



60 years of service through business

# RENEWAL

Dreams Outweigh Memories



Diamond on the cover page signifies our determination to endure difficult situations, our desire to reach our full potential and our *dharma* to create value for all our Stakeholders. With every passing year, we will continually better our processes and portfolio of products for success calls for a constant focus on renewal. We cherish our past, but our determination to pursue our dreams remains strong at 60.

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Diamond cannot be polished without friction, nor man perfected without trials.  
– Kong Qiu

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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 and other statements - written and oral - that we may periodically make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'intend', 'plan', 'project' and 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 achievement of results is subject to uncertainties, risks and even inaccurate assumptions. If uncertainties or known or unknown risks materialise or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, 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.

# 2011-12 in Retrospect

## Macro-economic environment remained tumultuous ...

- World output grew at 2.7% against 3.9% in 2010
- Crude oil fluctuated between US\$ 75 and US\$ 114 per barrel
- Indian ₹ vacillated between 43.95 and 54.24 against the US\$

## Profitability of Atul dampened, but not its resolve ...

- Sales grew by 17% to ₹ 1761 cr
- EBITDA margin came down from 13% to 12%
- PBT before exceptional items declined from ₹ 129 cr to ₹ 116 cr

## ... and the Company built new foundations to grow better and faster

- converted a major liquid effluent stream into a saleable product
- introduced a process to significantly improve recovery of solvents
- enhanced ERP for better decision making
- completed or is in the process of completing capex of about ₹ 160 cr
- first time acquired a majority stake in an operating company abroad
- established two joint ventures in India with foreign companies



Acquired 88% stake in DPD Ltd, one of the oldest companies engaged in micro propagation of tissue cultured date palms

**RUDOLF**  
**GROUP**

Formed Rudolf Atul Chemicals Ltd, a 50-50 JV with Rudolf GmbH, to manufacture and market textile chemicals in India



Formed Atul Elkay Polymers Ltd, a 51-49 JV with Elkay Kimyasal Maddeler San ve Tic A.S., to market stone care chemicals (to be manufactured by Atul)

# Corporate Identity



We are a diversified Indian company meeting the needs of varied industries such as Adhesives, Aerospace, Agriculture, Animal Feed, Automobile, Chemical, Composites, Construction, Cosmetic, Defence, Dyestuff, Electrical & Electronics, Flavour & Fragrance, Glass, Home Care, Paint & Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Polymer, Rubber, Soap & Detergent, Textile and Tyre 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 two Reporting Segments, namely Life Science Chemicals and Performance & Other Chemicals under 7 Businesses, namely, Aromatics, Bulk Chemicals, Colors, Crop Protection, Floras, Pharmaceuticals and Polymers. These Businesses are managed through a matrix organisation structure consisting of Divisions and Units for achieving all-round excellence.

## Parentage

- Founded by one of the legendary Indians, Mr Kasturbhai Lalbhai, on September 15, 1947, a month after independence
- ...
- Part of Lalbhai Group, one of the oldest and the most reputed business houses of India

## People

- 2737 committed and competent people working as one team, 517 of which in Marketing and Research functions
- Employees with diverse background, based in 385 villages, towns and cities of India and 3 continents

## Potential

- Operating in Life Science Chemicals and Performance & Other Chemicals Segments with infinite possibilities
- Having depth in science and technology and integrated manufacturing facilities

Shareholding of Promoter group 50.1% (March 31, 2012)

Share capital of ₹ 29.68 cr

Dividend since 1952 except in 1999-00





# Serving Diverse Industries



**Aerospace**



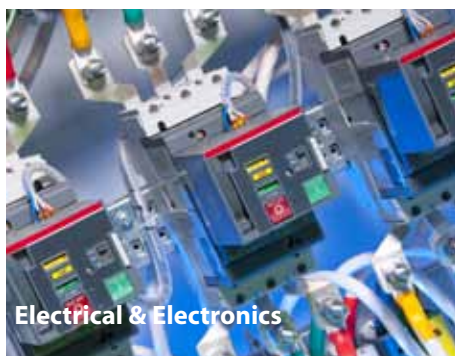
**Agriculture**



**Automobile**



**Defence**



**Electrical & Electronics**



**Flavour & Fragrance**



**Paper**



**Paint & Coatings**



**Personal Care**



**Pharmaceutical**



**Textile**



**Tyre**

- Manufacturing facilities in Gujarat (Ankleshwar and Valsad) and Maharashtra (Tarapur)
- Subsidiary operating company in the UK (Bristol)
- JV companies with manufacturing facilities in Rajasthan (Jodhpur), Germany (Düsseldorf), South Korea (Onsan) and Switzerland (Lugano)
- Distribution network across India
- Subsidiary marketing companies in Brazil, China, Germany, the UK and the USA

...

- Manufactures 850 products divided into Life Science Chemicals (90) and Performance & Other Chemicals (760) Segments
- Serves 4100 customers world-wide
- Owns 63 brands in Crop Protection and Polymers

**LAPOX<sup>®</sup>**

**Bristlebond**

**Clearset**

**Crafto**

**Duratite**

**FILLO**

**LAPOGRIP**

**LAPOBOND**

**Metalam**

**polygrip**

**StoneTreat**

**ALBIS**

**AMSAC**

**CONVO**

**Cyno**

**Loxo**

**Rhyzo**

**Salix**

**Vitis**

**XANTHO**

**XyLo5**

**Zura**

# United by Purpose



## Mr Kasturbhai Lalbhai

(1894-1980)

Our Founder was one of the foremost Indians of his times. He lived his life with larger purpose and considered business enterprises as means to serve the society. He led an exemplary life that was characterised by trusteeship, simplicity, humility, integrity and excellence. We are proud of this legacy and will endeavour to live up to it.

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

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



# Aligned by Values

The name Atul is a unique asset, which amongst others, connotes 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 institutionalise 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

The foundation of every relationship is trust, and trust is based on Integrity. Integrity means 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 one works with others depends on his (her) ways to connect, and this in turn is based on his (her) level of Understanding of human relationships. Understanding does not mean accepting poor performance, but it means doing it the right way. Understanding is not only an external manifestation, but also an internal realisation.



## Unity

Living in a state of oneness brings Unity. Unity means working together and taking advantage of synergy while harnessing unique abilities of each individual 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 destiny.



## Responsibility

Responsibility implies doing whatever it takes to deliver value and taking ownership of our actions. Responsibility must also give rise to the realisation that what is good for the business must be in the overall good; in other words, working in the spirit of trusteeship not only for the shareholders, but also for other stakeholders such that ultimately what comes from the society goes back to it many times over.



## Excellence

Excellence is a drive that is more from inside than outside; it is about one seeking to continuously improve and better performance. Excellence means endeavouring to achieve the highest possible standards in our day to day work; it means to develop an inspiring Vision and realise it. In many ways, Excellence is also a journey, not simply a destination in itself.



Balwantrao Mazumdar  
(1902 to 1981)

Educated at London School of Economics, Balwantrao Mazumdar was a professor at Banaras Hindu University. He met Kasturbhai in 1933 who initiated him into Arvind Ltd and later Atul. A voracious reader, sound thinker, patient listener and farsighted professional, he created an atmosphere of camaraderie that brought out the collective best of the employees. He was the moving force behind making Atul one of the largest eco-friendly chemical sites. He remained with the Group till the end of his life as did most of the people who directly worked with the Founder.



Kasturbhai Lalbhai  
(1894 to 1980)

Our Founder, an institution builder par excellence, made seminal contributions, particularly in the fields of industry, education, culture and religion. His pioneering efforts helped in the process of transformation of a colonised and impoverished India to a land of emerging hopes and opportunities. He led a purposeful life imbued with trusteeship, simplicity, perseverance, integrity, humility, excellence and discipline.



Siddharth Kasturbhai  
(1923 to 1998)

Siddharth Kasturbhai, a chemical engineer by education, shifted his base to Atul in 1952 and made it his *karmabhumi*. He was deeply aware of his purpose and actualised the vision of his father with foresight and thoroughness. An austere, low profile leader, he promoted ethics in business and trusteeship in governance. In his own determined way, he embedded humaneness into commerce as he helped build one of the finest chemical sites of its kind and developed Atul as a well diversified conglomerate.

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The tryst with destiny had occurred, and India became independent in 1947; yet the problems for its teeming millions remained and hit hard at the faces of its new polity.

Infused by the new found freedom, Kasturbhai Lalbhai, then 53, took a big leap forward. He founded Atul on September 15, 1947, exactly a month after formal independence, and the nationalist Indian in him fully imbibed the clarion call for self-reliance, employment generation and wealth creation in rural areas.

Along with his confidant, Balwantrao Mazumdar and son, Siddharth, Kasturbhai set out in a bullock cart in the scorching heat of May and arrived at the banks of the river Par. Here, a barren land stretching upto the foothills of Parnera was quietly awaiting. The deep intuition resulted in the decision to acquire the vast span of about 1,000 acres of land, now called Atul, in less than a minute.



# 1952– 1971



Inauguration by Prime Minister, Pandit Jawaharlal Nehru

- Inauguration by Prime Minister, Pandit Jawaharlal Nehru
- Construction of weir I on river Par
- Construction of Power plant I

- Commencement of manufacture of dyes for the first time in India
- Setting up of Kalyani School
- Setting up of Atul Medical Centre



Kalyani School



Atic Industries Ltd

- Establishment of a JV with Imperial Chemical Industries plc (50%)
- Construction of Power plant II
- Commencement of manufacture of Vat dyes for the first time in India

- Formation of a JV with Ciba-Geigy Ltd (35%)
- Establishment of a JV with American Cyanamid (65%)
- Commissioning of Sulphuric Acid plant



Cibatul Ltd



Chloro-alkali plant

- Commissioning of Chloralkali plant
- Construction of weir II on river Par
- Commissioning of Chlorosulphonic Acid plant

- Commissioning of Reactive dyes plant
- Commissioning of Anthraquinone plant
- Commencement of manufacture of Phosgene for the first time in India



Reactive dyes plant



# 1972 – 1991



2,4 D Acid plant

- Commencement of manufacture of Carbamite for the first time in India
- Commencement of manufacture of 2,4 D Acid for the first time in India
- Commissioning of Aluminium Chloride plant

- Commissioning of Anthraquinone Disperse dyes plant
- Incorporation of Gujarat Aromatics Ltd
- Construction of Power plant III



Power plant



Central Liquid Effluent Treatment plant

- Construction of Power plant IV
- Setting up of Atul Rural Development Fund
- Construction of Central Liquid Effluent Treatment plant

- Acquisition of Gujarat Aromatics Ltd
- Commissioning of Disperse dye-intermediates plant
- Renaming of The Atul Products Ltd to Atul Products Ltd



Dye-intermediates plant



Epoxy plant

- Commissioning of Multi-purpose pilot plant
- Commissioning of Formaldehyde plant
- Modernisation of Epoxy plant

- Commencement of manufacture of p-Cresol for the first time in India
- Setting up of Atul Vidyalaya
- Expansion of Vat dyes



Atul Vidyalaya



# 1992 – 2012



Atul USA Inc

- Formation of Atul USA Inc
- Setting up of Atul Club
- Commencement of manufacture of p-Anisic Aldehyde for the first time in India

- Merger of Atic Industries Ltd
- Establishment of Atul Europe Ltd
- Construction of 4 km pipeline in mid-sea for discharge of treated liquid effluent



4 km pipeline in mid-sea



p-AA plant, Ankleshwar

- Commencement of manufacture of p-Anisic Alcohol for the first time in India
- Construction of Power plant-V
- Merger of Cibatul Ltd

- Construction of secured land fill site for the first time in India by a private sector company
- Formation of Atul China Ltd
- Commissioning of Phosgene-intermediates plant



Phosgene intermediate plant



Atul Vidyamandir

- Setting up of Atul Vidyamandir
- Acquisition of 50% stake in M Dohmen S A (Switzerland)
- Establishment of a subsidiary company, Atul Bioscience Ltd

- Acquisition of 88% stake in DPD Ltd (UK)
- Formation of a JV with Rudolf GmbH (Germany)
- Commencement of manufacture of tissue cultured date palms for the first time in India through a JV company with the Government of Rajasthan



DPD Ltd (UK)



# Letter to the Shareholders

Dear Shareholders,

Atul completed 60 years of service through business, and we pay **tribute** to our Founder, Mr Kasturbhai Lalbhai, for leaving behind a legacy of Vision, Perseverance and Ethics. We also express our gratitude to Mr Balwantrao Mazumdar and Mr Siddharth Kasturbhai for their life time commitment in building strong foundations and creating one of the finest chemical sites in the world. Our committed employees and illustrious Directors are the backbone of our future growth, and we are looking forward to expand and diversify our business footprints in a responsible way.

The world economy is estimated (by IMF) to have grown 3.8% in 2011 - advanced economies 1.6% and emerging economies 6.2%, with GDP for the year of around US\$ 70 tn. Indian economy is estimated (by the Government) to have grown 6.9% in 2011-12, with GDP of around US\$ 1.7 tn. Despite the hugely uncertain economic and political outlook at this time, we remain steadfast in fulfilling the needs of diverse industries which provide infinite possibilities, thus creating, giving and adding value.

The growth of the world Chemical Industry in 2011 was about 4.8%, with revenues of around US\$ 3.4 tn. (excluding Pharmaceutical industry). Indian Chemical industry, despite a huge untapped potential, grew only about 7%, with revenues of around US\$ 83 bn. The United Nations proclaimed 2011 as the **International Year of Chemistry**, commemorating the achievements of chemistry. Grounded in the knowledge of chemistry, our Company, in its own small way, is working to make the label 'Made in India' proud across the world.

The price of crude oil fluctuated between US\$ 75 and US\$ 114 per barrel; coal price in India increased by 24% and Indian ₹ vacillated between 44.65 to 54.24 to the US\$. As the key raw materials used by our Company are derived from crude oil, steam and electricity are largely generated from coal and exports, imports and foreign currency loans are


largely denominated in the US\$, any abrupt changes in them affect our profitability. We will embrace **external realities** by seeking consistent internal improvements and actualising new growth opportunities.

We are not happy with the **results** we delivered which are as follows:

- Sales grew by 17% from ₹ 1508 cr to ₹ 1761 cr
- Contribution margin declined from 27% to 26%
- PBT before exceptional items declined from ₹ 129 cr to ₹ 116 cr
- PAT decreased from ₹ 90 cr to ₹ 88 cr
- RoCE declined from 18% to 17%
- Gross working capital improved from 151 days to 150
- Borrowing increased from ₹ 327 cr to ₹ 388 cr

Our Company pursued several Key Initiatives to seek faster **growth**:

- Completed *p*-Cresol project
- Commenced implementation of 2,4 DCP, BLR 1 and BLR 2 projects
- Executed 29 debottlenecking and small projects
- Commissioned multi-purpose facilities in Atul Bioscience
- Acquired DPD, a company engaged in tissue culture of date palms
- Commissioned tissue culture facility of Atul Rajasthan Date Palms
- Formed a JV each for textile chemicals and stone care chemicals



We pledge our unflinching allegiance to a dynamic future wherein we will reappraise, redefine and restructure, with interactive solidarity. We cherish our legacy, but our dreams outweigh our memories, and we will forever remain a new company to pursue them.

Once the projects underway are completed (during 2012-13), our Company will have the potential to cross sales of ₹ 2,500 cr, and it will be our endeavour to make this happen in 2013-14. We are at the same time improving our performance in the marketplace and workplace with clearly defined Key Initiatives. More importantly, we are consistently focusing on strengthening our **processes** and developing our **people** so that we are able to bring in the required depth and quality in the management as we expand and diversify.

In step with the tradition established by our reflective Founder, Mr Kasturbhai Lalbhai, that business must have a **larger purpose**, our Company continued with several Key Initiatives to serve the society. Rather than simply going after the quantity of work to be accomplished in this area, we are paying attention to improve the quality; for example, Atul Vidyalaya, one of the schools promoted by Atul, is considered amongst the best in imparting holistic education and Atul Club, amongst the best for sports.

Ultimately, our performance and in turn that of our Company will depend upon how well we think, plan and execute, individually and collectively. During the year, we established

**three Centres**, namely, Learning, Inspiring and Serving to reaffirm what we stand for and work for; I have confidence that these Centres will remain our guiding stars for the years ahead and, together, help us become better, personally and professionally, in turn power our performance to serve all our Stakeholders.

Diamond on the cover page symbolises more than just a jubilee. It symbolises the test of our strengths to remove our weaknesses, our endurance to face difficulties and our aspirations to reach our highest potential. The lower profit may have upset our track record of the last 7 years of consistent improvement, but not our resolve; it has only become stronger. We remain committed to our **Purpose** and **Values** even as we will redefine our Vision, Strategy and Initiatives to grow and serve. I thank you for your support in this endeavour.

Sincerely,

Sunil S Lalbhai  
*Chairman & Managing Director*

# Operational Highlights

We are constantly looking within to find better ways of managing our operations, at the workplace as well as in the marketplace, so that we are not tied only to the vagaries of the unpredictable external business environment. We are therefore endeavouring to develop the ability to go into details, individually and collectively, and build on human creativity.



## People

- Stabilisation of matrix organisation structure
- Introduction of 360 degree for levels below Department Heads
- Creation of Learning Centre

## Environment

- Decrease in gaseous emissions particularly of Chlorine and Hydrochloric Acid by 50%
- Decrease in liquid effluent load by 10%
- Conversion of a particular liquid effluent into saleable product



## Manufacturing

- Increase in yield of 25 products
- Decrease in time cycle of 28 products
- Increase in batch sizes of 19 products





## Utilities

- Decrease in water consumption in 5 products
- Decrease in steam consumption in 4 products
- Decrease in electricity consumption in 13 products

## Marketing

- Addition of 300 new customers around the world
- Appointment of 430 distributors mainly for promoting brand sales
- First sales of API intermediates to Japan and the USA



## New Business

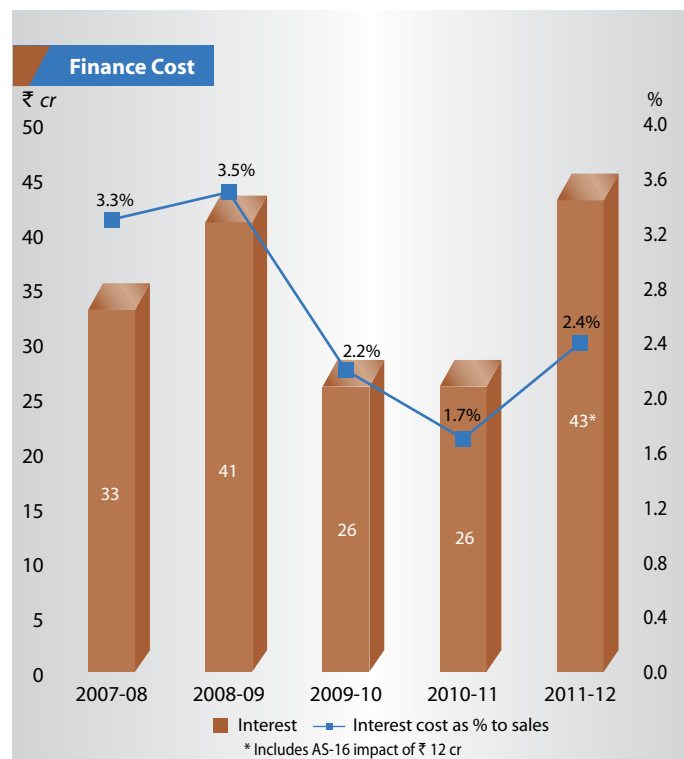
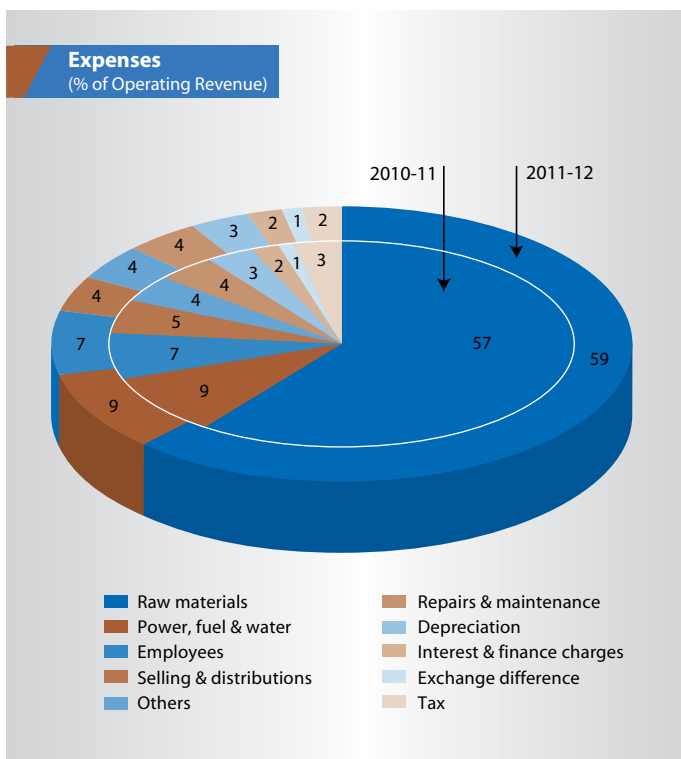
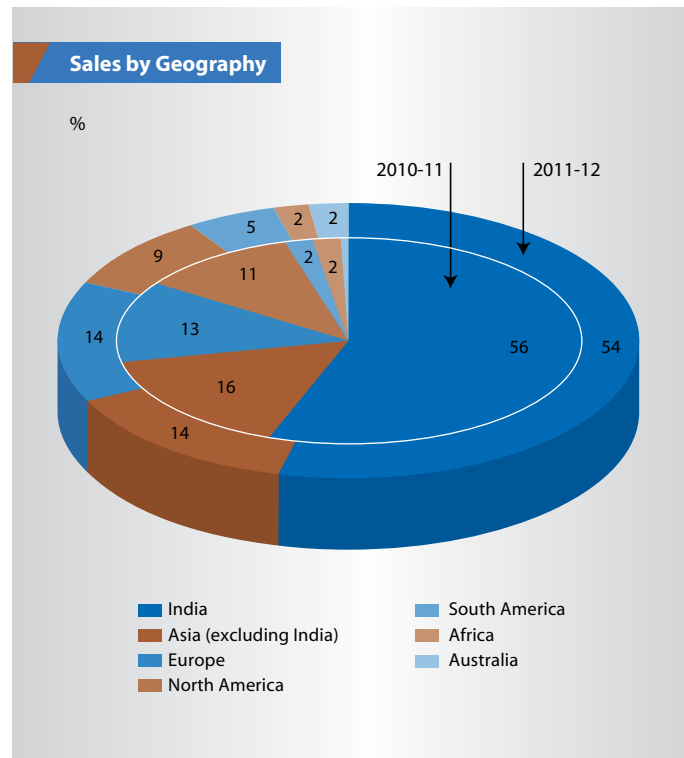
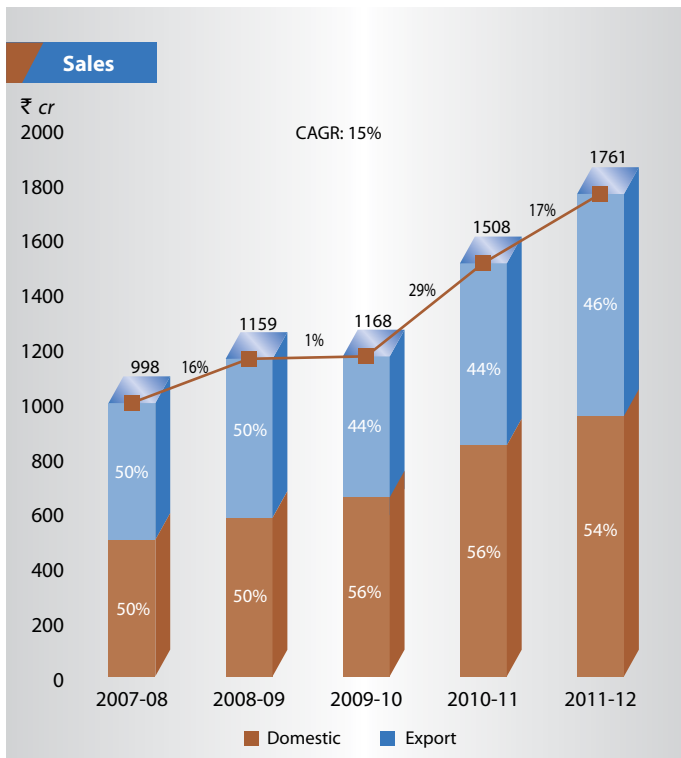
- Introduction of 96 new products and formulations
- Establishment of 2 joint venture companies
- Acquisition of a company, based in the UK, engaged in micro propagation of tissue cultured date palms

## Recognition

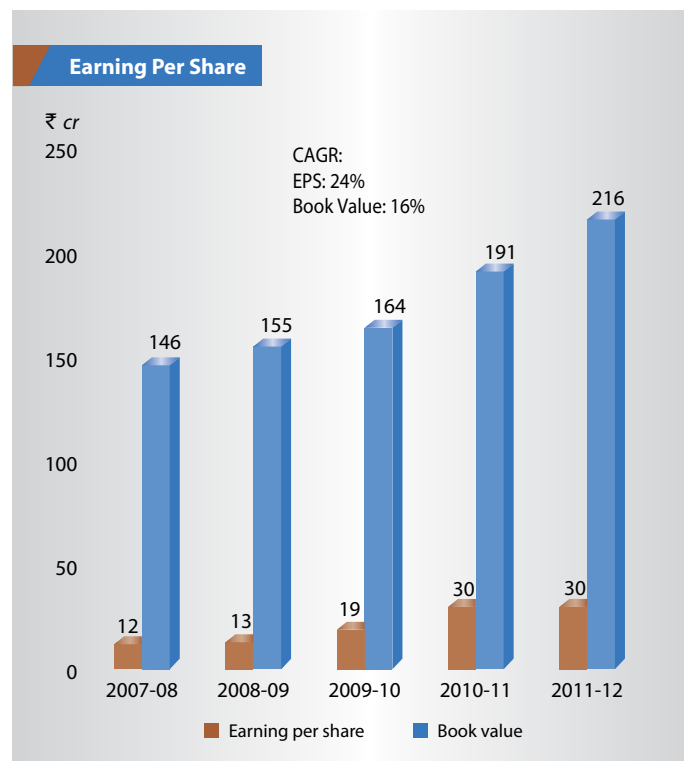
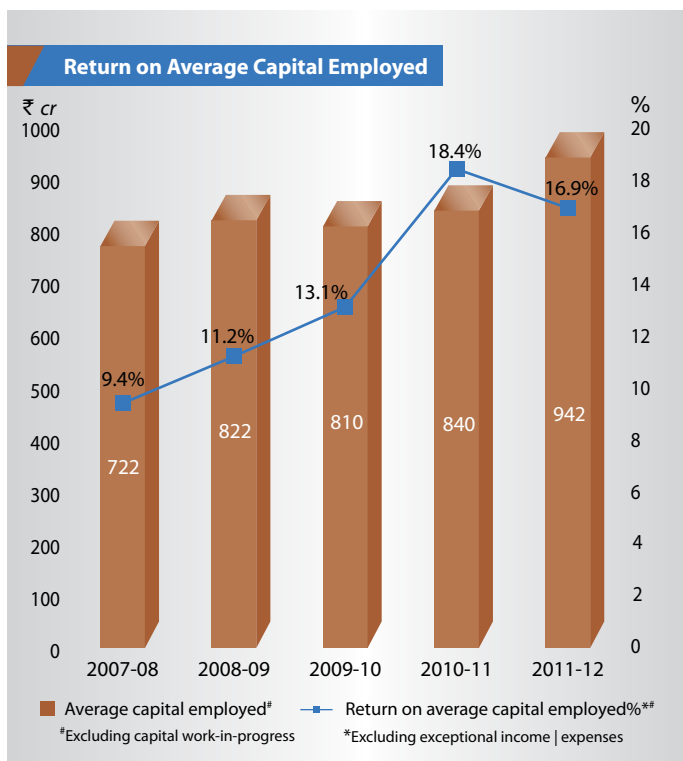
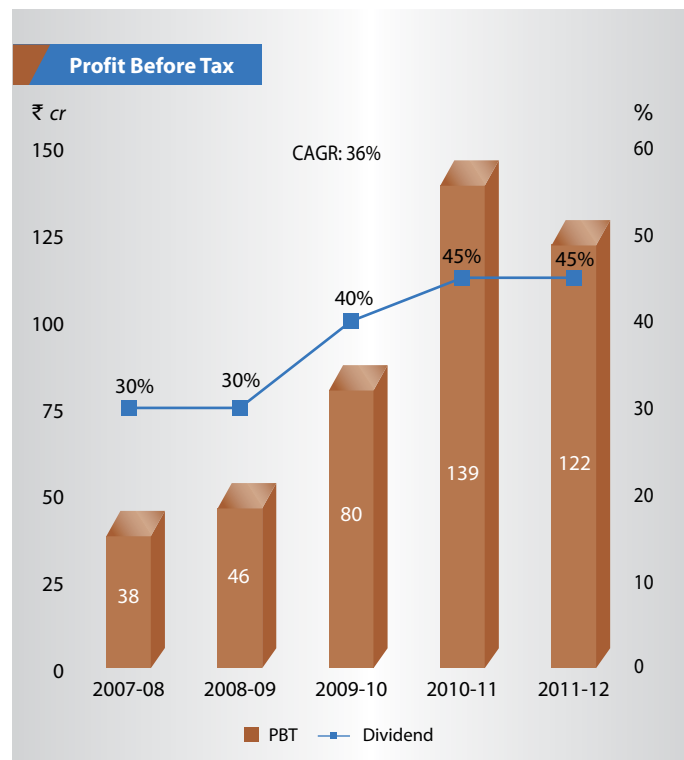
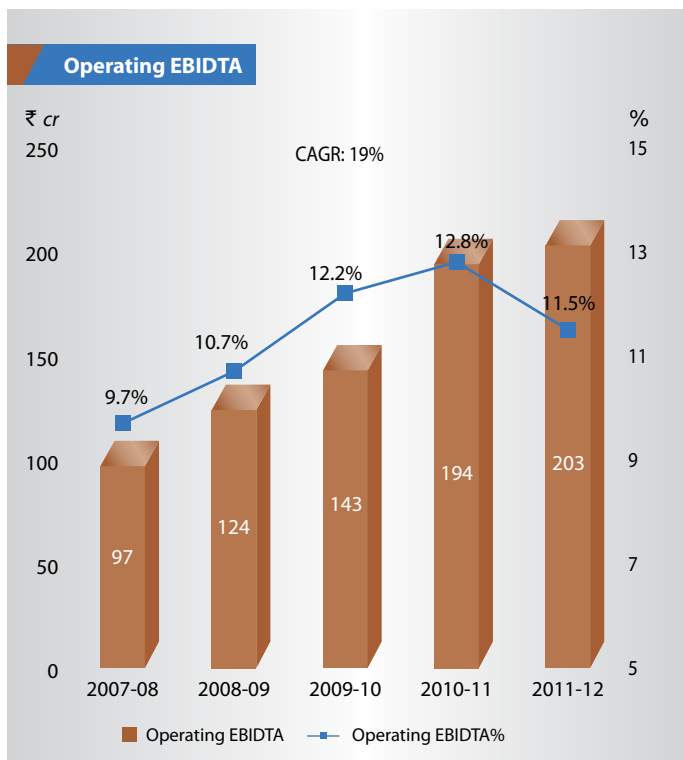
- Award under 'Excellence' category for Quality Circle conferred by Quality Circle Forum of India
- EDGE Award 2011 given by InformationWeek magazine recognising the best use of technology to solve business issues
- Letter of Appreciation from Gujarat Forestry Department for tree plantation, protection of birds and concern regarding environment



