

PROGRESS

Focusing on People Planet Profit



On the cover page, the plants reflect our commitment to grow consistently and give back more than what we take, the earth signifies our commitment to environment and the sky our aspiration to grow. Thus, our purpose is larger and shared. We have inherited this enriched legacy from our predecessors and are privileged to carry it forward.

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Our rewards will always be in exact proportion to our service.
- Earl Nightingale

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Forward looking statements

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

2012-13 Looking Back

World economy* stayed subdued ...

- World GDP grew by 3.2%
- GDP of China, Indonesia and India grew by 7.8%, 6.2% and 5.1% respectively
- GDP of the USA grew by 2.2% and that of Euro Area declined by 0.6%

Basic inputs and forex rates remained volatile ...

- Crude oil price fluctuated between US\$ 87 and US\$ 124 per barrel
- Natural gas price reached a peak of ` 42.62 per nm³ (from ` 33.45)
- Indian ` vacillated between 50.56 and 57.22 against the US\$

Atul maintained its improvement trends ...

- Increased sales from ` 1,746 cr to ` 1,964 cr and Profit before tax from ` 122 cr to ` 192 cr
- Undertook capex of ` 137 cr of which ` 71 cr to enhance environment protection facilities
- Served the society with 38 projects in the areas of education, health and infrastructure



Honourable Chief Minister of Rajasthan, Mr Ashok Gehlot, inaugurated for the first time in India, tissue cultured date palm facility in Jodhpur on April 01, 2012



Honourable Chief Minister of Gujarat, Mr Narendra Modi, inaugurated the world biggest *p*-Cresol facility in Ankleshwar on April 06, 2012



Padma Vibhushan, Dr Manmohan Sharma, inaugurated 22,000 square feet R&D facility in Atul on June 21, 2012

* Calendar year 2012 for all countries except India where the year is April to March

Corporate Identity



Lotus is the national flower of India and is a symbol of purity, inner beauty and awakening.

We are a diversified Indian company meeting the needs of varied industries such as Aerospace, Adhesives, Agriculture, Animal Feed, Automobile, Composites, Construction, Cosmetic, Defence, Dyestuff, Electrical & Electronics, Flavour & Fragrance, Glass, Home Care, Paint & Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Polymer, Rubber, Soap & Detergent, Textile and Tyre across the world. We manage complex chemical processes in a responsible way.

In order to enhance focus, we have placed the products belonging to the two Reporting Segments, namely Life Science Chemicals and Performance & Other Chemicals under seven Businesses, namely, Aromatics, Bulk Chemicals, Colors, Crop Protection, Floras, Pharmaceuticals and Polymers. These Businesses are managed through a matrix organisation structure consisting of Divisions and Units for achieving all-round excellence.

Illustrious Past

- Founded by a legendary Indian, Mr Kasturbhai Lalbhai, on September 15, 1947, soon after independence
- ...
- Part of Lalbhai Group, one of the oldest industrial houses of India with a legacy of conducting business with larger purpose

Industrious Present

- Consistently increasing process efficiencies and people productivity
- Steadily increasing breadth and depth in the marketplace
- Diligently identifying and striving to achieve hundreds of Key Initiatives to improve and grow

Invigorating Future

- Growing in Life Science Chemicals and Performance & Other Chemicals Segments with countless possibilities
- Having depth in science and technology and leveraging integrated manufacturing facilities

Shareholding of Promoter group 50.36% (March 31, 2013)

Share capital ₹ 29.68 cr

Uninterrupted dividend since 1952 (except 1999-2000)



Serving Diverse Industries



Aerospace



Agriculture



Automobile



Defence



Electrical & Electronics



Flavour & Fragrance



Paper



Paint & Coatings



Personal Care



Pharmaceutical



Textile



Tyre

Reach and Presence

- Production facilities in India (Ankleshwar and Valsad, Gujarat and Tarapur, Maharashtra)
 - Subsidiary company with production facility in the UK (Bristol)
 - JV companies with production facilities in India (Valsad, Gujarat and Jodhpur, Rajasthan), Germany (Düsseldorf), South Korea (Ulsan) and Switzerland (Lugano)
 - Distribution network for brand sales across India
 - Wholly-owned subsidiary companies in Brazil (Sao Paulo), China (Shanghai), the UK (Wilmslow) and the USA (Charlotte, North Carolina)
- ...
- Manufactures about 850 products divided into Life Science Chemicals (90) and Performance & Other Chemicals (760)
 - Serves about 4,000 customers world-wide
 - Owns 65 brands in Crop Protection and Polymers



Many Minds, One Purpose



Mr Kasturbhai Lalbhai
(1894 – 1980)

Our Founder, an institution builder par excellence, made seminal contributions, particularly in the fields of industry, education, culture and religion. He led a purposeful life imbued with integrity, discipline, excellence, perseverance and trusteeship. We as the people of Atul have the most onerous responsibilities and will endeavour to fulfill them.

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

- Fostering a spirit of continuous learning and innovation,
- Adopting the developments in science and technology
- Providing high quality products and services, thus becoming the most preferred partner,
- Having people who practise Values and high standard 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.

Many Hearts, Same Values

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



Integrity ...

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



Unity ...

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

Responsibility ...

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



Excellence ...

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

Letter to the Shareholders

Dear Shareholders,

As a company founded by a legendary Indian, Mr Kasturbhai Lalbhai, Atul has a **rich legacy** characterised by ethics, discipline, perseverance, excellence and larger purpose. With this awareness, we pursued our tasks passionately and imposed a demand on ourselves to enhance the current performance of our Company and build new foundations for its sustainable and purposeful future.

World GDP at US\$ 72 tn in 2012, grew by about 3.2% (4.0% in 2011) driven mainly by the USA and China in terms of increase in absolute value and China, India and Indonesia in terms of growth rate. The GDP of India at US\$ 1.8 tn in 2012-13 grew by 5.1% (6.9% in 2011-12), that of the USA at US\$ 15.7 tn grew by 2.2% in 2012 (1.8% in 2011) and that of Euro Area at US\$ 12.2 tn declined by 0.6% in 2012 (+1.4% in 2011).

World Chemical Industry, with a size of US\$ 3.4 tn in 2011 grew by about 3.3% in 2012 (4.8% in 2011). Chemical Industry of India at US\$ 83 bn in 2011 grew only by 6% in 2012 (7% in 2011) despite immense potential. We reaffirm our resolve to grow our Company bigger and better and will persevere in our own small way to reclaim a promising future for India.

Our Company has delivered improved **results for 2012-13** as under:

- Sales increased from ` 1,746 cr to ` 1,964 cr
- EBITDA increased from ` 215 cr (12.3%) to ` 266 cr (13.5%)
- Profit before tax increased from ` 122 cr to ` 192 cr
- Gross working capital decreased from 146 days to 141 days
- RoCE increased from 17% to 21%

What is more satisfying is that our Company has consistently been able to improve its performance since 2003-04 despite testing times. I take this opportunity to recognise the perseverance, determination and

commitment of every member of Atul family who is putting in his (her) best and is keen to **achieve new mile-stones**.

The Board recommended **dividend** of 60% (45% in 2011-12) to commemorate the diamond jubilee of operations on March 17, 2012. Notably, the year also marked the 110th birth anniversary of Mr Balwantrai Mazumdar who diligently developed our Company in the first 25 years of its long history with foresight and care. We are pleased with the recommendation of a higher dividend.

Our Company may have been able to perform even better, but for the closure of its manufacturing facility in *Atul* for almost a month because of malfunctioning of its main effluent treatment plant and its consequential effects. We took this not as a defeat, but preparation for the future; we undertook new projects at Ankleshwar and Valsad Complexes to further improve our performance in this vital area of **environment protection**.

Further, we took up about 500 **Key Initiatives** mainly in the following areas:

- Receivables and inventories
- Yields, solvents, utilities, pricing and products from pollutants
- Time cycle, debottlenecking, expansions and new products
- Safety, environment, Standard Operating Procedures (SOPs)
- Performance management and training and development

The above initiatives will help bring greater focus on efficiency, sustainability and growth, with resultant impact on the performance of our Company. We are developing SOPs in every area so as to institutionalise the learning process and encapsulate and methodically

Intelligence may not be the primary enabler of our future success. It is rather our ability to persevere in adversity, persist through and learn from failure and develop an enduring spirit in the face of obstacles. We are therefore focusing on institutionalising a culture where such qualities are promoted, practised and encouraged.



record **human creativity** manifested over the decades. This will enable in times to come, every position holder to follow and (or) further improve the SOPs.

With the projects executed during the year and those under execution, along with some projects of debottlenecking, our Company will have the potential to achieve sales of ` **3,000 cr** which we hope to accomplish by 2015-16. We have identified 15 new projects, of which 9 are for expansion of existing products and 6 for new, but related products with higher contribution margins and good potential for future growth.

Success of our Company will be determined largely by the leadership we provide, and it is the responsibility of the people particularly in senior positions, to lead by their exemplary personal conduct and professional approach to business. The leadership related to both people and business is thus critical so as to inspire and bring out the best from every employee, and we are investing in this **timeless ability of people**.

Our Founder had the ability to earn ethically and willingness to share humbly, and we endeavour to

realise his **vision beyond self** by pursuing the fine tradition of our Company nurtured over six decades. Our initiatives remain in step with national priorities, namely, education, health and infrastructure. We are working with a strong belief that we must give back much more than what we take.

On the cover page, earth signifies the workplace and our commitment to bring out the best in us; sky stands for the infinite possibilities and our desire to aim higher; plants symbolise growth and giving and our quest to achieve sustainability. Quintessentially, we are seeking a purposeful future that is plural, inclusive and balanced, and we will carry forward this **inspiring legacy**.

It is my privilege to work with an excellent Atul team and under the direction and guidance of an eminent and highly perceptive Board, and I look forward to your support in our quest for **growth and good governance**.

Sincerely,

(Sunil S Lalbhai)
Chairman and Managing Director

Operational Highlights

No problem can withstand the assault of sustained thinking.

- Francois-Marie Arouet

Our Company has immense hidden potential; we are committed to realise it on the one hand with the knowledge and application of science and technology and on the other by increasing our breadth and depth in the marketplace. We have also commenced putting in place several Standard Operating Procedures so as to encapsulate and institutionalise the improvements achieved over time.



People

- Made the process of identifying Key Initiatives more objective and less time consuming
- Changed Variable Pay Scheme so that higher management earns proportionately more through variable pay and less through 'fixed' increment and vice versa
- Simplified 360 degree feedback and for the first time introduced it for middle management

Environment

- Decreased (gaseous) emissions in 3 products by 50% on an average
- Decreased (liquid) effluents in 8 products by 15% on an average
- Decreased (solid) waste in 1 product by 40%



Technology and Manufacturing

- Increased yields of 27 products by 2% on an average
- Increased recovery of solvents in 30 products by 6% on an average
- Decreased water consumption in 9 products by 24% on an average



Marketing

- Increased contribution margin in 3 businesses through selling price
- Decreased overdue receivables in 3 businesses
- Decreased inventories in 2 businesses

Growth

- Debottlenecked capacities of 35 products
- Implemented expansion projects with an investment outlay of ₹ 73 cr
- Added 236 new customers and 397 new distributors around the world
- Sold in 8 countries for the first time
- Introduced 76 new products and formulations
- Launched 2 new brands



Systems

- Upgraded procurement manuals
- Implemented business intelligence software
- Automated 3 important paper based approvals

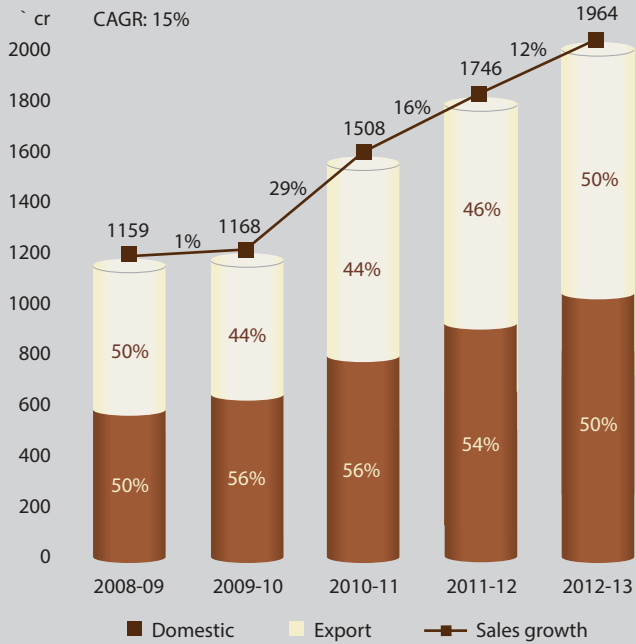
Recognition

- Won Global Human Resources Excellence – HR Leadership Award
- Won award under 'Excellence' category for Quality Circle
- Won C-Change Gold award for best business enablement through Information Technology in India

