



CONSOLIDATION

Foundation for Growth



Consolidation is essential to achieve sustainable growth, and we are committed to continuously improve and strengthen our processes, thus building foundations for the future. Established in 1947, our Company has survived the tests of time, and we are committed to solidly prepare it for the years ahead.

02	Corporate Identity
04	Serving Diverse Industries
06	Purpose and Values
08	Overview by the Chairman

18	Safety, Health & Environment
20	Serving the Society
23	Directors' Report
25	Management Discussion & Analysis

Contents

Expansion is Life,
Contraction is Death.

- Swami Vivekananda

10	Operational Highlights
12	Financial Analysis
16	Research
17	Technology

32	Report on Corporate Governance
46	Notice
52	Ten Year Review
53	Financial Statements

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 realized 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 materialize 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.

2010-11 in Retrospect

Amidst macroeconomic recovery ...

- World output recovered with growth of 4% though riddled with inflation
- Oil price rose from US\$ 79 to US\$ 98 per barrel
- Indian ₹ fluctuated between 44.03 and 47.57 to the US\$

Atul maintained its improvement trend ...

- Sales in value grew by 29% to ₹ 1508 crores and volume by 16%
- Profit before tax increased from ₹ 80 crores to ₹ 139 crores
- Return on average capital employed moved up, consecutively for the 7th year, from 13% to 18%

... and is preparing for sustainable growth

- New initiatives to cut down pollutants are under implementation
- Several debottlenecking and expansion projects are being executed
- Business and people-related processes are continuously reviewed and renewed



... acquired 50% shares in a foreign company manufacturing dyes for synthetic fibres



... bought a (neoprene and polyurethane adhesive) brand



... tied up to exclusively distribute an anti-rust product in India



... continued greening the deserts with plantation of 60,000 more tissue cultured date palms

Corporate Identity

We are a diversified Indian company meeting the needs of varied industries such as Aerospace, Agriculture, Automobile, Construction, Flavour & Fragrance, Paint & Coatings, Paper, Personal Care, Pharmaceutical, Textile and Tyre across the six continents. We manage complex chemical processes in a responsible way.



To enhance focus and efficiency, we have placed the products belonging to our two business segments into seven product groups, namely Aromatics, Bulk Chemicals & Inters, Colors, Crop Protection, Floras, Pharma & Inters and Polymers. For achieving functional excellence and supporting the two business segments, we have established seven functional Units, namely Commercial, Finance, Human Resources, Information Technology, Infrastructure, Research and Technology.

- Founded by Mr Kasturbhai Lalbhai to create wealth in rural India, generate employment and make India self-reliant
- Incorporated on September 15, 1947 and commenced operations on March 17, 1952
- First private sector company of India to be inaugurated by the first Prime Minister of the country, Mr Jawaharlal Nehru

.....

- Share capital of ₹ 29.68 crores
- Promoters' shareholding of 45.66% (March 31, 2011)
- Uninterrupted history of dividend since start of operations except in 1999-00

.....

- Operating in 7 major product groups with high growth potential and having excellent infrastructure and depth in science and technology
- Envisioning becoming a financially robust, dynamic enterprise, known for its products, practices and services and respected for its Values
- Made of 2534 strong employees working as one team, based in 405 villages, towns and cities of India and 3 continents



ATUL LTD



ATUL BIOSCIENCE LTD



ATUL RAJASTHAN
DATE PALMS LTD



ATUL AMERICAS INC



ATUL BRASIL
QUIMICOS LIMITADA



ATUL EUROPE LTD



ATUL INTERNATIONAL
TRADING (SHANGHAI)
CO LTD

The modified logo of Atul largely preserves its original form: 'Atul' is now written in 5 major languages of the world instead of in 7 Indian languages, bringing it in tune with time and echoing our aspiration to better serve customers around the world.

The logo of Atul Bioscience signifies our desire to produce high quality life science chemicals using state-of-the-art facilities and that of Atul Rajasthan Date Palms reflects our endeavour to green the deserts with tissue cultured date palms.

The logos of the foreign subsidiary companies are similar: the southern hemispheric colours, those of Indian flag, depict our Indian roots and the northern hemispheric colours, same as those of the flags of the respective foreign countries, our respect for their people.

Serving Diverse Industries



Aerospace



Agriculture



Automobile



Flavour & Fragrance



Paper



Paint & Coatings



Personal Care



Pharmaceutical



Tyre



- Manufacturing facilities in Gujarat and Maharashtra
- Base in the USA, the UK, China and Brazil, through subsidiary companies
- Distribution network across India

.....

- Manufactures 750 products, divided into Life Science Chemicals and Performance & Other Chemicals segments
- Serves more than 4000 customers world-wide
- Owns 54 brands in Crop Protection and Polymers

Inspired by Purpose

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.



*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 characterized by trusteeship, simplicity, humility, integrity and excellence. We are proud of this legacy and will endeavour to live up to it.

Bonded 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 formalized key Values and are committed to institutionalize them.

We will seek to create an environment wherein these Values are consistently practised and nurtured and ensure that they are not compromised to realize 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 realization 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.

Overview by the Chairman

Dear Shareholders,

The **world economy** the size of which is of the order of US\$ 63 tn in 2010 showed signs of recovery and, according to IMF, grew by about 5.1% (-0.5% in 2009). GDP of India at US\$ 1.2 tn grew by 9%; agriculture, industrial and service sectors contributed 14%, 31% and 55% respectively. Emerging economies are likely to fuel growth in the foreseeable future.

During the same period, the **world Chemical Industry** with revenue of US\$ 3.4 tn grew by 5% driven mainly by China, Brazil and Korea. Indian Chemical Industry at US\$ 56 bn is at number 11, but this merely reflects the potential that still lies hidden to be realized rather than its rank. Chemical Industry in China for example is 11 times bigger than India!

The performance of our Company for the year in terms of sales and profit witnessed further improvement over the preceding year. Working capital in terms of number of days (NoDs) was better though in a small way. Our Company acquired for the first time in its history 50% shareholding in a foreign manufacturing company and established a marketing company in Brazil. Our Company built new foundations to improve performance of its subsidiary and associate companies.

To be specific, despite difficulties and uncertainties, our Company

- improved sales by 29% to ₹ 1508 crores
- improved profit before tax from ₹ 80 crores to ₹ 139 crores
- reduced gross working capital by 19 days to 179 days
- acquired and integrated Polygrip brand
- established Atul Brasil Quimicos
- took steps to implement projects in subsidiary and associate companies

Furthermore, our Company undertook more than 250 **Key Initiatives** (KIs) in the areas of HR Development, Systems, Operations, SH&E, Customer Satisfaction, New Business, Sales, Working Capital and Profitability. The KIs, some of which have been mentioned on pages 10 and 11, taken during the year will help us to strengthen the long-term performance and make our Company more resilient and robust.

During the year, our Company completed **capex** of ₹ 22 crores; of these, ₹ 12 crores were for debottlenecking and expansion, ₹ 7 crores to enhance SH&E and ₹ 3 crores for others. Capex of ₹ 36 crores are still under implementation which will be capitalized during **2011-12**. We are endeavouring to unfold the potential of our Company with relatively small capex, and the more we look within, the larger we see the possibilities to create value; this will help us to grow the business disproportionately higher when compared with the capex | capital employed.

During **2011-12**, we are taking up multifarious KIs to boost the long-term performance of our Company. The nature of these initiatives may be similar, but they are not the same. Our focus to improve the short-term performance without losing sight of the long-term growth will remain the basis of our working. Our **three key challenges** are to improve the contribution margins so as to improve the quality of profit, cut down working capital in terms of NoDs and make the manufacturing operations even more compatible with environment.

We are endeavouring to pursue several **KIs during 2011-12:**

- 51 to enhance efficiencies
- 18 to add new customers and enter new geographies
- 28 to introduce new products

Our collective and individual actions are focused on consistent improvements in all that we undertake. Given that actions and results are different stages of the same process, results will follow actions. It is therefore our endeavour to build a company where we learn to develop depth in our thinking for if our thoughts are good so will be our actions and therefore our results.

Sunil S Lalbhai



- 32 to cut down pollutants
- 16 to debottleneck, reduce time cycles and improve batch sizes
- 9 to improve HR processes

Our Company profile has changed not only in terms of sales, but also its diversity. The earlier way of segmentation though then valid had to be reviewed, and we have from this year started presenting our businesses under two new **Segments**, namely Life Science Chemicals and Performance & Other Chemicals. This is further explained on page 25.

We will be able to face external situations better if we have internal preparedness. We are hence upgrading our **HR processes** and focusing on relevant behavioural and functional competencies so as to help us become more capable. Leadership is more about self management, and we are endeavouring to internalize this basic understanding that we must learn to manage ourselves first to be a good leader.

The founder of our Company and one of the foremost Indians of his times, **Mr Kasturbhai Lalbhai**, lived his life with a larger purpose and fulfilled his social responsibilities in good measure. While being a part

of this distinguished legacy is a privilege for all of us working with Atul, it also casts on us the responsibility to live up to it. You will be pleased to know that our Company is committing more to this cause, not only in terms of money, but also time. We are convinced that this will only improve and sustain the performance of our Company, for this is the ultimate obligation of any business.

Our Company has **competent people** who are committed to work on a long-term basis; this though difficult now a days, is essential when we want to achieve a common vision. Furthermore, the **Board** of our Company consists of eminent professionals. It is my privilege to work under the guidance of such distinguished Directors on the one hand and with a team of dedicated employees on the other.

We in Atul are confident to face the future, and you may remain assured of our total **commitment** to the tasks on hand. May God be with us in all that lies ahead.

Sincerely,

Sunil S Lalbhai

Operational Highlights

Our universe has in it something for every age to investigate.
Nature does not reveal her mysteries once and for all.

- Carl Segan

- Production Sites
- Overseas Subsidiary Companies
- Customer Base

Our endeavour is to enhance the breadth of our thinking to seek growth and the depth to become more competitive. During the year, we had taken a number of initiatives, and we are pleased to share some of them as also their outcome.

People

- Centralization of Finance, Human Resources, Research and Technology
- e-learning module in PeopleSoft
- Articulation of behavioural competencies for senior management

Environment Protection

- Reduction in gaseous emissions of Chlorine, Hydrochloric Acid, Ammonia and acid mist
- Reduction in liquid effluent by 10% despite increase in production by 16%
- Reduction in solid waste by 37%

Manufacturing

- Increase in yield of 20 products
- Decrease in time cycle of 8 products
- Increase in batch size of 13 products



For Graphical Representation Only. Not To Scale.

Water and Energy

- Decrease in water consumption in 17 products
- Decrease in steam consumption in 10 products
- Decrease in electricity consumption in 15 products

Systems

- Improvement in 20 business and people related processes

Marketing

- Total value up 29%
- Total volume up 16%
- *p*-Anisic Aldehyde volume up 39%
- Vat finished value up 59% in continuous dyeing
- Epoxy resins value up 65% and volume 47%
- First time sales of Sulphur Black in Bangladesh and Indonesia

- First time sales of Crop Protection products in Peru and Sudan
- Appointment of more than 400 distributors

New Business

- Commercialization of 6 formulations in Crop Protection
- Introduction of 3 products in Pharma & Inters
- Launch of 23 products and (or) formulations in Polymers
- Purchase and integration of Polygrip brand and sales
- Exclusive distributorship of WD-40 for India

Recognition

- Government of Gujarat Tree Nurturing Encouragement award
- Siemens Ecovatives Earth Care award

Financial Analysis

Highlights

- Sales up by 29% to ₹ 1508 crores
- Profit before tax and exceptional items up from ₹ 80 crores to ₹ 129 crores
- Profit after tax up from ₹ 53 crores to ₹ 96 crores
- Return on average capital employed up from 13% to 18%

Sources of Funds

Capital

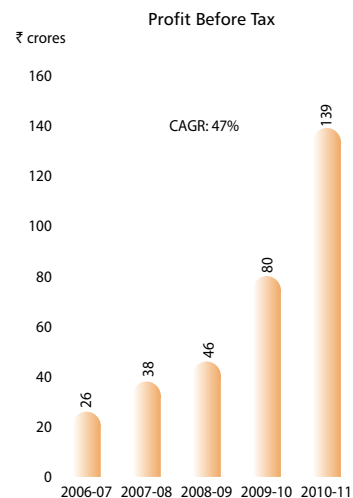
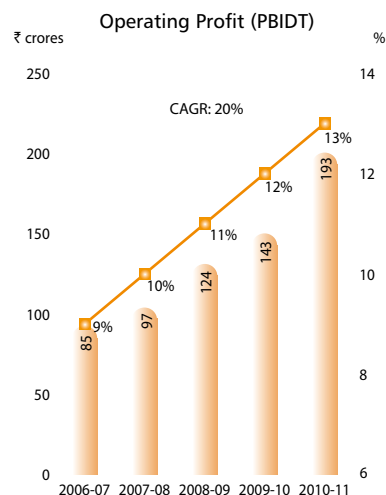
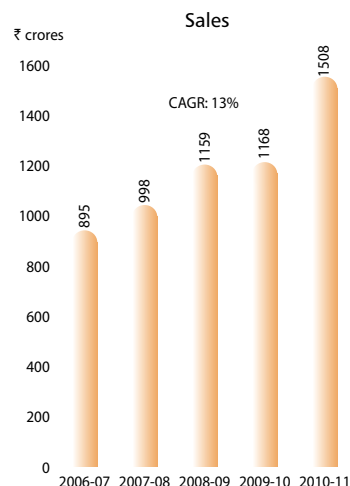
The Company has a paid up share capital of ₹ 29.67 crores comprising 2,96,61,733 Equity Shares of ₹ 10 each as of March 31, 2011.

Reserves and Surplus

Reserves and surplus increased by 18% to ₹ 537 crores during the year owing to profit earned.

Loan Funds

Borrowings increased by 11% to ₹ 328 crores as a result of higher working capital employed due to growth in sales of ₹ 340 crores and also payments towards capital expenditure of ₹ 47 crores. Secured loans constituted 90% of the total. Of the secured loans, 48% was for funding additional working capital; the balance was for projects. Foreign currency loans constituted 34% of the total debt. The Company remained reasonably geared with the ratio of total debt to total equity at 0.58:1.



Application of Funds

Fixed Assets

During the year, the Company invested ₹ 22 crores in fixed assets. The segment-wise spends are outlined below:

Segment	₹ crores
Life Science Chemicals	5
Performance & Other Chemicals	11
Unallocable	6

Depreciation

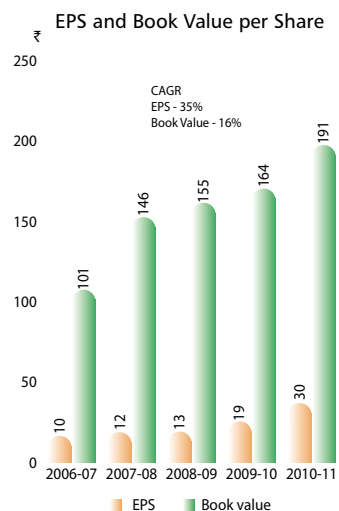
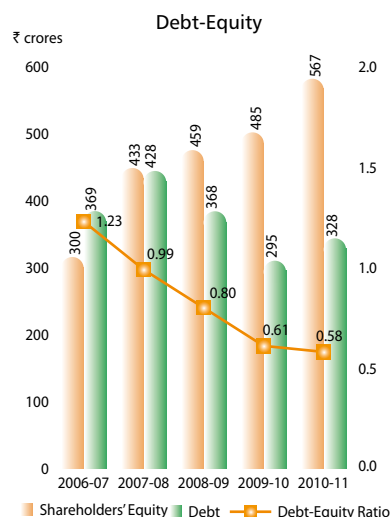
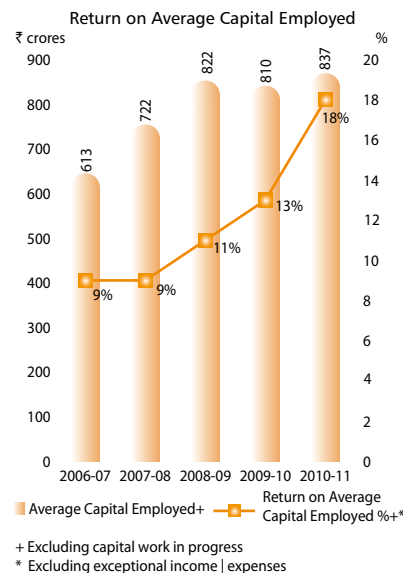
Depreciation increased by 3% over the previous year, corresponding to the increase in plant, machinery and building. Cumulative depreciation as a part of total gross block was 60%.

Investments

The Company invested most of its operational surplus in its business except for ₹ 8.30 crores invested for acquiring strategic shareholding in new businesses. An amount of ₹ 10 crores was invested as Promoter's contribution in the form of Preference Shares (by conversion of loans already made) in an associate company. Other investments remained unchanged at ₹ 65 crores.

Inventories

Inventories constituted 35% of the current assets as on March 31, 2011. Inventories increased by 23% to ₹ 261 crores mainly due to increase in sales of 29%. Inventories holding days reduced by 3 days to 63 days.



Debtors

Debtors constituted 41% of the current assets as on March 31, 2011. Debtors increased by 11% to ₹ 302 crores mainly due to increase in sales of 29%. Debtors' outstanding days reduced by 12 days to 69 days.

Loans and Advances

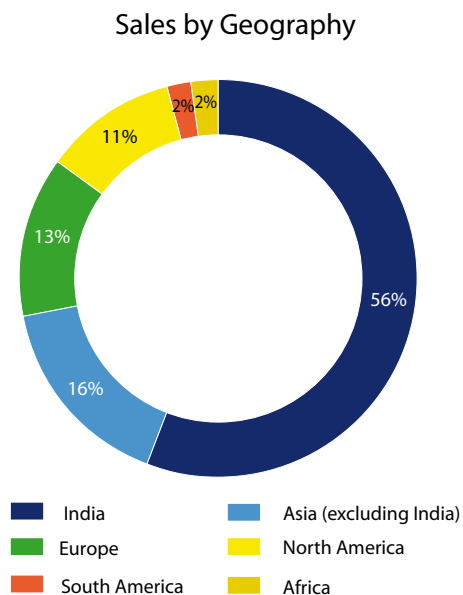
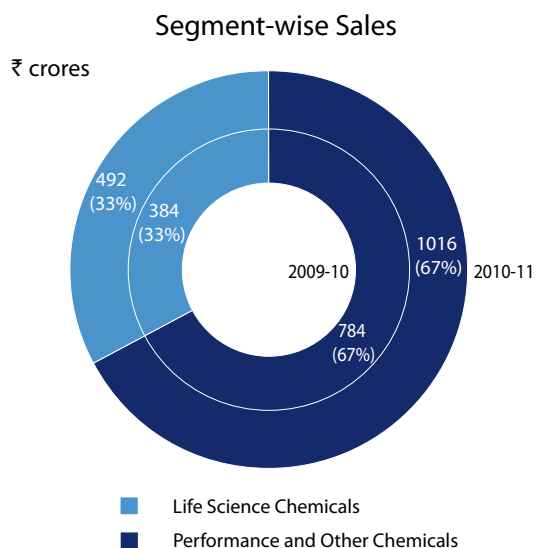
Loans and advances increased by 16% to ₹ 158 crores as on March 31, 2011. The increase was mainly attributable to balance lying with Public Sector Undertakings | Government departments.

Current Liabilities

Current liabilities increased by 7% to ₹ 290 crores as on March 31, 2011 mainly due to growth in operations.

Income

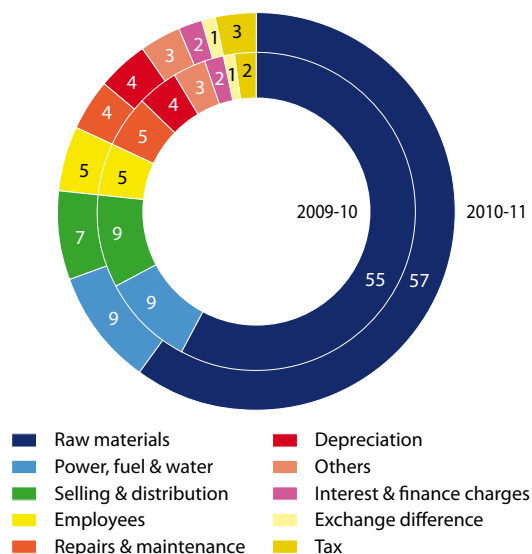
Sales increased by 29% to ₹ 1508 crores. Life Science Chemicals segment grew by 28% to ₹ 492 crores and Performance & Other Chemicals segment grew by 30% to ₹ 1016 crores. Export sales grew by 30% to ₹ 667 crores, whereas domestic sales grew by 28% to ₹ 841 crores.



Expenditure

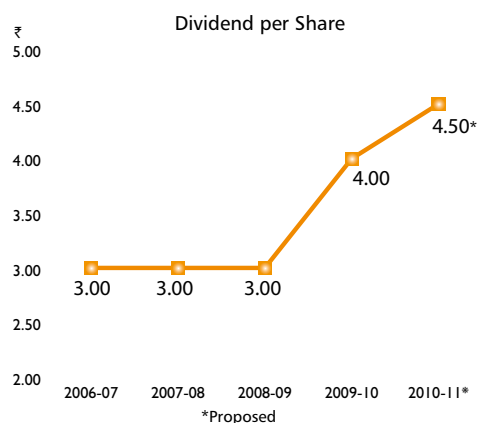
Total expenditure (excluding tax) decreased by 2% in terms of percentage of total operating revenues and increased by 27% in absolute terms over the previous year.

Individual Expense head as a percentage of Operating Revenues



Dividend

The Board has recommended a higher dividend of 45% (up from 40%) on fully paid up Equity Shares of ₹ 10 each, for the year ended March 31, 2011. Accordingly, proposed dividend (including dividend distribution tax), if approved by the Shareholders, will absorb ₹ 16 crores as against ₹ 14 crores and will be 18% of the profit after tax.



