ATLANTA LIMITED

An ISO 9001:2008 Company

101, Shree Amba Shanti Chambers, Opp.Hotel Leela,
Andheri - Kurla Road, Andheri (East), Mumbai - 400 059, India.
Phone : +91-22-29252929 (5 lines) Fax : +91-22-29252900
E-Mail : mail@atlantainfra.com Website : www.atlantalimited.in
CIN : L64200MH1984PLC031852

Construction : Realty : Infrastructure Concessions : Mining

May 31, 2018

National Stock Exchange of India Limited
Exchange Plaza
Plot No. C/1, G Block, Bandra-Kurla Complex
Bandra (East),Mumbai 400 051
Trading Symbol : ATLANTA
Fax No : 2659 8348 / 2659 8237 / 38

Dear Sirs/Madam,

Subject: Clarification on Resignation of Auditor – ATLANTA

We are in receipt of your email dated May 30, 2018 at 10.15 pm requesting us to provide clarification on the announcement/sequence of events on the resignation of the Auditor.

As requested, we are enclosing herewith the following letter:-

1. Letter of resignation submitted by M/s. Price Waterhouse Chartered Accountants LLP dated May 29, 2018.

2. Detailed sequence of events are as follows:--
   a. Price Waterhouse Chartered Accountants LLP's email dated May 26, 2018 at 11.02 pm
   b. Company's reply by email dated May 27, 2018 at 4.53 pm
   c. Price Waterhouse Chartered Accountants LLP's email dated May 28, 2018 at 4.54 pm
   d. Subsequent discussion's and teleconference on May 29, 2018 by the Company with Price Waterhouse Chartered Accountants LLP
   e. Resignation letter from Price Waterhouse Chartered Accountants LLP email by email dated May 29, 2018
   f. Company's acceptance to the Resignation letter dated May 29, 2018 vide letter No.AL/CS/2018/3303 dated May 30, 2018 with clarifications.

3. The reasons for resignation of the Auditor are already submitted in our reply letter no AL/CS/2018/3303 dated May 30, 2018.

Thanking you,
Yours faithfully,

For Atlanta Limited

ATLANTA LIMITED MUMBAI 59

Rikiin Bbarot
Managing Director
DIN: 02270324
Encl: As Above

Price Waterhouse Chartered Accountants LLP

May 29, 2018

(5)

The Board of Directors
M/s Atlanta Limited
No. 101, Shree Amba Shanti Chamber,
Andheri-Kurla Road, Opposite Leela Hotel,
Andheri East,
Mumbai 400059.

Kind Attention: Mr. Rajhoo Bbarot, Chairman

Dear Sir,

Resignation as Statutory Auditors of the Company for year ended 31 March 2018

We have been appointed as the Statutory Auditors of the Company for the financial year ended 31 March 2018.

As you are aware, in performing our duties as an auditor we are required to report on whether the financial statements of the Company present a true and fair view of the state of the Company's affairs at the end of the financial year.

In this regard, we would like to bring to your attention, that significant information, including certain significant observations made by the tax authorities, requested by us from the Company at various points in time as a part of the audit were not provided to us or where provided, were not provided in a timely manner and thereby suffered from inadequacy in evaluating the observations and its impact on the financial statements. We have communicated this to you in our emails dated 26 May 2018 and 28 May 2018.

In the absence of adequate and relevant information and explanations, and considering the nature of the observations made by the tax authorities, the fundamental objective of an audit which is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to report on the financial statements, in our assessment, cannot be achieved, both in reference to the aforesaid observations and otherwise.

We also understand that one of the independent directors who was also part of the audit committee has resigned yesterday which was not informed to us in a timely manner.

Under the circumstances we are constrained to withdraw from the audit engagement in compliance with the Standards on Auditing issued by the Institute of Chartered Accountants of India and this communication should be considered as our letter of resignation under the Companies Act, 2013.

We would request you to make necessary declarations to the stock exchanges as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Yours faithfully,

For Price Waterhouse Chartered Accountants LLP (FRN 012754N/N500016)

Asha Ramanathan

Asha Ramanathan
Partner

Cc: Mr Narayan Joshi, Company Secretary, Atlanta Limited.

