

**Strategic Report, Report of the Directors and
Audited Financial Statements
for the Year Ended 31 March 2016
for
Atul Europe Limited**

Atul Europe Limited

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Atul Europe Limited
Company Information
for the year ended 31 March 2016

DIRECTORS:

T R Gopi Kannan (Chair)
Dr G V G Rao
A R Motee
M T Phatak
Dr E Sharkey
S Nabar

SECRETARY:

M T Phatak

REGISTERED OFFICE:

1st Floor, Office Suite 1B, Dean Row Ct.
Summerfields Village Centre
Dean Row Road
Wilmslow
Cheshire
SK9 2TB

REGISTERED NUMBER:

03151975 (England and Wales)

AUDITORS:

Bennett Brooks & Co Limited
Chartered Accountants
& Statutory Auditors
St George's Court
Winnington Avenue
Northwich
Cheshire
CW8 4EE

Atul Europe Limited
Strategic Report
for the year ended 31 March 2016

The directors present their strategic report for the year ended 31 March 2016.

REVIEW OF BUSINESS

During the current year, the business of the company was adversely affected in Aromatics and Colours divisions, due to very low GDP growth in Euro zone economies, and further decline in the demand in the textile sectors, respectively. In China, market opportunities have remained better in selected areas. However companies in China are investing suitably in effluent treatment etc and coming back on stream decreasing any potential market opportunities.

Business in our Polymer and Pharma divisions have shown an increase due to new products and new customers' development in Multi-Functional resins and new Pharma Intermediates respectively.

The sales and gross profit over the period (2015-16) has reduced. However, we expect to regain and further grow during 2016-17, as we are introducing new products including R F Resins in new customers & markets.

PRINCIPAL RISKS AND UNCERTAINTIES

Fluctuations in the foreign exchange currency rates in EURO and US\$ and low GDP growth rates of EURO zone have remained the main factors, which will affect the growth and profitability of the operations. Reduction in demand in the related sectors like textiles, can lead to a drop in sales.

FUTURE PLANS

A new product range has been launched - R F Resins in the rubber chemicals sector in Europe with commercial sales expected during 2016-17. We are starting to get approvals in the MFR (Multi-Functional Resins) sector and the sales will grow during this year. We have also increased the number of new customers in the market in our existing sectors.

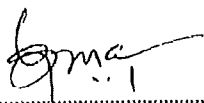
We are continuously looking at the opportunities for a strategic partnerships and acquisitions of related businesses, to forward integrate our Aromatics Business in F & F (Flavours & Fragrance) sectors, and in Pigment dispersions for the Colours division. We are also looking at forming a joint venture for the Polymer division.

New products development in existing markets and in the new markets like Nordic countries, Eastern and Central Europe continues, and will help to increase our market share. We are also looking at selected initiatives in trading business, which will also provide us with opportunities for growth.

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are turnover and gross profit margin. Turnover showed a decline as discussed above with gross margin weakening to 3.1% (2015: 3.5%)

ON BEHALF OF THE BOARD:



.....
S Nabak - Director

Date: 21/4/2016
.....

Atul Europe Limited

Report of the Directors for the year ended 31 March 2016

The directors present their report with the financial statements of the company for the year ended 31 March 2016.

DIVIDENDS

Interim dividends of 12.22p per share totalling £530,098 were paid on 8 May 2015 and of 31.92p per share totalling £1,050,000 were paid on 13 July 2015 following the capital reduction completed earlier in the year. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2016 was £1,580,098.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2015 to the date of this report.

T R Gopi Kannan (Chair)
Dr G V G Rao
A R Motee
M T Phatak
Dr E Sharkey
S Nabar

REDUCTION IN CAPITAL

During the year the company reduced its share capital by way of a solvency statement, with 1,050,000 £1 shares being cancelled. The difference between the nominal value of the reduction in shares and the proceeds was credited to retained earnings.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the shareholders in writing about the use of disclosure exemptions, if any, or FRS 102 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

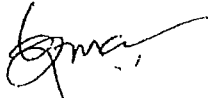
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Atul Europe Limited
Report of the Directors
for the year ended 31 March 2016

AUDITORS

The auditors, Bennett Brooks & Co Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
S Nabar - Director