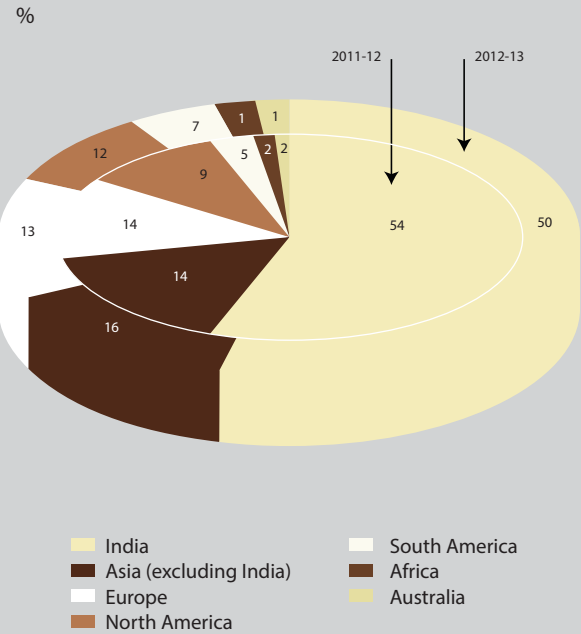


Financial Charts

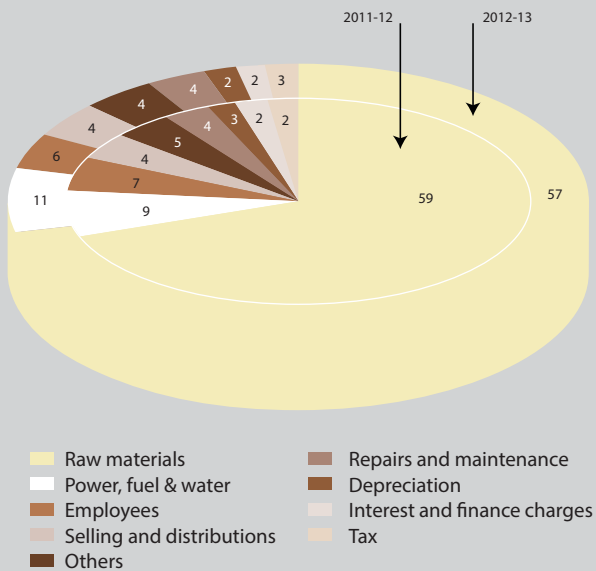
Sales



Sales by Geography



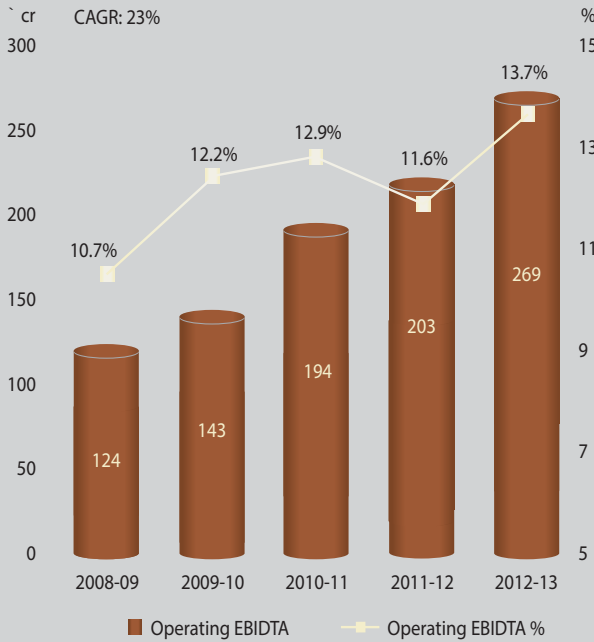
Expenses (% of Operating Revenue)