Research

Having manufacturing, research and technology working together as opposed to being an independent part of each product group has the advantage of transfer of knowledge which may otherwise remain confined to a smaller group.

Research Unit is one of the main pillars of the Company structure. In addition to helping to resolve problems in manufacturing operations, the Unit focuses on improving the existing processes and developing new products. Bettering the yields, enhancing the quality, reducing the pollutants, identifying products from liquid effluents and synthesizing new products competitively are some of the initiatives it takes to improve the performance.

Each product group has dedicated R&D and QA departments, and these along with the Corporate R&D form the Unit, with 256 employees. The Company is committed to invest and spend further to strengthen this vital function. The photographs will provide some idea about the infrastructure that supports the aforementioned initiatives.

During the year, the Unit helped to overcome 9 manufacturing related problems and improve 2 processes. It developed 58 products and formulations and supported 15 scale-ups. It undertook 9 initiatives to cut down gaseous, liquid and solid pollutants. 22000 square feet of area was completely redone to house the new Pharma & Inters R&D which will significantly help in entering new APIs and value added API intermediates, all belonging to Life Science Chemicals segment.



Technology

The endeavour is to build a matrix organisation so as to avail the benefit of combining the strengths not only of the physical assets, but also of the people and their ideas.

Technology Unit focuses on achieving excellence in Unit Processes and Unit Operations with the objective of maximizing the output, efficiency and productivity with equal emphasis on Safety, Health & Environment (SH&E). Bettering the yields, reducing utilities consumed, improving the recoveries, debottlenecking the capacities, automating, converting batch processes to continuous, etc are the initiatives pursued by the Unit to improve performance.

Though placed under the umbrella of the Unit, each product group generally has a dedicated team focusing on manufacturing, technology improvements and projects. The combined number of employees of these departments is 1653. Given the significant backward integration and the major value addition in the manufacturing stage and also the manpower intensive processes, the performance of Atul significantly depends upon manufacturing efficiencies and people productivity.

During the year, the output in volume term was higher by 16%. There were in all 67 initiatives taken up to bring about multifarious improvements: 16 for yields, 26 for utilities, 8 for recoveries, 9 for debottlenecking, 7 for automating and 1 for converting batch process to continuous. The Company began to put in place a new process to enhance the quality of reporting related to Corporate Governance.



Safety, Health & Environment

As one of the oldest chemical companies of independent India, Atul has taken initiatives since its inception to enhance safety, promote health and protect environment. The Company is continuing to consistently invest its resources so as to benchmark against the best in the world and remains committed to conduct business responsibly.

The Company further refined the linkage between the performance in SH&E and the performance rating of the concerned managers. In all, it took 34 initiatives to improve its performance, 14 in safety, 11 in health and 9 in environment protection. Some of the key initiatives taken during the year and (or) their outcomes are mentioned below:

Safety

- added 3 new procedures
- published a new book-let for better dissemination of information
- registered 2 large volume products, *p*-Cresol and Manganese Sulfate for REACH through Atul Europe and 2 more lined up
- notified 50 products for Classification, Labeling and Packaging legislation of European Union
- converted 100 Material Safety Data Sheets into Extended Safety Data Sheets
- conducted 38 programs for enhancing safety awareness
- 4 employees received *Shram Ratna* award, given by the Government of Gujarat



Health

- conducted 11 programs for fitness and health awareness
- checked general health of 1025 employees

Environment

- commissioned state-of-the-art multi-effect evaporator to enable Ankleshwar site to progressively move to 'zero discharge'
- made environment monitoring more efficient and reliable through on-line monitoring system in selected areas at Valsad site
- undertook a water harvesting project at Valsad site
- received No Objection Certificate from Gujarat Pollution Control Board for putting up a tissue culture laboratory at Ankleshwar site 2
- received Tree Nurturing Encouragement award from the Government of Gujarat

The Company has an excellent SH&E department, managed by a team of well educated, experienced and competent professionals. Given the diverse nature of its products, there is also a SH&E coordinator for each product group.

Indeed, the awareness in the areas of SH&E is overall increasing. Better the performance of SH&E, bigger the possibility of growth, and the Company is prepared to meet higher standards of SH&E.



Serving the Society

Every business enterprise established by Mr Kasturbhai Lalbhai was built on the belief that what comes from the society must go back to it many times over, and it has remained the endeavour of Atul to conduct business with a larger purpose.

Atul has the legacy of serving the society ever since its incorporation, and the Company has continuously taken up several projects in the areas of health, education and culture and stood by those less fortunate in the times of famines, floods and earthquakes.

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

During the year, the Company in its own modest way undertook the following initiatives in the areas of health, education and culture in its endeavour to serve the society:

Health

- arranged 9 Measles, Mumps and Rubella vaccination camps
- conducted 1 general medical diagnostic camp
- conducted 4 eye camps, arranged cataract operations and provided free spectacles
- organized 13 blood donation camps
- participated in 4 projects to improve drinking water facilities in villages



Education

- commenced setting up of Atul Institute of Vocational Excellence in collaboration with the Government of Gujarat
- conducted 18 classes for teaching repairing of computers
- conducted 142 classes for teaching spoken English
- conducted 2 classes for creating awareness in science
- provided 10,000 writing materials to students of 20 primary schools
- took the students of the adopted schools to National Defence Academy
- organized tour of the students of the adopted schools to Indian Navy



Development

- constructed 6 civic amenities
- took up 42 projects in 24 villages related to social welfare

Culture

- arranged 6 cultural events
- organized 2 food festivals
- organized 1 Anand Mela
- organized 22 sports competition



Board of Directors



Dr S S Baijal



Mr B S Mehta



Mr S A Lalbhai



Dr K Aparajithan



Mr B N Mohanan



Mr G S Patel



Mr S S Lalbhai



Mr H S Shah



Mr S M Datta



Mr R A Shah



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, 2011.

Financial results

(₹ crores)

	2010-11	2009-10
Net sales and operating income	1548	1198
Other income	6	6
Total revenues	1554	1204
Profit before tax and exchange rate difference	148	89
Exchange rate difference income (expense)	(9)	(9)
Profit before tax	139	80
Provision for tax	43	27
Profit for the year	96	53
Tax adjustments for the earlier years	(6)	4
Profit available for appropriation	90	57
Balance brought forward	265	227
Disposable surplus	355	284
Appropriations		
General reserve	5	5
Proposed dividend	14	12
Dividend distribution tax on above	2	2
Balance carried forward	334	265

Dividend

The Board recommends payment of dividend of ₹ 4.5 per share on 2,96,61,733 Equity Shares of ₹ 10 each fully paid up. The dividend will entail an outflow of ₹ 15.51 crores (including dividend distribution tax) on the paid-up Equity Share capital of ₹ 29.66 crores.

Financial Performance

Net sales increased by 29% to ₹ 1508 crores. While Life Science Chemicals segment grew by 28% to ₹ 492 crores, Performance & Other Chemicals segment grew by 30% to ₹ 1016 crores. Profit after tax increased from ₹ 53 crores to ₹ 96 crores. Higher profit was mainly on account of higher sales resulting from volume growth of around 16%. The return on average capital employed improved from 13% to 18%. Interest to sales ratio reduced from 2.2% in the previous year to 1.7%. Borrowings increased by ₹ 33 crores as a result of higher working capital employed due to growth in sales and also payments towards capital expenditure of ₹ 47 crores. During the year, CARE upgraded

credit rating to PR1+ (from PR1 in the previous year) for short-term debts and to A (from A- in the previous year) for long-term debts of the Company.

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 H S Shah, Dr S S Baijal and Dr K Aparajithan retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting scheduled on August 4, 2011.

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 2011-2012 to Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

Fixed Deposits

Fixed deposits amounting to ₹ 0.20 crore as on March 31, 2011 were not claimed by the depositors. The fixed deposits which matured on or before March 31, 2004, 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.

Information regarding conservation of energy, technology absorption, foreign exchange earnings and outgo, employees, etc.

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 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 and 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 six subsidiary companies namely, Ameer Trading Corporation Ltd, Atul Americas Inc, Atul Deutschland GmbH, Atul Europe Ltd, Atul Rajasthan Date Palms Ltd and Atul International Trading (Shanghai) Co Ltd. It has got exemption from attaching the details as provided under Section 212(1) of the Companies Act, 1956 in respect of the subsidiary companies. 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, 2011 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, 2011 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 2011-12, 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 13, 2011

Sunil S Lalbhai
Chairman & Managing Director

Management Discussion & Analysis

The Company has made reassessment of the risks and returns of its product groups, the nature of its businesses, the class of its customers, etc, and accordingly reclassified its product groups into two segments, namely, Life Science Chemicals and Performance & Other Chemicals. Generally, products used in Agriculture and Pharmaceutical industries are now a part of Life Science Chemicals segment and other products are a part of Performance & Other Chemicals segment.

Segment: Life Science Chemicals

	2010-11	2009-10	% change
Sales (₹ crores)	492	384	28
Share in total sales (%)	33	33	-

The performance and other details of the product groups are given below:



22% of the total. Export sales increased by 22% to ₹ 152 crores and formed 49% of the total.

World market for crop protection chemicals is estimated at US\$ 44 bn and is growing at about 2%. 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\$ 111 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 realizations. 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, Others

Crop Protection product group mainly comprises Herbicides and Fungicides and are used by Agriculture industry for protection of crops. The group comprises 9 products and 54 formulations. Atul is not currently into Seeds product group which is now becoming an important input for Agriculture industry.

During the year, sales of the product group increased by 25% to ₹ 308 crores. Brand sales which is currently only in India increased by 10% to ₹ 69 crores and accounted for

Pharma & Inters

Products

APIs, API intermediates, Others



Pharma & Inters product group mainly comprises API intermediates and a few APIs used by Pharmaceutical industry under five broad therapeutic categories, namely, anti-depressant, anti-diabetic, anti-infective and anti-retroviral. The group comprises 27 products and is relatively a new introduction to the product portfolio of Atul. The Company is not currently engaged in formulations of APIs.

During the year, sales of the product group increased by 34% to ₹ 184 crores. Export sales increased by 43% to ₹ 95 crores and formed 51% of the total. Atul Bioscience made its first sales, and the Company is expected to focus only on the products required by Pharmaceutical industry.

World market for pharmaceuticals is estimated at US\$ 700 bn and is growing at about 4%. Indian market for such products

is estimated at US\$ 20 bn and is growing at about 10%. There are about 50 major companies, which dominate the world marketplace.

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 capacities, ii) introducing new products and iii) significantly improving efficiencies. 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 realizations.

Segment: Performance & Other Chemicals

	2010-11	2009-10	% change
Sales (₹ crores)	1016	784	30
Share in total sales (%)	67	67	-

The performance and other details of the product groups are given below:

Aromatics

Products

p-Cresol, Others



Aromatics product group mainly comprises *p-Cresol* and its downstream products and used by Flavour & Fragrance and Personal Care industries. The group comprises 21 products.

During the year, sales of the product group increased by 17% to ₹ 188 crores. Export sales increased by 22% to ₹ 130 crores and formed 69% of the total. The Company undertook capacity expansion of *p-Cresol*.

World market of *p-Cresol* is estimated at 65,000 mt and is growing at about 2%. Though earlier the product used to be manufactured in the UK and the USA, China and India are now 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.

Fluctuations in foreign exchange will impact sales realizations.

Bulk Chemicals & Inters

Products

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



Bulk Chemicals & Inters product group 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. The group comprises 15 products.

During the year, sales of the product group remained unchanged at ₹ 65 crores. Export sales formed 29% of the total.

World market for bulk chemicals is growing at about 2% and Indian market is growing at about 4%. World market for Resorcinol is estimated at US\$ 275 mn and is growing at about 2%; Indian market for the product is estimated at US\$ 14 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 product groups. Tyre industry is expected to grow further because of increasing population on the one hand and improving standard of living on the other. It will participate in this growth by i) increasing and modernizing capacities of the bulk chemicals, ii) increasing capacity and efficiency of Resorcinol and iii) introducing new and down stream products.

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

Colors

Products

Textile dyes, Pigments, Paper dyes, Others



Colors product group mainly comprises dyes for natural fibres such as Vat, Sulphur, Reactive and Direct and to a very small extent those for synthetic fibres such as Acid and Disperse, used by Textile industry and some by Paper. The group comprises of about 400 products.

During the year, sales of the product group increased by 13% to ₹ 325 crores. Export sales formed 44% of the total. The Company formed partnership by investing 50% in M. Dohmen S.A., a manufacturer of dyes for synthetic fibres, having manufacturing facilities in Germany, Korea and Switzerland.

World market for dyes and auxiliary chemicals is estimated at US\$ 11 bn and is growing at about 2% and Indian market is estimated at US\$ 300 mn and is growing at about 3%. There are few companies based in Europe and China which dominate the world marketplace. China is the largest manufacturer of dyes followed by India.

The main user industry, namely, Textile, 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 dyes, pigments and textile chemicals, iii) significantly improving efficiencies and iv) enhancing the presence in other countries, particularly in South America. It will also form long-term alliances with other companies.

Fluctuations in foreign exchange will impact sales realizations. Given that manufacture of dyes generates pollutants, treatment cost will remain high.

Polymers

Products

Epoxy Resins and Hardeners, Reactive diluents, Sulphones



Polymers product group 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 80 products and 220 formulations.

During the year, sales of the product group increased from ₹ 268 crores to ₹ 438 crores. Brand sales which is currently only in India increased from ₹ 18 crores to ₹ 53 crores and accounted for 12% of the total. Export sales increased from ₹ 75 crores to ₹ 128 crores and formed 29% of the total. The Company acquired and integrated Polygrip brand and took up distribution of WD-40, a product that has good synergy with its current portfolio. It expanded capacities in selected products.

World market for Epoxy Resins and Hardeners is estimated at US\$ 20 bn and is growing at about 2% and Indian market is

estimated at US\$ 300 mn and is growing at about 10%. 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 5%. There are about 4 major companies which dominate the world marketplace.

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) enhancing presence in other countries.

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 Company has adequate internal control Systems for safeguarding its assets, ensuring that transactions are in accordance with its policies and are duly authorized, recorded and reported, and preventing possibilities of frauds or other irregularities. The Internal Audit department is adequately staffed with qualified professionals and the efficiency and effectiveness of controls are independently checked by them and reported to the Audit Committee for its review. The annual audit plan is reviewed by and major findings and actions taken | proposed to be taken are reported to the Committee.

The Company is working to further strengthen the Systems of Internal Audit and risk assessment and mitigation. During the year, it has taken the following specific initiatives to improve in these areas:

1. Introduced risk-based process reviews with the help of reputed external firms
2. Created future state design Manuals | SOPs for three critical processes, namely, Inventories, Sales & Marketing and Procurement
3. Strengthened in-house team by inducting experienced and skilled professionals

If you want to go fast, go alone,
but if you want to go far, go together.

- African Proverb

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 Training & Development, Performance Management and Competencies. The implementation of PeopleSoft, an integrated software package from Oracle, is now helping in this endeavour and will support the aspiration to achieve sustainable growth.

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. Performance Management process has become 'on-line' and is continuously upgraded; more the clarity, better the performance.

Despite growth of business and in spite of increase in brand sales (which calls for more people in the marketplace), the number of employees as on March 31, 2011 at 2534 remained marginally lower to that a year ago. The number does not include those working in stand-alone subsidiary or associate companies. Of these, 464 employees formed part of the Research and Marketing departments.

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



The human voice can never reach the distance
that is covered by the still small voice of conscience.

- Mahatma Gandhi

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 expenditures and operating budgets
- 2.1.02 Approving proposals for joint ventures, collaborations, mergers and acquisitions
- 2.1.03 Approving loans and investments
- 2.1.04 Reviewing foreign exchange exposure and exchange rate movement, if material
- 2.1.05 Approving sale of investments and assets
- 2.1.06 Approving borrowings in nature of short, medium or long-term
- 2.1.07 Approving creation of charge on assets in favour of lenders
- 2.1.08 Approving unaudited quarterly and half-yearly financial results and audited annual accounts, both consolidated and on a standalone basis including segment-wise revenues, results and capital employed
- 2.1.09 Reviewing fatal or serious accidents, dangerous occurrences and material environmental matters

- 2.1.10 Reviewing default in payment of statutory dues
- 2.1.11 Approving commission payable to the Directors within the limit set by the Shareholders
- 2.1.12 Recommending | approving declaration of dividend
- 2.1.13 Noting minutes of the meetings of the Board, Audit, Shareholders' and Investors' Grievance Committees or any other Committee meetings held during the year and also the resolution(s) passed by circulation
- 2.1.14 Approving cost audit reports
- 2.1.15 Recommending appointment of the Statutory Auditors and the Cost Auditors
- 2.1.16 Reviewing materially important show cause, demand, prosecution and penalty notices
- 2.1.17 Approving contracts in which Director(s) are deemed to be interested
- 2.1.18 Approving matters requiring statutory | Board consent
- 2.1.19 Reviewing status on compliance of regulatory | statutory and listing requirements
- 2.1.20 Noting general notices of interest of the Directors

2.2 Appointment and Tenure

2 | 3rd of the Directors are rotational Directors. 1 | 3rd 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 of 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, industry, finance and law.

Number	Name	Directorship(s) in other company(ies) ¹	Membership(s) of the Committee(s) of the Board(s) ²	Chairmanship(s) of the Committee(s) of the Board(s) ²
Chairman & Managing Director				
1	Mr S S Lalbhai	5	3	–
Managing Director				
2	Mr S A Lalbhai	3	1	1
Whole time Director				
3	Mr B N Mohanan	7	–	–
Independent Directors				
4	Mr G S Patel	–	1	1
5	Dr S S Baijal	4	1	3
6	Mr B S Mehta	14	5	5
7	Mr H S Shah	7	2	3
8	Mr S M Datta	13	4	2
9	Dr K Aparajithan	–	–	–
10	Mr R A Shah (Alternate Director to Dr K Aparajithan)	15	5	5
11	Mr V S Rangan (w.e.f. July 19, 2010)	11	8	–

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

¹ excludes Alternate Directorships and Directorships in foreign companies and private limited companies

² 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 seven times:

Number	Day	Date	Venue
1	Thursday	May 13, 2010	Mumbai
2	Monday	July 19, 2010	Mumbai
3	Thursday	August 12, 2010	Mumbai
4	Wednesday	September 29, 2010	Mumbai
5	Friday	October 29, 2010	Mumbai
6	Friday	January 28, 2011	Mumbai
7	Friday	March 18, 2011	Mumbai

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

Number	Name	Attendance		AGM on August 31, 2010
		Total	Attended	
1	Mr S S Lalbhai	7	7	Present
2	Mr G S Patel	7	6	–
3	Dr S S Baijal	7	5	Present
4	Mr B S Mehta	7	7	–
5	Mr H S Shah	7	4	Present
6	Mr S M Datta	7	6	Present
7	Dr K Aparajithan	7	0	–
8	Mr R A Shah	7	7	–
9	Mr S A Lalbhai	7	7	Present
10	Mr B N Mohanan	7	7	Present
11	Mr V S Rangan (w.e.f. July 19, 2010)	6	6	Present

2.6 Appointment | cessation during the year

- Appointed: Mr V S Rangan with effect from July 19, 2010.
- Resigned: Nil
- Ceased: Nil

2.7 Remuneration

Number	Name	Remuneration during the year			
		Sitting fees	Salary and perquisites	Commission	Total
		₹	₹	₹	₹
	Chairman & Managing Director				
1	Mr S S Lalbhai	–	70,88,963	93,57,672	1,64,46,635
	Managing Director				
2	Mr S A Lalbhai	–	45,15,749	39,58,866	84,74,615
	Whole time Director				
3	Mr B N Mohanan	–	62,33,221	–	62,33,221
	Independent Directors				
4	Mr G S Patel	3,10,000	–	10,50,000	13,60,000
5	Dr S S Baijal	2,80,000	–	8,40,000	11,20,000
6	Mr B S Mehta	3,60,000	–	10,80,000	14,40,000
7	Mr H S Shah	1,00,000	–	3,00,000	4,00,000
8	Mr S M Datta	1,80,000	–	6,00,000	7,80,000
9	Dr K Aparajithan	–	–	–	–
10	Mr R A Shah (Alternate Director to Dr K Aparajithan)	2,00,000	–	6,00,000	8,00,000
11	Mr V S Rangan	2,00,000	–	6,00,000	8,00,000

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

- Overseeing the financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible
- Recommending appointment and removal of the Statutory Auditors and fixation of audit fees, and approval of payment for any other services
- 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) Mandatory reviewing of the following information
 - 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) Discussing with the Internal Auditors on any significant findings and follow up thereon
- ix) Reviewing findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or failure of Internal Control Systems of material nature and reporting such matters to the Board
- x) 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
- xi) Reviewing financial and risk management policies
- xii) 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
- xiii) 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
- xiv) Ensuring compliance of Internal Control Systems
- xv) Reviewing functioning of the Whistle Blower mechanism
- xvi) Formulating the Code of Conduct and related matters
- xvii) Periodically reviewing compliance reports of all laws applicable to the Company as well as steps taken to rectify instances of non-compliances
- xviii) Reviewing financial statements, in particular, the investments made by the unlisted subsidiary companies
- xix) Reviewing all significant transactions and arrangements entered into by the unlisted subsidiary companies
- xx) Determining procedures about the risk assessment and minimization and reviewing periodically to ensure that the executive management control risks through means of a properly defined framework
- xxi) 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
- xxii) Approving the appointment of CFO

3.1.2 Composition

The Committee comprises of 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 eight meetings were held:

Number	Name	Total	Attended
1	Dr S S Baijal	8	6
2	Mr G S Patel	8	7
3	Mr B S Mehta	8	8
4	Mr V S Rangan*	4	4

* Appointed w.e.f. August 12, 2010

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

The Board notes the minutes of the Audit Committee meetings.

