basis of effective interest rate.

Note 1 Significant Accounting Policies (continued)

h) Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary company comprises the

- i) fair values of the assets transferred
- ii) liabilities incurred to the former owners of the acquired business
- iii) equity interest issued by the Group
- iv) fair value of any asset or liability resulting from a contingent consideration arrangement

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition either at fair value or at the proportionate share of non-controlling interests in net identifiable assets of the acquired entity.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interests in the acquired entity and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as Goodwill. If these amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in Other Comprehensive Income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as Capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is incremental borrowing rate of the entity, being the rate at which a similar borrowing may be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value equity interest in the acquiree previously held by the acquirer is remeasured at fair value on the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or Other Comprehensive Income, as appropriate.

i) 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 Group 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.

Fruit bearing plants qualify as bearer plants under Ind AS 16. Expenditure incurred on cultivation of plantations up to the date they become capable of bearing fruit are accumulated under 'Bearer plant under development (Immature)' and then capitalised as a Bearer plant (Mature) to be amortised | depreciated over their estimated useful life.

The plantation destroyed due to calamity, disease or any other reasons whether capitalised as Bearer plant (Mature) or being carried under Bearer plant under development (Immature) are charged off to 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'.

Notes to the Consolidated Financial Statements

Note 1 Significant Accounting Policies (continued)

Depreciation methods, estimated useful lives and residual value:

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of certain leased furniture, fittings and equipment, the shorter lease term as follows:

Asset category	Estimated useful life
Buildings	30 years
Roads	5 years
Plant and equipment ¹	6 to 20 years
Office equipment and furniture	5 to 10 years
Vehicles ¹	6 to 10 years
Bearer plants ¹	40 years

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

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

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

Transition to Ind AS:

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 01, 2015 measured under IGAAP as the deemed cost of the property, plant and equipment.

j) Intangible assets:

i) Goodwill:

Goodwill on acquisitions of subsidiary companies is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of Goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups of cash-generating units that are expected to benefit from the business combination in which the Goodwill arose. The units or Groups of units are identified at the lowest level at which Goodwill is monitored for internal management purposes, which in our case are the operating Segments.

ii) Computer software:

Computer software includes enterprise resource planning project and other cost relating to such software which provides significant future economic benefits. These costs comprise of license fees and cost of system integration services.

Computer software cost is amortised over a period of 3 years using straight-line method.

Transition to Ind AS:

On transition to Ind AS, the Group has elected to continue with the carrying value of intangible assets recognised as at April 01, 2015 measured under IGAAP as the deemed cost of intangible assets.

k) Investment properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not in use by the Group, is classified as investment property. Land held for a currently undetermined future use is also classified as an Investment property. Investment property is measured initially at its acquisition cost, including related transaction costs and where applicable borrowing costs.

Transition to Ind AS:

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its investment properties recognised as at April 01, 2015 measured under IGAAP as the deemed cost of investment properties.

Note 1 Significant Accounting Policies (continued)

l) Impairment of assets:

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

m) Cash and cash equivalents:

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

n) Trade receivable:

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

o) Trade and other payables:

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

p) Inventories:

Raw materials, packing materials, purchased finished goods, work-in-progress, manufactured finished goods, fuel, stores and spares other than specific spares for machinery are valued at cost or net realisable value whichever is lower. Cost is arrived at on moving weighted average basis.

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

Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs.

Due allowances are made for slow moving and obsolete inventories based on estimates made by the Group.

Items such as spare parts, stand-by equipment and servicing equipment which is not plant and machinery gets classified as inventory.

The harvested product of biological assets of the Group are initially measured at fair value less costs to sell at the point of harvest and subsequently measured at the lower of such value or net realisable value.

q) Investments and other financial assets:

Classification:

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

- i) those to be measured subsequently at fair value (either through Other Comprehensive Income, or through profit or loss), and
- ii) those measured at amortised cost.

The classification depends on business model of the Group for managing the 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 Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

Initial recognition and measurement:

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised initially at fair value plus, in the case of financial assets 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 assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

Note 1 Significant Accounting Policies (continued)

Subsequent measurement:

After initial recognition, financial assets are measured at:

- i) fair value {either through Other Comprehensive Income (FVOCI) or through profit or loss (FVPL)} or,
- ii) amortised cost

Debt instruments:

Subsequent measurement of debt instruments depends on the business model of the Group for managing the asset and the cash flow characteristics of the asset. There are 3 measurement categories into which the Group classifies its debt instruments:

Measured at amortised cost:

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

Measured at fair value through Other Comprehensive Income:

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 Other Comprehensive Income. Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain | (loss) previously recognised in Other Comprehensive Income is reclassified from the equity to other income in the Statement of Profit and Loss.

Measured at fair value through profit or loss:

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.

Equity instruments:

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

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets:

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

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of such receivables.

De-recognition:

A financial asset is de-recognised only when the Group

- i) has transferred the rights to receive cash flows from the financial asset or
- ii) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

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

Note 1 Significant Accounting Policies (continued)

Income recognition:

Interest income:

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

Dividends

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 Group, and the amount of the dividend can be measured reliably.

r) Financial liabilities:

i) Classification as debt or equity

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

ii) Initial recognition and measurement

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at 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) De-recognition

A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

s) 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 asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

t) Derivatives and hedging activities:

The Group holds derivative financial instruments such as foreign exchange forward, interest rate swaps, currency swaps and currency options to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Group believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets| Liabilities in this category are presented as current assets| current liabilities if they are either held for trading or are expected to be realised within 12 months after the Balance Sheet date.

(ii) Cash flow hedge

The Group designates certain foreign exchange forward and options contracts as cash flows hedges to mitigate the risk of foreign exchange exposure on firm commitment and highly probable forecast transactions. It designates certain interest rate swaps as cash flows hedge to mitigate the risk of foreign exchange exposure on variable interest loans.

When a derivative is designated as a cash flows hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the cash flows hedging reserve.

Notes to the Consolidated Financial Statements

Note 1 Significant Accounting Policies (continued)

Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain | (loss) on the hedging instrument recognised in cash flows hedging reserve till the period the hedge was effective remains in cash flows hedging reserve until the forecasted transaction occurs. The cumulative gain | (loss) previously recognised in the cash flows hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flows hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

u) 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 the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. 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 the Statement of Profit and Loss as other income | (expense).

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

v) Borrowing costs:

General and specific 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.

w) Biological assets:

The biological assets of the Group comprise date palms and oil palms.

Mature and immature tissue culture raised date palms, which are ready for dispatch less than 12 months from the reporting date are classified under current assets under separate head of biological assets other than bearer plants and others under non-current assets under separate head of biological assets other than bearer plants.

The oil palms are bearer plants and are therefore presented and accounted for as property, plant and equipment {(Refer Note 4(b))}. However, the oil palm fresh fruit bunches (FFB) growing on the trees is accounted for as biological assets other than bearer plants until the point of harvest. Harvested oil palm FFBs are transferred to inventory at fair value less costs to sell when harvested.

Changes in fair value of oil palm FFB on trees are recognised in the Statement of Profit and Loss. Farming costs like labour costs and other are recognised in the Statement of Profit and Loss.

Biological assets are measured at fair value less cost to sell. Costs to sell include the incremental selling costs, including auction charges, commission paid to brokers and dealers and estimated costs of transport to the market but excludes finance costs and income taxes.

Measurement technique:

The fair value of growing date palm FFB and oil palm FFB are determined using a discounted cash flow model based on the expected yield by plantation size, the market price for the produce | sampling and after allowing for harvesting costs, contributory asset charges for the land and bearer plants owned by the entity and other costs yet to be incurred in getting the fruit bunches to maturity or sampling ready for sale.

The fair value of date palms and tissue culture raised date palms (immature plant) are being measured at cost less accumulated impairment loss, if any as quoted market price is not available for the immature date palm plants at different stages and for which fair value measurements are determined to be clearly unreliable.

Tissue culture raised date palms (mature plant) are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. The gain | (loss) arising on initial recognition of such biological assets at fair value less costs

Note 1 Significant Accounting Policies (continued)

to sell and from a change in fair value less costs to sell of biological assets are included in Statement of Profit and Loss for the period in which it arises.

Transition to Ind AS:

On transition to Ind AS, the Group has elected to continue with the carrying value of biological assets (classified as property, plant and equipment) recognised as at April 01, 2015 measured as per the IGAAP as the deemed cost of such biological assets.

x) Provisions and contingent liabilities:

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

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

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

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

y) Employee benefits:

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 within the Balance Sheet. Termination benefits are recognised as an expense as and when incurred.

Short-term leave encashment is provided at undiscounted amount during the accounting period based on service rendered by employees.

Other long-term employee benefits:

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

The obligations are presented as current liabilities in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Defined contribution plan:

Contributions to defined contribution schemes such as contribution to Provident Fund, Superannuation Fund, Employees' State Insurance Corporation, National Pension Scheme and Labours Welfare Fund are charged as an expense to the Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Group has no further defined obligations beyond the monthly contributions.

Provident Fund for certain eligible employees is managed by the Group through the 'Atul Products Ltd - Ankleshwar Division Employees Provident Fund Trust' in line with Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund authorities. The contributions by the employer and employees together with the interest accumulated thereon are payable to employees at the time of their retirement or separation from the Group, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. 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.

Notes to the Consolidated Financial Statements

Note 1 Significant Accounting Policies (continued)

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 pension and Gratuity plans 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 paid to a Trust administered by the Group, which in turn invests in eligible securities to meet the liability as and when it accrues 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 obligation.

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

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

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost.

z) Research and Development expenditure:

Research and Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Research and Development expenditure on property, plant and equipment is treated in the same way as expenditure on other property, plant and equipment.

aa) Earnings per share:

Basic earnings per share (EPS) is calculated by dividing the profit attributable to owners of the Company by the weighted average number of Equity shares outstanding during the financial year, adjusted for bonus elements in Equity shares issued during the year. For the purpose of calculating diluted EPS, the net profit or loss for the period attributable to Equity Shareholders and the weighted average number of additional Equity shares that would have been outstanding assuming the conversion of all dilutive potential Equity shares.

ab) Contributed equity:

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Critical estimates and judgements

Preparation of the Consolidated 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 judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Consolidated Financial Statements.

The areas involving critical estimates or judgements are:

- i) Estimation of useful life of tangible assets: Note 2
- ii) Estimation of defined benefit obligation: Note 29.6
- iii) Estimated Goodwill impairment: Note 4(a)
- iv) Consolidation decisions and classification of joint arrangements: Note 29.16

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Notes to the Consolidated Financial Statements



Note 2 Property, plant and equipment										
Particulars	Land – freehold ¹	Land – leasehold ¹	Buildings ^{1,2}	Plant and equipment ³	Vehicles	Office equipment and furniture	Roads	Bearer plants	Total	Capital work-in-progress ⁴
Gross carrying amount										
Deemed cost as at April 01, 2015⁵										
Additions	10.86	3.66	118.92	362.29	4.88	9.78	0.79	–	511.18	111.94
Other adjustments ⁶	0.77	0.04	27.74	263.47	3.75	2.04	3.60	–	301.41	335.02
Disposal, transfer and adjustments	–	–	–	4.41	(0.60)	–	–	–	4.41	–
As at March 31, 2016	11.63	3.70	146.66	629.07	8.03	11.82	4.39	–	815.30	180.44
Acquisition of subsidiary companies (refer Note 29.17)	10.50	10.13	0.32	6.97	–	0.01	–	–	27.93	–
Additions	10.48	0.04	29.28	262.98	1.00	2.65	6.40	6.10	318.93	175.05
Other adjustments ⁶	–	–	–	(0.07)	(0.79)	–	–	–	(0.07)	–
Disposal, transfer and adjustments	(0.59)	–	(0.01)	(0.02)	(0.79)	–	–	–	(1.41)	(296.50)
As at March 31, 2017	32.02	13.87	176.25	898.93	8.24	14.48	10.79	6.10	1,160.68	58.99
Depreciation Amortisation										
For the year	–	0.09	6.71	54.60	1.54	2.59	0.44	–	65.97	–
Disposal and adjustments	–	–	–	(0.07)	(0.07)	(0.01)	–	–	(0.15)	–
Up to March 31, 2016	–	0.09	6.71	54.53	1.47	2.58	0.44	–	65.82	–
For the year	–	0.09	7.10	82.80	1.65	2.35	1.22	0.13	95.34	–
Disposal and adjustments	–	–	–	–	(0.26)	(0.07)	–	–	(0.33)	–
Up to March 31, 2017	–	0.18	13.81	137.33	2.86	4.86	1.66	0.13	160.83	–
Net carrying amount										
As at March 31, 2016	11.63	3.61	139.95	574.54	6.56	9.24	3.95	–	749.48	180.44
As at March 31, 2017	32.02	13.69	162.44	761.60	5.38	9.62	9.13	5.97	999.85	58.99
Notes:										
¹ Pursuant to the order passed by Honourable High Court of Gujarat, dated November 17, 2008 and April 17, 2009 in case of water charges, the Group has created first charge over its certain land and buildings in favour of Government of Gujarat and paid security deposit ₹ 2 cr (March 31, 2016 and April 01, 2015: ₹ 2 cr).										
² Includes premises on ownership basis ₹ 1.10 cr (March 31, 2016 and April 01, 2015: ₹ 1.10 cr) and cost of fully paid share in co-operative society ₹ 2,000 (March 31, 2016 and April 01, 2015: ₹ 2,000).										
³ Includes equity contribution of ₹ 0.07 cr in 70,000 Equity shares of Bharuch Enviro Infrastructure Ltd and ₹ 0.72 cr in 7,15,272 Equity shares of Narmada Clean Tech Ltd to discharge effluent through common ETP facility.										
⁴ Capital work-in-progress mainly comprises addition expansion projects in progress.										
⁵ Property plant and equipment - Gross amount as at April 01, 2015 under IGAAAP.										
⁶ Exchange rate difference capitalised during current year ₹ (0.07) cr (Previous year: ₹ 4.41 cr).										
⁷ Refer Note 17 for information on property, plant and equipment hypothecated mortgaged as security by the Group.										
⁸ Refer Note 29.2 for disclosure of contractual commitment for acquisition of property, plant and equipment.										

Notes to the Consolidated Financial Statements

(₹ cr)

Note 3 Investment properties	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Land – freehold			
Opening gross carrying amount deemed cost	3.22	3.22	3.22
Net carrying amount	3.22	3.22	3.22

- a) Amount recognised in profit or loss for investment properties
The Group has classified parcels of freehold land held for a currently undeterminable future use as investment properties. There are no amounts pertaining to these investment properties recognised in the Consolidated Statement of Profit and Loss, since the Group does not receive any rental income, incur any depreciation or other operating expenses.
- b) The Company does not have any contractual obligations to purchase, construct or develop for maintenance or enhancements of investment property.
- c) Fair value

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Investment properties	134.00	145.00	130.00
	134.00	145.00	130.00

Estimation of fair value

The Group obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Group considers information from a variety of sources including:

- Current prices in an active market for investment properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- Discounted cash flow projections based on reliable estimates of future cash flows;
- Capitalised income projections based upon an estimated net market income from investment properties and a capitalisation rate derived from an analysis of market evidence.

The fair values of investment properties have been determined by reputed third party Independent Valuers. The main inputs used are the rental growth rates, expected vacancy rates, terminal yields and discount rates based on comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

(₹ cr)

Note 4 (a) Intangible assets	Computer software	Goodwill
Gross carrying amount		
Deemed cost as at April 01, 2015	0.22	–
As at March 31, 2016	0.22	–
Acquisition of subsidiary company (refer Note 29.17)	–	23.75
As at March 31, 2017	0.22	23.75
Amortisation		
Amortisation charged for the year	0.10	–
Up to March 31, 2016	0.10	–
Amortisation charged for the year	0.10	–
Up to March 31, 2017	0.20	–
Net carrying amount		
As at April 01, 2015	0.22	–
As at March 31, 2016	0.12	–
As at March 31, 2017	0.02	23.75

Significant estimate - Impairment of Goodwill

For the purpose of impairment testing, Goodwill is allocated to a cash generating unit, representing the lowest level within the Group at which Goodwill is monitored for internal Management purposes and which is not higher than the operating segment of the Group. The Goodwill of ₹ 23.75 cr pertains to the acquisition of Amal Ltd. The recoverable amount of the cash generating

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unit has been determined based on the higher of fair value less costs of disposal and its value in use. The fair value less costs of disposal has been determined based on closing quoted share price of Amal Ltd on an active market as on March 31, 2017.

The Group has carried out annual Goodwill impairment assessment as at March 31, 2017. The Management believes that any reasonably possible change in the key assumptions may not cause the carrying amount to exceed the recoverable amount of the cash generating units. Accordingly, there was no impairment recorded for the period March 31, 2017.

Note 4 (b) Biological assets

- a) Biological assets of the Group consist of
- Immature tissue culture raised date palms that are classified as non-current biological assets. The Group has a plucking cycle of about 4-5 months.
 - Mature tissue culture raised date palms that are classified as current biological assets.
- b) Reconciliation of changes to the carrying value of biological assets between the beginning and the end of the current year are as follows:

(₹ cr)

Particulars	Tissue culture raised date palms			
	March 31, 2017		March 31, 2016	
	Mature	Immature	Mature	Immature
Opening balance	–	8.49	–	7.24
Increase due to production	0.22	–	–	1.25
Change due to biological transformation	1.85	(1.85)	–	–
Decrease due to sale	(0.22)	–	–	–
Change in fair value due to price changes	1.78	–	–	–
Closing balance	3.63	6.64	–	8.49
Current assets	3.63	–	–	0.29
Non-current assets*	–	6.64	–	8.20
Biological asset shown in Balance Sheet	3.63	6.64	–	8.49

* Non-current biological asset is expected to take more than 12 months from reporting date to become ready for dispatch.

As at March 31, 2017 the Group had 14,535 mature plants (March 31, 2016 and April 01, 2015: Nil) and 30,897 immature plants (March 31, 2016: 59,048 and April 01, 2015: 95,595).

During current year the Group has sold 1,986 plants (March 31, 2016: Nil).