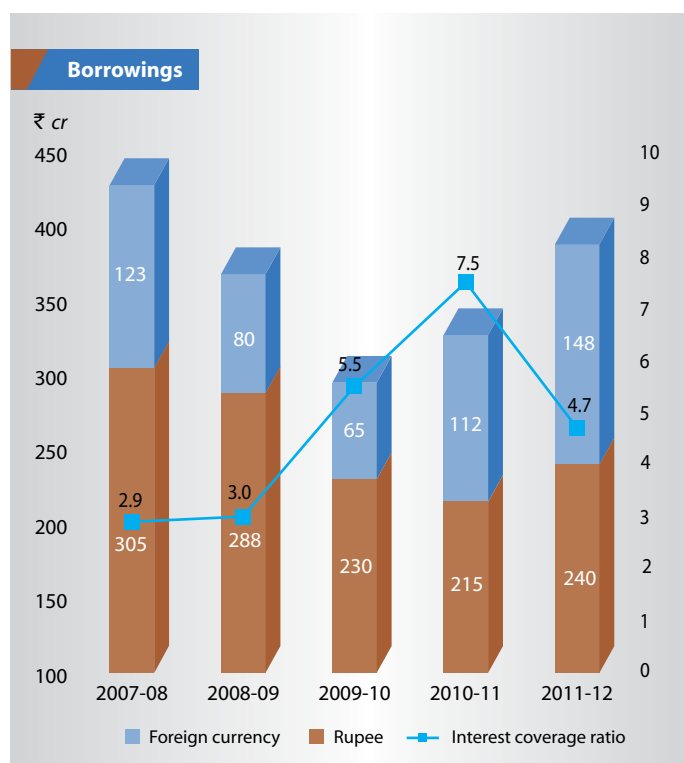
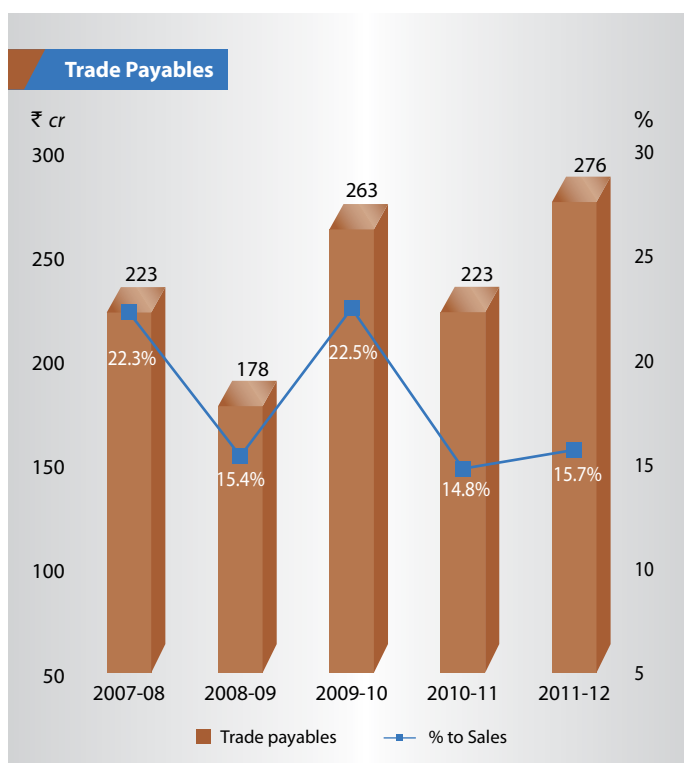
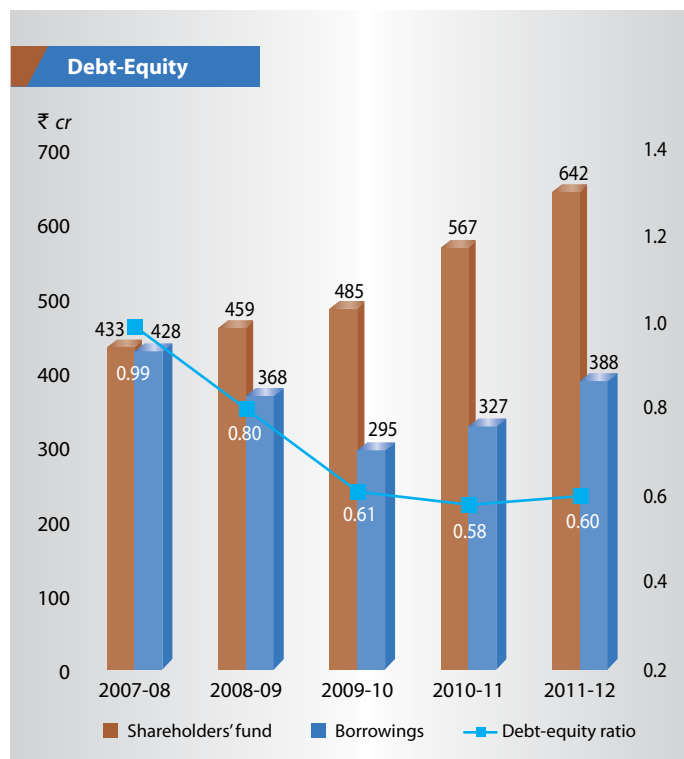
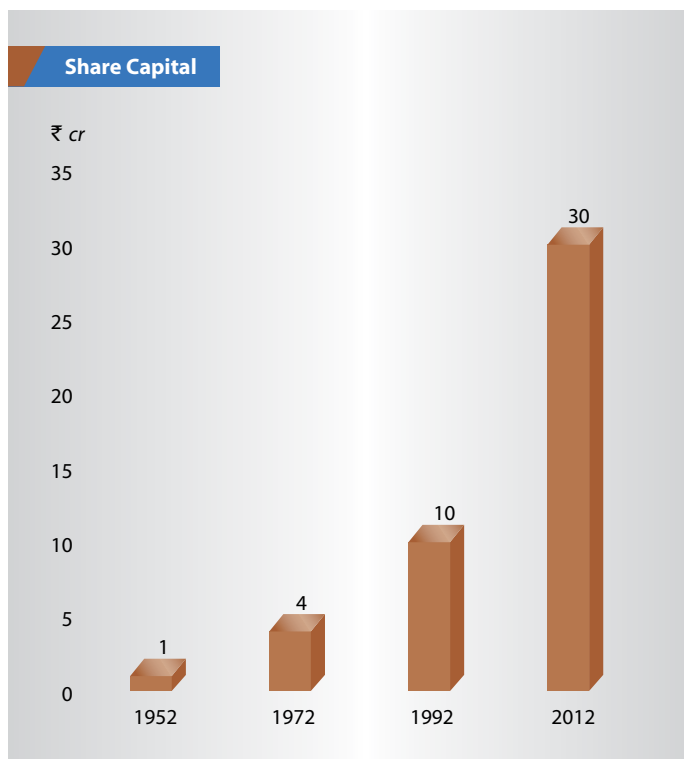
# Financial Charts

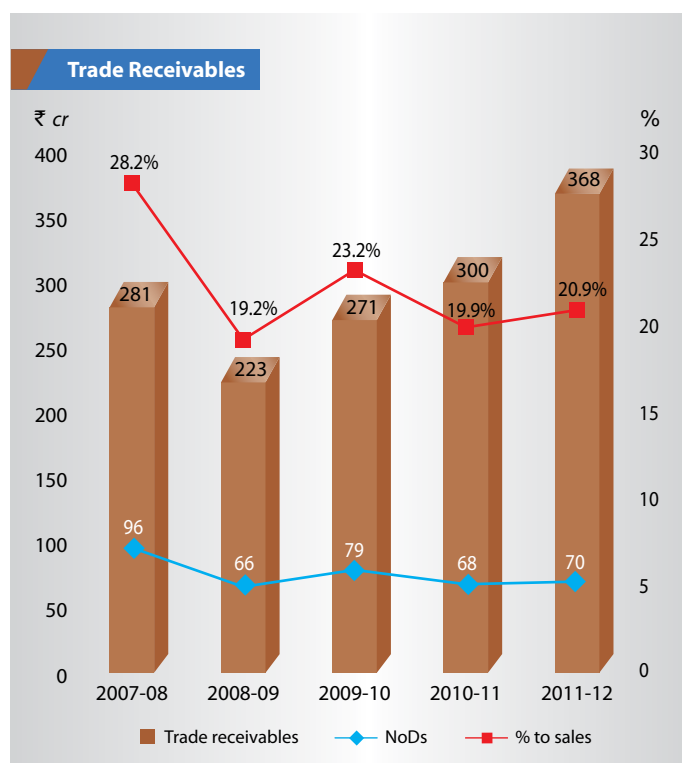
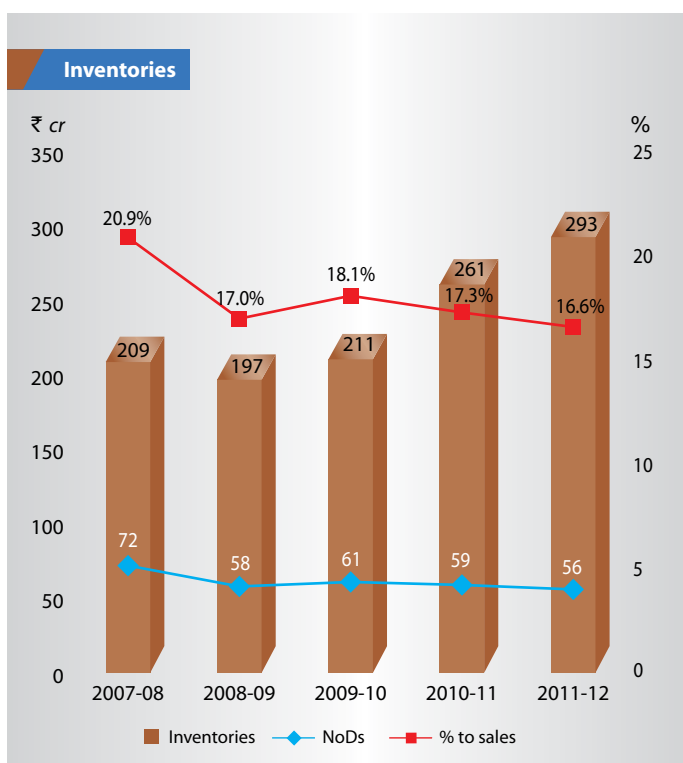
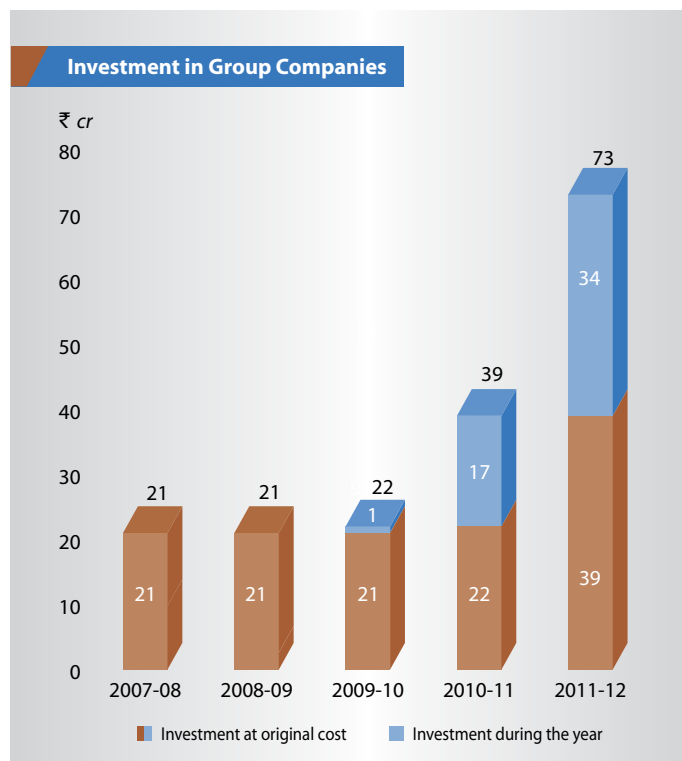
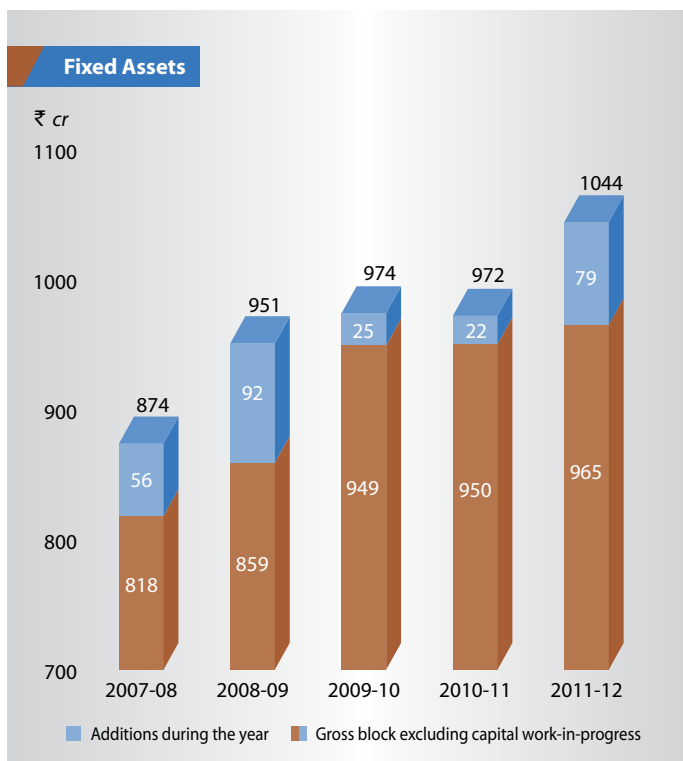






# Financial Charts





# Research



Our Research Unit has the mandate to improve the existing processes and products, validate assumptions and develop new products and formulations; thus using chemistry in a responsible way to support the endeavour to achieve strong presence in the marketplace and profitable and faster growth.

Each Business has a dedicated R&D and QA Departments; these along with the Corporate R&D form RE Unit, with 258 employees. The Company is consistently investing in people and equipments to strengthen these vital functions for i) achieving cost leadership and assuring world-class quality, ii) lowering pollutants significantly and iii) introducing regularly new value added products and formulations.

During the year, the Unit helped to overcome 46 manufacturing related problems and improve 78 processes. It developed 121 products and formulations and supported 8 scale-ups. It undertook 18 initiatives to cut down gaseous, liquid and solid pollutants. It is now well equipped to support introduction of new APIs and value added API intermediates in its new 22,000 PI R&D Centre, all belonging to Life Science Chemicals Segment.

# Technology



The main focus of our Technology Unit is to provide to the customers with world class quality products manufactured with the rigour of continuous improvement in process efficiency and people productivity along with equal commitment to safety and environment.

Each Business has dedicated Manufacturing and Technology functions; they share the responsibility of meeting the agreed volume and efficiency budgets on the one hand and achieving consistent improvements in Unit Operations and Unit Processes. In particular, the mandate is to improve yields, obtain maximum recoveries, lower electricity, water and steam consumptions, make the processes robust and thereby reduce off-spec batches, reduce manual work, ensure safety, consistently reduce environment impact, etc and thus significantly contribute in improving the quality and consistency of profit. The combined number of employees in these two functions is 1589.

During the year, the output in volume term was higher by 13%. There were in all 130 initiatives taken up to bring about multifarious improvements: 25 for yields, 21 for raw materials, 47 for capacity enhancement, 17 for utilities, 3 for automation and 1 for converting batch process to continuous and 16 for improving Safety, Health & Environment performance. An investment of ₹ 52 cr was made to enhance the capacity and eliminate a major liquid effluent stream, the full benefit of which will commence in 2012-13.



# Safety, Health & Environment

It was indeed perceptive and thoughtful of the builders of Atul to have sensed the need for sustainable development, 50 years before it became a part of the national discourse. The huge investments voluntarily made for treating gaseous emissions, liquid effluents and solid wastes and the almost obsessive interest in creating eco-friendly systems underscore their devotion to environment protection.

The Company is continuously investing its resources so as to consistently improve its SH&E performance. During the year, it took many initiatives related to SH&E and some of them are as under:

## Safety



- Published and distributed Safety Handbook to all in Ankleshwar Site
- Lined up 11 products for REACH registration phase 2
- Converted 300 Material Safety Data Sheets into Extended Safety Data Sheet
- Conducted 131 programmes for enhancing safety awareness covering 710 mandays
- Initiated consequences analysis for 7 identified chemicals
- ...
- Two employees received *Shram Ratna* and one employee received *Shram Bhushan* awards given by the Government of Gujarat

## Health



- Introduced manual for monitoring health of employees
- Introduced information sharing regarding health on Intranet
- Checked general health of 2,453 employees
- Completed wellness assessment program for 186 identified managers
- Conducted 7 programmes for fitness and health awareness

## Environment



- Added 1 procedure for e-waste management
- Made monitoring of gaseous emissions more efficient by installing on-line equipments in selected plants and areas at Valsad site
- Undertook 4 projects to enhance efficiency and effectiveness of effluent treatment at Valsad site
- Installed 1 decanter to enhance sludge dewatering efficiency and thus capacity of the treatment facility at Valsad site
- Commissioned on-line TOC analyser at Ankleshwar and Valsad sites
- Planted 82,000 trees in Atul village and 500 trees in Ankleshwar town on public roads to green the areas

Though the Company has a well staffed SH&E Department, consisting of professionals with relevant education and experience, the responsibility in this area finally rests with all the employees. Regular training programmes are conducted to ensure that commitment to SH&E remains an integral part of the operations.

# Serving the Society

The best way to find yourself is to lose yourself in the service of others.

– Mother Teresa

Atul is a story of a dream driven by a strong social purpose. Our Founder, Mr Kasturbhai Lalbhai, may have been an industrialist by definition, but he was a socialist by character. His contribution to India, particularly in the fields of economy, education, culture and religion is a living testimony of his intent of life. We as the people of Atul have the onerous of responsibilities to expand and diversify business footprints and nurture his legacy of serving the society.

Over the last six decades, the Company has built schools, medical centres, recreation and sports facilities, community halls, temples, etc and contributed in establishing and (or) managing schools, medical facilities, etc mainly in Valsad district, but also elsewhere.

During the year, the Company undertook several initiatives in the areas of education, health and culture, particularly in and around its manufacturing locations, some of which are highlighted below:

## Culture



- Arranged 5 cultural events
- Organised 3 food festivals
- Organised 1 *anand mela*
- Organised 6 sports events



## Education

- Built new classrooms to enhance the number of students in pre-primary section of Atul Vidyalaya by 50%
- Conducted 1 class for creating awareness in science, covering 25 students
- Provided 9,500 writing materials to 2,400 students of 18 primary schools
- Organised tour of the students of Atul Vidyalaya and Atul Vidyamandir to Indian Navy and National Defence Academy

## Empowerment

- Conducted 1 class for garment making, covering 20 ladies
- Conducted 2 classes for repairing of computers, covering 20 students
- Conducted 7 classes for teaching computers, covering 132 students
- Progressed establishment of Atul Institute of Vocational Excellence

## Health



- Conducted 7 eye camps, examined 1797 patients, arranged 41 cataract operations and provided free spectacles to 1580 people
- Organised 12 blood donation camps; Atul Rural Development Fund was awarded Star Blood Donor Institution of Gujarat
- Conducted 2 general medical diagnostic camps

## Infrastructure

- Constructed 6 civic amenities
- Participated in 2 projects to improve drinking water facilities
- Undertook up 2 projects in 2 villages related to social welfare

The Company established Atul Foundation during the fiscal as an apex trust to help structure its different initiatives under one umbrella; this will help in articulating and executing the plans to serve the society in selected areas of national priority and reviewing the progress.

# Board of Directors



Mr G S Patel



Dr S S Baijal



Mr S S Lalbhai



Mr B S Mehta



Mr H S Shah



Mr S A Lalbhai



Mr S M Datta



Dr K Aparajithan



Mr R A Shah



Mr B N Mohanan



Mr V S Rangan



# Directors' Report

Dear Members,

The Board of Directors presents the Annual Report of Atul together with the audited statement of accounts for the year ended March 31, 2012.

## Financial results

(₹ cr)

	2011-12	2010-11
Revenue from operations	1795	1534
Other income	12	19
Total revenues	1807	1553
Profit before tax and exchange rate difference	134	148
Exchange rate difference - expense	12	9
Profit before tax	122	139
Provision for tax	34	43
Profit for the year	88	96
Tax adjustments for the earlier years	-	(6)
Profit available for appropriation	88	90
Balance brought forward	334	265
Disposable surplus	422	355
<b>Appropriations</b>		
General reserve	9	5
Proposed dividend	14	14
Dividend distribution tax	2	2
Balance carried forward	397	334

## Dividend

The Board recommends payment of dividend of ₹ 4.50 per share on 2,96,61,733 Equity Shares of ₹ 10 each fully paid-up. The dividend will entail an outflow of ₹ 15.52 cr (including dividend distribution tax) on the paid-up Equity Share capital of ₹ 29.66 cr.

## Financial Performance

Net sales grew by 17% to ₹ 1761 cr including a growth of 21% in exports and 14% in domestic market. However, the margins were under pressure and reduced slightly; the PBT before exceptional items reduced from ₹ 129 cr to ₹ 116 cr. The reduction in profitability was mainly on account of increase in input prices, fixed costs, exchange loss and interest. During the year, CARE assigned CARE A1+ rating to the proposed CP issue. CARE also upgraded credit rating to CARE A+ (from CARE A in the Previous year) for long-term debts, while maintaining top notch CARE A1+ for short-term debts.

## Insurance

The Company has taken adequate insurance to cover the risks to its people, plant and machineries, buildings and other assets, profits and third parties.

## Directors

According to Article 134 of the Articles of Association of the Company, Mr G S Patel, Mr B S Mehta and Mr B N Mohanan retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting scheduled on July 27, 2012.

## Corporate Governance

A Report on Corporate Governance along with a certificate from the Statutory Auditors regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreement is annexed.

## Listing

The Company has paid the annual listing fees for the year 2012-13 to Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

## Fixed Deposits

Fixed deposits amounting to ₹ 0.17 cr as on March 31, 2012 were not claimed by the depositors. The fixed deposits which matured on or before March 31, 2005, but remained outstanding since then were transferred to the Investor Education and Protection Fund as required under Section 205 C of the Companies Act, 1956.

## Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo and Employees

Information required under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms a part of this Report. However, as per the provisions of Section 219(1) (b)(iv), the Report and Accounts are being sent to all the Members excluding the information relating to conservation of energy, technology absorption, foreign exchange earnings & outgo and the statement of particulars of employees. Any Member interested in obtaining such particulars may inspect the same at the registered office of the Company or write to the Company Secretary for a copy.

## Subsidiary Companies

The Company has nine subsidiary companies namely, Atul Rajasthan Date Palms Ltd, DPD Ltd, Atul Bioscience Ltd, Atul USA Inc, Atul Europe Ltd, Atul Deutschland GmbH, Atul China Ltd, Atul Brasil Quimicos Ltda and Ameer Trading Corporation Ltd.

Pursuant to the general exemption granted by the Central Government, details as provided under Section 212(1) of the Companies Act, 1956 in respect of the subsidiary companies are not attached. However, the Investors may seek the copies of the Annual Reports and related detailed information of the subsidiary companies by writing to the Company Secretary at the registered office.

## Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that to the best of their knowledge and belief:

- (i) In the preparation of the annual accounts, the applicable Accounting Standards were followed
- (ii) Such Accounting Policies were selected and applied consistently and such 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 as on March 31, 2012 and of the profit of the Company for the year ended on that date
- (iii) Proper and sufficient care was taken to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (iv) The attached annual accounts for the year ended March 31, 2012 were prepared on a going concern basis.

## Auditors

Dalal & Shah, the Statutory Auditors of the Company, will retire at the conclusion of the ensuing AGM. They have given their consent to continue to act as the Auditors for 2012-13, if reappointed.

The relevant notes forming a 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.

## Acknowledgements

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

For and on behalf of the  
Board of Directors

Mumbai  
May 15, 2012

Sunil S Lalbhai  
Chairman & Managing Director

# Management Discussion & Analysis

The Company had, in 2010-11, made reassessment of the risks and returns of its portfolio of products, the nature of its businesses, the industries it serves, etc, and accordingly reclassified its portfolio of products into two Reporting Segments, namely, Life Science Chemicals and Performance & Other Chemicals. Generally, products used by customers belonging to Agriculture and Pharmaceutical industries are a part of Life Science Chemicals Segment and the other products are a part of Performance & Other Chemicals Segment.

## Segment: Life Science Chemicals

	2011-12	2010-11	% change
Sales (₹ cr)	604	492	23
Share in total sales (%)	34	33	1

The performance and other details of the Businesses are given below:



by 4% to ₹ 66 cr. Export sales increased by 29% to ₹ 196 cr and formed 55% of the total. Growth on account of volume was 2%.

World market for crop protection chemicals is estimated at US\$ 51 bn and is growing at about 3%. Indian market for such chemicals is estimated at US\$ 1 bn and is growing at about 5%. There are about 60 major companies which dominate the world marketplace, and there are about 10 companies in India having sales of more than US\$ 110 mn.

The main user industry, namely, Agriculture, is growing well because of the increasing population on the one hand and improving standard of living on the other. The Company will participate in this growth by i) debottlenecking capacities, ii) introducing new products and new formulations, iii) significantly improving efficiencies, iv) promoting own brands and v) enhancing the presence in other countries, particularly in Africa and South America. It will also form long-term alliances with other companies.

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

## Crop Protection

### Products

*Fungicides, Herbicides, Insecticides, Others*

Crop Protection Business mainly comprises Fungicides, Herbicides and Insecticides. The products are used by customers belonging to Agriculture industry for the protection of crops. The Business comprises about 13 products and 54 formulations. It is not into Seeds which is now becoming an important input for Agriculture industry.

During the year, sales increased by 16% to ₹ 358 cr. Sales in India increased by 4% to ₹ 162 cr; bulk sales in India increased by 10% whereas brand sales which are currently only in India decreased

## Pharmaceuticals

### Products

*APIs, API intermediates, Others*



Pharmaceuticals Business mainly comprises API intermediates and a few APIs. The products are used by customers belonging to Pharmaceutical industry, under five broad therapeutic categories, namely, cardiovascular, anti-depressant, anti-diabetic, anti-infective and anti-retroviral. The Business comprises 28 products, relatively new to the portfolio (of products) of the Company. It is not currently engaged in formulations of APIs.

During the year, sales increased by 34% to ₹ 246 cr. Sales in India increased by 40% to ₹ 125 cr. Export sales increased by 27% to ₹ 121 cr and formed 49% of the total. Growth on account of volume was 13%. Atul Bioscience, a 100% subsidiary company, focussed on production of advanced API intermediates and now has two multi-purpose plants manufacturing a range of products, sales of which increased from ₹ 4 cr to ₹ 11 cr, almost wholly because of volume.

World market for pharmaceuticals is estimated at

US\$ 730 bn (comprising US\$ 680 bn prescription drugs and US\$ 50 bn generic drugs) and is growing at about 5%. Indian Pharmaceuticals market is estimated at US\$ 22 bn (including sales out of India) and is growing at about 8%. There are around 20 major companies which dominate the world marketplace in prescription drugs space with share of about 67% and around 8 companies in generic drugs space with share of about 70%.

The main user industry, namely, Healthcare, is growing well because of the increasing awareness about diseases and health. The Company along with Atul Bioscience will participate in this growth by i) debottlenecking | adding capacities, ii) introducing new products, iii) significantly improving efficiencies and iv) widening its market reach. It will also form long-term alliances with other companies.

Prices of many products come down significantly in a short time. Fluctuations in foreign exchange will impact sales realisations.

## Segment: Performance & Other Chemicals

	2011-12	2010-11	% change
Sales (₹ cr)	1157	1016	14
Share in total sales (%)	66	67	(1)

## Aromatics

### Products

*p-Cresol, Others*



Aromatics Business mainly comprises *p-Cresol* and its downstream products. The products are mainly used by customers belonging to Flavour & Fragrance and Personal Care industries. The Business comprises 29 products.

During the year, sales increased by 34% to ₹ 252 cr. Sales in India increased by 38% to ₹ 80 cr. Export sales increased by 32% to ₹ 172 cr and formed 68% of the total. Growth on account of volume was 14%. The Company undertook capacity expansion of *p-Cresol*.

World market of *p-Cresol* is estimated at 55,000 mt and is growing at about 3%. Though earlier the product used to be manufactured in the UK and the USA, China and India are now the major suppliers of the product.

The main user industries, namely, Flavour & Fragrance and Personal Care, are growing well because of the increasing population on the one hand and improving standard of living on the other. The Company will participate in this growth by i) expanding capacities, ii) introducing new products, iii) improving efficiencies and iv) widening its market reach.

The prices of key raw materials which are derived from crude oil fluctuate almost monthly whereas the customers in the user industries expect the prices of the finished products to remain firm for a quarter or even more; on such occasions, it is possible to get affected adversely. Fluctuations in foreign exchange will impact sales realisations.



## Bulk Chemicals

### Products

*Sodium Hydroxide, Chlorine, Sulphuric Acid, Oleum, Sulphur Trioxide, Chlorosulphonic Acid, Resorcinol, Others*



Bulk Chemicals Business mainly comprises Sodium Hydroxide, Chlorine, Sulphuric Acid, Oleum, Sulphur Trioxide, Chlorosulphonic Acid and Resorcinol. Barring Chlorosulphonic Acid and Resorcinol, the rest of the products are used for captive consumption. Resorcinol is mainly used by customers belonging to Tyre industry. The Business comprises 22 products.

During the year, (external) sales increased by 11% to ₹ 72 cr. Sales in India increased by 26% to ₹ 58 cr. Export sales decreased by 26% to ₹ 14 cr and formed 19% of the total. Growth on account of volume was 2%.

World market for bulk chemicals is growing at about 0.5% and Indian market is growing at about 2%. World market for Resorcinol is estimated at US\$ 295 mn and is growing at about

3%; Indian market for the product is estimated at US\$ 13 mn and is growing at about 5%.

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

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

## Colors

### Products

*Textile dyes, Textile chemicals, Pigments, Paper dyes, Inks, Others*



Colors Business mainly comprises dyes for natural fibres such as Vat, Sulphur Black and Reactive and in a small way high performance pigments. The products are used by customers belonging to Textile and Paint & Coatings industries. The Business comprises about 500 products. M. Dohmen S. A., a JV company, manufactures dyes for synthetic fibres such as speciality Disperse. The products made by M. Dohmen are mainly used by customers (belonging to Textile industry) supplying automotive textiles to Automobile industry. Rudolf Atul Chemicals Ltd, a JV company formed during the year, will provide a complete range of textile chemicals where the Business had made a beginning and had a minuscule presence in Indian market

During the year, sales increased by 6% to ₹ 346 cr. Sales in India increased by 2% to ₹ 185 cr. Export sales increased by 12% to ₹ 161 cr and formed 47% of the total. Degrowth on account of volume was 5%.

World market for dyes and textile chemicals is estimated at US\$ 11 bn and is growing at about 2% and Indian market is estimated at US\$ 800 mn and is growing at about 3%.

China is the largest manufacturer of dyes followed by India. World market for high performance pigments is estimated at US\$ 3.5 bn and is growing at about 4%.

The main user industry, namely, Textile, is heavily dependent on the markets of the USA and Europe; due to difficult economic situation in some of these countries, the industry has shown considerably sluggish growth. The growth of domestic Textile industry has been impacted by the closure of textile units in Tirupur and the volatility in cotton prices. Automobile industry is growing well, particularly in India. The Company is trying to overcome downward pressure on prices by i) debottlenecking capacities and thus reducing the cost per unit, ii) introducing new dyes, pigments and textile chemicals, iii) improving efficiencies and iv) widening its market reach, particularly in selected countries in South America, Asia and Africa, with the cooperation of M. Dohmen and Rudolf.