Date: 21/4/2016

Report of the Independent Auditors to the Members of Atul Europe Limited

We have audited the financial statements of Atul Europe Limited for the year ended 31 March 2016 on pages seven to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
Atul Europe Limited**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jason Leach (Senior Statutory Auditor)
for and on behalf of Bennett Brooks & Co Limited
Chartered Accountants
& Statutory Auditors
St George's Court
Winnington Avenue
Northwich
Cheshire
CW8 4EE

Date: 21 April 2016

Atul Europe Limited

Income Statement

for the year ended 31 March 2016

	Notes	2016 £	2015 £
TURNOVER	2	13,512,331	16,476,664
Cost of sales		<u>(13,064,850)</u>	<u>(15,899,200)</u>
GROSS PROFIT		447,481	577,464
Administrative expenses		<u>(413,334)</u>	<u>(624,576)</u>
		34,147	(47,112)
Other operating income		<u>-</u>	<u>40,764</u>
OPERATING PROFIT/(LOSS)	4	34,147	(6,348)
Profit on sale of investment		<u>-</u>	<u>160,263</u>
		34,147	153,915
Income from shares in group undertakings		98,000	-
Interest receivable and similar income		<u>-</u>	<u>74</u>
		132,147	153,989
Interest payable and similar charges	5	<u>(357)</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		131,790	153,989
Tax on profit on ordinary activities	6	<u>(6,572)</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>125,218</u></u>	<u><u>153,989</u></u>

The notes form part of these financial statements

Atul Europe Limited

Other Comprehensive Income

for the year ended 31 March 2016

	Notes	2016 £	2015 £
PROFIT FOR THE YEAR		125,218	153,989
OTHER COMPREHENSIVE INCOME		—	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>125,218</u>	<u>153,989</u>

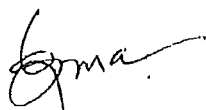
The notes form part of these financial statements

Atul Europe Limited (Registered number: 03151975)

Balance Sheet
31 March 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	8	16,484	22,867
Investments	9	925,086	925,086
		<u>941,570</u>	<u>947,953</u>
CURRENT ASSETS			
Stocks	10	1,662,477	2,271,001
Debtors	11	2,702,047	3,592,921
Cash at bank and in hand		521,851	2,029,766
		<u>4,886,375</u>	<u>7,893,688</u>
CREDITORS			
Amounts falling due within one year	12	2,511,816	4,070,632
NET CURRENT ASSETS		<u>2,374,559</u>	<u>3,823,056</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>3,316,129</u></u>	<u><u>4,771,009</u></u>
CAPITAL AND RESERVES			
Called up share capital	15	3,288,911	4,338,911
Retained earnings	16	27,218	432,098
SHAREHOLDERS' FUNDS		<u><u>3,316,129</u></u>	<u><u>4,771,009</u></u>

The financial statements were approved by the Board of Directors on 21/4/2016 and were signed on its behalf by:



S Nubar - Director

The notes form part of these financial statements

Atul Europe Limited

**Statement of Changes in Equity
for the year ended 31 March 2016**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2014	4,338,911	278,109	4,617,020
Changes in equity			
Total comprehensive income	<u>-</u>	<u>153,989</u>	<u>153,989</u>
Balance at 31 March 2015	<u>4,338,911</u>	<u>432,098</u>	<u>4,771,009</u>
Changes in equity			
Total comprehensive income	-	125,218	125,218
Transactions with owners:			
Reduction of share capital	(1,050,000)	1,050,000	-
Dividends	<u>-</u>	<u>(1,580,098)</u>	<u>(1,580,098)</u>
Balance at 31 March 2016	<u><u>3,288,911</u></u>	<u><u>27,218</u></u>	<u><u>3,316,129</u></u>

The notes form part of these financial statements

Atul Europe Limited

**Cash Flow Statement
for the year ended 31 March 2016**

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	(28,380)	(88,277)
Interest paid		(357)	-
Tax paid		<u>-</u>	<u>(21,615)</u>
Net cash from operating activities		<u>(28,737)</u>	<u>(109,892)</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(834)	(1,637)
Sale of tangible fixed assets		3,754	-
Sale of fixed asset investments		-	1,947,732
Interest received		-	74
Dividends received		<u>98,000</u>	<u>-</u>
Net cash from investing activities		<u>100,920</u>	<u>1,946,169</u>
 Cash flows from financing activities			
Equity dividends paid		<u>(1,580,098)</u>	<u>-</u>
Net cash from financing activities		<u>(1,580,098)</u>	<u>-</u>
		<u>-</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		(1,507,915)	1,836,277
Cash and cash equivalents at beginning of year	2	2,029,766	193,489
		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	2	<u>521,851</u>	<u>2,029,766</u>