(₹ cr)

Note 5 Investments accounted for using the equity method	Place of business	% of ownership interest	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Investment in equity instruments (fully paid-up)					
Unquoted investment in joint venture company:					
Rudolf Atul Chemicals Ltd	India	50%	14.31	10.55	6.13
Add: Group share of profit and (loss)			(4.31)	3.76	4.42
			10.00	14.31	10.55
b) Quoted investment in associate company:					
Amal Ltd ¹			–	–	0.24
Add: Group share of profit (loss)	India	37%	–	–	(0.24)
			–	–	–
c) Equity component compounded financial instruments in Amal Ltd¹					
From 0% Redeemable Preference shares			–	6.17	6.17
From 0% Loans			–	11.95	11.95
			–	18.12	18.12
Total equity accounted investments			10.00	32.43	28.67

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(₹ cr)

Particulars	Book value as at			Market value as at		
	March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Quoted	–	–	–	–	7.56	6.05
Unquoted	10.00	32.43	28.67	–	–	–
	10.00	32.43	28.67	–	7.56	6.05

¹ Associate company up to November 30, 2016 (refer Note 29.17)

(₹ cr)

Note 6 Non-current investments	Face Value	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
a) Investment in equity instruments (fully paid up)							
Equity instruments measured at FVOCI							
Quoted							
Arvind Smartspaces Ltd	10	412,747	3.58	412,747	3.43	–	–
Arvind Ltd	10	4,127,471	163.01	4,127,471	112.72	4,127,471	108.14
BASF India Ltd	10	261,396	35.83	261,396	22.81	261,396	29.17
DCM Shriram Ltd	2	250	0.01	500	0.01	–	–
Deewan Housing Finance Ltd	10	–	–	500	0.01	–	–
DIC India Ltd	10	250	0.01	–	–	–	–
Edelweiss Broking Ltd	10	1,000	0.02	–	–	–	–
Gujarat State Fertiliser Corporation Ltd	2	–	–	1,000	0.01	–	–
ICICI Bank Ltd	2	99,115	2.74	99,115	2.34	99,115	3.13
Jain Irrigation Systems Ltd	2	4,000	0.04	4,000	0.02	4,000	0.03
Jain Irrigation Systems Ltd - DVR ¹	2	200	–	200	–	200	–
Nagarjuna Fertilizers and Chemicals Ltd	1	34,650	0.07	34,650	0.10	34,650	0.10
Nagarjuna Oil Refinery Ltd	1	31,500	0.01	31,500	0.01	31,500	0.01
NOCIL Ltd	10	2,001	0.02	2,001	0.01	–	–
Novartis India Ltd ²	5	384,660	26.02	384,660	24.95	384,660	21.64
Pfizer Ltd	10	958,927	183.65	958,927	171.32	958,927	213.87
Power Mech	10	200	0.01	–	–	–	–
Prabhat Dairy	10	1,500	0.02	–	–	–	–
Rural Electrification Corporation Ltd	10	1,000	0.02	1,000	0.02	–	–
Sanghavi Movers	2	500	0.01	–	–	–	–
Texmaco Infrastructure & Holdings Ltd	1	1,650	0.01	1,500	0.01	–	–
Tourism Finance Corporation India Ltd	10	3,000	0.02	–	–	–	–
Unquoted							
AtRo Ltd ³	10	–	–	500,000	0.01	500,000	0.31
Gujarat Synthwood Ltd ³	10	700,800	–	700,800	–	700,800	–
b) Investment in Preference shares (fully paid-up)							
Associate company measured at amortised cost^{4, 5}							
Unquoted							
Amal Ltd (0% Redeemable Preference shares)			–		6.43		5.81
c) Investment in Government securities measured at amortised cost							
Quoted							
6 Years National Savings Certificates			0.11		0.01		0.01
d) Share application money			–		–		0.51
			415.21		344.22		382.73

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(₹ cr)

Particulars	Book value As at			Market value As at		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 01, 2015
Quoted	415.10	344.20	382.41	415.10	344.20	382.41
Unquoted	0.11	0.02	0.32	–	–	–
	415.21	344.22	382.73	415.10	344.20	382.41

¹ Carrying value of ₹ 12,400 (March 31, 2016: ₹ 7,720 and April 01, 2015: ₹ 7,850) | ² Sales of equity shares under buy back offer |

³ Under liquidation | ⁴ Associate company up to November 30, 2016 | ⁵ Includes ₹ 1 cr due for redemption as on March 31, 2017

(₹ cr)

Note 7 Non-Current loans			As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a)	Loan to associate company (refer Note 29.4)				
i)	Secured, considered good		–	6.41	5.41
ii)	Unsecured, considered good		–	2.99	2.47
			–	9.40	7.88

(₹ cr)

Note 8 Other financial assets		As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Current	Non-current	Current	Non-current	Current	Non-current
a)	Security deposits for utilities and premises	0.86	0.73	0.66	0.73	0.86	0.63
b)	Derivative financial assets - forward exchange contracts	1.31	–	3.55	2.37	3.34	5.47
c)	Balance with banks in fixed deposits, with maturity beyond 12 months	–	0.41	–	0.04	–	0.02
d)	Dividend receivable	9.40	–	–	–	–	–
e)	Other receivables (including discount receivable, insurance receivable, etc.)	8.41	–	9.75	–	10.88	–
		19.98	1.14	13.96	3.14	15.08	6.12

(₹ cr)

Note 9 Other assets		As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Current	Non-current	Current	Non-current	Current	Non-current
a)	Balances with the Government authorities						
i)	Tax paid under protest	–	16.47	–	19.92	–	16.80
ii)	VAT receivable	6.93	34.99	38.13	28.67	26.99	29.85
iii)	Balances with the statutory authorities	60.45	–	50.61	–	50.15	–
iv)	Deposit paid under protest	–	3.41	–	0.97	–	–
v)	Security deposit	–	2.00	–	2.00	–	2.00
b)	Export incentive receivable	30.52	–	34.80	–	29.66	–
c)	Capital advances	–	17.77	–	20.16	–	22.90
d)	Prepayment						
i)	Related Parties (refer Note 29.4)	–	–	0.17	–	4.13	–
ii)	Others	26.40	–	26.03	–	19.53	–
e)	Other receivables	1.62	0.02	1.49	0.03	1.14	0.03
		125.92	74.66	151.23	71.75	131.60	71.58

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(₹ cr)

Note 10 Inventories *	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Raw materials and packing materials	86.15	70.70	83.79
Add: Goods-in-transit	18.01	29.30	22.00
	104.16	100.00	105.79
b) Work-in-progress	115.56	116.88	111.40
c) Finished goods	166.06	174.25	161.74
d) Stock-in-trade	5.55	7.10	4.38
e) Stores, spares and fuel	31.68	27.91	21.07
Add: Goods-in-transit	7.05	1.64	7.13
	38.73	29.55	28.20
	430.06	427.78	411.51

* Goods-in-transit at cost to date and others at cost or net realisable value whichever is lower.

Amounts recognised in the Consolidated Statement of Profit and Loss

Write-downs of inventories to net realisable value amounted to ₹ 6.22 cr (March 31, 2016: ₹ 10.09 cr). These were recognised as an expense during the year and included in cost of materials consumed and changes in value of inventories of work-in-progress, stock-in-trade and finished goods in the Consolidated Statement of Profit and Loss.

(₹ cr)

Note 11 Current investment	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of units	Amount	Number of units	Amount	Number of units	Amount
Investment in mutual funds measured at FVPL						
a) Birla Sun Life Cash Plus Fund	62,660	0.63	1,86,147	1.86	–	–
b) HDFC Liquid Fund	1,873	0.19	1,787	0.18	18,21,827	1.86
c) SBI Premier Liquid Fund	1,129	0.19	63	0.01	7,977	0.80
d) Axis Short-term Fund	10,73,242	1.91	–	–	–	–
		2.92		2.05		2.66

(₹ cr)

Note 12 Trade receivables	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
a) Unsecured, considered good						
i) Trade receivables		518.96		440.66		438.43
ii) Related Parties (refer Note 29.4)		–		0.73		0.73
b) Unsecured, considered doubtful	3.16		3.80		2.73	
Less: Allowance for doubtful debts (refer Note 29.8)	3.16		3.80		2.73	–
		518.96		441.39		439.16

(₹ cr)

Note 13 Cash and cash equivalents	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Balances with banks			
In current accounts	23.33	17.97	30.89
b) Cash on hand	0.11	0.10	0.10
	23.44	18.07	30.99

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

Notes to the Consolidated Financial Statements



(₹ cr)

Note 14 Bank balances other than cash and cash equivalents above	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Unclaimed dividend	1.71	1.44	1.54
b) Unclaimed interest on public deposit	0.02	0.02	0.02
c) Short-term bank deposit with maturity between 3 to 12 months	3.13	2.48	2.06
	4.86	3.94	3.62

(₹ cr)

Note 15 Equity share capital	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorised			
8,00,00,000 (March 31, 2016 and April 01, 2015: 8,00,00,000) Equity shares of ₹ 10 each	80.00	80.00	80.00
	80.00	80.00	80.00
Issued			
2,96,91,780 (March 31, 2016 and April 01, 2015: 2,96,91,780) Equity shares of ₹ 10 each	29.69	29.69	29.69
	29.69	29.69	29.69
Subscribed			
2,96,61,733 (March 31, 2016 and April 01, 2015: 2,96,61,733) Equity shares of ₹ 10 each, fully paid	29.66	29.66	29.66
29,991 (March 31, 2016 and April 01, 2015: 29,991) Add: Forfeited shares (amount paid-up)	0.02	0.02	0.02
	29.68	29.68	29.68

a) Rights, preferences and restrictions:

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

i) Equity shares:

In the event of liquidation of the Group, the holders of Equity shares will be entitled to receive any of the remaining assets of the Group, after distribution of all preferential amounts and Preference shares. The distribution will be in proportion to the number of Equity shares held by the Shareholders.

Each holder of Equity shares is entitled to one vote per share.

ii) Dividend:

The Group declares and pays dividend in Indian rupees. The dividend proposed by the Board is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

b) Shares reserved for allotment at a later date:

56 Equity shares are held in abeyance due to disputes at the time of earlier rights issues.

c) Details of Shareholders holding more than 5% of Equity shares:

No.	Name of the Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Holding %	Number of Shares	Holding %	Number of Shares	Holding %	Number of Shares
1	Aagam Holdings Pvt Ltd	22.41%	66,50,000	22.92%	67,97,264	22.67%	67,25,501
2	Aeon Investments Pvt Ltd	6.79%	20,14,383	5.95%	17,64,383	5.95%	17,64,383
3	Aura Securities Pvt Ltd	—	—	5.44%	16,14,045	5.44%	16,14,045

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(₹ cr)

Note 16 Other equity	As at March 31, 2017	As at March 31, 2016
a) Securities premium reserve	34.66	34.66
b) General reserve	97.36	97.36
c) Retained earnings		
Balance as at the beginning of the year	1,156.81	911.97
Add: Profit for the year	322.97	274.18
Remeasurement gain (loss) on defined benefit plans	1.58	(1.92)
Transfer to retained earnings on disposal of FVOCI equity instruments	0.75	–
Dividends paid (including dividend distribution tax)	(37.02)	(26.81)
Non-controlling interests on acquisition of subsidiary company	(18.30)	(0.61)
Balance as at the end of the year	1,426.79	1,156.81
d) Other reserves		
i) FVOCI equity instruments		
Balance as at the beginning of the year	287.52	325.89
Add: Equity Instruments through Other Comprehensive Income (FVOCI)	77.36	(38.37)
Less: Transfer to retained earnings on disposal of FVOCI equity instruments	(0.75)	–
Balance as at the end of the year	364.13	287.52
ii) Effective portion of Cash Flow Hedges		
Balance as at the beginning of the year	(0.59)	(0.28)
Add: Effective portion of gain (loss) on cash flow hedges	(0.73)	(0.90)
Add: Deferred tax liability	0.25	0.31
Less: Hedging gain (loss) reclassified to Consolidated Statement of Profit and Loss	0.59	0.28
Balance as at the end of the year	(0.48)	(0.59)
iii) Exchange difference in translating the Financial Statements of a foreign operation		
Balance as at the beginning of the year	9.35	–
Add: Changes in foreign currency translation reserve	4.45	9.35
Balance as at the end of the year	13.80	9.35
	1,936.26	1,585.11

Nature and purpose of other reserves

- Securities premium reserve**
Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.
- FVOCI - Equity investments**
The Group has elected to recognise changes in the fair value of certain investments in equity securities in Other Comprehensive Income. These changes are accumulated within the FVOCI equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.
- Cash flow hedging reserve**
The Group uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory purchases and interest rate risk associated with variable interest rate borrowings. For hedging foreign currency risk, the Group uses foreign currency forward contracts, foreign currency option contracts and interest rate swaps. They are designated as cash flows hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognised in the cash flows hedging reserve. Amounts recognised in the cash flows hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss (for example, sales and interest payments). When the forecast transaction results in the recognition of a non-financial asset (for example, inventory), the amount recognised in the cash flows hedging reserve is adjusted against the carrying amount of the non-financial asset.
- Foreign currency translation reserve**
Exchange differences arising on translation of the foreign operations are recognised in Other Comprehensive Income as described in Accounting Policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed-off.

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(₹ cr)

Note 17 Borrowings	Maturity	Terms of repayment	Effective interest rate p.a.	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
				Current	Non-current	Current	Non-current	Current	Non-current
a) Secured									
i) Rupee term loan from a foreign financial institution (refer Note a)	January, 2018	15 equal half yearly installments	6.99% - 7.46%	—	10.42	—	20.83	—	31.25
ii) Foreign currency term loans from banks (refer Note b and c)	September, 2017	12 equal quarterly installments	3 months LIBOR + 2.90%	—	10.81	—	33.17	—	52.16
	April, 2016	16 equal quarterly installments	3 months LIBOR + 2.25%	—	—	—	2.07	—	9.78
iii) Foreign currency term loans from a foreign financial institution (refer Note d)	January, 2016	16 equal quarterly installments	6 months LIBOR + 2.25%	—	—	—	—	—	23.47
iv) Working capital loans from banks (refer Note f)	1-12 months	Repayable on demand	2.43% - 11.00%	13.43	—	79.51	—	51.99	—
v) Rupee term loans from bank (refer Note e)	June, 2018	60 equal monthly installments	Base rate + 2.50%	—	1.87	—	3.38	—	4.87
b) Unsecured									
i) Rupee term loans from a bank (March 31, 2016: ₹ 30,112)	May, 2016	20 equal quarterly installments	Base rate + 1.50%	—	—	—	—	—	0.14
ii) Loan from banks including foreign banks	1-6 months	1-6 months	1.00% - 5.00%	52.95	—	54.24	—	16.20	—
iii) Loan from Related Parties	1-6 months	1-6 months	9.25%	4.25	—	17.50	—	9.00	—
c) Buyers' credit				—	—	6.91	—	—	—
d) Commercial papers	1-3 months	1-3 months	6.50%	73.95	—	98.20	—	97.73	—
e) Deposit from the Directors	1-12 months	1-12 months	9.00%	0.01	—	0.01	—	0.01	—
				144.59	23.10	256.37	59.45	174.93	121.67
Amount of current maturities of long-term debt disclosed under the head 'Other financial liabilities' (refer Note 18)					(22.72)		(36.10)		(64.21)
				144.59	0.38	256.37	23.35	174.93	57.46

- a) Rupee term loan from a foreign financial institution is secured by first *pari passu* charge by way of hypothecation of all movable property, plant and equipment and mortgage of immovable properties of the Group, present and future, excluding specific assets with first *pari-passu* charge with other lenders and second charge on entire current assets of the Group, both present and future.
- b) Foreign currency term loan from a foreign bank is secured by first *pari passu* charge by way of hypothecation of all movable property, plant and equipment and mortgage of immovable properties of the Group, present and future, excluding specific assets with first *pari passu* charge and second charge on entire current assets of the Group, both present and future.
- c) Foreign currency term loan from a bank is secured by first *pari passu* charge on the entire movable and immovable property, plant and equipment of the Group, both present and future.
- d) Foreign currency term loan from a foreign bank is secured by first *pari passu* charge by way of hypothecation of all movable property, plant and equipment and mortgage of immovable properties of the Group, present and future, excluding specific assets with first *pari-passu* charge with other lenders charge and second charge on entire current assets of the Group, both present and future.
- e) Rupee term loan from bank is secured by exclusive charge on the fixed assets of the Company as a whole, both present and future.
- f) Security details:

Working capital loans repayable on demand from banks is secured by hypothecation of tangible current assets, namely, inventories and book debts of the Group as a whole and also secured by second and subservient charge on immovable and movable assets of the Group to the extent of individual bank limit as mentioned in joint consortium documents. This also extends to guarantees and letter of credits given by the bankers aggregating ₹ 82.47 cr (March 31, 2016: ₹ 65.03 cr, April 01, 2015: ₹ 70.66 cr).

Notes to the Consolidated Financial Statements

g) The carrying amount of assets hypothecated | mortgaged as security for current and non-current borrowings are:

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
First charge for current and second charge for non-current borrowings			
i) Inventories	430.06	427.78	411.51
ii) Trade receivables	518.96	441.39	439.16
iii) Current assets other than inventories and trade receivables	174.20	187.20	181.29
	1,123.22	1,056.37	1,031.96
First charge for non-current and second charge for current borrowings			
Property, plant and equipment excluding leasehold land	971.01	717.76	480.29
Total assets as security	2,094.23	1,774.13	1,512.25

(₹ cr)

Note 18 Other financial liabilities	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
a) Current maturities of long-term debt (refer Note 17)	22.72	–	36.10	–	64.21	–
b) Security deposits	–	21.92	–	21.32	–	17.74
c) Interest accrued but not due	0.20	–	0.45	–	0.72	–
d) Unclaimed dividends *	1.71	–	1.44	–	1.27	–
e) Unclaimed matured deposits and interest thereon *	0.01	–	0.02	–	0.02	–
f) Creditor for capital goods	20.52	–	18.33	–	9.93	–
g) Other liabilities (includes discount payable)	7.76	2.13	9.54	3.19	11.19	2.40
	52.92	24.05	65.88	24.51	87.34	20.14

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2017.