Fluctuations in foreign exchange will impact sales realisations. Treatment costs are expected to remain high given that the manufacture of dyes generates significant pollutants.

## Polymers

### Products

*Epoxy Resins and Hardeners, Reactive diluents, Sulphones, Others*



Polymers Business mainly comprises Epoxy Resins and Hardeners and formulations thereof, other components such as air release agents, reactive diluents, rheological modifiers, wetting agents, etc and Sulphones. These products are used by Aerospace, Automobile, Construction, Defence, Electronics, Footwear, Handicraft, Marine, Paint & Coatings, Paper and Wind Energy industries. The group comprises of about 90 products and 240 formulations.

During the year, sales increased by 11% to ₹ 487 cr. Sales in India increased by 11% to ₹ 345 cr. Brand sales which is currently only in India increased by 43% to ₹ 76 cr. Export sales increased by 11% to ₹ 142 cr and formed 29% of the total. Growth on account of volume was 5%. The Company signed a joint venture Agreement with Elkay Kimyasal Maddeler San. Ve Tic. A.S., a reputed manufacturer of stone care chemicals; these will have an excellent fitment with the product portfolio of the Company. Two debottlenecking projects already under implementation will be completed during 2012-13.

World market for Epoxy Resins and Hardeners is estimated at US\$ 6 bn and is growing at about 2% and Indian market is estimated at US\$ 210 mn and is growing at about 10%. There are about 7 major companies which dominate the world marketplace. The two key raw materials, namely Bisphenol-A and Epichlorohydrin, are imported into India. World market for Sulphones is estimated at US\$ 300 mn and is growing at about 4%.

The user industries, Automobile, Construction and Paint & Coatings, are growing well, particularly in India. The Company will participate in this growth by i) significantly debottlenecking capacities of Epoxy Resins and Hardeners, ii) introducing new products and formulations, iii) improving efficiencies and iv) widening its market reach.

Cheaper imports of Epoxy Resins and Hardeners will keep the contribution margins under pressure. Since the two main raw materials are imported, fluctuations in foreign exchange will impact margins.

## Internal Control Systems

The 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 and certified by Statutory as well as 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 its review.

The Company has an in-house Internal Audit Department consisting of professionally qualified managers and is also working with reputed firms specialising in internal audit function. The combined efforts is helping the Company 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.

During the year, the Company further strengthened the systems of internal audit and risk assessment and mitigation and took several key initiatives. In specific, the Company i) introduced usage of advanced analytical tools and techniques for internal audit and thus helped to improve coverage, efficiency and effectiveness of audit and ii) implemented Enterprise Risk Management for each Business and the Company as a whole and iii) increased the audit coverage of subsidiary companies.

Everything that irritates us about others can lead us to an understanding of ourselves.

– Carl Jung

## Human Resources

The Company continued with its drive to institutionalise and upgrade its HR processes. In particular, it focused on improving its processes relating to Performance Management (Training & Development, Key Initiatives: identification and review, Competencies, 360 degree feedback and fixed and variable pay).

On an average, 5 mandays of training was imparted during the year. The training need is identified based on self assessment and L+1 assessment; in addition, there are certain standard courses which everyone is expected to go through, depending upon his (her) grade. The identification and review process of Key Initiatives has become more robust and is continuously upgraded.

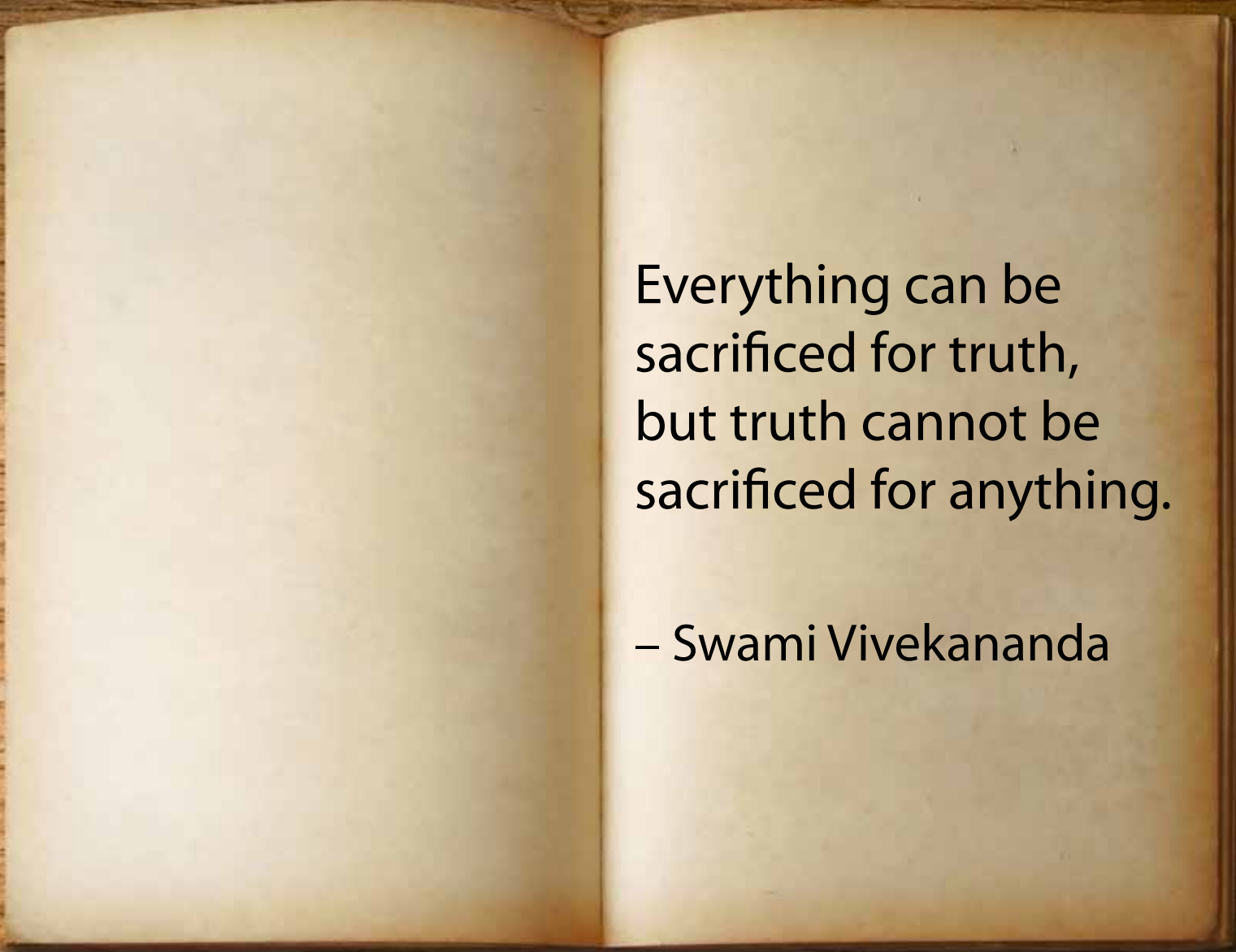
For the first time in 3 years, the number of employees (as on March 31, 2012) increased by 91 or 3% to 2737, mainly in Marketing Departments. The number of employees comprises those working in the Company and also in its non-manufacturing subsidiary and associate companies, but not those working in manufacturing subsidiary, joint venture and associate companies.

Long-term Wage Settlements with the Unions at Valsad and Ankleshwar sites are under discussion and will help bring further improvements particularly in manpower productivity. Employee Relations at all locations continued to be cordial, and the endeavour is to completely eliminate the divide that sometimes separates the Management and the Unions and use the strengths of everyone to boost the performance of the Company.

*Statements made in the Management Discussion & Analysis report relating to projections, estimates, expectations or predictions are based on certain assumptions. The Company cannot guarantee that these assumptions are accurate or will be realised. The actual results, performance or achievements of the Company may thus differ materially from those estimated or projected.*



# Report on Corporate Governance

An open book with a quote on the right page. The book is lying flat on a wooden surface. The left page is blank. The right page contains a quote in a black serif font. The text is centered on the right page.

Everything can be  
sacrificed for truth,  
but truth cannot be  
sacrificed for anything.

– Swami Vivekananda



## 1. Philosophy

Transparency and accountability are the two 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 will endeavour to continuously improve its Corporate Governance performance with a view to earn trust and respect of all its Stakeholders.

The Board of Directors 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 of Directors

### 2.1 Board Business

The normal business of the Board comprises:

- 2.1.01 Approving capital expenditure and operating budgets
- 2.1.02 Approving joint ventures, collaborations, mergers and acquisitions
- 2.1.03 Approving loans and investments
- 2.1.04 Approving sale of investments and assets
- 2.1.05 Approving borrowings in nature of short, medium or long-term
- 2.1.06 Approving creation of charge on assets in favour of lenders
- 2.1.07 Approving commission payable to the Directors within the limit set by Shareholders
- 2.1.08 Approving contracts in which Director(s) are deemed to be interested
- 2.1.09 Approving appointment of the Cost Auditors
- 2.1.10 Approving cost audit reports
- 2.1.11 Approving declaration of interim dividend
- 2.1.12 Approving unaudited quarterly financial results and audited annual accounts, both consolidated and on

a standalone basis including segment-wise revenues, results and capital employed

- 2.1.13 Approving matters requiring statutory | Board consent
- 2.1.14 Reviewing foreign exchange exposure and exchange rate movement, if material
- 2.1.15 Reviewing fatal or serious accidents, dangerous occurrences and material environmental matters
- 2.1.16 Reviewing default in payment of statutory dues
- 2.1.17 Reviewing materially important show cause, demand, prosecution and penalty notices
- 2.1.18 Reviewing status on compliance of regulatory | statutory and listing requirements
- 2.1.19 Recommending appointment of the Statutory Auditors
- 2.1.20 Recommending declaration of final dividend
- 2.1.21 Noting minutes of the meetings of the Board, Audit, Shareholders' and Investors' Grievance Committees or any other Committee meetings and also the resolution(s) passed by circulation
- 2.1.22 Noting general notices of interest of the Directors

### 2.2 Appointment and Tenure

2 | 3<sup>rd</sup> of the Directors are rotational Directors. 1 | 3<sup>rd</sup> of rotational Directors retire in every Annual General Meeting (AGM) and, if eligible, offer themselves for reappointment. The Chairman & Managing Director, the Managing Director and the Whole time Director are appointed by the Members for a period of five years.

### 2.3 Composition, Name, Other Directorships | Committee Memberships

The Board comprises experts drawn from diverse fields | professions. At this time, it consists of eleven Members (including one Alternate Director), comprising eight Non-executive Directors, two Promoter Directors and one Whole time Director. Independent Directors account for 73% of the strength of the Board, as against minimum requirement of 50% as per the Listing Agreement. The Non-executive Directors are eminent professionals, drawn from amongst persons with experience in business, finance, industry and law.

Number	Name	Directorship(s) in other company(ies) <sup>1</sup>	Membership(s) of the Committee(s) of the Board(s) <sup>2</sup>	Chairmanship(s) of the Committee(s) of the Board(s) <sup>2</sup>
<b>Chairman &amp; Managing Director</b>				
1	Mr S S Lalbhai	5	3	–
<b>Managing Director</b>				
2	Mr S A Lalbhai	3	1	–
<b>Whole time Director</b>				
3	Mr B N Mohanan	7	–	–
<b>Independent Directors</b>				
4	Mr G S Patel	–	1	1
5	Dr S S Bajjal	4	1	3
6	Mr B S Mehta	14	5	5
7	Mr H S Shah	6	2	2
8	Mr S M Datta	13	5	3
9	Dr K Aparajithan	–	–	–
10	Mr R A Shah (Alternate Director to Dr K Aparajithan)	14	5	4
11	Mr V S Rangan	11	8	–

Promoter Directors, Mr S S Lalbhai and Mr S A Lalbhai, are related

<sup>1</sup> excludes Alternate Directorships and Directorships in foreign companies and private limited companies

<sup>2</sup> in compliance with Clause 49, Memberships | Chairmanships of only the Audit Committees and Shareholders' | Investors' Grievance 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 the year, the Board met five times:

Number	Day	Date	Venue
1	Friday	May 13, 2011	Mumbai
2	Friday	July 29, 2011	Mumbai
3	Friday	October 21, 2011	Mumbai
4	Friday	January 27, 2012	Mumbai
5	Wednesday	March 14, 2012	Mumbai

## 2.5 Attendance at the Board Meetings and at the Annual General Meeting

Number	Name	Board Meetings		AGM on August 04, 2011
		Total	Attended	
1	Mr S S Lalbhai	5	5	Present
2	Mr G S Patel	5	5	Present
3	Dr S S Bajjal	5	5	Present
4	Mr B S Mehta	5	5	–
5	Mr H S Shah	5	4	Present
6	Mr S M Datta	5	5	Present
7	Dr K Aparajithan	5	–	–
8	Mr R A Shah	5	5	–
9	Mr S A Lalbhai	5	5	Present
10	Mr B N Mohanan	5	5	Present
11	Mr V S Rangan	5	5	Present

## 2.6 Appointment | cessation during the year

- Appointed: Nil
- Resigned: Nil
- Ceased: Nil

## 2.7 Remuneration

Number	Name	Remuneration during the year			Total
		Sitting fees	Salary and perquisites	Commission	
		₹	₹	₹	₹
	<b>Chairman &amp; Managing Director</b>				
1	Mr S S Lalbhai	–	95,82,809	1,20,63,480	2,16,46,289
	<b>Managing Director</b>				
2	Mr S A Lalbhai	–	57,54,251	60,31,740	1,17,85,991
	<b>Whole time Director</b>				
3	Mr B N Mohanan	–	73,57,354	–	73,57,354
	<b>Independent Directors</b>				
4	Mr G S Patel	2,65,000	–	7,95,000	10,60,000
5	Dr S S Baijal	3,00,000	–	9,00,000	12,00,000
6	Mr B S Mehta	2,80,000	–	8,40,000	11,20,000
7	Mr H S Shah	1,00,000	–	3,60,000	4,60,000
8	Mr S M Datta	1,60,000	–	4,80,000	6,40,000
9	Dr K Aparajithan	–	–	–	–
10	Mr R A Shah (Alternate Director to Dr K Aparajithan)	1,60,000	–	4,80,000	6,40,000
11	Mr V S Rangan	2,20,000	–	6,60,000	8,80,000

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

Commission to Non-executive Directors was approved by the Members of the Company at the AGM held on August 25, 2008 for a period of five years effective from April 1, 2008 up to 1% of the net profits of the Company. 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
- Share Transfer and Shareholders' | Investors' Grievance Committee
- Investment Committee
- Remuneration Committee

### 3.1 Audit Committee

#### 3.1.1 Role

- i) Approving the appointment of CFO
- ii) Reviewing | Overseeing the financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible
- iii) Reviewing matters under the Directors' Responsibility Statement to be included in the Directors' Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956

- iv) Reviewing of the following information mandatorily
  - Management Discussion & Analysis of financial condition and results of operations
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by the Management
  - Internal audit reports relating to weaknesses in Internal Control Systems
  - Appointment, removal and terms of remuneration of the Chief Internal Auditor
- v) Reviewing quarterly | annual financial statements with the Management before submission to the Board, focusing primarily on
  - Any changes in Accounting Policies and practices
  - Major accounting entries based on exercise of judgement by the Management
  - Qualifications in the draft audit report
  - Significant adjustments arising out of audit
  - Going concern assumption
  - Compliance with Accounting Standards
  - Compliance with the Stock Exchanges and legal requirements concerning financial statements
  - Any related party transactions, that is, transactions of the Company of material nature, with Promoters or the Management, their subsidiary companies and relatives, among others, that may have potential conflict with the interest of the Company at large
- vi) Reviewing with the Management, external and Internal Auditors, the adequacy of Internal Control Systems
- vii) Reviewing adequacy of 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
- viii) Reviewing findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of material nature and reporting such matters to the Board
- ix) Reviewing financial and risk management policies
- x) Reviewing reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, Members (in case of non-payment of declared dividends) and creditors
- xi) Reviewing periodically compliance reports of all laws applicable to the Company as well as steps taken to rectify instances of non-compliances
- xii) Reviewing financial statements, in particular, the investments made by the unlisted subsidiary companies
- xiii) Reviewing all significant transactions and arrangements entered into by the unlisted subsidiary companies
- xiv) Reviewing uses | applications of funds raised through public | right | preference issues by major categories vis-à-vis the purposes narrated in the offer document | prospectus | notice
- xv) Recommending appointment and removal of the Statutory Auditors and fixation of audit fees, and approval for payment for any other services
- xvi) Determining | formulating the Code of Conduct and related matters
- xvii) Determining procedures about the risk assessment and minimisation and reviewing periodically to ensure that the executive management control risks through means of a properly defined framework
- xviii) Discussing with the Internal Auditors on any significant findings and follow up thereon
- xix) Discussing with the Auditors before the audit commences regarding nature and scope of the audit as well as to have post-audit discussion to ascertain any areas of concern
- xx) Discussing with the Auditors, periodically, about Internal Control Systems, the scope of audit including the observations of the Auditors and review of quarterly, half-yearly and annual financial statements before submission to the Board
- xxi) Ensuring compliance of Internal Control Systems



### 3.1.2 Composition

The Committee comprises four Members. All the Members are Non-executive and Independent Directors. The Members have relevant experience in financial matters.

Number	Name	Designation
1	Dr S S Baijal	Chairman
2	Mr G S Patel	Member
3	Mr B S Mehta	Member
4	Mr V S Rangan	Member

### 3.1.3 Meetings and Attendance

During the year six meetings were held:

Number	Name	Total	Attended
1	Dr S S Baijal	6	6
2	Mr G S Patel	6	6
3	Mr B S Mehta	6	6
4	Mr V S Rangan	6	6

The Statutory Auditors, the Cost Auditors, the Chairman & Managing Director, the President, Finance & Company Secretary, Heads of Finance, Accounts, Legal & Secretarial, Costing and Internal Audit are permanent invitees to the meetings.

The Board notes the minutes of the Audit Committee meetings.

## 3.2 Share Transfer and Shareholders' | Investors' Grievance Committee

### 3.2.1 Role

- i) Reviewing redressal of complaints of the Shareholders and the Investors like transfer of shares (physical and demat), non-receipt of Balance Sheet, non-receipt of declared dividends, etc
- ii) Reviewing any other related matter which the Committee may deem fit in the circumstances of the case including the following:
  - Transfer shares
  - Transmit shares
  - Delete name(s) from share certificates
  - Change name(s) of the Members on share certificates
  - Issue duplicate share certificates
  - Consolidate share certificates
  - Transpose names
  - Dematerialise shares
  - Rematerialise shares
  - Split-up shares
  - Replace shares
  - Delete names(s) of guardian(s)

### 3.2.2 Composition

The Committee comprises two Members:

Number	Name	Designation
1	Mr G S Patel	Chairman
2	Mr S S Lalbhai	Member

Mr T R Gopi Kannan, President, Finance & Company Secretary is the Compliance Officer.

### 3.2.3 Meetings and Attendance

During the year five meetings were held:

Number	Name	Total	Attended
1	Mr G S Patel	5	5
2	Mr S S Lalbhai	5	5

During the year, 25 complaints were received from the Investors. All the grievances were solved to the satisfaction of the Investors:

Number	Nature of Complaint	Received	Redressed
1	Non-receipt of dividend warrant	18	18
2	Non-receipt of share certificates	1	1
3	Non-receipt of duplicate share certificates	2	2
4	Others	4	4
<b>Total</b>		<b>25</b>	<b>25</b>

The Board notes the minutes of the Share Transfer and Shareholders' | Investors' Grievance Committee meetings.

## 3.3 Investment Committee

### 3.3.1 Role

- i) Approving capex proposals exceeding ₹ 3 cr each, as may be recommended by the Chairman & Managing Director
- ii) Approving business strategies as may be proposed by the Chairman & Managing Director
- iii) Approving sale of investments held in Equity Shares
- iv) Recommending to the Board acquisition and disinvestment or divestment proposals
- v) Recommending to the Board sale of non-operating assets for reducing debt, improving working capital position and for strengthening the Balance Sheet

### 3.3.2 Composition

The Committee comprises five Members:

Number	Name	Designation
1	Mr R A Shah	Chairman
2	Dr S S Baijal	Member
3	Mr S M Datta	Member
4	Mr S S Lalbhai	Member
5	Mr B S Mehta	Member

### 3.3.3 Meetings and Attendance

During the year three meetings were held:

Number	Name	Total	Attended
1	Mr R A Shah	3	3
2	Dr S S Bajjal	3	3
3	Mr S M Datta	3	3
4	Mr S S Lalbhai	3	3
5	Mr B S Mehta	3	3

The Board notes the minutes of the Investment Committee meetings.

## 3.4 Remuneration Committee

### 3.4.1 Role

- Determining on behalf of the Board and the Members, policy of the Company, on specific remuneration packages for the Chairman & Managing Director, the Managing Director and Executive Directors.
- Determining the remuneration of the Executive Directors based on individual performance, qualifications, experience, the Company performance and comparable industry practices, among others.

### 3.4.2 Composition

The Committee comprises three Members. All the Members are Non-executive and Independent Directors.

Number	Name	Designation
1	Mr H S Shah	Chairman
2	Mr G S Patel	Member
3	Dr S S Bajjal	Member

### 3.4.3 Meetings and Attendance

During the year one meeting was held:

Number	Name	Total	Attended
1	Mr H S Shah	1	1
2	Mr G S Patel	1	1
3	Dr S S Bajjal	1	1

The Board notes the minutes of the Remuneration Committee meetings.

## 4. Subsidiary Companies Registered in India

As on March 31, 2012, the Company had two wholly-owned non-material Indian unlisted subsidiary companies, namely, Ameer Trading Corporation Ltd and Atul Bioscience Ltd, and another Indian unlisted joint venture subsidiary company, namely, Atul Rajasthan Date Palms Ltd. The financial statements were reviewed by the Audit Committee | Board. The minutes of the meetings of all the subsidiary companies are placed before the Board.

## 5. Company Policies

### 5.1 Compliance

Compliance certificates confirming the due compliance with the 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

At the Board Meeting, held on March 18, 2005, the Board approved the Code of Conduct applicable to the Directors and the senior management personnel. This Code of Conduct is available on the website of the Company: [www.atul.co.in](http://www.atul.co.in). All the Directors and the senior management personnel affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Chairman & Managing Director forms a part of this Report.

## 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 the year 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 do they vote on such matters.

The Company complied with the statutory provisions, rules and regulations relating to the capital markets during the last three years and the Stock Exchanges or 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 three AGMs were held:

Year	Location	Date	Time
2008-09	Gujarat Chamber of Commerce and Industry Ashram Road, Ahmedabad 380015, Gujarat, India	August 07, 2009	11.00 a.m.
2009-10	H T Parekh Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad 380015, Gujarat, India	August 31, 2010	11.00 a.m.
2010-11	J B Auditorium Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad 380015, Gujarat, India	August 04, 2011	11.00 a.m.

#### 7.1.2 During the year, no resolutions were passed through Postal Ballot.

### 7.2 Annual General Meeting 2012

Details of the 35<sup>th</sup> AGM are as under:

Year	Location	Date	Time
2011-12	J B Auditorium Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad 380015 Gujarat, India	July 27, 2012	11.00 a.m.

As required under Clause 49 VI (A), 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

June 25, 2012 to June 27, 2012

### 7.5 Date of Dividend Payment

August 01, 2012



## 7.6 Listing on the Stock Exchanges

Equity Shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE).

The Company has paid listing fees for the year 2012-13 to all the Stock Exchanges where securities are listed. Pursuant to a circular of Securities and Exchange Board of India (SEBI), Custody charges were also paid to the Depositories namely National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). The ISIN number of the Equity Shares of the Company is INE100A01010. The Corporate Identity Number (CIN) is L99999GJ1975PLC002859.

## 7.7 Stock Code

BSE: 500027 and NSE: ATUL

## 7.8 Share Price Data and comparison with BSE Sensex

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

Month	Share price of the Company at BSE		BSE Sensex	
	High ₹	Low ₹	High	Low
April 2011	201.00	174.00	19811.14	18976.19
May 2011	198.00	168.30	19253.87	17786.13
June 2011	195.70	170.00	18873.39	17314.38
July 2011	240.60	177.60	19131.70	18131.86
August 2011	214.50	183.00	18440.07	15765.53
September 2011	233.40	194.00	17211.80	15801.01
October 2011	221.60	189.65	17908.13	15745.43
November 2011	195.00	164.75	17702.26	15478.69
December 2011	186.00	135.00	17003.71	15135.86
January 2012	183.40	135.00	17258.97	15358.02
February 2012	197.90	172.40	18523.78	17061.55
March 2012	194.00	175.00	18040.69	16920.61

## 7.9 Registrar and Transfer Agent

**For physical and dematerialised shares:**

Sharepro Services (India) Pvt Ltd

416-420, Devnandan Mall, Opposite Sanyas Ashram, Ellisbridge, Ahmedabad 380006, Gujarat, India.  
Telephone Number: +91 79 26582381, 26582382

## 7.10 Share Transfer System

Securities lodged for transfer at the office of the Registrar are processed within 30 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 Clause 47(c) of the Listing Agreement with the Stock Exchanges, 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 SEBI (Depositories and Participants) Regulations, 1996, certificates were also received from the Company Secretary in practice for timely dematerialisation of the shares and for conducting a 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.

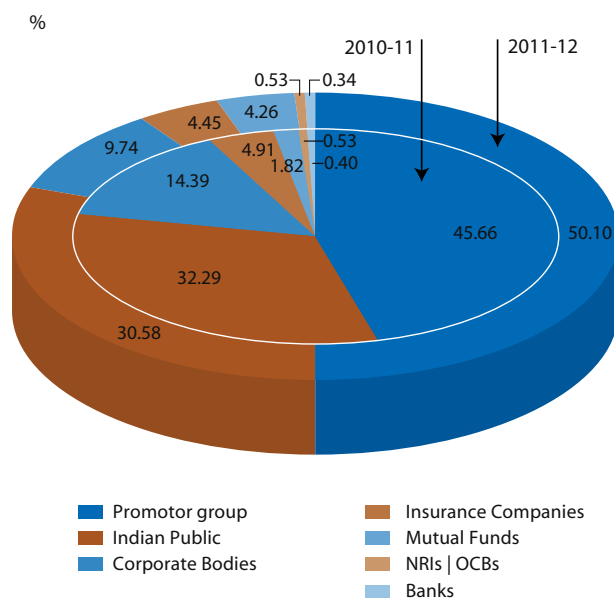
## 7.11 Distribution of Shareholding as on March 31, 2012

### i) Shareholding wise:

Holding	Shareholders		Shares	
	Numbers	% of Total	Numbers	% of Total
1 – 10	4,639	14.44	24,671	0.08
11 – 50	12,677	39.47	3,54,382	1.19
51 – 100	5,374	16.73	4,58,215	1.55
101 – 500	7,021	21.86	17,22,171	5.81
501 – 1000	1,219	3.80	9,26,687	3.12
1001 – 2000	551	1.72	8,17,045	2.76
2001 – 3000	185	0.58	4,68,067	1.58
3001 – 4000	84	0.26	2,97,467	1.00
4001 – 5000	84	0.26	3,95,277	1.33
5001 – 10000	128	0.40	9,37,438	3.16
10001 and above	155	0.48	2,32,60,313	78.42
<b>Total</b>	<b>32,117</b>	<b>100.00</b>	<b>2,96,61,733</b>	<b>100.00</b>

### ii) Category wise

Category	Shares (Numbers)	Shareholding (%)
Promoter group	1,48,61,718	50.10
Mutual Funds	12,62,176	4.26
Banks	1,00,238	0.34
Insurance Companies	13,18,773	4.45
Foreign Institutional Investors	900	0.00
Corporate Bodies	28,89,021	9.74
Non Resident Indians   Overseas Corporate Bodies	1,56,229	0.53
State Government	336	0.00
Indian Public	90,72,342	30.58
<b>Total</b>	<b>2,96,61,733</b>	<b>100.00</b>



## 7.12 Dematerialisation of shares and liquidity

Electronic holding by the Members comprising 95.62% of the paid-up equity share capital of the Company and 4.38% were in physical form as on March 31, 2012.

## 7.13 Outstanding GDRs | ADRs | warrants or any convertible instruments, conversion date and likely impact on equity

Share capital of the Company comprises Equity Shares. It does not have any Preference Shares, outstanding ADRs, GDRs, warrants or any convertible instruments.

## 7.14 Equity Shares held by the Non-executive Directors

Number	Name	Shares
1	Mr G S Patel	200
2	Dr S S Baijal	4,137
3	Mr B S Mehta	162
4	Mr H S Shah	1,290
5	Mr S M Datta	5,000
6	Dr K Aparajithan	600
7	Mr R A Shah	50
8	Mr V S Rangan	2,000

## 7.15 Location of plants

- i) Atul 396020, District Valsad, Gujarat, India
- ii) GIDC, Ankleshwar 393002, District Bharuch, Gujarat, India
- iii) MIDC, Tarapur 401506, District Thane, Maharashtra, India

## 7.16 Address of Mumbai office

310B, Veer Savarkar Marg, Mumbai 400028, Maharashtra, India

## 7.17 Address for correspondence

Secretarial and Legal Department, Atul Ltd, Atul 396020, Gujarat, India  
E-mail id: sec@atul.co.in

## 7.18 E-mail id of grievance redressal office: atul\_ahd@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	The results are not sent to each household of the Members; however, the financial results are published in the newspapers as well as displayed on the website of the Company   BSE   NSE
Quarterly and half-yearly results	Financial results of the Company are 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. The results are published in accordance with the guidelines of the Stock Exchanges
Any website, where displayed	On the website of the Company: <a href="http://www.atul.co.in">www.atul.co.in</a> On the website of the Stock Exchanges: <a href="http://www.corp.filing.co.in">www.corp.filing.co.in</a>
Whether it also displays 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 analysts	Presentation was made to the analysts on May 13, 2011 and the gist of the analysts meeting was filed with the Stock Exchanges and displayed on the website of the Company
Whether Management Discussion & Analysis is a part of the Annual Report or not	Yes

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

### **i) Compliance with the mandatory requirements**

The Company complied with the mandatory requirements of the Code of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

### **ii) Extent of compliance with the non-mandatory requirements**

The Company complies with the following non-mandatory requirements:

- Remuneration Committee set up by the Board
- Moving towards unqualified financial statements

## **9. Role of the Company Secretary in overall governance process**

All the Directors have access to the suggestions and services of the Company Secretary | Secretarial 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.

## **10. Certification by CEO and CFO**

Mr S S Lalbhai, Chairman & Managing Director and Mr T R Gopi Kannan, President, Finance & Company Secretary, issued a certificate to the Board as prescribed under sub-clause V of Clause 49 of the Listing Agreement.

The said certificate was placed before the Board at the meeting held on May 15, 2012 in which the accounts for the year ended March 31, 2012 were considered and approved by the Board.

## **11. Certification by the Statutory Auditors**

Certificate from the Statutory Auditors of the Company, Dalal & Shah, Chartered Accountants, regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is enclosed.

## **12. Declaration by the Chairman & Managing Director**

In accordance with Clause 49 I D of the Listing Agreement 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.

For Atul Ltd

Mumbai  
May 15, 2012

Sunil S Lalbhai  
Chairman & 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, 2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and 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 above mentioned Listing Agreement.