The notes form part of these financial statements

Atul Europe Limited

**Notes to the Cash Flow Statement
for the year ended 31 March 2016**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
Profit before taxation	131,790	153,989
Depreciation charges	3,277	4,954
Loss on disposal of fixed assets	188	-
Finance costs	357	-
Finance income	<u>(98,000)</u>	<u>(74)</u>
	37,612	158,869
Decrease/(increase) in stocks	608,524	(1,038,735)
Decrease in trade and other debtors	890,874	618,681
(Decrease)/increase in trade and other creditors	<u>(1,565,390)</u>	<u>172,908</u>
Cash generated from operations	<u><u>(28,380)</u></u>	<u><u>(88,277)</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2016

	31.3.16	1.4.15
	£	£
Cash and cash equivalents	<u><u>521,851</u></u>	<u><u>2,029,766</u></u>

Year ended 31 March 2015

	31.3.15	1.4.14
	£	£
Cash and cash equivalents	<u><u>2,029,766</u></u>	<u><u>193,489</u></u>

Atul Europe Limited

Notes to the Financial Statements for the year ended 31 March 2016

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS102") and the Companies Act 2006.

For periods up to and including the year ended 31 March 2015, the company prepared its financial statements in accordance with UK generally accepted accounting standards ("UK GAAP"). These financial statements for the year ended 31 March 2016 are the first the Company has prepared in accordance with FRS 102. The Company's deemed transition date to FRS 102 was 1 April 2014. No transitional differences were noted.

The company has adopted the FRS 102 accounting policies and principles on a consistent basis from the date of transition. The principal policies are set out below:

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006. The financial statements are presented in Sterling.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement are:

Carrying value of stocks - the condition of stock held is reviewed by the directors and provisions made where the expected selling price is lower than the purchase cost of the stock. This involves the use of judgement.

Preparation of consolidated financial statements

The financial statements contain information about Atul Europe Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Atul Limited, a company registered in India.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales and is recognised when the significant risks and rewards of the ownership have been transferred. This tends to be as follows:

I) For sales from the UK - on despatch from the warehouse.

II) For direct sales from India - on delivery to the destination port.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Equipment	- 15% on reducing balance
Fixtures and fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Atul Europe Limited

Notes to the Financial Statements - continued for the year ended 31 March 2016

1. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Distributions to equity holders

Dividends to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Investments

Investments in subsidiary companies are held at cost less accumulated impairment losses.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds. Any differences between the nominal value of shares cancelled as part of a capital reduction and cash proceeds, is credited to retained earnings

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2016	2015
	£	£
United Kingdom	1,675,359	1,655,713
Europe	11,796,756	14,733,631
Rest of the world	40,216	87,320
	<u>13,512,331</u>	<u>16,476,664</u>

3. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	181,626	161,603
Social security costs	30,253	17,539
Other pension costs	2,547	2,755
	<u>214,426</u>	<u>181,897</u>

Atul Europe Limited

**Notes to the Financial Statements - continued
for the year ended 31 March 2016**

3. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2016	2015
Sales	2	2
Office	<u>3</u>	<u>3</u>
	<u>5</u>	<u>5</u>

4. OPERATING PROFIT/(LOSS)

The operating profit (2015 - operating loss) is stated after charging:

	2016 £	2015 £
Depreciation - owned assets	3,275	4,954
Loss on disposal of fixed assets	188	-
Auditors' remuneration	10,000	9,333
Auditors' remuneration for non audit work	12,300	13,585
Foreign exchange differences	13,922	215,788
Operating lease rentals	12,800	12,800
Inventory recognised as an expense	<u>14,554,693</u>	<u>15,899,200</u>

Directors' remuneration	<u>-</u>	<u>-</u>
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5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Other interest payable	<u>357</u>	<u>-</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	<u>6,572</u>	<u>-</u>
Tax on profit on ordinary activities	<u>6,572</u>	<u>-</u>