(₹ cr)

Note 19 Provisions	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
a) Provision for compensated absences	6.74	20.15	5.86	17.31	5.99	15.91
b) Others {refer a(ii) and (b) below}	2.86	–	1.67	–	1.87	–
	9.60	20.15	7.53	17.31	7.86	15.91

a) Information about individual provisions and significant estimates

i) Compensated absences

The compensated absences covers the liability for sick and earned absences. Out of the total amount disclosed above, the amount of ₹ 6.08 cr (March 31, 2016: ₹ 5.35 cr, April 01, 2015: ₹ 5.53 cr) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Notes to the Consolidated Financial Statements



ii) Others

Effluent disposal

The Group has provided for expenses it estimates to be incurred for safe disposal of waste in line with the regulatory framework it operates in. The provision represents the unpaid amount the entity expects to incur for which the obligating event has already arisen as on the reporting date.

Wealth tax

The Group has provided for payments expected pertaining to wealth tax in line with the provisions of the erstwhile Wealth Tax Act, 1957. The application of the act was discontinued from April 01, 2016.

b) Movement of provision for effluent disposal

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance as at the beginning of the year	1.65	1.29	0.90
Less: Utilised	(1.65)	(1.29)	(0.90)
Provision made during the year	1.54	1.65	1.29
	1.54	1.65	1.29

(₹ cr)

Note 20 Other liabilities	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Current	Non-current	Current	Non-current	Current	Non-current
a) Deferred income on account of Government grant received	–	9.67	–	11.05	–	12.46
b) Employee benefits payable	21.71	–	36.70	–	32.79	–
c) Statutory dues	12.37	–	14.59	–	17.95	–
d) Advances received from customers	5.53	–	9.42	–	10.26	–
	39.61	9.67	60.71	11.05	61.00	12.46

(₹ cr)

Note 21 Trade payables	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Trade payables	337.49	315.12	278.21
	337.49	315.12	278.21

(₹ cr)

Note 22 Revenue from operations	2016-17	2015-16
Sale of products (including excise duty)	2,932.91	2,698.01
Sale of services	7.10	4.71
Other operating revenues:		
Export incentives	44.90	38.08
Scrap sales	7.92	5.61
Processing charges	3.22	8.60
	2,996.05	2,755.01

Notes to the Consolidated Financial Statements

(₹ cr)

Note 23 Other income	2016-17	2015-16
Dividend from equity investment measured at FVOCI	3.24	3.42
Dividend from equity investment measured at cost	3.72	1.09
Dividend on current investments	0.29	0.28
Interest income from financial assets measured at amortised cost	3.39	2.32
Interest from others	1.51	2.56
Lease income	0.23	0.20
Fair value changes in Biological assets	1.78	1.25
Gain on disposal of property, plant and equipment	3.71	1.27
Gain on disposal of equity investment measured at cost	–	0.01
Remeasurement to fair value of existing equity interest acquired in business combination (refer Note 29.17)	30.98	–
Exchange rate difference – gain	1.74	7.56
Miscellaneous income	1.96	14.44
	52.55	34.40

(₹ cr)

Note 24 Cost of materials consumed	2016-17	2015-16
Raw materials and packing materials consumed		
Stocks at commencement	71.11	105.80
Add: Purchase	1,412.07	1,289.25
	1,483.18	1,395.05
Less: Stocks at close	86.15	71.11
	1,397.03	1,323.94

(₹ cr)

Note 25 Changes in inventories of finished goods, work-in-progress and stock-in-trade	2016-17	2015-16
Stocks at close		
Finished goods	166.06	174.25
Work-in-progress	115.56	116.87
Stock-in-trade	5.55	7.10
	287.17	298.22
Less: Stocks at commencement		
Finished goods	174.25	161.74
Work-in-progress	116.87	111.40
Stock-in-trade	7.10	4.38
	298.22	277.52
(Increase) Decrease in stocks	11.05	(20.70)

(₹ cr)

Note 26 Employee benefit expenses	2016-17	2015-16
Salaries, wages and bonus (refer Note 29.6)	179.92	171.84
Contribution to Provident and other funds (refer Note 29.6)	12.91	11.83
Staff welfare	7.31	7.24
	200.14	190.91

Notes to the Consolidated Financial Statements



(₹ cr)

Note 27 Finance costs	2016-17	2015-16
Interest on borrowings	18.11	21.82
Interest on financial liabilities at amortised cost	1.11	1.19
Interest on others	4.40	1.03
Other borrowings cost	0.52	0.69
Exchange difference (net)	1.03	2.80
	25.17	27.53

(₹ cr)

Note 28 Other expenses	2016-17	2015-16
Consumption of stores and spares	45.87	39.22
Power, fuel and water	322.91	270.50
Conversion and plant operation charges	32.76	37.26
Building repairs	15.83	19.81
Plant and equipment repairs	52.25	59.35
Sundry repairs	7.54	7.12
Rent	2.97	2.83
Rates and taxes	1.33	1.32
Insurance	7.47	6.97
Freight, cartage and octroi	70.17	62.14
Commission	3.30	4.33
Travelling and conveyance	17.11	15.78
Payments to the Statutory Auditors		
a) Audit fees	0.75	0.48
b) Tax matters	0.09	0.07
c) Other matters	0.42	0.47
d) Out of pocket expenses	0.02	0.02
Payments to the Cost Auditors		
a) Audit fees	0.02	0.02
b) Other matters (Current year: ₹ 7,000)		—
c) Out of pocket expenses (Current year: ₹ 17,970 and Previous year: ₹ 21,315)		
Directors' fees and travelling	1.71	1.42
Directors' commission (other than the Executive Directors)	0.85	0.86
Manpower services	33.80	27.73
Bad debts and irrecoverable balances written off	2.07	1.57
Allowance for doubtful debts written off (written back)	—	1.24
Loss on assets sold, discarded or demolished	0.20	1.62
Expenditure on Corporate Social Responsibility initiatives	6.72	5.40
Exchange rate difference - loss	5.48	0.24
Miscellaneous expenses	57.23	49.99
	688.87	617.76

Notes to the Consolidated Financial Statements

Note 29.1 Contingent liabilities

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Claims against the Group not acknowledged as debts in respects of:			
i) Excise duty	8.00	7.70	7.25
ii) Income tax	8.23	9.10	8.56
iii) Sales tax	0.68	0.67	0.67
iv) Service tax	0.01	0.01	0.01
v) Custom duty	—	0.18	0.18
vi) Water charges	89.28	89.65	79.84
vii) Others	6.02	14.42	14.93
viii) In respect of a customer claim amounting to ₹ 32.35 cr, the Company, based on legal opinion, believes that the claim will not sustain.			

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

Note 29.2 Commitments

Capital commitments

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

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Estimated amount of contracts remaining to be executed and not provided for (net of advances):			
Property, plant and equipment	35.73	47.13	121.86

Note 29.3 Research and Development

Details of expenditure incurred on approved in-house Research and Development facilities.

(₹ cr)

Particulars	2016-17	2015-16
Capital expenditure	12.86	1.32
Recurring expenditure	19.00	18.16
Capital expenditure on building	6.07	—
	37.93	19.48

Notes to the Consolidated Financial Statements



Note 29.4 (A) Related Party information		
Name of the Related Party and nature of relationship		
Other Related Parties with whom transactions have taken place during the year		
No.	Name of the Related Party	Description of relationship
	In Atul Bioscience Ltd	
1	Aagam Holdings Pvt Ltd	Entity over which control exercised by Key Management Personnel
2	Samveg Agencies Pvt Ltd	
	In Rudolf Atul Chemicals Ltd	
3	Rudolf GmbH	Entity over which control exercised by Joint venturer
4	Rudolf Duraner	
5	Key Management Personnel	
	S S Lalbhai	Chairman and Managing Director
	S A Lalbhai	Managing Director
	B N Mohanan	Whole-time Director and President - U&S
	T R Gopi Kannan	Whole-time Director and CFO
	R A Shah	Non whole-time Director
	S S Bajjal	Non whole-time Director
	B S Mehta	Non whole-time Director
	H S Shah	Non whole-time Director
	S M Datta	Non whole-time Director
	V S Rangan	Non whole-time Director
	M M Chitale	Non whole-time Director
	S A Panse	Non whole-time Director
	B R Arora	Non whole-time Director
	In Atul Bioscience Ltd	
	P Chebiyyam	Managing Director
	In Atul Europe Ltd	
	E Sharkey	Director
	In DPD Ltd	
	A L Brackpool	Director
6	Close family members of Key Management Personnel	
	Vimlaben S Lalbhai	Mother of S S Lalbhai
	Swati S Lalbhai	Sister of S S Lalbhai
	Saumya S Lalbhai	Son of S A Lalbhai
	Astha S Lalbhai	Daughter of S S Lalbhai
	Nishtha S Lalbhai	Daughter of S S Lalbhai
7	Welfare funds	
	Atul Foundation Trust	Entities over which Key Management Personnel or their close family members have significant influence
	Atul Kelavani Mandal	
	Atul Rural Development Fund	
	Atul Vidyalaya	
	Urmi Stree Sanstha	
8	Other Related Parties ¹	
	The Atul Officers Retirement Benefit Fund	Post-employment benefit plan of Atul Ltd
	Atul Products Ltd – Ankleshwar Division Employees' Provident Fund Trust	
	Atul Limited Employees Gratuity Fund	Post-employment benefit plan of Atul Bioscience Ltd
	Atul Bioscience Staff Gratuity Trust	

¹ Refer Note 29.6 for information on transactions with post - employment benefit plans mentioned above.

Notes to the Consolidated Financial Statements

(₹ cr)

Note 29.4 (B) Transactions with entity over which control exercised by Key Management Personnel		2016-17	2015-16
a) Expenses			
1	Reimbursement	0.03	0.02
	Samveg Agencies Pvt Ltd	0.03	0.02
b) Other transactions			
1	Loan received	–	1.50
	Aagam Holdings Pvt Ltd	–	1.50
2	Repayment of loan received	7.00	3.50
	Aagam Holdings Pvt Ltd	7.00	3.50
3	Interest paid on loan	0.10	0.69
	Aagam Holdings Pvt Ltd	0.10	0.69

(₹ cr)

Note 29.4 (C) Transactions with entity over which control exercised by Joint Venturer		2016-17	2015-16
a) Sales and income			
1	Commission received	0.49	0.42
	Rudolf GmbH	0.49	0.42
2	Waiver of payable	0.34	–
	Rudolf GmbH	0.34	–
b) Purchases and expenses			
1	Purchase of goods	14.42	13.44
	Rudolf GmbH	14.42	12.93
	Rudolf Duraner	–	0.51
2	Insurance expense	0.03	0.03
	Rudolf GmbH	0.03	0.03
3	Testing fees	0.01	0.01
	Rudolf GmbH	0.01	0.01

(₹ cr)

Note 29.4 (D) Key Management Personnel compensation		2016-17	2015-16
a) Remuneration		14.75	13.58
1	Short-term employee benefits	12.44	11.26
2	Post-employment benefits ¹	1.37	1.36
3	Commission and other benefits to Non-executive Independent Directors	0.94	0.96
4	Interest on deposits from Directors (Current year: ₹ 9,000 and Previous year: ₹ 9,045)		

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

Notes to the Consolidated Financial Statements



(₹ cr)

Note 29.4 (E) Close family members of Key Management Personnel compensation		2016-17	2015-16
a) Remuneration		0.29	0.13
1	Saumya S Lalbhai	0.03	0.10
2	Astha S Lalbhai	0.19	–
3	Nishtha S Lalbhai	0.07	0.03

(₹ cr)

Note 29.4 (F) Transactions with entities over which Key Management Personnel or their close family members have significant influence		2016-17	2015-16
a) Sales and income			
1	Sale of goods	0.15	0.14
	Atul Kelavani Mandal	0.04	0.03
	Atul Rural Development Fund (Current year: ₹ 49,622)		0.01
	Atul Vidyalaya	0.11	0.10
	Urmi Stree Sanstha (Current year: ₹ 1,723)		–
2	Sale of capital goods	–	0.01
	Atul Vidyalaya	–	0.01
b) Purchases and expenses			
1	Reimbursement		
	Atul Vidyalaya (Current year: ₹ 2,500, Previous year: ₹ 3,000)		
	Urmi Stree Sanstha (Current year: ₹ 14,433)		–
c) Other transactions			
1	Expenditure on Corporate Social Responsibility initiatives	6.51	5.06
	Atul Foundation Trust	4.83	3.64
	Atul Rural Development Fund	1.50	1.31
	In Rudolf Atul Chemicals Ltd	–	–
	Atul Foundation Trust	0.18	0.11
2	Reimbursements received	0.06	0.05
	Atul Kelavani Mandal (Current year: ₹ 42,171 and Previous year: ₹ 46,886)		
	Atul Vidyalaya	0.06	0.05

Notes to the Consolidated Financial Statements

(₹ cr)

Note 29.4 (G) Outstanding balances at the year end

a) With entity over which control exercised by Key Management Personnel		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
1	Loan Payable	–	7.00	9.00
	Aagam Holdings Pvt Ltd	–	7.00	9.00
2	Payable	–	3.98	–
	Aagam Holdings Pvt Ltd ¹	–	3.98	–
b) With entity over which control exercised by Joint Venturer				
1	Payable	1.34	1.62	1.35
	Rudolf GmbH	1.34	1.62	1.06
	Rudolf Duraner	–	–	0.29
c) With Key Management Personnel				
1	Payable	0.01	0.01	0.01
	Directors deposit payable	0.01	0.01	0.01
d) With entities over which KMP or their close family members have significant influence				
1	Receivables	0.03	0.12	0.07
	Atul Kelavani Mandal (Current year: ₹ 35,655)		0.09	0.06
	Atul Rural Development Fund	0.01	0.01	–
	Atul Vidyalyaya	0.02	0.02	0.01
	Urmi Mandal (Current year: ₹ 1,864)		–	–
2	Payables	0.03	–	–
	Atul Rural Development Fund	0.03	–	–

¹ Includes acceptances for bills discounted by third parties.

Note 29.5 Current and Deferred tax

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

a) Income tax expense

(₹ cr)

Particulars		2016-17	2015-16
i)	Current tax		
	Current tax on profit for the year	89.22	107.96
	Adjustments for current tax of prior periods	(2.11)	0.07
	Total current tax expense	87.11	108.03
ii)	Deferred tax		
	(Decrease) Increase in deferred tax liabilities	63.73	22.60
	Decrease (Increase) in deferred tax assets	(28.13)	(0.41)
	Total deferred tax expense (benefit)	35.60	22.19
	Income tax expense	122.71	130.22

b) No deferred tax has been recorded or recognised in Other Comprehensive Income (OCI) during the reporting period.

Notes to the Consolidated Financial Statements



c) The reconciliation between the Statutory income tax rate applicable to the Group and the effective income tax rate of the Group is as follows:

Particulars	2016-17	2015-16
a) Statutory income tax rate	34.61%	34.61%
b) Differences due to:		
i) Expenses not deductible for tax purposes	0.76%	1.29%
ii) Income exempt from income tax	(2.33%)	(1.02%)
iii) Income tax incentives	(3.37%)	(2.89%)
iv) Others	(0.04%)	0.50%
Effective income tax rate	29.63%	32.49%

d) No aggregate amounts of current and deferred tax have arisen in the reporting periods which have not been recognised in the Consolidated Statement of Profit and Loss or Other Comprehensive Income but directly debited | (credited) to equity.

e) Current tax liabilities (net)

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Opening balance	0.59	5.94	–
Add: Current tax payable for the year	87.11	108.03	84.01
Less: Taxes paid	(84.31)	(113.38)	(78.07)
Closing balance	3.39	0.59	5.94

f) Current tax assets (net)

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Opening balance	4.36	1.57	–
Add: Tax paid in advance, net of provisions during the year	(3.15)	2.79	1.57
Closing balance	1.21	4.36	1.57

g) Deferred tax liabilities (net)

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

Particulars	As at March 31, 2017	(Charged) Credited to profit or loss OCI	As at March 31, 2016	(Charged) Credited to profit or loss OCI	As at April 01, 2015
Property, plant and equipment	143.08	63.73	79.35	22.60	56.75
Total deferred tax liabilities	143.08	63.73	79.35	22.60	56.75
Provision for leave encashment	(9.24)	(1.24)	(8.00)	(0.42)	(7.58)
Provision for doubtful debts	(1.10)	0.22	(1.32)	0.18	(1.50)
Provision for doubtful advances	–	0.07	(0.07)	–	(0.07)
Unabsorbed depreciation *	(2.35)	(2.35)	–	–	–
Investment properties	(3.95)	(0.18)	(3.77)	(0.25)	(3.52)
Voluntary Retirement Scheme	–	–	–	0.16	(0.16)
Unrealised MTM losses on derivatives (CIRS)	(1.75)	(1.75)	–	–	–
Effective portion of gains and loss on cash flow hedges	(0.25)	0.06	(0.31)	(0.31)	–
MAT credit entitlement	(23.02)	(22.95)	(0.07)	(0.07)	–
Total deferred tax assets	(41.66)	(28.12)	(13.54)	(0.71)	(12.83)
Net deferred tax (asset) liabilities	101.42	35.61	65.81	21.89	43.92

* The Group has recognised deferred tax assets on carried forward tax losses and unabsorbed depreciation of Amal Ltd. The subsidiary company has incurred the losses over the last few financial years. The Group has recognised deferred tax assets to the extent deductible temporary difference. The subsidiary company is currently generating and expected to generate taxable income from 2018 onwards. The losses can be carried forward for a period of 8 years as per local tax regulations and the Group expects to recover the losses.

Notes to the Consolidated Financial Statements

- h) Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in subsidiary companies that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future.