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

For and on behalf of

**Dalal & Shah**

Firm Registration No. 102020W

*Chartered Accountants*

**S. Venkatesh**

*Partner*

Membership No. F-037942

Mumbai

May 15, 2012

# Notice

NOTICE is hereby given that the 35<sup>th</sup> Annual General Meeting (AGM) of the Members of the Company will be held on July 27, 2012, Friday, at 11.00 a.m. at J B Auditorium Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad - 380 015, Gujarat, India to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2012 and the Profit and Loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
  2. To declare dividend.
  3. To appoint a Director in place of Mr G S Patel who retires by rotation under Article 134 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
  4. To appoint a Director in place Mr B N Mohanan who retires by rotation under Article 134 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
  5. To appoint a Director in place of Mr B S Mehta who retires by rotation under Article 134 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
  6. To appoint Dalal & Shah as the Statutory Auditors and fix their remuneration.
- attached to the Balance Sheet for the year ending March 31, 2012 are enclosed.
3. Book closure: The Register of Members and the share transfer books of the Company will remain closed from June 25, 2012 to June 27, 2012 (both days inclusive).
  4. Distribution of dividend: The dividend if sanctioned will be paid to those Members whose names stand on the Register of Members on June 25, 2012.

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 (DP). As per the regulations of National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL), the Company is obliged to print bank details on the dividend warrants, as furnished by these depositories to the Company.
- 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.
- iii) Instructions regarding change of address, nomination and power of attorney must be given directly to the DP.

By order of the Board

Mumbai  
May 15, 2012

T R Gopi Kannan  
*President, Finance & Company Secretary*

## Notes:

1. 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 a proxy need not be a Member.
  2. Printed copies of the Balance Sheet, the Profit and Loss Account, the Directors' Report, the Auditors' Report and every other document required by law to be annexed or
5. Transfer of unclaimed dividend pursuant to Section 205A of the Companies Act, 1956: The unpaid dividend payable to the Members in respect of the 17<sup>th</sup> dividend onwards, that is, from the year ended March 31, 2005, will be transferred to the Investor Education and Protection Fund (IEPF) under the provisions of the Companies Act, 1956. Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Dividend	Accounting year ended	Date of declaration of dividend	Dividend payment %	Expected date of transfer of unpaid dividend to IEPF
17 <sup>th</sup>	March 31, 2005	August 05, 2005	20	September 01, 2012
18 <sup>th</sup>	March 31, 2006	August 04, 2006	30	August 30, 2013
19 <sup>th</sup>	March 31, 2007	August 31, 2007	30	August 30, 2014
20 <sup>th</sup>	March 31, 2008	August 25, 2008	30	August 24, 2015
21 <sup>st</sup>	March 31, 2009	August 07, 2009	30	August 06, 2016
22 <sup>nd</sup>	March 31, 2010	September 06, 2010	40	September 05, 2017
23 <sup>rd</sup>	March 31, 2011	August 04, 2011	45	August 03, 2018

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.

Transfer of unclaimed amount pursuant to Section 205C of the Companies Act, 1956: The Company has transferred to the Investors' Education and Protection Fund unpaid | unclaimed interest on debentures, unpaid | unclaimed fixed deposits and interest thereon in respect of all relevant years up to the year ended on March 31, 2004.

- The Company appointed Sharepro Services (India) Pvt Ltd as Registrar and Transfer Agent for physical and dematerialised shares. The Members are requested to take note and deal with the aforesaid agency when necessary.
- Reappointment of the Directors: At the ensuing AGM, Mr G S Patel, Mr B N Mohanan and Mr B S Mehta retire by rotation and being eligible offer themselves for reappointment. The information or details required as per the Listing Agreements pertaining to them are as under:

Name	<b>Mr G S Patel</b>
Date of birth	November 16, 1923
Brief résumé	Mr G S Patel holds BSc (Economics) degree from London School of Economics, Bar-at-Law degree from Lincoln's Inn and MA (Economics) and LLB degrees from the University of Mumbai. He is the former Chairman of Unit Trust of India. Previously he held directorships in 20 other companies in public and private sector. He is a Director of the Company since August 10, 1983.
Directorship in other companies	NIL
Membership in committees of other companies	NIL
Number of shares held in the Company	200

Name	<b>Mr B N Mohanan</b>
Date of birth	May 26, 1950
Brief résumé	Mr B N Mohanan holds B.Sc (Engg Hon) degree. He has over 4 decades of professional experience in various capacities. He joined the Company in 1992. Currently, he is the President, Infrastructure Unit and also the Occupier. His responsibilities comprise safety, health, environment, utilities and engineering procurement. He is Whole time Director of the Company since January 1, 2009.

Directorship in other companies	Aasthan Dates Ltd (Chairman) Atul Bio Space Ltd (Chairman & Managing Director) Atul Clean Energy Ltd (Chairman) Atul Rajasthan Date Palms Ltd (Managing Director) Atul Seeds Ltd Biyaban Agri Ltd (Chairman) DPD Ltd Raja Dates Ltd (Chairman)
Membership in committees of other companies	Member of Committee: Atul Rajasthan Date Palms Ltd - Remuneration Committee
Number of shares held in the Company	4800

Name	<b>Mr B S Mehta</b>
Date of birth	September 19, 1935
Brief résumé	Mr B S Mehta is a practicing Chartered Accountant and is a past President of the Institute of the Chartered Accountants of India. He was involved in educational activities at the graduate and post graduate levels at the University of Mumbai.
Directorship in other companies	Public Companies: Bharat Bijlee Ltd CEAT Ltd Century Enka Ltd Clariant Chemicals (India) Ltd Gillette India Ltd Housing Development Finance Corporation Ltd IL&FS Investment Managers Ltd J B Chemicals & Pharmaceuticals Ltd National Securities Depository Ltd Pidilite Industries Ltd Procter and Gamble Hygiene and Health Care Ltd Sasken Communication Technologies Ltd SBI Capital Markets Ltd Sudarshan Chemicals Industries Ltd Private Company: Uhde India Pvt Ltd – Alternate Director Foreign Company: Jumbo World Holdings Ltd (BVI) (Body incorporated outside India)



Membership in committees of other companies	<p>Chairman of Committees:</p> <p>IL&amp;FS Investment Managers Ltd – Audit Committee</p> <p>J B Chemicals &amp; Pharmaceuticals Ltd – Audit Committee</p> <p>Pidilite Industries Ltd – Audit Committee</p> <p>Sasken Communication Technologies Ltd – Audit Committee</p> <p>Sudarshan Chemicals Industries Ltd – Audit Committee</p> <p>Member of Committees:</p> <p>Century Enka Ltd – Audit Committee</p> <p>Gillette India Ltd – Audit Committee</p> <p>Gillette India Ltd – Remuneration Committee</p> <p>Housing Development Finance Corporation Ltd – Audit Committee</p> <p>Housing Development Finance Corporation Ltd – Compensation Committee</p> <p>IL&amp;FS Investment Managers Ltd – Compensation Committee</p> <p>Procter &amp; Gamble Hygiene and Health Care Ltd – Audit Committee</p>
Number of shares held in the Company	162

By Order of the Board

#### Registered office

Ashoka Chambers, Rasala Marg,  
Ahmedabad 380006, Gujarat, India  
May 15, 2012

**T R Gopi Kannan**

*President, Finance & Company Secretary*

#### Important Communication to the Members

The Ministry of Corporate Affairs has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies and has issued circulars stating that serving Notices | documents including Annual Reports can be made through electronic mode to its Members. To support this green initiative of the Government in full measure, the Members are requested to update their email id provided to the concerned Depository Participants. Those Members who hold shares in physical form are requested to communicate their email id by sending an email to the Registrar and Share Transfer Agent, Sharepro Services (India) Pvt Ltd, at email id: [sharepro.ahmedabad@shareproservices.com](mailto:sharepro.ahmedabad@shareproservices.com) with a copy to the Company at email id: [atul\\_ahd@atul.co.in](mailto:atul_ahd@atul.co.in)

# Ten Year Review

(₹ cr)

Operating results	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Net sales	1761	1508	1168	1159	998	895	817	682	568	578
Revenues	1807	1553	1204	1196	1033	925	837	710	604	619
Operating PBIDT	203	194	143	124	97	85	78	68	56	96
Interest	43	26	26	41	33	28	29	22	22	33
Operating PBDT	160	168	117	83	64	57	49	46	34	63
Depreciation	44	39	37	32	29	31	29	27	27	27
Operating PBT	116	129	80	51	35	26	20	19	7	36
Exceptional income   (expenses)	6	10	-	(5)	3	-	63	-	-	3
Profit before tax	122	139	80	46	38	26	83	19	7	39
Taxation	34	43	27	10	3	1	(1)	3	5	5
Net profit	88	96	53	36	35	25	84	16	2	34
Dividends (including dividend distribution tax)	16	16	14	10	10	10	10	7	5	7
<b>Financial position</b>										
Gross block *	1100	1002	986	967	936	771	730	685	666	610
Net block *	474	420	424	443	433	295	273	249	276	244
Net current & other assets	556	474	355	384	428	374	349	312	310	322
Capital employed	1030	894	779	827	861	669	622	561	586	566
Equity Share capital	30	30	30	30	30	30	30	30	30	30
Reserves and surplus	612	537	455	429	403	270	243	170	255	257
Shareholders' funds	642	567	485	459	433	300	273	200	285	287
Borrowings	388	327	295	368	428	369	349	361	300	279
<b>Per Equity Share (₹)</b>										
Dividend	4.50	4.50	4.00	3.00	3.00	3.00	3.00	2.00	1.50	2.00
Book Value	216	191	164	155	146	101	92	67	96	97
EPS	29.70	30.34	19.15	12.77	12.35	9.98	28.00	6.07	1.18	14.66
<b>Key Indicators</b>										
Operating PBDIT %	11.53	12.86	12.24	10.70	9.72	9.50	9.55	9.97	9.86	16.61
Operating PBDT %	9.09	11.14	10.02	7.16	6.41	6.37	6.00	6.74	5.99	10.90
Operating PBT %	6.59	8.55	6.85	4.40	3.51	2.91	2.45	2.79	1.23	6.23
Employee cost as % to sales	6.64	6.76	8.82	7.85	8.12	8.04	10.40	9.97	13.56	12.68
Interest cost as % to sales	2.44	1.72	2.23	3.54	3.31	3.13	3.55	3.23	3.87	5.71
Debt-Equity ratio	0.60	0.58	0.61	0.80	0.99	1.23	1.28	1.81	1.05	0.97
Interest coverage ratio	4.72	7.46	5.50	3.02	2.94	3.04	2.69	3.09	2.55	2.91
RoCE % **	16.88	18.46	13.09	11.19	9.42	8.81	8.41	6.98	4.88	11.77
RoNW % ***	13.56	16.35	11.23	8.95	8.80	8.73	8.56	6.60	0.70	11.69

\* Including capital work-in-progress

\*\* Excluding exceptional income | (expenses) and capital work-in-progress

\*\*\* Excluding exceptional income | (expenses)

Figures for the years prior to 2010-11 are as per old Schedule VI

# Financial Statements

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# Report of the Auditors

To the Members

1. We have audited the attached Balance Sheet of Atul Ltd as at March 31, 2012, and the related Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting Principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') 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 a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the Directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the Director is disqualified as on March 31, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the Accounting Principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of

**Dalal & Shah**

Firm Registration No. 102020W

*Chartered Accountants*

**S Venkatesh**

*Partner*

Mumbai

May 15, 2012

Membership No. F-037942



# Annexure to the Report of the Auditors

Referred to in paragraph 3 of the Auditors' Report of even date to the Members of Atul Ltd on the financial statements for the year ended March 31, 2012

- i. (a) The Company is generally 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 between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.

The other Clauses, (iii)(b), (iii)(c), and (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the

Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid order.

- (b) The Company has taken unsecured loans (in nature of Fixed Deposits), from 5 parties covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year end balance of such loans amounts to ₹ 0.84 cr and ₹ 0.83 cr respectively.
- (c) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (d) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, where applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate Internal Control System commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weaknesses have been noticed or reported.
- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 0.05 cr in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has

## Annexure to the Report of the Auditors

complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under Clause (d) of sub-section (1) of Section 209 of the Act, 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.

- ix. (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, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, 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, the particulars of dues of income tax, sales tax, customs duty, excise duty and cess as at March 31, 2012 which have not been deposited on account of disputes are as follows:

Name of the statute	Nature of dues	Amount (₹ cr) (a)	Period to which the amount relates	Forum where the dispute is pending (b)
Central Excise Act, 1944	Central excise	5.26 11.25 16.61	1977 to 2011 1993 to 2010 1993 to 2010	[Assistant Commissioner, Joint Commissioner, Commissioner (Appeals), Customs, Excise & Service Tax Appellate Tribunal, Gujarat High Court]
<b>Total :</b>		<b>33.12</b>		
Customs Act, 1962	Customs duty	5.37 12.65	1985-06 and 2006-07 to 2008-09 1995-96 and 2006-07 to 2008-09	[Assistant Commissioner, Commissioner (Appeals), Customs, Excise & Service Tax Appellate Tribunal]
<b>Total :</b>		<b>18.02</b>		
Income Tax Act, 1961	Income tax	12.13 5.57	2005-06 and 2006-07 2004-05 and 2007-08	[Commissioner of Income tax (Appeals), Income Tax Appellate Tribunal, Gujarat High Court]
<b>Total :</b>		<b>17.70</b>		
Gujarat Sales Tax Act, 1969	Sales tax	0.74	2005-06	Joint Commissioner Commercial Tax (Appeals)
<b>Total :</b>		<b>0.74</b>		

- (a) Net of amounts deposited.
- (b) Necessary stay received from the respective authority.

## Annexure to the Report of the Auditors

There were no dues towards service tax and wealth tax as at March 31, 2012 which has not been deposited on account of any dispute.

- x. The Company has no accumulated losses as at March 31, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. 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 dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund | nidhi | mutual benefit fund | societies are not applicable to the Company.
- xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions of the corporate guarantees given by the Company, for loans taken by a subsidiary company and others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the year end.
- xx. The Company has not raised any money by public issues during the year.
- xxi. 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 fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For and on behalf of

**Dalal & Shah**

Firm Registration No. 102020W

*Chartered Accountants*

**S Venkatesh**

*Partner*

Mumbai

May 15, 2012

Membership No. F-037942

# Balance Sheet as at March 31, 2012

(₹ cr)

Particulars	Note	As at March 31, 2012	As at March 31, 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	29.68	29.68
(b) Reserves and surplus	3	612.25	537.41
		641.93	567.09
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	144.90	110.36
(b) Deferred tax liabilities (net)	5	22.31	23.06
(c) Long-term provisions	6	3.33	2.60
		170.54	136.02
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	199.63	161.27
(b) Trade payables	8	275.64	223.46
(c) Other current liabilities	9	104.97	106.02
(d) Short-term provisions	10	53.35	52.01
		633.59	542.76
		<b>1,446.06</b>	<b>1,245.87</b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	417.55	389.26
(ii) Intangible assets	11	0.22	0.81
(iii) Capital work-in-progress		55.95	29.46
		473.72	419.53
(b) Non-current investments	12	125.00	83.32
(c) Long-term loans and advances	13	28.11	26.66
(d) Other non-current assets	14	27.56	24.46
		654.39	553.97
<b>2 Current assets</b>			
(a) Inventories	15	292.99	261.39
(b) Trade receivables	16	368.22	299.54
(c) Cash and bank balances	17	17.46	15.15
(d) Short-term loans and advances	18	95.49	102.82
(e) Other current assets	19	17.51	13.00
		791.67	691.90
		<b>1,446.06</b>	<b>1,245.87</b>
<b>Notes form an integral part of these financial statements</b>			

As per our attached report of even date

**For Dalal & Shah**

Firm Registration No. 102020W  
Chartered Accountants

**S Venkatesh**

Partner

Membership No. F-037942

Mumbai

May 15, 2012

**T R Gopi Kannan**

President, Finance &  
Company Secretary

**G S Patel**

**S S Baijal**

**B S Mehta**

**H S Shah**

**S M Datta**

**R A Shah**

**V S Rangan**

**B N Mohanan**

Directors

For and on behalf of the Board of Directors

**Sunil S Lalbhai**

Chairman & Managing Director

**Samveg A Lalbhai**

Managing Director

Mumbai

May 15, 2012



# Statement of Profit and Loss for the year ended March 31, 2012

(₹ cr)

Particulars	Note	2011-12	2010-11
<b>REVENUE</b>			
<b>Revenue from operations</b>			
Sale of products		1,884.55	1,594.25
Sale of services		3.22	3.31
Other operating revenues	20	31.53	23.41
Less: Excise duty		123.73	86.57
		<b>1,795.57</b>	<b>1,534.40</b>
<b>Other income</b>	21	11.64	18.71
		<b>1,807.21</b>	<b>1,553.11</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	1,055.13	891.93
Purchase of stock-in-trade		20.01	16.70
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(15.33)	(25.27)
Employee benefit expenses	24	117.20	101.69
Finance costs	25	43.10	26.22
Exchange rate difference (net) (excluding loss considered in Note 25)		12.07	9.09
Depreciation and amortisation expenses	11	43.65	38.54
Other expenses	26	415.41	365.14
		<b>1,691.24</b>	<b>1,424.04</b>
<b>Profit before exceptional items and tax</b>		<b>115.97</b>	<b>129.07</b>
<b>Exceptional items</b>			
Gain on settlement of long-term export advance		-	8.20
Recovery of advance written off in earlier years		-	1.90
Reversal of provision for diminution in value of long-term investment in subsidiary company		6.51	-
		6.51	10.10
<b>Profit before tax</b>		<b>122.48</b>	<b>139.17</b>
<b>Tax expense</b>			
Current tax		35.10	42.58
Deferred tax		(0.75)	0.48
Add: Tax adjustments for the earlier years		0.02	6.11
		<b>34.37</b>	<b>49.17</b>
<b>Profit for the year</b>		<b>88.11</b>	<b>90.00</b>
Basic and diluted earning ₹ per Equity Share	27.8	29.70	30.34
<b>Notes form an integral part of these financial statements</b>			

As per our attached report of even date

**For Dalal & Shah**

Firm Registration No. 102020W  
Chartered Accountants

**S Venkatesh**

Partner

Membership No. F-037942

Mumbai

May 15, 2012

**T R Gopi Kannan**

President, Finance &  
Company Secretary

For and on behalf of the Board of Directors

**Sunil S Lalbhai**

Chairman &amp; Managing Director

**G S Patel**
**S S Baijal**
**B S Mehta**
**H S Shah**
**S M Datta**
**R A Shah**
**V S Rangan**
**B N Mohanan**

Directors

**Samveg A Lalbhai**

Managing Director

Mumbai

May 15, 2012

# Cash Flow Statement for the year ended March 31, 2012

(₹ cr)

Particulars	2011-12	2010-11
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	122.48	139.17
Adjustments for:		
Add:		
Depreciation and amortisation expenses	43.65	38.54
Finance costs	43.10	26.22
Loss on assets sold or discarded	0.06	1.96
Unrealised exchange rate difference (net)	(3.43)	2.00
Bad debts and irrecoverable balances written off	3.01	1.47
Provision for doubtful debts	0.79	0.41
Obsolete material written off	-	0.60
	87.18	71.20
	209.66	210.37
Less:		
Dividend received	1.59	5.42
Interest received	2.35	1.55
Impairment written back	-	0.89
Provisions no longer required	3.69	7.01
Gain on settlement of long-term export advance	-	8.20
Reversal of provision for diminution in value of long-term investment in a subsidiary company	6.51	-
Sale of technical know-how	1.63	-
Surplus on sale of fixed assets	0.28	0.03
	16.05	23.10
Operating profit before working capital changes	193.61	187.27
Adjustments for:		
Inventories	(31.86)	(50.70)
Trade receivables	(73.72)	(38.19)
Short-term loans and advances	4.80	1.15
Other current assets	(4.51)	(5.17)
Non-current assets	(3.98)	(21.00)
Long-term loans and advances	(1.94)	6.02
Long-term provisions	0.73	2.60
Trade payables	55.46	61.61
Other current liabilities	19.00	(27.86)
Short-term provisions	1.21	(10.21)
	(34.81)	(81.75)
Cash generated from operations	158.80	105.52
Less:		
Direct taxes (refund)   paid	38.30	45.32
<b>Net cash flow from operating activities</b>	<b>A 120.50</b>	<b>60.20</b>

# Cash Flow Statement for the year ended March 31, 2012 (contd)

(₹ cr)

Particulars	2011-12	2010-11
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible assets	(102.36)	(44.43)
Purchase of intangible assets	(1.86)	-
Capital advances	0.49	(2.47)
Investments in subsidiary companies	(29.04)	(6.83)
Investments in associate companies	-	(1.47)
Investments in joint venture companies	(3.00)	-
Repayments   (disbursements) of loans	4.72	(7.47)
Long-term bank deposits	0.88	(1.17)
Short-term bank deposits	(0.39)	2.96
Sale of fixed assets	6.42	2.72
Interest received	3.31	1.22
Dividend received	1.59	5.42
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(119.24)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	20.84	(61.37)
Add: Exchange rate difference	(6.08)	0.94
Proceeds from long-term borrowings (adjusted)	14.76	(60.43)
Proceeds from short-term borrowings	38.36	94.82
Total proceeds from borrowings	53.12	34.39
Payment of Unclaimed dividend	(0.08)	-
Interest paid	(37.04)	(25.98)
Dividend on Equity Shares (including dividend distribution tax)	(15.42)	(13.79)
<b>Net cash used in financing activities</b>	<b>C</b>	<b>(5.38)</b>
<b>Net change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>3.30</b>
<b>Opening balance - cash and cash equivalents</b>		10.11
<b>Closing balance - cash and cash equivalents</b>		13.41
	<b>1.84</b>	<b>3.30</b>

Notes to the Cash Flow Statement for the year ended March 31, 2012:

- The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard-3 'Cash Flow Statement' referred to in The Companies Accounting Standard Rules, 2006.
- In terms of Joint Venture Agreement with IB Industriechemie Beteiligungs GmbH, the Company has subscribed 2918750 shares at price of ₹ 21 each, by transferring technical know-how (₹ 1.63 cr), inventories (₹ 0.26 cr), trade receivables (₹ 1.24 cr) being non-cash consideration not considered in the above Cash Flow Statement. The remaining amount (₹ 3.00 cr) was paid in cash.

As per our attached report of even date

**For Dalal & Shah**

Firm Registration No. 102020W  
Chartered Accountants

**S Venkatesh**

Partner

Membership No. F-037942

Mumbai

May 15, 2012

**T R Gopi Kannan**

President, Finance &  
Company Secretary

For and on behalf of the Board of Directors

**Sunil S Lalbhai**

Chairman & Managing Director

**G S Patel**

**S S Baijal**

**B S Mehta**

**H S Shah**

**S M Datta**

**R A Shah**

**V S Rangan**

**B N Mohanan**

Directors

**Samveg A Lalbhai**

Managing Director

Mumbai

May 15, 2012

# Notes to financial statements

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

### General information

Founded by Mr Kasturbhai Lalbhai in 1947, Atul Ltd has emerged, starting with the manufacture of a few dyes, as one of the diverse chemical companies, serving industries such as Adhesives, Aerospace, Agriculture, Animal feed, Automobile, Chemical, Composites, Construction, Cosmetics, Defence, Dyestuff, Electrical & Electronics, Flavour & Fragrance, Glass, Home Care, Paint & Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Polymer, Rubber, Soap & Detergent, Textile and Tyre. The Company has established subsidiary companies in Brasil, China, Germany, the UK and the USA to work closely with its customers and expand its business. The Company is listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd and has about 32,000 Shareholders. The Promoter group holds a little in excess of 50% of the equity capital.

### 1 Basis of preparation:

These financial statements have been prepared on accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable Accounting Principles in India, the applicable Accounting Standards notified under Section 211 (3C) and the relevant provisions of the Companies Act, 1956. The significant Accounting Policies adopted by the Company are detailed below.

All the assets and liabilities have been classified as current or non-current as per the normal operating cycle of the Company and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### 2 Use of Estimates:

The preparation of financial statements in conformity with generally accepted Accounting Principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based on best knowledge of current events and actions of the Management, actual results may differ from these estimates. Differences between actual results and estimates are recognised in the period in which the results are known | materialised .

### 3 Fixed Assets:

#### a) Tangible Assets:

i) Fixed assets are carried at cost of acquisition including incidental expenses, less accumulated depreciation, amortisation and impairment. Freehold land, lease hold land at Panoli and certain business premises and assets received free of cost on premature cancellation of a Lease Agreement are valued at fair value.

ii) Spares for specific machinery are carried at cost less amortisation.

#### b) Intangible Assets:

Computer software includes Enterprise Resource Planning project and other cost relating to software which provides significant future economic benefit. Cost comprise license fees and cost of system integration services.

### 4 Depreciation and Amortisation:

Depreciation:

Depreciation on building and plant and equipment is being provided on 'Straight Line Method' basis and on all other assets on 'Written Down Value' basis in accordance with the provisions of Section 205(2)(b) and 205(2)(a) of the Companies Act, 1956 respectively, in the manner and at the rates specified in Schedule XIV to the said Act.

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

Depreciation on additions to the assets during the year is being provided on pro-rata basis at their respective rate with reference to the month of acquisition | installation.

Depreciation on assets sold, scrapped or discarded during the year is being provided at their respective rates up to the month in which such assets are sold, scrapped or discarded.

Depreciation is adjusted in subsequent periods to allocate the revised carrying amount of assets after the recognition of an impairment loss on a systematic basis over its remaining useful life of assets.

Amortisation:

- a) Premium on lease hold land is amortised over the period of lease.
- b) Cost of spares for specific machinery is amortised over remaining useful life of related machinery.
- c) Cost of Computer software is amortised over a period of three years.

### 5 Impairment of Assets:

The carrying amounts 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 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.

### 6 Borrowing Costs:

Borrowing costs in relation to acquisition and construction of qualifying assets are capitalised as part of cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as expense in the year in which these are incurred.

### 7 Investments:

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments.

### 8 Inventories:

- a) Raw materials, packing materials, purchased finished goods, work-in-progress, 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.
- b) Goods-in-transit and in bonded warehouse are stated at the cost to the date of Balance Sheet.
- c) 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition.
- d) Due allowances are made for obsolete inventories based on technical estimates made by the Company.

### 9 Foreign Currency Transactions:

- a) Initial recognition:

Transactions denominated in foreign currencies are recorded at the rate prevailing on the date of the transaction.

- b) Conversion:

At the year end, monetary items denominated in foreign currencies remaining unsettled are converted into Indian rupee equivalents at the year end exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.



# Notes to financial statements

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

c) Exchange differences:

All exchange differences arising on settlement and conversion of foreign currency transactions are included in the Statement of Profit and Loss. The Company has opted to avail the choice provided under paragraph 46A of Accounting Standard-11 'The effects of changes in foreign exchange rates' inserted vide Notification dated December 29, 2011 issued by the Ministry of Corporate Affairs. Consequently, foreign exchange difference on account of a depreciable asset acquired out of long-term borrowings is adjusted in the cost of the depreciable asset, which will be depreciated over the balance life of the asset.

d) Forward exchange contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contract are being recognised in the Statement of Profit and Loss for the year. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.

e) Derivatives:

Where the Company has entered into derivative contracts such as Interest Rate Swaps, Currency Swaps, Forward Contracts and Currency Options, to hedge risk associated with interest and foreign currency fluctuations relating to firm commitments and forecasted transactions, hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates.

Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds, under 'Hedging Reserve' and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in Shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the Statement of Profit and Loss for the period.

## 10 Revenue Recognition:

a) Sale of goods:

Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. It includes excise duty but excludes value added tax and sales tax.

b) Export sales are accounted on the basis of dates of on board Bill of Lading and | or Air Way Bill.

c) Service income is recognised, net of service tax, when the related services are provided.

d) Eligible export incentives are recognised in the year of export.

e) Lease rental income is recognised on accrual basis.

f) Dividend income is accounted for in the year in which the right to receive the same is established.

g) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

## 11 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provision is not discounted to its present value and is determined based on the best estimate required to settle an obligation at the year end. These are reviewed every year end and adjusted to reflect the best current estimate. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

### 12 Research & Development Expenditure:

Research & Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Research & Development expenditure on fixed assets is treated in the same way as expenditure on other fixed assets.

### 13 Employee Benefits:

#### a) Defined contribution plan:

Contribution paid | payable by the Company during the period to Provident Fund, Super Annuation Fund, Employees' State Insurance Corporation, and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

#### b) Defined benefit plan:

##### Gratuity:

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is represented by creation of separate funds and is used to meet the liability as and when it accrues for payment in future. Actuarial gains | losses are immediately taken to Statement of Profit and Loss.

##### Long-term leave encashment:

Long-term leave encashment is provided for on the basis of an actuarial valuation carried out at the end of the year on the project unit credit method. Actuarial gains | losses are immediately taken to Statement of Profit and Loss.

##### Provident fund:

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 contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

#### c) Short-term leave encashment:

Short-term leave encashment is provided at undiscounted amount during the accounting period based on service rendered by employees.

#### d) Voluntary retirement scheme:

Compensation payable under the voluntary retirement scheme is being charged to Statement of Profit and Loss in the year of settlement.

### 14 Taxation:

- a) Income tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.
- b) MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax within the specified period.
- c) Deferred tax asset and deferred tax liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets on account of timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. Deferred tax assets are reviewed at each Balance Sheet date to reassure realisation.

### 15 Government Grants:

- a) Government grants are recognised when there is reasonable assurance that the same will be received.
- b) Revenue grants for expenses incurred are reduced from the respective expenses.
- c) Capital grants relating to specific fixed assets are reduced from the cost of the respective fixed assets.

# Notes to financial statements

(₹ cr)

NOTE 2 SHARE CAPITAL		As at March 31, 2012	As at March 31, 2011
<b>Authorised</b>			
8,00,00,000	Equity Shares of ₹ 10 each	80.00	80.00
80,00,000	Cumulative Redeemable Preference Shares of ₹ 100 each	80.00	80.00
		160.00	160.00
<b>Issued</b>			
2,96,91,780	Equity Shares of ₹ 10 each	29.69	29.69
		29.69	29.69
<b>Subscribed</b>			
2,96,61,733	Equity Shares of ₹ 10 each, fully paid	29.66	29.66
	Add: Forfeited shares (amount paid-up)	0.02	0.02
		<b>29.68</b>	<b>29.68</b>

The Company has two classes of shares referred to as Equity Shares having a par value of ₹ 10 and Cumulative Redeemable Preference Shares having a par value of ₹ 100.

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. 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.