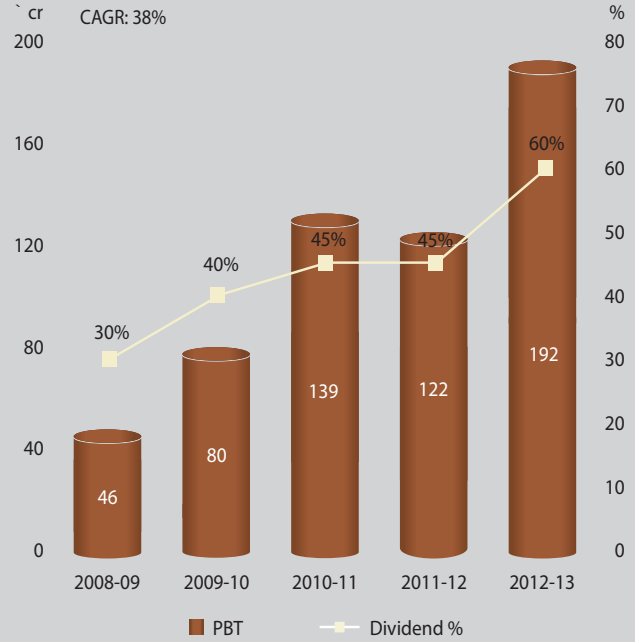
Finance Cost



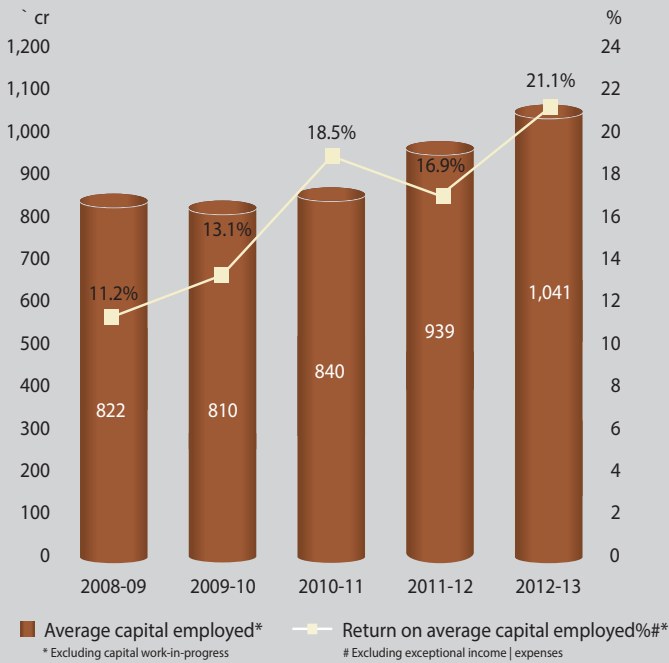
Operating EBIDTA



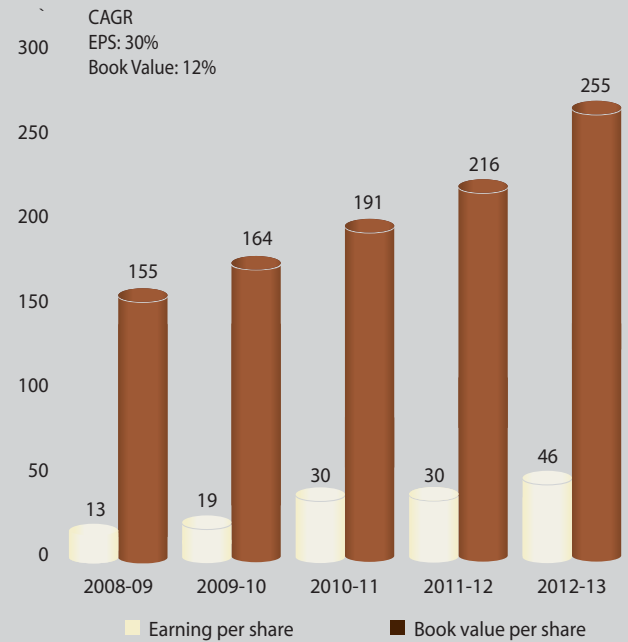
Profit Before Tax



Return on Average Capital Employed

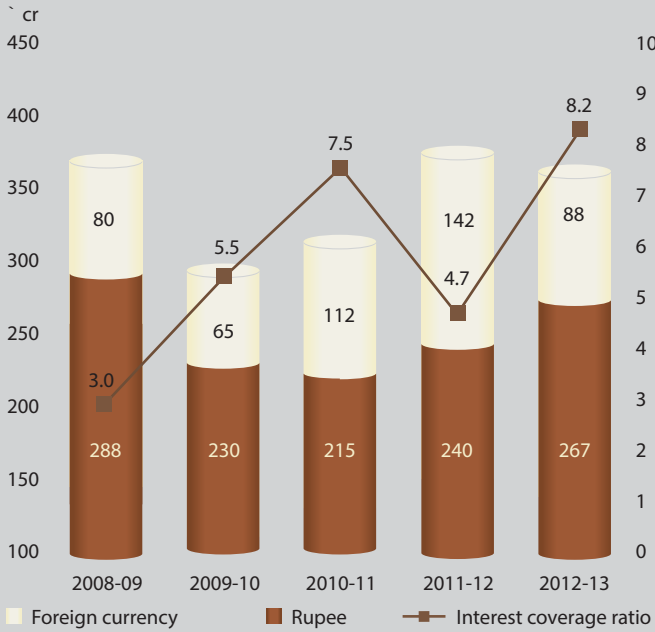


Earning and Book Value Per Share



Financial Charts

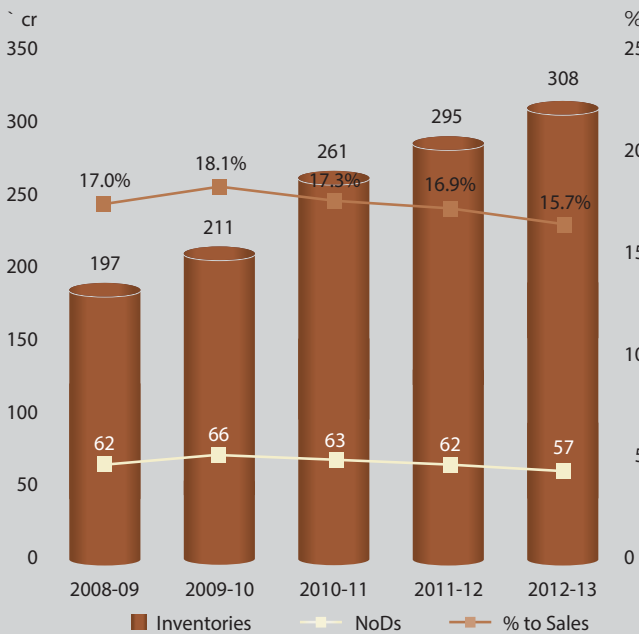
Borrowings



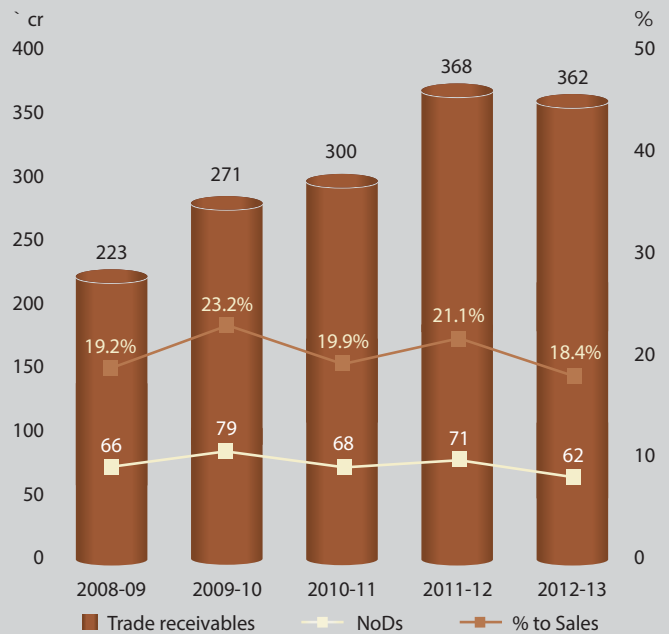
Fixed Assets



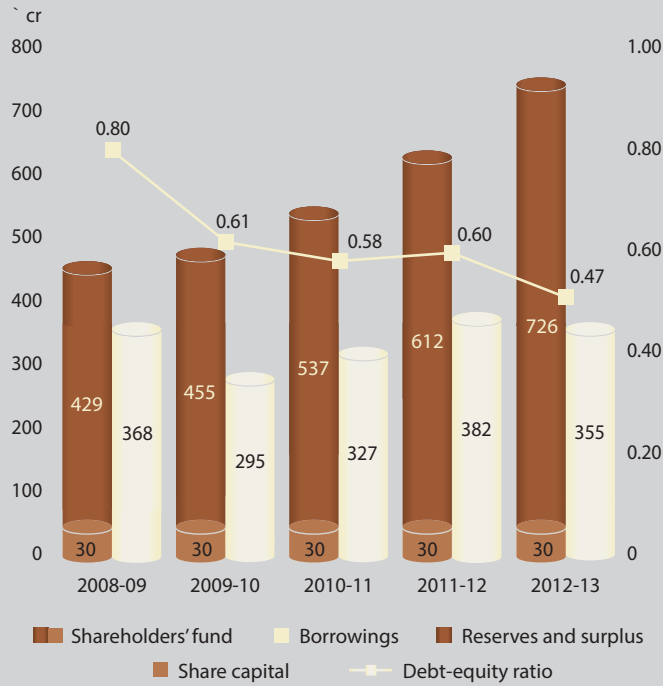
Inventories



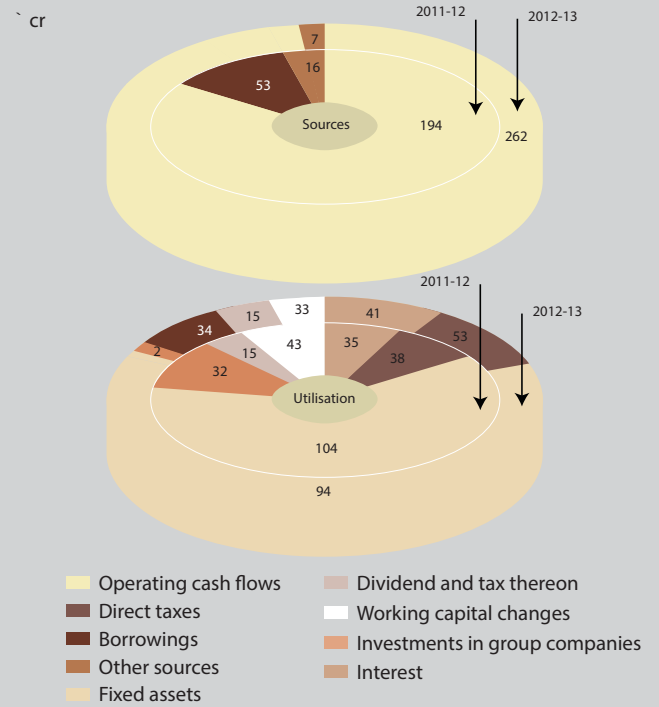
Trade Receivables



Debt-Equity



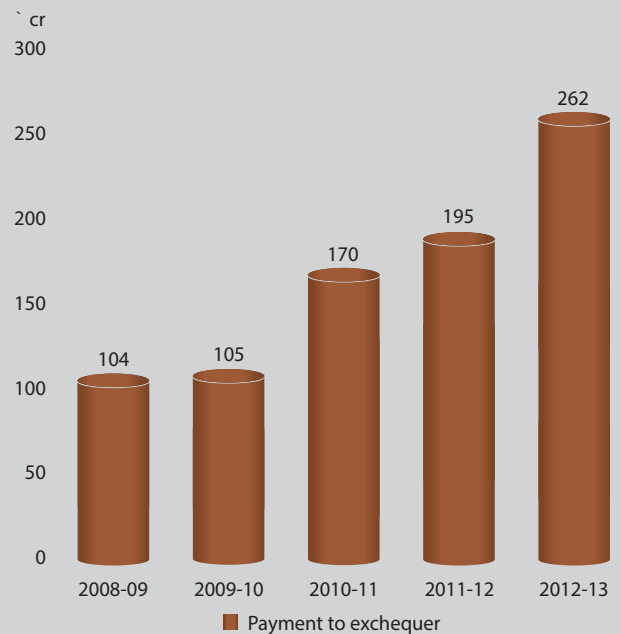
Sources and Utilisation of Cash



Employee Emoluments and Turnover per Employee



Payment to Exchequer



Research



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

Each Business has dedicated Research and Development (R&D) and Quality Assurance Departments; these along with the Corporate R&D form RE Unit, with 248 employees. The Company is consistently investing in people and equipment to strengthen these vital functions for i) assuring world-class quality,

ii) decreasing pollutants significantly, iii) achieving close to theoretical conversion efficiencies, iv) developing or retrieving products from pollutants, v) making the processes robust, vi) decreasing time cycles and vii) introducing new value added products and formulations.

During the year, the Unit worked with 198 Key Initiatives. It helped to improve quality of 18 products, decrease pollutants in 15 products, increase yields of 22 products, decrease solvent charge in 17 products and improve processes of 26 products. It developed 68 products and formulations and supported 25 scale-ups. It is now well equipped to develop new APIs and value added API intermediates in its new 22,000 square feet PI R&D Centre, all belonging to Life Science Chemicals Segment.



Technology and Manufacturing



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

Each Business has dedicated Technology and Manufacturing Departments; these departments share the responsibility of meeting the agreed volume and efficiency budgets on the one hand and achieving improvements in Unit Operations and Unit Processes on the other. The combined number of employees in these two departments is 1,615.

During the year, the Unit worked with 158 Key Initiatives. The output in volume terms was higher by 3%. It decreased gaseous, liquid and solid pollutants in 12 products, increased yields of 27 products, increased recovery of solvents in 36 products, decreased utilities in 30 products, increased people productivity through automation | mechanisation in 5 sections, decreased time cycle in 26 products, increased batch size in 15 products and debottlenecked capacity in 35 products. It implemented expansion projects with an investment outlay of ` 73 cr; 14 projects with an investment outlay of ` 18 cr are under execution. It undertook implementation of 25 projects with an investment outlay of ` 71 cr to enhance environment protection performance.



Safety, Health and Environment

The builders of Atul sensed the need for sustainable development, 50 years before it became a part of the national discourse. The huge investments voluntarily made for treating (gaseous) emissions, (liquid) effluents and (solid) wastes, the almost obsessive interest in creating eco-friendly systems, establishment of a medical centre in 1961 and proven track record in carrying out almost all Unit Processes and Unit Operations safely underscore their foresight and devotion to safety, health and environment (SH&E).

The Company is continuously investing its resources so as to improve its performance of SH&E. During the year, it took 30 Key Initiatives related to SH&E; some of which are mentioned below:



Safety

- Conducted safety audit for Ankleshwar and Valsad Complexes through an independent company
- Completed consequences analysis for 7 hazardous chemicals through an independent company
- Conducted offsite mock drill at Valsad Complex with the concerned departments of the Government of Gujarat
- Conducted 90 programmes for enhancing safety awareness covering 1,865 employees at Ankleshwar and Valsad Complexes
- Conducted 52 training programmes for emergency preparedness covering 1,633 employees at Valsad Complex
- Conducted 12 hazop studies and mitigated 20 risks for new projects





Health

- Circulated articles related to health periodically through Company Intranet
- Conducted 2 programmes for fitness and health awareness at Ankleshwar and Valsad Complexes
- Checked general health of 3,250 employees working at Ankleshwar and Valsad Complexes

Environment

- Obtained recertification of Environmental Management System (ISO 14001:2004) for Ankleshwar and Valsad Complexes
- Received No Objection Certificate and Consolidated Consent and Authorisation for associate | subsidiary companies
- Upgraded existing environment protection (EP) laboratory and developed 2 new EP laboratories at Valsad Complex



- Refurbished and upgraded 3 effluent treatment facilities at Valsad Complex
- Commenced installation of an additional incinerator at Valsad Complex
- Undertook installation of additional multi effect evaporators at Ankleshwar and Valsad Complexes

The Company has a well-staffed SH&E Department, consisting of professionals with relevant education and experience. The responsibility in these areas finally rests with each employee. Regular training programmes are therefore conducted to reinforce commitment to SH&E in every function.

Serving the Society

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

- Mother Teresa

Atul is a story with a strong social purpose. Our founder, Mr Kasturbhai Lalbhai, may have been an industrialist by reputation, but he was a socialist by character. His contribution to India, particularly in the fields of economy, education, culture and religion is a living testimony of his intent of life. We as members of Atul family will endeavour to nurture his legacy of serving the society.

Atul has always had a fine tradition of serving the society ever since its incorporation, and the Company has continuously taken up several projects in the areas of conservation, culture, education, empowerment, infrastructure and health and stood by those less fortunate in the times of famines, floods and earthquakes.

Over the last six decades, the Company has built schools, medical centres, recreation and sports facilities, community halls, temples, etc and contributed in establishing and (or) managing schools, medical facilities and vocational training institutes.

During the year, the Company undertook 38 Key Initiatives to serve the society; some of them are highlighted below:



Conservation

- Planted 81,000 trees
- Organised poster campaign in *Atul* village to create awareness on protection of *Par* river and *Parnera* hillock

Culture

- arranged 6 cultural events
- organised 1 food festival
- organised 1 *Mela*
- organised 5 sports events





Education

- organised 15 vocational courses to train 572 students
- introduced value education in Atul Vidyalaya, Atul Vidya Mandir and Kalyani Shala for holistic development of children
- imparted training to teachers of Atul Vidyalaya
- provided 9,500 writing materials to 3,030 students of 23 primary schools in 9 villages

Empowerment

- conducted 3 classes in 2 villages for making garments, covering 53 women
- conducted 2 classes in 2 villages for making soft toys, covering 19 women
- conducted 8 classes in 2 villages for operating computers, covering 176 students
- formed 43 Self-Help Groups in 10 villages under assistance from National Bank for Agriculture and Rural Development



Health

- conducted 6 eye camps in 6 villages, examined 2,043 patients, arranged 34 cataract operations and provided free spectacles to 1,725 people
- organised 12 blood donation camps in 7 villages and collected 1,723 bottles of blood
- conducted 2 general medical diagnostic camps in 2 villages

Infrastructure

- installed 34 street lights in 1 village
- constructed 2 civic amenities in 2 villages
- distributed fertilisers at subsidised rate to 34 farmers



In all the Company has 11 trusts to serve the society. On its behalf, Atul Foundation, the apex trust, oversees the implementation of the Key Initiatives.

Board of Directors



Mr G S Patel



Dr S S Bajjal



Mr S S Lalbhai



Mr B S Mehta



Mr H S Shah



Mr S A Lalbhai



Mr S M Datta



Mr B N Mohanan



Mr V S Rangan



Mr R A Shah

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, 2013.

Financial Results

(` cr)

	2012-13	2011-12
Revenue from operations	2,001	1,778
Other income	19	14
Total revenues	2,020	1,792
Profit before tax and exchange rate difference	189	134
Exchange rate difference – expense (income)	(3)	12
Profit before tax	192	122
Provision for tax	56	34
Profit for the year	136	88
Tax adjustments for the earlier years	-	-
Profit available for appropriation	136	88
Balance brought forward	397	334
Disposable surplus	533	422
Appropriations		
General reserve	14	9
Proposed dividend	18	14
Dividend distribution tax	3	2
Balance carried forward	498	397

Financial Performance

Net sales increased by 12% to ` 1,964 cr. Net sales in India increased by 5% to ` 986 cr. Export sales increased by 21% to ` 977 cr. PBT increased by 57% from ` 122 cr to ` 192 cr. During the year, CARE upgraded credit rating to CARE AA- (from CARE A+ in the Previous year) for long-term debts, while maintaining top notch CARE A1+ for short-term debts.

In September 2012, the Company was directed by Gujarat Pollution Control Board to close down manufacturing at its Valsad Complex and take measures to dismantle the old pipelines used for carrying liquid effluents; accordingly, manufacturing activity at the complex remained closed for most of October 2012 with its consequential decrease in sales and profit in the second half of the year. However, the Company does not expect significant long-term adverse impact.

Moreover, the Company undertook 25 projects to further enhance its performance in the area of environment protection with an investment of ` 71 cr and expects to emerge stronger to face the future.

Dividend

The Board recommends payment of dividend of ` 6 per share on 2,96,61,733 Equity Shares of ` 10 each fully paid-up. The dividend will entail an outflow of ` 20.82 cr (including dividend distribution tax) on the paid-up Equity Share capital of ` 29.66 cr.

Management Discussion and Analysis

Management Discussion and Analysis covering performance of the two Reporting Segments, namely, Life Science Chemicals and Performance & Other Chemicals, is given at page no 25 to 31 .

Corporate Governance

A Report on Corporate Governance along with the certificate from the Statutory Auditors regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreements is given at page no 32 to 45.

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

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

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.

Fixed Deposits

Fixed deposits amounting to ₹ 0.06 cr as on March 31, 2013 were not claimed by the depositors. The fixed deposits which matured on or before March 31, 2006, 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.

Subsidiary Companies

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

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

Directors' Responsibility Statement

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

- (i) In the preparation of the annual accounts, the applicable Accounting Standards were followed
- (ii) Such Accounting Policies were selected and applied consistently and such judgements and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2013 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, 2013 were prepared on a going concern basis.

Directors

Dr K Aparajithan resigned from the Board with effect from January 18, 2013. The Board places on record its appreciation for his valuable contribution as a Director.

According to Article 134 of the Articles of Association of the Company, Dr S S Bajjal, Mr S M Datta and Mr V S Rangan retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting (AGM) scheduled on July 26, 2013.

Mr R A Shah joined the Board as an Additional Director (Non-executive, Independent) with effect from January 18, 2013. Prior to this, he was Alternate Director to Dr Aparajithan. The term of Mr Shah as an Additional Director ceases in the ensuing AGM. Accordingly, his reappointment as a Director is proposed in the AGM Notice.

The current five year term of Mr S S Lalbhai, Chairman and Managing Director, expires on June 30, 2014. The reappointment of Mr Lalbhai for another term of five years is proposed in the AGM Notice.

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 2013-14, 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.

The Board appointed R Nanabhoy & Co as the Cost Auditors for 2013-14 on May 07, 2013.

Acknowledgements

The Board 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 07, 2013

Sunil S Lalbhai
Chairman and Managing Director

Management Discussion and Analysis

The Businesses of Atul are classified into two Reporting Segments, namely, Life Science Chemicals Segment and Performance & Other Chemicals Segment.

Segment: Life Science Chemicals

	2012-13	2011-12	% Change
Sales (₹ cr)	699	595	17
Share in total Sales (%)	36	34	2

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

Crop Protection

Products *Fungicides, Herbicides, Insecticides, Others*



Crop Protection Business mainly comprises Fungicides, Herbicides and Insecticides. The products are used by customers belonging to Agriculture industry for the protection of crops. The Business comprises about 14 products and 44 formulations. It is not into Seeds which is now becoming an important input for Agriculture industry.