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unused tax losses for which no deferred tax asset has been recognised	23.71	30.67	30.22
Potential tax benefit @ 34.61%	8.21	10.61	10.46

As on March 31, 2017 the Group has net operating losses and carry forwards that shall expire as follows:

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Net operating losses			
2018-19	—	0.04	0.39
2019-20	0.80	0.93	0.93
2020-21	0.31	0.31	0.31
2021-22	0.24	0.24	0.24
2022-23	0.14	0.14	0.14
2023-24	—	—	—
Unabsorbed depreciation			
Indefinitely	22.22	29.01	28.21

i) Unrecognised temporary differences

The Group has not recognised deferred tax liability associated with undistributed earnings of its subsidiary companies as it can control the timing of the reversal of these temporary differences and it is probable that such differences will not reverse in the foreseeable future.

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Temporary difference relating to investments in subsidiary companies for which deferred tax liabilities have not been recognised:			
Undistributed earnings	19.35	13.94	15.50
Unrecognised deferred tax liabilities relating to the above temporary differences @ 17.304%	3.35	2.41	2.68

The Group has not recognised deferred tax liability associated with fair value gains on Equity share measured in Other Comprehensive Income, as based on the Management projection of future taxable income and existing plan, it is not probable that such difference will reverse in the foreseeable future.

Notes to the Consolidated Financial Statements



Note 29.6 Employee benefit obligations

Balance Sheet amount (Gratuity)

(₹ cr)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2015	44.92	(44.47)	0.45
Current service cost	2.21	–	2.21
Interest expense (income)	3.59	(3.59)	–
Total amount recognised in profit and loss	5.80	(3.59)	2.21
Remeasurements			
Return on plan assets, excluding amount included in interest expense (income)	–	0.79	0.79
(Gain) Loss from change in financial assumptions	0.36	–	0.36
Experience (gain) loss	1.83	–	1.83
Total amount recognised in Other Comprehensive Income	2.19	0.79	2.98
Employer contributions	–	(5.17)	(5.17)
Benefit payments	(5.10)	5.08	(0.02)
March 31, 2016	47.81	(47.36)	0.45
Current service cost	2.64	(0.01)	2.63
Interest expense (income)	3.73	(3.73)	–
Total amount recognised in profit and loss	6.37	(3.74)	2.63
Remeasurements			
Return on plan assets, excluding amount included in interest expense (income)	0.01	(1.98)	(1.97)
(Gain) Loss from change in financial assumptions	1.16	–	1.16
Experience (gain) loss	(1.63)	–	(1.63)
Total amount recognised in Other Comprehensive Income	(0.46)	(1.98)	(2.44)
Employer contributions	–	0.01	0.01
Benefit payments	(5.85)	5.77	(0.08)
March 31, 2017	47.87	(47.30)	0.57

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

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Present value of funded obligations	47.87	47.81	44.92
Fair value of plan assets	(47.30)	(47.36)	(44.47)
Deficit of Gratuity plan	0.57	0.45	0.45

Notes to the Consolidated Financial Statements

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Discount rate	7.22%	7.80%	7.99%
Attrition rate	7.30%	7.00%	7.00%
Rate of return on plan assets	7.22%	7.80%	7.99%
Salary escalation rate	7.75%	7.75%	7.75%

Sensitivity analysis

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

Particulars	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Discount rate	1.00%	1.00%	(3.92%)	(3.92%)	4.31%	4.31%
Attrition rate	1.00%	1.00%	(0.06%)	(0.06%)	0.06%	0.06%
Rate of return on plan assets	1.00%	1.00%	(3.92%)	(3.92%)	4.31%	4.31%
Salary escalation rate	1.00%	1.00%	4.27%	4.27%	(3.96%)	(3.96%)

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

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

Major category of plan assets are as follows:

(₹ cr)

Particulars	As at March 31, 2017				As at March 31, 2016				As at April 01, 2015			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Government of India assets	–	1.27	1.27	2.67%	–	1.27	1.27	2.67%	–	1.52	1.52	3.40%
Debt instruments												
Corporate bonds	1.22	–	1.22	2.67%	1.27	–	1.27	2.67%	1.35	–	1.35	3.02%
Investment funds												
Insurance fund	44.71	0.13	44.84	94.42%	39.80	0.11	39.91	83.93%	38.45	0.24	38.69	86.59%
Others	–	–	–	–	–	4.94	4.94	10.39%	–	2.96	2.96	6.63%
Special deposit scheme	–	0.16	0.16	0.34%	–	0.16	0.16	0.34%	–	0.16	0.16	0.36%
	45.93	1.56	47.49	100%	41.07	6.48	47.55	100%	39.80	4.88	44.68	100%

Risk exposure

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

i) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in Government securities. These are subject to interest rate risk. The Group has a Risk Management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Group intends to maintain the above investment mix in the continuing years.

ii) Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of bond holdings.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment will not have a material impact on the overall level of assets.

A large portion of assets in 2017 consists of insurance funds, although the Group also invests in corporate bonds and special deposit scheme. The plan asset mix is in compliance with the requirements of the respective local regulations.

Expected contributions to post-employment benefit plans for the year ending March 31, 2018 are ₹ 2.71 cr.

The weighted average duration of the defined benefit obligation is 5 years (2015-16: 5 years). The expected maturity analysis of gratuity is as follows:

Particulars	Less than a year	Between 1 - 2 year	Between 2 - 5 year	Over 5 year	Total
Defined benefit obligation (gratuity)					
As at March 31, 2017	7.45	5.75	20.50	17.20	50.90
As at March 31, 2016	8.15	5.55	25.42	26.46	65.58

b) Defined contribution plans:

Amount of ₹ 10.28 cr (March 31, 2016: ₹ 9.62 cr) is recognised as expense and included in the Note 26 'Contribution to Provident and other funds'.

c) Provident Fund:

In case of certain employees, the Provident Fund contribution is made to a trust administered by the Group. The actuary has provided a valuation of Provident Fund liability based on the assumptions listed below and determined that there is no shortfall as at March 31, 2017.

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars	2016-17	2015-16
i) Mortality rate	Indian Assured Lives Mortality (2006-08) ultimate	Indian Assured Lives Mortality (2006-08) ultimate
ii) Withdrawal rates	6.0% pa for all age groups	5% pa for all age groups
iii) Rate of discount	7.22%	7.80%
iv) Expected rate of interest	8.65%	8.80%
v) Retirement age	60 years	60 years
vi) Guaranteed rate of interest	8.65%	8.80%

Notes to the Consolidated Financial Statements

(₹ cr)

Expenses recognised for the year ended March 31, 2017 (included in Note 26)	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
i) Defined benefit obligation	9.14	11.39	10.14
ii) Fund	9.16	11.50	10.40
iii) Net asset (liability)	0.03	0.11	0.26
iv) Charge to the Consolidated Statement of Profit and Loss during the year	0.20	0.15	0.23

- d) Compensated absences amount of ₹ 6.02 cr (March 31, 2016: ₹ 3.42 cr) is recognised as expense and included in the Note 26 'Salaries, wages and bonus.'

Note 29.7 Fair value measurements

Financial instruments by category

(₹ cr)

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Investments:									
Equity instruments	–	415.10	–	–	337.78	–	–	376.40	–
Preference shares	–	–	–	–	–	6.43	–	–	5.81
Mutual funds	2.92	–	–	2.05	–	–	2.66	–	–
Government securities	–	–	0.11	–	–	0.01	–	–	0.01
Trade receivables	–	–	518.96	–	–	441.39	–	–	439.16
Loans	–	–	–	–	–	9.40	–	–	7.88
Security deposits for utilities and premises	–	–	1.59	–	–	1.39	–	–	1.49
Dividend receivable	–	–	9.40	–	–	–	–	–	–
Derivative financial assets designated as hedges	–	1.70	–	–	0.44	–	–	0.28	–
Cash and bank balances	–	–	28.30	–	–	22.01	–	–	34.61
Other receivables	–	–	8.41	–	–	9.75	–	–	10.88
Total financial assets	2.92	416.80	566.77	2.05	338.22	490.38	2.66	376.68	499.84
Financial liabilities									
Borrowings	–	–	167.69	–	–	315.82	–	–	296.60
Trade payables	–	–	337.49	–	–	315.12	–	–	278.21
Security deposits	–	–	21.92	–	–	21.32	–	–	17.74
Derivative financial liabilities designated as hedges	–	2.43	–	–	1.34	–	–	0.56	–
Derivative financial liabilities not designated as hedges	5.07	–	–	2.23	–	–	–	–	–
Capital creditors	–	–	20.52	–	–	18.33	–	–	9.93
Other liabilities (Includes discount payables)	–	–	11.81	–	–	14.64	–	–	15.60
Total financial liabilities	5.07	2.43	559.43	2.23	1.34	685.23	–	0.56	618.08

Notes to the Consolidated Financial Statements



Note 29.7 Fair value measurements (continued)

a) Fair value hierarchy

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

(₹ cr)

i)	Assets and liabilities measured at fair value - recurring fair value measurements at March 31, 2017	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Financial investment at FVPL:					
	Mutual funds	11	2.92	—	—	2.92
	Financial investments at FVOCI:					
	Quoted Equity shares	6	415.10	—	—	415.10
	Derivatives designated as hedges:					
	Currency options		—	1.70	—	1.70
	Total financial assets		418.02	1.70	—	419.72
	Financial liabilities					
	Derivatives designated as hedges:					
	Foreign exchange forward contracts		—	2.43	—	2.43
	Derivatives not designated as hedges:					
	Currency swaps		—	5.07	—	5.07
	Total financial liabilities		—	7.50	—	7.50
	Biological assets					
	Tissue culture raised date palms		—	10.27	—	10.27
	Total biological assets		—	10.27	—	10.27

(₹ cr)

ii)	Assets and liabilities for which fair values are disclosed at March 31, 2017	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Investments:					
	Government securities	6	0.11	—	—	0.11
	Security deposits for utilities and premises	9	—	—	1.59	1.59
	Total financial assets		0.11	—	1.59	1.70
	Financial liabilities					
	Borrowings	17	—	—	167.26	167.26
	Security deposits	18	—	—	21.92	21.92
	Total financial liabilities		—	—	189.18	189.18
	Investment properties	3	—	—	134.00	134.00

Notes to the Consolidated Financial Statements

Note 29.7 Fair value measurements (continued)

(₹ cr)

iii)	Assets and liabilities measured at fair value - recurring fair value measurements at March 31, 2016	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Financial Investment at FVPL:					
	Mutual funds	11	2.05	—	—	2.05
	Financial Investments at FVOCI:					
	Quoted equity instruments	6	337.78	—	—	337.78
	Derivatives designated as hedges:					
	Currency options		—	0.44	—	0.44
	Total financial assets		339.83	0.44	—	340.27
	Financial liabilities					
	Derivatives designated as hedges:					
	Foreign exchange forward contracts		—	1.33	—	1.33
	Interest rate swaps		—	0.01	—	0.01
	Derivatives not designated as hedges:					
	Forward contract to hedge buyers credit			0.23		0.23
	Currency swaps			2.00		2.00
	Total financial liabilities		—	3.57	—	3.57
	Biological assets					
	Tissue culture raised date palms		—	8.49	—	8.49
	Total biological assets		—	8.49	—	8.49

(₹ cr)

iv)	Assets and liabilities for which fair values are disclosed at March 31, 2016	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Investments:					
	Preference shares	6	—	—	6.43	6.43
	Government securities	6	0.01	—	—	0.01
	Loans	7	—	—	9.40	9.40
	Security deposits for utilities and premises	8	—	—	1.39	1.39
	Total financial assets		0.01	—	17.22	17.23
	Financial liabilities					
	Borrowings	17	—	—	314.20	314.20
	Security deposits	18	—	—	21.32	21.32
	Total financial liabilities		—	—	335.52	335.52
	Investment properties	3	—	—	145.00	145.00

Notes to the Consolidated Financial Statements



Note 29.7 Fair value measurements (continued)

(₹ cr)

v)	Assets and liabilities measured at fair value – recurring fair value measurements at April 01, 2015	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Financial investment at FVPL:					
	Mutual funds	11	2.66	–	–	2.66
	Financial investments at FVOCI:					
	Quoted equity instruments	6	376.37	–	–	376.37
	Unquoted equity instruments	6	–	–	0.03	0.03
	Derivatives designated as hedges:					
	Foreign exchange forward contracts		–	0.01	–	0.01
	Currency options		–	0.27	–	0.27
	Total financial assets		379.03	0.28	0.03	379.34
	Financial liabilities					
	Derivatives designated as hedges:					
	Foreign exchange forward contracts		–	0.45	–	0.45
	Interest rate swaps		–	0.11	–	0.11
	Total financial liabilities		–	0.56	–	0.56
	Biological assets					
	Tissue culture raised date palms		–	7.24	–	7.24
	Total biological assets		–	7.24	–	7.24

(₹ cr)

vi)	Assets and liabilities for which fair values are disclosed at April 01, 2015	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Investments:					
	Preference shares	6			5.81	5.81
	Government securities	6	0.01	–	–	0.01
	Loans	7	–	–	7.88	7.88
	Security deposits for utilities and premises	8	–	–	1.49	1.49
	Total financial assets		0.01	–	15.18	15.19
	Financial liabilities					
	Borrowings	17	–	–	293.08	293.08
	Security deposits	18	–	–	17.74	17.74
	Total financial liabilities		–	–	310.82	310.82
	Investment properties	3	–	–	130.00	130.00

There were no transfers between any levels during the year.

Notes to the Consolidated Financial Statements

Note 29.7 Fair value measurements (continued)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual fund units that have a quoted price. The fair value of all equity instruments which are traded on the Stock Exchanges is valued using the closing price as at the reporting period. The mutual funds units are valued using the closing net assets value (NAV).

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. 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. This is the case for unlisted equity securities and biological assets which are included in level 3.

b) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of forward foreign exchange contracts are determined using forward exchange rates at the Balance Sheet date
- the fair value of foreign currency option contracts is determined using the Black Scholes valuation model
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2.

c) Valuation processes

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

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

(₹ cr)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Investments:						
Preference shares	—	—	6.43	7.37	5.81	6.54
Government securities	0.11	0.11	0.01	0.01	0.01	0.01
Loans	—	—	9.40	8.63	7.88	10.94
Security deposits for utilities and premises	1.59	1.59	1.39	1.39	1.49	1.49
Total financial assets	1.70	1.70	17.23	17.40	15.19	18.98
Financial liabilities						
Borrowings	167.69	167.26	315.82	314.20	296.60	293.08
Security deposits	21.92	21.92	21.32	21.32	17.74	17.74
Total financial liabilities	189.61	189.18	337.14	335.52	314.34	310.82

The carrying amounts of trade receivables, trade payables, other receivables, short term security deposits, bank deposits with more than 12 months maturity, capital creditors, dividend receivable, other liabilities (including discount payables) and cash and cash equivalents including bank balances other than cash and cash equivalents are considered to be the same as their fair values due to the current and short term nature of such balances.

The fair values for loans and investment in Preference shares were calculated based on cash flows discounted using a current lending rate.

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

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

Note 29.8 Financial Risk Management

Risk Management is an integral part of the business practices of the Group. The framework of Risk Management concentrates on formalising a system to deal with the most relevant risks, building on existing Management practices, knowledge and structures. With the help of a reputed international consultancy firm, the Group has developed and implemented a comprehensive Risk Management System to ensure that risks to the continued existence of the Group as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised Risk Management System, leading standards and practices have been considered. The Risk Management System is relevant to business reality, pragmatic and simple and involves the following:

- i) Risk identification and definition: Focused on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- ii) Risk classification: Focused on understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes generating the root causes and clear understanding of risk inter-relationships
- iii) Risk assessment and prioritisation: Focused on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and existing mitigation controls.
- iv) Risk mitigation: Focused on addressing critical risks to restrict their impact(s) to an acceptable level (within the defined risk appetite). This involves a clear definition of actions, responsibilities and milestones.
- v) Risk reporting and monitoring: Focused on providing to the Board and the Audit Committee periodic information on risk profile evolution and mitigation plans.

a) Management of liquidity risk

The principal sources of liquidity of the Group are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Group believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low. The following table shows the maturity analysis of financial liabilities of the Group based on contractually agreed undiscounted cash flows as at the Consolidated Balance Sheet date:

(₹ cr)

As at March 31, 2017	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	17	167.69	162.48	5.21	167.69
Interest on non-current borrowings		–	0.46	–	0.46
Trade payables	21	337.49	337.49	–	337.49
Security and other deposits	18	21.92	21.92	–	21.92
Capital creditors	18	20.52	20.52	–	20.52
Other liabilities	18	11.81	11.42	0.39	11.81
Derivatives (settlement on net basis)		2.43	2.43	–	2.43
As at March 31, 2016	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	17	315.82	294.35	21.47	315.82
Interest on non current borrowings		–	1.26	0.45	1.71
Trade payables	21	315.12	315.12	–	315.12
Security and other deposits	18	21.32	21.32	–	21.32
Capital creditors	18	18.33	18.33	–	18.33
Other liabilities	18	14.64	13.88	0.76	14.64
Derivatives (settlement on net basis)		1.34	1.34	–	1.34
As at April 01, 2015	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	17	296.60	242.52	54.08	296.60
Interest on non-current borrowings		–	2.27	1.61	3.88
Trade payables	21	278.21	278.21	–	278.21
Security and other deposits	18	17.74	17.74	–	17.74
Capital creditors	18	9.93	9.93	–	9.93
Other liabilities	18	15.60	15.07	0.53	15.60
Derivatives (settlement on net basis)		0.56	0.56	–	0.56

Notes to the Consolidated Financial Statements

Note 29.8 Financial Risk Management (continued)

b) Management of market risk

The size and operations of the Group result in it being exposed to the following market risks that arise from its use of financial instruments:

- price risk,
- interest rate risk; and
- foreign exchange risk

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

Potential Impact of Risk	Management policy	Sensitivity to Risk
i) Price risk		
<p>The Group is mainly exposed to the price risk due to its investments in equity instruments and mutual funds. The price risk arises due to uncertainties about the future market values of these investments.</p> <p>Equity price risk is related to the change in market reference price of the investments in equity securities.</p> <p>In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities. The fair value of quoted equity instruments classified at fair value through Other Comprehensive Income as at March 31, 2017 is ₹ 415.10 cr (March 31, 2016: ₹ 337.78 cr and April 01, 2015: ₹ 376.40 cr).</p> <p>The fair value of mutual funds classified at fair value through profit and loss as at March 31, 2017 is ₹ 2.92 cr (March 31, 2016: ₹ 2.05 cr and April 01, 2015: ₹ 2.66 cr).</p>	<p>In order to manage its price risk arising from investments in equity instruments, the Group maintains its portfolio in accordance with the framework set by the Risk Management policies.</p> <p>Any new investment or divestment must be approved by the Board of Directors, Chief Financial Officer and Risk Management Committee.</p>	<p>As an estimation of the approximate impact of price risk, with respect to investments in equity instruments, the Group has calculated the impact as follows:</p> <p>For equity instruments and mutual funds, a 10% increase in prices led to approximately an additional ₹ 7.73 cr gain in Other Comprehensive Income (2015-16: loss of ₹ 3.84 cr). A 10% decrease in prices would have led to an equal but opposite effect.</p>
ii) Interest rate risk		
a) Financial liabilities:		
<p>The Group 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.</p> <p>As at March 31, 2017, the exposure to interest rate risk due to variable interest rate borrowings amounted to ₹ 51.87 cr (March 31, 2016: ₹ 109.68 cr and April 01, 2015: ₹ 84.96 cr).</p>	<p>In order to manage its interest rate risk arising from variable interest rate borrowings, the Group uses interest rate swaps to hedge its exposure to future market interest rates whenever appropriate. The hedging activity is undertaken in accordance with the framework set by the Risk Management Committee and supported by the Treasury department.</p> <p>The Risk Management Committee and the Treasury department maintain a list of approved instruments which can be used for the purpose of such interest rate hedging.</p>	<p>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 ₹ 0.14 cr (2015-16: ₹ 0.27 cr) gain in Other Comprehensive Income. A 25 bps decrease in interest rates would have led to an equal but opposite effect.</p>

Notes to the Consolidated Financial Statements



Note 29.8 Financial Risk Management (continued)

ii) Foreign exchange risk

The Group has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the functional currency (INR) of the Group. The risk also includes highly probable foreign currency cash flows. The objective of the cash flows hedges is to minimise the volatility of the cash flows of highly probable forecast transactions.