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

Details of Shareholders holding more than 5% of Equity Shares:

Sr. No.	Name of the Shareholder	As at March 31, 2012		As at March 31, 2011	
		Holding %	No of shares	Holding %	No of shares
1	Aeon Investments Pvt Ltd	5.9%	1,764,382	5.9%	1,764,382
2	Aura Securities Pvt Ltd	5.4%	1,614,045	5.4%	1,614,045

(₹ cr)

<b>NOTE 3 RESERVES AND SURPLUS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Capital reserve	6.68	6.68
(b) Securities premium account	34.66	34.66
(c) Revaluation reserve:		
Balance as at the beginning of the year	108.58	110.64
Less: Transferred to Statement of Profit and Loss	2.06	2.06
Balance as at the end of the year	106.52	108.58
(d) Hedging reserve {see Note 27.10 (c)}:		
Balance as at the beginning of the year	(5.09)	(15.03)
Add: Transferred to Statement of Profit and Loss	5.09	15.03
Less: Effect of foreign exchange rate variation on hedging instruments outstanding at the end of the year	0.78	5.09
Balance as at the end of the year	(0.78)	(5.09)
(e) General reserve:		
Balance as at the beginning of the year	59.06	53.27
Add: Transferred from unclaimed amount of fractional coupons of bonus shares	-	0.11
Add: Transferred from Statement of Profit and Loss	8.81	5.68
Balance as at the end of the year	67.87	59.06
(f) Surplus in Statement of Profit and Loss:		
Balance as at the beginning of the year	333.52	264.72
Add: Profit for the year	88.11	90.00
Amount available for appropriation	421.63	354.72
Less: Appropriations		
General reserve	8.81	5.68
Proposed dividend on Equity Shares for the year {at ₹ 4.50 per share (March 31, 2011 ₹ 4.50 per share)}	13.35	13.35
Dividend distribution tax on proposed dividend	2.17	2.17
Balance as at the end of the year	397.30	333.52
	<b>612.25</b>	<b>537.41</b>

# Notes to financial statements

(₹ cr)

NOTE 4 LONG-TERM BORROWINGS	Non-current		Current	
	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
(a) Term loans				
Secured:				
(i) Rupee term loans from banks	10.14	26.37	16.23	16.24
(ii) Rupee term loans from financial institutions	52.08	65.21	13.13	20.25
(iii) Foreign currency term loans from banks	20.78	-	4.80	15.42
(iv) Foreign currency term loans from financial institutions	61.81	11.16	2.14	-
Unsecured:				
(v) Rupee term loans from banks	0.09	-	0.02	-
	144.90	102.74	36.32	51.91
(b) Deposits, unsecured:				
(i) Public deposits from related parties	-	0.83	0.83	0.01
(ii) Public deposits from others	-	6.79	6.66	3.67
	-	7.62	7.49	3.68
Amount disclosed under the head 'Other Current Liabilities' (see Note 9)			(43.81)	(55.59)
	144.90	110.36	-	-

Sr No	Type of loan   Nature of security	Terms of repayment
(a) (i) 1.	Rupee term loan from a bank amounting to ₹ 6.23 cr (Previous year: ₹ 12.51 cr) is secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Repayable in 16 equal quarterly installments beginning from June 30, 2009 along with interest @ PLR -2% p.a.
2.	Rupee term loan from a bank amounting to ₹ 12.64 cr (Previous year: ₹ 17.60 cr) is secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Repayable in 20 equal quarterly installments beginning from October 30, 2009 along with interest @ Base rate +3.50% p.a.
3.	Rupee term loan from a bank amounting to ₹ 7.50 cr (Previous year: ₹ 12.50 cr) is secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Repayable in 16 equal quarterly installments beginning from October 28, 2009 along with interest @ Base rate +1.50% p.a.
(a) (ii) 1.	Rupee term loan from a financial institution amounting to ₹ NIL (Previous year: ₹ 6.21 cr) is secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Repayable in 20 equal quarterly installments beginning from April 10, 2007 along with interest @ 10.75% p.a.



## NOTE 4 LONG-TERM BORROWINGS (contd)

Sr No	Type of loan   Nature of security	Terms of repayment
	2. Rupee term loan from a financial institution amounting to ₹ 62.50 cr (Previous year: ₹ 72.91 cr) is secured by first <i>pari passu</i> charge by way of hypothecation of all movable fixed assets and mortgage of immovable properties of the Company, both present and future, excluding specific assets with exclusive charge and second charge on entire current assets of the Company, both present and future.	Repayable in 15 equal half yearly installments beginning from January 14, 2011 along with interest ranging from 6.99% p.a. to 7.46% p.a.
	3. Rupee term loan from a financial institution amounting to ₹ 2.71 cr (Previous year: ₹ 6.34 cr) is secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Repayable in 16 equal quarterly installments beginning from February 19, 2009 along with interest LTMLR + 180 bps p.a.
(a) (iii)	1. Foreign currency term loan from a bank amounting to ₹ NIL (Previous year: ₹ 3.75 cr) is secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Repayable in 16 equal quarterly installments beginning from December 31, 2007 along with interest @ 6 Month LIBOR +500 bps p.a.
	2. Foreign currency term loan from a bank amounting to ₹ NIL (Previous year: ₹ 6.09 cr) is secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Repayable in 16 equal quarterly installments beginning from May 05, 2008 along with interest @ 6 Month LIBOR +450 bps p.a.
	3. Foreign currency term loan from a bank amounting to ₹ NIL (Previous year: ₹ 5.58 cr) is secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Repayable in 16 equal quarterly installments beginning from June 30, 2008 along with interest @ 6 Month LIBOR +425 bps p.a.
	4. Foreign currency term loan from a bank amounting to ₹ 25.58 cr (Previous year: ₹ NIL) is to be secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Repayable in 16 equal quarterly installments beginning from July 31, 2012 along with interest @ 3 Month LIBOR +225 bps p.a.
(a) (iv)	1. Foreign currency loan from a financial institution amounting to ₹ 63.95 cr (Previous year: ₹ 11.16 cr) is secured by first <i>pari passu</i> charge by way of hypothecation of all movable fixed assets and mortgage of immovable properties of the Company, present and future, excluding specific assets with exclusive charge and second charge on entire current assets of the Company, present and future.	Repayable in 7 half yearly installments beginning from July 15, 2012 along with interest @ 6 Month LIBOR +225 bps p.a.
(a) (v)	1. Unsecured rupee term loan from a bank amounting to ₹ 0.11 cr (Previous year: ₹ NIL)	Repayable in 20 equal quarterly installments beginning from November 30, 2011 along with interest @ Base rate +2.5% p.a.

# Notes to financial statements

(₹ cr)

<b>NOTE 5 DEFERRED TAX LIABILITIES (NET)</b>	<b>As at March 31, 2012</b>	<b>Charge   (credit) during the year</b>	<b>As at March 31, 2011</b>
Deferred tax liabilities: on account of timing difference in depreciation	29.41	0.54	28.87
	29.41	0.54	28.87
Deferred tax assets: on account of timing difference in			
(a) Provision for leave encashment	5.86	1.17	4.69
(b) Provision for doubtful debts	0.39	0.25	0.14
(c) Provision for doubtful advances	0.06	-	0.06
(d) Voluntary retirement scheme	0.40	(0.52)	0.92
(e) Expenses disallowed under Section 40 (ia) of the Income Tax Act, 1961	0.39	0.39	-
	7.10	1.29	5.81
Net deferred tax liabilities   (assets)	<b>22.31</b>	<b>(0.75)</b>	<b>23.06</b>

(₹ cr)

<b>NOTE 6 LONG-TERM PROVISIONS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
Provision for leave entitlement	3.33	2.60
	<b>3.33</b>	<b>2.60</b>

(₹ cr)

<b>NOTE 7 SHORT-TERM BORROWINGS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Secured*		
Loans repayable on demand from banks	151.85	82.27
(b) Unsecured		
Loans from banks	25.07	20.00
(c) Buyers' credit arrangement	22.71	59.00
	<b>199.63</b>	<b>161.27</b>

\*Security details:

Secured by hypothecation of tangible current assets (other than movable plant and equipment), 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 given by the bankers.

(₹ cr)

<b>NOTE 8 TRADE PAYABLES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Trade payables including acceptances	275.64	223.46
	<b>275.64</b>	<b>223.46</b>

Trade payables include ₹ 0.70 cr (Previous year ₹ 0.28 cr) due to micro, small and medium enterprises. Following is the information, required to be furnished as per Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006:

(₹ cr)

<b>No</b>	<b>Particulars</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
	Principal	0.70	0.28
	Interest	—	—
(b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during each accounting year	—	—
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006	—	—
(d)	The amount of interest accrued and remaining unpaid at the end of accounting year	—	—
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	—	—

Above disclosures have been made based on information available with the Company, for suppliers who are registered as micro, small and medium enterprise under 'Micro, Small and Medium Enterprise Development Act, 2006' as at March 31, 2012.

# Notes to financial statements

(₹ cr)

<b>NOTE 9 OTHER CURRENT LIABILITIES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Current maturities of long-term borrowings (see Note 4)	43.81	55.59
(b) Interest accrued but not due on borrowings	1.80	1.52
(c) Interest accrued on cumulative public deposits	0.97	1.02
(d) Unclaimed dividends*	0.91	0.81
(e) Unclaimed matured deposits and interest thereon*	0.19	0.20
(f) Security deposits	14.39	10.19
(g) Others:		
Advances received from customers	6.00	1.78
Employee benefit dues	9.43	9.25
Creditors for capital goods	10.34	8.59
Statutory commission and discount payable	8.01	9.17
Other current liabilities	9.12	7.90
	<b>104.97</b>	<b>106.02</b>

\* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2012.

(₹ cr)

<b>NOTE 10 SHORT-TERM PROVISIONS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Provisions:		
Leave entitlement	14.74	11.52
Other employee benefits	17.66	13.50
	<b>32.40</b>	<b>25.02</b>
(b) Others:		
Provision for mark-to-market losses on derivatives	0.10	8.95
Proposed dividend (see Note 3)	13.35	13.35
Dividend distribution tax on proposed dividend	2.17	2.17
Other provisions	5.33	2.52
	<b>20.95</b>	<b>26.99</b>
	<b>53.35</b>	<b>52.01</b>

(₹ cr)

NOTE 11 FIXED ASSETS													
ASSET BLOCK		GROSS BLOCK (a)					DEPRECIATION   AMORTISATION   IMPAIRMENT				NET BLOCK		
	As at March 31, 2011	Additions	Other Adjustments	Deductions and Adjustments	As at March 31, 2012	Depreciation upto March 31, 2011	For the year Adjustments	As at March 31, 2012	Impairment Fund March 31, 2012	As at March 31, 2012	As at March 31, 2011		
Tangible assets													
Land - Freehold (d) and (e)	13.11	1.26	-	-	14.37	-	-	-	-	14.37	13.11		
Land - Leasehold (b), (d) & (e)	23.45	-	-	0.28	23.17	-	-	-	-	23.17	23.45		
Buildings (c), (d) and (e)	220.69	14.96	-	-	235.65	54.86	5.68	60.54	-	175.11	165.83		
Roads	2.34	0.76	-	-	3.10	1.19	0.05	1.24	-	1.86	1.15		
Plant and equipment (f)	670.20	53.25	1.59	5.24	719.80	475.07	34.27	509.37	21.03	189.43	174.10		
Railway siding	0.08	-	-	-	0.08	0.08	-	0.08	-	-	-		
Office equipment & furniture	22.58	1.81	-	0.02	24.37	15.63	1.36	16.99	-	7.38	6.95		
Vehicles	11.57	3.85	-	2.05	13.37	6.90	1.62	7.14	-	6.23	4.67		
Total Tangible assets	964.02	75.89	1.59	7.59	1,033.91	553.73	42.98	595.33	21.03	417.55	389.26		
Intangible assets													
Computer software	8.22	1.86	-	-	10.08	7.41	2.45	9.86	-	0.22	0.81		
Total Intangible assets	8.22	1.86	-	-	10.08	7.41	2.45	9.86	-	0.22	0.81		
Total as at March 31, 2012	972.24	77.75	1.59	7.59	1,043.99	561.14	45.43	605.19	21.03	417.77	390.07		
Total as at March 31, 2011	974.22	22.18	-	24.16	972.24	534.30	40.32	561.14	21.03	390.07			

## Notes:

- At cost, except land - freehold, certain leasehold land, building premises and plant and equipment stated at revalued value.
- Land - leasehold at cost less amounts written off.
- Includes premises on ownership basis ₹ 1.10 cr (Previous year ₹ 1.10 cr) and cost of fully paid share in co-operative society ₹ 2,000 (Previous year ₹ 2,000).
- The Company has revalued (i) Leasehold land and building at Ahmedabad, Mumbai and Delhi as at March 31, 2008 at fair market value as determined by an independent valuer appointed for the purpose. Resultant increase in book value amounting to ₹ 107.47 cr has been transferred to Revaluation Reserve.
- 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.
- The Company has opted to recognise exchange differences arising on reporting of long-term foreign currency monetary items in line with paragraph 46 of Accounting Standard-11. The effects of changes in foreign exchange rates' inserted vide Notification dated December 29, 2011 issued by the Ministry of Corporate Affairs. Pursuant to the above, the effect of exchange differences on long-term foreign currency monetary items, so far as they relate to acquisition of depreciable capital assets, are amortised over the remaining life of such assets. Had the Company continued to follow the earlier Accounting Policy, the net foreign exchange loss recognised in the Statement of Profit and Loss would have been higher by ₹ 1.89 cr and Fixed Assets would have been lower by ₹ 1.89 cr.

(g) Break-up of depreciation for the year

	(₹ cr)	
	2011-12	2010-11
Depreciation   Amortisation for the year	45.43	40.32
Add: Amortisation of Leasehold land	0.28	0.28
Less: Amount withdrawn from Revaluation reserve (see Note 3)	2.06	2.06
Depreciation   Amortisation as per Statement of Profit and Loss	43.65	38.54



# Notes to financial statements

(₹ cr)

NOTE 12 NON-CURRENT INVESTMENTS*			As at March 31, 2012		As at March 31, 2011
<b>Long-term investment</b>	Face Value**	No of Shares			
<b>Trade Investments, Unquoted Investments in Equity Instruments</b>					
Bharuch Enviro Infrastructure Ltd	10	70,000	0.07		0.07
Narmada Clean Tech Ltd	10	6,48,962	0.65		0.65
				0.72	0.72
<b>Other investments Investments in Equity Instruments, Quoted In Associate Companies</b>					
Amal Ltd	10	4,12,453	0.44		0.44
Less: Provision for diminution in value			0.40		0.40
				0.04	0.04
<b>In Others</b>					
Novartis India Ltd	5	3,84,660	1.02		1.02
Arvind Ltd (refer Note 27.14)	10	41,27,471	46.64		46.64
ICICI Bank Ltd	10	19,823	0.14		0.14
Wyeth Ltd	10	13,69,895	1.50		1.50
BASF India Ltd	10	2,61,396	0.84		0.84
Jain Irrigation Systems Ltd****	2	4,200	0.02		0.02
	(2)	(4,000)			
Nagarjuna Oil Refinery Ltd ***	1	31,500			-
		(-)			
				50.16	50.16
<b>Investments in Equity Instruments, Unquoted In Subsidiary Companies</b>					
Ameer Trading Corporation Ltd	7	5,00,000	5.00		5.00
Atul USA Inc (formerly known as Atul Americas Inc)	US\$ 1,000	2,000	6.29		6.29
Atul Europe Ltd	£ 1	43,38,911	31.85		13.73
	£ 1	(19,34,782)			
Less: Provision for diminution in value			-		6.51
				31.85	7.22
Atul Deutschland GmbH	€ 1,00,000	1	0.55		0.55
Less: Provision for diminution in value			0.11		0.11
				0.44	0.44
Atul Brasil Quimicos Ltda	R\$ 1	6,00,000	1.74		-
	R\$ 1	(-)	-		
Atul China Ltd {formerly known as Atul International Trading (Shanghai) Co Ltd}	US\$ 4,10,000	1	1.84		1.84
Atul Rajasthan Date Palms Ltd ₹ 1,000 (Previous year ₹ 1,000)	1,000	1			
Atul Bioscience Ltd (Previous year ₹ 10)	10	54,90,050	5.49		-
	10	1		52.65	20.79

(₹ cr)

NOTE 12 NON-CURRENT INVESTMENTS* (contd)			As at March 31, 2012		As at March 31, 2011
	Face Value**	No of Shares			
<b>In Joint Venture Company</b>					
Rudolf Atul Chemicals Ltd	10	29,18,750	6.13		-
		(-)		6.13	-
<b>In Associate Companies</b>					
Gujarat Synthwood Ltd	10	4,00,000	0.65		0.65
Less: Provision for diminution in value			0.61		0.61
				0.04	0.04
AtRo Ltd	10	50,004	0.05		0.05
Anchor Adhesives Pvt Ltd	10	2,93,077	1.47		1.47
				1.56	1.56
<b>In Others</b>					
Nagarjuna Fertilizers and Chemicals Ltd***	1	34,650		0.04	0.04
(Previous year, quoted)	(10)	(31,500)			-
<b>Investments in Preference Shares</b>					
<b>In Subsidiary Companies</b>					
Atul Bioscience Ltd (6% Cumulative Redeemable Preference Shares)	100	2,00,000	2.00		-
Atul Bioscience Ltd (10% Cumulative Redeemable Preference Shares)	100	40,400	0.40		-
				2.40	
<b>In Associates Companies</b>					
Amal Ltd (as per BIFR order)	10	1,00,00,000	10.00	10.00	10.00
<b>Investments in Government or Trust Securities</b>					
6 Years National Savings Certificates (deposited with Government departments)	93,000		0.01	0.01	0.01
	(87,000)				
				<b>123.71</b>	<b>83.32</b>
Share application money in subsidiary companies				1.29	-
				<b>125.00</b>	<b>83.32</b>

(₹ cr)

Particulars	Book Value As at March 31,		Market Value As at March 31,	
	2012	2011	2012	2011
Quoted	50.20	50.24	198.05	192.27
Unquoted	73.51	33.08		
	<b>123.71</b>	<b>83.32</b>		
Aggregate provision for diminution	<b>1.12</b>	<b>7.63</b>		

\* Valued at cost unless otherwise stated.

\*\*\* Due to restructuring of company.

\*\* In ₹ and fully paid unless otherwise stated.

\*\*\*\* 200 Bonus shares received.

# Notes to financial statements

(₹ cr)

<b>NOTE 13 LONG-TERM LOANS AND ADVANCES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Loans and advances to related parties:*		
(i) Secured, considered good	11.29	11.29
(ii) Unsecured, considered good	5.01	5.01
(b) Others:		
(i) Capital advances	6.17	6.66
(ii) Security deposits	5.64	3.70
	<b>28.11</b>	<b>26.66</b>

\* An amount of ₹ 11.29 cr (Previous year ₹ 11.29 cr) is given to an associate company as a secured loan. The said company is registered under BIFR and is implementing its revival plan. First charge over all their assets has been assigned exclusively in favour of the Company. The Company has also given an unsecured loan of ₹ 3.59 cr (Previous year ₹ 3.59 cr) as Promoter's contribution (repayable in two equal installments in financial year 2015-16 and 2016-17). Considering the progress of the revival plan and the present market value of assets, these amounts included under loans and advances are considered as good and recoverable.

(₹ cr)

<b>NOTE 14 OTHER NON-CURRENT ASSETS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(i) Balance with banks in fixed deposits	0.29	1.18
(ii) Balance with Government departments:		
Tax paid under protest	10.51	9.03
VAT receivable	14.76	12.25
Security deposit	2.00	2.00
	<b>27.56</b>	<b>24.46</b>

(₹ cr)

<b>NOTE 15 INVENTORIES *</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Raw materials and packing materials	48.01	51.45
Add: Goods-in-transit	22.73	4.15
	70.74	55.60
(b) Work-in-progress	108.27	101.46
(c) Finished goods	78.57	69.62
Add: Goods-in-transit	1.89	1.36
	80.46	70.98
(d) Stock-in-trade	3.45	3.71
(e) Stores, spares and fuel	29.58	29.64
Add: Goods-in-transit	0.49	-
	30.07	29.64
	<b>292.99</b>	<b>261.39</b>

\* At cost and net realisable value whichever is lower.

# Notes to financial statements

(₹ cr)

<b>NOTE 16 TRADE RECEIVABLES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Trade receivables outstanding for more than six months from the date they became due for payment		
(i) Unsecured, considered good:		
From related parties	2.13	1.51
From others	3.77	4.62
(ii) Doubtful	0.94	0.41
Less: Provision for doubtful debts	0.94	0.41
	5.90	6.13
(b) Others:		
(i) Unsecured, considered good		
From related parties	57.84	46.59
From others	304.48	246.82
	362.32	293.41
	<b>368.22</b>	<b>299.54</b>

(₹ cr)

<b>NOTE 17 CASH AND BANK BALANCES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Cash and cash equivalents:		
(i) Balances with banks		
In current accounts	14.84	12.61
(ii) Cheques   drafts on hand	0.29	0.68
(iii) Cash on hand	0.12	0.12
	15.25	13.41
(b) Other Bank balances		
Earmarked balances with banks:		
(i) Unclaimed dividend	1.10	1.02
(ii) Short-term bank deposits (including margin money deposits)	1.11	0.72
	2.21	1.74
	<b>17.46</b>	<b>15.15</b>

(₹ cr)

<b>NOTE 18 SHORT-TERM LOANS AND ADVANCES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) To related parties, Unsecured, considered good	7.69	13.40
(b) Others, Unsecured, considered good:		
(i) Advances recoverable in cash or kind	59.86	72.67
(ii) Balances with statutory authorities	19.69	11.69
(iii) Sundry deposits	0.75	0.73
(iv) Tax paid in advance, net of provisions ₹ 100.75 cr (Previous year ₹ 73.43 cr)	7.30	4.13
(v) Others	0.20	0.20
	<b>95.49</b>	<b>102.82</b>

# Notes to financial statements

(₹ cr)

<b>NOTE 19 OTHER CURRENT ASSETS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Interest accrued and due on investments	0.33	0.03
(b) Export incentive receivable	17.18	12.97
(c) Sundry receivable		
Doubtful	0.19	0.19
Less: Provision for doubtful receivable	0.19	0.19
	<b>17.51</b>	<b>13.00</b>

(₹ cr)

<b>NOTE 20 OTHER OPERATING REVENUES</b>	<b>2011-12</b>	<b>2010-11</b>
Export incentives	23.35	16.91
Scrap sales	5.30	5.00
Technical know-how	2.88	1.50
	<b>31.53</b>	<b>23.41</b>

(₹ cr)

<b>NOTE 21 OTHER INCOME</b>	<b>2011-12</b>	<b>2010-11</b>
Dividend on long-term investments	1.59	5.42
Interest from inter company deposits	1.12	0.37
Interest from investments (Previous year ₹ 4,960)	0.01	-
Interest from others	1.22	1.18
Provisions no longer required	3.69	7.01
Impairment written back	-	0.89
Surplus on sale of fixed assets	0.28	0.03
Miscellaneous income	3.73	3.81
	<b>11.64</b>	<b>18.71</b>

(₹ cr)

<b>NOTE 22 COST OF MATERIALS CONSUMED</b>	<b>2011-12</b>	<b>2010-11</b>
Raw materials and packing materials consumed		
Stocks at commencement	51.45	36.87
Add: Purchases	1,051.69	906.51
	<b>1,103.14</b>	<b>943.38</b>
Less: Stocks at close	48.01	51.45
	<b>1,055.13</b>	<b>891.93</b>



(₹ cr)

<b>NOTE 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>	<b>2011-12</b>	<b>2010-11</b>
<b>Stocks at close</b>		
Finished goods	80.46	70.98
Work-in-progress	108.27	101.46
Stock-in-trade	3.45	3.71
	192.18	176.15
<b>Less: Stocks at commencement</b>		
Finished goods	70.98	63.80
Work-in-progress	101.46	87.79
Stock-in-trade	3.71	-
	176.15	151.59
	(16.03)	(24.56)
Excise duty variation on opening   closing stocks	0.70	(0.71)
(Increase)   decrease in inventories	<b>(15.33)</b>	<b>(25.27)</b>

(₹ cr)

<b>NOTE 24 EMPLOYEE BENEFIT EXPENSES</b>	<b>2011-12</b>	<b>2010-11</b>
Salaries, wages and bonus	103.74	89.00
Contribution to Provident and other Funds	9.84	9.15
Payment under Voluntary retirement scheme	0.05	0.44
Staff welfare	3.57	3.10
	<b>117.20</b>	<b>101.69</b>

(₹ cr)

<b>NOTE 25 FINANCE COSTS</b>	<b>2011-12</b>	<b>2010-11</b>
Interest on borrowings	29.45	23.48
Other borrowings cost	2.07	2.74
Applicable exchange difference to the extent considered as an adjustment to borrowing cost	11.58	-
	<b>43.10</b>	<b>26.22</b>

# Notes to financial statements

(₹ cr)

<b>NOTE 26 OTHER EXPENSES</b>	<b>2011-12</b>	<b>2010-11</b>
Stores and spares consumed	15.08	10.93
Power, fuel & water	166.86	137.61
Conversion and plant operation charges	20.23	14.89
Building repairs	12.14	10.55
Plant and equipment repairs	46.94	45.08
Rent	1.25	1.25
Rates and taxes	1.45	0.87
Insurance	4.42	3.75
Freight, cartage and octroi	47.32	44.25
Discount and commission	32.98	34.59
Travelling and conveyance	8.84	9.13
Payments to Statutory Auditors		
a) Audit fees	0.27	0.27
b) Other matters	0.15	0.12
c) Out of pocket expenses	0.02	0.01
Payments to Cost Auditors		
a) Audit fees	0.02	0.02
b) Out of pocket expenses ₹ 11,546 (Previous year ₹ 11,391)	-	-
Directors' fees and travelling	0.21	0.27
Directors' commission (other than Managing and Whole time Director)	0.45	0.51
Charities and donations	0.62	0.37
Bad debts and irrecoverable balances written off	3.01	1.47
Irrecoverable loans and advances written off	-	2.75
Less: Adjustments against provision for contingencies	-	2.75
	-	-
Provision for doubtful debts	0.79	0.41
Miscellaneous expenses	52.30	46.23
Obsolete and unserviceable material written down	-	0.60
Loss on assets sold, discarded or demolished	0.06	1.96
	<b>415.41</b>	<b>365.14</b>

(₹ cr)

<b>NOTE 27.1 CONTINGENT LIABILITIES</b>	<b>2011-12</b>	<b>2010-11</b>
<b>(i) Claims against the Company not acknowledged as debts in respects of:</b>		
(a) Excise	6.25	5.73
(b) Income tax	27.70	25.50
(c) Sales tax	0.74	0.74
(d) Customs	2.78	-
(e) Water charges	68.63	65.50
(f) Others	13.26	11.00
Note: Future cash outflows in respect of (a) to (f) above are determinable on receipt of judgements   decisions pending with various forums   authorities.		
<b>(ii) Guarantees given by bankers of the Company:</b>		
(a) Guarantees have been given by the bankers of the Company in the normal course of business and are not expected to result in any liability on the Company	-	9.50
(b) Corporate guarantee to a bank on behalf of subsidiary company for facilities availed by them	1.11	1.21

(₹ cr)

<b>NOTE 27.2 COMMITMENTS</b>	<b>2011-12</b>	<b>2010-11</b>
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	13.97	19.70

(₹ cr)

<b>NOTE 27.3 RESEARCH &amp; DEVELOPMENT</b>	<b>2011-12</b>	<b>2010-11</b>
Capital expenditure	0.40	1.06
Recurring expenditure	10.48	7.76
	10.88	8.82

(₹ cr)

<b>NOTE 27.4 CIF VALUE OF IMPORT, EXPENDITURE, REMITTANCES AND EARNINGS IN FOREIGN CURRENCY</b>	<b>2011-12</b>	<b>2010-11</b>
(a) CIF value of imports:		
Raw materials	309.54	332.88
Trading finished goods	11.03	2.84
Capital goods	5.47	2.16
(b) Expenditure in foreign currency:		
Commission	4.24	6.48
Other matters	8.58	13.61
(c) Other Remittances:		
Loan repayments	210.68	114.70
(d) Earnings in foreign currency:		
FOB value of exports	777.55	636.84

# Notes to financial statements

## NOTE 27.5 (A) DETAILS OF MATERIALS CONSUMED AND GOODS TRADED IN

### (a) Materials consumed: (₹ cr)

Category	2011-12	2010-11
Organic chemicals	679.33	583.89
Inorganic chemicals and others	333.57	267.73
Packing material	42.23	40.31
<b>Total</b>	<b>1,055.13</b>	<b>891.93</b>

### (b) Imported and indigenous raw materials and packing materials consumption: (₹ cr)

Category	2011-12		2010-11	
	₹ cr	%	₹ cr	%
Imported	325.95	31%	314.08	35%
Indigenous	729.18	69%	577.85	65%
<b>Total</b>	<b>1,055.13</b>	<b>100%</b>	<b>891.93</b>	<b>100%</b>

### (c) Stores spares and fuel: (₹ cr)

Category	2011-12		2010-11	
	₹ cr	%	₹ cr	%
Imported	4.54	30%	3.52	32%
Indigenous	10.54	70%	7.41	68%
<b>Total</b>	<b>15.08</b>	<b>100%</b>	<b>10.93</b>	<b>100%</b>

### (d) Goods traded in purchases: (₹ cr)

Category	2011-12	2010-11
Organic chemicals	14.87	13.91
Inorganic chemicals and others	5.14	2.79
<b>Total</b>	<b>20.01</b>	<b>16.70</b>

(₹ cr)

## NOTE 27.5 (B) DETAILS OF REVENUE

	2011-12	2010-11
<b>Sale of products</b>		
Life Science Chemicals	652.87	530.26
Performance & Other Chemicals	1,231.68	1,063.99
<b>Gross revenue</b>	<b>1,884.55</b>	<b>1,594.25</b>
Sale of services	3.22	3.31
Other operating revenues	31.53	23.41
<b>Total</b>	<b>1,919.30</b>	<b>1,620.97</b>
Less: Excise duty	123.73	86.57
<b>Total</b>	<b>1,795.57</b>	<b>1,534.40</b>

## NOTE 27.5 (C) DETAILS OF INVENTORY

### (a) Raw materials (₹ cr)

	2011-12	2010-11
Life Science Chemicals	20.37	18.87
Performance & Other Chemicals	50.37	36.73
<b>Total</b>	<b>70.74</b>	<b>55.60</b>

(₹ cr)

<b>NOTE 27.5 (C) DETAILS OF INVENTORY (contd)</b>	<b>2011-12</b>	<b>2010-11</b>
<b>(b) Work-in-progress</b>		
Life Science Chemicals	20.96	19.65
Performance & Other Chemicals	87.31	81.81
<b>Total</b>	<b>108.27</b>	<b>101.46</b>
<b>(c) Finished goods</b>		
Life Science Chemicals	37.95	25.70
Performance & Other Chemicals	42.51	45.28
<b>Total</b>	<b>80.46</b>	<b>70.98</b>
<b>(d) Stock-in-trade</b>		
Life Science Chemicals	2.89	2.76
Performance & Other Chemicals	0.56	0.95
<b>Total</b>	<b>3.45</b>	<b>3.71</b>

## NOTE 27.6 RELATED PARTY INFORMATION

(A) Name of the related party and nature of relationship:

<b>No</b>	<b>Name of the related party</b>	<b>Description of relationship</b>
	Party where control exists	
1	Ameer Trading Corporation Ltd	Subsidiary companies
2	Atul Bioscience Ltd	
3	Atul Brasil Quimicos Ltda	
4	Atul China Ltd {formerly known as Atul International Trading (Shanghai) Co Ltd}	
5	Atul Deutschland GmbH	
6	Atul Europe Ltd	
* 7	Atul Rajasthan Date Palms Ltd	
8	Atul USA Inc (formerly known as Atul Americas Inc)	
* 9	DPD Ltd	
10	Rudolf Atul Chemicals Ltd	Joint venture company
11	Amal Ltd	Associate companies
12	Anchor Adhesives Pvt Ltd	
13	AtRo Ltd	
* 14	Atul Ayurveda Ltd	
* 15	Atul Crop Care Ltd	
* 16	Atul Entertainment Ltd	
* 17	Atul Hospitality Ltd	
* 18	Atul Infotech Ltd	
* 19	Atul Medical Care Ltd	
* 20	Atul Seeds Ltd	
21	Gujarat Synthwood Ltd	
* 22	Jayati Infrastructure Ltd	
* 23	M. Dohmen S.A.	
* 24	Osia Dairy Ltd	



# Notes to financial statements

## NOTE 27.6 RELATED PARTY INFORMATION (contd)

No	Name of the related party	Description of relationship
25	Aasthan Dates Ltd	Enterprises over which control exercised by key management personnel
26	Atul Bio Space Ltd	
27	Atul Clean Energy Ltd	
28	Biyaban Agri Ltd	
29	Raja Dates Ltd	
30	Atul Elkay Polymers Ltd	Enterprises over which significant influence exercised
31	Atul (Retail) Brands Ltd	
32	LAPOX Polymers Ltd	
33	Osia Infrastructure Ltd	
	Other related parties	
34	Key management personnel Mr Sunil S Lalbhai Mr Samveg A Lalbhai Mr Bharathy N Mohanan	Chairman & Managing Director Managing Director Whole time Director
35	Relatives of key management personnel Dr Vimla S Lalbhai Mrs Shreekumari Mohanan Ms Swati S Lalbhai Ms Nishtha S Lalbhai	Mother of Mr Sunil S Lalbhai Wife of Mr Bharathy N Mohanan Sister of Mr Sunil S Lalbhai Daughter of Mr Sunil S Lalbhai
36	Welfare funds Atul Club Atul Foundation Trust Atul Kelvani Mandal Atul Rural Development Fund Atul Vidyalaya	Key management personnel and employees are Trustees

\* Investment held through subsidiary companies.