During the year, sales increased by 14% to ₹ 385 cr. Sales in India decreased by 1% to ₹ 141 cr; bulk sales in India decreased by 20% whereas brand sales which are currently only in India increased by 24% to ₹ 73 cr. Export sales increased by 24% to ₹ 244 cr and formed 63% of the total. Growth on account of volume was 17%. Sales from new products and formulations were ₹ 8 cr. The Company completed 4 projects and undertook 1 project for implementation.

World market for crop protection chemicals is estimated at US\$ 51 bn and is growing at about 3%. Indian market for such chemicals is estimated at US\$ 1 bn and is growing at about 5%. There are about 60 major companies which dominate the world

marketplace, and there are about 10 companies in India having sales of more than US\$ 100 mn.

The main user industry, namely, Agriculture, is growing well because of increasing population on the one hand and improving standard of living on the other. The Company will participate in this growth by i) building a strong sales and marketing organisation and broadening and deepening its presence in other countries, particularly in Africa and South America, ii) promoting its brands, iii) increasing its manufacturing and working capital efficiencies, iv) generating and adding capacities and v) introducing new products and formulations.

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



Pharmaceuticals

Products *APIs, API Intermediates, Others*



Pharmaceuticals Business mainly comprises API intermediates and a few APIs. The products are used by customers belonging to Pharmaceutical industry, under five broad therapeutic categories, namely, cardiovascular, anti-depressant, anti-diabetic, anti-infective and anti-retroviral. The Business comprises about 38 products, relatively new to the portfolio (of products) of the Company. It is not currently engaged in formulations of APIs.

During the year, sales increased by 23% to ₹ 314 cr. Sales in India increased by 27% to ₹ 171 cr. Export sales increased by 18% to ₹ 143 cr and formed 46% of the total. Growth on account of volume was 11%. Sales from new products were ₹ 8 cr. Atul Bioscience, a 100% subsidiary company, focussed on production of advanced API intermediates, sales of which increased from ₹ 11 cr to ₹ 27 cr, almost wholly because of volume; it undertook capacity expansion in both of its plants.

World market for pharmaceuticals is estimated at US\$ 730 bn (comprising US\$ 680 bn prescription drugs and US\$ 50 bn generic drugs) and is growing at about 5%. Indian pharmaceuticals market is estimated at US\$ 22 bn (including sales out of India) and is growing at about 8%. There are around 20 major companies which dominate the

world marketplace in prescription drugs space with share of about 67% and around 8 companies in generic drugs space with share of about 70%.

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

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



Segment: Performance & Other Chemicals

	2012-13	2011-12	% Change
Sales (₹ cr)	1,265	1,151	10
Share in total Sales (%)	64	66	(2)

Aromatics

Products *p-Cresol, Others*



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

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

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

During the year, sales increased by 55% to ₹ 388 cr. Sales in India increased by 43% to ₹ 113 cr. Export sales increased by 60% to ₹ 275 cr and formed 71% of the total. Growth on account of volume was 31%. Sales from new products were ₹ 7 cr. The Company completed capacity expansion of *p*-Cresol and undertook 4 projects for implementation.

World market of *p*-Cresol is estimated at 55,000 mt and is growing at about 3%. Though earlier the product used to be manufactured in the UK and the USA, China and India are now the major suppliers of the product. World market of flavour and fragrance chemicals is estimated at US\$ 23 bn and is growing at about 5%.



Bulk Chemicals

Products *Sodium Hydroxide, Chlorine, Sulphuric Acid, Sulphur Trioxide, Chlorosulphuric Acid, Resorcinol, Others*



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

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

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

During the year, (external) sales increased by 12% to ` 77 cr. Sales in India increased by 9% to ` 60 cr. Export sales decreased by 21% to ` 17 cr and formed 22% of the total. Growth on account of volume was 1%. Sales from new products were ` 3 cr. The Company completed Anisole project and undertook RF Resins project for implementation.

World market for bulk chemicals is growing at about 0.5% and Indian market is growing at about 2%. World market for Resorcinol is estimated at US\$ 295 mn and is growing at about 3%; Indian market for the product is estimated at US\$ 13 mn and is growing at about 5%.



Colors

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



Colors Business mainly comprises dyes for natural fibres such as Vat, Sulphur Black and Reactive and in a small way high performance pigments. The products are used by customers belonging to Textile and Paint & Coatings industries. The Business comprises about 500 products. M. Dohmen S. A., a JV company, manufactures dyes for synthetic fibres such as speciality Disperse. The products made by M. Dohmen are mainly used by customers (belonging to Textile industry) supplying textiles to Automobile industry. Rudolf Atul Chemicals Ltd, a JV company formed in 2011-12, provides a complete range of textile chemicals where the Business had made a beginning and has a minuscule presence in Indian market.

During the year, sales decreased by 4% to ₹ 330 cr. Sales in India increased by 3% to ₹ 187 cr. Export sales decreased by 11% to ₹ 143 cr and formed 43% of the total. Decline on account of volume was 11%. Sales from new products were ₹ 36 cr. Most of the plants operated partially during the second half of the year, significantly affecting sales and profit and neutralised the improvement in performance achieved during the first half of the year. M. Dohmen S. A. increased sales by

4% to ₹ 388 cr and Rudolf Atul Chemicals increased sales by 137% to ₹ 21 cr, mainly because of volume growth.

World market for dyes and textile chemicals is estimated at US\$ 11 bn and is growing at about 2% and Indian market is estimated at US\$ 800 mn and is growing at about 3%. China is the largest manufacturer of dyes followed by India. World market for high performance pigments is estimated at US\$ 3.5 bn and is growing at about 4%.

The main user industry, namely, Textile, is showing signs of recovery in India and abroad. Automobile industry is growing well. The Company along with M. Dohmen and Atul Rudolf Chemicals will participate in this growth by i) broadening its market reach, ii) increasing its manufacturing and working capital efficiencies and iii) introducing new dyes, pigments and textile chemicals.

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



Polymers

Products *Epoxy Resins and Hardners, Reactive diluents, Sulphones, Others*



Polymers Business mainly comprises Epoxy Resins and Hardeners and formulations thereof, other components such as air release agents, reactive diluents, rheological modifiers, wetting agents, etc and Sulphones. These products are used by Aerospace, Automobile, Construction, Defence, Electronics, Footwear, Handicraft, Marine, Paint & Coatings, Paper and Wind Energy industries. The Business comprises about 60 products and 270 formulations.

During the year, sales decreased by 4% to ` 468 cr. Sales in India decreased by 10% to ` 312 cr. Brand sales which is currently only in India decreased by 5% to ` 72 cr . Export sales increased by 11% to ` 156 cr and formed 33% of the total. Decline on account of volume was 8%. Sales from new products were ` 12 cr. Most of the plants operated partially during the second half of the year, significantly affecting sales and profit and neutralised the improvement in performance achieved during the first half of the year. The Company completed capacity expansion of BLRs. Atul Elkay Polymers, a JV company, commenced though in a very small way, introduction of stone care chemicals in India.

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

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

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



Internal Control Systems



The Internal Control Systems of the Company are commensurate with the nature of its business and size and complexity of its operations. These are routinely tested, certified and upgraded wherever required by Statutory as well as Internal Auditors covering all key areas of business. Significant audit observations and follow up actions and recommendations thereon are reported to the higher management and Audit Committee for their review.

The Company has an in-house Internal Audit Department consisting of professionally qualified managers and is also working with reputed firms specialising in internal audit function. The combined efforts are helping the Company to introduce best practices required to manage its growing business that now comprises, amongst others, subsidiary, JV and associate companies in India and abroad.

During the year, the Company further strengthened the systems of internal audit and risk assessment and mitigation and took several key initiatives. In specific, the Company i) conducted 71 process reviews, ii) developed 27 manuals and implemented 12 new SOPs, iii) formalised segregation of duties structure, iv) automated 3 workflows and v) initiated exercise to identify all the manual forms with a view to automate them.

I never teach my pupils; I only attempt to provide the conditions in which they can learn.

– Albert Einstein

Human Resources

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

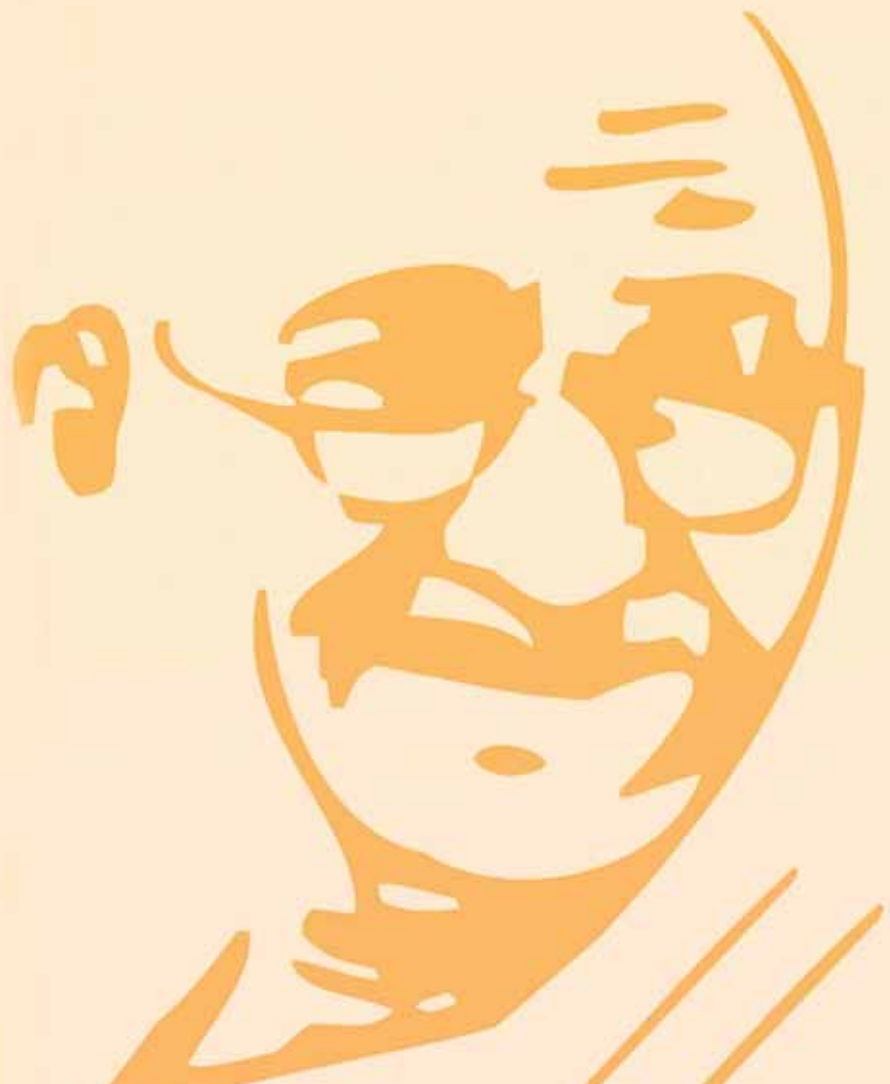
On an average, 4.5 man days of training was imparted during the year. The training need is identified based on self assessment and L+1 assessment; in addition, there are certain standard courses which everyone is expected to go through, depending upon his (her) grade. The identification and review process of Key Initiatives has become more robust and is continuously upgraded.

The number of employees (as on March 31, 2013) decreased by 21 or 1% to 2,716, mainly in Manufacturing Departments. The number of employees comprises those working in the Company and also in its non-manufacturing subsidiary and associate companies, but not those working in manufacturing subsidiary, JV or associate companies.

Long-term Wage Settlements with the Unions at Ankleshwar and Valsad Complexes were signed and certain practices prevailing at Valsad Complex since 1950s were changed for the better for the first time; this will help bring further improvements in people productivity. The Settlement periods were increased from 5 years to 6 at Ankleshwar Complex and 4 years to 4.5 at Valsad Complex. Employee Relations at all locations remain cordial and the endeavour is to completely eliminate the divide that sometimes separates the managers and the workmen and use the strengths of everyone to boost the performance of the Company.



Report on Corporate Governance



It is difficult,
but not impossible,
to conduct
strictly honest
business.

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

audited annual accounts, both consolidated and on a standalone basis including segment-wise revenues, results and capital employed

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

2.2 Appointment and Tenure

2|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 and Managing Director, the Managing Director and the Whole time Director are appointed by the Members for a period of five years.

2.3 Composition, Name, Other Directorships | Committee Memberships

The Board comprises experts drawn from diverse fields | professions. At this time, it consists of ten Members, comprising seven Non-executive Directors, two Promoter Directors and one Whole time Director. Independent Directors account for 70% of the strength of the Board, as against minimum requirement of 50% as per the Listing Agreements. The Non-executive Directors are eminent professionals, drawn from amongst persons with experience in business, finance, industry and law.