Atul Europe Limited

Notes to the Financial Statements - continued for the year ended 31 March 2016

6. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>131,790</u>	<u>153,989</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 21%)	26,358	32,338
Effects of:		
Expenses not deductible for tax purposes	143	317
Utilisation of tax losses	(619)	-
Indexed loss relief on investment	-	(33,655)
Losses carried forward	-	650
UK Dividends received non-taxable	(19,600)	-
Deferred tax not recognised	<u>290</u>	<u>350</u>
Total tax charge	<u>6,572</u>	<u>-</u>

7. DIVIDENDS

	2016 £	2015 £
Interim – 12.22p per £1 share	530,098	-
Interim – 31.92p per £1 share	1,050,000	-
Total dividends	<u>1,580,098</u>	<u>-</u>

8. TANGIBLE FIXED ASSETS

	Equipment £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2015	29,692	19,123	20,994	69,809
Additions	834	-	-	834
Disposals	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
At 31 March 2016	<u>30,526</u>	<u>19,123</u>	<u>10,994</u>	<u>60,643</u>
DEPRECIATION				
At 1 April 2015	19,032	13,638	14,272	46,942
Charge for year	1,630	822	823	3,275
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(6,058)</u>	<u>(6,058)</u>
At 31 March 2016	<u>20,662</u>	<u>14,460</u>	<u>9,037</u>	<u>44,159</u>
NET BOOK VALUE				
At 31 March 2016	<u>9,864</u>	<u>4,663</u>	<u>1,957</u>	<u>16,484</u>
At 31 March 2015	<u>10,660</u>	<u>5,485</u>	<u>6,722</u>	<u>22,867</u>

Atul Europe Limited

**Notes to the Financial Statements - continued
for the year ended 31 March 2016**

9. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 April 2015 and 31 March 2016	<u>925,086</u>
NET BOOK VALUE	
At 31 March 2016	<u>925,086</u>
At 31 March 2015	<u>925,086</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

D.P.D. Limited

Nature of business: Horticulture and cultivation

	%		
Class of shares:	holding		
Ordinary	98.00		
		2016	2015
		£	£
Aggregate capital and reserves		1,618,063	1,436,796
Profit for the year		<u>281,267</u>	<u>242,121</u>

10. STOCKS

	2016	2015
	£	£
Stocks	<u>1,662,477</u>	<u>2,271,001</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade debtors	2,529,163	3,387,185
Commission due from parent undertaking	65,156	77,876
Amounts due from group undertakings	-	90
VAT	53,716	70,112
Prepayments & accrued income	17,016	17,518
Amounts due from parent undertaking	<u>36,996</u>	<u>40,140</u>
	<u>2,702,047</u>	<u>3,592,921</u>

Atul Europe Limited

**Notes to the Financial Statements - continued
for the year ended 31 March 2016**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	89,227	77,975
Corporation tax payable	6,572	-
Social security & other taxes	6,723	5,466
Other creditors	10,922	10,200
Factoring account	1,963,259	1,183,141
Amounts due to parent undertaking	335,566	2,733,258
Accruals & deferred income	<u>99,547</u>	<u>60,592</u>
	<u><u>2,511,816</u></u>	<u><u>4,070,632</u></u>

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Within one year	13,950	13,950
Between one and five years	51,200	51,200
In more than five years	<u>-</u>	<u>12,800</u>
	<u><u>65,150</u></u>	<u><u>77,950</u></u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	2016	2015
	£	£
Factoring advances	<u><u>1,963,259</u></u>	<u><u>1,183,141</u></u>

The Bank holds the following security in respect of the factoring account:-

- a) Debenture including Fixed Charge over all present freehold and leasehold property.
- b) First Fixed Charge over book and other debts, chattels, goodwill and uncalled capital.
- c) First Floating Charge over all assets and undertaking dated 28 April 1997.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£	£
3,288,911	Ordinary	£1	3,288,911	4,338,911
(2015 - 4,338,911)			<u><u> </u></u>	<u><u> </u></u>

On 29 May 2015 the company cancelled 1,050,000 number of £1 ordinary shares as part of a share reduction transaction. The share capital was reduced by way of a solvency statement and the resulting credit of £1,050,000 transferred to retained earnings.