3.2 Share Transfer and Shareholders' | Investors' Grievance Committee

3.2.1 Role

- i) Redressing 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) Any other related matter which the Committee may deem fit in the circumstances of the case including the following:
 - Transfer shares
 - Transmission of shares
 - Delete names from share certificates
 - Change names of the Members on share certificates
 - Issue duplicate share certificates
 - Consolidate share certificates
 - Transpose names
 - Dematerialize shares
 - Inter depository transfer
 - Rematerialize shares
 - Split-up shares
 - Replace shares
 - Delete guardian

3.2.2 Composition

The Committee comprises of 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 Compliance Officer.

3.2.3 Meetings and Attendance

During the year six meetings were held:

Number	Name	Total	Attended
1	Mr G S Patel	6	6
2	Mr S S Lalbhai	6	6

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	16	16
2	Non-receipt of share certificates	5	5
3	Non-receipt of duplicate share certificates	1	1
4	Others	3	3
Total		25	25

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

3.3 Investment Committee

3.3.1 Role

The Committee, if thought fit:

- Approves capex proposals exceeding ₹ 3 crores each, as may be recommended by the Chairman & Managing Director
- Approves business strategies as may be proposed by the Chairman & Managing Director
- Approves sale of investments held in Equity Shares
- Recommends to the Board acquisition and disinvestment or divestment proposals
- Recommends 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 of 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	2
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 of 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, 2011, the Company had one wholly-owned non-material Indian unlisted subsidiary company, namely, Ameer Trading Corporation 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.

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
2007-08	Gujarat Chamber of Commerce and Industry Ashram Road, Ahmedabad 380015, Gujarat, India	August 25, 2008	11.00 a.m.
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.

7.1.2 During the year, two special resolutions were passed through Postal Ballot. The details of the Postal Ballot results are as under:

Special Resolutions under Section 17 and 149(2) of the Companies Act, 1956 seeking Members' consent for alteration of "Other Objects" Clause in Part C in the Memorandum of Association and commencement of new businesses. Voting conducted through Postal Ballot vide notice dated September 1, 2010:

Number of Valid postal Ballot forms received	516
Number of invalid postal ballot forms received	173*
Votes in favour of the Resolution 1	16083652
Votes against the Resolution 1	7225
Votes in favour of the Resolution 2	16080230
Votes against the Resolution 2	7033

* Represent 57522 votes

7.2 Annual General Meeting 2011

Details of the 34th AGM are as under:

Year	Location	Date	Time
2010-11	J B Auditorium Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad 380015 Gujarat, India	August 04, 2011	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 Annual General Meeting.

7.3 Financial Year

April 01 to March 31

7.4 Date of Book Closure

July 01, 2011 to July 04, 2011

7.5 Dividend Payment Date

August 10, 2011

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 2011-12 to all the Stock Exchanges where securities are listed. Pursuant to a circular of Securities and Exchange Board of India (SEBI), Custody charges 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 2010	104.60	87.10	18047.60	17276.80
May 2010	95.85	83.70	17536.86	15960.15
June 2010	105.25	85.15	17919.62	16318.39
July 2010	121.20	98.75	18237.56	17395.58
August 2010	144.30	107.80	18475.27	17819.99
September 2010	155.60	134.00	20267.98	18027.12
October 2010	187.45	142.90	20854.55	19768.96
November 2010	217.95	162.50	21108.64	18954.82
December 2010	188.60	153.30	20552.03	19074.57
January 2011	194.90	161.00	20664.80	18038.48
February 2011	182.90	152.30	18690.97	17295.62
March 2011	184.60	150.30	19575.16	17792.17

7.9 Registrar and Transfer Agent

For physical and dematerialised shares:

Sharepro Services (India) Pvt Ltd

Second Floor, 13 AB Samitha Warehousing Complex, Sakinaka Telephone Exchange Lane, Mumbai 400072, Maharashtra, India Telephone Number: +91 22 67720329, 67720354

7.10 Share Transfer System

Securities lodged for transfer at the office of the Registrar are processed within 30 days from the date of lodgment, 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, 2011

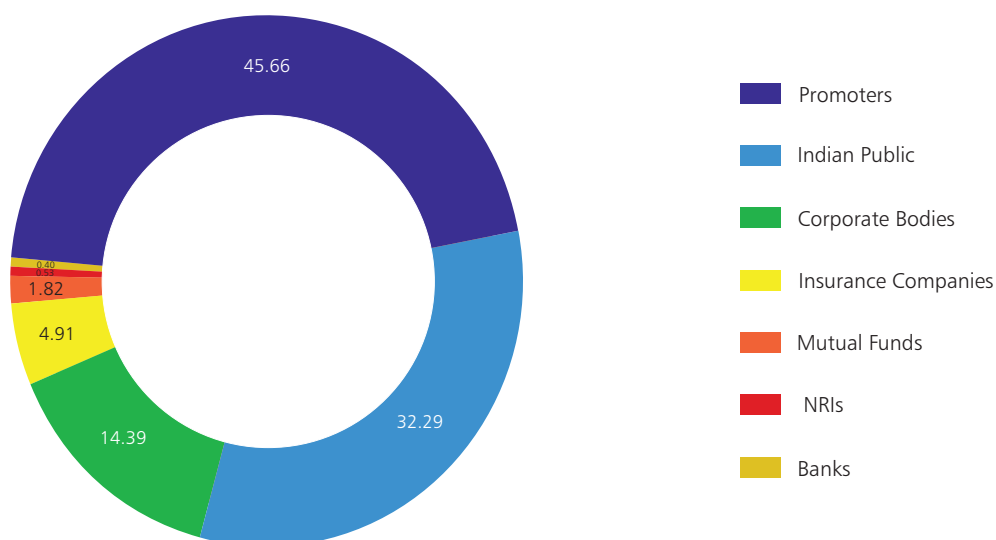
i) Shareholding wise:

Holding	Shareholders		Shares	
	Numbers	% of Total	Numbers	% of Total
1 – 10	4533	13.43	24079	0.08
11 – 50	13095	38.80	370680	1.25
51 – 100	5825	17.26	498253	1.68
101 – 500	7617	22.57	1899133	6.40
501 – 1000	1326	3.93	1013822	3.42
1001 – 2000	616	1.83	919886	3.10
2001 – 3000	219	0.65	556014	1.88
3001– 4000	97	0.29	348849	1.18
4001 – 5000	90	0.27	422921	1.42
5001 – 10000	158	0.47	1162387	3.92
10001 and above	168	0.50	22445709	75.67
Total	33744	100.00	29661733	100.00

ii) Category wise

Category	Shares (Numbers)	Shareholding (%)
Promoters	1,35,45,114	45.66
Mutual Funds	5,40,750	1.82
Banks	1,17,371	0.40
Insurance Companies	14,55,483	4.91
Foreign Institutional Investors	900	–
Corporate Bodies	42,66,864	14.39
Non-Resident Indians Overseas Corporate Bodies	1,56,523	0.53
State Government	336	–
Indian Public	95,78,392	32.29
Total	2,96,61,733	100.00

Shareholding (%)



7.12 Dematerialisation of shares and liquidity

Electronic holding by the Members comprising 95.25% of the paid-up equity share capital of the Company and 4.75% were in physical form as on March 31, 2011.

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

Share capital of the Company comprises of 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	90
5	Mr S M Datta	1000
6	Dr K Aparajithan	600
7	Mr R A Shah	50
8	Mr V S Rangan	2000

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, Dadar West, Mumbai 400028, Maharashtra, India

7.17 Address for correspondence

Secretarial and Legal department, Atul 396020, District Valsad, 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	Since the financial results are published in the newspapers as well as displayed on the website of the Company BSE NSE Corp filing website, the results are not sent to each household of the Members
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: www.atul.co.in On the website of the Stock Exchanges: www.corp.filing.co.in
Whether it also displays official news releases	Official news releases as and when issued are placed on the website of the Company
The Presentations made to institutional investors or to the analysts	Presentation was made to analysts on October 29, 2010 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 13, 2011 in which the accounts for the year ended March 31, 2011 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 13, 2011

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, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the 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 Agreements.

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

Mumbai
May 13, 2011

S. Venkatesh

Partner

Membership No. F-037942

Notice

NOTICE is hereby given that the 34th Annual General Meeting (AGM) of the Members of the Company will be held on August 04, 2011, Thursday, at 11.00 a.m. at J B Auditorium Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad 380015, Gujarat, India to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2011 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 H S Shah 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 of Dr S S Baijal 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 Dr K Aparajithan 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.

Special Business:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956, the Company hereby accords its approval to the reappointment of Mr S A Lalbhai as Managing Director of the Company and his receiving of remuneration including minimum remuneration for a period of 5 years with effect from December 15, 2011, as per the draft of agreement submitted to this meeting and for identification initialed by the Chairman, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said reappointment and/or agreement in such manner as may be agreed to between the parties and within the limits prescribed by the Central Government.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to alter and vary any or all of the terms and conditions as approved vide this resolution as may be deemed fit from time to time which may have the effect of increasing the remuneration (including commission) and for considering modifications, if any, by the Central Government in regard to the policy/guidelines pertaining to managerial remuneration and for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion

deem necessary, expedient, usual or proper in the best interest of the Company.”

By order of the Board

Ahmedabad
May 13, 2011

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 attached to the Balance Sheet for the year ending March 31, 2011 are enclosed.
3. Book closure: The Register of Members and the share transfer books of the Company will remain closed from July 01, 2011 to July 04, 2011 (both days inclusive).
4. Distribution of dividend: The dividend, if sanctioned, will be paid to those Members holding shares in physical form whose names stand on the Register of Members on July 04, 2011. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares of opening position as on July 01, 2011, as per details furnished by the depositories for this purpose.

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.
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 16th dividend onwards, that is, from the year ended March 31, 2004, 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
16 th	March 31, 2004	August 06, 2004	15	September 02, 2011
17 th	March 31, 2005	August 05, 2005	20	September 01, 2012
18 th	March 31, 2006	August 04, 2006	30	August 30, 2013
19 th	March 31, 2007	August 31, 2007	30	August 30, 2014
20 th	March 31, 2008	August 25, 2008	30	August 24, 2015
21 st	March 31, 2009	August 07, 2009	30	August 06, 2016
22 nd	March 31, 2010	September 06, 2010	40	September 05, 2017

No claim will lie from a Member once the transfer is made to the said Fund. 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, 2003.

6. 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.
7. Reappointment of the Directors: At the ensuing AGM, Mr H S Shah, Dr S S Bajjal and Dr K Aparajithan 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	Mr H S Shah
Date of birth	October 4, 1934
Brief résumé	<p>Mr H S Shah holds MA degree. He has over four decades of experience in senior administrative management position in Government of India and Industry.</p> <p>Mr Shah held the following positions</p> <p>Chairman & Managing Director, Indian Petrochemicals Corporation Ltd</p> <p>Joint Secretary to the Prime Minister</p> <p>Secretary, Posts & Telegraph Board of India</p> <p>Founder Chairman, Gujarat Institute of Desert Ecology</p> <p>Chairman, Gujarat Industrial Investment Corporation</p> <p>Chairman, National Institute of Design</p> <p>Vice Chairman, GE Capital (India) Ltd</p> <p>Advisor, General Electric Co. Ltd</p> <p>Chairman, Gujarat Industrial Research & Development Agency</p> <p>Chairman, Vikram A. Sarabhai Community Science Centre</p> <p>Member, Board of Governors of IIT (Mumbai)</p> <p>Member, Central Pollution Control Board and other institutions</p> <p>Chairman, Gujarat Ecology Commission</p> <p>Joint Director, Bureau of Public Enterprises, Government of India</p> <p>He also headed several government committees.</p> <p>Academic Research:</p> <p>Charutar Arogya Mandal (Medical College & Hospital) (President)</p> <p>Darshak Itihas Nidhi (Chairman)</p> <p>Gujarat Ecology Society (Chairman)</p> <p>Gujarat Rural Institute for Socio Economic Reconstruction (Chairman)</p> <p>Social Cultural Rural Development:</p> <p>Bharatiya Agro-Industries Foundation (Life Trustee)</p> <p>Gujarat Nature Conservation Society (Life Trustee and Member Governing Council)</p> <p>Heritage Trust (Founder President & Member)</p> <p>Indian Trust for Rural Heritage and Development (Founder Trustee)</p> <p>Kachnar Trust (Chairman)</p> <p>Shram Mandir (Trustee)</p>

Directorship in other companies	Public Companies: Gujarat Gas Company Ltd (Chairman) Shaily Engineering Plastics Ltd (Chairman) Deepak Nitrite Ltd Micro Inks Ltd Supreme Petrochem Ltd Sun Pharmaceutical Industries Ltd Taro Pharmaceuticals Industries Ltd Private Companies: Flexican Bellows & Hoses Pvt Ltd
Membership in committees of other companies	Chairman of Committees: Micro Inks Ltd - Audit Committee Shaily Engineering Plastics Ltd - Remuneration Committee Supreme Petrochem Ltd - Remuneration Committee Sun Pharmaceutical Industries Ltd - Shareholders' Investors' Grievance Committee Taro Pharmaceuticals Industries Ltd - Audit Committee Member of Committees: Shaily Engineering Plastics Ltd - Audit Committee Sun Pharmaceutical Industries Ltd - Audit Committee
Number of shares held in the Company	90
Name	Dr S S Baijal
Date of birth	September 6, 1929
Brief résumé	Dr S S Baijal holds PhD degree and was a Lecturer in Organic Chemistry, Lucknow University. He joined Imperial Chemicals Industries (India) Pvt Ltd and became a Whole time Director and also CEO of Atic Industries Ltd, a joint venture of ICI plc and Atul Ltd. He was appointed Managing Director of IEL Ltd, a subsidiary of ICI plc and became Chairman & CEO of ICI companies in India.
Directorship in other companies	Public Companies: BMG Enterprises Ltd DCM Shriram Consolidated Ltd DCM Shriram Credit & Investments Ltd Rossell Tea Ltd Private Companies: Delhi Guest Houses Pvt Ltd Rossell Aviation Pvt Ltd Sigma Microsystems Pvt Ltd
Membership in committees of other companies	Chairman of Committees: DCM Shriram Consolidated Ltd - Audit Committee DCM Shriram Consolidated Ltd - Remuneration Committee Rossell Tea Ltd - Audit Committee Member of Committees: BMG Enterprises Ltd - Remuneration Committee DCM Shriram Consolidated Ltd - Shareholders' Investors' Grievance Committee Rossell Tea Ltd - Remuneration Committee Sigma Microsystems Pvt Ltd - Remuneration Committee
Number of Shares held in the Company	4137

Name	Dr K Aparajithan
Date of birth	December 24, 1935
Brief résumé	Dr K Aparajithan holds PhD degree. He is well qualified and has wide and varied experience in the area of production, technical, R&D and business management. He was Managing Director of erstwhile Atic Industries Ltd. He was on the Board of the Company during the period May 24, 1996 to June 30, 2002.
Directorship in other companies	Nil
Membership in committees of other companies	Chairman of Committees: Nil Member of Committees: Nil
Number of Shares held in the Company	600

Explanatory statement

The following Explanatory statement, as required by Section 173 of the Companies Act, 1956, sets out all material facts including the nature, concern or interest of the Directors in relation to the item of Special Business under Item No. 7 mentioned in the accompanying Notice dated May 13, 2011.

Item No. 7:

This Resolution relates to your approval for reappointment of Mr S A Lalbhai as Managing Director of the Company for a period of five years from December 15, 2011, and his terms of reappointment including remuneration. The term of his office is due to expire on December 14, 2011.

The contribution made by the Managing Director in the management of the affairs of the Company is well known and it is in the interest of the Company that he be re-appointed for a further period of five years as mentioned above.

Name	Mr S A Lalbhai
Date of birth	June 4, 1961
Brief résumé	Mr S A Lalbhai holds B Com degree. He is a Director of the Company since January 21, 2000 and Managing Director since December 15, 2001. Previously, he was a Managing Director of Arvind Ltd. He is actively associated with Ahmedabad Textile Mills Association, Gujarat Chamber of Commerce and Industry, Federation of Indian Chamber of Commerce & Industry, Indian Cotton Mills Federation, Ahmedabad Textile Industry's Research Association.
Directorship in other companies	Public Companies: Anup Engineering Ltd Arvind Overseas(M) Ltd Arvind Products Ltd Arvind Worldwide (N) Inc Arvind Worldwide Inc Bengal Tea and Fabrics Ltd Private Companies: Saumya Farms & Organic Production Pvt Ltd Sneh Farms Pvt Ltd
Membership in committees of other companies	Chairman of Committees: Arvind Products Ltd - Shareholders Grievance Committee Member of Committees: Bengal Tea and Fabrics Ltd - Audit Committee Bengal Tea and Fabrics Ltd - Remuneration Committee
Number of Shares held in the Company	202377

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

1. Mr S A Lalbhai is reappointed as Managing Director of the Company. As Managing Director he shall work closely with the Chairman & Managing Director to assist him in matters related to overall policy making, corporate governance and review of operational performance and take up special assignments under the overall co-ordination and guidance of the Chairman & Managing Director.
2. Period of office of the Managing Director is five years with effect from December 15, 2011.
3. Remuneration payable to the Managing Director
 - (a) Basic Salary of ₹ 2,63,924/- (Rupees two lacs sixty three thousand nine hundred twenty four only) per month. The Basic Salary may be increased from time to time by the Remuneration Committee at its absolute discretion within the contractual period of 5 years, however, the maximum Basic Salary payable shall not exceed ₹ 7,00,000/- (Rupees seven lacs only) per month.
 - (b) Perquisites

In addition to salary, the following perquisites shall be allowed to the Managing Director:

CATEGORY – “A”

i) Housing:

The Company shall provide furnished accommodation to the Managing Director. If the Managing Director is having his own accommodation, the Company shall pay house rent allowance at the rate of 10%, 20% or 30% of Basic Salary for Category C, B and A type city respectively as the case may be.

The Company shall provide equipments and appliances, furniture, fixtures and furnishing at the residence of the Managing Director at the entire cost of the Company which shall not exceed ₹ 5 lacs.

The Company shall reimburse the expenses of gas, electricity, water, etc. The expenses on these, valued in accordance with the Income-tax Rules, shall not exceed 10% of the salary.

ii) Medical Reimbursement:

Medical expenses actually incurred for self and family shall be reimbursed by the Company.

iii) Leave Travel Concession:

The Company shall provide leave travel fare for the Managing Director and his family once in a year as per its policy.

iv) Personal Accident Insurance:

The Company shall pay Personal Accident Insurance upto ₹ 5,000/- per annum.

v) Club fees:

The Company shall reimburse annual fees for a maximum of two clubs.

CATEGORY – “B”

- i) The Company shall contribute towards Provident Fund | Superannuation Fund | Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.
- ii) The Company shall pay Gratuity as per its policy. The period worked under this contract will be in continuum of the service already considered under the policy.
- iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per its policy.

The perquisites under this Category shall not be included in the computation of ceiling on remuneration.

CATEGORY – “C”

- i) The Company shall provide a car with driver at the entire cost of the Company for use on business of the Company. Use of car for personal purposes shall be recovered by the Company.

- ii) The Company shall provide a landline telephone at the residence of the Managing Director at the entire cost of the Company. It shall also provide a mobile telephone to the Managing Director. Personal long-distance calls shall be billed by the Company.

CATEGORY – “D”

The Managing Director shall be entitled to commission at the rate of 0.50% of net profits of the Company provided that the commission shall not exceed twenty four months (24) Basic Salary as referred to in Clause 3 (a) above. When payable for part of the year, commission shall be payable on pro rata basis.

4. The Managing Director shall not be entitled to sitting fees for attending meetings of the Board or Committees thereof. He shall, however, be reimbursed the actual travelling, lodging and boarding expenses incurred by him for attending meetings of the Board and | or Committees thereof.
5. The aforesaid remuneration is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits on the remuneration of the Managing Directors and Whole time Director(s) of the Company taken together. Provided, however, that in the event of absence or inadequacy of profit, the Managing Director shall be entitled to the aforesaid remuneration excluding commission within the minimum remuneration specified in Schedule XIII to the Companies Act, 1956.
6. In the event of cessation of office during any financial year, a rateable proportion of the aforesaid remuneration shall be payable by the Company.
7. The Managing Director shall be entitled to reimbursement of expenses incurred by him in connection with the business of the Company.
8. The Directors are at liberty to appoint more than one Managing Director.
9. The Managing Director may resign office, subject to three calendar months' notice.
10. In the event of termination of office, the Managing Director is entitled to compensation in accordance with Section 318 of the Companies Act, 1956.
11. In the event of any dispute or difference arising out of this agreement between the parties, such dispute or difference shall be referred to arbitration by a Sole Arbitrator in accordance with the provisions of The Arbitration and Conciliation Act, 1996 or any statutory modification or substitute thereof and all the provisions of that Act so far as are applicable or of any of them for the time being in force shall apply to every reference thereof.