Number	Name	Directorship(s) in other company (ies) ¹	Membership(s) of the Committee(s) of the Board(s) ²	Chairmanship(s) of the Committee(s) of the Board(s) ²
Chairman and Managing Director				
1	Mr S S Lalbhai	5	3	–
Managing Director				
2	Mr S A Lalbhai	2	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	4	1	2
8	Mr S M Datta	13	5	3
9	Mr V S Rangan	11	8	–
10	Mr R A Shah	13	5	4

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 six times:

Number	Day	Date	Venue
1	Tuesday	May 15, 2012	Mumbai
2	Friday	July 25, 2012	Mumbai
3	Friday	October 19, 2012	Mumbai
4	Wednesday	December 26, 2012	Mumbai
5	Friday	January 18, 2013	Mumbai
6	Friday	March 22, 2013	Mumbai

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

Number	Name	Board Meetings		AGM on
		Total	Attended	July 27, 2012
1	Mr S S Lalbhai	6	6	Present
2	Mr G S Patel	6	5	Present
3	Dr S S Baijal	6	6	Present
4	Mr B S Mehta	6	6	–
5	Mr H S Shah	6	6	Present
6	Mr S A Lalbhai	6	5	Present
7	Mr S M Datta	6	5	Present
8	Mr B N Mohanan	6	5	Present
9	Mr V S Rangan	6	6	Present
10	Mr R A Shah	6	6	–

2.6 Appointment | cessation during the year

- Resigned: Dr K Aparajithan resigned from Directorship and Mr R A Shah resigned as an Alternate Director to Dr K Aparajithan w.e.f. January 18, 2013.
- Appointed: Mr R A Shah was appointed as an Additional Director w.e.f. January 18, 2013.
- Ceased: Nil

2.7 Remuneration

Number	Name	Remuneration during the year			Total
		Sitting fees	Salary and perquisites	Commission	
Chairman and Managing Director					
1	Mr S S Lalbhai	–	95,88,514	1,92,82,070	2,88,70,584
Managing Director					
2	Mr S A Lalbhai	–	58,25,909	63,34,176	1,21,60,085
Whole time Director					
3	Mr B N Mohanan	–	62,14,330	10,90,000	73,04,330
Independent Directors					
4	Mr G S Patel	2,00,000	–	8,32,000	10,32,000
5	Dr S S Baijal	2,60,000	–	9,36,000	11,96,000
6	Mr B S Mehta	2,60,000	–	8,84,000	11,44,000
7	Mr H S Shah	1,20,000	–	5,72,000	6,92,000
8	Mr S M Datta	1,40,000	–	6,24,000	7,64,000
9	Mr V S Rangan	2,00,000	–	7,80,000	9,80,000
10	Mr R A Shah	1,60,000	–	6,24,000	7,84,000

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

3.1.01 Role

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

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

3.1.02 Composition

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

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

3.1.03 Meetings and Attendance

During the year five meetings were held:

Number	Name	Total	Attended
1	Dr S S Baijal	5	5
2	Mr G S Patel	5	4
3	Mr B S Mehta	5	5
4	Mr V S Rangan	5	4

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

The Board notes the minutes of the Audit Committee meetings.

3.2 Share Transfer and Shareholders' | Investors' Grievance Committee

3.2.01 Role

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

3.2.02 Composition

The Committee comprises two Members:

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

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

3.2.03 Meetings and Attendance

During the year five meetings were held:

Number	Name	Total	Attended
1	Mr G S Patel	5	4
2	Mr S S Lalbhai	5	5

During the year, 23 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	20	20
2	Non-receipt of share certificates	0	0
3	Non-receipt of duplicate share certificates	3	3
4	Others	0	0
Total		23	23

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

3.3 Investment Committee

3.3.01 Role

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

3.3.02 Composition

The Committee comprises five Members:

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

3.3.03 Meetings and Attendance

During the year two meetings were held:

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

The Board notes the minutes of the Investment Committee meetings.

3.4 Remuneration Committee

3.4.01 Role

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

3.4.02 Composition

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

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

3.4.03 Meetings and Attendance

No meeting was held during the year.

4. Subsidiary Companies Registered in India

As on March 31, 2013, the Company had two wholly-owned non-material Indian unlisted subsidiary companies, namely, Ameer Trading Corporation Ltd and Atul Bioscience Ltd, and another Indian unlisted joint venture subsidiary company, namely, Atul Rajasthan Date Palms Ltd. The financial statements were reviewed by the Audit Committee | Board. The minutes of the meetings of all the subsidiary companies are placed before the Board.

5. Company Policies

5.1 Compliance

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

5.2 Code of Conduct

At the Board Meeting, held on March 18, 2005, the Board approved the Code of Conduct applicable to the Directors and the senior management personnel. This Code of Conduct is available on the website of the Company: www.atul.co.in. 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 and 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

7.1.01 Location and time, where last three AGMs were held:

Year	Location	Date	Time
2009-10	H T Parekh Hall Ahmedabad Management Association Dr Vikram Sarabhai Marg Ahmedabad 380015, Gujarat India	August 31, 2010	11.00 a.m.
2010-11	J B Auditorium Hall Ahmedabad Management Association Dr Vikram Sarabhai Marg Ahmedabad 380015, Gujarat India	August 04, 2011	11.00 a.m.
2011-12	J B Auditorium Hall Ahmedabad Management Association Dr Vikram Sarabhai Marg Ahmedabad 380015, Gujarat India	July 27, 2012	11.00 a.m.

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

7.2 Annual General Meeting 2013

Details of the 36th AGM are as under:

Year	Location	Date	Time
2012-13	H T Parekh Hall Ahmedabad Management Association Dr Vikram Sarabhai Marg Ahmedabad 380015, Gujarat India	July 26, 2013	11.00 a.m.

As required under Clause 49 VI (A), particulars of the Directors seeking reappointment | appointment are given in the Notice of the AGM.

7.3 Financial Year

April 01 to March 31

7.4 Date of Book Closure

June 25, 2013 to June 27, 2013

7.5 Date of Dividend Payment

July 31, 2013

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 2013-14 to all the Stock Exchanges where securities are listed. Pursuant to a circular of Securities and Exchange Board of India (SEBI), Custody charges were also paid to the Depositories namely National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). The ISIN number of the Equity Shares of the Company is INE100A01010. The Corporate Identity Number (CIN) is L99999GJ1975PLC002859.

7.7 Stock Code

BSE: 500027 and NSE: ATUL

7.8 Share Price Data and comparison with BSE Sensex

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

Month	Share price of the Company at BSE		BSE Sensex	
	High	Low	High	Low
April 2012	222.65	191.05	17,664.10	17,010.16
May 2012	203.45	187.00	17,432.33	15,809.71
June 2012	227.85	193.00	17,448.48	15,748.98
July 2012	287.65	223.00	17,631.19	16,598.48
August 2012	325.50	269.05	17,972.54	17,026.97
September 2012	338.25	296.00	18,869.94	17,250.80
October 2012	448.00	338.00	19,137.29	18,393.42
November 2012	438.00	393.60	19,372.70	18,255.69
December 2012	472.25	410.00	19,612.18	19,149.03
January 2013	451.25	343.50	20,203.66	19,508.93
February 2013	384.70	318.20	19,966.69	18,793.97
March 2013	343.90	287.00	19,754.66	18,568.43

7.9 Registrar and Transfer Agent

Sharepro Services (India) Pvt Ltd

416-420 Devnandan Mall, Opposite Sanyas Ashram, Ellisbridge, Ahmedabad 380006, Gujarat, India

Telephone Number: +91 79 26582381, 26582382

7.10 Share Transfer System

Securities lodged for transfer at the office of the Registrar are processed within 30 days from the date of lodgement, if the documents are clear in all respects. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 21 days.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates on a half-yearly basis were issued by the Company Secretary in practice for due compliance of share transfer formalities by the Company. Pursuant to the SEBI (Depositories and Participants) Regulations, 1996, certificates were also received from the Company Secretary in practice for timely dematerialisation of the shares and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the Company. All the certificates were filed with the Stock Exchanges where the shares of the Company are listed.

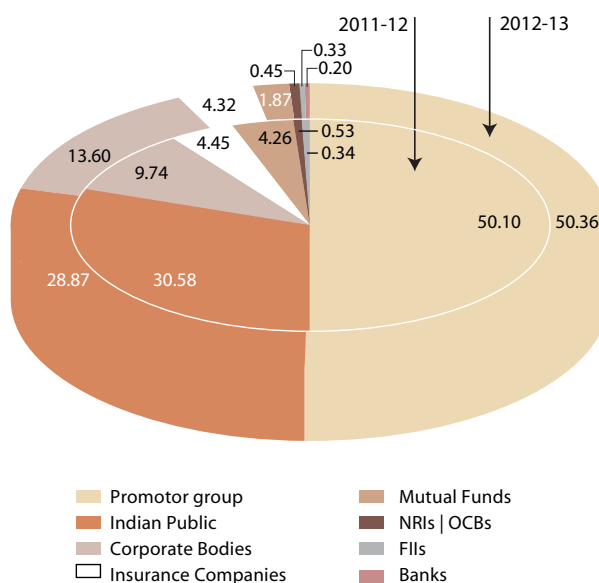
7.11 Distribution of Shareholding as on March 31, 2013

i) Shareholding wise:

Holding	Shareholders		Shares	
	Numbers	% of Total	Numbers	% of Total
1 – 10	4,667	15.57	25,022	0.08
11 – 50	11,871	39.61	3,32,466	1.12
51 – 100	4,864	16.23	4,10,064	1.38
101 – 500	6,361	21.23	15,45,135	5.21
501 – 1,000	1,115	3.72	8,34,006	2.81
1,001 – 2,000	495	1.65	7,22,514	2.44
2,001 – 3,000	164	0.55	4,11,347	1.39
3,001 – 4,000	83	0.28	2,98,678	1.01
4,001 – 5,000	76	0.25	3,57,846	1.21
5,001 – 10,000	109	0.36	7,97,577	2.69
10,001 and above	164	0.55	2,39,27,078	80.67
Total	29,969	100.00	2,96,61,733	100.00

ii) Category - wise:

Category	Shares (Numbers)	Shareholding (%)
Promoter group	1,49,37,554	50.36
Indian Public	85,64,812	28.87
Corporate Bodies	40,32,416	13.60
Mutual Funds	12,81,321	4.32
Insurance Companies	5,57,185	1.87
Non Resident Indians Overseas Corporate Bodies	1,32,462	0.45
Foreign Institutional Investors	97,771	0.33
Banks	57,876	0.20
State Government	336	0.00
Total	2,96,61,733	100.00



7.12 Details of Equity Shares in unclaimed suspense account

Particulars	Shareholders (Numbers)	Unclaimed Shares (Numbers)
1. Opening balance of Equity Shares in unclaimed suspense account as on April 01, 2013	Nil	Nil
2. Unclaimed Equity Shares transferred to unclaimed suspense account during the year		
i) on June 07, 2012	1,115	41,588
ii) on March 18, 2013	5	374
Total	1,120	41,962
3. Transferred to Shareholders from unclaimed suspense account	14	464
4. Balance of Equity Shares in unclaimed suspense account as on March 31, 2013 (1+2-3)	1,106	41,498
Number of Shareholders who approached the Company for transfer of Equity Shares from unclaimed suspense account	14	464

7.13 Dematerialisation of shares and liquidity

Electronic holding by the Members comprising 95.91% of the paid-up equity share capital of the Company and 4.09% were in physical form as on March 31, 2013.

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

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

7.15 Equity Shares held by the Non-executive Directors

Number	Name	Shares
1	Mr G S Patel	500
2	Dr S S Baijal	5,000
3	Mr B S Mehta	162
4	Mr H S Shah	1,290
5	Mr S M Datta	7,500
6	Mr V S Rangan	2,000
7	Mr R A Shah	1,960

7.16 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

7.17 Address of Mumbai office

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

7.18 Address for correspondence

Secretarial and Legal Department, Atul Ltd, Atul 396020, Gujarat, India

E-mail address: sec@atul.co.in

7.19 E-mail address of grievance redressal office: atul_ahd@atul.co.in

7.20 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.

7.21 Communication

Half-yearly report sent to each household of the Members	The results are not sent to each household of the Members; however, the financial results are published in the newspapers as well as displayed on the website of the Company BSE NSE
Quarterly and half-yearly results	Financial results of the Company are sent to the Stock Exchanges immediately after approval by the Board and published in The Economic Times (English) Ahmedabad and Mumbai editions and The Economic Times (Gujarati) Ahmedabad. The results are published in accordance with the guidelines of the Stock Exchanges
Any website, where displayed	On the website of the Company: www.atul.co.in On the website of the Stock Exchanges: www.corpfiling.co.in
Whether it also displays official news releases	Official news releases as and when issued are placed on the website of the Company
Presentations made to the institutional investors or to analysts	Presentation was made to the analysts on May 15, 2012 and the gist of the analysts meeting was filed with the Stock Exchanges and displayed on the website of the Company
Whether Management Discussion and Analysis is a part of the Annual Report or not	Yes

7.22 Tentative Board Meeting dates for consideration of results for 2013-14

Number	Particulars	Dates
1	First quarter results	July 24, 2013
2	Second quarter and half-yearly results	October 25, 2013
3	Third quarter results	January 24, 2014
4	Fourth quarter results and annual results	May 02, 2014

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 Chief Executive Officer and Chief Financial Officer

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

The said certificate was placed before the Board at the meeting held on May 07, 2013 in which the accounts for the year ended March 31, 2013 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 Agreements is enclosed.