(₹ cr)

## NOTE 27.6 (B) Summary of related party transactions

No	Nature of transaction	Subsidiary companies	Joint venture company	Associate companies	Enterprises over which control exercised by key management personnel	Enterprises over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare funds
	<b>Sales and income</b>								
1	Sale of goods	217.72 (180.70)	0.19 —	2.66 (0.19)	0.50 (0.57)	— —	— —	— —	— —
2	Interest received	1.11 (0.37)	— —	— —	— —	— —	— —	— —	— —
3	Sale of technical know-how	1.25 (1.50)	— —	— —	— —	— —	— —	— —	— —
4	Service charges received	0.83 —	— —	— —	— —	— —	— —	— —	— —
	<b>Purchases and expenses</b>								
1	Purchase of goods	2.90 (0.55)	0.72 —	12.91 (10.60)	— —	— —	— —	— —	— —
2	Commission paid	1.72 (1.24)	— —	— —	— —	— —	— —	— —	— —

(₹ cr)

<b>NOTE 27.6 (C) Summary of related party transactions (contd)</b>									
<b>No</b>	<b>Nature of transaction</b>	<b>Subsidiary companies</b>	<b>Joint venture company</b>	<b>Associate companies</b>	<b>Enterprises over which control exercised by key management personnel</b>	<b>Enterprises over which significant influence exercised</b>	<b>Key management personnel</b>	<b>Relatives of key management personnel</b>	<b>Welfare funds</b>
3	Technical know-how	—	—	—	—	—	—	—	—
		—	—	(0.30)	—	—	—	—	—
4	Service charges paid	1.45	—	1.24	—	2.59	—	—	—
		(0.73)	—	(1.04)	—	(1.87)	—	—	—
5	Remuneration	—	—	—	—	—	4.08	—	—
		—	—	—	—	—	(3.11)	—	—
6	Discount	0.30	—	—	—	—	—	—	—
		(0.07)	—	—	—	—	—	—	—
7	Donations	—	—	—	—	—	—	—	0.57
		—	—	—	—	—	—	—	(0.33)
8	Contribution to common expenses	—	—	—	—	—	—	—	0.06
		—	—	—	—	—	—	—	(0.13)
9	Reimbursement	1.10	—	0.10	—	0.95	—	—	—
		(1.50)	—	—	—	—	—	—	—
10	Interest paid on public deposits	—	—	—	—	—	0.04	0.05	—
		—	—	—	—	—	(0.04)	(0.04)	—
	<b>Other transactions</b>	—	—	—	—	—	—	—	—
1	Loans given	7.69	—	—	—	—	—	—	—
		(7.40)	—	(3.59)	—	—	—	—	(0.07)
2	Repayment of loan given	12.42	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
3	Acquisition of Investment for non-cash consideration	—	3.13	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
4	Direct investments made	19.86	3.00	—	—	—	—	—	—
		(6.83)	—	(11.47)	—	—	—	—	—
5	Investments purchased	5.15	—	2.75	—	—	—	—	—
		—	—	—	—	—	—	—	—
6	Guarantees given	—	—	—	—	—	—	—	—
		(9.50)	—	—	—	—	—	—	—
7	Share application money	1.29	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
8	Advance for land	—	—	0.64	—	—	—	—	—
		—	—	—	—	—	—	—	—
9	Advance adjusted	—	—	1.90	—	—	—	—	—
		—	—	—	—	—	—	—	—
	<b>Outstanding balances as at year end</b>								
1	Payables	3.93	0.85	1.05	—	0.17	—	—	—
		(3.01)	—	(0.52)	—	(1.88)	(1.86)	(0.47)	—
2	Receivables	63.60	0.29	23.26	—	—	—	—	1.20
		(61.21)	—	(17.76)	(0.09)	(1.65)	—	—	(1.42)

# Notes to financial statements

(₹ cr)

NOTE 27.6 (C) Details of material transactions with related parties									
No	Name of the related party	Subsidiary companies	Joint Venture Company	Associate companies	Enterprises over which control exercised by key management personnel	Enterprises over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare funds
<b>Sales and income</b>									
1	Sale of goods								
	Atul Europe Ltd	115.29 (99.42)	— —	— —	— —	— —	— —	— —	— —
	Atul USA Inc (formerly known as Atul Americas Inc)	88.94 (73.55)	— —	— —	— —	— —	— —	— —	— —
2	Interest received								
	Ameer Trading Corporation Ltd	1.11 (0.37)	— —	— —	— —	— —	— —	— —	— —
3	Sale of Technical know-how								
	Atul Rajasthan Date Palms Ltd	1.25 (1.50)	— —	— —	— —	— —	— —	— —	— —
4	Service charges received								
	Atul Bioscience Ltd	0.83 —	— —	— —	— —	— —	— —	— —	— —
<b>Purchases and expenses</b>									
1	Purchase of goods								
	Amal Ltd	— —	— —	9.00 (10.60)	— —	— —	— —	— —	— —
	DPD Ltd	2.00 —	— —	— —	— —	— —	— —	— —	— —
	M. Dohmen S.A.	— —	— —	3.92 —	— —	— —	— —	— —	— —
2	Commission paid								
	Atul Europe Ltd	1.34 (0.87)	— —	— —	— —	— —	— —	— —	— —
	Atul China Ltd {formerly known as Atul International Trading (Shanghai) Co Ltd}	0.23 (0.37)	— —	— —	— —	— —	— —	— —	— —
3	Technical know-how								
	M. Dohmen S.A.	— —	— —	— (0.30)	— —	— —	— —	— —	— —
4	Service charges								
	Atul Bioscience Ltd	1.30 (0.58)	— —	— —	— —	— —	— —	— —	— —
	Atul Infotech Ltd	— —	— —	1.17 (1.02)	— —	— —	— —	— —	— —
	LAPOX Polymers Ltd	— —	— —	— —	— —	2.59 (1.87)	— —	— —	— —
5	Remuneration								
	Mr Sunil S Lalbhai	— —	— —	— —	— —	— —	2.16 (1.63)	— —	— —
	Mr Samveg A Lalbhai	— —	— —	— —	— —	— —	1.18 (0.86)	— —	— —
	Mr Bharathy N Mohanan	— —	— —	— —	— —	— —	0.74 (0.62)	— —	— —

# Notes to financial statements

(₹ cr)

NOTE 27.6 (C) Details of material transactions with related parties (contd)									
No	Name of the related party	Subsidiary companies	Joint Venture Company	Associate companies	Enterprises over which control exercised by key management personnel	Enterprises over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare funds
6	Discount Atul USA Inc (formerly known as Atul Americas Inc)	0.30 (0.07)	— —	— —	— —	— —	— —	— —	— —
7	Donations Atul Rural Development Fund	— —	— —	— —	— —	— —	— —	— —	0.57 (0.33)
8	Contribution to common expenses Atul Kelavani Mandal	— —	— —	— —	— —	— —	— —	— —	0.06 (0.06)
	Atul Vidyalaya	— —	— —	— —	— —	— —	— —	— —	— (0.07)
9	Reimbursement Ameer Trading Corporation Ltd	0.45 (0.12)	— —	— —	— —	— —	— —	— —	— —
	Atul Europe Ltd	— (1.01)	— —	— —	— —	— —	— —	— —	— —
	Atul USA Inc (formerly known as Atul Americas Inc)	0.47 (0.22)	— —	— —	— —	— —	— —	— —	— —
	LAPOX Polymers Ltd	—	—	—	—	0.95	—	—	—
10	Interest paid on public deposits Mr Sunil S Lalbhai	— —	— —	— —	— —	— —	0.04 (0.04)	— —	— —
	Dr Vimla S Lalbhai	— —	— —	— —	— —	— —	— —	0.02 (0.01)	— —
	Ms Nishtha S Lalbhai	— —	— —	— —	— —	— —	— —	0.03 (0.03)	— —
	<b>Other transactions</b>								
1	Loans given Ameer Trading Corporation Ltd	7.69 (7.40)	— —	— —	— —	— —	— —	— —	— —
	Amal Ltd	— —	— —	— (3.59)	— —	— —	— —	— —	— —
2	Repayment of loan given Ameer Trading Corporation Ltd	12.42 —	— —	— —	— —	— —	— —	— —	— —
3	Direct investments made Preference Shares of Amal Ltd*	— —	— —	— (10.00)	— —	— —	— —	— —	— —
	Equity Shares of Atul Europe Ltd	18.11 (6.83)	— —	— —	— —	— —	— —	— —	— —
	Equity Shares of Anchor Adhesives Pvt Ltd	— —	— —	— (1.47)	— —	— —	— —	— —	— —
	Equity Shares of Atul Brasil Quimicos Ltda	1.74 —	— —	— —	— —	— —	— —	— —	— —
	Equity Shares of Rudolf Atul Chemicals Ltd	— —	3.00 —	— —	— —	— —	— —	— —	— —

# Notes to financial statements

(₹ cr)

NOTE 27.6 (C) Details of material transactions with related parties (contd)									
No	Name of the related party	Subsidiary companies	Joint Venture Company	Associate companies	Enterprises over which control exercised by key management personnel	Enterprises over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare funds
4	Acquisition of Investment for non-cash consideration Rudolf Atul Chemicals Ltd Transfer of technical know-how	—	1.63	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
	Transfer of trade receivable	—	1.24	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
	Transfer of inventories	—	0.26	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
5	Investment purchased (i) Purchase of Atul Bioscience Ltd Shares from Ameer Trading Corporation Ltd. 6% Preference Shares in Atul Bioscience Ltd	2.00	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
	10% Preference Shares in Atul Bioscience Ltd	0.40	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
	Equity Shares of Atul Bioscience Ltd	2.75	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
	(ii) Purchase of Atul Bioscience Ltd Shares from Atul Infotech Ltd. Equity Shares of Atul Bioscience Ltd	—	—	2.75	—	—	—	—	—
		—	—	—	—	—	—	—	—
6	Guarantees given Atul Europe Ltd	— (9.50)	— —	— —	— —	— —	— —	— —	— —
7	Share application money Atul Bioscience Ltd	1.00	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
	Atul Brasil Qumicos Ltda	0.29	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
8	Advance for land Gujarat Synthwood Ltd	—	—	0.64	—	—	—	—	—
		—	—	—	—	—	—	—	—
9	Advance adjusted Amal Ltd	—	—	1.90	—	—	—	—	—
		—	—	—	—	—	—	—	—
1	Outstanding balances as at year end Payables Atul Europe Ltd	1.51 (0.89)	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
	Atul Deutschland GmbH	0.84 (0.84)	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
	M. Dohmen S.A.	0.76	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
	Rudolf Atul Chemicals Ltd	—	0.85	—	—	—	—	—	—
		—	—	—	—	—	—	—	—



(₹ cr)

<b>NOTE 27.6 (C) Details of material transactions with related parties (contd)</b>									
No	Name of the related party	Subsidiary companies	Joint Venture Company	Associate companies	Enterprises over which control exercised by key management personnel	Enterprises over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare funds
2	Receivables			-	-	-	-	-	-
	Atul Europe Ltd	30.98 (27.75)	-	-	-	-	-	-	-
	Atul USA Inc (formerly known as Atul Americas Inc)	17.79 (15.24)	-	-	-	-	-	-	-
	Ameer Trading Corporation Ltd	7.69 (13.40)	-	-	-	-	-	-	-
	Amal Ltd	-	-	19.88 (15.26)	-	-	-	-	-

Related party relation is as identified by the company on the basis of information available with the management and relied upon by the Auditors.

\* Preference Shares have been issued by Amal Ltd worth ₹ 10.00 cr in terms of BIFR order.

## NOTE 27.7 SEGMENT INFORMATION

### (a) Primary Segment – Business

(₹ cr)

Particulars		Life Science Chemicals		Performance & Other Chemicals		Total	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Segment revenues						
	Gross sales	652.87	530.26	1,364.14	1,184.02	2,017.01	1,714.28
	Less: Inter segment revenues	-	-	132.46	120.03	132.46	120.03
	Net revenues from operations	652.87	530.26	1,231.68	1,063.99	1,884.55	1,594.25
2	Segment results						
	Profit before finance cost and tax	108.37	90.24	77.57	73.85	185.94	164.09
	Finance cost					43.10	26.22
	Other unallocable expenditure (net of unallocable income)					20.36	(1.30)
	Profit before tax					122.48	139.17
3	Other information						
	Segment assets	346.10	266.16	760.10	686.50	1,106.20	952.66
	Unallocated common assets					339.86	293.21
	Total assets					1,446.06	1,245.87
	Segment liabilities	91.50	79.46	258.97	204.87	350.47	284.33
	Unallocated common liabilities					65.32	67.24
	Total liabilities					415.79	351.57
	Capital expenditure	32.90	6.16	65.85	39.20	98.75	45.36
	Unallocated capital expenditure					6.58	1.53
	Total capital expenditure					105.33	46.89
	Depreciation	10.25	9.05	28.95	27.02	39.20	36.07
	Unallocated depreciation					4.45	2.47
	Total depreciation					43.65	38.54
	Significant non-cash expenses	-	-	-	-	-	-
	Significant unallocated non-cash expenses					-	-
	Total significant non-cash expenses					-	-

# Notes to financial statements

## NOTE 27.7 SEGMENT INFORMATION (contd)

### (b) Secondary Segment - Geographical

(₹ cr)

Particulars	In India		Outside India		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Segment revenues	1,079.03	926.79	805.52	667.46	1,884.55	1,594.25
Carrying cost of assets by location of assets	1,281.49	1,149.48	164.57	96.39	1,446.06	1,245.87
Additions to assets and intangible assets	105.33	46.89	-	-	105.33	46.89

#### Other disclosures

- 1 Segments have been identified in line with the Accounting Standard-17 'Segment Reporting' taking into account the organisation structure as well as the differing risks and returns.
- 2 The Company has disclosed business segment as the primary segment.
- 3 Composition of business segment:

Name of Segment	Comprises
(a) Life Science Chemicals	Fungicides, Herbicides, Insecticides, Pharma intermediates, etc
(b) Performance & Other Chemicals	Epoxy resins, Hardeners, Sulphones, Textile dyes, etc

- 4 The Segment revenue, results, assets and liabilities include respective amounts identifiable to each segment and amounts allocated on a reasonable basis.
- 5 The Company accounts for inter segments sales and transfers at market price.

## NOTE 27.8 EARNING PER SHARE

Earning per Equity Share (EPS) - The numerators and denominators used to calculate basic and diluted Earning per Share:

Particulars		March 31, 2012	March 31, 2011
Profit for the year attributable to the Equity Shareholders	₹ cr	88.11	90.00
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 Earning per Equity Share	₹	29.70	30.34

## NOTE 27.9 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.
- The Company has given certain buildings and plant and machinery on operating lease, the details of which are as under:

(₹ cr)

Assets	Gross block		Depreciation fund		Written down value		Depreciation for the year	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Buildings	-	0.04	-	0.04	-	-	-	-
Plant and machinery	1.27	1.27	1.01	0.87	0.26	0.40	0.13	0.13
<b>Total</b>	<b>1.27</b>	<b>1.31</b>	<b>1.01</b>	<b>0.91</b>	<b>0.26</b>	<b>0.40</b>	<b>0.13</b>	<b>0.13</b>

## NOTE 27.10 DERIVATIVES

The use of Derivative instruments is governed by the policies of the Company approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with risk management strategy of the Company.

(a) Derivatives outstanding as at Balance Sheet date

\*Fc in cr

Sr No	Particulars	Purpose	As at March 31, 2012	As at March 31, 2011
1	Forward Contracts to Sell US\$	Hedge of firm commitment and highly probable foreign currency receivables	0.07	-
2	Forward Contracts to Buy US\$	Hedge of foreign currency loans	0.11	-
3	Currency Options Contracts -Range Options to Sell US\$	Hedge of firm commitment and highly probable foreign currency receivables	1.62	1.60
4	Currency Options Contracts -Vanilla Option to Sell US\$	Hedge of firm commitment and highly probable foreign currency receivables	0.55	-
5	Interest Rate Swaps	Hedge against exposure to variable interest outflow on foreign currency loans. Swap to pay fixed interest and receive a variable interest based on LIBOR on the notional amount	0.75	-
6	Currency swaps	Hedge against fluctuations in changes on account of exchange rate and interest rate	-	0.06

(b) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below.

\*Fc in cr

Particulars	As at March 31, 2012			As at March 31, 2011		
	US\$	€	Other Fcs	US\$	€	Other FCs
Debtors	1.21	0.39	-	1.96	0.55	-
Creditors	0.57	0.01	-	0.57	-	0.13
Loans taken	2.78	-	-	2.51	-	-

(c) **Financial Derivatives Hedging Transactions:**

Pursuant to the announcement issued by The Institute of Chartered Accountants of India dated March 29, 2008 in respect of derivatives, the Company has applied the Hedge Accounting Principles set out in the Accounting Standard-30 'Financial Instruments : Recognition and Measurement'. Accordingly, Derivatives are mark-to-market and the Loss aggregating ₹ 0.78 cr (Previous year ₹ 5.09 cr) arising consequently on contracts that were designated and effective as hedges of future cash flows has been recognised directly in the Hedging Reserve Account. Actual gain or loss on exercise of these Derivatives or any part thereof is recognised in the Statement of Profit and Loss. Hedge accounting will be discontinued if the hedging instrument is sold, terminated or no longer qualifies for hedge accounting.

\*Fc = Foreign currency.

# Notes to financial statements

## NOTE 27.11 LOANS AND ADVANCES IN THE NATURE OF LOANS

(₹ cr)

Particulars	Amount outstanding as at March 31, 2012	Maximum balance during the year
(i) Subsidiary company: Ameer Trading Corporation Ltd	7.69	12.42
(ii) Associate company: Amal Ltd	14.88	14.88
(iii) Loan to other: Atul club	1.42	1.42

Notes:

(a) No repayment schedule for (iii)

(b) Loans given to employees as per the policy of the Company are not considered.

## NOTE 27.12 EMPLOYEE BENEFITS

### (a) Defined benefit plans:

Expenses recognised for the year ended on March 31, 2012 (included in Note 24)

(₹ cr)

Particulars	2011-12 Gratuity funded	2010-11 Gratuity funded
1 Current service cost	1.49	1.40
2 Interest cost	2.83	2.36
3 Expected return on plan assets	(2.78)	(2.46)
4 Employer contribution (receipt)	-	-
5 Actuarial losses   (gains)	1.64	3.28
Expenses recognised in Statement of Profit and Loss	3.18	4.58

Net assets | (liabilities) recognised in the Balance Sheet as at March 31, 2012

1 Present value of defined benefit obligation	36.20	34.26
2 Fair value of plan assets	36.86	33.48
3 Funded status {surplus   (deficits)}	0.66	(0.78)
Net assets   (liabilities)	0.66	(0.78)

Reconciliation of net assets | (liabilities) recognised in the Balance Sheet as at March 31, 2012

1 Net assets   (liabilities) at the beginning of the year	(0.50)	(2.14)
2 Employer expenses	3.17	4.58
3 Employer contribution	(3.33)	(1.65)
Net assets   (liabilities) at the end of the year	(0.66)	0.79

Actual return on plan assets

	0.98	3.00
--	------	------

Actuarial assumptions

1 Discount rates	8.50%	8.25%
2 Expected rate of return on plan assets	8.60%	8.00%
3 Expected rate of salary increase	6.50%	6.50%
4 Mortality post-retirement	LIC (1994-96)	LIC (1994-96)

Major category of plan assets as a percentage of total plan

1 Unit linked insurance plan of various private insurance companies approved by IRDA	89.55%	90.95%
2 In approved Government securities	10.45%	9.05%

## Experience adjustments

(₹ cr)

Particulars	2011-12	2010-11	2009-10	2008-09
Experience adjustments on:				
1 (Gain)   loss on plan liabilities	0.01	3.82	2.96	0.29
2 (Gain)   loss on plan assets	1.80	0.53	2.63	(2.18)

### (b) Defined contribution plan:

Amount of ₹ 6.97 cr (Previous year ₹ 6.21 cr) is recognised as expense and included in the Note 24 'Contribution to Provident and Other Funds'.

### (c) Provident Fund Liability:

In case of certain employees, the Provident Fund contribution is made to a trust administered by the Company. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident Fund liability based on the assumptions listed below and determined that there is shortfall of ₹ 0.06 cr as at March 31, 2012. This amount is provided by the Company in 2011-12.

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

Particulars	2011-12	2010-11
1 Mortality rate	LIC (1994-96)	-
2 Withdrawal rates	5% at younger ages reducing to 1% at older ages.	-
3 Rate of discount	8.50%	-
4 Expected rate of interest	8.40% p.a. increasing gradually to 8.75% p.a. over a period of 20 years.	-
5 Retirement age	58 or 60 years.	-
6 Guaranteed rate of interest	EPFO will enhance the rate of interest to 8.60% in 2012-2013 which will gradually increase to 8.75%	-

(₹ cr)

Expenses recognised for the year ended on March 31, 2012 (included in Note 24)			
1 Defined benefit obligation as at 31-03-2012	6.93	-	-
2 Fund as at 31-03-2012	6.87	-	-
3 Net Liability	0.06	-	-
4 Charge to Statement of Profit and Loss for the year ended 31-03-2012	0.40	-	-

(d) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Mortality rates are obtained from the relevant data.

(e) Amount recognised as an expense in respect of compensated leave absences is ₹ 5.45 cr (Previous year ₹ 2.42 cr).



# Notes to financial statements

## NOTE 27.13 INTEREST IN JOINT VENTURE COMPANY

The Company has subscribed 50 percent interest in Rudolf Atul Chemicals Limited (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 parties have significant participating rights such that they jointly control the operations of the Joint Venture company. The aggregate amount of assets, liabilities, income and expenses related to the share of the Company in RACL as at and for the year ended March 31, 2012 as per unaudited financial statements as given below:-

(₹ cr)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Balance Sheet</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities (net)	0.15	-
Long-term provisions	0.02	-
	<b>0.17</b>	-
<b>Current liabilities</b>		
Short-term borrowings	0.21	-
Trade payables	1.65	-
Other current liabilities	0.09	-
Short-term provisions	0.52	-
	<b>2.47</b>	-
<b>Total (A)</b>	<b>2.64</b>	-
<b>Non-current assets</b>		
Tangible assets, net	0.93	-
Intangible assets, net	1.07	-
Long-term loans and advances	-	-
Other non-current assets	0.02	-
	<b>2.02</b>	-
<b>Current assets</b>		
Inventories	1.14	-
Trade receivables	2.19	-
Cash and cash equivalents	0.98	-
Short-term loans and advances	2.28	-
Other current assets	-	-
	<b>6.59</b>	-
<b>Total (B)</b>	<b>8.61</b>	-
<b>Net worth (B-A)</b>	<b>5.97</b>	-

(₹ cr)

Particulars	For the period August 18, 2011 to March 31, 2012	As at March 31, 2011
<b>Statement of Profit and Loss</b>		
<b>Revenue</b>		
Revenue from operations	2.81	-
Other income	0.01	-
<b>Total revenue</b>	<b>2.82</b>	-

(₹ cr)

Particulars	For the period August 18, 2011 to March 31, 2012	As at March 31, 2011
<b>Expenses</b>		
Cost of materials consumed	1.67	-
Purchase of stock-in-trade	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	0.04	-
Employee benefit expenses	0.17	-
Finance costs	0.04	-
Depreciation and amortisation expenses	0.09	-
Other expenses	0.91	-
	<b>2.92</b>	-
<b>Profit Before Tax</b>	(0.10)	-
Tax expense		
Current tax	0.02	
Deferred tax	0.02	
	0.04	-
<b>Net loss for the period</b>	<b>(0.14)</b>	-

## NOTE 27.14 NON-CURRENT INVESTMENTS

In the opinion of the Management, the diminution in the value of any of the investment as shown in Note 12, held by the Company is temporary in nature and accordingly, no provision is considered necessary by the Management.

## NOTE 27.15 REGROUPED | RECAST | RECLASSIFIED

The financial statements for the year ended March 31, 2011 were prepared as per the applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, previous year figures have also been restated to conform to classification as per current year.

## NOTE 27.16 ROUNDING OFF

Figures less than ₹ 50,000 has been shown at actual in bracket.

As per our attached report of even date

**For Dalal & Shah**

Firm Registration No. 102020W

Chartered Accountants

For and on behalf of the Board of Directors

**Sunil S Lalbhai**

Chairman & Managing Director

**S Venkatesh**

Partner

Membership No. F-037942

Mumbai

May 15, 2012

**T R Gopi Kannan**

President, Finance &  
Company Secretary

**G S Patel**

**S S Baijal**

**B S Mehta**

**H S Shah**

**S M Datta**

**R A Shah**

**V S Rangan**

**B N Mohanan**

Directors

**Samveg A Lalbhai**

Managing Director

Mumbai

May 15, 2012

## Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

1	Name of subsidiary companies	Atul Rajasthan Date Palms Ltd	DPD Ltd	Atul Bioscience Ltd *	Atul USA Inc #	Atul Europe Ltd	Atul Deutschland GmbH	Atul China Ltd @	Atul Brasil Quimicos Ltda **	Ameer Trading Corporation Ltd
2	Financial year ending on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012
3	Extent of Holding: By Atul Ltd	74%	88%	100%	100%	100%	100%	100%	100%	100%
4	Net aggregate amount of Profits   (Losses) of the subsidiary companies for the above financial year so far as they concern Members of the Company:									
	(a) dealt with in the accounts of the Company for the year ended March 31, 2012									
	(b) not dealt with in the accounts of the Company for the year ended March 31, 2012	(₹ 0.64 cr)	£ 89,441 equal to ₹ 0.73 cr	-	\$46,064 equal to ₹ 0.24 cr	£ 3,37,495 equal to ₹ 2.76 cr	€ 7,988.50 equal to ₹ 0.05 cr	YUAN 31,852.36 equal to ₹ 0.03 cr	-	(₹ 1.51 cr)
5	Net aggregate amount of Profits   (Losses) for previous financial years of the subsidiary companies so far as they concern Members of the Company:									
	(a) dealt with in the accounts of the Company for the year ended March 31, 2012									₹ 12.07 cr
	(b) not dealt with in the accounts of the Company for the year ended March 31, 2012	(₹ 0.51 cr)	£ 89,441 equal to ₹ 0.73 cr	-	\$367,079 equal to ₹ 1.88 cr	(£ 65,316) equal to ₹ 0.53 cr	€ 26,110.5 equal to ₹ 0.18 cr	(YUAN 1,21,802.64) equal to ₹ 0.10 cr	-	₹ 2.55 cr

\* Acquired on March 31, 2012

\*\* Not in operation

@ formerly known as Atul International Trading (Shanghai) Co Ltd

# formerly known as Atul Americas Inc

# Report of the Auditors on Consolidated Financial Statements

To the Board of Directors



1. We have audited the attached consolidated Balance Sheet of Atul Ltd (the 'Company') and its subsidiary companies, its jointly controlled entity and associate companies; hereinafter referred to as the 'Group' (refer Note 27.8 to the attached consolidated financial statements) as at March 31, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting Principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of (i) five subsidiary companies and one jointly controlled entity included in the consolidated financial statements, which constitute total assets of ₹ 173.32 cr as at March 31, 2012, total revenue of ₹ 238.04 cr, net profit of ₹ 18.55 cr and net cash outflows amounting to ₹ 2.13 cr for the year then ended; and (ii) fourteen associate companies which constitute net loss of ₹ 12.38 cr for the year then ended. These financial statements and other financial information have been audited by other Auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other Auditors.
4. We report that the consolidated financial statements have been prepared by the Management of the Company in accordance with the requirements of Accounting Standard-21 Consolidated Financial Statements, Accounting Standard-23 Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standard-27 Financial Reporting of Interests in Joint Ventures notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other Auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the Accounting Principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
  - (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date: and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of

**Dalal & Shah**

Firm Registration No. 102020W

*Chartered Accountants*

**S Venkatesh**

*Partner*

Mumbai

May 15, 2012

Membership No. F-037942

# Consolidated Balance Sheet as at March 31, 2012

(₹ cr)

Particulars	Note	As at March 31, 2012	As at March 31, 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	29.68	29.68
(b) Reserves and surplus	3	624.38	540.89
		654.06	570.57
<b>2 Minority interest</b>		4.44	3.95
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	4	151.17	110.36
(b) Deferred tax liabilities (net)	5	22.77	23.04
(c) Long-term provisions	6	3.54	2.60
		177.48	136.00
<b>4 Current liabilities</b>			
(a) Short-term borrowings	7	200.67	161.27
(b) Trade payables	8	266.63	234.92
(c) Other current liabilities	9	107.47	106.02
(d) Short-term provisions	10	54.00	52.11
		628.77	554.32
		<b>1,464.75</b>	<b>1,264.84</b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	442.33	389.71
(ii) Intangible assets	11	1.30	0.81
(iii) Capital work-in-progress		65.91	35.76
(iv) Intangible asset under development		0.28	0.15
		509.82	426.43
(b) Non-current investments	12	74.94	85.06
(c) Long-term loans and advances	13	28.60	26.66
(d) Other non-current assets	14	27.58	24.46
		640.94	562.61
<b>2 Current assets</b>			
(a) Inventories	15	331.57	282.00
(b) Trade receivables	16	358.88	289.99
(c) Cash and bank balances	17	24.58	21.97
(d) Short-term loans and advances	18	91.26	95.27
(e) Other current assets	19	17.52	13.00
		823.81	702.23
		<b>1,464.75</b>	<b>1,264.84</b>

## Notes form an integral part of these financial statements

As per our attached report of even date

**For Dalal & Shah**

Firm Registration No. 102020W  
Chartered Accountants

**S Venkatesh**

Partner

Membership No. F-037942  
Mumbai  
May 15, 2012

**T R Gopi Kannan**  
President, Finance &  
Company Secretary

**G S Patel**  
**S S Baijal**  
**B S Mehta**  
**H S Shah**  
**S M Datta**  
**R A Shah**  
**V S Rangan**  
**B N Mohanan**  
Directors

For and on behalf of the Board of Directors

**Sunil S Lalbhai**  
Chairman & Managing Director

**Samveg A Lalbhai**  
Managing Director  
Mumbai  
May 15, 2012



# Consolidated Statement of Profit and Loss

## for the year ended March 31, 2012

(₹ cr)