The Group has exposure arising out of export, import, loans and other transactions other than functional risk. The Group hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Risk Management Policy of the Group.

As an estimation of the approximate impact of the foreign exchange rate risk, with respect to Financial Statements, the Group has calculated the follows:

For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date would have led to an increase in additional ₹ 2.05 cr gain in Other Comprehensive Income (2015-16: gain of ₹ 1.16 cr). A 2% decrease would have led to an increase in additional ₹ 0.65 cr loss in Other Comprehensive Income (2015-16: gain of ₹ 0.17 cr).

Foreign currency risk exposure:

The exposure to foreign currency risk of the Group at the end of the reporting period expressed in ₹ cr, are as follows:

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	USD	EUR	GBP	USD	EUR	GBP	USD	EUR	GBP
Financial assets									
Trade receivables	175.07	5.89	–	154.31	3.94	0.01	108.56	6.75	0.53
Less:									
Hedged through derivatives (Includes hedges for highly probable transactions up to next 12 months)									
Foreign exchange forward contracts	–	–	–	–	–	–	4.38	–	–
Currency range options	49.60	–	–	83.25	–	–	162.74	–	–
Currency vanilla options	–	–	–	44.00	–	–	–	–	–
Net exposure to foreign currency risk (assets)	125.47	5.89	–	27.06	3.94	0.01	(58.56)	6.75	0.53
Financial liabilities									
Borrowings	69.15	–	–	95.21	–	–	97.93	–	–
Trade payables	51.06	1.50	–	35.26	0.73	0.77	37.07	0.01	0.03
Capital creditors	0.16	–	–	–	–	–	–	–	–
Less:									
Hedged through derivatives (Includes hedges for highly probable transactions up to next 12 months)									
Foreign exchange forward contracts	58.35	–	–	59.98	–	–	12.52	–	–
Interest rate swaps	–	–	–	2.07	–	–	12.39	–	–
Currency swaps	10.80	–	–	33.17	–	–	52.16	–	–
Net exposure to foreign currency risk (liabilities)	51.22	1.50	–	35.25	0.73	0.77	57.93	0.01	0.03

iii) Management of credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the customer base being large, diverse and across sectors and countries. All trade receivables are reviewed and assessed for default on a quarterly basis.

Historical experience of collecting receivables of the Group is supported by low level of past default and hence the credit risk is perceived to be low.

Notes to the Consolidated Financial Statements

(₹ cr)

Particulars	As at March 31, 2017
Loss allowance on April 01, 2015	2.73
Changes in loss allowance	1.07
Loss allowance on March 31, 2016	3.80
Changes in loss allowance	(0.64)
Loss allowance on March 31, 2017	3.16

Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in Government securities, Preference shares and loans to subsidiary companies. The Group has diversified portfolio of investment with various number of counterparties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the treasury department of the Group.

Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

As at March 31, 2017

(₹ cr)

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity	Weighted average strike price interest rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : USD \$								
Foreign exchange risk								
Foreign exchange forward contracts	–	58.35	–	(2.43)	1-12 months	68.06	(2.43)	(2.43)
Currency range options	49.60	–	1.70	–	1-12 months	67.98-73.20	1.70	1.70

As at March 31, 2016

(₹ cr)

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity	Weighted average strike price interest rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : USD \$								
Foreign exchange risk								
Foreign exchange forward contracts	–	53.07	–	(1.33)	1-12 months	68.69	(1.33)	(1.33)
Currency range options	83.25	–	0.14	–	1-12 months	65.96-73.86	0.14	0.14
Currency vanilla options	44.00	–	0.30	–	1-12 months	66.41	0.30	0.30
Interest rate risk								
Interest rate swaps	–	2.07	–	(0.01)	1-15 months	3.70	(0.01)	(0.01)

Notes to the Consolidated Financial Statements



As at April 01, 2015

(₹ cr)

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity	Weighted average strike price interest rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : USD \$								
Foreign exchange risk								
Foreign exchange forward contracts	4.38	12.55	0.01	(0.45)	1-12 months	65.02	(0.44)	(0.44)
Currency range options	162.74	–	0.27	–	1-12 months	63.26-68.47	0.27	0.27
Interest rate risk								
Interest rate swaps	–	15.62	–	(0.11)	1-15 months	3.91	(0.11)	(0.11)

b) Disclosure of effects of hedge accounting on financial performance

As at March 31, 2017

(₹ cr)

Type of hedge	Change in the value of the hedging instrument recognised in Other Comprehensive Income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Financial Statement line item affected
Cash flow hedge				
i) Foreign exchange risk	(0.73)	–	(0.89)	Revenue and finance cost

As at March 31, 2016

(₹ cr)

Type of hedge	Change in the value of the hedging instrument recognised in Other Comprehensive Income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Financial Statement line item affected
Cash flow hedge				
i) Foreign exchange risk	(0.89)	–	(0.17)	Revenue and finance cost
ii) Interest rate risk	(0.01)	–	(0.11)	Revenue and finance cost

Notes to the Consolidated Financial Statements

Movements in cash flow hedging reserve

(₹ cr)

Risk category	Foreign currency risk	
	As at March 31, 2017	As at March 31, 2016
Derivative instruments		
Balance at the beginning of the period	(0.59)	(0.28)
Gain (Loss) recognised in Other Comprehensive Income during the year	(0.73)	(0.90)
Amount reclassified to revenue during the year	0.59	0.28
Tax impact on above	0.25	0.31
Balance at the end of the period	(0.48)	(0.59)

Note 29.9 Capital management

Risk Management

The primary objective of capital management of the Group is to maximise Shareholder value. The Group monitors capital using Debt-Equity ratio which is total debt divided by total equity.

For the purposes of capital management, the Group considers the following components of its Balance Sheet to manage capital:

Total equity includes General reserve, Retained earnings, Share capital and Security premium. Total debt includes current debt plus non-current debt.

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016
Total debt	167.69	315.82
Total equity	1,936.26	1,585.11
Debt-Equity ratio	0.09	0.20

Note 29.10 Offsetting financial assets and liabilities

The below Note presents the recognised financial instruments that are offset or subject to enforceable master netting arrangements and other similar Agreements, but not offset as at March 31, 2017, March 31, 2016 and April 01, 2015.

a) Collateral against borrowings

The Group has hypothecated | mortgaged financial instruments as collateral against a number of its borrowings. Refer to Note 17 for further information on financial and non-financial collateral hypothecated | mortgaged as security against borrowings.

b) Master netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing | receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Balance Sheet.

Note 29.11 Earnings per share

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

Particulars		2016-17	2015-16
Profit for the year attributable to the Equity Shareholders	₹ cr	323.35	274.27
Basic Weighted average number of Equity shares outstanding during the year	Number	2,96,61,733	2,96,61,733
Nominal value of Equity share	₹	10	10
Basic and diluted EPS	₹	109.01	92.47

Note 29.12 Leases

a) Operating lease

The Group has taken various residential and office premises under operating lease or leave and license Agreements. These are generally cancellable, having a term between 11 months and 3 years and have no specific obligation for renewal. Payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 28.

b) Finance lease

The Group has taken on lease a parcel of land from Gujarat Industrial Development Corporation for a period of 99 years with an option to extend the lease by another 99 years on expiry of lease at a rental that is 100% higher than the current rental. However, the Group has no specific obligation for renewal. The Group believes has considered that such a lease of land transfers substantially all of the risks and rewards incidental to ownership of land, and has thus accounted for the same as Finance lease.

Note 29.13 Disclosures on specified bank notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016 are as under:

(₹ cr)

Particular	SBN	Other denomination notes	Total
Closing cash in hand as on November 08, 2016*	0.07	0.12	0.19
(+) Permitted receipts	—	—	—
(-) Permitted payments	—	0.04	0.04
(-) Amount deposited in banks	0.07	—	0.07
Closing cash in hand as on December 30, 2016	—	0.08	0.08

* Including amount given as imprest.

The information in relation of other denomination is given in respect of balance as on November 08, 2016.

Note 29.14 Regrouped | Recast | Reclassified

Figures of the earlier year have been reclassified to conform to Ind AS Presentation requirements.

Note 29.15 Rounding off

Figures less than ₹ 50,000 have been shown at actuals in brackets.

Note 29.16 Interests in other entities

a) Subsidiary companies

The subsidiary companies of the Group at March 31, 2017 are set out below. Unless otherwise stated, they have Share capital consisting solely of Equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Notes to the Consolidated Financial Statements

Name of entity	Principal activities	Place of business country of incorporation	Ownership interest held by the Group			Ownership interest held by the non-controlling interests		
			March 31, 2017	March 31, 2016	April 01, 2015	March 31, 2017	March 31, 2016	April 01, 2015
			%	%	%	%	%	%
Aasthan Dates Ltd	Agri products	India	100	100	100	–	–	–
Amal Ltd	Chemicals	India	36.74	–	–	63.26	–	–
Anchor Adhesives Private Ltd	Chemicals	India	100	100	51	–	–	49
Atul Aarogya Ltd	Healthcare products	India	100	100	100	–	–	–
Atul Ayurveda Ltd	Ayurvedic products	India	100	100	100	–	–	–
Atul Bioscience Ltd	Chemicals	India	100	100	100	–	–	–
Atul Biospace Ltd	Agri products	India	100	100	100	–	–	–
Atul Brasil Qumicos Ltda	Chemicals	Brazil	100	100	100	–	–	–
Atul China Ltd	Chemicals	China	100	100	100	–	–	–
Atul Clean Energy Ltd	Renewable energy	India	100	100	100	–	–	–
Atul Crop Care Ltd	Agri products	India	100	100	100	–	–	–
Atul Deutschland GmbH	Chemicals	Germany	100	100	100	–	–	–
Atul Elkay Polymers Ltd	Polymers	India	100	100	100	–	–	–
Atul Entertainment Ltd	Entertainment	India	100	100	100	–	–	–
Atul Europe Ltd	Chemicals	UK	100	100	100	–	–	–
Atul Finserv Ltd	Investments	India	100	100	100	–	–	–
Atul Finresource Ltd	Finance	India	100	100	100	–	–	–
Atul Hospitality Ltd	Hospitality	India	100	100	100	–	–	–
Atul Infotech Private Ltd	Information Technology	India	100	100	100	–	–	–
Atul Middle East FZ-LLC	Chemicals	UAE	100	100	100	–	–	–
Atul Nivesh Ltd	Investments	India	100	100	100	–	–	–
Atul Rajasthan Date Palms Ltd	Agri products	India	74	74	74	26	26	26
Atul (Retail) Brands Ltd	Retail	India	100	100	100	–	–	–
Atul Seeds Ltd	Agri products	India	100	100	100	–	–	–
Atul USA Inc	Chemicals	USA	100	100	100	–	–	–
Biyaban Agri Ltd	Agri products	India	100	100	100	–	–	–
DPD Ltd	Agri products	UK	98	98	98	2	2	2
Jayati Infrastructure Ltd	Infrastructure	India	100	100	100	–	–	–
Lapox Polymers Ltd	Polymers	India	100	100	100	–	–	–
Osia Dairy Ltd	Dairy	India	100	100	100	–	–	–
Osia Infrastructure Ltd	Infrastructure	India	100	100	100	–	–	–
Raja Dates Ltd	Agri products	India	100	100	100	–	–	–

i) Significant judgement: consolidation of entities with less than 50% voting interest

The Management has concluded that the Group controls certain entities (refer Note 29.18), even though it holds less than half of the voting rights of these entities. This is because the Boards of these entities comprise Key Management Personnel of Atul Ltd. Atul Ltd directs the relevant activities (procurement, production and marketing) of Anchor Adhesives Pvt Ltd by virtue of a Shareholders' Agreement. This Agreement also grants Atul Ltd the right to appoint, reassign or remove Key Management Personnel comprising Chief Executive Officer and Chief Financial Officer of Anchor Adhesives Pvt Ltd and to establish and approve its financial and operating budgets. For significant judgements pertaining to control over Amal Ltd, refer Note 29.17.

b) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary company are before inter-company eliminations.

Notes to the Consolidated Financial Statements



(₹ cr)

Summarised Balance Sheet	Amal Ltd		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current assets	10.12	—	—
Current liabilities	12.04	—	—
Net current assets	(1.92)	—	—
Non-current assets	27.90	—	—
Non-current liabilities	5.93	—	—
Net non-current assets	21.97	—	—
Net assets	20.05	—	—
Accumulated NCI	12.68	—	—

(₹ cr)

Summarised Statement of Profit and Loss	Amal Ltd	
	2016-17	2015-16
Revenue	8.12	—
Profit for the year	0.35	—
Other Comprehensive Income	0.01	—
Total Comprehensive Income	0.36	—
Profit allocated to NCI	0.23	—
Dividends paid to NCI	—	—

(₹ cr)

Summarised cash flows	Amal Ltd	
	2016-17	2015-16
Cash flows from operating activities	4.14	—
Cash flows from investing activities	(1.47)	—
Cash flows from financing activities	(1.16)	—
Net increase/(decrease) in cash and cash equivalents	1.51	—

c) Transactions with non-controlling interests

The Group acquired additional stake of 49% in Anchor Adhesives Pvt Ltd. Immediately prior to the purchase, the carrying amount of the existing 49% non-controlling interests was ₹ 0.19 cr. The Group recognised a decrease in non-controlling interests of ₹ 0.19 cr and decrease in equity attributable to owners of the parent of ₹ 1.89 cr. The effect on the equity attributable to the owners of the Company during the year is summarised as follows:

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016
Carrying amount of non-controlling interests acquired	—	0.19
Consideration paid to non-controlling interests	—	2.08
Excess of consideration paid recognised in retained earnings within equity	—	1.89

There were no transactions with non-controlling interests in 2017, no other transactions with non-controlling interests in 2016.

d) Interests in associate company and joint venture company accounted using the equity method

(₹ cr)

Name of entity	Place of business country of incorporation	% of ownership interest	Relationship	Quoted fair value			Carrying amount		
				As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Amal Ltd	India	36.74%	Associate	—	7.56	6.05	—	—	—
Rudolf Atul Chemicals Ltd	India	50.00%	Joint venture	*	*	*	10.00	14.31	10.55
Total							10.00	14.31	10.55

*Note: Unlisted entity - no quoted price available

Notes to the Consolidated Financial Statements

Amal Ltd

Amal Ltd is a manufacturer of bulk chemicals. For restriction on ability to transfer funds, refer Note 29.17.

Rudolf Atul Chemicals Ltd

The Group acquired 50% interest in Rudolf Atul Chemicals Ltd (RACL), a joint venture company in India between IB Industriechemie Beteiligungs GmbH (Germany) and Atul Ltd, on August 18, 2011. RACL is engaged in the business of manufacturing and marketing textile chemicals. As per the contractual arrangement between the Shareholders of RACL, both the companies have significant participating rights such that they jointly control the operations of the joint venture company.

i) Commitments and contingent liabilities in respect of the associate company and the joint venture company

(₹ cr)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Contingent liabilities of the associate company	–	0.98	0.99
Share in contingent liabilities in respect of disputed demands for income tax of the joint venture company	0.73	0.73	0.73
Total commitments and contingent liabilities	0.73	1.71	1.72

ii) Summarised financial information in respect of the associate company and the joint venture company

The tables below provide summarised financial information in respect of the associate company and the joint venture company that are material to the Group. The information disclosed reflects the amounts presented in the Financial Statements of the relevant associate company and joint venture company and not Atul Ltd share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in Accounting Policies.