12. Declaration by the Chairman and 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 07, 2013

Sunil S Lalbhai
Chairman and Managing Director

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of Atul Ltd

We have examined the compliance of conditions of Corporate Governance by Atul Ltd, for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreements), 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 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 Number 102020W

Chartered Accountants

S Venkatesh

Partner

Membership Number F-037942

Mumbai
May 07, 2013

Notice

NOTICE is hereby given that the 36th Annual General Meeting (AGM) of the Members of Atul Ltd will be held on July 26, 2013, Friday, at 11.00 a.m. at H T Parekh Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad 380015, Gujarat, India to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2013 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 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.
4. To appoint a Director in place of Mr S M Datta who retires by rotation under Article 134 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr V S Rangan 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 from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and fix their remuneration.
9. To consider and, if thought fit, 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, approval be and is hereby accorded to the reappointment of Mr S S Lalbhai as the Chairman and Managing Director (CMD) of the Company and his receiving of remuneration including minimum remuneration, for a period of five years, with effect from July 01, 2014 as per the draft of Agreement submitted to this meeting and for identification initialled by the Chairman.

FURTHER RESOLVED THAT the Board of Directors (Board) be and is hereby authorised to alter and vary any or all of the terms and conditions and the draft of Agreement as approved vide this Resolution as may be deemed fit from time to time which may have the effect of increasing the remuneration and for considering modifications, if any, by the Central Government in regard to the policy | guidelines pertaining to managerial remuneration and for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper in the best interest of the Company.”

Special Business:

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

“RESOLVED THAT Mr R A Shah who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 (the Act) in respect of whom the Company has received a Notice in writing from a Member under Section 257 of the Act and who being eligible offers himself for appointment as a Director, be and is hereby appointed as a Director.”
 8. To consider and, if thought fit, pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Article 126 of the Article of Association of the Company and in accordance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), the Non-executive Directors of the Company be paid remuneration by way of commission over and above the sitting fees up to 1% of the net profits of the Company, computed in the manner laid down in Section 198 of the Act, for each of the five financial years commencing from April 01, 2013, in such proportion and manner as the Board of Directors may from time to time determine.”
- ## 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 the 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, 2013 are enclosed.
 3. The Register of Members and the Share Transfer Books of the Company will remain closed from June 25, 2013 to June 27, 2013 (both days inclusive).
 4. The dividend if approved will be paid to those Members whose names stand on the Register of Members on June 25, 2013.

The Members holding shares in electronic form may please note that:

 - i) Instructions regarding bank details which they wish to incorporate in future dividend warrants must be submitted to their Depository Participants (DPs). As per the regulations of National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL), the Company is obliged to print on the dividend warrants, bank details as furnished by these depositories.

- ii) Instructions already given by the Members for shares held in physical form will not be automatically applicable to 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. Unpaid dividend payable to the Members in respect of the 18th dividend onwards, that is, from the year ended March 31, 2006, 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
18 th	March 31, 2006	August 04, 2006	30%	August 03, 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
23 rd	March 31, 2011	August 04, 2011	45%	August 03, 2018
24 th	March 31, 2012	July 27, 2012	45%	July 26, 2019

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

The Company has pursuant to Section 205C of the Companies Act, 1956, transferred to the IEPF, 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, 2005.

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. At the ensuing AGM, Dr S S Bajjal, Mr S M Datta and Mr V S Rangan retire by rotation and being eligible offer themselves for reappointment. The information or details required as per Clause 49 of the Listing Agreements pertaining to them are as under:

Name	Dr S S Bajjal
Date of birth	September 06, 1929
Brief Résumé	Dr S S Bajjal is a Director of the Company since June 06, 1984. Dr Bajjal was the Chairman and CEO of ICI India Ltd from 1983 to 1987. Dr Bajjal holds PhD degree in Organic Chemistry from the University of Lucknow.
Directorship in other companies	Public Companies: BMG Enterprises Ltd DCM Shriram Consolidated Ltd DCM Shriram Credit & Investments Ltd Rossell India Ltd Private Companies: Delhi Guest Houses Pvt Ltd Rossell Aviation Pvt Ltd
Membership in committees of other companies	Chairman of Committees: DCM Shriram Consolidated Ltd - Audit Committee DCM Shriram Consolidated Ltd - Remuneration Committee Rossell India Ltd - Audit Committee Member of Committees: BMG Enterprises Ltd - Remuneration Committee DCM Shriram Consolidated Ltd - Shareholders' Investors' Grievance Committee Rossell India Ltd - Remuneration Committee
Number of shares held in the Company	5,000

Name	Mr S M Datta
Date of birth	July 01, 1936
Brief résumé	<p>Mr S M Datta is a Director of the Company since October 28, 2002.</p> <p>Mr Datta is the Chairman of Administrative Staff College of India. He is also associated with various other renowned institutes.</p> <p>Mr Datta was the Chairman of Hindustan Unilever Ltd as well as of all Unilever Group companies in India and Nepal from 1990 to 1996.</p> <p>Mr Datta holds a post graduate degree in Science and Technology from the University of Calcutta. He is a Chartered Engineer; Honorary Fellow - All India Management Association, Fellow - Indian Institute of Chemical Engineers, Member - Society of Chemical Industry (London) and Fellow - The Institution of Engineers (India).</p>
Directorship in other companies	<p>Public Companies:</p> <p>Bhoruka Power Corporation Ltd Castrol India Ltd - Chairman Door Sabha Nigam Ltd IL&FS Investment Managers Ltd - Chairman Peerless Developers Ltd Peerless General Finance & Investment Company Ltd Peerless Hotels Ltd Philips Electronics India Ltd - Chairman Rabo India Finance Ltd Speciality Restaurants Ltd - Chairman Tata Trustee Company Ltd - Chairman Transport Corporation of India Ltd - Chairman Zodiac Clothing Company Ltd</p> <p>Private Companies:</p> <p>Chandras Chemical Enterprises Pvt Ltd Reach (Cargo Movers) Pvt Ltd - Chairman</p>
Membership in committees of other companies	<p>Chairman of Committees:</p> <p>Bhoruka Power Corporation Ltd - Audit Committee Castrol India Ltd - Shareholders' Investors' Grievances Committee Tata Trustee Company Ltd - Audit Committee Transport Corporation of India Ltd - Compensation Committee Transport Corporation of India Ltd - Remuneration Committee</p> <p>Member of Committees:</p> <p>Castrol India Ltd - Audit Committee IL&FS Investment Managers Ltd - Compensation Committee IL&FS Investment Managers Ltd - Shareholders' Investors' Grievances Committee Peerless General Finance & Investment Company Ltd - Audit Committee Rabo India Finance Ltd - Audit Committee Transport Corporation of India Ltd - Audit Committee</p>
Number of shares held in the Company	7,500

Name	Mr V S Rangan
Date of birth	February 13, 1960
Brief résumé	Mr V S Rangan is a Director of the Company since July 19, 2010. Mr Rangan is an Executive Director of Housing Development Finance Corporation Ltd (HDFC); he has been working with HDFC since 1986. Mr Rangan is an Associate of Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India.
Directorship in other companies	Public Companies: Cholamandalam Investment & Finance Company Ltd HDFC Developers Ltd HDFC Holdings Ltd HDFC Investments Ltd HDFC Property Ventures Ltd HDFC Trustee Company Ltd HDFC Venture Capital Ltd Hindustan Oil Exploration Company Ltd Housing Development Finance Corporation Ltd IPF online Ltd TVS Credit Services Ltd Private Companies: Credila Financial Services Pvt Ltd HDFC Education & Development Services Pvt Ltd
Membership in committees of other companies	Member of Committees: Cholamandalam Investment & Finance Company Ltd - Audit Committee Cholamandalam Investment & Finance Company Ltd - Risk Management Committee HDFC Education & Development Services Pvt Ltd - Allotment Committee HDFC Education & Development Services Pvt Ltd - Audit Committee HDFC Holdings Ltd - Audit Committee HDFC Investments Ltd - Audit Committee HDFC Trustee Company Ltd - Audit Committee HDFC Trustee Company Ltd - Customer Service Committee HDFC Trustee Company Ltd - Risk Management Committee Housing Development Finance Corporation Ltd - Allotment Committee Hindustan Oil Exploration Company Ltd - Audit Committee IPF online Ltd - Audit Committee TVS Credit Services Ltd - Audit Committee
Number of shares held in the Company	2,000

Registered Office:
Ashoka Chambers
Rasala Marg
Ahmedabad 380006, Gujarat
India
May 07, 2013

By order of the Board of Directors

T R Gopi Kannan
President, Finance and Company Secretary

EXPLANATORY STATEMENT

The following Explanatory Statement, as required by Section 173 of the Companies Act, 1956, sets out material facts including the nature and concern or interest of the Directors in relation to the items of Special Business under Item Nos. 7, 8 and 9 mentioned in the accompanying Notice dated May 07, 2013.

Item No 7

The Board of Directors (Board) at its meeting held on January 18, 2013 appointed Mr R A Shah as an Additional Director pursuant to provisions of Section 260 of the Companies Act, 1956 (the Act). He holds office up to the date of the ensuing AGM.

The Company has received a Notice in writing pursuant to Section 257 of the Act, from a Member proposing the appointment of Mr Shah as a Director along with the required deposit amount. His brief Résumé is as under:

Name	Mr R A Shah
Date of birth	July 07, 1931
Brief Résumé	Mr R A Shah was an Alternate Director of the Company since February 11, 2006 to January 18, 2013. Mr Shah is a Senior Partner of Crawford Bayley & Co, a firm of Solicitors & Advocates. Mr Shah holds a graduate degree in Law from the University of Mumbai and has passed Solicitor exam from Honourable High Court at Mumbai.
Directorship in other companies	Public Companies: Abbott India Ltd Asian Paints Ltd BASF India Ltd Century Enka Ltd Clariant Chemicals (India) Ltd - Chairman Colgate Palmolive India Ltd - Vice Chairman Deepak Fertilizers & Petrochemicals Corporation Ltd Godfrey Philips India Ltd - Chairman Jumbo World Holdings Ltd (Body incorporated outside India) Lupin Ltd Modicare Ltd Pfizer Ltd - Chairman Procter & Gamble Hygiene & Healthcare Ltd RPG Life Sciences Ltd Schrader Duncan Ltd The Bombay Dyeing & Manufacturing Company Ltd Wockhardt Ltd Private Company: Uhde India Pvt Ltd
Membership in committees of other companies	Chairman of Committees: Century Enka Ltd - Remuneration Committee Clariant Chemicals (India) Ltd - Audit Committee Colgate Palmolive India Ltd - Audit Committee Pfizer Ltd - Audit Committee Procter & Gamble Hygienic and Healthcare Ltd - Audit Committee Member of Committees: Abbott India Ltd - Audit Committee BASF India Ltd - Audit Committee Century Enka Ltd - Audit Committee Lupin Ltd – Remuneration Committee The Bombay Dyeing & Manufacturing Company Ltd - Audit Committee The Bombay Dyeing & Manufacturing Company Ltd - Remuneration Committee Wockhardt Ltd - Audit Committee
Number of shares held in the Company	1,960

None of the Directors except Mr R A Shah is interested in or concerned with this Resolution.

Item No 8

Pursuant to Article 126 of the Articles of Association read with Section 309 of the Companies Act, 1956, the Non-executive Directors are entitled to receive commission up to 1% of the net profits of the Company in any financial year, with the authorisation of the Company by way of Special Resolution, which shall not remain in force for a period of more than five years.

Earlier the 31st AGM had authorised payment of such commission for a period of five years which expired on March 31, 2013 and the same requires further renewal.

In view of the time and attention which the Non-executive Directors are called upon to give for the purpose of business of the Company, it is considered that the payment of such commission to the Non-executive Directors as permitted by Article 126 aforesaid, may be made for the period of five years from April 01, 2013.

All the Directors except Mr S S Lalbhai, CMD, Mr S A Lalbhai, Managing Director and Mr B N Mohanan, Whole time Director may be deemed to be interested in or concerned with this Special Resolution.

Item No 9

The Members in the AGM held on August 25, 2008 had appointed Mr S S Lalbhai as the CMD of the Company for a period of five years, with effect from July 01, 2009. The current term of his office is due to expire on June 30, 2014.

Mr Lalbhai has 30 years of experience with the Company and has made significant contribution in its growth. It is now proposed to reappoint him as the CMD of the Company for a further period of five years commencing July 01, 2014. The Board, in their meeting held on May 07, 2013 has approved the proposal for his reappointment as the CMD. His brief Résumé is as under:

Name	Mr S S Lalbhai
Date of birth	March 15, 1960
Brief Résumé	Mr S S Lalbhai is the CMD of Atul Ltd; he has been working with the Company since 1983. Mr Lalbhai is a Member of the Governing Council of Shree Vallabh Shikshan Ashram and a Trustee on the Board of BAIF Development Research Foundation and some of the other social institutions established by Lalbhai Group. Mr Lalbhai holds MS degree in Chemistry from the University of Massachusetts and MS degree in Economic Policy and Planning from Northeastern University.
Directorship in other companies	Public Companies: Amal Ltd - Chairman Atul Bioscience Ltd - Chairman Atul Rajasthan Date Palms Ltd Navin Fluorine International Ltd Wyeth Ltd
Membership in committees of other companies	Chairman of Committee: Navin Fluorine International Ltd - Remuneration Committee Member of Committees: Navin Fluorine International Ltd - Audit Committee Wyeth Ltd – Shareholders' Investors' Grievance Committee
Number of shares held in the Company	43,193

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

- Mr S S Lalbhai is reappointed as the CMD of the Company to carry out the management functions entrusted to him by the Board subject to the superintendence, direction and control of the Board. Certain special powers relating to the management are conferred on him and enumerated in the draft Agreement.
- The period of office of the CMD will be five years with effect from July 01, 2014.