MEMORANDUM OF INTEREST:

The nature of the concern or interest of Mr S A Lalbhai, Managing Director of the Company is that the above resolution pertains to his agreement with the Company and he will be receiving the remuneration as stated therein, if approved. None of the other Directors of the Company are interested in the resolution. The above statement may be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

By Order of the Board

Registered office

Ashoka Chambers, Rasala Marg,
Ahmedabad 380006, Gujarat, India
May 13, 2011

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 notice | documents including Annual Report can be made through electronic mode to its Members. To support this green initiative of the Government in full measure, 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: nitin.joshi@shareproservices.com with a copy to the Company at email id: atul_ahd@atul.co.in

Ten Year Review

(₹ crores)

Operating results	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Net sales	1508	1168	1159	998	895	817	682	568	578	533
Revenues	1554	1204	1196	1033	925	837	710	604	619	603
Operating PBIDT	193	143	124	97	85	78	68	56	96	89
Interest	25	26	41	33	28	29	22	22	33	39
Operating PBDT	168	117	83	64	57	49	46	34	63	50
Depreciation	39	37	32	29	31	29	27	27	27	28
Operating PBT	129	80	51	35	26	20	19	7	36	22
Exceptional income (expenses)	10	-	(5)	3	-	63	-	-	3	-
Profit before tax	139	80	46	38	26	83	19	7	39	22
Taxation	43	27	10	3	1	(1)	3	5	5	2
Net profit	96	53	36	35	25	84	16	2	34	20
Dividends (including dividend distribution tax)	16	14	10	10	10	10	7	5	7	5
Financial position										
Gross block *	1008	986	967	936	771	730	685	666	610	572
Net block *	426	424	443	433	295	273	249	276	244	223
Net current & other assets	469	355	384	428	374	349	312	310	322	349
Capital employed	895	779	827	861	669	622	561	586	566	572
Equity share capital	30	30	30	30	30	30	30	30	30	30
Reserves and surplus	537	455	429	403	270	243	170	255	257	220
Shareholders' equity	567	485	459	433	300	273	200	285	287	250
Borrowings	328	295	368	428	369	349	361	300	279	322
Per equity share (₹)										
Dividend	4.50	4.00	3.00	3.00	3.00	3.00	2.00	1.50	2.00	1.50
Book Value	191	164	155	146	101	92	67	96	97	84
EPS	30.34	19.15	12.77	12.35	9.98	28.00	6.07	1.18	14.66	5.71
Key Indicators										
Operating PBDIT %	12.80	12.24	10.70	9.72	9.50	9.55	9.97	9.86	16.61	16.70
Operating PBDT %	11.14	10.02	7.16	6.41	6.37	6.00	6.74	5.99	10.90	9.38
Operating PBT %	8.55	6.85	4.40	3.51	2.91	2.45	2.79	1.23	6.23	4.13
Employee cost as % to sales	7.03	8.82	7.85	8.12	8.04	10.40	9.97	13.56	12.68	13.32
Interest cost as % to sales	1.66	2.23	3.54	3.31	3.13	3.55	3.23	3.87	5.71	7.32
Debt-Equity ratio	0.58	0.61	0.80	0.99	1.23	1.28	1.81	1.05	0.97	1.29
Interest coverage ratio	7.72	5.50	3.02	2.94	3.04	2.69	3.09	2.55	2.91	2.28
RoCE % **	18.41	13.09	11.19	9.42	8.81	8.41	6.98	4.88	11.77	10.40
RoNW % ***	16.94	11.23	8.95	8.80	8.73	8.56	6.60	0.70	11.69	7.74

* Including capital work in progress

** Excluding exceptional income | expenses and capital work in progress

*** Excluding exceptional income | expenses

In the business world, the rearview mirror is always cleaner than the windshield.

- Warren Buffett

Standalone

54	Report of the Auditors
58	Balance Sheet
59	Profit and Loss Account
60	Cash Flow Statement
62	Schedules

Report of the Auditors to the Members

1. We have audited the attached Balance Sheet of Atul Ltd as at March 31, 2011, and the related Profit and Loss Account 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 Company's Management. 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 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 (Auditors' 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.
 - (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 appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account 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, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 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, 2011;
 - (ii) in the case of the Profit and Loss Account, 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.
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 appears from our examination of those books;

For and on behalf of

Dalal & Shah

Firm Registration No. 102020W

Chartered Accountants

S Venkatesh

Partner

Mumbai
May 13, 2011

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, 2011

- 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.
- (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 ₹ 0.90 crore and ₹ 0.90 crore respectively. The Company has not taken any loans, secured or unsecured, from companies and firms covered in the register maintained under Section 301 of the Act.
- (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 ₹ 5 lacs 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.

Name of the statute	Nature of dues	Amount (₹ crores) (a)	Period to which the amount relates	Forum where the dispute is pending (b)
The Central Excise Act, 1944	Central excise	10.63 0.34 5.81 5.11	From 1992-93 to 2009-10	[Joint Commissioner Commissioner (Appeals) Customs, Excise & Service Tax Appellate Tribunal Gujarat High Court Assistant Commissioner]
Total :		21.89		
The Customs Act, 1962	Customs duty	1.27 1.76 13.65	1994 to 1998 1993 to 1998 1996-97 to 2007-08	[Commissioner (Appeals) Customs, Excise & Service Tax Appellate Tribunal, Assistant Commissioner]
Total :		16.68		
The Income Tax Act, 1961	Income tax	4.53 0.80 15.66	1991-92 to 2007-08	[Gujarat High Court, Income Tax Appellate Tribunal, Commissioner of Income tax (Appeals)]
Total :		20.99		
Gujarat Sales Tax Act, 1969	Sales tax	0.74	2005-06	Joint Commissioner of Commercial Tax (Appeals)
Total :		0.74		

(a) Net of amounts deposited

(b) Necessary stay received from respective authority

- (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, 2011 which have not been deposited on account of disputes are as follows:
 - x. The Company has no accumulated losses as at March 31, 2011 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 explanation given to

Annexure to the Report of the Auditors

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 others from banks or financial institutions in connection with central ETP project at Ankleshwar 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. On the basis of the records and documents examined by us, the Company has not issued any secured debentures during the year.
- 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.
- xxii. 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.

For and on behalf of

Dalal & Shah

Firm Registration No. 102020W

Chartered Accountants

S Venkatesh

Partner

Mumbai

May 13, 2011

Membership No. F-037942

Balance Sheet as at March 31, 2011

(₹ crores)

Particulars	Schedule	As at March 31, 2011	As at March 31, 2010
I SOURCES OF FUNDS			
1 Shareholders' funds			
(a) Capital	1	29.68	29.68
(b) Reserves and surplus	2	537.41	454.93
		567.09	484.61
2 Loan funds			
(a) Secured loans	3	295.91	259.01
(b) Unsecured loans	4	32.32	35.77
		328.23	294.78
3 Deferred tax liability (net) (see Note 9)		23.06	22.58
		918.38	801.97
II APPLICATION OF FUNDS			
1 Fixed assets			
(a) Gross block	5	972.24	974.22
(b) Less: Depreciation, amortisation and impairment loss		582.17	561.98
(c) Net block		390.07	412.24
(d) Capital work in progress, expenditure to date		29.47	7.23
(e) Advances against capital expenditure		6.65	4.18
		426.19	423.65
2 Investments	6	83.32	65.02
3 Current assets, loans and advances	7		
(a) Inventories		261.39	211.29
(b) Sundry debtors		301.62	270.61
(c) Cash and bank balances		16.35	14.84
(d) Other current assets		—	—
(e) Loans and advances		158.05	136.25
		737.41	632.99
Less: Current liabilities and provisions	8		
(a) Liabilities		289.96	269.80
(b) Provisions		38.58	49.89
		328.54	319.69
Net current assets		408.87	313.30
		918.38	801.97
Notes forming part of the Accounts	16		

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 13, 2011

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 13, 2011

Profit and Loss Account for the year ended March 31, 2011

(₹ crores)

Particulars	Schedule	2010-11	2009-10
INCOME			
Gross sales		1,594.25	1,225.96
Less: Excise duty		86.56	57.84
Net sales			1,507.69
Operating income	9		40.02
Sales and operating income			1,547.71
Other income	10		5.79
		1,553.50	1,203.68
EXPENDITURE			
Cost of goods sold and materials consumed	11	878.43	656.77
Manufacturing expenditure	12	225.96	181.85
Employees' emoluments	13	105.56	103.22
Interest and finance charges	14	25.46	25.69
Others	15	141.28	110.03
Exchange rate difference		9.09	9.07
Depreciation		39.54	38.46
Amortisation of leasehold land		0.28	0.28
Amortisation of computer software		0.78	0.62
		40.60	39.36
Less: Amount withdrawn from revaluation reserve		2.06	2.06
		38.54	37.30
		1,424.32	1,123.93
Profit before tax and exceptional items		129.18	79.75
Exceptional items			
Gain on settlement of long-term export advance		8.20	—
Recovery of advance written off in earlier years		1.90	—
		10.10	—
Profit before tax		139.28	79.75
Provision for tax			
Current tax		42.58	22.00
Deferred tax		0.48	4.86
Wealth tax		0.11	0.10
		43.17	26.96
Profit for the year		96.11	52.79
Add/(Less): Tax adjustments for the earlier years			
Income tax and wealth tax			(6.11)
Additional MAT entitlement for the earlier years			—
Net profit for the year		90.00	56.81
As per last account			264.71
Net profit available for appropriation		354.71	284.23
Appropriations			
General reserve			5.68
Proposed dividend		13.35	11.87
Corporate dividend tax on above		2.16	1.97
		15.51	13.84
Balance carried to Balance Sheet			333.52
Basic/diluted earning per share (see Note 12)			₹ 30.34
Notes forming part of the Accounts	16		

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 13, 2011

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 13, 2011

Cash Flow Statement for the year ended March 31, 2011

(₹ crores)

Particulars	2010-11	2009-10
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax and extraordinary items	139.28	79.75
Adjustments for		
Add:		
Depreciation	38.54	37.30
Interest and finance charges	25.46	25.69
Loss on assets sold or discarded	1.96	0.42
Exchange rate difference	2.00	(6.73)
Bad debts and irrecoverable balances written off	1.47	1.63
Provision for doubtful debts	0.41	–
Provision for diminution in value of investments	–	0.11
Obsolete material written off	0.61	1.87
	70.45	60.29
	209.73	140.04
Less:		
Dividend received	5.42	4.97
Interest received	0.37	0.38
Impairment written back	0.89	–
Provisions no longer required	6.24	1.53
Gain on settlement of long-term export advance	8.20	–
Surplus on sale of fixed assets	0.03	0.04
	21.15	6.92
Operating profit before working capital changes	188.58	133.12
Adjustments for		
Inventories	(50.70)	(16.48)
Trade and other receivables	(60.28)	(68.90)
Trade and other payables	28.54	79.97
	(82.44)	(5.41)
Cash generated from operations	106.14	127.71
Less:		
Direct taxes (refund) paid	45.41	21.08
Net cash flow from operating activities A	60.73	106.63
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(44.43)	(18.21)
Capital advances	(2.47)	(2.47)
Investments in subsidiary	(6.83)	–
Investments in associate	(1.47)	–
Sale of fixed assets	2.72	0.31
Disbursements (repayments) of loans	(7.47)	2.54
Interest received	0.04	0.20
Dividend received	5.42	4.97
Net cash used in investing activities B	(54.49)	(12.66)

Cash Flow Statement for the year ended March 31, 2011 (contd)



(₹ crores)

Particulars	2010-11	2009-10
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	(55.92)	(69.42)
Add: Exchange rate difference	0.94	6.73
Proceeds from long-term borrowings (adjusted)	(54.98)	(62.69)
Proceeds (repayments) of working capital loans (net)	92.82	(7.58)
Proceeds (repayments) of unsecured borrowings (net)	(3.44)	3.86
Total proceeds from borrowings	34.40	(66.41)
Interest paid	(25.34)	(25.69)
Dividend on Equity Shares (including corporate dividend tax)	(13.79)	(10.33)
Net cash used in financing activities C	(4.73)	(102.43)
Net change in cash and cash equivalents A+B+C	1.51	(8.46)
Cash and cash equivalents (opening balance)	14.84	23.30
Cash and cash equivalents (closing balance)	16.35	14.84
	1.51	(8.46)

Notes to the Cash Flow Statement for the year ended March 31, 2011:

1. The Cash Flow Statement has been prepared under the 'Indirect Method' set out in AS-3 'Cash Flow Statement' referred to in The Companies Accounting Standard Rules, 2006.
2. Cash and cash equivalents represent cash and bank balances only.
3. Cash and cash equivalents include ₹ 2.81 crores (Previous year ₹ 2.60 crores) which are not available for use by the Company.
4. Figures of the previous year have been regrouped wherever necessary.

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 13, 2011

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 13, 2011

Schedules forming part of Balance Sheet as at March 31, 2011

(₹ crores)

SCHEDULE 1 SHARE CAPITAL		As at March 31, 2011	As at March 31, 2010
Authorised			
80,00,000	Cumulative Redeemable Preference Shares of ₹ 100 each	80.00	80.00
8,00,00,000	Equity Shares of ₹ 10 each	80.00	80.00
		160.00	160.00
Issued			
2,96,91,780	Equity Shares of ₹ 10 each	29.69	29.69
		29.69	29.69
Subscribed			
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
		29.68	29.68

Notes:

- 19,64,650 Equity Shares are issued as fully paid-up Bonus shares by way of capitalisation of reserves.
- 3,58,600 Equity Shares of ₹ 10 each issued on account of reduction and consolidation of 35,86,000 Equity Shares of ₹ 10 each as confirmed by the Honourable High Court of Gujarat vide its order dated August 20, 1988.
- 75,00,000 Equity Shares are issued to the Shareholders of erstwhile The Atul Products Ltd, pursuant to Amalgamation Scheme sanctioned by the Honourable High Court of Gujarat as per its order dated August 20, 1988.
- 38,09,310 Equity Shares are issued as fully paid-up shares on conversion of 12.5% Fully Convertible Secured debentures of ₹ 120 each per debenture in the year 1992-93.
- 1,10,29,173 Equity Shares are issued as fully paid-up on conversion of 14% Fully Convertible Secured debentures of ₹ 180 each per Debenture in the year 1994-95.
- 50,00,000 Equity Shares issued on preferential basis to Promoters in the year 1993-94.

(₹ crores)

SCHEDULE 2 RESERVES AND SURPLUS		As at March 31, 2011	As at March 31, 2010
Securities premium account		34.66	34.66
Central and state subsidy reserve			
As per last account		—	0.98
Less: Transferred to general reserve		—	0.98
Capital reserve		6.68	6.68
Revaluation reserve			
As per last account		110.64	112.70
Less: Transferred to Profit and Loss Account		2.06	2.06
Hedging reserve [see Note 16 (c)]		108.58	110.64
General reserve		(5.09)	(15.03)
As per last account		53.27	46.61
Add: Transferred from central and state subsidy reserve		—	0.98
Add: Transferred from unclaimed amount of fractional coupons of bonus shares		0.11	—
Add: Set aside this year		5.68	5.68
Surplus as per annexed Account		59.06	53.27
		333.52	264.71
		537.41	454.93

Schedules forming part of Balance Sheet as at March 31, 2011

(₹ crores)

SCHEDULE 3 SECURED LOANS	As at March 31, 2011	As at March 31, 2010
Term loans from financial institutions and banks (a,b,d)		
Foreign currency term loans	26.58	34.97
Rupee term loans	128.06	175.59
Working capital loans from banks (c)		
Foreign currency working capital loans	85.34	29.93
Rupee working capital loans	55.93	18.52
	295.91	259.01

Amount due within one year ₹ 51.95 crores (Previous year ₹ 63.91 crores)

Notes:

- Secured by first pari passu charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.
- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets and mortgage of the immovable properties of the Company, present and future, excluding specific assets with exclusive charge and second charge on the entire current assets of the Company, present and future.
- Secured by hypothecation of tangible current assets (other than movable machinery), namely raw materials, finished and semifinished goods, 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's limit as mentioned in joint consortium documents. This also extends to guarantees given by the bankers.

Amount of guarantees outstanding at the end of the year ₹ 43.11 crores (Previous year ₹ 24.75 crores).

- To be secured by first pari passu charge by way of hypothecation of all the movable fixed assets and mortgage of the immovable properties of the Company, present and future, excluding specific assets with exclusive charge and second charge on the entire current assets of the Company, present and future.

(₹ crores)

SCHEDULE 4 UNSECURED LOANS	As at March 31, 2011	As at March 31, 2010
Fixed deposits *	11.30	16.87
Interest accrued on cumulative deposits	1.02	0.90
From banks	20.00	18.00
	32.32	35.77

Amount due within one year ₹ 23.68 crores (Previous year ₹ 23.43 crores)

* Including deposits from The Chairman & Managing Director ₹ 0.40 crore (Previous year ₹ 0.40 crore)

Schedules forming part of Balance Sheet as at March 31, 2011

SCHEDULE 5 FIXED ASSETS (₹ crores)									
ASSET BLOCK	GROSS BLOCK (a)			DEPRECIATION AMORTISATION IMPAIRMENT				NET BLOCK	
	As at March 31, 2010	Additions	Deductions and Adjustments	As at March 31, 2011	Upto March 31, 2010	For the Year	Deductions and Adjustments	As at March 31, 2011	As at March 31, 2010
Tangible assets									
Land - Freehold (d)	11.36	1.75	-	13.11	-	-	-	13.11	11.36
Land - Leasehold (b) and (d)	23.73	-	0.28	23.45	-	-	-	23.45	23.73
Buildings (c) and (d)	216.21	2.03	0.19	218.05	47.81	5.18	0.01	165.07	167.92
Roads	2.41	-	0.07	2.34	1.14	0.05	-	1.19	1.27
Plant and machinery	663.61	14.54	22.64	655.51	444.89	31.33	12.82	484.43	191.52
Railway siding	0.08	-	-	0.08	0.08	-	-	0.08	-
Office equipment and furniture	21.77	0.60	0.01	22.36	14.20	1.27	-	15.47	7.57
Vehicles	9.58	2.20	0.21	11.57	5.99	1.08	0.17	6.90	3.59
Capital spares	0.76	-	0.76	-	0.48	-	0.48	-	0.28
Research & development									
Building	2.64	-	-	2.64	1.80	0.08	-	1.88	0.84
Machinery	13.65	1.06	-	14.71	11.16	0.53	-	11.69	2.49
Office equipments	0.20	-	-	0.20	0.11	0.02	-	0.13	0.09
Total Tangible assets	966.00	22.18	24.16	964.02	527.66	39.54	13.48	553.72	410.66
Intangible assets									
Computer software	8.22	-	-	8.22	6.64	0.78	-	7.42	1.58
Total Intangible assets	8.22	-	-	8.22	6.64	0.78	-	7.42	1.58
Total as at March 31, 2011	974.22	22.18	24.16	972.24	534.30	40.32	13.48	561.14	412.24
Total as at March 31, 2010	951.30	24.95	2.03	974.22	496.28	39.08	1.06	534.30	412.24

Notes:

- At cost, except land - freehold, certain leasehold land, building premises and plant and machinery at revalued value.
- Land - leasehold at cost less amounts written off.
- Includes premises on ownership basis ₹ 1.10 crores (Previous year ₹ 1.10 crores) and cost of share in co-operative society ₹ 2,000 (Previous year ₹ 2,000).
- See Note 1(c) in Schedule 16.

Schedules forming part of Balance Sheet as at March 31, 2011



(₹ crores)

SCHEDULE 6 INVESTMENTS*		As at March 31, 2011			As at March 31, 2010	
Long-term Investments	Face Value**	No.				
Government and trust securities unquoted						
6 Years National Savings Certificates (deposited with government departments)	87,000				0.01	0.01
Equity Shares, Non Trade quoted						
Novartis India Ltd	5	3,84,660		1.02		1.02
Arvind Ltd (see Note 21)	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	261,396		0.84		0.84
Nagarjuna Fertilizers Co Ltd	10	31,500		0.04		0.04
Jain Irrigation Systems Ltd	2	4,000		0.02		0.02
	(10)	(800)				
					50.20	50.20
Equity Shares, Trade Investment unquoted						
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
Equity Shares, unquoted, Subsidiary companies						
Ameer Trading Corporation Ltd	7	5,00,000		5.00		5.00
Atul Americas Inc	\$1,000	2,000		6.29		6.29
Atul Europe Ltd	£ 1	19,34,782	13.73			6.90
	£ 1	(10,00,000)				
Less: Provision for diminution in value			6.51			6.51
				7.22		0.39
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 International Trading (Shanghai) Co Ltd	\$ 4,10,000	1		1.84		1.84
Atul Rajasthan Date Palms Ltd ₹ 1,000 (Previous year ₹ 1,000)	1,000	1				
					20.79	13.96
Equity Shares, quoted, Associate companies						
Amal Ltd	10	4,12,453		0.44		0.44
Less: Provision for diminution in value				0.40		0.40
					0.04	0.04

Schedules forming part of Balance Sheet as at March 31, 2011

(₹ crores)

SCHEDULE 6 INVESTMENTS* (contd)		As at March 31, 2011			As at March 31, 2010
Long-term Investments	Face Value**	No			
Equity Shares, unquoted, Associate companies					
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
Atul Bioscience Ltd (₹ 10)	10	1			
AtRo Ltd	10	50,004	0.05		0.05
Anchor Adhesives Pvt Ltd	10	2,93,077	1.47		—
	(-)	(-)			
Preference Shares, Associate companies				1.56	0.09
Amal Ltd (as per BIFR order)	10	10,000,000		10.00	—
	(-)	(-)			
				83.32	65.02

(₹ crores)

Particulars	Book Value		Market Value	
	As at March 31,		As at March 31,	
	2011	2010	2011	2010
Quoted	50.24	50.24	192.27	159.63
Unquoted	33.08	14.78		
	83.32	65.02		

* Valued at cost unless otherwise stated

** In ₹ unless otherwise stated

Schedules forming part of Balance Sheet as at March 31, 2011

(₹ crores)

SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES		As at March 31, 2011		As at March 31, 2010
(a) Inventories, at cost or net realisable value whichever is lower				
Stores, spares, etc.			29.64	21.90
Stock-in-trade				
Raw materials		51.60		36.86
Materials-in-process		101.46		87.79
Finished goods		74.54		63.80
			227.60	188.45
Goods-in-transit, cost to date			4.15	0.94
			261.39	211.29
(b) Sundry debtors, unsecured				
Outstanding for more than six months				
Good		9.46		13.13
Doubtful		0.41		—
Less: Provision		0.41		—
			—	—
Outstanding for less than six months - Good		292.16		257.48
			301.62	270.61
(c) Cash and bank balances				
Cash on hand		0.12		0.20
Cheques in hand with bank as collecting agency in terms of an arrangement		0.68		0.82
Bank balances, with Scheduled Banks				
In Current account		13.63		10.10
In Fixed deposits*		1.90		3.69
Interest accrued on above		0.02		0.03
			1.92	3.72
			15.55	13.82
			16.35	14.84