Price Waterhouse Chartered Accountants LLP, Nesco IT Building III, 8th Floor, Nesco IT Park, Nesco Complex Gate No. 3 Western Express Highway, Goregaon East, Mumbai – 400 063
T: +91 (22) 61198000, F: +91 (22) 61198799

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

(1)

From: Asha Ramanathan (IN) [mailto:asha.ramanathan@pwc.com]
Sent: Saturday, May 26, 2018 11:02 PM
To: chairman@atlantainfra.com; amconsindia@yahoo.co.in; docjaya97@yahoo.co.in; drsvishwanath@gmail.com
Cc: Narayan Joshi
Subject: Atlanta Limited - Audit for the year ended March 31, 2018

Dear members of the Board

We have been made aware late in the evening of 22nd May 2018 of receipt of orders under Sec 147 of the Income Tax Act, regarding re-opening of assessment for the past 6 assessment years viz., AY 11-12 to AY 16-17 and order under Sec 143 for the last assessment year, AY 17-18. These orders have been received by the Company on various dates from December 2017 to March 2018.

We have over the last couple of days attempted to gain an understanding of the matters raised in the Orders. Given that this information was passed on to us so late in the audit process and coupled with the fact that the orders narrate/allege bogus transactions with certain parties in the hawala list, we will not be in a position to carry out necessary procedures and conclude the audit of the transactions referred in the income tax demand and also assess the impact on any other transactions/balances included in the financial statements, in time for the board meeting scheduled for adoption of accounts on 29 May, 2018. We would accordingly request you to defer the meeting to a later date and take necessary steps in this regard. As of now we are unable to indicate a date by which we will be able to complete our work considering the nature of the matter but will keep you posted of the progress of our work in this regard.

Regards

Asha Ramanathan

Audit Partner, Price Waterhouse Chartered Accountants LLP

(2)

From: Rajhoo Bbarot [mailto:chairman@atlantainfra.com]
Sent: Sunday, May 27, 2018 4:53 PM
To: 'Asha Ramanathan (IN)'; 'amconsindia@yahoo.co.in'; 'docjaya97@yahoo.co.in'; 'drsvishwanath@gmail.com'
Cc: 'Narayan Joshi'; 'rikiinb@gmail.com'; 'managingdirector@atlantainfra.com'; 'cfo@atlantainfra.com'
Subject: RE: Atlanta Limited - Audit for the year ended March 31, 2018

Dear Madam,

Your trailing email was not marked to our Managing Director, Shri Rikiin Bbarot.

At the outset, we state that our Vice President(Accounts), Mr. Korigeri, have furnished the detailed statement of demand raised by Income Tax Department long back at about the relevant time. He has also shared show cause notices, our representations with complete supporting details and documents and orders U/s 147 of Income Tax Act on your demand on 22nd May 2018. Subsequently, we had lengthy discussions on 25.05.2018 and 26.05.2018 with you and your team where the case was explained to you in detail as well as explained in following paragraph

The Assessment U/s 143(3) was done by the Assessing Officer in different years at about the relevant time. Pursuant to Search and seizure u/s. 133 on some of the parties by the Director of Investigation, Kolkata Wing, the notices were issued to the Company and assessment for 7 years was re-opened u/s. 147 of the IT Act. The Company had sought reasons for reopening and as well sought copy of the material relied upon by the AO, on the basis of which the Assessment were reopened. The AO did not furnish the material based on which the AO had relied and the show cause notices were issued and the assessments were reopened. The Company made submissions to the show cause notice pointing out that not furnishing the material on the basis of which, the show cause notices were issued amounts to violation of principles natural justice and legal precedents. The company also made detailed submissions and pointed out that documentary evidence and other details substantiate that the transaction were carried out in the normal course of business and valid and legal. Neither AO discussed/distinguished the submissions nor gave any reason for rejecting the

documents submitted. Accordingly, AO has passed orders making certain additions, without any basis. It was also pointed out that additions u/s. 14A was set aside by CIIT/ IT Tribunal in appeal for the years under which the assessment was re-opened and that it was beyond the purview of the AO to review such addition for the same assessment years. The Company has challenged additions including reopening of the accounts by the AO before the CIT (Appeals). The adjudication of the same is pending. The Company has applied for stay of the orders and the AO has granted the stay. The company is confident of relief and hence there is no need for making any provision for payment of taxes as made by the Assessing Officer u/s. 147. At the best, the demand raised by the AO can be considered as contingent liability.