Particulars	Note	2011-12	2010-11
<b>REVENUE</b>			
<b>Revenue from operations</b>			
Sale of products		1,899.60	1,616.68
Sale of services		0.82	1.81
Other operating revenues	20	31.53	23.41
Less: Excise duty		123.73	86.57
		<b>1,808.22</b>	<b>1,555.33</b>
<b>Other income</b>	21	<b>11.74</b>	<b>19.69</b>
		<b>1,819.96</b>	<b>1,575.02</b>
<b>EXPENSES</b>			
Cost of materials consumed	22	1,071.66	917.15
Purchase of stock-in-trade		20.01	16.70
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(22.66)	(31.37)
Employee benefit expenses	24	121.66	104.33
Finance costs	25	43.31	26.30
Exchange rate difference (net) (excluding loss considered in Note 25)		11.93	8.87
Depreciation and amortisation expenses	11	44.02	38.64
Other expenses	26	399.96	365.63
		<b>1,689.89</b>	<b>1,446.25</b>
<b>Profit before exceptional items and tax</b>		<b>130.07</b>	<b>128.77</b>
Exceptional items			
Gain on settlement of long-term export advance		-	8.20
Recovery of advance written off in earlier years		-	1.90
		-	<b>10.10</b>
<b>Profit before tax</b>		<b>130.07</b>	<b>138.87</b>
Tax expenses			
Current tax		35.29	42.62
Deferred tax		(0.27)	0.47
Add: Tax adjustments for the earlier years		0.01	6.11
		<b>35.03</b>	<b>49.20</b>
<b>Profit after tax</b>		<b>95.04</b>	<b>89.67</b>
Share of profit   (loss) in associate companies		(4.19)	0.54
Minority interest		(0.25)	(0.04)
<b>Profit for the year</b>		<b>91.10</b>	<b>90.25</b>
Basic and diluted earning ₹ per Equity Share	27.7	30.71	30.43

### Notes form an integral part of these financial statements

As per our attached report of even date

**For Dalal & Shah**

Firm Registration No. 102020W  
Chartered Accountants

**S Venkatesh**

Partner

Membership No. F-037942

Mumbai

May 15, 2012

**T R Gopi Kannan**

President, Finance &  
Company Secretary

**G S Patel**  
**S S Baijal**  
**B S Mehta**  
**H S Shah**  
**S M Datta**  
**R A Shah**  
**V S Rangan**  
**B N Mohanan**  
Directors

For and on behalf of the Board of Directors

**Sunil S Lalbhair**

Chairman &amp; Managing Director

**Samveg A Lalbhair**

Managing Director

Mumbai

May 15, 2012

# Consolidated Cash Flow Statement

## for the year ended March 31, 2012

(₹ cr)

Particulars	2011-12	2010-11
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	130.07	138.87
Adjustments for		
Add:		
Depreciation and amortisation expenses	44.02	38.64
Finance costs	43.31	26.30
Loss on assets sold or discarded	0.06	1.97
Unrealised exchange rate difference (net)	(3.57)	2.00
Bad debts and irrecoverable balances written off	3.01	1.47
Provision for doubtful debts	0.79	0.64
Obsolete material written off	-	0.60
	87.62	71.62
	217.69	210.49
Less:		
Dividend received	1.59	5.42
Interest received	1.24	1.18
Impairment written back	-	0.89
Provisions no longer required	3.69	7.01
Exchange difference on consolidation	17.00	0.46
Gain on settlement of long-term export advance	-	8.20
Surplus on sale of fixed assets	0.28	0.03
	23.80	23.19
Operating profit before working capital changes	193.89	187.30
Adjustments for		
Inventories	(49.57)	(56.80)
Trade receivables	(72.68)	(45.65)
Short-term loans and advances	11.49	8.78
Other current assets	(4.52)	(5.17)
Non-current assets	(3.99)	(22.18)
Long-term loans and advances	(1.97)	6.02
Long-term provisions	0.94	2.60
Trade payables	43.71	54.95
Other current liabilities	11.05	(16.75)
Minority interest	0.49	(0.04)
Short-term provisions	1.75	(8.56)
	(63.30)	(82.80)
Cash generated from operations	130.59	104.50
Less:		
Direct taxes (refund)   paid	41.98	45.89
<b>Net cash flow from operating activities</b>	<b>A 88.61</b>	<b>58.61</b>

# Consolidated Cash Flow Statement

for the year ended March 31, 2012 (contd)

(₹ cr)

Particulars	2011-12	2010-11
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible assets	(130.64)	(50.62)
Purchase of intangible assets	(2.87)	0.01
Capital advances	0.03	(1.43)
Acquisition of minority interest	0.24	(0.04)
Investments in associate companies	5.15	(21.18)
Investments in other companies	(0.74)	-
Exchange difference on consolidation	16.47	0.46
Long-term bank deposits	0.87	(1.17)
Short-term bank deposits	4.34	2.96
Sale of fixed assets	6.42	2.74
Interest received	1.24	1.18
Dividend received	1.59	5.42
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(61.67)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	29.97	(61.67)
Add: Exchange rate difference	(6.08)	0.94
Proceeds from long-term borrowings (adjusted)	23.89	(60.73)
Proceeds from short-term borrowings	39.40	94.82
Total proceeds from borrowings	63.29	34.09
Acquisition of subsidiary company	6.63	-
Payment of Unclaimed dividend	(0.08)	-
Interest paid	(37.26)	(25.42)
Dividend on Equity Shares (including dividend distribution tax)	(16.42)	(13.79)
<b>Net cash used in financing activities</b>	<b>C</b>	<b>(5.12)</b>
<b>Net change in cash and cash equivalents</b>	<b>A+B+C</b>	<b>(8.18)</b>
<b>Opening balance - cash and cash equivalents</b>	15.50	23.68
<b>Closing balance - cash and cash equivalents</b>	22.37	15.50
	<b>6.87</b>	<b>(8.18)</b>

Notes to the Cash Flow Statement for the year ended March 31, 2012:

The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard-3 'Cash Flow Statement' referred to in the Companies Accounting Standard Rules, 2006.

As per our attached report of even date

**For Dalal & Shah**

Firm Registration No. 102020W  
Chartered Accountants

**S Venkatesh**

Partner

Membership No. F-037942  
Mumbai  
May 15, 2012

**T R Gopi Kannan**  
President, Finance &  
Company Secretary

For and on behalf of the Board of Directors

**Sunil S Lalbhai**

Chairman &amp; Managing Director

**G S Patel**  
**S S Baijal**  
**B S Mehta**  
**H S Shah**  
**S M Datta**  
**R A Shah**  
**V S Rangan**  
**B N Mohanan**  
Directors

**Samveg A Lalbhai**

Managing Director  
Mumbai  
May 15, 2012

# Notes to Consolidated financial statements

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

### 1 System of Accounting:

- 1.1 The Company, generally, follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- 1.2 The consolidated financial statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money except in case of freehold land, certain leasehold land, building premises and plant and machinery which have been revalued and resultant surplus is kept credited under revaluation reserves.

### 2 Principles of Consolidation:

- 2.1 The consolidated financial statements include the financial statements of Atul Ltd, the parent company and all of its subsidiary companies (collectively referred to as 'the Group'), in which the Company has more than one-half of the voting power of an enterprise or where the Company controls the composition of the Board of Directors.
- 2.2 The consolidated financial statements are prepared in accordance with Accounting Standard-21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- 2.3 The investments in associate companies are accounted in these consolidated financial statements in accordance with the requirements of Accounting Standard-23 'Accounting for Investments in associate companies in Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India. (for details see Note No 27.9)
- 2.4 The investments in Joint Venture companies are accounted in these consolidated financial statements in accordance with the requirements of Accounting Standard-27 'Financial Reporting of Interest in Joint Venture Company' issued under the Companies (Accounting Standards) Rules 2006 on proportionate consolidation method. Thus the Group's Statement of Profit and Loss, Balance Sheet and Cash Flow Statement incorporate the Group's share of income, expenses, assets, liabilities and cash flows of the Joint Venture on a line-by-line basis.
- 2.5 The financial statements of the parent company and its subsidiary companies have been combined on a line by line basis by adding together book values of the items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.
- 2.6 The consolidated financial statements are prepared by adopting uniform Accounting Policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as standalone financial statements of the parent Company.
- 2.7 Financial statement of integral foreign subsidiary companies translated into Indian rupees pursuant to Accounting Standards-11 (revised 2003) 'The effects of changes in foreign exchange rate' are as follows:
  - 2.7.1 Revenues and expenses are translated into Indian rupees at average exchange rate, which is not as per requirements of Accounting Standards-11, but having no material effect on the results of consolidated accounts.
  - 2.7.2 Monetary items are translated into Indian rupees using the year end rate.
  - 2.7.3 Non-monetary items are translated using exchange rate at the date of transaction.
  - 2.7.4 The net exchange difference resulting from the translation of items in financial statement of the subsidiaries companies is recognised as income or expense under the head 'Exchange difference on translation of foreign subsidiaries companies.'

### 3 Other Significant Accounting Policies:

#### 3.1 Basis of preparation:

These financial statements have been prepared on accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable Accounting Principles in India, the applicable

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

Accounting Standards notified under Section 211 (3C) and the relevant provisions of the Companies Act, 1956. The Significant Accounting Policies adopted by the Company are detailed below.

All the assets and liabilities have been classified as current or non current as per the normal operating cycle of the Company and other criteria set out in Schedule VI to the Companies Act 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### 3.2 Use of Estimates:

The preparation of financial statements in conformity with generally accepted Accounting Principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based on best knowledge of current events and actions of the Management, actual results may differ from these estimates. Differences between actual results and estimates are recognised in the period in which the results are known | materialised.

### 3.3 Fixed Assets:

#### a) Tangible Assets:

- i) Fixed assets are carried at cost of acquisition including incidental expenses, less accumulated depreciation, amortisation and impairment. Freehold land, lease hold land at Panoli and certain business premises and assets received free of cost on premature cancellation of a Lease Agreement are valued at fair value.
- ii) Spares for specific machinery are carried at cost less amortisation.

#### b) Intangible Assets:

Computer software includes Enterprise Resource Planning project and other cost relating to software which provides significant future economic benefit. Cost comprise license fees and cost of system integration services.

### 3.4 Depreciation and Amortisation:

Depreciation:

Depreciation on building and plant and equipment is being provided on 'Straight Line Method' basis and on all other assets on 'Written Down Value' basis in accordance with the provisions of Section 205(2) (b) and 205(2)(a) of the Companies Act, 1956 respectively, in the manner and at the rates specified in Schedule XIV to the said Act.

Depreciation on additions to the assets during the year is being provided on pro-rata basis at their respective rate with reference to the month of acquisition | installation.

Depreciation on assets sold, scrapped or discarded during the year is being provided at their respective rates up to the month in which such assets are sold, scrapped or discarded.

Depreciation is adjusted in subsequent periods to allocate the revised carrying amount of assets after the recognition of an impairment loss on a systematic basis over its remaining useful life of assets.

Amortisation:

- a) Premium on lease hold land is amortised over the period of lease.
- b) Cost of spares for specific machinery is amortised over remaining useful life of related machinery.
- c) Cost of Computer software is amortised over a period of three years.

# Notes to Consolidated financial statements

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

### 3.5 Impairment of Assets:

The carrying amounts 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 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.

### 3.6 Borrowing Costs:

Borrowing costs in relation to acquisition and construction of qualifying assets are capitalised as part of cost of such assets up to the date when such assets are ready for intended use. Other borrowing costs are charged as expense in the year in which these are incurred.

### 3.7 Investments:

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments.

### 3.8 Inventories:

- a) Raw materials, packing materials, purchased finished goods, work-in-progress, 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.
- b) Goods-in-transit and in bonded warehouse are stated at the cost to the date of Balance Sheet.
- c) 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition.
- d) Due allowances are made for obsolete inventories based on technical estimates made by the Company.

### 3.9 Foreign Currency Transactions:

- a) Initial recognition:  
Transactions denominated in foreign currencies are recorded at the rate prevailing on the date of the transaction.
- b) Conversion:  
At the year end, monetary items denominated in foreign currencies remaining unsettled are converted into Indian rupee equivalents at the year end exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- c) Exchange differences:  
All exchange differences arising on settlement and conversion of foreign currency transactions are included in the Statement of Profit and Loss. The Company has opted to avail the choice provided under paragraph 46A of Accounting Standard-11 'The effects of changes in foreign exchange rates' inserted vide Notification dated December 29, 2011 issued by the Ministry of Corporate Affairs. Consequently, foreign exchange difference on account of a depreciable asset acquired out of long-term borrowings, is adjusted in the cost of the depreciable asset, which will be depreciated over the balance life of the asset.
- d) Forward exchange contracts not intended for trading or speculation purposes:  
The premium or discount arising at the inception of forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such contract is being recognised in the Statement of Profit and Loss for the year. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.



## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

### e) Derivatives:

Where the Company has entered into derivative contracts such as Interest Rate Swaps, Currency Swaps, Forward Contracts and Currency Options, to hedge risk associated with interest and foreign currency fluctuations relating to firm commitments and forecasted transactions, hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates.

Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds, under 'Hedging Reserve' and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to the Statement of Profit and Loss for the period.

### 3.10 Revenue Recognition:

#### a) Sale of goods:

Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer, which generally coincides with delivery. It includes excise duty but excludes value added tax and sales tax.

#### b) Export sales are accounted on the basis of dates of on board Bill of Lading and | or Air Way Bill.

#### c) Service income is recognised, net of service tax, when the related services are provided.

#### d) Eligible export incentives are recognised in the year of export.

#### e) Lease rental income is recognised on accrual basis.

#### f) Dividend income is accounted for in the year in which the right to receive the same is established.

#### g) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

### 3.11 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Provision is not discounted to its present value and is determined based on the best estimate required to settle an obligation at the year end. These are reviewed every year end and adjusted to reflect the best current estimate. Contingent liabilities are not recognised but are disclosed in the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

### 3.12 Research & Development Expenditure:

Research & Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Research & Development expenditure on fixed assets is treated in the same way as expenditure on other fixed assets.

### 3.13 Employee Benefits:

#### a) Defined contribution plan:

Contribution paid | payable by the Company during the period to Provident Fund, Super Annuation Fund, Employees' State Insurance Corporation, and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

# Notes to Consolidated financial statements

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

### b) Defined benefit plan:

#### Gratuity:

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The liability so provided is represented by creation of separate funds and is used to meet the liability as and when it accrues for payment in future. Actuarial gains | losses are immediately taken to Statement of Profit and Loss.

#### Long-term leave encashment:

Long-term leave encashment is provided for on the basis of an actuarial valuation carried out at the end of the year on the project unit credit method. Actuarial gains | losses are immediately taken to Statement of Profit and Loss.

#### Provident fund:

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 contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

### c) Short-term leave encashment:

Short-term leave encashment is provided at undiscounted amount during the accounting period based on service rendered by employees.

### d) Voluntary retirement scheme:

Compensation payable under the voluntary retirement scheme is being charged to Statement of Profit and Loss in the year of settlement.

## 3.14 Taxation:

- a) Income tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.
- b) MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax within the specified period.
- c) Deferred tax asset and deferred tax liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets on account of timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. Deferred tax assets are reviewed at each Balance Sheet date to reassure realisation.

## 3.15 Government Grants:

- a) Government grants are recognised when there is reasonable assurance that the same will be received.
- b) Revenue grants for expenses incurred are reduced from the respective expenses.
- c) Capital grants relating to specific fixed assets are reduced from the cost of the respective fixed assets.

- 4 Significant Accounting Policies and Notes to these Consolidated Financial Statement are intended to serve as a means of informative disclosure and a guide to better understanding the consolidated positions of the Companies. Recognising the purpose, the Company has disclosed only such Policies and Notes from the individual financial statements, which fairly present the required disclosures.

# Notes to Consolidated financial statements

(₹ cr)

<b>NOTE 2 SHARE CAPITAL</b>		<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>Authorised</b>			
8,00,00,000	Equity Shares of ₹ 10 each	80.00	80.00
80,00,000	Cumulative Redeemable Preference Shares of ₹ 100 each	80.00	80.00
		160.00	160.00
<b>Issued</b>			
2,96,91,780	Equity Shares of ₹ 10 each	29.69	29.69
		29.69	29.69
<b>Subscribed</b>			
2,96,61,733	Equity Shares of ₹ 10 each, fully paid	29.66	29.66
	Add: Forfeited shares (amount paid-up)	0.02	0.02
		<b>29.68</b>	<b>29.68</b>

The Company has two classes of shares referred to as Equity Shares having a par value of ₹ 10 and Cumulative Redeemable Preference Shares having a par value of ₹ 100.

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. 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.

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

Details of Shareholders holding more than 5% of Equity Shares:

<b>Sr No</b>	<b>Name of the Shareholder</b>	<b>As at March 31, 2012</b>		<b>As at March 31, 2011</b>	
		<b>Holding %</b>	<b>No of shares</b>	<b>Holding %</b>	<b>No of shares</b>
1	Aeon Investments Pvt Ltd	5.9%	17,64,382	5.9%	17,64,382
2	Aura Securities Pvt Ltd	5.4%	16,14,045	5.4%	16,14,045

(₹ cr)

<b>NOTE 3 RESERVES AND SURPLUS</b>		<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a)	Capital reserve	11.70	6.68
(b)	Securities premium account	36.27	34.66
(c)	Central and State subsidy reserve:		
	Balance as at the beginning of the year	6.63	6.63
	Add: Received during the year	-	-
	Less: Transferred to general reserve	-	-
		6.63	6.63
(c)	Revaluation reserve:		
	Balance as at the beginning of the year	108.58	110.64
	Less: Transferred to Statement of Profit and Loss	2.06	2.06
	Balance as at the end of the year	106.52	108.58
(d)	Hedging reserve (see Note 27.4):		
	Balance as at the beginning of the year	(5.09)	(15.03)
	Add: Transferred to Statement of Profit and Loss	5.09	15.03
	Less: Effect of foreign exchange rate variation on hedging instruments outstanding at the end of the year	0.78	5.09
	Balance as at the end of the year	(0.78)	(5.09)

# Notes to Consolidated financial statements

(₹ cr)

<b>NOTE 3 RESERVES AND SURPLUS</b>		<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(e) General reserve:			
Balance as at the beginning of the year		55.16	49.37
Add: Transferred from unclaimed amount of fractional coupons of bonus shares		-	0.11
Less: Investment in associate company now transferred on becoming subsidiary company		(0.97)	-
Add: Transferred from Statement of Profit and Loss		8.81	5.68
Balance as at the end of the year		63.00	55.16
(f) Surplus in Statement of Profit and Loss:			
Balance as at the beginning of the year		334.27	265.22
Add: Profit for the year		91.10	90.25
Amount available for appropriation		425.37	355.47
Less: Appropriations			
General reserve		8.81	5.68
Proposed dividend on Equity Shares for the year {at ₹ 4.50 per share (March 31, 2011 ₹ 4.50 per share)}		13.35	13.35
Dividend distribution tax on proposed dividend		2.17	2.17
Balance as at the end of the year		401.04	334.27
		<b>624.38</b>	<b>540.89</b>

(₹ cr)

<b>NOTE 4 LONG-TERM BORROWINGS</b>	<b>Non-current</b>		<b>Current</b>	
	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Term loans				
Secured:				
(i) Rupee term loans from banks	16.41	29.08	19.04	26.08
(ii) Rupee term loans from financial institutions	52.08	62.50	13.13	10.42
(iii) Foreign currency term loans from banks	20.78	-	4.80	15.41
(iv) Foreign currency term loans from financial institutions	61.81	11.16	2.14	-
Unsecured:				
(v) Rupee term loans from banks	0.09	-	0.02	-
	151.17	102.74	39.13	51.91
(b) Deposits, unsecured:				
(i) Public deposits from related parties	-	0.83	0.83	0.01
(ii) Public deposits from others	-	6.79	6.66	3.67
	-	7.62	7.49	3.68
Amount disclosed under the head 'Other Current Liabilities' (see Note 9)			(46.62)	(55.59)
	<b>151.17</b>	<b>110.36</b>	<b>-</b>	<b>-</b>

# Notes to Consolidated financial statements

(₹ cr)

<b>NOTE 5 DEFERRED TAX LIABILITIES (NET)</b>	<b>As at March 31, 2012</b>	<b>Charge   (credit) during the year</b>	<b>As at March 31, 2011</b>
Deferred tax liabilities: on account of timing difference in depreciation	29.41	0.54	28.87
	29.41	0.54	28.87
Deferred tax assets: on account of timing difference in			
(a) Provision for leave encashment	5.86	1.17	4.69
(b) Provision for doubtful debts	0.39	0.25	0.14
(c) Provision for doubtful advances	0.06	-	0.06
(d) Voluntary retirement scheme	0.40	(0.52)	0.92
(e) Expenses disallowed under Section 40 (ia) of the Income Tax Act, 1961	0.39	0.39	-
	7.10	1.29	5.81
(f) Deferred tax liabilities   (assets) of subsidiary companies	0.46	0.48	(0.02)
<b>Net deferred tax liabilities   (assets)</b>	<b>22.77</b>	<b>(0.27)</b>	<b>23.04</b>

(₹ cr)

<b>NOTE 6 LONG-TERM PROVISIONS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
Provision for leave entitlement	3.51	2.60
Gratuity	0.03	-
	<b>3.54</b>	<b>2.60</b>

(₹ cr)

<b>NOTE 7 SHORT-TERM BORROWINGS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Secured Loans repayable on demand from banks	152.89	79.19
(b) Unsecured Loans from banks	25.07	20.00
(c) Buyers' credit arrangement	22.71	62.08
	<b>200.67</b>	<b>161.27</b>

(₹ cr)

<b>NOTE 8 TRADE PAYABLES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Trade payables including acceptances	266.63	234.92
	<b>266.63</b>	<b>234.92</b>

# Notes to Consolidated financial statements

(₹ cr)

<b>NOTE 9 OTHER CURRENT LIABILITIES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Current maturities of long-term borrowings (see Note 4)	46.62	55.59
(b) Interest accrued but not due on borrowings	1.80	1.52
(c) Interest accrued on cumulative public deposits	0.97	1.02
(d) Unclaimed dividends	0.91	0.81
(e) Unclaimed matured deposits and interest thereon	0.19	0.20
(f) Security deposits	12.89	10.19
(g) Others:		
Advances received from customers	6.00	1.78
Employee benefit dues	9.43	9.25
Creditors for capital goods	10.34	8.59
Statutory commission and discount payable	8.01	9.17
Other current liabilities	10.31	7.90
	<b>107.47</b>	<b>106.02</b>

(₹ cr)

<b>NOTE 10 SHORT-TERM PROVISIONS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Provisions:		
Leave entitlement	14.83	11.62
Other employee benefits	17.66	13.50
	32.49	25.12
(b) Others:		
Provision for mark-to-market losses on derivatives	0.10	8.95
Proposed dividend (see Note 3)	13.35	13.35
Dividend distribution tax on proposed dividend	2.17	2.16
Other provisions	5.89	2.53
	21.51	26.99
	<b>54.00</b>	<b>52.11</b>



# Notes to Consolidated financial statements

(₹ cr)

## NOTE 11 FIXED ASSETS

ASSET BLOCK	GROSS BLOCK (a)			DEPRECIATION   AMORTISATION   IMPAIRMENT				NET BLOCK	
	As at March 31, 2011	Additions	Other Adjustments	Deductions and Adjustments	As at March 31, 2012	Depreciation upto March 31, 2011	For the year Deductions and Adjustments	As at March 31, 2012	Impairment Fund March 31, 2012
<b>Tangible assets</b>									
Land - Freehold (d) and (e)	13.11	1.26	-	-	14.37	-	-	14.37	13.11
Land - Leasehold (b), (d) and (e)	23.45	-	-	0.28	23.17	-	-	23.17	23.45
Buildings (c), (d) and (e)	220.69	22.04	-	-	242.73	54.95	6.14	61.09	181.64
Roads	2.34	0.76	-	-	3.10	1.19	0.05	1.24	1.86
Plant and equipment (f)	670.31	74.96	1.59	5.24	741.62	475.00	38.55	513.55	207.04
Railway siding	0.08	-	-	-	0.08	0.08	-	0.08	-
Office equipment and furniture	23.10	2.41	-	0.02	25.49	15.91	1.66	17.57	7.92
Vehicles	11.78	3.95	-	2.16	13.57	6.99	1.69	7.24	6.33
<b>Total Tangible assets</b>	<b>964.86</b>	<b>105.38</b>	<b>1.59</b>	<b>7.70</b>	<b>1,064.13</b>	<b>554.12</b>	<b>48.09</b>	<b>600.77</b>	<b>21.03</b>
<b>Intangible assets</b>									
Copyright	-	1.10	-	-	1.10	-	0.06	0.06	1.04
Computer software	8.23	1.91	-	-	10.14	7.41	2.47	9.88	0.26
<b>Total Intangible assets</b>	<b>8.23</b>	<b>3.01</b>	<b>-</b>	<b>-</b>	<b>11.24</b>	<b>7.41</b>	<b>2.53</b>	<b>9.94</b>	<b>1.30</b>
<b>Total as at March 31, 2012</b>	<b>973.09</b>	<b>108.39</b>	<b>1.59</b>	<b>7.70</b>	<b>1,075.37</b>	<b>561.53</b>	<b>50.62</b>	<b>610.71</b>	<b>21.03</b>
<b>Total as at March 31, 2011</b>	<b>975.20</b>	<b>22.52</b>	<b>-</b>	<b>24.36</b>	<b>973.36</b>	<b>535.04</b>	<b>40.42</b>	<b>561.81</b>	<b>21.03</b>

### Notes:

- At cost, except land - freehold, certain leasehold land, building premises and plant and equipment stated at revalued value.
- Land - leasehold at cost less amounts written off.
- Includes premises on ownership basis ₹ 1.10 cr (Previous year ₹ 1.10 cr) and cost of fully paid share in co-operative society ₹ 2,000 (Previous year ₹ 2,000).
- The Company has revalued (i) Leasehold land and (ii) Commercial land & building at Ahmedabad, Mumbai and Delhi as at March 31, 2008 at fair market value as determined by an independent valuer appointed for the purpose. Resultant increase in book value amounting to ₹ 107.47 cr has been transferred to Revaluation reserve.
- 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 & buildings in favour of Government of Gujarat.
- The Company has opted to recognise exchange differences arising on reporting of long-term foreign currency monetary items in line with paragraph 46 of Accounting Standard-11 'The effects of changes in foreign exchange rates' inserted vide Notification dated December 29, 2011 issued by the Ministry of Corporate Affairs. Pursuant to the above, the effect of exchange differences on long-term foreign currency monetary items, so far as they relate to acquisition of depreciable capital assets, are amortised over the remaining life of such assets. Had the Company continued to follow the earlier Accounting Policy, the net foreign exchange loss recognised in the Statement of Profit and Loss would have been higher by ₹ 1.89 cr and Fixed Assets would have been lower by ₹ 1.89 cr.

# Notes to Consolidated financial statements

## NOTE 11 FIXED ASSETS (contd)

(g) Break-up of depreciation for the year

	2011-12	2010-11
Depreciation   Amortisation for the year	50.62	40.42
Add: Amortisation of Leasehold land	0.28	0.28
Less: Amount withdrawn from Revaluation reserve (see Note 3)	2.06	2.06
Less: Depreciation on acquisition of Atul Bioscience Ltd	2.71	-
Less: Depreciation on acquisition of DPD Ltd	2.04	-
Less: Depreciation on proportionate consolidation of Rudolf Atul Chemicals Ltd	0.07	-
Depreciation   Amortisation as per Statement of Profit and Loss	<b>44.02</b>	<b>38.64</b>

(₹ cr)

NOTE 12 NON-CURRENT INVESTMENTS*	As at March 31, 2012	As at March 31, 2011
<b>Trade Investments, unquoted</b>		
<b>Investments in Equity Instruments</b>		
Bharuch Enviro Infrastructure Ltd	0.07	0.07
Narmada Clean Tech Ltd	0.65	0.65
<b>Other investments</b>	0.72	0.72
<b>Investments in Equity Instruments, Quoted</b>		
<b>In Associate Companies</b>		
Amal Ltd	0.64	0.64
Less: Cost of investments adjusted to general reserve as loss in associate company exceed the cost	0.24	0.24
Less: Provision for diminution in value	0.40	0.40
	-	-
<b>In Others</b>		
Novartis India Ltd	1.02	1.02
Arvind Ltd (refer Note 27.15)	46.64	46.64
ICICI Bank Ltd	0.14	0.14
Wyeth Ltd	1.50	1.50
BASF India Ltd	0.84	0.84
Jain Irrigation Systems Ltd****	0.02	0.02
Nagarjuna Oil Refinery Ltd ***	-	-
	50.16	50.16
<b>Investments in Equity Instruments, Unquoted</b>		
<b>In Associate Companies</b>		
Atul Bioscience Ltd		
Cost of acquisition (net of capital reserve of ₹ Nil, Previous year ₹ 0.91 cr)	-	2.75
Add: Group share of profits for the year	-	0.54
	-	3.29
AtRo Ltd	0.50	0.50
Less: Cost of investments adjusted to general reserve as loss in associate company exceed the cost	0.50	0.50

# Notes to Consolidated financial statements

(₹ cr)

<b>NOTE 12 NON-CURRENT INVESTMENTS</b> (contd)	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
Gujarat Synthwood Ltd	0.81	-
Less: Cost of investments adjusted to general reserve as loss in associate company exceed the cost	0.06	0.06
Less: Provision for diminution in value	0.75	0.75
Anchor Adhesives Pvt Ltd	1.47	-
Add: Group share of profit for the year ended	0.01	1.47
Atul Ayurveda Ltd		1.48
Atul Crop Care Ltd		0.03
Atul Entertainment Ltd		0.02
Atul Hospitality Ltd		0.03
Atul Medical Care Ltd		0.02
Atul Seeds Ltd		0.03
Jayati Infrastructure Ltd		0.02
Osia Dairy Ltd		0.03
M. Dohmen S.A.		0.02
Cost of acquisition (net of capital reserve of ₹ 45.72 cr, Previous year ₹ 45.72 cr)	14.21	14.21
Less: Group share of loss for the year	4.64	
Atul Infotech Ltd #		9.57
<b>In Others</b>		0.01
Nagarjuna Fertilizers and Chemicals Ltd***		0.04
Small Group companies		0.20
<b>Investments in Preference Shares</b>		
<b>In Associate Companies</b>		
Amal Ltd (as per BIFR order)		10.00
Atul Bioscience Ltd		-
Atul Infotech Ltd		2.41
<b>Investments in Government or Trust Securities</b>		2.75
6 Years National Savings Certificates (deposited with Government departments)		0.01
	<b>74.94</b>	<b>85.06</b>

(₹ cr)

<b>Particulars</b>	<b>Book Value As at March 31,</b>		<b>Market Value As at March 31,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Quoted	50.20	50.24	198.05	195.76
Unquoted	24.74	34.86		
	<b>74.94</b>	<b>85.10</b>		
Aggregate provision for diminution	<b>1.15</b>	<b>1.15</b>		

\* Valued at cost unless otherwise stated

\*\*\* Due to restructuring of company

\*\* In ₹ and fully paid unless otherwise stated

\*\*\*\* 200 Bonus shares received

# Cost of investment in Atul Infotech Ltd is ₹ 33,980 and during the year Group share of profit is ₹ 29,708.

# Notes to Consolidated financial statements

(₹ cr)

<b>NOTE 13 LONG-TERM LOANS AND ADVANCES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Loans and advances to related parties:*		
(i) Secured, considered good	11.29	11.29
(ii) Unsecured, considered good	5.01	5.01
(b) Others:		
(i) Capital advances	6.63	6.66
(ii) Security deposits	5.67	3.70
	<b>28.60</b>	<b>26.66</b>

\* An amount of ₹ 11.29 cr (Previous year ₹ 11.29 cr) is given to an associate company as a secured loan. The said company is registered under BIFR and is implementing its revival plan. First charge over all their assets has been assigned exclusively in favour of the Company. The Company has also given an unsecured loan of ₹ 3.59 cr (Previous year ₹ 3.59 cr) as Promoter's contribution (repayable in two equal installments in financial year 2015-16 and 2016-17). Considering the progress of the revival plan and the present market value of assets, these amounts included under loans and advances are considered as good and recoverable.