* Includes ₹ 0.01 crore deposits, receipts of which are endorsed in favour of Government departments.
(Previous year ₹ 0.01 crore)

Schedules forming part of Balance Sheet as at March 31, 2011

(₹ crores)

SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES (contd)	As at March 31, 2011	As at March 31, 2010
(d) Other current assets		
Sundry receivable		
Doubtful	0.19	0.19
Less: Provision	0.19	0.19
		—
(e) Loans and advances, unsecured, good (unless otherwise stated)		
Loan to subsidiary companies	12.43	5.02
Interest receivable on above	0.97	0.64
		5.66
Loan to jointly promoted companies	—	0.01
Loans to an associate company (see Note 19)		
Secured loan	11.29	21.29
Unsecured loan	3.59	—
		21.29
Loan to others	1.62	1.56
Advances recoverable in cash or in kind or for value to be recovered		
Good	96.30	68.85
Balances with customs, port trust, excise etc.	11.69	15.76
Sundry deposits	7.40	6.96
MAT credit entitlement	—	10.27
Tax paid in advance, net of provisions	12.76	5.89
		158.05
		136.25
		737.41
		632.99

Schedules forming part of Balance Sheet as at March 31, 2011

(₹ crores)

SCHEDULE 8 CURRENT LIABILITIES AND PROVISIONS		As at March 31, 2011		As at March 31, 2010
(a) Current Liabilities				
Acceptances			14.77	12.40
Sundry creditors				
(i) Due to Micro, Small and Medium Enterprise (see Note 14)		0.28		0.20
(ii) Due to others		271.12		253.93
Due to subsidiary companies			271.40	254.13
Investors Education and Protection Fund shall be credited by the following *			1.26	0.74
Unclaimed dividends		0.81		0.77
Interest payable on fixed deposits		0.20		0.25
Interest accrued but not due on loans			1.01	1.02
Unclaimed amount of sale proceeds of fractional coupons of bonus shares of erstwhile The Atul Products Ltd			1.52	1.40
Unclaimed amount of sale proceeds of fractional coupons of bonus shares			—	0.10
			—	0.01
			289.96	269.80
(b) Provisions				
For contingencies	2.75			2.75
Less: Transfer to Profit and Loss Account (see Note 15)	2.75			—
		—		2.75
For unencashed leave		14.12		13.12
For derivatives		8.95		20.18
For dividend tax		2.16		1.97
Proposed dividend		13.35		11.87
			38.58	49.89
			328.54	319.69

Note:

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2011

Schedules forming part of Profit and Loss Account for the year ended March 31, 2011

(₹ crores)

SCHEDULE 9 OPERATING INCOME	2010-11	2009-10
Export incentives	16.91	13.25
Technical service charges	3.31	3.21
Technical know-how	1.50	–
Miscellaneous scrap sales	5.00	5.23
Bad debts and advances recovered	0.44	0.07
Provision for doubtful debts and advances written back	–	16.16
Less: Write back on account of amounts written off during the year, as per contra	–	16.16
	–	–
Surplus on sale of fixed assets	0.03	0.04
Interest from customers*	0.08	0.06
Interest from fixed deposit with bank*	0.04	0.19
Interest others*	1.06	0.29
Impairment written back	0.89	–
Provision no longer required	6.24	1.53
Miscellaneous income	4.52	6.34
	40.02	30.21

(₹ crores)

SCHEDULE 10 OTHER INCOME	2010-11	2009-10
Dividend from long-term investments	5.42	4.97
Interest from Inter Corporate Deposit*	0.37	0.38
	5.79	5.35

* Gross, tax deducted ₹ 0.05 crore (Previous year ₹ 0.07 crore)

Schedules forming part of Profit and Loss Account for the year ended March 31, 2011

(₹ crores)

SCHEDULE 11 COST OF GOODS SOLD AND MATERIALS CONSUMED	2010-11	2009-10
Raw materials consumed		
Stocks at commencement	36.86	40.67
Add: Purchases	901.57	658.31
	938.43	698.98
Less: Stocks at close	51.60	36.86
Finished goods purchases		886.83
(Increase) decrease in stock		16.71
Stocks at close		17.20
Materials-in-process	101.46	87.79
Finished goods	74.54	63.80
	176.00	151.59
Less: Stocks at commencement		
Materials-in-process	87.79	60.72
Finished goods	63.80	67.25
	151.59	127.97
		(24.41)
Excise duty variation on opening closing stocks		(0.70)
		1.07
	878.43	656.77

(₹ crores)

SCHEDULE 12 MANUFACTURING EXPENDITURE	2010-11	2009-10
Stores consumed	10.93	10.85
Power, fuel & water	137.99	112.52
Conversion & plant operation charges	16.76	12.92
Building repairs	10.55	7.93
Machinery repairs	45.08	34.05
Sundry repairs	4.65	3.58
	225.96	181.85

(₹ crores)

SCHEDULE 13 EMPLOYEES' EMOLUMENTS	2010-11	2009-10
Salaries, wages, bonus etc.	92.48	87.74
Contribution to Provident and other Funds	9.15	10.14
Welfare expenses	3.49	3.52
Payment under VRS	0.44	1.82
	105.56	103.22

Schedules forming part of Profit and Loss Account for the year ended March 31, 2011

(₹ crores)

SCHEDULE 14 INTEREST AND FINANCE CHARGES	2010-11	2009-10
Interest		
On fixed loans*	18.16	21.98
Others	6.60	3.21
	24.76	25.19
Discounting charges	0.70	0.50
	25.46	25.69

* Includes ₹ 0.04 crore (Previous year ₹ 0.03 crore) being the interest paid to Chairman & Managing Director

(₹ crores)

SCHEDULE 15 OTHERS	2010-11	2009-10
Rent	1.25	1.14
Rates and taxes	0.76	1.06
Insurance	2.24	2.33
Freight, cartage and octroi	44.33	30.61
Discount on sales	14.93	10.59
Cash discount	7.90	7.60
Commission to others	11.77	8.15
Brokerage	0.02	0.04
Travelling and conveyance	9.13	7.18
Payments to Statutory Auditors	0.40	0.42
Payments to Cost Auditors	0.02	0.02
Directors' fees and travelling	0.27	0.22
Directors' commission (other than Managing and Whole time Director)	0.50	0.27
Charities and donations	0.37	0.31
Bad debts and irrecoverable balances written off	1.47	17.79
Less: Provisions made in earlier years in respect of amounts written off during the year, adjusted as per contra	—	16.16
	1.47	1.63
Irrecoverable loans and advances written off	2.75	—
Less: Adjusted against provision for contingencies	2.75	—
	—	—
Provision for diminution in value of investments	—	0.11
Provision for doubtful debts	0.41	—
Miscellaneous expenses	42.87	35.47
Obsolete and unserviceable material written down	0.61	1.87
Loss on assets sold, discarded or demolished	1.96	0.42
Debits relating to earlier years	0.07	0.59
	141.28	110.03

Schedules forming part of the accounts

(₹ crores)

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS		2010-11	2009-10
1	Contingent liabilities not provided for in respect of		
	(a) Disputed excise demands - matter under appeal	21.89	13.92
	(b) Disputed customs demands - matter under appeal	16.68	11.99
	(c) Disputed water charges - matter under appeal	65.50	61.96
	Pursuant to the order passed by Honourable High Court of Gujarat, dated November 17, 2008 and April 17, 2009 in case of disputed water charges, the Company has created first charge over its certain land & buildings in favour of Government of Gujarat.		
	(d) Claims against the Company not acknowledged as debts	11.96	11.52
	(e) Income tax demands (including interest) - matter under appeal	25.50	18.72
	(f) Sales tax - matter under appeal	0.74	1.31
	(g) Guarantees given by the Company's bankers (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)	43.11	24.75
	Note: Future cash outflows in respect of (a) to (f) above are determinable on receipt of judgements decisions pending with various forums authorities.		
2	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	19.70	2.30
3	Profit and Loss Account includes expenditure on Research & Development as under:		
	Materials consumed	0.11	0.31
	Other expenditure	7.65	8.94
		7.76	9.25
4	Payments to Auditors		
	(a) Statutory Auditors:		
	(i) As Auditors	0.21	0.21
	(ii) In other capacity:		
	For tax audit	0.06	0.06
	For other matters	0.12	0.13
	(iii) For expenses	0.01	0.02
		0.40	0.42
	(b) Cost Auditors:		
	(i) As Auditors	0.02	0.02
	(ii) For expenses ₹ 11,391 (Previous year ₹ 7,443)		
		0.02	0.02

Schedules forming part of the accounts

(₹ crores)

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)		2010-11	2009-10
5	C I F value of imports, remittances, expenditure and earnings in foreign currency		
(a)	C I F value of imports:		
	Raw materials	332.88	196.76
	Finished goods - for trading	2.84	4.05
	Capital goods	2.16	0.80
(b)	Expenditure in foreign currency:		
	Commission	6.48	3.80
	Other matters	13.61	7.94
(c)	Remittances:		
	Loan repayments	114.70	28.24
(d)	Earnings in foreign currency:		
	F O B value of exports	651.33	491.25
6	Managerial Remuneration		
(a)	Calculation of Directors, The Chairman & Managing Directors' commission:		
	Computation of Net Profit as per Section 349 of the Companies Act, 1956		
	Profit as per Profit and Loss Account	90.00	56.81
	Add: The Chairman & Managing Directors' remuneration (including perquisites)	2.49	2.41
	Whole time Directors' remuneration (including perquisites)	0.62	0.56
	Directors' commission	0.50	0.27
	Depreciation	38.54	37.30
	Provision for taxation	49.28	22.94
	Provision for diminution in value of investments	-	0.11
	Payment under VRS scheme	0.44	1.82
		91.87	65.41
		181.87	122.22
	Less: Depreciation under section 350	38.54	37.30
	Impairment written back	0.89	-
		39.43	37.30
	Net Profit as per Section 349 of the Companies Act, 1956	142.44	84.92
(i)	Commission to The Chairman & Managing Director:		
	1% of the profit computed above ₹ 1.42 crores		
	Maximum upto ₹ 0.94 crore	0.94	0.85
	Commission to Managing Director:		
	0.50% of the profit computed above ₹ 0.72 crore		
	Maximum upto ₹ 0.40 crore	0.40	0.40
		1.34	1.25

(₹ crores)

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

6 Managerial Remuneration (contd)			
(ii) Directors' commission:			
1% of the profit computed above ₹ 1.42 crores			
Maximum upto ₹ 0.50 crore		0.50	0.27

- (b) Details of payments and provisions on account of remuneration to Managing Directors included in the respective heads of expenditure in Profit and Loss Account are as under:

Chairman & Managing Directors	2010-11	2009-10
Particulars		
(i) Salary	0.73	0.73
(ii) House rent allowance	0.03	0.03
(iii) Commission	1.34	1.25
(iv) Gratuity	0.04	0.03
(v) Contribution to Provident and other Funds	0.19	0.20
(vi) Perquisites	0.16	0.17
Total	2.49	2.41

Estimated monetary value of perquisites to Managing Directors on account of furniture ₹ 46,911
(Previous year ₹ 46,911)

- (c) Details of payments and provisions on account of remuneration to Whole time Director included in the respective heads of expenditure in Profit and Loss Account as under:

Whole time Director	2010-11	2009-10
Particulars		
(i) Salary	0.23	0.22
(ii) Other allowances	0.27	0.23
(iii) Gratuity	0.01	0.01
(iv) Contribution to Provident and other Funds	0.06	0.06
(v) Perquisites	0.05	0.04
Total	0.62	0.56

Estimated monetary value of perquisites to Whole time Director on account of furniture ₹ 7,500 (Previous year ₹ 7,500)

7 Details of raw materials consumption and goods traded in

- (a) Raw materials consumption:

There is no individual item contributing more than 10% of raw material consumption.

- (b) Imported and indigenous raw materials consumption:

Category	₹ crores	%	₹ crores	%
Imported	314.08	35.42	200.42	30.27
Indigenous	572.75	64.58	461.70	69.73
Total	886.83	100.00	662.12	100.00

- (c) Goods traded in purchases:

There is no individual item contributing more than 10% of trading goods purchases.

Schedules forming part of the accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

8 Capacities, production, stocks and turnover: 2010-11

Class of Goods	Capacity Installed (2)	Opening Stock		Production Qty. in MT		Turnover		Closing Stock	
		Qty. in MT	Qty. in MT	Value ₹ crores	Gross	Net	Qty. in MT	Value ₹ crores	Qty. in MT
Aroma Products	10400 (10400)	120 (177)	3.08 (5.84)	4150 (4891)	4150 (3623)	4182 (3680)	88 (120)	171.29 (116.51)	3.27 (3.08)
Herbicides	12190 (12060)	916 (744)	17.68 (11.25)	13217 (11215)	13217 (11268)	12625 (11096)	1508 (916)	315.71 (236.40)	24.56 (17.68)
Pharma Intermediates	707 (557)	60 (58)	0.79 (2.05)	361 (368)	356 (368)	406 (367)	10 (59)	28.91 (26.46)	0.98 (0.79)
Caustic, Sulphuric, Resorcinol, Formaldehyde and Carbamate	123436 (122400)	336 (1830)	0.57 (1.86)	98204 (108380)	48101 (56316)	48198 (57810)	239 (336)	74.07 (80.46)	0.28 (0.57)
Cresols	14420 (14420)	239 (181)	2.67 (2.12)	7659 (12589)	7659 (8003)	7812 (7945)	86 (239)	134.63 (109.55)	1.20 (2.67)
Dyes	16343 (15546)	1226 (663)	21.51 (17.58)	14977 (14055)	14977 (14055)	15176 (13492)	1027 (1226)	344.50 (300.67)	28.38 (21.51)
Resins	18850 (15405)	1638 (1419)	11.88 (17.47)	19418 (16727)	19418 (16727)	20280 (16509)	776 (1638)	356.67 (225.46)	9.70 (11.88)
Sulphones & Intermediates	1620 (1080)	91 (100)	0.79 (2.91)	1443 (878)	1443 (878)	1447 (888)	87 (91)	75.10 (44.77)	2.31 (0.79)
By products & miscellaneous chemicals		301 (337)	3.84 (4.09)	28836 (29910)	28836 (29906)	28715 (29942)	422 (301)	85.82 (68.99)	1.47 (3.84)
Traded goods			0.99 (2.08)					7.55 (16.69)	2.39 (0.99)
			63.80 (67.25)					1,594.25 (1,225.96)	74.54 (63.80)

Notes:

1. Licensed Capacity - Delicensed vide Gazette Notification No. S.O. 477(E) dated July 25, 1991.
2. As certified by General Manager - Manufacturing and being a technical matter, accepted by the Auditors, as correct.
3. Previous year figures have been recast on reclassification.
4. Figures in bracket are in respect of the previous year.
5. Gross production includes production for captive consumption.

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

9 Deferred tax adjustments recognised in the financial statements

(₹ crores)			
Particulars	Balance As at March 31, 2011	Charge credit during the year	Balance As at March 31, 2010
Deferred tax liabilities: on account of timing difference in (a) Depreciation impairment loss	28.87	(0.18)	29.05
	28.87	(0.18)	29.05
Deferred tax assets: on account of timing difference in (a) Provision for leave encashment (b) 43 B expenses allowable (c) Provision for doubtful debts (d) Provision for doubtful advances (e) Payment under VRS	4.69 – 0.14 0.06 0.92	0.33 (0.42) 0.14 – (0.71)	4.36 0.42 – 0.06 1.63
	5.81	(0.66)	6.47
Net deferred tax liabilities (assets)	23.06	0.48	22.58

10 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	Atul Europe Ltd	Subsidiary companies
2	Atul Americas Inc	
3	Atul Deutschland GmbH	
4	Atul International Trading (Shanghai) Co Ltd	
5	Ameer Trading Corporation Ltd	
6	Atul Rajasthan Date Palms Ltd	
7	Amal Ltd	Associate companies
8	Atul Bioscience Ltd	
9	Gujarat Synthwood Ltd	
10	AtRo Ltd	
11	Atul Infotech Private Ltd	
12	Anchor Adhesives Private Ltd	
13	M. Dohmen S.A.	
14	Atul Bio Space Private Ltd	Enterprises over which control exercised by key management personnel
15	Atul Clean Energy Private Ltd	
16	Biyaban Agri Ltd	
17	Raja Dates Ltd	
18	Aasthan Dates Ltd	
19	Atul Seeds Ltd	

Schedules forming part of the accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

10 Related party information (contd)

(a) Name of the related party and nature of relationship

No	Name of the related party	Description of relationship
20	LAPOX Polymers Private Ltd	Enterprises over which significant influence exercised
21	Atul (Retail) Brands Private Ltd	
22	Atul Ayurveda Ltd	
23	Atul Crop Care Ltd	
24	Atul Entertainment Ltd	
25	Atul Hospitality Ltd	
26	Atul Medical Care Ltd	
27	Jayati Infrastructure Ltd	
28	Osia Dairy Ltd	
	Other related parties	
29	Key management personnel	
	Mr Sunil S Lalbhai	Chairman & Managing Director
	Mr Samveg A Lalbhai	Managing Director
	Mr Bharathy N Mohanan	Whole time Director
30	Relatives of key management personnel	
	Dr Vimla S Lalbhai	Mother of Mr Sunil S Lalbhai
	Mrs Shreekumari Mohanan	Wife of Mr Bharathy N Mohanan
	Ms Swati S Lalbhai	Sister of Mr Sunil S Lalbhai
	Ms Nishtha S Lalbhai	Daughter of Mr Sunil S Lalbhai
31	Welfare Funds	
	Atul Rural Development Fund	Key management persons and employees are trustees
	Atul Kelvani Mandal	
	Atul Vidyalaya	
	Atul Club	

(b) Transactions with related parties

(₹ crores)

No	Name of the related party	Subsidiary companies	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	178.09 (131.34)	2.80 (0.32)	0.57 (0.18)	— —	— —	— —	— —
2	Interest received	0.37 (0.38)	— —	— —	— —	— —	— —	— —
3	Technical know-how fees	1.50 (—)	— —	— —	— —	— —	— —	— —
	Purchases and expenses							
1	Purchase of goods	0.53 (1.43)	10.62 (—)	— —	— —	— —	— —	— —

Schedules forming part of the accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

10(b) Transactions with related parties (contd)

(₹ crores)

No	Name of the related party	Subsidiary companies	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	Commission paid	1.24 (0.99)	— —	— —	— —	— —	— —	— —
3	Technical know-how fees	— —	0.30 (—)	— —	— —	— —	— —	— —
4	Service charges paid	0.15 (0.28)	1.62 (4.41)	— (0.19)	1.87 (0.34)	— —	— —	— —
5	Remuneration	— —	— —	— —	— —	3.11 (2.97)	— —	— —
6	Discount paid	0.07 (0.62)	— —	— —	— —	— —	— —	— —
7	Donations	— —	— —	— —	— —	— —	— —	0.33 (0.20)
8	Contribution to common expenses	— —	— —	— —	— —	— —	— —	0.13 (0.26)
	Other transactions							
1	Loans given	7.40 (2.75)	3.59 (—)	— —	— —	— —	— —	0.07 (—)
2	Reimbursement	1.50 (1.07)	— —	— —	— —	— —	— —	— —
3	Fixed deposits received	— —	— —	— —	— —	— (0.40)	— (0.49)	— —
4	Interest paid on fixed deposits	— —	— —	— —	— —	0.04 (0.03)	0.04 (0.03)	— —
5	Investments	6.83 (—)	11.47 (—)	— —	— —	— —	— —	— —
6	Guarantees given	9.50 (—)	— —	— —	— —	— —	— —	— —
	Outstanding balances							
1	Payables	2.53 (2.30)	1.00 (0.47)	— (0.13)	1.88 (0.17)	1.86 (1.77)	0.47 (0.52)	— —
2	Receivables	58.22 (42.67)	20.74 (22.66)	0.09 (0.60)	1.65 (—)	— —	— —	1.42 (1.36)

Schedules forming part of the accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

10(c) Material transactions with related parties (contd)

(₹ crores)

No	Name of the related party	Subsidiary companies	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							
	Atul Europe Ltd	99.42 (67.77)	— —	— —	— —	— —	— —	— —
	Atul Americas Inc	73.55 (50.57)	— —	— —	— —	— —	— —	— —
2	Interest received							
	Ameer Trading Corporation Ltd	0.37 (0.38)	— —	— —	— —	— —	— —	— —
3	Technical know-how fees							
	Atul Rajasthan Date Palms Ltd	1.50 (-)	— —	— —	— —	— —	— —	— —
	Purchases and expenses							
1	Purchase of goods							
	Amal Ltd	— —	10.60 (-)	— —	— —	— —	— —	— —
2	Commission paid							
	Atul Europe Ltd	0.87 (0.73)	— —	— —	— —	— —	— —	— —
	Atul International Trading (Shanghai) Co Ltd	0.37 (0.27)	— —	— —	— —	— —	— —	— —
3	Technical know-how fees							
	M. Dohmen S.A.	— —	0.30 (-)	— —	— —	— —	— —	— —
4	Service charges paid							
	Atul Bioscience Ltd	— —	0.58 (1.67)	— —	— —	— —	— —	— —
	Atul Infotech Private Ltd	— —	1.02 (2.74)	— —	— —	— —	— —	— —
	LAPOX Polymers Private Ltd	— —	— —	— —	1.87 (0.34)	— —	— —	— —

Schedules forming part of the accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

10(c) Material transactions with related parties (contd)

(₹ crores)

No	Name of the related party	Subsidiary companies	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
5	Remuneration							
	Mr Sunil S Lalbhai	—	—	—	—	1.63	—	—
		—	—	—	—	(1.55)	—	—
	Mr Samveg A Lalbhai	—	—	—	—	0.86	—	—
		—	—	—	—	(0.86)	—	—
	Mr B N Mohanan	—	—	—	—	0.62	—	—
		—	—	—	—	(0.56)	—	—
6	Discount paid							
	Atul Americas Inc	0.07	—	—	—	—	—	—
		(0.62)	—	—	—	—	—	—
7	Donations							
	Atul Rural Development Fund	—	—	—	—	—	—	0.33
		—	—	—	—	—	—	(0.20)
8	Contribution to common expenses							
	Atul Kelavani Mandal	—	—	—	—	—	—	0.06
		—	—	—	—	—	—	(0.06)
	Atul Vidyalaya	—	—	—	—	—	—	0.07
		—	—	—	—	—	—	(0.20)
	Other transactions							
1	Loans given							
	Ameer Trading Corporation Ltd	7.40	—	—	—	—	—	—
		(2.75)	—	—	—	—	—	—
	Amal Ltd	—	3.59	—	—	—	—	—
		—	(—)	—	—	—	—	—
2	Reimbursement							
	Atul Europe Ltd	1.01	—	—	—	—	—	—
		(0.27)	—	—	—	—	—	—
	Atul Americas Inc	0.22	—	—	—	—	—	—
		(0.36)	—	—	—	—	—	—
	Atul Deutschland GmbH	0.15	—	—	—	—	—	—
		(0.29)	—	—	—	—	—	—

Schedules forming part of accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

10(c) Material transactions with related parties (contd)

(₹ crores)

No	Name of the related party	Subsidiary companies	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
3	Interest paid on fixed deposits							
	Mr Sunil S Lalbhai	—	—	—	—	0.04 (0.03)	—	—
	Dr Vimla S Lalbhai	—	—	—	—	—	0.01 (0.01)	—
	Ms Nishtha S Lalbhai	—	—	—	—	—	0.03 (0.02)	—
4	Investments							
	Preference Shares in Amal Ltd*	—	10.00 (—)	—	—	—	—	—
	Equity Shares in Atul Europe Ltd	6.83 (—)	—	—	—	—	—	—
	Equity Shares in Anchor Adhesives Private Ltd	—	1.47 (—)	—	—	—	—	—
5	Guarantees given							
	Atul Europe Ltd	9.50 (—)	—	—	—	—	—	—
	Outstanding balances							
1	Payables							
	Atul Europe Ltd	0.89 (0.17)	—	—	—	—	—	—
	Atul Deutschland GmbH	0.84 (0.14)	—	—	—	—	—	—
	LAPOX Polymers Private Ltd	—	—	—	1.88 (0.05)	—	—	—
2	Receivables							
	Atul Europe Ltd	27.75 (28.27)	—	—	—	—	—	—
	Atul Americas Inc	15.24 (9.45)	—	—	—	—	—	—
	Ameer Trading Corporation Ltd	13.40 (5.66)	—	—	—	—	—	—
	Amal Ltd	—	15.26 (21.29)	—	—	—	—	—

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 crores in terms of BIFR order.