(₹ cr)

Summarised Balance Sheet	Rudolf Atul Chemicals Ltd			Amal Ltd		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current assets						
Cash and cash equivalents	7.57	4.67	7.57	*	*	*
Other assets	26.38	29.74	17.55	*	*	*
Total current assets	33.95	34.41	25.12	–	2.14	2.37
Total non-current assets	6.40	5.59	5.11	–	6.71	6.60
Current liabilities						
Financial liabilities (excluding trade payables)	9.15	0.06	0.10	*	*	*
Other liabilities	8.07	8.79	7.15	*	*	*
Total current liabilities	17.22	8.85	7.25	–	4.27	7.25
Non-current liabilities						
Financial liabilities (excluding trade payables)	2.67	2.39	1.89	*	*	*
Other liabilities	0.12	–	–	*	*	*
Total non-current liabilities	2.79	2.39	1.89	–	14.59	13.11
Net assets	20.34	28.76	21.09	–	(10.01)	(11.39)

* These indicate disclosures not required for investment in associate company

Notes to the Consolidated Financial Statements



(₹ cr)

Reconciliation to carrying amounts	Rudolf Atul Chemicals Ltd		Amal Ltd	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Opening net assets	28.61	21.09	—	—
Profit for the year	9.33	8.93	—	—
Other Comprehensive Income	(0.03)	—	—	—
Dividends paid	(17.92)	(1.41)	—	—
Closing net assets	19.99	28.61	—	—
Share of Group in %	50%	50%	36.74%	36.74%
Share of Group in ₹	10.00	14.31	—	—
Carrying amount	10.00	14.31		

Summarised Statement of Profit and Loss

(₹ cr)

Reconciliation to carrying amounts	Rudolf Atul Chemicals Ltd		Amal Ltd	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Revenue	73.11	67.14	—	25.89
Interest income	0.93	—	*	*
Depreciation and amortisation	0.32	0.26	*	*
Interest expense	0.12	0.10	*	*
Income tax expense	5.11	4.80	*	*
Profit for the year	9.33	8.93	—	1.35
Other Comprehensive Income	(0.03)	—	—	0.01
Total Comprehensive Income	9.30	8.93	—	1.36
Dividends received	8.96	0.71	—	—

* These indicate disclosures not required for investment in associate company

Note 29.17 Business combination

Acquisition of control during the year

Amal Ltd was declared sick by the Board for Industrial and Financial Reconstruction (BIFR) on July 20, 2006 and the BIFR, vide its order dated July 16, 2009, sanctioned the revival scheme for Amal Ltd.

In accordance with Ind AS 101 'First-time Adoption of Indian Accounting Standards' the Group has elected to apply Ind AS 103 'Business Combinations' for accounting prospectively from April 01, 2015. IGAAP balances and accounting for above business combination entered into before that date, including Goodwill, have been carried forward.

The regulatory powers of BIFR under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) prevented Atul Ltd to use its unilateral defacto control over Amal Ltd. Further, BIFR extended significant restrictions on power of Atul Ltd by requiring prior approval over all transfers such as cash dividends, loan or advance repayments to any entity. Under Ind AS 110, substantive rights held by other parties that restrict a discretion of decisionmaker denote absence of unilateral control. However, Amal Ltd was assessed as an associate company under Ind AS due to continued ability of Atul Ltd to participate in the financial and operating policy and decision making of Amal Ltd but not in a manner denoting control.

Notes to the Consolidated Financial Statements

The Central Government has, vide notification dated November 28, 2016, notified The Sick Industrial Companies (Special Provisions) Repeal Act, 2003 effective December 01, 2016. As a result, BIFR and Appellate Authority for Industrial and Financial Reconstruction (AAIFR) have been abolished and the SICA is repealed by enactment of The Sick Industrial Companies (Special Provisions) Repeal Act, 2003.

Consequent to the above, the application of SICA which granted BIFR such substantive rights has ceased to be in force effective December 01, 2016. However, any scheme of revival, which has already been sanctioned by the BIFR in the past and is under implementation, shall continue to be in force. Since there is no monitoring agency having substantive powers akin to BIFR preventing Atul Ltd from exercising its unilateral defacto control. Atul Ltd has potential voting rights of 16.11% which will make its aggregate voting rights to 52.85% (36.74% as at March 31, 2017) in Amal Ltd towards the share application money which is pending allotment from Amal Ltd. Amal Ltd has applied for in-principle approval from Ahmedabad Stock Exchange Ltd, Bombay Stock Exchange Ltd and SEBI which is pending as at March 31, 2017. Amal Ltd has been classified as a subsidiary company as per Ind AS 110 effective December 01, 2016. Ind AS 103 Business Combinations is applicable for accounting of the event of gaining control. The controlling parties before and after the business combination are different hence, the business combination is to be performed as per the acquisition method that is the identifiable assets and liabilities acquired are measured at fair value as on acquisition date.

There is neither any change in the shareholding nor any payment of purchase consideration (including contingent consideration or indemnification assets) for acquiring control over Amal Ltd. Also there were no costs incurred which were directly attributable to this business combination. The aggregate effective shareholding of the Group in Amal Ltd continues to be 36.74%. However, the fair value of the previously held equity interests of the Group and fair value of non controlling interests in Amal Ltd in aggregate exceed the fair value of identifiable assets and liabilities assumed. This has resulted in Goodwill on the acquisition date that is not deductible for tax purposes.

The assets and liabilities recognised as a result of the acquisition are as follows:

	(₹ cr)
Particulars	Fair value
Property, plant and equipment	
Land - freehold	10.50
Land - leasehold	10.13
Buildings	0.32
Plant and machinery	6.97
Office equipment and furniture	0.01
Investments	0.02
Other financial assets	0.39
Other non-current assets	0.13
Inventories	1.03
Trade receivables	1.33
Cash and cash equivalents	0.75
Other current assets	0.32
Fair value of assets acquired	31.90
Provisions	0.01
Trade payables	1.26
Other financial liabilities	0.60
Other current liabilities	0.59
Fair value of liabilities assumed	2.46
Contingent liabilities	0.41
Net identifiable assets acquired	29.03
Calculation of Goodwill	
Consideration transferred	—
Non-controlling interests in Amal Ltd	12.46
Acquisition date fair value of previously held equity interest (including share application money)	30.98
Less: Net identifiable assets acquired	(29.03)
Settlement of pre-existing relationship	9.34
Goodwill	23.75

i) **Contingent liabilities**

Amal Ltd has contingent liabilities for pending lawsuits pertaining to sales tax where it is a defendant (₹ 0.56 cr) and unsecured creditors whose 70% of the outstanding principal amounts were not paid earlier under the revival scheme (₹ 0.42 cr).

The sales tax claim is on account of a tax position that is challenged by the assessing authorities. It is not possible to estimate by when the Courts will reach a decision on this case and neither the amount can be reliably measured. The potential undiscounted amount of all future payments that the Group may be required to make if there was an adverse decision related to the lawsuit (which is estimated to be ₹ 0.56 cr) continues to be disclosed as a contingent liability. As at March 31, 2017, there has been no change in the amount of contingent liability as compared to the acquisition date that is December 01, 2016.

In case of unsecured creditors, certain suppliers and contractors had declined to accept a 70% reduction in their outstanding receivable balance offered in the debt rehabilitation scheme of Amal Ltd. The company is required to pay these unpaid outstanding amounts only on its revival in line with the package of the scheme. Since the Group considers the revival of the company not yet probable, it considers these outstanding amounts as not probable obligation at present. These amounts being reliably measurable are recognised as part of assumed liabilities at their undiscounted unpaid amount that approximates its fair value.

ii) **Acquired receivables**

The gross contractual amounts of acquired receivables pertain to:

- Trade receivables of ₹ 1.33 cr
- Other financial assets comprising security deposits, interest accrued on time deposits and others assets of ₹ 0.39 cr
- Non-current assets comprising receivables from the Government, income tax receivable and capital advances of ₹ 0.13 cr
- Other current assets comprising amounts receivables from Government, prepaid expenses and advances to suppliers of ₹ 0.32 cr

The fair value of these assets approximates their fair value.

iii) **Accounting policy choice for non-controlling interests**

The Group recognises non-controlling interests in an acquired entity either at fair value or at the proportionate share of non-controlling interests in net identifiable assets of the acquired entity. The Group has elected to recognise the non-controlling interests at its fair value on the acquisition date using a quoted price (unadjusted) in an active market accessible at the acquisition date.

iv) **Revenue and profit contribution**

The acquired business contributed revenues and profits to the Group for the period of December 01, 2016 to March 31, 2017 as follows:

Revenue:	₹ 8.09 cr
Profit:	₹ 0.39 cr

If the business combination had occurred on April 01, 2016, the consolidated pro-forma revenue and profit of the Group for the year ended March 31, 2017 may have been:

Revenue:	₹ 28.67 cr
Profit:	₹ 8.89 cr

These amounts have been calculated using the subsidiary company results and adjusting them for:

- differences in the Accounting Policies between the Group and the subsidiary company,
- the additional depreciation and amortisation that will be charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from April 01, 2016, together with the consequential tax effects and
- elimination of intercompany transactions.

v) **Deferred tax impact on business combination**

Refer Note 29.5(g) for deferred tax impact on business combination.

vi) **Transactions that are recognised separately from the acquisition of assets and liabilities**

The Group has identified certain pre-existing balances namely trade receivables of Amal Ltd and trade payables of Atul Ltd, 0% Redeemable Preference Shares held by Atul Ltd in Amal Ltd, interest free loan given by Atul Ltd to Amal Ltd pursuant to BIFR order etc. These balances are now inter-company and hence eliminated on acquisition as they are from Group perspective 'settled'. There is no settlement gain | (loss) identified on this elimination. Atul Ltd and Amal Ltd have transactions with each other which are accounted for as per the Accounting Standards applicable to those transactions. Refer Note 29.4 for the description of those transactions, amounts recognised for such transactions and their classification in the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

Note 29.18 First time adoption of Ind AS

Transition to Ind AS

These are the first Consolidated Financial Statements of the Group prepared in accordance with Ind AS.

The Accounting Policies set out in Note 1 have been applied in preparing the Consolidated Financial Statements for the year ended March 31, 2017, the comparative information presented in these Consolidated Financial Statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS Balance Sheet at April 01, 2015 (the date of transition of the Group). In preparing its opening Ind AS Balance Sheet, the Group has adjusted the amounts reported previously in the Consolidated Financial Statements prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (IGAAP). An explanation of how the transition from IGAAP to Ind AS has affected the financial position, financial performance and cash flows of the Group is set out in the following tables and notes add:

A) Exemptions and exceptions availed

In preparing these Ind AS Financial Statements, the Group has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the Consolidated Financial Statements as at the transition date under Ind AS and IGAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This Note explains the adjustments made by the Group in restating its IGAAP Consolidated Financial Statements, including the Balance Sheet as at April 01, 2015 and the Consolidated Financial Statements as at and for the year ended March 31, 2016.

a) Ind AS optional exemptions

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous IGAAP to Ind AS.

i) Business combinations

Ind AS 103 'Business Combinations' has not been applied to acquisitions of subsidiary companies or of interests in associate company and joint venture company that occurred before April 01, 2015. The carrying amounts of assets and liabilities in accordance with IGAAP is considered as their deemed cost at the date of acquisition. After the date of the acquisition, measurement is in accordance with Ind AS. The carrying amount of Goodwill in the opening Ind AS Balance Sheet is its carrying amount in accordance with the IGAAP.

ii) Cumulative translation differences

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee was formed or acquired.

The Group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

iii) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the Financial Statements as at the date of transition to Ind AS, measured under IGAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 'Intangible assets' and Investment properties covered by Ind AS 40 'Investment properties'. Accordingly, the Group has elected to measure all of its property, plant and equipment, intangible assets and investment properties under IGAAP carrying value.

iv) Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Group has elected to apply this exemption for its investment in Equity shares of companies other than those stated in (v) below.

Transition to Ind AS (continued)

v) Long-term foreign currency monetary items

Ind AS 101 provides an exemption to continue the Accounting Policy option of recognising the exchange difference on translation of such long-term foreign currency items under IGAAP, para 46A of AS 11 'The Effects of Changes in Foreign Exchange Rates', provided an alternative accounting treatment to companies with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Exchange differences on account of depreciable assets can be added | deducted from the cost of the depreciable asset, which will be depreciated over the balance life of the asset, can be continued under Ind AS for items outstanding as on March 31, 2016. The Group has opted to apply this exemption.

vi) Joint ventures

Ind AS 101 provides an exemption for changing from proportionate consolidation to the equity method. As per the exemption, when changing from proportionate consolidation to the equity method, an entity shall recognise its investment in the joint venture company at transition date to Ind AS. That initial investment shall be measured as the aggregate of the carrying amounts of the assets and liabilities that the entity had previously proportionately consolidated, including any Goodwill arising from acquisition. The balance of the investment in joint venture company at the date of transition to Ind AS, determined in accordance with the above, is regarded as the deemed cost of the investment at initial recognition.

The Group has elected to apply this exemption for its joint venture company.

b) Ind AS mandatory exceptions

The Group has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

i) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109 at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of April 01, 2015 are reflected as hedges in the results of the Group under Ind AS.

The Group had designated various hedging relationships as cash flows hedges under IGAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationships for hedge accounting as per Ind AS 109. Consequently, the Group continues to apply hedge accounting on and after the date of transition to Ind AS.

ii) Estimates

Estimates in accordance with Ind AS at the transition date will be consistent with estimates made for the same date in accordance with IGAAP (after adjustments to reflect any difference in Accounting Policies) unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 01, 2015 are consistent with the estimates as at the same date made in conformity with IGAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under IGAAP:

- 1) Investment in equity instruments carried at FVPL or FVOCI;
- 2) Impairment of financial assets based on expected credit loss model.

iii) Non-controlling interests

Ind AS 110 requires entities to attribute the profit or loss and each component of Other Comprehensive Income to the owners of the parent and to the non-controlling interests. This requirement needs to be followed even if this results in the non-controlling interests having a deficit balance. Ind AS 101 requires the above requirement to be applied prospectively from the date of transition.

Consequently, the Group has applied the above requirement prospectively.

iv) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Notes to the Consolidated Financial Statements

Transition to Ind AS (continued)

B) Reconciliations between IGAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from IGAAP to Ind AS:

a) Reconciliation of Balance Sheet for the year ended March 31, 2016 and April 01, 2015

(₹ cr)

Particulars	Note to first time adoption	As at March 31, 2016			As at April 01, 2015		
		Regrouped IGAAP*	Adjustments	Ind AS	Regrouped IGAAP*	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	a, g, p, q	750.44	(0.96)	749.48	514.21	(3.03)	511.18
Capital work-in-progress	q	180.68	(0.24)	180.44	112.05	(0.11)	111.94
Investment properties	a	–	3.22	3.22	–	3.22	3.22
Other intangible assets		0.12	–	0.12	0.22	–	0.22
Biological assets other than bearer plants	n	–	8.20	8.20	–	7.24	7.24
Investments accounted for using the equity method	l, q	–	32.43	32.43	–	28.67	28.67
Financial assets							
i) Investments	b, p	60.79	283.43	344.22	62.60	320.13	382.73
ii) Loans	l	14.92	(5.52)	9.40	14.88	(7.00)	7.88
iii) Other financial assets		3.14	–	3.14	6.12	–	6.12
Income tax assets (net)	p	4.29	0.07	4.36	1.51	0.06	1.57
Deferred tax assets	d, p, q	–	13.54	13.54	–	12.83	12.83
Other non-current assets	p	71.74	0.01	71.75	71.57	0.01	71.58
Total non-current assets		1,086.12	334.18	1,420.30	783.16	362.02	1,145.18
Current assets							
Inventories	n, p, q	434.87	(7.09)	427.78	415.30	(3.79)	411.51
Biological assets	n	–	0.29	0.29	–	–	–
Financial assets							
i) Investments	p	1.87	0.18	2.05	2.66	–	2.66
ii) Trade receivables	p, q	446.39	(5.00)	441.39	444.42	(5.26)	439.16
iii) Cash and cash equivalents	p, q	19.34	(1.27)	18.07	33.73	(2.74)	30.99
iv) Bank balances other than cash and cash equivalents above	p	3.93	0.01	3.94	3.27	0.35	3.62
vi) Other financial assets	p, q	18.94	(4.98)	13.96	14.41	0.67	15.08
Other current assets	m, p, q	130.34	20.89	151.23	126.12	5.48	131.60
Total current assets		1,055.68	3.03	1,058.71	1,039.91	(5.29)	1,034.62
Total assets		2,141.80	337.21	2,479.01	1,823.07	356.73	2,179.80
EQUITY AND LIABILITIES							
Equity							
Equity share capital		29.68	–	29.68	29.68	–	29.68
Other equity	b, c, d, f, l, n, o, p, q	1,245.04	340.07	1,585.11	1,009.31	360.29	1,369.60
Equity attributable to owners of the Company		1,274.72	340.07	1,614.79	1,038.99	360.29	1,399.28
Non-controlling interests	n	5.62	(3.17)	2.45	5.68	(3.16)	2.52
Total equity		1,280.34	336.90	1,617.24	1,044.67	357.13	1,401.80

Notes to the Consolidated Financial Statements



(₹ cr)

Particulars	Note to first time adoption	As at March 31, 2016			As at April 01, 2015		
		Regrouped IGAAP*	Adjustments	Ind AS	Regrouped IGAAP*	Adjustments	Ind AS
Liabilities							
Non-current liabilities							
Financial liabilities							
i) Borrowings		23.35	–	23.35	57.46	–	57.46
ii) Other financial liabilities		24.51	–	24.51	20.14	–	20.14
Provisions		17.31	–	17.31	15.91	–	15.91
Deferred tax liabilities	d	68.60	10.75	79.35	46.09	10.66	56.75
Other non-current liabilities	f	–	11.05	11.05	–	12.46	12.46
Total non-current liabilities		133.77	21.80	155.57	139.60	23.12	162.72
Current liabilities							
Financial liabilities							
i) Borrowings	m, q	252.92	3.45	256.37	174.93	–	174.93
ii) Trade payables	p, q	318.73	(3.61)	315.12	281.05	(2.84)	278.21
iii) Other financial liabilities	q	65.37	0.51	65.88	86.96	0.38	87.34
Other current liabilities	p, q	78.44	(17.73)	60.71	81.65	(20.65)	61.00
Provisions	p, q	11.64	(4.11)	7.53	8.27	(0.41)	7.86
Current tax liabilities (net)		0.59	–	0.59	5.94	–	5.94
Total current liabilities		727.69	(21.49)	706.20	638.80	(23.52)	615.28
Total liabilities		861.46	0.31	861.77	778.40	(0.40)	778.00
Total equity and liabilities		2,141.80	337.21	2,479.01	1,823.07	356.73	2,179.80

* The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

b) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016

(₹ cr)

Particulars	Note to first-time adoption	Regrouped IGAAP*	Adjustments	Ind AS
INCOME				
Revenue from operations	e, i, p, q	2,608.13	146.88	2,755.01
Other income	g, l, n, p, q	24.02	10.38	34.40
Total income		2,632.15	157.26	2,789.41
EXPENSES				
Cost of materials consumed	n, o, q	1,324.95	(1.01)	1,323.94
Purchase of stock-in-trade	p	24.89	(1.44)	23.45
Changes in inventories of finished goods, stock-in-trade and work-in-progress	n, p, q	(23.79)	3.09	(20.70)
Excise duty	e, o, q	(1.22)	161.64	160.42
Employee benefit expenses	h, p	184.66	6.25	190.91
Finance costs	q	27.22	0.31	27.53
Depreciation and amortisation expenses	g, o, q	65.79	0.28	66.07
Other expenses	i, o, p, q	628.75	(10.99)	617.76
Total expenses		2,231.25	158.13	2,389.38
Profit before exceptional items, share of net profits of investments accounted for using equity method and tax		400.90	(0.87)	400.03
Share of net profit of joint venture company accounted for using the equity method	p, q	0.04	4.42	4.46
Profit before tax		400.94	(0.87)	404.49
Tax expense				
Current tax	h, p, q	109.11	1.08	108.03
Deferred tax	d, p, q	22.51	0.32	22.19
Total tax expense		131.62	1.40	130.22
Profit for the year		269.32	(2.27)	274.27
Other Comprehensive Income	b, h, k	–	31.53	(31.53)
Total Comprehensive Income for the year		269.32	29.26	242.74

c) Impact of Ind AS adoption on the Consolidated Statements of Cash Flows for the year ended March 31, 2016

The transition from IGAAP to Ind AS has not had a material impact on the Consolidated Statement of Cash Flows.