3. The remuneration payable to the CMD will be as follows:

(a) Basic Salary

The current Basic Salary of ₹ 7,50,000/- (Rupees Seven lacs fifty thousand only) per month may be increased from time to time by the Remuneration Committee at its absolute discretion within the contractual period of five years, subject to a maximum of ₹ 22,50,000/- (Rupees Twenty two lacs fifty thousand only) per month.

(b) Perquisites | Allowances:

i) Housing:

The Company shall provide furnished accommodation to the CMD or pay him house rent allowance of upto 50% of the Basic Salary as per its policy in case he has his own accommodation.

The Company shall provide equipment and appliances, furniture, fixtures and furnishing at the residence of the CMD at its cost which shall not exceed ₹ 5 lacs.

The Company shall reimburse the expenses of gas, electricity, water, etc whose value in accordance with the Income Tax Rules, shall not exceed 10% of the Basic Salary.

ii) Medical reimbursement:

The Company shall reimburse the medical expenses incurred by the CMD for self and family.

iii) Leave Travel Concession:

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

iv) Personal Accident Insurance:

The Company shall pay Personal Accident Insurance up to ₹ 35,000/- per annum.

v) Club fees:

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

vi) Car:

The Company shall provide a car with driver to the CMD at its entire cost and charge him for personal use.

vii) Communication devices:

The Company shall provide landline telephones at the residence of and other communication devices to the CMD at its entire cost and bill him for personal long-distance calls.

(c) Retirement benefits:

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.

The Company shall grant on full pay and allowances leave, not exceeding one month for every eleven months of service and will allow encashment of accumulated leave not availed, as per its policy.

(d) Commission:

The CMD shall be entitled to commission at the rate of 1% of net profits of the Company provided that it shall not exceed forty eight months' Basic Salary as referred to in Clause 3 (a) above. When payable for part of the financial year, the commission shall be paid on pro rata basis.

4. The CMD shall not be entitled to sitting fees for attending meetings of the Board and | 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) taken together. Provided, however, that in the event of absence or inadequacy of the net profits, the CMD shall be entitled to the aforesaid remuneration excluding commission within the minimum remuneration specified in Schedule XIII of the Companies Act, 1956.
6. A rateable proportion of the aforesaid remuneration shall be payable by the Company, in the event of cessation of office during any financial year.
7. The CMD 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 CMD may resign office, subject to six calendar months' notice.
10. The CMD shall be entitled to compensation in accordance with Section 318 of the Companies Act, 1956, in the event of termination of office.

MEMORANDUM OF INTEREST :

The nature of the concern or interest of Mr S S Lalbhai, CMD 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 is interested in this Resolution. The above may be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

Registered Office:
Ashoka Chambers
Rasala Marg
Ahmedabad 380006, Gujarat
India
May 07, 2013

By order of the Board of Directors

T R Gopi Kannan
President, Finance and Company Secretary

Important Communication to the Members

The Ministry of Corporate Affairs of the Government of India has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies and has issued circulars stating that serving notices | documents including Annual Reports can be made through electronic mode to their members. To support this 'Green Initiative' of the Government in full measure, the Members are requested to update their e-mail address provided to the concerned DPs. Those Members who hold shares in physical form are requested to communicate their e-mail address by sending an e-mail to the Registrar and Share Transfer Agent, Sharepro Services (India) Pvt Ltd, at e-mail address: sharepro.ahmedabad@shareproservices.com mentioning subject as "Registration of contact details", with a copy to the Company at e-mail address: atul_ahd@atul.co.in

Ten Year Review

(` cr)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
Operating results										
Net Sales	1,964	1,746	1,508	1,168	1,159	998	895	817	682	568
Revenues	2,020	1,792	1,553	1,204	1,196	1,033	925	837	710	604
Operating PBDIT	269	203	194	143	124	97	85	78	68	56
Interest	33	43	26	26	41	33	28	29	22	22
Operating PBDT	236	160	168	117	83	64	57	49	46	34
Depreciation	49	44	39	37	32	29	31	29	27	27
Operating PBT	187	116	129	80	51	35	26	20	19	7
Exceptional income (expenses)	5	6	10	-	(5)	3	-	63	-	-
Profit before tax	192	122	139	80	46	38	26	83	19	7
Taxation	56	34	43	27	10	3	1	(1)	3	5
Net profit	136	88	96	53	36	35	25	84	16	2
Dividends (inclusive of dividend distribution tax)	21	16	16	14	10	10	10	10	7	5
Financial position										
Gross block *	1,202	1,100	1,002	986	967	936	771	730	685	666
Net block *	526	474	420	424	443	433	295	273	249	276
Net current and other assets	585	550	474	355	384	428	374	349	312	310
Capital employed	1,111	1,024	894	779	827	861	669	622	561	586
Equity Share capital	30	30	30	30	30	30	30	30	30	30
Reserves and surplus	726	612	537	455	429	403	270	243	170	255
Shareholders' fund	756	642	567	485	459	433	300	273	200	285
Borrowings	355	382	327	295	368	428	369	349	361	300
Per Equity Share (`)										
Dividend	6.00	4.50	4.50	4.00	3.00	3.00	3.00	3.00	2.00	1.50
Book Value	255	216	191	164	155	146	101	92	67	96
EPS	45.69	29.70	30.34	19.15	12.77	12.35	9.98	28.00	6.07	1.18
Key Indicators										
Operating PBDIT %	13.70	11.63	12.86	12.24	10.70	9.72	9.50	9.55	9.97	9.86
Operating PBDT %	12.02	9.16	11.14	10.02	7.16	6.41	6.37	6.00	6.74	5.99
Operating PBT %	9.52	6.64	8.55	6.85	4.40	3.51	2.91	2.45	2.79	1.23
Employee cost as % to sales	6.52	6.70	6.76	8.82	7.85	8.12	8.04	10.40	9.97	13.56
Interest cost as % to sales	1.68	2.46	1.72	2.23	3.54	3.31	3.13	3.55	3.23	3.87
Debt-Equity ratio	0.47	0.60	0.58	0.61	0.80	0.99	1.23	1.28	1.81	1.05
Interest coverage ratio	8.15	4.72	7.46	5.50	3.02	2.94	3.04	2.69	3.09	2.55
Asset turnover ratio	1.63	1.59	1.50	1.18	1.20	1.07	1.16	1.12	1.00	0.85
RoCE % **	21.13	16.93	18.46	13.09	11.19	9.42	8.81	8.41	6.98	4.88
RoNW % ***	18.74	13.56	16.35	11.23	8.95	8.80	8.73	8.56	6.60	0.70
Payment to exchequer	262	195	170	105	104	103	102	82	70	56

Notes:

* Including capital work-in-progress

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

*** Excluding exceptional income | expenses

Figures for the year prior to 2010-11 are as per old schedule VI

I never see that has been done; I only see what remains to be done.

– Buddha

Financial Statements

Standalone

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Independent Auditors' Report

To the Members of Atul Ltd

Report on the Financial Statements

1. We have audited the accompanying Financial Statements of Atul Ltd (the 'Company'), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant Accounting Policies and other explanatory information, which we have signed under reference to this report.

Responsibility of the Management for the Financial Statements

2. The Management of the Company is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditors

3. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the Financial Statements. The procedures selected depend on the judgment of the Auditors, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditors consider internal control relevant to the preparation and fair presentation of the Financial Statements by the Company in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of Accounting Policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Financial Statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the

accompanying Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013,
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the 'Order'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Act.

For Dalal & Shah

Firm Registration Number: 102020W
Chartered Accountants

S. Venkatesh

Partner

Membership Number: 037942

Mumbai
May 07, 2013

Annexure to the Report of the Auditors

Referred to in paragraph 7 of the Report of the Auditors of even date to the Members of Atul Ltd on the Financial Statements as of and for the year ended March 31, 2013

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off 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. Therefore, the provisions of Clause 4(iii) (b), (c) and (d) of the said Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) (f) and (g) of the said Order are not 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 and 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, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of ₹ 0.05 cr in respect of any party during the year.
- vi. In our opinion, and according to the information and explanations given to us, the Company has 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 the 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.

Annexure to the Report of the Auditors

- 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 generally regular in depositing undisputed statutory dues in respect of provident fund, professional tax and excise duty, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, customs duty, sales tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, customs duty and excise duty as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ cr) (a)	Period to which the amount relates	Forum where the dispute is pending (b)
Central Excise Act, 1944	Central excise	5.32	1975 to 2012	Assistant Deputy Commissioner, Joint Commissioner, Commissioner (Appeals), Customs, Excise & Service Tax Appellate Tribunal
		6.42	2005 to 2012	
		0.05	1992 to 2010	
		7.63	1992 to 2010	
Total:		19.42		
Customs Act, 1962	Customs duty	2.77	1985 to 2007	Assistant Deputy Commissioner, Commissioner (Appeals), Customs, Excise & Service Tax Appellate Tribunal
		3.19	1988 to 2009	
		1.76	1998	
Total:		7.72		
Income Tax Act, 1961	Income tax	14.02	2005-06 and 2007-08	Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal, High Court
		8.55	2009-10	
		6.20	2005-06 and 2007-08	
		0.26	2003-04	
Total:		29.03		

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

There were no dues towards service tax, sales tax and wealth tax as at March 31, 2013 which have not been deposited on account of any dispute.

Annexure to the Report of the Auditors

- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanations given to us, it 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. Therefore, the provisions of Clause 4(xii) of the Order are not applicable.
- xiii. As the provisions of any special statute applicable to chit fund | nidhi | mutual benefit fund | societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short-term basis 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. Accordingly, there are provisions of Clause 4(xviii) of the Order are not applicable.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable.
- 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Dalal & Shah
Firm Registration Number: 102020W
Chartered Accountants

S. Venkatesh
Partner
Membership Number: 037942

Mumbai
May 07, 2013

Balance Sheet as at March 31, 2013

(` cr)

Particulars	Note	As at March 31, 2013	As at March 31, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	29.68	29.68
(b) Reserves and surplus	3	726.41	612.25
		756.09	641.93
2 Non-current liabilities			
(a) Long-term borrowings	4	154.43	144.90
(b) Deferred tax liabilities (net)	5	27.16	22.31
(c) Long-term provisions	6	5.04	3.33
		186.63	170.54
3 Current liabilities			
(a) Short-term borrowings	7	160.45	193.57
(b) Trade payables	8	275.32	277.84
(c) Other current liabilities	9	102.91	104.97
(d) Short-term provisions	10	45.99	51.14
		584.67	627.52
		1,527.39	1,439.99
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	480.45	417.55
(ii) Intangible assets	11	-	0.22
(iii) Capital work-in-progress		45.93	55.94
		526.38	473.71
(b) Non-current investments	12	128.56	125.00
(c) Long-term loans and advances	13	31.58	28.11
(d) Other non-current assets	14	40.99	34.74
		727.51	661.56
2 Current assets			
(a) Inventories	15	307.53	294.57
(b) Trade receivables	16	361.60	368.22
(c) Cash and bank balances	17	7.84	11.52
(d) Short-term loans and advances	18	106.00	86.94
(e) Other current assets	19	16.91	17.18
		799.88	778.43
		1,527.39	1,439.99
Significant Accounting Policies	1		

Notes form an integral part of these financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

For Dalal & Shah

Firm Registration Number: 102020W
Chartered Accountants

Sunil S Lalbhai
Chairman and Managing Director

S Venkatesh

Partner

Membership Number: 037942
Mumbai
May 07, 2013

T R Gopi Kannan
President, Finance and
Company Secretary

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

Samveg A Lalbhai
Managing Director
Mumbai
May 07, 2013

Statement of Profit and Loss for the year ended March 31, 2013

(` cr)

Particulars	Note	2012-13	2011-12
REVENUE			
Revenue from operations (gross)	20	2,164.41	1,901.41
Less: Excise duty		162.93	123.73
Revenue from operations (net)		2,001.48	1,777.68
		2,001.48	1,777.68
Other income	21	18.51	14.38
		2,019.99	1,792.06
EXPENSES			
Cost of materials consumed	22	1,138.44	1,055.13
Purchase of stock-in-trade		16.36	20.01
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(11.45)	(15.33)
Employee benefit expenses	24	127.76	117.20
Finance costs	25	33.13	43.10
Exchange rate difference (net) (excluding loss considered in Note 25)		(3.46)	12.07
Depreciation and amortisation expenses	11	49.06	43.65
Other expenses	26	483.11	400.26
		1,832.95	1,676.09
Profit before exceptional items and tax		187.04	115.97
Exceptional items			
Reversal of provision for diminution in value of long-term investment in subsidiary company		-	6.51
Reversal of previous year finance costs (see Note 11(g))		5.38	-
		5.38	6.51
Profit before tax		192.42	122.48
Tax expense			
Current tax		52.05	35.10
Deferred tax		4.85	(0.75)
Add: Tax adjustments for the current year ` 20,214		-	0.02
		56.90	34.37
Profit for the year		135.52	88.11
Basic and diluted earning ` per Equity Share	27.7	45.69	29.70
Significant Accounting Policies	1		