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

11 Segment information

(a) Information about business segment - primary

(₹ crores)

Particulars	Life Science Chemicals		Performance & Other Chemicals		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1 Segment revenues						
External sales	530.26	401.69	1063.99	824.27	1594.25	1225.96
Inter segment sales	—	—	38.15	34.97	38.15	34.97
Total segment revenues	530.26	401.69	1102.14	859.24	1632.40	1260.93
Less: Inter segment revenues	—	—	38.15	34.97	38.15	34.97
Net revenues from operations	530.26	401.69	1063.99	824.27	1594.25	1225.96
2 Segment results						
Profit before interest and tax	90.01	66.27	73.41	50.19	163.42	116.46
Interest					25.46	25.69
Other unallocable expenditure (net of unallocable income)					(1.32)	11.02
Profit before tax					139.28	79.75
3 Other information						
Segment assets	268.34	241.29	671.58	607.86	939.92	849.15
Unallocated common assets					307.00	272.51
Total assets					1246.92	1121.66
Segment liabilities	74.80	70.85	190.63	160.82	265.43	231.67
Unallocated common liabilities					63.11	88.02
Total liabilities					328.54	319.69
Capital expenditure	6.16	2.17	39.20	15.93	45.36	18.10
Unallocated capital expenditure					1.53	2.58
Total capital expenditure					46.89	20.68
Depreciation	9.05	9.17	27.01	26.07	36.07	35.24
Unallocated depreciation					2.47	2.06
Total depreciation					38.54	37.30
Significant non cash expenses	—	—	—	—	—	—
Significant unallocated non cash expenses					—	—
Total significant non cash expenses					—	—

Schedules forming part of the accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

(b) Business secondary - geographical by customers

(₹ crores)

Particulars	In India		Outside India		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Segment revenues	926.79	712.48	667.46	513.48	1594.25	1225.96
Carrying cost of assets by location of assets	1150.53	1023.60	96.39	98.06	1246.92	1121.66
Addition to assets and intangible assets	46.89	20.68	-	-	46.89	20.68

Other disclosures

- 1 The Company has made reassessment of the risk and returns of its products groups, the nature of its businesses, the class of customers, etc and accordingly reclassified its business segments into Life Science Chemicals and Performance & Other Chemicals. This change does not have any financial impact.
- 2 The Company has disclosed business segment as the primary segment.
- 3 Composition of business segment:

Name of segment	Comprises
(a) Life Science Chemicals	API inters, APIs, Herbicides, Fungicides, Tissue culture products and others
(b) Performance & Other Chemicals	Textile dyes, Pigments, Paper dyes, Epoxy Resins, Hardeners, Rubber Adhesives, Polyurethane Adhesives and others, <i>p</i> -Cresol, Bulk intermediates, Sulphones and others

- 4 The Segment revenue, results, assets and liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.

12 Earning per Share

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

Particulars		March 31, 2011	March 31, 2010
Profit for the year attributable to the Equity shareholders	₹ crores	90.00	56.81
Basic weighted average number of Equity Shares outstanding during the year		29661733	29661733
Nominal value of Equity Share	₹	10	10
Basic and diluted Earning per Share	₹	30.34	19.15

13 Lease

- (a) The Company has taken various residential and office premises under operation 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 Profit and Loss Account under "Rent" in Schedule 15.
- (b) The Company has given buildings and plant and machineries on operating lease, the details of which are as under:

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

13 Lease (contd)

(₹ crores)

Assets	Gross block		Depreciation fund		Written down values		Depreciation for the year	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Buildings	0.04	0.04	0.04	0.04	—	—	—	—
Plant & machinery	1.27	1.27	0.87	0.74	0.40	0.53	0.13	0.13
Total	1.31	1.31	0.91	0.78	0.40	0.53	0.13	0.13

The future minimum lease payment to be received under the non cancellable leases are as follows:

Particulars	As at March 31, 2011	As at March 31, 2010
Not later than one year	—	—

14 Micro, Small and Medium Enterprise dues

Sundry creditors include ₹ 0.28 crore (Previous year ₹ 0.20 crore) due to Micro, Small and Medium Enterprise. Following is the information, required to be furnished as per Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006.

(₹ crores)

No	Particulars	As at March 31, 2011	As at March 31, 2010
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
	Principal	0.28	0.20
	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; and	—	—
(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 "The Micro, Small and Medium Enterprise Development Act, 2006" as at March 31, 2011.

Schedules forming part of the accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

- 15 Provision for contingency represents provision made for irrecoverable loans and advances created by way of utilisation of capital redemption reserve account totally and security premium account partly in terms of order dated February 01, 2005 passed by the Honourable High Court of Gujarat. In line with the said order and settlement arrived with financiers this amount has been utilised to write off amount paid on behalf of Gujarat Synthwood Ltd.
- 16 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 the Company's risk management strategy.

(a) The Company has entered into the following derivatives:

- (1) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions.

The following are the outstanding forward exchange contracts entered into by the Company:

As at	No. of contracts	Type	US\$ equivalent (crores)
March 31, 2010	3	Buy	0.04
March 31, 2011	-	-	-

- (2) The Company has outstanding currency option contracts (hedging instruments) which are bought by the Company, in addition to forward contracts, to hedge a part of its highly probable forecasted export transactions.

As at	No. of contracts	US\$ equivalent (crores)
March 31, 2010	8	3.35
March 31, 2011	7	1.60

- (3) The Company also uses derivative contracts other than forward contracts to hedge the interest rate and currency risk on its capital account.

(i) Interest Rate Swaps to hedge against fluctuations in interest rate changes :

As at	No of contracts	US\$ equivalent (crores)
March 31, 2010	3	0.28
March 31, 2011	7	1.60

(ii) Currency Swap to hedge against fluctuations in changes in exchange rate and interest Rate

As at	No. of contracts	US\$ equivalent (crores)
March 31, 2010	2	0.20
March 31, 2011	1	0.06

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

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

Amounts receivable or payable in foreign currency on account of the following:

Particulars	Current Year			Previous Year		
	US\$ equivalent (crores)	Euro equivalent (crores)	Others equivalent (crores)	US\$ equivalent (crores)	Euro equivalent (crores)	Others equivalent (crores)
Debtors	2.62	0.27	-	2.34	0.45	0.01
Creditors	0.57	-	0.13	0.92	-	0.02
Loans Taken	2.51	-	-	1.44	-	-

(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 forward exchange contracts and currency and interest rate swaps, the Company has applied the Hedge accounting principles set out in the Accounting Standard (AS) 30 'Financial Instruments: Recognition and Measurement'. Accordingly, range forward contracts are marked to market and the loss aggregating ₹ 5.09 crores (Previous year ₹ 15.03 crores) arising consequently on contracts that were designated and effective as hedges of future cash flows has been recognized 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 Profit and Loss account. Hedge accounting will be discontinued if the hedging instrument is sold, terminated or no longer qualifies for hedge accounting.

17 Loans and advances in nature of loans

(₹ crores)

Particulars	Amount outstanding as at March 31, 2011	Maximum balance during the year
(i) Subsidiary: Ameer Trading Corporation Ltd (including interest)	13.40	13.40
(ii) Associate company: Amal Ltd	14.88	21.29
(iii) Loan to other: Atul club	1.42	1.42

Note:

- (a) No repayment Schedule for (i) and (iii)
- (b) Loans given to employees as per the policy of the Company are not considered.

18 Employee benefits

(a) Defined benefit plans:

Expenses recognised for the year ended on March 31, 2011 (included in Schedule 13 of Profit and Loss Account)

(₹ crores)

Particulars	2010-11 Gratuity funded	2009-10 Gratuity funded
1 Current service cost	1.40	1.38
2 Interest cost	2.36	2.06

Schedules forming part of the accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

18	Employee benefits (contd)	(₹ crores)	
	Particulars	2010-11 Gratuity funded	2009-10 Gratuity funded
3	Expected return on plan assets	(2.46)	(2.21)
4	Employer contribution (receipt)	0.00	0.00
5	Actuarial losses (gains)	0.53	0.84
	Expenses recognised in Profit and Loss Account	1.83	2.07
Net assets (liabilities) recognised in the Balance Sheet as at March 31, 2011			
	Particulars	Gratuity funded	Gratuity funded
1	Present value of defined benefit obligation	34.26	30.55
2	Fair value of plan assets	33.48	30.81
3	Funded status (surplus (deficits))	0.78	0.26
	Net assets (liabilities)	0.78	0.26
Reconciliation of net assets (liabilities) recognised in the Balance Sheet as at March 31, 2011			
	Particulars	Gratuity funded	Gratuity funded
1	Net assets (liabilities) at beginning of the year	(2.14)	(0.38)
2	Employer expenses	4.58	2.59
3	Employer contribution	(1.65)	(1.95)
	Net assets (liabilities) at the end of the year	0.79	0.26
	Particulars	Gratuity funded	Gratuity funded
	Actual return on plan assets	5.35	4.81
Actuarial assumptions			
	Particulars	Gratuity funded	Gratuity funded
1	Discount rates	8.25%	8.25%
2	Expected rate of return on plan assets	8.00%	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			
	Particulars	Gratuity funded	Gratuity funded
1	Unit linked insurance plan of various private insurance companies approved by IRDA	90.95%	94.00%
2	In approved government securities	9.05%	6.00%

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)

18 Employee benefits (contd)

Experience adjustments

(₹ crores)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Experience adjustments on:			
1 (Gain) loss on plan liabilities	3.82	2.96	0.29
2 (Gain) loss on plan assets	0.53	2.63	(2.18)

(b) Defined contribution plan:

Amount of ₹ 6.21 crores (Previous year ₹ 5.99 crores) is recognised as expense and included in the Schedule 13 "Contribution to Provident and Other Funds" to the Profit and Loss Account.

(c) 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.

(d) Amount recognised as an expense in respect of compensated leave absences is ₹ 2.42 crores (Previous year ₹ 2.21 crores).

19 Included under Loans and Advances is an amount of ₹ 11.29 crores (Previous year ₹ 21.29 crores) given to an associate company. 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 crores (Previous year ₹ Nil) as Promoters contribution (repayable in two equal instalments in financial year 2015-16 and 2016-17). Considering the progress of the revival plan, the present market value of assets, etc these amounts included under loans and advances are considered as good and recoverable.

20 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 crores has been transferred to Revaluation Reserve.

21 In the opinion of the management, the diminution in the value of the investment as shown in Schedule 6, held by the Company is temporary in nature and accordingly, no provision is considered necessary by the management.

22 Significant accounting policies followed by the Company are as stated in the statement annexed to this schedule.

23 Figures of the previous year have been regrouped | recast | reclassified wherever necessary.

24 Figures less than ₹ 50000 has been shown at actual in bracket as the figures have been rounded off to nearest crores.

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 13, 2011

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 13, 2011

Annexure referred to in Note 22 in Schedule 16 of the Accounts for the year ended March 31, 2011

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared on an 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.

1. 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 upon Management's best knowledge of current events and actions, actual results could differ from these estimates. Differences between actual results and estimates are recognised in the period in which the results are known | materialised.

2. Fixed Assets: (Tangible and Intangible)

1. Tangible Assets:

- i) Fixed assets are carried at cost of acquisition including incidental expenses, less accumulated depreciation, amortisation and impairment except freehold land, lease hold land Panoli and certain business premises at fair market value, assets received free of cost on premature cancellation of lease agreement with one lease which are at fair value.
- ii) Spares for specific machinery are carried at cost less amortisation.

2. Intangible Assets:

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

3. Depreciation and Amortisation:

Amortisation:

- i) Premium on lease hold land is amortised over the period of lease.
- ii) Cost of spares for specific machinery is amortised over balance period of life of related machinery.
- iii) Computer Software is being amortised over a period of three years.
- iv) Other fixed assets:

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

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, as required by Schedule XIV to the Companies Act, 1956.

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

4. Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date 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 is greater of the asset's net selling price and value in use. In 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 circumstances.

5. 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.

6. 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.

7. Inventories:

- i. Raw materials, packing materials and fuel are valued at cost or net realisable value whichever is lower. Cost is arrived at on moving weighted average basis.
- ii. 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.
- iii. Materials-in-Process and finished goods are valued at cost or net realisable value whichever is lower. Finished goods stocks are valued at full absorption cost (Including Excise Duty).
- iv. Purchased finished goods are valued at cost or net realisable value whichever is lower. Cost is arrived at on moving weighted average basis.
- v. Materials in transit and in bonded warehouse are stated at the cost to the date of Balance Sheet.

8 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 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 Profit and Loss Account, except in cases where they relate to the acquisition of fixed assets, acquired out of India in which case they are adjusted in the cost of the corresponding 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 expenses 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.

e. Derivatives:

Where the Company has entered into the derivative contracts such as Interest Rate Swaps, Currency Swaps, Forward Contracts and Currency Options, to hedge against risks of adverse movements in interest rates, foreign currencies of values of the hedged items 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 profit and loss account. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account 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 profit and loss account for the period.

9. 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 Bill of Lading and | or Air Way Bill.

c. Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme" is accounted in the year of export.

d. Lease rental income is recognised on accrual basis.

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

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

10. Provisions:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to its present value and are determined based on Management estimate required to settle the obligation at the balance sheet date and adjusted to reflect the current Management estimates.

11. Research & Development Expenditure:

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

12. Employee Benefits:

- a. Defined contribution plan:

Company's contribution paid | payable during the period to Provident Fund, Employees' Deposit Link Insurance Scheme, Officer Super Annuation Fund, Employees' State Insurance Corporation, and Labour Welfare Fund are recognised in the profit and loss account.

- b. Defined Benefit Plan:

Gratuity:

Gratuity liability is 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 profit and loss account.

Long-Term Leave Encashment:

Long-term leave encashment are 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 profit and loss account.

- c. Short-Term Employee Benefits:

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

- d. Voluntary Retirements:

Compensation payable under the voluntary retirement scheme is being charged to profit and loss account.

13. Taxation:

- i. 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.
- ii. 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.
- iii. 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.

14 Government Grants:

- i. Government grants are recognised when there is reasonable assurance that the same will be received.
- ii. Revenues grants for expenses incurred are reduced from the respective expenses.
- iii. Capital grants relating to specific fixed assets are reduced from the cost of the respective fixed assets.
- iv. Capital grants for project capital subsidy are credited to capital reserve.

Additional Information Pursuant to Part IV of Schedule VI of the Companies Act, 1956 Balance Sheet Abstract and General Business Profile of the Company

I Registration details

Registration No.

				2	8	5	9
--	--	--	--	---	---	---	---

 State code

0	4
---	---

Balance Sheet date

3	1	0	3	2	0	1	1
---	---	---	---	---	---	---	---

II Capital raised during the year (Amount in ₹ crores)

Public issue

					N	I	L
--	--	--	--	--	---	---	---

 Rights issue

						N	I	L
--	--	--	--	--	--	---	---	---

Bonus issue

					N	I	L
--	--	--	--	--	---	---	---

 Private placement (Redeemable Preference Shares)

						N	I	L
--	--	--	--	--	--	---	---	---

III Position of mobilisation and deployment of funds (Amount in ₹ crores)

Total liabilities

		9	1	8	.	3	8
--	--	---	---	---	---	---	---

 Total assets

		9	1	8	.	3	8
--	--	---	---	---	---	---	---

Sources of Funds

Paid-up capital

			2	9	.	6	8
--	--	--	---	---	---	---	---

 Reserve & surplus

		5	3	7	.	4	1
--	--	---	---	---	---	---	---

Secured loans

		2	9	5	.	9	1
--	--	---	---	---	---	---	---

 Unsecured loans

			3	2	.	3	2
--	--	--	---	---	---	---	---

Deferred tax liability (net)

			2	3	.	0	6
--	--	--	---	---	---	---	---

Application of funds

Net fixed assets

		4	2	6	.	1	9
--	--	---	---	---	---	---	---

 Investments

			8	3	.	3	2
--	--	--	---	---	---	---	---

Net current assets

		4	0	8	.	8	7
--	--	---	---	---	---	---	---

IV Performance of company (Amount in ₹ crores)

Turnover

	1	5	5	3	.	5	0
--	---	---	---	---	---	---	---

 Total expenditure

	1	4	2	4	.	3	2
--	---	---	---	---	---	---	---

(including other income)

Profit before tax

		1	3	9	.	2	8
--	--	---	---	---	---	---	---

 Profit after tax

			9	6	.	1	1
--	--	--	---	---	---	---	---

Earning per share (equity)

	₹	3	0	.	3	4
--	---	---	---	---	---	---

 Dividend rate in % (Proposed)

						4	5
--	--	--	--	--	--	---	---

V Generic names of three principal products | services of the company (as per monetary terms)

Item code no. (ITC code)

				3	2	0	4
--	--	--	--	---	---	---	---

Product description

Synthetic organic colouring matter

Item code no. (ITC code)

2	9	1	2	4	9	1	0
---	---	---	---	---	---	---	---

Product description

p-Anisic Aldehyde

Item code no. (ITC code)

3	9	0	7	3	0	1	0
---	---	---	---	---	---	---	---

Product description

Epoxy Resins

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

1	Name of subsidiary companies	Ameer Trading Corporation Ltd	Atul Americas Inc	Atul Europe Ltd	Atul Deutschland GmbH	Atul International Trading (Shanghai) Co Ltd	Atul Rajasthan Date Palms Ltd
2	Financial year ending on	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
3	Extent of Holding: By Atul Ltd	100%	100%	100%	100%	100%	74%
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, 2011	-	-	-	-	-	-
	(b) not dealt with in the accounts of the Company for the year ended March 31, 2011	(₹ 0.37 crore)	\$6,128 equal to ₹ 0.03 crore	£ 422,450 equal to ₹ 3.04 crores	€ 22,744 equal to ₹ 0.14 crore	YUAN 826,010.09 equal to ₹ 0.57 crore	(₹ 0.24 crore)
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, 2011	₹ 12.07 crores	-	-	-	-	-
	(b) not dealt with in the accounts of the Company for the year ended March 31, 2011	₹ 4.06 crores	\$321,015 equal to ₹ 1.43 crores	(£ 402,811) equal to (₹ 2.90 crores)	€ 18,122 equal to ₹ 0.11 crore	(YUAN 1,245,655) equal to (₹ 0.86 crore)	₹ 9.13 crores