Notes to the Consolidated Financial Statements

Transition to Ind AS (continued)

C) Notes to the reconciliations

a) Investment property

Under IGAAP, there was no requirement to present investment property separately, and the same was included under non-current investment and measured at cost less provision for diminution other than temporary. Under Ind AS, investment property is required to be presented separately on the face of the Balance Sheet. Accordingly, the carrying value of investment property under IGAAP has been reclassified to a separate line item on the face of the Balance Sheet.

b) Fair valuation of investments

Under IGAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, Fair value changes with respect to investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity investments reserve as at the date of transition and subsequently in the Other Comprehensive Income. This increased other reserves by ₹ 287.52 cr as at March 31, 2016 (April 01, 2015: ₹ 325.89 cr).

c) Proposed dividend

Under IGAAP, dividends proposed by the Board of Directors after the Balance Sheet date, but before the approval of the Financial Statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the Shareholders in the General Meeting. Accordingly, the liability for proposed dividend (including dividend distribution tax) of ₹ 35.70 cr as at March 31, 2016 (April 01, 2015: ₹ 30.35 cr) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

d) Deferred tax

Under IGAAP, deferred tax accounting was done using the income statement approach which focuses on differences between taxable profit and accounting profit for the period. Ind AS requires entities to account for deferred taxes using the Balance Sheet approach which focuses on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred taxes on temporary differences which were not required to be recorded under IGAAP.

In addition, the various transitional adjustments have led to consequential deferred tax implication which the Group has accounted for. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or Other Comprehensive Income on the date of transition.

e) Excise duty

Under IGAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive excise duty. Excise duty paid is presented on the face of the Consolidated Statement of Profit and Loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2016 by ₹ 164.80 cr. There is no impact on the total equity and profit.

f) Deferment of Government grant

Under IGAAP, Government grants received towards assets can be shown as deduction from the value of assets or as deferred Government grant. Accordingly, the Group had opted to show asset at net of grant. However, Ind AS does not give the option for such netting off. Government grants will be recognised in the Consolidated Statement of Profit and Loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

g) Hedge accounting

The contracts, which were designated as hedging instruments under IGAAP, have been designated as at the date of transition to Ind AS as hedging instrument in cash flow hedges of either expected future sales for which the Group has firm commitments or expected purchases from suppliers that are highly probable. The corresponding adjustment has been recognised as a cash flows hedge reserve. On the date of transition, cash flows hedge reserve was recognised in Other Comprehensive Income net of tax and subsequently taken to cash flows reserve.

Transition to Ind AS (continued)

h) Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements that is actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in Other Comprehensive Income instead of profit or loss. Under IGAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹ 1.92 cr. There is no impact on the total equity as at March 31, 2016.

i) Cash discount

Under IGAAP, revenue from sale of products was measured at transaction price. Under Ind AS, revenue from sale of goods is measured at fair value of consideration received or receivable. Hence, cash discount is reduced from revenue to present the same at its fair value. This change has resulted in a decrease in total revenue and total expenses for the year ended March 31, 2016 by ₹ 8.95 cr. There is no impact on the total equity and profit.

j) Retained earnings

Retained earnings as at April 01, 2015 have been adjusted consequent to the above Ind AS transition adjustments.

k) Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period are to be included in the Consolidated Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss, but are shown in the Consolidated Statement of Profit and Loss as Other Comprehensive Income which includes remeasurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations, effective portion of gain | (loss) on cash flows hedging instruments and fair value gain | (loss) on FVOCI equity instruments. The concept of Other Comprehensive Income did not exist under IGAAP.

l) Investments in debt instruments – Redeemable Preference share and loans to Related Parties

Under IGAAP, current investments were measured at cost or fair value, whichever is lower. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. The Redeemable Preference shares and loans given to Related Parties were long-term in nature and measured at cost less provision for other than temporary decline in the value of such investments.

Ind AS requires all financial instruments to be measured on initial recognition at fair value. Where a loan is advanced on normal commercial terms (both in terms of principal and interest), the fair value at inception will usually equal the loan amount. In case of loans advanced to Related Parties, the terms are either not on normal commercial terms or they are forced. On initial recognition the fair value of loans and Redeemable Preference shares to Related Parties has been estimated by discounting the future loan repayments using the rate the borrower may pay to an unrelated lender for a loan | Preference share with otherwise similar conditions (for example, amount, duration, currency, ranking and any security). Having separated the 'off-market' element of the transaction, the remaining part of the loan receivable is accounted for as a financial instrument at amortised cost or FVPL.

Accordingly, the difference between the transaction amount and its fair value at the date of transaction has been recorded as an investment in equity of the related entity in the Consolidated Financial Statements (as a component of the overall investment) with a corresponding impact to the investment in Preference share and loans. Going forward, the interest income and fair value changes in the instruments are recognised in the Consolidated Statement of Profit and Loss.

m) Deferred discount on issuance of Commercial Paper

Under the IGAAP, deferred discount on issuance of Commercial Paper were presented as part of current assets. Under Ind AS, in order to reflect Commercial Paper at amortised cost, the deferred discount on issuance is presented within the borrowings by netting off. There is no impact on the total equity or profit as a result of this adjustment.

n) Fair valuation of biological assets other than bearer plants

Under Ind AS, biological assets are measured at fair value less cost to sell and presented separately. The Group has recognised the biological assets of ₹ 8.49 cr as at March 31, 2016 and ₹ 7.24 cr as at April 01, 2015. Changes in fair value of biological assets are recognised in the Consolidated Statement of Profit and Loss during the period. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹ 1.24 cr.

o) Foreign currency translation reserve

The Group elected to reset the balance appearing in the foreign currency translation reserve to zero as at April 01, 2015. Accordingly, translation reserve balance under IGAAP of ₹ 9.91 cr has been transferred to retained earnings. There is no impact on total equity as a result of this adjustment.

Notes to the Consolidated Financial Statements

Transition to Ind AS (continued)

p) Consolidation of subsidiary companies

Under IGAAP, one entity controls another entity when it has the ownership of more than one-half of the voting power of the other entity or control of the composition of the Board of Directors so as to obtain economic benefits from its activities. The Group does not hold more than 50% of the voting power in the following entities, and thus these were not consolidated as subsidiary companies and were accounted as associate companies by applying the equity method of accounting:

Name of the entity		Ownership
01	Atul Aarogya Ltd	41.67%
02	Atul Ayurveda Ltd	41.67%
03	Atul Clean Energy Ltd	28.47%
04	Atul Crop Care Ltd	26.00%
05	Atul Elkay Polymers Ltd	50.00%
06	Atul Entertainment Ltd	41.67%
07	Atul Hospitality Ltd	41.67%
08	Atul (Retail) Brands Ltd	43.05%
09	Atul Seeds Ltd	41.67%
10	Jayati Infrastructure Ltd	41.67%
11	Lapox Polymers Ltd	20.00%
12	Osia Dairy Ltd	41.67%
13	Osia Infrastructure Ltd	40.00%

Based on the control assessment carried out by the Group under Ind AS 110, refer Note 29.16 (Interests in other entities), the above have been assessed as subsidiary companies of the Group. Accordingly, the assets, liabilities, incomes and expenses of the above entities have been consolidated with the Group on a line by line basis.

i) The assets and liabilities of the above entities as at March 31, 2016 and April 01, 2015 are as follows:

(₹ cr)

Particulars	As at March 31, 2016	As at April 01, 2015
ASSETS		
Non-current assets		
Property, plant and equipment	0.01	0.01
Financial assets		
i. Investments	0.60	0.55
Income tax assets (net)	0.07	0.06
Deferred tax assets	0.16	0.15
Other non-current assets	0.01	0.01
Total non-current assets	0.85	0.78
Current assets		
Inventories	0.07	0.18
Financial assets		
i. Investments	0.18	–
ii. Trade receivables	1.44	0.08
iii. Cash and cash equivalents	1.05	1.05
iv. Bank balances other than (iii) above	0.01	0.35
v. Other financial assets	0.43	0.28
Other current assets	0.05	0.06
Total current assets	3.23	2.00
Total assets	4.08	2.78

Notes to the Consolidated Financial Statements



Transition to Ind AS (continued)

(₹ cr)

Particulars	As at March 31, 2016	As at April 01, 2015
LIABILITIES		
Current liabilities		
Financial liabilities		
ii. Trade payables	0.51	0.57
iii. Other financial liabilities	0.47	0.38
Other current liabilities	0.74	0.22
Provisions	0.38	0.32
Total current liabilities	2.10	1.49
Total liabilities	2.10	1.49
Net assets recognised	1.98	1.29
Non-controlling interests recognised	—	—
Investments in associate companies de-recognised	1.98	1.29

ii) The Statement of Profit and Loss of the above entities for the year ended March 31, 2016 is as follows:

(₹ cr)

Particulars	2015-16
INCOME	
Revenue from operations	12.31
Other income	0.20
Total Income	12.51
EXPENSES	
Changes in inventories of finished goods, stock-in-trade and work-in progress	0.10
Employee benefit expense	11.38
Other expenses	0.21
Total expenses	11.69
Profit before tax	0.82
Tax expense	
Current tax	0.26
Deferred tax	(0.01)
Total tax expense	0.25
Profit for the year	0.57
Other Comprehensive Income	0.05
Total Comprehensive Income for the year (A)	0.62
Share of profit of equity accounted investments de-recognised (B)	0.17
Impact on profit (A-B) *	0.45

* Consequent impact on account of discontinuation of equity accounting of Atul Ltd under IGAAP on Total Comprehensive Income.

q) Joint venture company

Under IGAAP, Rudolf Atul Chemicals Ltd (RACL) was classified as a joint venture company and accounted for using the proportionate consolidation method. Under Ind AS, a joint venture company is accounted for using the equity method.

For the purposes of applying the equity method, the investment in RACL of ₹ 6.13 cr, as at the date of transition, has been measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated. An impairment assessment has been performed as at April 01, 2015, and no impairment provision is considered necessary.

Notes to the Consolidated Financial Statements

- 1) The following assets and liabilities of Rudolf Atul Chemicals Ltd were previously proportionately consolidated under IGAAP:

(₹ cr)

Particulars	As at March 31, 2016	As at April 01, 2015
Non-current assets		
Property, plant and equipment	0.58	0.28
Capital work-in-progress	0.24	0.11
Deferred tax assets	0.05	0.08
Long-term loans and advances	1.31	1.41
Total non-current assets	2.18	1.88
Current assets		
Inventories	3.06	2.79
Trade receivables	6.47	5.35
Cash and cash equivalents	2.32	3.77
Short-term loans and advances	5.43	0.14
Other current assets	0.13	0.61
Total current assets	17.41	12.66
Total assets	19.59	14.54
Current liabilities		
Trade payables	4.10	3.41
Short-term provisions	4.49	0.73
Other current liabilities	0.86	0.43
Total liabilities	9.45	4.57
Net assets de-recognised	10.14	9.97
Share of net assets recognised under equity method	10.14	9.97

- 2) The following items of income and expenses of Rudolf Atul Chemicals Ltd were previously proportionately consolidated under IGAAP:

(₹ cr)

Particulars	2015-16
INCOME	
Revenue from operations	30.74
Other income	0.44
	31.18
EXPENSES	
Cost of sales	18.73
Finance costs	0.01
Depreciation and amortisation expenses	0.06
Other expenses	5.42
Tax expense	2.41
Profit after tax	4.11

- 3) Impact on account of equity accounting of the joint venture company under Ind AS:

(₹ cr)

Particulars	2015-16
Share of profit of joint venture company recognised as per equity method	4.11
Share of Other Comprehensive Income (remeasurement) of joint venture company recognised as per equity method	—

Notes to the Consolidated Financial Statements



Note 29.19 Segment information

a) Description of Segments and principal activities

The Group has determined following reporting Segments, based on the information reviewed by chief operating decision maker:

Name of Segment	Product groups
Life Science Chemicals	APIs, API Intermediates, Fungicides, Herbicides
Performance and Other Chemicals	Adhesion promoters, Bulk chemicals, Epoxy resins and hardeners, Intermediates, Perfumery ingredients, Textile dyes
Others	Agribiotech

b) Primary Segment - business

		(₹ cr)							
Particulars		Life Science Chemicals		Performance and Other Chemicals		Others		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
i)	Segment revenue								
	Gross sales	924.82	893.32	2,239.99	1,996.04	3.92	3.47	3,168.73	2,892.83
	Less: Inter segment revenue	—	—	172.68	137.82	—	—	172.68	137.82
	Net revenue from operations	924.82	893.32	2,067.31	1,858.22	3.92	3.47	2,996.05	2,755.01
ii)	Segment results								
	Profit before finance cost and tax	154.43	171.91	303.42	248.48	(0.92)	0.11	456.93	420.50
	Less: Finance costs							25.17	27.53
	Less: Other unallocable expenditure (net of unallocable income)							(9.63)	(7.06)
	Profit before tax							441.39	400.03
iii)	Other information								
	Segment assets	696.74	602.38	1,452.00	1,382.37	15.98	12.89	2,164.72	1,997.64
	Unallocated common assets							601.40	481.37
	Total assets							2,766.12	2,479.01
	Segment liabilities	128.92	121.78	308.13	308.29	3.51	2.87	440.56	432.94
	Unallocated common liabilities							176.68	113.01
	Total liabilities							617.24	545.95
	Additions to assets and intangible assets	80.14	77.41	121.96	269.61	6.42	2.47	208.52	349.49
	Unallocated additions to assets and intangible assets							14.50	17.68
	Total capital expenditure *							223.02	367.17
	Depreciation	26.10	21.54	67.03	42.55	0.05	0.05	93.18	64.14
	Unallocated depreciation							2.26	1.93
	Total depreciation							95.44	66.07

c) Secondary Segment - geographical

		(₹ cr)					
Particulars		In India		Outside India		Total	
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	Segment revenue	1,429.49	1,389.67	1,566.56	1,365.34	2,996.05	2,755.01
	Carrying cost of assets by location of assets	2,576.71	2,314.35	189.41	164.66	2,766.12	2,479.01
	Additions to assets and intangible assets *	223.02	367.17	—	—	223.02	367.17

Other disclosures:

- The Group has disclosed business segment as the primary segment which have been identified in line with the Ind AS 108 'Segment Reporting' taking into account the organisation structure as well as the differing risks and returns.
- The Segment revenue, results, assets and liabilities include respective amounts identifiable to each segment and amounts allocated on a reasonable basis.
- The Group accounts for inter Segments sales and transfers at market price.