In your trailing email, you have mentioned that you will not be in a position to carry out necessary procedures and conclude the audit of the transactions referred in the income tax demand and also assess the impact on any other transactions/balances included in the financial statements, in time for the board meeting scheduled for adoption of accounts on 29 May, 2018. In this regard, we would like to state the following :

a) Out of the parties referred by the AO in the order only two parties are having the balances of Rs. 1,34,714/- and 1,09,761 . These amounts are insignificant to disturb the true and fair view of the accounts. With regard to the other parties, they do not come under the preview of the audit period as they relate to earlier accounting years. Hence, the need for carrying out the audit of transactions referred in the Income Tax order does not arise.

b) With regard to the alleged bogus purchase transactions, enough documentation has been submitted to show the bonafides of the transaction. In major cases, in terms of value, the purchases have been routed through the letter of credit to be negotiated through their bankers under LC. The copies of the documents submitted to AO includes GRN, delivery challans, banker's stock audit report, letters of credit, bills of exchange and stock statement detailing the material consumptions. None of these submissions have been rejected by substantiating with reason. All the documents are given to you in the form of submissions to income tax department. Only if we had not provided

substantiations, there can be a need to assess any impact on transactions and balances included in the financial statement.

c) The audit under Companies Act, 2013, is limited to true and fair view and not expected to go beyond reasonable assurances. Certainly the law does not mandate the auditor under Companies Act, 2013 to carry out the audit from investigation or forensic perspective. Infact, understanding these limitations of the audit, the Companies Act, 2013, has made compulsory on the part of CFO and Chairman to certify that the statements do not contain any materially untrue statement.

In conclusion, in view of the above, we are not able to appreciate your need to defer the meeting to a later date and would like to go ahead with the meeting, as scheduled. We would also like to emphasise that any postponement will result in penalties and will not be seen in good taste by the shareholders, bankers and investors.

Thanks and Regards

Rajhoo Bbarot

Chairman

From: Asha Ramanathan (IN) [mailto:asha.ramanathan@pwc.com]
Sent: Monday, May 28, 2018 4:54 PM
To: Rajhoo Bbarot
Cc: amconsindia@yahoo.co.in; docjaya97@yahoo.co.in; Dr Shankar Vishwanath; Narayan Joshi; rikiinb@gmail.com; managingdirector@atlantainfra.com; cfo@atlantainfra.com
Subject: Re: Atlanta Limited - Audit for the year ended March 31, 2018

(3)

Dear members of the Board,

At the outset, information that is being referred to as shared with us was a file with the status as on June 2017, not updated with the details, amount or completeness, with respect to the referred matter. As indicated in our mail, we were aware of the orders under Section 147 for the last 6 assessment years and under Section 143 for the latest assessment year, only on May 22, 2018 on continuous following up on our earlier request for details of assessment orders and their copies for the past years.

On perusal, we noted that the orders contain allegations of bogus purchase transactions with certain specified parties of an amount of Rs. 22.90 crores and unsecured loans from bogus parties of an amount of Rs.11.56 crores.

The most significant allegations in these orders are as under:

The assessee failed to disclose fully and truly all the material facts in respect of genuineness of the purchases from various parties.

The notices served by income tax authorities under section 133 (6) of the IT Act 1961 to the said parties were returned unserved from the postal authorities.

The assessee failed to produce the parties physically, hence the existence of the parties was challenged and the submission of the company is considered to be non-genuine.

In this regard, we would like to bring to your attention the requirements of Section 134(5) and Section 177 of the Companies Act, which requires both Management/Board and Those Charged

with Governance to assess and to consider an independent investigation to conclude on the said matter and consider relevant reporting requirements.