Atul Europe Limited

**Notes to the Financial Statements - continued
for the year ended 31 March 2016**

16. RESERVES

	Retained earnings £
At 1 April 2015	432,098
Profit for the year	125,218
Cancellation of shares (note 18)	1,050,000
Dividends	<u>(1,580,098)</u>
At 31 March 2016	<u>27,218</u>

17. ULTIMATE PARENT COMPANY

The ultimate parent company is Atul Limited which is based in India. For both periods the parent company held all of the issued share capital of Atul Europe Limited. They prepare group accounts every year. Copies can be obtained from the registered office: Atul Limited, Ashoka Chambers, Ellisbridge, Ahmedabad, India, 380 006.

18. CONTINGENT LIABILITIES

The company has guaranteed up to a maximum of £75,000 of the overdraft facility of its subsidiary D.P.D. Limited.

19. RELATED PARTY DISCLOSURES

Exemption has been taken under FRS 102 with regard to the disclosure of intra-group transactions. The Directors consider key management to be the company directors.

DPD Limited

Subsidiary company

During the year management recharges were made totalling £72,930 (2015 - £69,458). These transactions were subject to interest on any payments made outside of standard credit terms. The balance was settled in full at the year end.

During the year, dividends of £98,000 were paid to the parent company.

20. ULTIMATE CONTROLLING PARTY

The directors consider there to be no ultimate controlling party, given the listed nature of the ultimate parent.

21. FIRST YEAR ADOPTION

For periods up to and including the year ended 31 March 2015, the company prepared its financial statements in accordance with UK generally accepted accounting standards ("UK GAAP"). These financial statements for the year ended 31 March 2016 are the first the Company has prepared in accordance with FRS 102. The Company's deemed transition date to FRS 102 was 1 April 2014. No transitional differences were noted.

Atul Europe Limited

**Trading and Profit and Loss Account
for the year ended 31 March 2016**

	2016		2015	
	£	£	£	£
Turnover				
Sales	13,439,401		16,407,206	
Management services	<u>72,930</u>		<u>69,458</u>	
		13,512,331		16,476,664
Cost of sales				
Opening stock	2,271,001		1,232,265	
Purchases	12,034,898		16,509,924	
Carriage & duty	<u>421,427</u>		<u>428,012</u>	
Closing stock	<u>14,727,326</u> <u>(1,662,476)</u>		<u>18,170,201</u> <u>(2,271,001)</u>	
		13,064,850		15,899,200
GROSS PROFIT		447,481		577,464
Other income				
Sundry receipts	-		40,764	
Shares in group undertakings	98,000		-	
Interest received	<u>-</u>		<u>74</u>	
		98,000		40,838
		545,481		618,302
Expenditure				
Rent, rates & service charges	19,527		18,954	
Insurance	9,153		4,257	
Light & heat	718		802	
Wages	181,626		161,603	
Social security	30,253		17,539	
Pensions	2,547		2,755	
Telephone & postage	6,184		4,881	
Printing, stationery & adverts	4,034		1,785	
Travelling	47,096		20,653	
Motor expenses	2,248		2,180	
Repairs & renewals	30		-	
Sundries & cleaning	7,293		6,085	
Computer consumables	1,573		2,689	
Commission paid	32,128		58,302	
Legal & professional	14,438		63,817	
Auditors' remuneration	10,000		9,333	
Auditors' remuneration for non audit work	12,300		13,585	
Foreign exchange (gains) / losses	13,922		215,788	
Profit/loss on sale of tangible fixed assets	188		-	
Entertainment	<u>2,673</u>		<u>1,507</u>	
		397,931		606,515
Carried forward		147,550		11,787

Atul Europe Limited

**Trading and Profit and Loss Account
for the year ended 31 March 2016**

	2016		2015
	£	£	£
Brought forward		147,550	11,787
Finance costs			
Bank charges & interest	12,126		13,107
Other interest payable	<u>357</u>		<u>-</u>
		<u>12,483</u>	<u>13,107</u>
		135,067	(1,320)
Depreciation			
Plant and machinery	1,630		1,745
Fixtures and fittings	823		968
Motor vehicles	<u>824</u>		<u>2,241</u>
		<u>3,277</u>	<u>4,954</u>
		131,790	(6,274)
Exceptional items			
Profit on sale of investment		<u>-</u>	<u>160,263</u>
NET PROFIT		<u><u>131,790</u></u>	<u><u>153,989</u></u>