* Including capital work-in-progress and capital advances

Notes to the Consolidated Financial Statements

Note 29.20 Disclosure of additional information pertaining to the parent, subsidiary and joint venture companies as per Schedule III of the Companies Act, 2013

No.	Name of the entity in the Group	Net assets		Share in profit and loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount (₹ cr)	As % of consolidated profit and (loss)	Amount (₹ cr)	As % of consolidated Other Comprehensive Income	Amount (₹ cr)	As % of consolidated Total Comprehensive Income	Amount (₹ cr)
	Parent company								
01	Atul Ltd	92.05%	1,920.82	91.73%	285.30	100.02%	78.49	93.40%	363.79
	Indian subsidiary companies								
01	Aasthan Dates Ltd	0.09%	1.77	—	—	—	—	—	—
02	Amal Ltd	0.96%	20.05	0.11%	0.35	0.01%	0.01	0.09%	0.36
03	Anchor Adhesives Pvt Ltd	0.02%	0.41	0.01%	0.02	—	—	0.01%	0.02
04	Atul Aarogya Ltd	0.01%	0.13	—	—	—	—	—	—
05	Atul Ayurveda Ltd	—	0.08	—	—	—	—	—	—
06	Atul Bioscience Ltd	1.09%	22.80	2.42%	7.53	0.03%	0.02	1.94%	7.55
07	Atul Biospace Ltd	0.50%	10.37	0.35%	1.09	—	—	0.28%	1.09
08	Atul Clean Energy Ltd	—	0.05	—	—	—	—	—	—
09	Atul Crop Care Ltd	0.05%	0.98	0.12%	0.38	(0.04%)	(0.03)	0.09%	0.35
10	Atul Elkay Polymers Ltd	—	0.01	—	(0.01)	—	—	—	(0.01)
11	Atul Entertainment Ltd	—	0.08	—	—	—	—	—	—
12	Atul Finserv Ltd	0.74%	15.37	0.03%	0.10	0.01%	0.01	0.03%	0.11
13	Atul Fin Resources Ltd	0.12%	2.49	—	(0.01)	—	—	—	(0.01)
14	Atul Hospitality Ltd	—	0.08	—	—	—	—	—	—
15	Atul Infotech Pvt Ltd	0.54%	11.16	0.11%	0.33	(0.03%)	(0.02)	0.08%	0.31
16	Atul Nivesh Ltd	0.12%	2.49	—	(0.01)	—	—	—	(0.01)
17	Atul Rajasthan Date Palms Ltd	0.40%	8.44	0.09%	0.29	—	—	0.07%	0.29
18	Atul (Retail) Brands Ltd	—	0.05	—	—	—	—	—	—
19	Atul Seeds Ltd	—	0.06	—	—	—	—	—	—
20	Biyaban Agri Ltd	0.03%	0.65	(0.02%)	(0.06)	—	—	(0.02%)	(0.06)
21	Jayati Infrastructure Ltd	—	0.05	—	—	—	—	—	—
22	Lapox Polymers Ltd	0.04%	0.85	0.07%	0.21	—	—	0.05%	0.21
23	Osia Dairy Ltd	—	0.06	—	—	—	—	—	—
24	Osia Infrastructure Ltd	—	0.06	—	—	—	—	—	—
25	Raja Dates Ltd	0.19%	3.87	(0.03%)	(0.10)	—	—	(0.03%)	(0.10)
	Foregin subsidiary companies								
01	Atul Brasil Quimicos Ltda	0.01%	0.20	(0.34%)	(1.05)	—	—	(0.27%)	(1.05)
02	Atul China Ltd	0.16%	3.34	(0.12%)	(0.38)	—	—	(0.10%)	(0.38)
03	Atul Deutschland GmbH	0.02%	0.45	(0.01%)	(0.04)	—	—	(0.01%)	(0.04)
04	Atul Europe Ltd	1.35%	28.24	2.32%	7.25	—	—	1.86%	7.25
05	Atul Middle East FZ LLC	0.01%	0.25	(0.05%)	(0.15)	—	—	(0.04%)	(0.15)
06	Atul USA Inc	0.87%	18.06	0.31%	0.97	—	—	0.25%	0.97
07	DPD Ltd	0.63%	13.07	1.40%	4.36	—	—	1.12%	4.36
	Joint venture company								
01	Rudolf Atul Chemicals Ltd	—	—	1.50%	4.67	—	—	1.20%	4.67
	Total (A)	100.00%	2,086.84	100.00%	311.04	100.00%	78.48	100.00%	389.52
	a) Adjustment arising out of consolidation		(120.90)		11.93		4.42		16.35
	b) Non-controlling interests								
01	Amal Ltd		12.69		0.22		0.01		0.23
02	Atul Rajasthan Date Palms Ltd		2.19		0.07		—		0.07
03	DPD Ltd		0.37		0.09		—		0.09
			15.25		0.38		0.01		0.39
	Total (B)		(105.65)		12.31		4.43		16.74
	Grand Total (A+B)		1,981.19		323.35		82.91		406.26

Notes to the Consolidated Financial Statements



Note 29.21 Events occurring after the reporting period

The proposed dividend on Equity shares at ₹ 10.00 per share is recommended by the Board of Directors which is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

Note 29.22 Authorisation for issued of the Consolidated Financial Statements

The Consolidated Financial Statements were authorised for issue by the Board of Directors on May 05, 2017.

As per our attached report of even date

For and on behalf of the Board of Directors

For Dalal & Shah Chartered Accountants LLP

Firm Registration Number: 102020W | W-100040

S Venkatesh

Partner

Membership Number: 037942

T R Gopi Kannan
Whole-time Director and CFO

L P Patni
Company Secretary

B N Mohanan
**Whole-time Director
and President - U&S**

R A Shah
S S Bajjal
B S Mehta
H S Shah
S M Datta
V S Rangan
M M Chitale
S A Panse
B R Arora
Directors

S S Lalbhai
Chairman and Managing Director

S A Lalbhai
Managing Director
Mumbai
May 05, 2017

Mumbai
May 05, 2017

Notes to the Consolidated Financial Statements

Form AOC - I

{Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014}

Statement containing salient features of the Financial Statements of subsidiary | joint venture companies

Part A: Subsidiary companies

No.	Name of the company	Reporting period for the concerned subsidiary company, if different from that of holding company reporting period	Currency	Reporting currency and exchange rate as on date of the relevant financial year in case of foreign subsidiary companies	Equity share capital	Reserves and surplus	Total assets	Total liabilities	Investments	Revenue	Profit before tax	Provision for tax	Profit after tax	Dividend	% shareholding
															(₹ cr)
01	Aasthan Dates Ltd	NA	NA	NA	2.10	(0.33)	1.77	—	—	0.03	—	—	—	—	100.00%
02	Anal Ltd	NA	NA	NA	7.03	(8.14)	4.87	5.98	0.02	28.67	8.89	—	8.89	—	36.74%
03	Anchor Adhesives Pvt Ltd	NA	NA	NA	0.59	(0.18)	0.41	—	—	0.03	0.03	0.01	0.02	—	100.00%
04	Atul Aarogya Ltd	NA	NA	NA	0.06	0.07	0.13	—	0.11	—	—	—	—	—	41.67%
05	Atul Ayurveda Ltd	NA	NA	NA	0.06	0.02	0.08	—	0.04	—	—	—	—	—	41.67%
06	Atul Bioscience Ltd	NA	NA	NA	10.84	11.96	54.51	31.71	0.01	64.80	11.65	4.12	7.53	6.50	100.00%
07	Atul Biospace Ltd	NA	NA	NA	8.46	1.91	10.65	0.28	5.10	11.60	1.68	0.59	1.09	—	100.00%
08	Atul Brasil Quimicos Ltda	NA	BRL	20.62	1.46	(1.26)	0.70	0.50	—	0.05	(1.06)	—	(1.06)	—	100.00%
09	Atul China Ltd	NA	CNY	9.42	3.19	(1.21)	18.78	16.79	—	77.47	0.10	—	0.10	—	100.00%
10	Atul Clean Energy Ltd	NA	NA	NA	0.06	(0.01)	0.05	—	0.03	—	—	—	—	—	28.47%
11	Atul Crop Care Ltd	NA	NA	NA	0.05	0.93	1.70	0.72	0.14	8.04	0.51	0.13	0.38	—	26.00%
12	Atul Deutschland GmbH	NA	EURO	69.25	0.69	(0.24)	0.51	0.06	—	—	(0.03)	—	(0.03)	—	100.00%
13	Atul Elkay Polymers Ltd	NA	NA	NA	0.05	(0.03)	0.15	0.13	0.01	—	(0.01)	—	(0.01)	—	50.00%
14	Atul Entertainment Ltd	NA	NA	NA	0.06	0.02	0.08	—	0.05	—	—	—	—	—	41.67%
15	Atul Europe Ltd	NA	GBP	80.88	26.61	1.70	71.11	42.80	7.48	180.12	7.36	0.65	6.71	5.27	100.00%
16	Atul Fin Resources Ltd	NA	NA	NA	2.50	(0.01)	2.50	0.01	—	—	—	0.01	(0.01)	—	100.00%
17	Atul Finserve Ltd	NA	NA	NA	12.61	2.76	15.48	0.11	14.25	0.59	0.24	—	0.24	—	100.00%
18	Atul Hospitality Ltd	NA	NA	NA	0.06	0.02	0.08	—	0.03	—	—	—	—	—	41.67%
19	Atul Infotech Pvt Ltd	NA	NA	NA	0.16	11.00	14.72	3.56	0.02	3.33	0.47	0.14	0.33	—	100.00%
20	Atul Middle East FZ LLC	NA	AED	17.67	0.53	(0.28)	0.26	0.01	—	—	(0.14)	—	(0.14)	—	100.00%
21	Atul Nivesh Ltd	NA	NA	NA	2.50	(0.01)	2.50	0.01	—	—	—	0.01	(0.01)	—	100.00%
22	Atul Rajasthan Date Palms Ltd	NA	NA	NA	8.11	0.33	22.64	14.20	—	0.65	0.32	0.03	0.29	—	74.00%
23	Atul (Retail) Brands Ltd	NA	NA	NA	0.06	(0.01)	0.05	—	0.04	—	—	—	—	—	43.05%
24	Atul Seeds Ltd	NA	NA	NA	0.06	—	0.06	—	0.03	—	—	—	—	—	41.67%
25	Atul USA Inc	NA	USD	64.84	12.97	5.09	43.28	25.22	—	196.01	1.42	0.48	0.94	—	100.00%
26	Biyaban Agri Ltd	NA	NA	NA	1.09	(0.45)	0.64	—	—	0.01	(0.06)	—	(0.06)	—	100.00%
27	DPD Ltd	NA	GBP	80.88	2.02	11.08	15.35	2.25	—	16.34	5.01	0.97	4.04	4.04	98.00%
28	Jayati Infrastructure Ltd	NA	NA	NA	0.06	—	0.06	—	0.03	—	—	—	—	—	41.67%
29	Lapox Polymers Ltd	NA	NA	NA	0.05	0.80	1.96	1.11	0.11	7.53	0.32	0.11	0.21	—	20.00%
30	Osia Dairy Ltd	NA	NA	NA	0.06	—	0.06	—	0.03	—	—	—	—	—	41.67%
31	Osia Infrastructure Ltd	NA	NA	NA	0.06	—	0.06	—	0.04	—	—	—	—	—	40.00%
32	Raja Dates Ltd	NA	NA	NA	4.10	(0.23)	4.67	0.80	—	0.01	(0.10)	—	(0.10)	—	100.00%

Note:

AED: United Arab Emirate Dirham, BRL: Brazilian Real, CNY: Chinese Yuan, GBP: Great Britain Pound, USD: United States Dollar
Gujarat Synthwood Ltd is under liquidation.

Part B: Associate and joint venture companies

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to joint venture company

No.	Name of the company	Latest audited Balance Sheet date	Shares of associate joint venture companies held by the Company on the year end		Description of how there is significant influence	Reason why the associate joint venture company is not consolidated	Net worth attributable to shareholding as per latest audited Balance Sheet	Accumulated profit (loss)	Profit (Loss) for the year		(₹ cr)
			No.	Amount of investment	Extent of holding %				Considered in consolidation	Not considered in consolidation	
01	Rudolf Atul Chemicals Ltd	March 31, 2017	2,918,750	6.13	50.00%	Refer Note 1	NA	10.17	9.99	4.67	4.86

Note 1:

- By representation on the Board of Directors, participation in the policy making process.
- Holds, directly 20% or more of the voting power of the company.

Recognition

It is the quality of our work which will please and not the quantity.

~ Mahatma Gandhi



Best Induction Program Award at Chief Learning Officer Summit 2016



Innovative Supplier of the Year Award by Hindustan Zinc Ltd



100 Most Talented Global HR Leaders Award by World HRD Congress



Finalist at Outstanding Young Managers Competition 2016-17 at Baroda Management Association



Certificate of merit for 'greening the deserts' project by Flame Awards Asia 2016



CSR Leadership Award by World CSR Congress



Outstanding Blood Donation Drive Partner recognition by Valsad Raktdan Kendra



National Teacher Award by Department of School Education and Literacy



Asia One White Swan Award received by Atul Vidyalyaya



Atul Ltd

Registered office: Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India

Attendance slip

40th Annual General Meeting

Friday, July 28, 2017

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

Full name of the Shareholder | Proxy attending the meeting:

.....

(First name) (Middle name) (Last name)

First holder | Joint holder | Proxy

(Strike out whichever is not applicable)

Full name of the First holder (if Joint holder | Proxy attending):

.....

(First name) (Middle name) (Last name)

Signature of the Shareholder | Proxy





Atul Ltd

Registered office: Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India

Route map to the venue of the Annual General Meeting





Atul Ltd
Form number MGT-11
Proxy form

{Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014}
CIN: L99999GJ1975PLC002859

Name of the Company: **Atul Ltd**

Registered office: Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India

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

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

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

as my | our Proxy to attend and vote (on a poll) for me | us and on my | our behalf at the 40th Annual General Meeting of the Company, to be held on Friday, July 28, 2017 at 10:30 am at H T Parekh Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad 380 015, Gujarat, India and at any adjournment thereof in respect of such Resolutions as are indicated below:

No.	Resolutions
01.	Adoption of the Financial Statements and Reports thereon and the Consolidated Financial Statements for the financial year ended March 31, 2017
02.	Declaration of the dividend on Equity shares
03.	Reappointment of Mr R A Shah as a Director
04.	Reappointment of Mr T R Gopi Kannan as a Director
05.	Appointment of Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors and fix their remuneration
06.	Reappointment of Mr S A Lalbhai as Managing Director
07.	Approval of reclassification of promoters and promoter group
08.	Ratification of remuneration of R Nanabhoy & Co for Cost Audit

Signed this ____ day of _____ 2017

Signature of the Member

Signature of the Proxy holder(s)

Affix
Revenue
Stamp
here

Note:

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

Make a difference

Even though India is amongst the fastest growing economies in the world, there is a significant scope for improving the standard of living of a large section of its citizens. Even today, our country is home to about 25% of the underfed population in the world; about 36% of its rural population continues to remain illiterate and about 7% of such population is still living in 'extreme poverty'. It is a call of our times to engage in our own small way to serve our motherland.

Ever since its inception, Atul Ltd is conducting its business in an inclusive way. Atul Rural Development Fund (ARDF) is working to achieve sustainable development, particularly in the rural areas and help uplift the lives of the underprivileged. ARDF (2016-17 project spend: ₹ 497.15 lakhs, administration cost: ₹ 13.90 lakhs) provides a complete account of the funds received for various projects and sends its Annual Report to every donor.

If you wish to join in this endeavour of enhancing the standard of living of those less fortunate and are looking for an organisation that will channelise and direct 100% of your contribution to the projects on hand, ARDF may be a good option. Given below are some of the projects ARDF is currently implementing. If you wish to sponsor any project(s), please fill this form and send it to Dr Rana Vishnoi, Managing Trustee, ARDF, Atul 396 020, Gujarat, India (E-mail address: rana_vishnoi@atul.co.in).

Contributions or donations to ARDF for rural development | skill development projects qualify for 100% tax exemption under Section 35 AC | 80 GGA.

01. I wish to sponsor study material for students for 1 year:

Students (Number)	Amount (₹)	Please tick your choice
30	15,000	<input type="checkbox"/>
60	30,000	<input type="checkbox"/>
90	45,000	<input type="checkbox"/>
Other, _____	_____ (@ ₹ 500 per student)	<input type="checkbox"/>

02. I wish to sponsor course(s) for women empowerment:

Course(s) (Number)	Amount (₹)	Please tick your choice
1	30,000	<input type="checkbox"/>
2	60,000	<input type="checkbox"/>
3	90,000	<input type="checkbox"/>
Other, _____	_____ (@ ₹ 30,000 per course)	<input type="checkbox"/>

03. I wish to sponsor food for tribal children for 1 month:

Tribal children (Number)	Amount (₹)	Please tick your choice
30	50,000	<input type="checkbox"/>
60	1,00,000	<input type="checkbox"/>
90	1,50,000	<input type="checkbox"/>
Other, _____	_____ (@ ₹ 1,700 per child)	<input type="checkbox"/>

04. I wish to sponsor health (general health | blood donation) camp(s):

Camp(s) (Number)	Amount (₹)	Please tick your choice
1	50,000	<input type="checkbox"/>
2	1,00,000	<input type="checkbox"/>
3	1,50,000	<input type="checkbox"/>
Other, _____	_____ (@ ₹ 50,000 per camp)	<input type="checkbox"/>

05. I wish to construct amenity blocks in a village:

Amenity block(s) (Number)	Amount (₹)	Please tick your choice
30	5,00,000	<input type="checkbox"/>
60	10,00,000	<input type="checkbox"/>
90	15,00,000	<input type="checkbox"/>
Other, _____	_____ (@ ₹ 16,800 per amenity block)	<input type="checkbox"/>

06. I wish to donate ₹ _____ towards the corpus of Atul Rural Development Fund.

My contact details are given below:

Name: _____ Home | Office address: _____

E-mail address: _____ Mobile telephone: _____

The donation amount may be remitted, along with the requisite information with respect to how you wish to participate (project, corpus etc), by drawing a cheque in favour of Atul Rural Development Fund and sending it to Dr Rana Vishnoi or through RTGS as per the details given below:

Beneficiary: Atul Rural Development Fund
Account number: 10259739167

Bank: State Bank of India
IFS code: SBIN0001657

Branch: Atul

Corporate information

Directors

Mr Sunil Lalbhai
(Chairman and Managing Director)

Mr Rajendra Shah

Dr Satguru Baijal

Mr Bansi Mehta

Mr Hasmukh Shah

Mr Samveg Lalbhai
(Managing Director)

Mr Susim Datta

Mr Bharathy Mohanan
(Whole-time Director and President - U&S)

Mr Srinivasa Rangan

Mr Mukund Chitale

Mr Gopi Kannan Thirukonda
(Whole-time Director and CFO)

Ms Shubhalakshmi Panse

Mr Baldev Arora

Company Secretary

Mr Lalit Patni

Statutory Auditors

Dalal & Shah Chartered Accountants LLP

Cost Auditors

R Nanabhoy & Co

Secretarial Auditor

Ashish Doshi

Registered office

Atul House
G I Patel Marg
Ahmedabad 380 014, Gujarat
India

Head office

Atul 396 020, Gujarat
India
E-mail address: sec@atul.co.in
Website: www.atul.co.in

Bankers

Axis Bank
Bank of Baroda
Bank of India
Export Import Bank of India
State Bank of India



Atul Ltd
Atul House
G I Patel Marg
Ahmedabad 380 014, Gujarat
India



Lalbhai Group