Contents

Financial Statements

Consolidated

97	Report of the Auditors
98	Balance Sheet
99	Profit and Loss Account
100	Cash Flow Statement
102	Schedules

Report of the Auditors

To the Board of Directors

of Atul Ltd on the Consolidated Financial Statements of Atul Ltd

1. We have audited the attached consolidated balance sheet of Atul Ltd. (the "Company") and its subsidiary companies and associate companies; hereinafter referred to as the "Group" (refer Note 9 on Schedule 16 to the attached consolidated financial statements) as at March 31, 2011, the related consolidated Profit and Loss Account 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 Company's management. 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 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 three foreign subsidiary companies which constitute total assets of ₹ 55.01 crores and net assets of ₹ 3.06 crores as at March 31, 2011, total revenues of ₹ 199.28 crores, net profit of ₹ 3.54 crores and net cash out flows amounting to ₹ 1.26 crores 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 also did not audit the financial statements of (i) two other subsidiary companies (including one foreign subsidiary) included in the consolidated financial statements, which constitute total assets of ₹ 15.31 crores and net assets of ₹ 14.53 crores as at March 31, 2011 and total revenue of ₹ 1.15 crores, net loss of ₹ 0.10 crore and net cash flows of ₹ 3.29 crores for the year then ended and (ii) seven associate companies which constitute net profit of ₹ 0.54 crore for the year then ended. These financial statements and other financial information are unaudited and have been prepared and certified by the management of these companies as a result of which, any adjustments to their balances could have consequential effect on the attached consolidated financial statements. However, the size of these subsidiary companies and the associate companies, in the consolidated position, is not significant in relative terms.
 5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
 6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the component 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, 2011;
 - (b) in the case of the consolidated Profit and Loss Account, 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
Chartered Accountants
Firm Registration No. 102020W

S Venkatesh
Partner
Membership No. F-037942
- Mumbai
May 13, 2011

Consolidated Balance Sheet as at March 31, 2011

(₹ crores)

Particulars	Schedule	As at March 31, 2011	As at March 31, 2010
I SOURCES OF FUNDS			
1 Shareholders' funds			
(a) Capital	1	29.68	29.68
(b) Reserves and surplus	2	540.89	458.16
		570.57	487.84
2 Loan funds			
(a) Secured loans	3	295.91	259.01
(b) Unsecured loans	4	32.32	36.07
		328.23	295.08
3 Deferred tax liability (net) (see Note 5)		23.04	22.57
4 Minority interest		3.95	3.99
		925.79	809.48
II APPLICATION OF FUNDS			
1 Fixed assets			
(a) Gross block	5	973.51	975.20
(b) Less: Depreciation, amortisation and impairment loss		582.84	562.72
(c) Net block		390.67	412.48
(d) Capital work in progress, expenditure to date		35.76	7.85
(e) Advances against capital expenditure		6.66	5.23
		433.09	425.56
2 Investments	6	85.06	53.34
3 Current assets, loans and advances	7		
(a) Inventories		282.35	225.80
(b) Sundry debtors		292.07	263.46
(c) Cash and bank balances		23.17	32.64
(d) Other current assets		—	—
(e) Loans and advances		150.51	136.66
		748.10	658.56
Less: Current liabilities and provisions	8		
(a) Liabilities		301.78	278.04
(b) Provisions		38.68	49.94
		340.46	327.98
Net current assets		407.64	330.58
		925.79	809.48
Notes forming part of the Accounts	16		

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 13, 2011

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 13, 2011

Consolidated Profit and Loss Account

for the year ended March 31, 2011

(₹ crores)

Particulars	Schedule	2010-11	2009-10
INCOME			
Gross sales		1,616.68	1,249.82
Less: Excise duty		86.56	57.84
Net sales			1,530.12
Operating income	9		39.70
Sales and operating income			1,569.82
Other income	10		5.43
			5.38
		1,575.25	1,229.11
EXPENDITURE			
Cost of goods sold and materials consumed	11	897.62	674.75
Manufacturing expenditure	12	225.97	181.88
Employees' emoluments	13	108.20	106.12
Interest and finance charges	14	25.54	25.76
Others	15	141.53	115.42
Exchange rate difference		8.87	8.86
Depreciation		39.64	38.58
Amortisation of leasehold land		0.28	0.28
Amortisation of computer software		0.78	0.62
		40.70	39.48
Less: Amount withdrawn from revaluation reserve		2.06	2.06
		38.64	37.42
		1,446.37	1,150.21
Profit before tax and exceptional items		128.88	78.90
Exceptional items			
Gain on settlement of long-term export advance		8.20	—
Recovery of advance written off in earlier years		1.90	—
		10.10	—
Profit before tax		138.98	78.90
Provision for tax			
Current tax		42.62	22.29
Deferred tax		0.47	4.85
Wealth tax		0.11	0.10
		43.20	27.24
Profit for the year		95.78	51.66
Share of profit in associate companies		0.54	—
Minority interest		(0.04)	0.08
		96.36	51.58
Add (Less): Tax adjustments for the earlier years			
Income tax and wealth tax		(6.11)	0.04
Additional MAT entitlement for the earlier years		—	3.89
Net profit for the year		90.25	55.51
As per last account		265.21	229.22
Net profit available for appropriation		355.46	284.73
Appropriations			
General reserve		5.68	5.68
Proposed dividend		13.35	11.87
Corporate dividend tax on above		2.16	1.97
		15.51	13.84
Balance carried to Balance Sheet		334.27	265.21
Basic diluted earning per share (see Note 8)		₹ 30.43	₹ 18.71
Notes forming part of the Accounts	16		

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 13, 2011

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 13, 2011

Consolidated Cash Flow Statement

for the year ended March 31, 2011

(₹ crores)

Particulars	2010-11		2009-10	
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax and extraordinary items		138.98		78.90
Adjustments for				
Add:				
Depreciation	38.64		37.42	
Interest and finance charges	25.54		25.76	
Loss on assets sold or discarded	1.97		0.43	
Exchange rate difference	2.00		(6.73)	
Exchange difference on consolidation (loss)	—		1.68	
Bad debts and irrecoverable balances written off	1.71		1.63	
Provision for doubtful debts	0.41		—	
Obsolete material written off	0.61		1.87	
		70.88		62.06
		209.86		140.96
Less:				
Dividend received	5.42		4.97	
Interest received	0.41		1.06	
Impairment written back	0.89		—	
Provisions no longer required	6.24		1.53	
Exchange difference on consolidation (loss)	0.46		—	
Gain on settlement of long-term export advance	8.20		—	
Surplus on sale of fixed assets	0.03		0.04	
		21.65		7.60
Operating profit before working capital changes		188.21		133.36
Adjustments for				
Inventories	(57.16)		(14.89)	
Trade and other receivables	(57.43)		(67.77)	
Trade and other payables	32.20		80.75	
		(82.39)		(1.91)
Cash generated from operations		105.82		131.45
Less:				
Direct taxes (refund) paid		45.90		21.73
Net cash flow from operating activities	A	59.92		109.72
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets	(50.58)		(18.91)	
Capital advances	(1.43)		(3.52)	
Investments in associates	(21.18)		—	
Acquisition of minority interest	(0.04)		3.99	
Sale of fixed assets	2.74		0.30	
Disbursements (repayments) of loans	(0.07)		(0.38)	
Exchange difference on consolidation	0.46		(1.68)	
Sale of investments	—		1.50	
Capital subsidy	—		8.96	
Interest received	0.41		1.06	
Dividend received	5.42		4.97	
Net cash used in investing activities	B	(64.27)		(3.71)

Consolidated Cash Flow Statement

for the year ended March 31, 2011 (contd)

(₹ crores)

Particulars	2010-11	2009-10
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital		1.58
Proceeds from long-term borrowings	(55.92)	(69.42)
Add: Exchange rate difference	0.94	6.73
Proceeds from long-term borrowings (adjusted)	(54.98)	(62.69)
Proceeds (repayments) of working capital loans (net)	92.82	(7.58)
Proceeds (repayments) of unsecured borrowings (net)	(3.75)	2.56
Total proceeds from borrowings	34.09	(67.71)
Interest paid	(25.42)	(25.77)
Dividend on Equity Shares (including corporate dividend tax)	(13.79)	(10.33)
Net cash used in financing activities C	(5.12)	(102.23)
Net change in cash and cash equivalents A+B+C	(9.47)	3.78
Cash and cash equivalents (opening balance)	32.64	28.86
Cash and cash equivalents (closing balance)	23.37	33.20
	(9.27)	4.34

Notes to the Cash Flow Statement for the year ended March 31, 2011 :

- Cash and cash equivalents include:

Cash and bank balances	23.17	32.64
Unrealised (gain) loss on foreign currency cash and cash equivalents	0.20	0.56
Total cash and cash equivalents	23.37	33.20
- The Cash Flow Statement has been prepared under the 'Indirect Method' set out in AS-3 'Cash Flow Statement' referred to in The Companies Accounting Standard Rules, 2006.
- Cash and cash equivalents represent cash and bank balances only.
- Cash and cash equivalents include ₹ 2.81 crores (Previous year ₹ 2.60 crores) which are not available for use by the Company.
- Figures of the previous year have been regrouped wherever necessary.

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 13, 2011

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 13, 2011

Schedules forming part of Consolidated Balance Sheet as at March 31, 2011

(₹ crores)

SCHEDULE 1 SHARE CAPITAL		As at March 31, 2011	As at March 31, 2010
Authorised			
80,00,000	Cumulative redeemable Preference Shares of ₹ 100 each	80.00	80.00
8,00,00,000	Equity Shares of ₹ 10 each	80.00	80.00
		160.00	160.00
Issued			
2,96,91,780	Equity Shares of ₹ 10 each	29.69	29.69
		29.69	29.69
Subscribed			
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
		29.68	29.68

Notes:

- 19,64,650 Equity Shares are issued as fully paid-up Bonus shares by way of capitalisation of reserves.
- 3,58,600 Equity Shares of ₹ 10 each issued on account of reduction and consolidation of 35,86,000 Equity Shares of ₹ 10 each as confirmed by the Honourable High Court of Gujarat vide its order dated August 20, 1988.
- 75,00,000 Equity Shares are issued to the Shareholders of erstwhile The Atul Products Ltd, pursuant to Amalgamation Scheme sanctioned by the Honourable High Court of Gujarat as per its order dated August 20, 1988.
- 38,09,310 Equity Shares are issued as fully paid-up shares on conversion of 12.5% Fully Convertible Secured debentures of ₹ 120 each per debenture in the year 1992-93.
- 1,10,29,173 Equity Shares are issued as fully paid-up on conversion of 14% Fully Convertible Secured debentures of ₹ 180 each per Debenture in the year 1994-95.

(₹ crores)

SCHEDULE 2 RESERVES AND SURPLUS		As at March 31, 2011	As at March 31, 2010
Securities premium account		34.66	34.66
Central and state subsidy reserve			
	As per last account	6.63	0.98
	Add: Received during the year	-	6.63
	Less: Transferred to general reserve	-	0.98
		6.63	6.63
Capital reserve		6.68	6.68
Revaluation reserve			
	As per last account	110.64	112.70
	Less: Transferred to Profit and Loss Account	2.06	2.06
		108.58	110.64

(₹ crores)

SCHEDULE 2 RESERVES AND SURPLUS (contd)	As at March 31, 2011	As at March 31, 2010
Hedging reserve (see Note 4)	(5.09)	(15.03)
General reserve		
As per last account	49.37	42.71
Add: Transferred from central and state subsidy reserve	–	0.98
Add: Transferred from unclaimed amount of fractional coupons of bonus shares	0.11	–
Add: Set aside this year	5.68	5.68
	55.16	49.37
Surplus as per annexed Account	334.27	265.21
	540.89	458.16

(₹ crores)

SCHEDULE 3 SECURED LOANS	As at March 31, 2011	As at March 31, 2010
Term loans from financial institutions and banks		
Foreign currency term loans	26.58	34.97
Rupee term loans	128.06	175.59
Working capital loans from banks		
Foreign currency working capital loans	85.34	29.93
Rupee working capital loans	55.93	18.52
	295.91	259.01

Amount due within one year ₹ 51.95 crores (Previous year ₹ 63.91 crores)

(₹ crores)

SCHEDULE 4 UNSECURED LOANS	As at March 31, 2011	As at March 31, 2010
Fixed deposits *	11.30	16.87
Interest accrued on cumulative deposits	1.02	0.90
From banks	20.00	18.30
	32.32	36.07

Amount due within one year ₹ 23.68 crores (Previous year ₹ 23.43 crores)

* Including deposits from The Chairman & Managing Director ₹ 0.40 crore (Previous year ₹ 0.40 crore)

Schedules forming part of Consolidated Balance Sheet as at March 31, 2011

SCHEDULE 5 FIXED ASSETS (₹ crores)										
ASSET BLOCK		GROSS BLOCK (a)			DEPRECIATION AMORTISATION IMPAIRMENT				NET BLOCK	
	As at March 31, 2010	Additions	Deductions & Adjustments	As at March 31, 2011	Upto March 31, 2010	For the Year	Deductions & Adjustments	As at March 31, 2011	Depreciation & Impairment Fund March 31, 2011	As at March 31, 2011
Tangible assets										
Land - Freehold (d)	11.36	1.75	—	13.11	—	—	—	—	—	13.11
Land - Leasehold (b) and (d)	23.72	—	0.28	23.44	—	—	—	—	—	23.44
Buildings (c) and (d)	216.21	2.03	0.19	218.05	47.80	5.18	0.01	52.97	52.97	165.08
Roads	2.51	—	0.07	2.44	1.23	0.05	—	1.28	1.28	1.16
Plant and machinery	663.53	14.73	22.64	655.62	444.80	31.34	12.82	463.32	484.35	171.27
Railway siding	0.08	—	—	0.08	0.08	—	—	0.08	0.08	—
Office equipment and furniture	22.35	0.68	0.04	22.99	14.70	1.31	0.04	15.97	15.97	7.02
Vehicles	9.94	2.27	0.38	11.83	6.23	1.13	0.30	7.06	7.06	4.77
Capital spares	0.77	—	0.76	0.01	0.49	—	0.48	0.01	0.01	—
Research & development										
Building	2.64	—	—	2.64	1.80	0.08	—	1.88	1.88	0.76
Machinery	13.65	1.06	—	14.71	11.17	0.53	—	11.70	11.70	3.01
Office equipments	0.20	—	—	0.20	0.11	0.02	—	0.13	0.13	0.07
Total Tangible assets	966.96	22.52	24.36	965.12	528.41	39.64	13.65	554.40	575.43	389.69
Intangible assets										
Computer software	8.24	—	—	8.24	6.63	0.78	—	7.41	7.41	0.83
Technical Know-how	—	0.15	—	0.15	—	—	—	—	—	0.15
Total Intangible assets	8.24	0.15	—	8.39	6.63	0.78	—	7.41	7.41	0.98
Total as at March 31, 2011	975.20	22.67	24.36	973.51	535.04	40.42	13.65	561.81	582.84	390.67
Total as at March 31, 2010	952.37	25.04	2.21	975.20	497.09	39.20	1.25	535.04	562.72	412.48

Notes:

- (a) At cost, except land - freehold, certain leasehold land, building premises and plant and machinery at revalued value.
- (b) Land - leasehold at cost less amounts written off.
- (c) Includes premises on ownership basis ₹ 1.10 crores (Previous year ₹ 1.10 crores) and cost of share in co-operative society ₹ 2000 (Previous year ₹ 2000).
- (d) See Note 1(c) in Schedule 16.

(₹ crores)

SCHEDULE 6 INVESTMENTS*	As at March 31, 2011	As at March 31, 2010
Long-term investments		
Government and trust securities		
Unquoted		
6 Years National Savings Certificates (deposited with government departments)	0.01	0.01
Equity Shares, non-traded quoted (see Note 12)	50.20	50.20
Equity Shares, unquoted, others	0.72	0.72
Equity Shares, quoted, associate companies		
Amal Ltd	0.64	0.64
Less: Cost of investments adjusted to general reserve		
as loss in associate exceed the cost	0.24	0.24
Less: Provision for diminution in value	0.40	0.40
	-	-
Equity Shares, unquoted, associate companies		
Atul Bioscience Ltd (Previous year ₹ 140)	2.75	-
Cost of acquisition (net of capital reserve of ₹ 0.91 crore, Previous year ₹ Nil)		
Add: Group share of profits for the year ended March 31, 2011	0.54	-
	3.29	-
AtRo Ltd	0.50	0.50
Less: Cost of investments adjusted to general reserve		
as loss in associate exceed the cost	0.50	0.50
	-	-
Gujarat Synthwood Ltd	0.81	0.81
Less: Cost of investments adjusted to general reserve		
as loss in associate exceed the cost	0.06	0.06
Less: Provision for diminution in value	0.75	0.75
	-	-
Anchor Adhesives Private Ltd	1.47	-
Cost of acquisition (including goodwill of ₹ 1.27 crores, Previous year ₹ Nil)		
M. Dohmen S.A.	14.21	-
Cost of acquisition (net of capital reserve of ₹ 45.72 crores, Previous year ₹ Nil)		

* Valued at cost unless otherwise stated

Schedules forming part of Consolidated Balance Sheet as at March 31, 2011

(₹ crores)

SCHEDULE 6 INVESTMENTS, AT COST (contd)	As at		As at
	March 31, 2011		March 31, 2010
Atul Infotech Private Ltd (₹ 33,980)		-	-
Cost of acquisition (net of capital reserve of ₹ 0.08 crore,)			
Preference Shares, Associate companies			
Amal Ltd (as per BIFR order)	10.00		-
Atul Bioscience Ltd	2.41		2.41
Atul Infotech Private Ltd	2.75		-
		15.16	2.41
Share application money (₹ 50,000)		-	-
		85.06	53.34

Particulars	Book Value		Market Value	
	As at March 31,		As at March 31,	
	2011	2010	2011	2010
Quoted	50.20	50.20	195.76	160.36
Unquoted	34.86	3.14		
	85.06	53.34		

(₹ crores)

SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES	As at		As at
	March 31, 2011		March 31, 2010
(a) Inventories, at cost or net realisable value whichever is lower			
Stores, spares, etc.		29.64	21.90
Stock-in-trade			
Raw materials	51.60		36.86
Materials-in-process	101.46		87.79
Finished goods	95.50		78.31
		248.56	202.96
Goods-in-transit, cost to date		4.15	0.94
		282.35	225.80
(b) Sundry debtors, unsecured			
Outstanding for more than six months			
Good	21.07		25.38
Doubtful	0.41		-
Less: Provision	0.41		-
		-	-
Outstanding for less than six months - Good	271.00		238.08
		292.07	263.46

(₹ crores)

SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES		As at		As at
(contd)		March 31, 2011		March 31, 2010
(c) Cash and bank balances				
Cash on hand		1.09		0.20
Remittances in transit		-		3.02
Cheques in hand with bank as collecting agency in terms of an arrangement		0.68		0.82
Bank balances, with Scheduled Banks				
In Current account		14.75		14.06
In Fixed deposits*	6.61			13.77
Interest accrued on above	0.04			0.77
		6.65		14.54
		21.40		28.60
			23.17	32.64
(d) Other current assets				
Sundry receivable				
Doubtful		0.19		0.19
Less: Provision		0.19		0.19
			-	-
(e) Loans and advances, unsecured, good				
(Unless otherwise stated)				
Loans to jointly promoted companies		-		0.01
Loan to an associate company (see Note 10)				
Secured loan	11.29			21.29
Unsecured loan	3.59			-
		14.88		21.29
Loan to others		7.32		2.43
Advances recoverable in cash or in kind or for value to be recovered				
Good		96.03		73.86
Balances with customs, port trust and excise etc.		11.69		15.76
Sundry deposits		7.43		7.21
MAT credit entitlement		-		10.27
Tax paid in advance, net of provisions		13.16		5.83
			150.51	136.66
			748.10	658.56

* Includes ₹ 0.01 crore deposits, receipts of which are endorsed in favour of Government departments. (Previous year ₹ 0.22 crore).

Schedules forming part of Consolidated Balance Sheet as at March 31, 2011

(₹ crores)

SCHEDULE 8 CURRENT LIABILITIES AND PROVISIONS		As at March 31, 2011		As at March 31, 2010
(a) Current Liabilities				
Acceptances			14.77	12.40
Sundry creditors				
(i) Due to Micro, Small and Medium Enterprise		0.28		0.20
(ii) Due to others		284.20		262.91
			284.48	263.11
Investors Education and Protection Fund shall be credited by the following *				
Unclaimed dividends		0.81		0.77
Interest payable on fixed deposits		0.20		0.25
Interest accrued but not due on loans			1.01	1.02
			1.52	1.40
Unclaimed amount of sale proceeds of fractional coupons of bonus shares of erstwhile The Atul Products Ltd			—	0.10
Unclaimed amount of sale proceeds of fractional coupons of bonus shares			—	0.01
			301.78	278.04
(b) Provisions				
For contingencies	2.75			2.75
Less: Transfer to Profit and Loss Account	2.75			—
		—		2.75
For unencashed leave		14.22		13.17
For derivatives		8.95		20.18
For dividend tax		2.16		1.97
Proposed dividend		13.35		11.87
			38.68	49.94
			340.46	327.98

Note:

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2011.