We considered the responsibilities / procedures on the statutory auditors as laid down by the Auditing Standards, specifically SA 250 read with the relevant guidance note, which casts a duty on the auditor to perform additional procedures or assign/include specialists/experts in the field as required and considered appropriate.

Considering the nature of the allegations in respect of which the company's appeal is yet to be heard by the appellate authority and also our inability to confirm or dispel the allegations included in the Order that pans several years, including if there are such transactions during the year, which only an independent investigation or disposal of the matter by the concerned appellate authority can conclude, we are not in a position to form an opinion on the financial statements.

Under the circumstances in view of the constraints in our ability to form an opinion, in the event the financial statements are still to be adopted by the Board, our report shall contain a disclaimer of opinion, a draft of which I will share with you shortly.

I am available at Atlanta and will be able to come over to your office to discuss this.

Regards

Asha Ramanathan

Price Waterhouse Chartered Accountants LLP

May 29, 2018

(5)

The Board of Directors
M/s Atlanta Limited
No. 101, Shree Amba Shanti Chamber,
Andheri-Kurla Road, Opposite Leela Hotel,
Andheri East,
Mumbai 400059.

Kind Attention: Mr. Rajhoo Bbarot, Chairman

Dear Sir,

Resignation as Statutory Auditors of the Company for year ended 31 March 2018

We have been appointed as the Statutory Auditors of the Company for the financial year ended 31 March 2018.

As you are aware, in performing our duties as an auditor we are required to report on whether the financial statements of the Company present a true and fair view of the state of the Company's affairs at the end of the financial year.

In this regard, we would like to bring to your attention, that significant information, including certain significant observations made by the tax authorities, requested by us from the Company at various points in time as a part of the audit were not provided to us or where provided, were not provided in a timely manner and thereby suffered from inadequacy in evaluating the observations and its impact on the financial statements. We have communicated this to you in our emails dated 26 May 2018 and 28 May 2018.

In the absence of adequate and relevant information and explanations, and considering the nature of the observations made by the tax authorities, the fundamental objective of an audit which is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to report on the financial statements, in our assessment, cannot be achieved, both in reference to the aforesaid observations and otherwise.

We also understand that one of the independent directors who was also part of the audit committee has resigned yesterday which was not informed to us in a timely manner.

Under the circumstances we are constrained to withdraw from the audit engagement in compliance with the Standards on Auditing issued by the Institute of Chartered Accountants of India and this communication should be considered as our letter of resignation under the Companies Act, 2013.

We would request you to make necessary declarations to the stock exchanges as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Yours faithfully,

For Price Waterhouse Chartered Accountants LLP (FRN 012754N/N500016)

Asha Ramanathan

Asha Ramanathan
Partner

Cc: Mr Narayan Joshi, Company Secretary, Atlanta Limited.

Price Waterhouse Chartered Accountants LLP, Nesco IT Building III, 8th Floor, Nesco IT Park, Nesco Complex Gate No. 3 Western Express Highway, Goregaon East, Mumbai – 400 063
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ATLANTA LIMITED

An ISO 9001:2008 Company

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Phone : +91-22-29252929 (5 lines) Fax : +91-22-29252900
E-Mail : mail@atlantainfra.com Website : www.atlantalimited.in
CIN : L64200MH1984PLC031852

Ref. No. AL/CS/2018/3303

Date: 30.5.2018

To,
M/s. Price Waterhouse Chartered Accountants LLP
Nesco IT Building III,
8th floor, Nesco IT Park,
Nesco Complex Gate No. 3,
Western Express Highway,
Goregaon (East),Mumbai – 400063.

Kind Attn.: Mrs. Asha Ramanathan – Partner

Subject : Resignation as Statutory Auditors of the Company for year ended 31st March, 2018

Ref. : **1. Your email dated 26.5.2018 @ 11.02 pm**
2. Our reply email dated 27.5.2018 @ 4.53 pm
3. Your email dated 28.5.2018 @ 4.53 pm
4. Subsequent discussions and teleconference on 29.5.2018 @ 3.50 pm
5. Resignation dated 29.5.2018 received by email dated29.5.2018 @ 4.04 pm

Dear Madam,

1.0 We are in receipt of your resignation as Statutory Auditor of Atlanta Limited on 29.5.2018 as referred hereinabove under Sr. No. 5.