(₹ cr)

<b>NOTE 14 OTHER NON-CURRENT ASSETS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(i) Balance with bank in fixed deposits	0.31	1.18
(ii) Balance with Government departments:		
Tax paid under protest	10.52	9.03
VAT receivable	14.75	12.25
Security deposit	2.00	2.00
	<b>27.58</b>	<b>24.46</b>

(₹ cr)

<b>NOTE 15 INVENTORIES *</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Raw materials and packing materials	50.28	51.45
Add: Goods-in-transit	22.73	4.15
	73.01	55.60
(b) Work-in-progress	108.27	101.46
(c) Finished goods	114.88	89.87
Add: Goods-in-transit	1.89	1.72
	116.77	91.59
(d) Stock-in-trade	3.45	3.71
(e) Stores, spares and fuel	29.58	29.64
Add: Goods-in-transit	0.49	-
	30.07	29.64
	<b>331.57</b>	<b>282.00</b>

\* At cost and net realisable value whichever is lower.

# Notes to Consolidated financial statements

(₹ cr)

<b>NOTE 16 TRADE RECEIVABLES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Trade receivables outstanding for more than six months from the date they became due for payment:		
(i) Unsecured, considered good		
From related parties	1.22	0.27
From others	4.68	5.85
(ii) Doubtful	0.94	0.41
Less: Provision for doubtful debts	0.94	0.41
	5.90	6.12
(b) Others:		
(i) Unsecured, considered good		
From related parties	2.15	0.42
From others	350.83	283.45
	<b>358.88</b>	<b>289.99</b>

(₹ cr)

<b>NOTE 17 CASH AND BANK BALANCES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Cash and cash equivalents:		
(i) Balances with banks		
In current accounts	21.95	13.73
(ii) Cheques   drafts on hand	0.29	0.68
(iii) Cash on hand	0.13	1.09
	22.37	15.50
(b) Other Bank balances		
Earmarked balances with banks:		
(i) Unclaimed dividend	1.10	1.02
(ii) Short-term bank deposits (including margin money deposits)	1.11	5.45
	2.21	6.47
	<b>24.58</b>	<b>21.97</b>

(₹ cr)

<b>NOTE 18 SHORT-TERM LOANS AND ADVANCES</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) To related parties, Unsecured, considered good	0.10	5.70
(b) Others, Unsecured, considered good		
(i) Advances recoverable in cash or kind	61.58	72.39
(ii) Balances with statutory authorities	21.14	11.69
(iii) Sundry deposits	0.76	0.76
(iv) Tax paid in advance, net of provisions	7.48	4.53
(v) Others	0.20	0.20
	<b>91.26</b>	<b>95.27</b>

(₹ cr)

<b>NOTE 19 OTHER CURRENT ASSETS</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
(a) Interest accrued and due on investments	0.33	0.03
(b) Export incentive receivable	17.19	12.97
(c) Sundry receivable		
Doubtful	0.19	0.19
Less: Provision for doubtful receivable	0.19	0.19
	<b>17.52</b>	<b>13.00</b>

# Notes to Consolidated financial statements

(₹ cr)

<b>NOTE 20 OTHER OPERATING REVENUES</b>	<b>2011-12</b>	<b>2010-11</b>
Export incentives	23.35	16.91
Scrap sales	5.30	5.00
Technical know-how	2.88	1.50
	<b>31.53</b>	<b>23.41</b>

(₹ cr)

<b>NOTE 21 OTHER INCOME</b>	<b>2011-12</b>	<b>2010-11</b>
Dividend on long-term investments	1.59	5.42
Interest from inter company deposits	0.01	0.37
Interest from investments (Previous year ₹ 4,960 )	0.01	-
Interest from others	1.22	0.81
Provisions no longer required	3.69	7.01
Impairment written back	-	0.89
Surplus on sale of fixed assets	0.28	0.03
Miscellaneous income	4.94	5.16
	<b>11.74</b>	<b>19.69</b>

(₹ cr)

<b>NOTE 22 COST OF MATERIALS CONSUMED</b>	<b>2011-12</b>	<b>2010-11</b>
Raw materials and packing materials consumed		
Stocks at commencement	51.45	37.45
Add: Purchases	1,068.22	931.63
	1,119.67	969.08
Less: Stocks at close	48.01	51.93
	<b>1,071.66</b>	<b>917.15</b>

(₹ cr)

<b>NOTE 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>	<b>2011-12</b>	<b>2010-11</b>
<b>Stocks at close</b>		
Finished goods	114.46	91.59
Work-in-progress	108.27	101.46
Stock-in-trade	3.45	3.71
	226.18	196.76
<b>Less: Stocks at commencement</b>		
Finished goods	97.65	78.31
Work-in-progress	101.46	87.79
Stock-in-trade	3.71	-
	202.82	166.10
	(23.36)	(30.66)
Excise duty variation on opening   closing stocks	0.70	(0.71)
(Increase)   decrease in inventories	<b>(22.66)</b>	<b>(31.37)</b>



# Notes to Consolidated financial statements

(₹ cr)

<b>NOTE 24 EMPLOYEE BENEFIT EXPENSES</b>	<b>2011-12</b>	<b>2010-11</b>
Salaries, wages and bonus	107.56	91.58
Contribution to Provident and other Funds	9.87	9.17
Payment under Voluntary retirement scheme	0.66	0.48
Staff welfare	3.57	3.10
	<b>121.66</b>	<b>104.33</b>

(₹ cr)

<b>NOTE 25 FINANCE COST</b>	<b>2011-12</b>	<b>2010-11</b>
Interest on borrowings	29.49	23.55
Other borrowing cost	2.24	2.75
Applicable exchange difference to the extent considered as an adjustment to borrowing cost	11.58	-
	<b>43.31</b>	<b>26.30</b>

(₹ cr)

<b>NOTE 26 OTHER EXPENSES</b>	<b>2011-12</b>	<b>2010-11</b>
Stores and spares consumed	15.08	10.93
Power, fuel & water	167.09	137.61
Conversion and plant operation charges	20.23	14.89
Building repairs	12.14	10.55
Plant and equipment repairs	46.94	45.08
Rent	1.60	1.56
Rates and taxes	1.53	0.90
Insurance	4.60	3.78
Freight, cartage and octroi	47.32	44.36
Discount and commission	0.02	-
Travelling and conveyance	0.41	0.46
Payments to Statutory Auditors		
a) Audit fees	0.50	0.43
b) Other matters	0.15	0.12
c) Out of pocket expenses	0.02	0.01
Payments to Cost Auditors		
a) Cost audit fees	0.02	0.02
b) Out of pocket expenses ₹ 11,546 (Previous year ₹ 11,391)	-	-
Directors' fees and travelling	0.31	0.27
Directors' commission (other than Managing and Whole time Director)	0.45	0.51
Charities and donations	0.62	0.37
Bad debts and irrecoverable balances written off	3.01	1.47
Irrecoverable loans and advances written off	-	2.75
Less: Adjustments against provision for contingencies	-	2.75
	-	-
Goodwill on consolidation written off	2.70	
Exchange rate difference on consolidation for the year	(17.00)	(0.46)
Provision for doubtful debts	0.79	0.64
Miscellaneous expenses	91.37	89.56
Obsolete and unserviceable material written down	-	0.60
Loss on assets sold, discarded or demolished	0.06	1.97
	<b>399.96</b>	<b>365.63</b>

# Notes to Consolidated financial statements

(₹ cr)

<b>NOTE 27.1 CONTINGENT LIABILITIES</b>	<b>2011-12</b>	<b>2010-11</b>
<b>(i) Claims against the Company not acknowledged as debts in respects of:</b>		
(a) Excise	6.25	5.73
(b) Income tax	27.70	25.50
(c) Sales tax	0.74	0.74
(d) Customs	2.78	-
(e) Water charges	68.63	65.50
(f) Others	13.26	11.00
Note: Future cash outflows in respect of (a) to (f) above are determinable on receipt of judgements   decisions pending with various forums   authorities.		
<b>(ii) Guarantees given by the bankers of the Company:</b>		
(a) Guarantees have been given by the bankers of the Company in the normal course of business and are not expected to result in any liability on the Company	-	9.50
(b) Corporate guarantee given to bank for facilities availed	0.61	-

(₹ cr)

<b>NOTE 27.2 COMMITMENTS</b>	<b>2011-12</b>	<b>2010-11</b>
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	13.97	19.70

(₹ cr)

<b>NOTE 27.3 RESEARCH &amp; DEVELOPMENT</b>	<b>2011-12</b>	<b>2010-11</b>
Capital expenditure	0.40	1.06
Recurring expenditure	10.48	7.76
	<b>10.88</b>	<b>8.82</b>

## **NOTE 27.4 FINANCIAL DERIVATIVES HEDGING TRANSACTIONS:**

Pursuant to the announcement issued by the Institute of Chartered Accountants of India dated March 29, 2008 in respect of forward exchange contracts and currency and interest rate swaps, the Company has applied the Hedge Accounting Principles set out in the Accounting Standard-30 'Financial Instruments: Recognition and Measurement'. Accordingly, range forward contracts are marked to market and the loss aggregating ₹ 0.78 cr (Previous year ₹ 5.09 cr) arising consequently on contracts that were designated and effective as hedges of future cash flows has been recognised directly in the hedging reserve account. Actual gain or loss on exercise of these range forward contracts or any part thereof is recognised in the Statement of Profit and Loss. Hedge Accounting will be discontinued if the hedging instrument is sold, terminated or no longer qualifies for Hedge Accounting.

## NOTE 27.5 RELATED PARTY INFORMATION

### (A) Name of the related party and nature of relationship:

No	Name of the related party	Description of relationship
	Party where control exists	
1	Rudolf Atul Chemicals Ltd	Joint venture company
2	Amal Ltd	Associate companies
3	Anchor Adhesives Pvt Ltd	
4	AtRo Ltd	
5	Atul Ayurveda Ltd	
6	Atul Crop Care Ltd	
7	Atul Entertainment Ltd	
8	Atul Hospitality Ltd	
9	Atul Infotech Ltd	
10	Atul Medical Care Ltd	
11	Atul Seeds Ltd	
12	Gujarat Synthwood Ltd	Enterprises over which control exercised by key management personnel
13	Jayati Infrastructure Ltd	
14	M. Dohmen S.A.	
15	Osia Dairy Ltd	
16	Aasthan Dates Ltd	Enterprises over which significant influence exercised
17	Atul Bio Space Ltd	
18	Atul Clean Energy Ltd	
19	Biyaban Agri Ltd	
20	Raja Dates Ltd	Other related parties
21	Atul Elkay Polymers Ltd	
22	Atul (Retail) Brands Ltd	
23	LAPOX Polymers Ltd	
24	Osia Infrastructure Ltd	Key management personnel and employees are Trustees
25	Key management personnel	
	In Atul Ltd	
	Mr Sunil S Lalbhai	
	Mr Samveg A Lalbhai	Chairman & Managing Director
	Mr Bharathy N Mohanan	Managing Director
	In Atul Europe Ltd	Whole time Director
	Mr Chris J Bent	Director
26	Relatives of key management personnel	Mother of Mr Sunil S Lalbhai
	Dr Vimla S Lalbhai	
	Mrs Shreekumari Mohanan	
	Ms Swati S Lalbhai	
	Ms Nishtha S Lalbhai	Sister of Mr Sunil S Lalbhai
		Daughter of Mr Sunil S Lalbhai
27	Welfare funds	Key management personnel and employees are Trustees
	Atul Club	
	Atul Foundation Trust	
	Atul Kelvani Mandal	
	Atul Rural Development Fund	
	Atul Vidyalaya	

# Notes to Consolidated financial statements

## NOTE 27.5 (B) Summary of related party transactions

							(₹ cr)
No	Nature of transaction	Associate companies	Enterprises over which control exercised by key management personnel	Enterprises over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare funds
	Sales and income						
1	Sale of goods	2.66 (0.19)	0.50 (0.57)	– –	– –	– –	– –
	Purchases and expenses						
1	Purchase of goods	12.91 (10.60)	– –	– –	– –	– –	– –
2	Technical know-how fees	– (0.30)	– –	– –	– –	– –	– –
3	Service charges	1.24 (1.04)	– –	2.59 (1.87)	– –	– –	– –
4	Remuneration	– –	– –	– –	4.08 (3.11)	– –	– –
5	Donations	– –	– –	– –	– –	– –	0.57 (0.33)
6	Contribution to common expenses	– –	– –	– –	– –	– –	0.06 (0.13)
7	Reimbursement of expenses	0.10 –	– –	0.95 –	– –	– –	– –
8	Interest paid on public deposits	– –	– –	– –	0.04 (0.04)	0.05 (0.04)	– –
	Other transactions						
1	Loans given	– (3.59)	– –	– –	– –	– –	– (0.07)
2	Investments	– (11.47)	– –	– –	– –	– –	– –
3	Investments purchased	2.75 –	– –	– –	– –	– –	– –
4	Advance for Land	0.64 –	– –	– –	– –	– –	– –
5	Advance adjusted	1.90 –	– –	– –	– –	– –	– –
	Outstanding balances as at year end						
1	Payables	1.05 (0.52)	– –	0.17 (1.88)	– (1.86)	– (0.47)	– –
2	Receivables	23.26 (17.76)	– (0.09)	– (1.65)	– –	– –	1.20 (1.42)

# Notes to Consolidated financial statements

## NOTE 27.5 (C) Details of material transactions with related parties

							(₹ cr)
No	Name of the related party	Associate companies	Enterprises over which control exercised by key management personnel	Enterprises over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare funds
	Sales and income						
1	Sale of goods						
	M. Dohmen S.A.	2.60 (0.18)	— —	— —	— —	— —	— —
	Atul Bio Space Ltd	— —	0.50 (0.57)	— —	— —	— —	— —
	Purchases and expenses						
1	Purchase of goods						
	M. Dohmen S.A.	3.92 —	— —	— —	— —	— —	— —
	Amal Ltd	9.00 (10.60)	— —	— —	— —	— —	— —
2	Technical know-how fees						
	M. Dohmen S.A.	— (0.30)	— —	— —	— —	— —	— —
3	Service charges						
	Amal Ltd	0.07 (0.02)	— —	— —	— —	— —	— —
	Atul Infotech Ltd	1.17 (1.02)	— —	— —	— —	— —	— —
	LAPOX Polymers Ltd	— —	— —	2.59 (1.87)	— —	— —	— —
4	Remuneration						
	Mr Sunil S Lalbhai	— —	— —	— —	2.16 (1.63)	— —	— —
	Mr Samveg A Lalbhai	— —	— —	— —	1.18 (0.86)	— —	— —
	Mr Bharathy N Mohanan	— —	— —	— —	0.74 (0.62)	— —	— —
5	Donations						
	Atul Rural Development Fund	— —	— —	— —	— —	— —	0.57 (0.33)
6	Contribution to common expenses						
	Atul Kelavani Mandal	— —	— —	— —	— —	— —	0.06 (0.06)
	Atul Vidyalaya	— —	— —	— —	— —	— —	— (0.07)
7	Reimbursement of expenses						
	Atul Bio Space Ltd	0.10 —	— —	— —	— —	— —	— —
	LAPOX Polymers Ltd	— —	— —	0.95 —	— —	— —	— —

# Notes to Consolidated financial statements

## NOTE 27.5 (C) Details of material transactions with related parties (contd)

							(₹ cr)
No	Name of the related party	Associate companies	Enterprises over which control exercised by key management personnel	Enterprises over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare funds
8	Interest paid on public deposits						
	Mr Sunil S Lalbhai	—	—	—	0.04	—	—
		—	—	—	(0.04)	—	—
	Dr Vimla S Lalbhai	—	—	—	—	0.02	—
		—	—	—	—	(0.01)	—
	Ms Nishtha S Lalbhai	—	—	—	—	0.03	—
		—	—	—	—	(0.03)	—
	Other transactions						
1	Loans given						
	Amal Ltd	—	—	—	—	—	—
		(3.59)	—	—	—	—	—
2	Investments						
	Preference Shares in Amal Ltd*	—	—	—	—	—	—
		(10.00)	—	—	—	—	—
	Equity Shares in Anchor Adhesives Pvt Ltd	—	—	—	—	—	—
		(1.47)	—	—	—	—	—
3	Advance given for Land Gujarat Synthwood Ltd	0.64	—	—	—	—	—
		—	—	—	—	—	—
4	Advance adjusted						
	Amal Ltd	1.90	—	—	—	—	—
		—	—	—	—	—	—
	Outstanding balances as at year end						
1	Payables						
	Atul Infotech Ltd	0.29	—	—	—	—	—
		—	—	—	—	—	—
	M. Dohmen S.A.	0.76	—	—	—	—	—
		—	—	—	—	—	—
	LAPOX Polymers Ltd	—	—	0.17	—	—	—
		—	—	(1.88)	—	—	—
2	Receivables						
	Amal Ltd	19.88	—	—	—	—	—
		(15.26)	—	—	—	—	—
	Gujarat Synthwood Ltd	0.96	—	—	—	—	—
		—	—	—	—	—	—
	M. Dohmen S.A.	2.07	—	—	—	—	—
		(0.18)	—	—	—	—	—

Related party relationship is as identified by the Company on the basis of information available with the Management and relied upon by the Auditors.

\* Preference Shares have been issued by Amal Ltd worth ₹ 10.00 cr in terms of BIFR order.



# Notes to Consolidated financial statements

## NOTE 27.6 SEGMENT INFORMATION

### (a) Primary Segment – Business

(₹ cr)

Particulars		Life Science Chemicals		Performance & Other Chemicals		Total	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Segment revenues						
	Gross sales	654.56	532.14	1,377.50	1,204.57	2,032.06	1,736.71
	Less: Inter segment revenues	-	-	132.46	120.03	132.46	120.03
	Net revenues from operations	654.56	532.14	1,245.04	1,084.54	1,899.60	1,616.68
2	Segment results						
	Profit before finance cost and tax	109.25	90.20	84.49	73.42	193.74	163.62
	Finance cost					43.31	26.30
	Other unallocable expenditure (net of unallocable income)					20.36	(1.55)
	Profit before tax					130.07	138.87
3	Other information						
	Segment assets	347.90	267.18	774.37	697.63	1,122.27	964.81
	Unallocated common assets					342.48	300.03
	Total assets					1,464.75	1,264.84
	Segment liabilities	90.63	80.42	252.11	215.36	342.74	295.78
	Unallocated common liabilities					65.05	67.32
	Total liabilities					407.79	363.10
	Capital expenditure	36.62	6.60	95.28	44.06	131.90	50.66
	Unallocated capital expenditure					6.58	1.53
	Total capital expenditure					138.48	52.19
	Depreciation	10.29	9.06	29.28	27.11	39.57	36.17
	Unallocated depreciation					4.45	2.47
	Total depreciation					44.02	38.64
	Significant non-cash expenses	-	-	-	-	-	-
	Significant - unallocated non-cash expenses					-	-
	Total significant non-cash expenses					-	-

### (b) Secondary Segment-Geographical

(₹ cr)

Particulars		In India		Outside India		Total	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
	Segment revenues	1,094.08	949.22	805.52	667.46	1,899.60	1,616.68
	Carrying cost of assets by location of assets	1,291.71	1,160.05	173.04	104.79	1,464.75	1,264.84
	Additions to assets and intangible assets	138.48	52.19	-	-	138.48	52.19

#### Other disclosures

- 1 Segments have been identified in line with the Accounting Standard-17 'Segment Reporting' taking into account the organisation structure as well as the differing risks and returns.
- 2 The Company has disclosed business segment as the primary segment.

# Notes to Consolidated financial statements

## 3 Composition of business segment:

Name of Segment	Comprises
(a) Life Science Chemicals	Fungicides, Herbicides, Insecticides, Pharma intermediates, etc
(b) Performance & Other Chemicals	Epoxy resins, Hardeners, Sulphones, Textile dyes, etc
4	The Segment revenue, results, assets and liabilities include respective amounts identifiable to each segment and amounts allocated on a reasonable basis.
5	The Company accounts for inter segments sales and transfers at market price.

## NOTE 27.7 EARNING PER SHARE

Earning per Share (EPS) - The numerators and denominators used to calculate basic and diluted Earning per Share:

Particulars		March 31, 2012	March 31, 2011
Profit for the year attributable to the Equity Shareholders	₹ cr	91.10	90.27
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 Earning per Equity Share	₹	30.71	30.43

## NOTE 27.8 COMPANIES CONSIDERED IN FINANCIAL STATEMENTS

Name of Subsidiary Companies	Country of Incorporation	Extent of Holding
Ameer Trading Corporation Ltd	India	100%
Atul Bioscience Ltd	India	100%
Atul Brasil Qumicos Ltda	Brasil	100%
Atul China Ltd {formerly known as Atul International Trading (Shanghai) Co Ltd}	China	100%
Atul Deutschland GmbH	Germany	100%
Atul Europe Ltd	UK	100%
Atul Rajasthan Date Palms Ltd *	India	74%
Atul USA Inc ( formerly known as Atul Americas Inc)	USA	100%
DPD Ltd *	UK	88%

\* Investment held through subsidiary companies

# Notes to Consolidated financial statements

## NOTE 27.9 DETAILS OF ASSOCIATE COMPANIES CONSIDERED IN CONSOLIDATION:

Sr No	Name of associate company	Country of incorporation	Main activities	Ownership interest and voting power	Original cost of Investments	Amount of goodwill   (capital reserve) included in original cost	Accumulated loss   (gain) at the year end March 31, 2012		Carrying amount of investments at the year end	
A	B	C	D	E	F	G	H	I	I	(₹ cr)
1	Amal Ltd	India	Chemical	36.75%	5.15	(19.67)	36.75	30.53	-	2.75
2	Anchor Adhesives Pvt Ltd	India	Adhesives	49.99%	1.47	1.27	0.16	0.19	1.48	1.47
3	AtRo Ltd	India	Agriculture	50.00%	0.50	-	0.36	0.43	-	0.50
4	Atul Ayurveda Ltd	India	Ayurvedic	50.00%	0.03	-	-	-	0.03	-
5	Atul Crop Care Ltd	India	Agriculture	50.00%	0.03	-	-	-	0.03	-
6	Atul Entertainment Ltd	India	Entertainment	50.00%	0.03	-	-	-	0.03	-
7	Atul Hospitality Ltd	India	Hospitality	50.00%	0.03	-	-	-	0.03	-
8	Atul Infotech Ltd	India	Information Technology	50.00%	-	(0.08)	(0.29)	(0.31)	0.01	-
9	Atul Medical Care Ltd	India	Health Care	50.00%	0.03	-	-	-	0.03	-
10	Atul Seeds Ltd	India	Agriculture	50.00%	0.03	-	-	-	0.03	-
11	Gujarat Synthwood Ltd	India	Construction	34.87%	1.30	-	15.92	17.08	-	0.07
12	Jayati Infrastructure Ltd	India	Infrastructure	50.00%	0.03	-	-	-	0.03	-
13	M. Dohmen S.A.	Switzerland	Textile	50.00%	14.21	(45.72)	9.27	(26.09)	9.57	14.21
14	Osia Dairy Ltd	India	Dairy	50.00%	0.03	-	-	-	0.03	-

Value of investment in Atul Infotech Ltd under column 'F' is ₹ 50,000 (Previous year ₹ 33,980)

The relationship of Atul Ltd with Atul Bioscience Ltd has changed from Associate company to Wholly Owned Subsidiary company on March 31, 2012. Accordingly, Equity Method of Accounting has been applied till March 31, 2012 and full consolidation has been carried for balances as on March 31, 2012.

# Notes to Consolidated financial statements

## NOTE 27.10 INTEREST IN JOINT VENTURE COMPANY

The Company has subscribed 50 percent interest in Rudolf Atul Chemicals Limited (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 parties have significant participating rights such that they jointly control the operations of the joint venture company. The aggregate amount of assets, liabilities, income and expenses related to the share of the Company in RACL as at and for the year ended March 31, 2012 as per unaudited financial statements as given below have been considered for the purpose of consolidation:-

(₹ cr)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Balance Sheet</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities (net)	0.15	-
Long-term provisions	0.02	-
	<b>0.17</b>	-
<b>Current liabilities</b>		
Short-term borrowings	0.21	-
Trade payables	1.65	-
Other current liabilities	0.09	-
Short-term provisions	0.52	-
	<b>2.47</b>	-
<b>Total (A)</b>	<b>2.64</b>	-
<b>Non-current assets</b>		
Tangible assets, net	0.93	-
Intangible assets, net	1.07	-
Long-term loans and advances	-	-
Other non-current assets	0.02	-
	<b>2.02</b>	-
<b>Current assets</b>		
Inventories	1.14	-
Trade receivables	2.19	-
Cash and cash equivalents	0.98	-
Short-term loans and advances	2.28	-
Other current assets	-	-
	<b>6.59</b>	-
<b>Total (B)</b>	<b>8.61</b>	-
<b>Net worth (B-A)</b>	<b>5.97</b>	-

# Notes to Consolidated financial statements

## NOTE 27.10 INTEREST IN JOINT VENTURE COMPANY (contd)

(₹ cr)

Particulars	For the period August 18, 2011 to March 31, 2012	As at March 31, 2011
<b>Statement of Profit and Loss</b>		
<b>Revenue</b>		
Revenue from operations	2.81	-
Other income	0.01	-
<b>Total revenue</b>	<b>2.82</b>	<b>-</b>
<b>Expenses</b>		
Cost of materials consumed	1.67	-
Purchase of stock-in-trade	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	0.04	-
Employee benefit expenses	0.17	-
Finance costs	0.04	-
Depreciation and amortisation expenses	0.09	-
Other expenses	0.91	-
	<b>2.92</b>	<b>-</b>
<b>Profit Before Tax</b>	<b>(0.10)</b>	<b>-</b>
Tax expense		
Current tax	0.02	-
Deferred tax	0.02	-
	0.04	-
<b>Net loss for the period</b>	<b>(0.14)</b>	<b>-</b>

## NOTE 27.11 REGROUPED | RECAST | RECLASSIFIED

The financial statements for the year ended March 31, 2011 were prepared as per the applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, previous year figures have also been restated to conform to this year's classification.

## NOTE 27.12 ROUNDING OFF

Figures less than ₹ 50,000 has been shown at actual in bracket.

As per our attached report of even date

**For Dalal & Shah**

Firm Registration No. 102020W

Chartered Accountants

**S Venkatesh**

Partner

Membership No. F-037942

Mumbai

May 15, 2012

**T R Gopi Kannan**

President, Finance &  
Company Secretary

For and on behalf of the Board of Directors

**Sunil S Lalbhai**

Chairman & Managing Director

**G S Patel**

**S S Baijal**

**B S Mehta**

**H S Shah**

**S M Datta**

**R A Shah**

**V S Rangan**

**B N Mohanan**

Directors

**Samveg A Lalbhai**

Managing Director

Mumbai

May 15, 2012

## Additional Information on subsidiary companies for the year ended March 31, 2012

(₹ cr)

Subsidiary Company	Atul Rajasthan Date Palms Ltd	DPD Ltd	Atul Bioscience Ltd	Atul USA Inc**	Atul Europe Ltd	Atul Deutschland GmbH	Atul China Ltd*	Atul Brasil Quimicos Ltda	Ameer Trading Corporation Ltd
Capital	4.05	2.05	7.89	10.23	35.49	0.68	2.81	1.68	0.35
Reserves and surplus	8.27	4.49	5.02	1.88	(0.53)	0.13	(1.00)	-	3.13
Total assets	14.66	6.54	32.55	19.67	34.96	1.01	5.63	1.97	11.32
Total liabilities	2.34	-	19.64	7.56	-	0.20	3.82	0.29	7.84
Investments	0.01	-	0.01	-	23.02	-	-	-	6.64
Turnover	0.27	9.47	14.15	117.13	128.39	0.08	15.42	-	0.15
Profit before tax	(0.86)	1.14	0.86	0.29	2.88	0.01	0.03	-	(0.93)
Provision for taxation	-	0.31	-	0.06	0.12	(0.05)	-	-	-
Profit after taxation	(0.86)	0.83	0.86	0.24	2.76	0.05	0.03	-	(0.93)
Proposed dividend	-	-	-	-	-	-	-	-	-

### Notes:

- 1 The annual accounts of the subsidiary companies and other related information will be made available to the Shareholders of the Company on request to the Company Secretary at the registered office of the Company.
- 2 As per Government of India, Ministry of Company Affairs approval no 47/80/2011-CL-III dated February 9, 2011 all the figures of foreign subsidiary companies have been converted at the exchange rate prevailing as on March 31, 2012.
- 3 Rate of exchange considered as on March 31, 2012 are 1 US\$ = ₹ 51.16, 1 GBP = ₹ 81.80, 1 Euro = ₹ 68.34, 1 Chinese Yuan = ₹ 8.29 and 1 Brazilian Real = ₹ 27.97.

\* formerly known as Atul International Trading (Shanghai) Co Ltd

\*\* formerly known as Atul Americas Inc



## Notes

[illegible]

## Notes

[illegible]

## Notes

[illegible]

## Notes

[illegible]



**Atul Ltd**

Registered Office: Ashoka Chambers, Rasala Marg, Ahmedabad 380006, Gujarat, India

**ATTENDANCE SLIP**

35<sup>th</sup> Annual General Meeting

July 27, 2012, Friday

DP ID		Folio   Client ID No	
-------	--	----------------------	--

Full name of the Shareholder | Proxy attending the meeting

.....  
(First Name) (Middle Name) (Surname)

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) (Surname)

Signature of the Shareholder | Proxy



**Atul Ltd**

Registered Office: Ashoka Chambers, Rasala Marg, Ahmedabad 380006, Gujarat, India

**PROXY FORM**

DP ID		Folio   Client ID No	
-------	--	----------------------	--

I | We ..... of .....

.....  
(Full Address)

in the State of .....being a Member(s) of Atul Ltd,

hereby appoint.....

.....  
(Name in Block Letters)

of .....or failing

.....  
(Full Address)

him | her.....of.....

.....  
(Name in Block Letters)

.....  
(Full Address)

as my | our proxy to vote for me | us on my | our behalf at the 35<sup>th</sup> Annual General Meeting of the Company to be held on July 27, 2012, Friday, at 11.00 a.m. at J B Auditorium Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad 380015, Gujarat, India and at any adjournment thereof.

As WITNESS my | our hand | hands is | are affixed this.....day of.....2012

.....  
(Date)

.....  
(Month)

Notes: 1. The Proxy need not be a Member of the Company.

2. The Proxy Form duly signed across revenue stamp must reach Registered Office of the Company at least 48 Hours before the time of the meeting.



Signature of the Member





# Corporate Information

## Directors

Mr S S Lalbhai  
(Chairman & Managing Director)

Mr G S Patel

Dr S S Baijal

Mr B S Mehta

Mr H S Shah

Mr S A Lalbhai  
(Managing Director)

Mr S M Datta

Dr K Aparajithan

Mr R A Shah  
(Alternate Director)

Mr B N Mohanan  
(Wholetime Director)

Mr V S Rangan

## Company Secretary

Mr T R Gopi Kannan

## Auditors

Dalal & Shah

## Cost Auditors

R Nanabhoy & Co

## Registered Office

Ashoka Chambers, Rasala Marg,  
Ahmedabad 380006,  
Gujarat, India

## Head Office

Atul 396020, Gujarat, India  
E-mail: [sec@atul.co.in](mailto:sec@atul.co.in)  
Website: [www.atul.co.in](http://www.atul.co.in)

## Bankers

Axis Bank  
Bank of Baroda  
Bank of India  
Export Import Bank of India  
State Bank of India

**Atul Ltd**

Ashoka Chambers  
Rasala Marg  
Ahmedabad 380006, Gujarat  
India



Lalbhai Group