Schedules forming part of Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ crores)

SCHEDULE 9 OPERATING INCOME	2010-11	2009-10
Export incentives	16.91	13.25
Technical service charges	3.31	3.21
Miscellaneous scrap sales	5.00	5.23
Bad debts and advances recovered	0.44	0.07
Provision for doubtful debts and advances written back	—	0.16
Less: Write back on account of amounts written off during the year, as per contra	—	0.16
	—	—
Surplus on sale of fixed assets	0.03	0.04
Interest from customers	0.08	0.06
Interest from fixed deposit with bank	0.41	1.06
Interest others	1.25	0.29
Impairment written back	0.89	—
Provision no longer required	6.24	1.53
Miscellaneous income	5.14	7.01
	39.70	31.75

(₹ crores)

SCHEDULE 10 OTHER INCOME	2010-11	2009-10
Dividend from long-term investments	5.42	4.97
Interest from Inter Corporate Deposit	0.01	0.41
	5.43	5.38

Schedules forming part of Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ crores)

SCHEDULE 11 COST OF GOODS SOLD AND MATERIALS CONSUMED		2010-11	2009-10
Raw materials consumed			
Stocks at commencement		36.86	40.67
Add: Purchases		901.57	658.31
		938.43	698.98
Less: Stocks at close		51.60	36.86
Finished goods purchases			886.83
(Increase) decrease in stock			42.35
Stocks at close			
Materials-in-process	101.46		87.79
Finished goods	95.50		78.31
		196.96	166.10
Less: Stocks at commencement			
Materials-in-process	87.79		60.72
Finished goods	78.31		83.35
		166.10	144.07
Excise duty variation on opening closing stocks			(30.86)
			(0.70)
		897.62	674.75

(₹ crores)

SCHEDULE 12 MANUFACTURING EXPENDITURE		2010-11	2009-10
Stores consumed		10.93	10.85
Power, fuel & water		137.99	112.52
Conversion & plant operation charges		16.76	12.92
Building repairs		10.55	7.93
Machinery repairs		45.08	34.05
Sundry repairs		4.66	3.61
		225.97	181.88

(₹ crores)

SCHEDULE 13 EMPLOYEES' EMOLUMENTS		2010-11	2009-10
Salaries, wages, bonus etc.		95.06	90.36
Contribution to Provident and other Funds		9.17	10.31
Welfare expenses		3.53	3.63
Payment under VRS		0.44	1.82
		108.20	106.12

Schedules forming part of Consolidated Profit and Loss Account for the year ended March 31, 2011

(₹ crores)

SCHEDULE 14 INTEREST AND FINANCE CHARGES	2010-11	2009-10
Interest		
On fixed loans	18.16	21.98
Others	6.67	3.28
Discounting charges	24.83	25.26
	0.71	0.50
	25.54	25.76

(₹ crores)

SCHEDULE 15 OTHERS	2010-11	2009-10
Rent	1.56	1.61
Rates and taxes	0.79	1.09
Insurance	2.27	2.43
Freight, cartage and octroi	44.44	30.67
Discount on sales	14.93	10.59
Cash discount	7.90	7.60
Commission to others	11.77	8.15
Brokerage	0.02	0.04
Travelling and conveyance	9.59	8.00
Directors' fees and travelling	0.27	0.22
Directors' commission (other than Managing & Whole time Director)	0.50	0.27
Charities and donations	0.37	0.31
Bad debts and irrecoverable balances written off	1.71	17.79
Less: Provisions made in earlier years in respect of amounts written off during the year, adjusted as per contra	–	16.16
Irrecoverable loans and advances written off	2.75	–
Less: Adjusted against provision for contingencies	2.75	–
Provision for doubtful debts	0.41	–
Miscellaneous expenses	42.81	38.24
Exchange rate difference on consolidation for the year	(0.46)	1.68
Obsolete and unserviceable material written down	0.61	1.87
Loss on assets sold, discarded or demolished	1.97	0.43
Debits relating to earlier years	0.07	0.59
	141.53	115.42

Schedules forming part of the Consolidated accounts

(₹ crores)

SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS		2010-11	2009-10
1	Contingent liabilities not provided for in respect of		
	(a) Disputed excise demands - matter under appeal	21.89	13.92
	(b) Disputed customs demands - matter under appeal	16.68	11.99
	(c) Disputed water charges - matter under appeal	65.50	61.96
	Pursuant to the order passed by Honourable High Court of Gujarat, dated November 17, 2008 and April 17, 2009 in case of disputed water charges, the Company has created first charge over its certain land & buildings in favour of Government of Gujarat.		
	(d) Claims against the Company not acknowledged as debts	11.96	11.52
	(e) Income tax demands (including interest) - matter under appeal	25.50	18.72
	(f) Sales tax - matter under appeal	0.74	1.31
	(g) Guarantees given by the Company's bankers (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)	43.11	24.75
	Note: Future cash outflows in respect of (a) to (f) above are determinable on receipt of judgements decisions pending with various forums authorities.		
2	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	19.70	2.30
3	Payments to Auditors		
	(a) Statutory Auditors:		
	(i) As Auditors	0.27	0.33
	(ii) In other capacity:		
	For tax audit	0.06	0.06
	For other matters	0.25	0.13
	(iii) For expenses	0.01	0.02
		0.59	0.54
	(b) Cost Auditors:		
	(i) As Auditors	0.02	0.02
	(ii) For expenses ₹ 11,391 (Previous year ₹ 7,443)	-	-
		0.02	0.02
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 (AS) 30 'Financial Instruments: Recognition and Measurement'. Accordingly, range forward contracts are marked to market and the loss aggregating ₹ 5.09 crores (Previous year ₹ 15.03 crores) arising consequently on contracts that were designated and effective as hedges of future cash flows has been recognized 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 Profit & Loss account. Hedge accounting will be discontinued if the hedging instrument is sold, terminated or no longer qualifies for hedge accounting.		

Schedules forming part of the Consolidated accounts

(₹ crores)

SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd)

5 Deferred tax adjustments recognised in the financial statements

Particulars	Balance As at March 31, 2011	Charge credit during the year	Balance As at March 31, 2010
Deferred tax liabilities:			
on account of timing difference in			
(a) Depreciation impairment loss	28.87	(0.18)	29.05
	28.87	(0.18)	29.05
Deferred tax assets:			
on account of timing difference in			
(a) Provision for leave encashment	4.69	0.33	4.36
(b) 43 B expenses allowable	-	(0.42)	0.42
(c) Provision for doubtful debts	0.14	0.14	-
(d) Provision for doubtful advances	0.06	-	0.06
(e) Payment under VRS	0.92	(0.71)	1.63
	5.81	(0.66)	6.47
	23.06	0.48	22.58
(f) Deferred tax assets of subsidiary companies	(0.02)	(0.01)	(0.01)
Net deferred tax liabilities (assets)	23.04	0.47	22.57

6 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	Amal Ltd	Associate companies
2	Atul Bioscience Ltd	
3	Gujarat Synthwood Ltd	
4	AtRo Ltd	
5	Atul Infotech Private Ltd	
6	Anchor Adhesives Private Ltd	
7	M. Dohmen S.A.	
8	Atul Bio Space Private Ltd	Enterprises over which control exercised by key management personnel
9	Atul Clean Energy Private Ltd	
10	Biyaban Agri Ltd	
11	Raja Dates Ltd	
12	Aasthan Dates Ltd	
13	Atul Seeds Ltd	
14	LAPOX Polymers Private Ltd	Enterprises over which significant influence exercised
15	Atul (Retail) Brands Private Ltd	
16	Atul Ayurveda Ltd	
17	Atul Crop Care Ltd	
18	Atul Entertainment Ltd	
19	Atul Hospitality Ltd	
20	Atul Medical Care Ltd	
21	Jayati Infrastructure Ltd	
22	Osia Dairy Ltd	

Schedules forming part of the Consolidated accounts

SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd)

(a) Name of the related party and nature of relationship (contd)

No	Name of the related party	Description of relationship
	Other related parties	
23	Key management personnel In Atul Ltd Mr Sunil S Lalbhai Mr Samveg A Lalbhai Mr Bharathy N Mohanan In Atul Europe Ltd Mr Chris J Bent	The Chairman & Managing Director Managing Director Whole time Director Director
24	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
25	Welfare Funds Atul Rural Development Fund Atul Kelvani Mandal Atul Vidyalaya Atul Club	} Key management persons and employees are trustees

(b) Transactions with related parties

(₹ crores)

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	2.80 (0.32)	0.57 (0.18)	- -	- -	- -	- -
2	Interest received	0.16 (0.39)	- -	- -	- -	- -	- -
	Purchases and expenses						
1	Purchase of goods	10.62 (-)	- -	- -	- -	- -	- -
2	Technical know-how fees	0.30 (-)	- -	- -	- -	- -	- -
3	Service charges paid	1.62 (4.41)	- (0.19)	1.87 (0.34)	- -	- -	- -
4	Remuneration	- -	- -	- -	3.11 (2.97)	- -	- -
5	Donations	- -	- -	- -	- -	- -	0.33 (0.20)
6	Contribution to common expenses	- -	- -	- -	- -	- -	0.13 (0.26)

Schedules forming part of the Consolidated accounts

SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd)

(b) Transactions with related parties (contd)

(₹ crores)

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
	Other transactions						
1	Loans given	9.29 (-)	- -	- -	- -	- -	0.07 (-)
2	Repayment of loans given	4.30 (-)	- -	- -	- -	- -	- -
3	Fixed deposits received	- -	- -	- -	(0.40) -	(0.49) -	- -
4	Interest paid on fixed deposits	- -	- -	- -	0.04 (0.03)	0.04 (0.03)	- -
5	Investments	31.18 (-)	- -	- -	- -	- -	- -
	Outstanding balances						
1	Payables	1.00 (0.47)	- (0.13)	1.88 (0.17)	1.86 (1.77)	0.47 (0.52)	- -
2	Receivables	26.45 (27.80)	0.09 (0.60)	1.65 (-)	- -	- -	1.42 (1.36)

(c) Material transactions with related parties

(₹ crores)

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						
	Atul Bioscience Ltd	2.61 (0.30)	- -	- -	- -	- -	- -
	Atul Bio Space Private Ltd	- -	0.57 (0.18)	- -	- -	- -	- -
2	Interest received						
	Atul Bioscience Ltd	0.16 (0.39)	- -	- -	- -	- -	- -
	Purchases and expenses						
1	Purchase of goods						
	Amal Ltd	10.60 (-)	- -	- -	- -	- -	- -

Schedules forming part of the Consolidated accounts

SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd)

(c) Material transactions with related parties (contd)

(₹ crores)

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
2	Technical know-how fees						
	M. Dohmen S.A.	0.30	-	-	-	-	-
		(-)	-	-	-	-	-
3	Service charges paid						
	Atul Bioscience Ltd	0.58	-	-	-	-	-
		(1.67)	-	-	-	-	-
	Atul Infotech Private Ltd	1.02	-	-	-	-	-
		(2.74)	-	-	-	-	-
	LAPOX Polymers Private Ltd	-	-	1.87	-	-	-
		-	-	(0.34)	-	-	-
4	Remuneration						
	Mr Sunil S Lalbhai	-	-	-	1.64	-	-
		-	-	-	(1.55)	-	-
	Mr Samveg A Lalbhai	-	-	-	0.86	-	-
		-	-	-	(0.86)	-	-
	Mr Bharathy N Mohanan	-	-	-	0.62	-	-
		-	-	-	(0.56)	-	-
	Mr Chris J Bent	-	-	-	0.07	-	-
		-	-	-	(0.07)	-	-
5	Donations						
	Atul Rural Development Fund	-	-	-	-	-	0.33
		-	-	-	-	-	(0.20)
6	Contribution to common expenses						
	Atul Kelavani Mandal	-	-	-	-	-	0.06
		-	-	-	-	-	(0.06)
	Atul Vidyalaya	-	-	-	-	-	0.07
		-	-	-	-	-	(0.20)
	Other transactions						
1	Loans given						
	Amal Ltd	3.59	-	-	-	-	-
		(-)	-	-	-	-	-
	Atul Bioscience Ltd	5.70	-	-	-	-	-
		(-)	-	-	-	-	-

Schedules forming part of the Consolidated accounts

SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd)

(c) Material transactions with related parties (contd)

(₹ crores)

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
2	Loan repaid						
	Atul Bioscience Ltd	4.30	-	-	-	-	-
		(-)	-	-	-	-	-
3	Interest paid on fixed deposits						
	Mr Sunil S Lalbhai	-	-	-	0.04	-	-
		-	-	-	(0.03)	-	-
	Dr Vimla S Lalbhai	-	-	-	-	0.01	-
		-	-	-	-	(0.01)	-
	Ms Nishtha S Lalbhai	-	-	-	-	0.03	-
		-	-	-	-	(0.02)	-
4	Investments						
	Preference Shares in Amal Ltd*	10.00	-	-	-	-	-
		(-)	-	-	-	-	-
	Equity Shares in Anchor Adhesives Private Ltd	1.47	-	-	-	-	-
		(-)	-	-	-	-	-
	Equity Shares in Atul Bioscience Ltd	2.75	-	-	-	-	-
		(-)	-	-	-	-	-
	Preference Shares in Atul Infotech Private Ltd	2.75	-	-	-	-	-
		(-)	-	-	-	-	-
	Equity Shares in M. Dohmen S.A.	14.21	-	-	-	-	-
		(-)	-	-	-	-	-
	Outstanding balances						
1	Payables						
	LAPOX Polymers Private Ltd	-	-	1.88	-	-	-
		-	-	(0.05)	-	-	-
2	Receivables						
	Amal Ltd	15.26	-	-	-	-	-
		(21.29)	-	-	-	-	-
	Atul Bioscience Ltd	8.68	-	-	-	-	-
		(5.15)	-	-	-	-	-

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 crores in terms of BIFR order.

Schedules forming part of the Consolidated accounts

SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd)

7 Segment information:

(a) Information about business segment - primary:

(₹ crores)

Particulars	Life Science Chemicals		Performance & Other Chemicals		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1 Segment revenues						
External sales	532.14	403.69	1,084.54	846.13	1616.68	1249.82
Inter segment sales	-	-	38.15	34.97	38.15	34.97
Total segment revenues	532.14	403.69	1,122.69	881.10	1654.83	1284.79
Less: Inter segment revenues	-	-	38.15	34.97	38.15	34.97
Net revenues from operations	532.14	403.69	1,084.54	846.13	1616.68	1249.82
2 Segment results						
Profit before interest and tax	89.97	66.19	72.98	49.28	162.95	115.47
Interest					25.54	25.76
Other unallocable expenditure (net of unallocable income)					(1.57)	10.81
Profit before tax					138.98	78.90
3 Other Information						
Segment assets	268.73	241.57	675.82	610.89	944.55	852.46
Unallocated common assets					321.70	285.00
Total assets					1266.25	1137.46
Segment liabilities	75.79	71.54	201.48	168.38	277.27	239.92
Unallocated common liabilities					63.19	88.06
Total liabilities					340.46	327.98
Capital expenditure	6.59	2.32	43.89	17.54	50.48	19.86
Unallocated capital expenditure					1.53	2.58
Total capital expenditure					52.01	22.44
Depreciation	9.06	9.18	27.11	26.18	36.17	35.36
Unallocated depreciation					2.47	2.06
Total depreciation					38.64	37.42
Significant non cash expenses	-	-	-	-	-	-
Significant unallocated non cash expenses	-	-	-	-	-	-
Total significant non cash expenses	-	-	-	-	-	-

Schedules forming part of the Consolidated accounts

SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd)

(b) Business secondary - geographical by customers

(₹ crores)

Particulars	In India		Outside India		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Segment revenue	926.79	713.38	689.89	536.44	1616.68	1249.82
Carrying cost of assets by location of assets	1161.46	1031.31	104.79	99.70	1266.25	1131.01
Addition to assets and intangible assets	51.84	22.44	0.17	-	52.01	22.44

Other disclosures

- The Company has made reassessment of the risk and returns of the products groups, production process, the class of customers, etc and accordingly reclassified its business segments into Life Science Chemicals and Performance & Other Chemicals. This change does not have any financial impact.
- The Company has disclosed business segment as the primary segment.
- Composition of business segment:

Name of segment	Comprises
(a) Life Science Chemicals	API inters, APIs , Herbicides, Fungicides, Tissue culture products and others
(b) Performance & Other Chemicals	Textile dyes, Pigments, Paper dyes, Epoxy Resins, Hardeners, Rubber Adhesives, Polyurethane Adhesives and others, <i>p</i> -Cresol, Bulk intermediates, Sulphones and others

- The Segment revenue, results, assets and liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.

8 Earning per Share

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

Particulars		March 31, 2011	March 31, 2010
Profit for the year attributable to the Equity shareholders	₹ crores	90.25	55.51
Basic weighted average number of Equity Shares outstanding during the year		29661733	29661733
Nominal value of Equity Share	₹	10	10
Basic and diluted Earning per Share	₹	30.43	18.71

9 (a) Companies considered in Financial statements

Name of Company	Country of Incorporation	Extent of Holding
Ameer Trading Corporation Ltd	India	100%
Atul Americas Inc	America	100%
Atul Europe Ltd	England	100%
Atul Deutschland GmbH	Germany	100%
Atul International Trading (Shanghai) Co Ltd	China	100%
Atul Rajasthan Date Palms Ltd	India	74%

Schedules forming part of the Consolidated accounts

SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd)

(b) Details of associates considered in consolidation :

(₹ crores)

Sr. No.	Name of associate	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, 2011	Carrying amount of investments at the year end
A	B	C	D	E	F	G	H	I
1	Atul Bioscience Ltd	India	Pharmaceuticals	49.99%	2.75	(0.91)	3.59	2.75
2	M. Dohmen S.A.	Switzerland	Trade in Textiles Dyes	50%	14.21	(45.72)	(26.09)	14.21
3	Amal Ltd	India	Dye Intermediates	36.75%	5.15	-	30.53	0.24
4	Gujarat Synthwood Ltd	India	PVC sheets and panels	35.03%	1.30	-	17.08	0.07
5	AtRo Ltd	India	Agrochemicals	50%	0.5	-	0.43	0.50
6	Anchor Adhesives Pvt Ltd	India	Adhesives	49.99%	1.47	1.27	0.19	1.47
7	Atul Infotech Pvt Ltd	India	Information Technology Support	33.97%	0.00	(0.08)	(0.31)	-

Note:

Value of investment in Atul Infotech Pvt Ltd under column "F" is ₹ 33,980

- 10 Included under Loans and Advances is an amount of ₹ 11.29 crores (Previous year ₹ 21.29 crores) given to an associate company. 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 crores (Previous year ₹ Nil) as Promoters contribution (repayable in two equal instalments in financial year 2015-16 and 2016-17). Considering the progress of the revival plan, the present market value of assets, etc these amounts included under loans and advances are considered as good and recoverable.
- 11 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 crores has been transferred to Revaluation Reserve.
- 12 In the opinion of the management, the diminution in the value of the investment in shares (see Schedule 6) held by the Company is temporary in nature and accordingly, no provision is considered necessary by the management.
- 13 Significant accounting policies followed by the Company are as stated in the statement annexed to this Schedule.
- 14 Figures of the previous year have been regrouped | recast | reclassified wherever necessary.
- 15 Figures less than ₹ 50000 has been shown at actual in bracket as the figures have been rounded off to nearest crores.

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 13, 2011

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 13, 2011

ANNEXURE REFERRED TO IN NOTE 13 IN SCHEDULE 16 OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.

Statement of 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 relate to 'Atul Ltd' (Parent Company) and 'Ameer Trading Corporation Ltd India,' 'Atul Americas Inc' USA 'Atul Europe Ltd' UK 'Atul Deutschland GmbH Germany', 'Atul International Trading (Shanghai) Co Ltd' China (wholly owned Subsidiary Companies) and Atul Rajasthan Date Palms Ltd India, where the group holds 74% shareholding.
- 2.2 The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS - 21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- 2.3 The investments in associates are accounted in these consolidated financial statements in accordance with the requirements of Accounting Standard 23 (AS - 23) - 'Accounting for Investments in Associates in Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India. (for details refer note no 9(b) in Schedule 16 to the Accounts)
- 2.4 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 transaction resulting in unrealised profits or losses.
- 2.5 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 the Parent Company's separate financial statements.
- 2.6 Financial statement of integral foreign subsidiaries translated into Indian rupees pursuant to Accounting Standards 11 (AS - 11) (revised 2003) 'The effects of changes in foreign currency rate' are as follows:
 - 2.6.1 Revenues and expenses are translated into rupees at the average exchange rate, which is not as per requirements of AS - 11, but having no material effect on the results of consolidated accounts.
 - 2.6.2 Monetary items are translated into Indian rupees using the year end rate.
 - 2.6.3 Non-monetary items are translated using exchange rate at the date of transaction.
 - 2.6.4 The net exchange difference resulting from the translation of items in financial statement of the subsidiaries is recognised as income or expense under the head "Exchange difference on translation of foreign subsidiaries."

3. Other Significant Accounting Policies:

- 3.1 These are set out in the notes to accounts under "Statement of Accounting Policies" of the financial statements of the parent company and its subsidiaries.

Additional Information on subsidiary companies for the year ended March 31, 2011

(₹ crores)

Subsidiary	Ameer Trading Corporation Ltd	Atul Americas Inc	Atul Europe Ltd	Atul Deutschland GmbH	Atul International Trading (Shanghai) Co Ltd	Atul Rajasthan Date Palms Ltd
Capital	0.35	8.93	13.92	0.63	2.34	2.02
Reserves & surplus	4.06	1.43	(2.90)	0.11	(0.86)	9.13
Total assets	6.27	16.74	36.55	0.88	3.24	14.41
Total liabilities	13.48	6.38	39.54	0.13	1.75	3.27
Investments	11.59	—	14.01	—	—	0.02
Turnover	0.36	83.44	114.09	0.36	14.01	0.37
Profit before tax	(0.37)	0.05	3.04	0.03	0.57	(0.24)
Provision for taxation	—	0.02	—	(0.11)	—	—
Profit after taxation	(0.37)	0.03	3.04	0.14	0.57	(0.24)
Proposed dividend	—	—	—	—	—	—

Notes:

- 1 The annual accounts of the subsidiary companies and other related information shall 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 subsidiaries have been converted at the exchange rate prevailing at March 31, 2011.
- 3 Rate of exchange considered as on March 31, 2011 are 1 US\$ = ₹ 44.65, 1 GBP = ₹ 71.93, 1 Euro = ₹ 63.24 and 1 Chinese Yuan = ₹ 6.91.

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]

**Atul Ltd**

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

ATTENDANCE SLIP

34th Annual General Meeting

August 04, 2011, Thursday

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)

ofor 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 34th Annual General Meeting of the Company to be held on August 04 2011, Thursday, at 11.00 a.m. at J B Auditorium Hall, Ahmedabad Management Association, AMA Complex, ATIRA, 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.....2011

(Date)

(Month)

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

2. The Proxy Form duly signed across revenue stamp should 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
(With effect from July 19, 2010)

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 | Website : www.atul.co.in

Bankers

AXIS Bank
Bank of Baroda
Bank of India
Export Import Bank of India
State Bank of India

For Graphical Representation Only. Not To Scale.



Atul Ltd

Ashoka Chambers
Rasala Marg
Ahmedabad 380006, Gujarat
India



Lalbhai Group

Designed, Processed & Printed by *Repro*
Vaidhyanathan