2.0 We are hereby accepting your resignation dated 29.5.2018 and would like to clarify as under :

(a) At the outset, we do not agree that you were not informed regarding the receipt of the orders under section 147 of the Income Tax Act regarding assessment for the past 6 assessment years viz. AY 11-12 to AY 16-17 and Order under section 143 for the Assessment Year AY 17-18. It is pertinent to state that our Vice President -Accounts vide emails dated 30.3.2018 @ 7.37 pm and 12.5.2018 @ 8.01 pm, had informed Mr. Basant Chandak and Mr. Rohit Pansare respectively, having an attachment consisting of summary of Income Tax demand outstanding as on 31.3.2018.

(b) On bare perusal of the summary, it is evident that we had well in time informed and furnished the details of demand raised by Income Tax Authority under section 154 against Order under section 143 (3) read with section 147 of Income Tax Act.

Construction : Realty : Infrastructure Concessions : Mining

(c) Considering the above, it is noteworthy to state that we had furnished summary of demand raised by Income Tax Department on 30.3.2018 and on 12.5.2018 and furnished copies of the Orders and relevant correspondence, as desired by you, on 22.5.2018 i.e. immediately on demand by you.

(d) It is pertinent to state that you did not demand for any relevant documents related to the orders of the Income Tax till 22.5.2018 and it will not be wrong to state that if the demand for relevant Income Tax orders, if at all, had been raised after our emails having the summary details, the same could have been furnished to you at any time, thereafter.

(e) We had lengthy discussions on 25.5.2018 and 26.5.2018 with you and your team, when the case details were explained to you in detail by the undersigned The details were briefly captured vide our email dated 27.5.2018 @ 4.53 pm, referred hereinabove at Sr.No. 2.

(f) You had vide your email dated 28.05.2018 @ 4.53 pm mentioned regarding the responsibilities / procedures on the statutory auditors, further stating that you are unable to form opinion on the financial statement, without independent investigation or disposal of the matter by concerned Income Tax Appellate Authority. In addition, you as well mentioned that in the event the Financial Statements are still to be adopted by the Board, your report shall contain a disclaimer of opinion on financial statement.

(g) Immediately at 5.00 pm on 28.5.2018, we had discussed about independent audit being carried out to your satisfaction and with scope and procedures being given by you for getting comfort on the Financial Statements.

(h) It is pertinent to state that our CFO had verbally informed you on 28.5.2018 @ approx. 6.30 pm regarding the resignation submitted by Dr. Shankar Vishwanath – Independent Director, on account of alternate personal commitments and further informed you that Audit Committee meeting will be postponed for the want of quorum, as required. This information was also in public domain at 6.44 pm on 28.5.2018, pursuant to information given to stock exchanges regarding resignation of Dr. Shankar Vishwanath and consequent postponement of the Board meeting on 29.5.2018, due to inadequate quorum. Furthermore, our Company Secretary had informed you the same vide email dated 29.5.2018 @ 10.00 am. Hence, it is incorrect to state that the resignation of the Independent Director, Dr. Shankar Vishwanath was not brought to your notice, in time.

(i) It is pertinent to state that a meeting was convened in our office @ 11.00 am on 29.5.2018, wherein you had mentioned that Mr. Russell Parera , Partner will also be attending the meeting to address/ resolve the audit issue. However, due to unavailability of Mr. Russell Parera, the said meeting kicked off at 3.45 pm, wherein the undersigned was a part of the said meeting via speaker phone.

3.0 It was quite astonishing to us that instead of addressing on resolving of audit issue to discuss the time frame required by you for completion of the audit / to discuss the draft of disclaimer, for which the meeting was convened, you tendered the resignation of Price Waterhouse Chartered Accountants LLP(PWC), as a Statutory Auditor of the Company for the year ended 31st March,2018.

Thanking you,

Yours faithfully,
For Atlanta Limited

Chairman

CC To 1.Mr. Arpan Brahmbhatt, Independent Director

2. Mrs. Jaya Balachandran, Independent Director

3. Mr. Rikiin Bbarot, Managing Director