As per our attached report of even date

For and on behalf of the Board of Directors

For Dalal & Shah

 Firm Registration Number: 102020W
Chartered Accountants
S Venkatesh
Partner

 Membership Number: 037942
 Mumbai
 May 07, 2013

T R Gopi Kannan
*President, Finance and
 Company Secretary*
G S Patel
S S Bajjal
B S Mehta
H S Shah
S M Datta
B N Mohanan
V S Rangan
R A Shah
Directors
Sunil S Lalbhai
Chairman and Managing Director
Samveg A Lalbhai
Managing Director
 Mumbai
 May 07, 2013

Cash Flow Statement for the year ended March 31, 2013

(` cr)

Particulars	2012-13	2011-12
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	192.42	122.48
Adjustments for:		
Add:		
Depreciation and amortisation expenses	49.06	43.65
Finance costs	33.13	43.10
Loss on assets sold or discarded	0.13	0.06
Unrealised exchange rate difference (net)	2.32	(3.43)
Bad debts and irrecoverable balances written off	0.44	3.01
Provision for doubtful debts	1.58	0.79
Provision for diminution of value of investment	0.96	-
	87.62	87.18
	280.04	209.66
Less:		
Dividend received	3.41	1.59
Interest received	0.91	2.35
Provisions no longer required	4.58	3.69
Reversal of provision for diminution in value of long-term investment in a subsidiary company	-	6.51
Reversal of previous year finance costs	5.38	-
Technical know-how	3.00	1.63
Surplus on sale of fixed assets	0.86	0.28
	18.14	16.05
Operating profit before working capital changes	261.90	193.61
Adjustments for:		
Inventories	(12.96)	(31.39)
Trade receivables	4.60	(73.73)
Short-term loans and advances	(22.99)	15.36
Other current assets	0.27	(4.22)
Non-current assets	(5.69)	(15.22)
Long-term loans and advances	1.58	(1.94)
Long-term provisions	1.71	0.73
Trade payables	1.13	63.73
Other current liabilities	1.91	10.36
Short-term provision	(10.46)	1.54
	(40.90)	(34.78)
Cash generated from operations	221.00	158.83
Less:		
Direct taxes (refund) paid	52.86	38.30
Net cash flow from operating activities	A 168.14	120.53

Cash Flow Statement for the year ended March 31, 2013 (contd)

	(₹ cr)	
Particulars	2012-13	2011-12
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(90.28)	(102.36)
Purchase of intangible assets	(2.53)	(1.86)
Capital advances	(0.74)	0.49
Investments in subsidiary companies	(1.52)	(29.04)
Investments in joint venture company	-	(3.00)
Repayments (disbursements) of loans	(0.37)	4.73
Long-term bank deposits	0.25	0.88
Short-term bank deposits	0.91	(0.49)
Sale of fixed assets	1.46	6.42
Interest received	0.90	3.32
Dividend received	3.41	1.59
Net cash used in investing activities	B	(119.32)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	(0.38)	20.89
Add: Exchange rate difference	(0.12)	(6.08)
Proceeds from long-term borrowings (adjusted)	(0.50)	14.81
Proceeds from short-term borrowings	(33.12)	32.30
Total proceeds from borrowings	(33.62)	47.11
Payment of Unclaimed dividend	0.06	(0.08)
Interest paid	(33.33)	(37.04)
Dividend on Equity Shares (including dividend distribution tax)	(15.45)	(15.42)
Net cash used in financing activities	C	(5.43)
Net change in cash and cash equivalents	A+B+C	(4.22)
Opening balance - cash and cash equivalents		13.41
Closing balance - cash and cash equivalents		9.19
		(4.22)

Notes to the Cash Flow Statement for the year ended March 31, 2013:

- The Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard-3 'Cash Flow Statement' referred to in The Companies Accounting Standard Rules, 2006.
- In terms of Joint Venture Agreement with 'Rajasthan Horticulture Development Society', a Government of Rajasthan undertaking, the Company has subscribed 30000 shares at price of ₹ 1000 each, by transferring technical know-how (₹ 3.00 cr) being non-cash consideration not considered in the above Cash Flow Statement during the current year. In the terms of Joint Venture Agreement with 'IB Industriechemie Beteiligungs GmbH', the Company had subscribed 2918750 shares at price of ₹ 21 each, by transferring technical know-how (₹ 1.63 cr), inventory (₹ 0.26 cr), trade receivables (₹ 1.24 cr) being non-cash consideration not considered in the above Cash Flow Statement during the previous year.

As per our attached report of even date

For Dalal & Shah

Firm Registration Number: 102020W
Chartered Accountants

S Venkatesh

Partner

Membership Number: 037942

Mumbai

May 07, 2013

T R Gopi Kannan

President, Finance and
Company Secretary

For and on behalf of the Board of Directors

Sunil S Lalbhai

Chairman and Managing Director

G S Patel

S S Baijal

B S Mehta

H S Shah

S M Datta

B N Mohanan

V S Rangan

R A Shah

Directors

Samveg A Lalbhai

Managing Director

Mumbai

May 07, 2013

Notes to financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

General information

Founded by Mr Kasturbhai Lalbhai in 1947, Atul Ltd has emerged, starting with the manufacture of a few dyes, as one of the diversified chemical companies, serving industries such as Adhesives, Aerospace, Agriculture, Animal feed, Automobile, Chemical, Composites, Construction, Cosmetics, Defence, Dyestuff, Electrical & Electronics, Flavour & Fragrance, Glass, Home Care, Paint & Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Polymer, Rubber, Soap & Detergent, Textile and Tyre. The Company has established subsidiary companies in Brazil, China, Germany, the UK and the USA to work closely with its customers and expand its business. Its shares are listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

1 Basis of Preparation:

These financial statements have been prepared on accrual basis and under historical cost convention and in compliance, in all material aspects, with the generally accepted accounting principles in India, the applicable Accounting Standards notified under Section 211 (3C) and the relevant provisions of the Companies Act, 1956.

The significant Accounting Policies adopted by the Company are detailed below.

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

2 Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. These estimates are based on the Management evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from future revisions and actual results in subsequent period. Differences are adjusted in subsequent periods as they occur.

3 Fixed Assets:

a) Tangible Assets:

- i) Fixed assets other than (ii) and (iii) below are carried at cost of acquisition | construction including incidental expenses directly attributable to the acquisition | construction activity, as the case may be, less accumulated depreciation, amortisation and impairment as necessary.
- ii) Assets received free of cost on premature cancellation of a lease agreement are valued at fair value.
- iii) Freehold land, lease hold land at Panoli and certain business premises have been revalued as per the report of approved valuer.
- iv) Spares specific to a machinery are carried at cost and allocated over the useful life of the asset.

b) 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.

4 Depreciation and Amortisation:

Depreciation:

Depreciation on building and plant and equipment is being provided on 'Straight Line Method' and on all other assets on 'Written Down Value' basis in accordance with the provisions of Section 205(2)(b) and 205(2) (a) of the Companies Act, 1956 respectively, in the manner and at the rates specified in Schedule XIV to the said Act. An amount in respect of assets revalued in the past, the depreciation charge over the enhancement to cost is withdrawn from the revaluation reserves and adjusted against the depreciation charge each year.

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

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

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

Amortisation:

- a) Premium on lease hold land is amortised over the period of lease.
- b) Computer software is amortised over a period of three years.

5 Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal | external factors. An impairment loss on such assessment will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets is net selling price or value in use whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in the circumstances.

6 Borrowing Costs:

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

7 Investments:

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

8 Inventories:

- a) Raw materials, packing materials, purchased finished goods, work-in-progress, finished goods, fuel, stores and spares other than specific spares for machinery are valued at cost or net realisable value whichever is lower. Cost is arrived at on moving weighted average basis.
- b) Goods-in-transit and in bonded warehouse are stated at the cost to the date of Balance Sheet.
- c) 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition.
- d) Due allowances are made for obsolete inventory based on technical estimates made by the Company.

9 Foreign Currency Transactions:

- a) Initial recognition:

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

- b) Conversion:

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

- c) Exchange differences:

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

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

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

Notes to financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

e) Derivatives:

Where the Company has entered into derivative contracts such as Interest Rate Swaps, Currency Swaps, and Currency Options, to hedge risk associated with interest and foreign currency fluctuations relating to firm commitments where these exposures exist at the Balance Sheet date the hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. The revaluation gain or loss on Mark-to-Market (MTM) is generally recognised in the Statement of Profit and Loss each year. However on account of choice exercised as per (c) above MTM gains and losses on instruments intended to hedge long-term foreign currency borrowings utilised to acquire depreciable assets are recognised to offset foreign exchange fluctuation differences on such long-term foreign currency borrowings.

f) Changes in fair value of derivative instruments intended to hedge future exposures resulting out of 'highly probable forecast transactions' such as exports, is determined as effective hedges of future cash flows, which are recognised directly under 'Hedging Reserve' in shareholders' funds, and the ineffective portion, if any, is recognised immediately in the Statement of Profit and Loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss.

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

10 Revenue Recognition:

Revenue from sales are recognised when all significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

a) Sale of goods and services:

- i) Domestic sales are accounted for on dispatch from the point of sale.
- ii) Export sales are accounted on the basis of dates of on board Bill of Lading and | or Air Way Bill.
- iii) Service income is recognised, net of service tax, when the related services are rendered.

b) Other revenues:

- i) Eligible export incentives are recognised in the year in which the conditions precedent is met and there is no significant uncertainty about the collectability.
- ii) Lease rental income is recognised on accrual basis.
- iii) Dividend income is accounted for in the year in which the right to receive the same is established.
- iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

11 Provisions, Contingent Liabilities and Contingent Assets:

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

12 Research and Development Expenditure:

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

13 Employee Benefits:

a) Defined contribution plan:

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

b) Defined benefit plan:

Gratuity:

Gratuity liability is a Defined Benefit Obligation (DBO) and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method, at the end of each financial year. The liability so provided is paid to a trust administered by the Company, which in turn invest in eligible securities to meet the liability as and when it accrues for payment in future. Actuarial gains | losses are immediately taken to Statement of Profit and Loss. Any shortfall in the value of assets over the Defined Benefit Obligation is recognised as a liability with a corresponding charge to Statement of Profit and Loss.

Long-term leave encashment:

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

Provident Fund:

Provident Fund for certain eligible employees is managed by the Company through the 'Atul Products Ltd - Ankleshwar Division Employees Provident Fund Trust' in line with Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. Any shortfall in the value of assets over the Defined Benefit Obligation is recognised as a liability, with a corresponding charge to Statement of Profit and Loss.

c) Short-term leave encashment:

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

d) Voluntary retirement scheme:

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

14 Taxation:

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

15 Government Grants:

- a) Government grants are recognised when there is reasonable assurance that the same will be received.
- b) Revenue grants for expenses incurred are reduced from the respective expenses.
- c) Capital grants relating to specific fixed assets are reduced from the cost of the respective fixed assets.
- d) Government grants in the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

Notes to financial statements

(` cr)

NOTE 2 SHARE CAPITAL	As at March 31, 2013	As at March 31, 2012
Authorised		
8,00,00,000 (8,00,00,000) Equity Shares of ` 10 each	80.00	80.00
80,00,000 (80,00,000) Cumulative Redeemable Preference Shares of ` 100 each	80.00	80.00
	160.00	160.00
Issued		
2,96,91,780 (2,96,91,780) Equity Shares of ` 10 each	29.69	29.69
	29.69	29.69
Subscribed		
2,96,61,733 (2,96,61,733) Equity Shares of ` 10 each, fully paid	29.66	29.66
29,991 (29,991) Add: Forfeited shares (amount paid-up)	0.02	0.02
	29.68	29.68

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

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets after distribution of all preferential amounts and Preference shares. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

Each holder of Equity Shares is entitled to one vote per share.

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

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

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

Sr No	Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
		Holding %	No of shares	Holding %	No of shares
1	Aeon Investments Pvt Ltd	5.95%	17,64,383	5.95%	17,64,382
2	Aura Securities Pvt Ltd	5.44%	16,14,045	5.44%	16,14,045

Notes to financial statements

(` cr)

NOTE 3 RESERVES AND SURPLUS	As at March 31, 2013	As at March 31, 2012
(a) Capital reserve	6.68	6.68
(b) Securities premium account	34.66	34.66
(c) Revaluation reserve:		
Balance as at the beginning of the year	106.52	108.58
Less: Transferred to Statement of Profit and Loss	2.06	2.06
Balance as at the end of the year	104.46	106.52
(d) Hedging reserve {see Note 27.9 (c)}:		
Balance as at the beginning of the year	(0.78)	(5.09)
Add: Transferred to Statement of Profit and Loss	0.78	5.09
Less: Effect of foreign exchange rate variation on hedging instruments outstanding at the end of the year	(0.74)	0.78
Balance as at the end of the year	0.74	(0.78)
(e) General reserve:		
Balance as at the beginning of the year	67.87	59.06
Add: Transferred from Statement of Profit and Loss	13.55	8.81
Balance as at the end of the year	81.42	67.87
(f) Surplus in Statement of Profit and Loss:		
Balance as at the beginning of the year	397.30	333.52
Add: Profit for the year	135.52	88.11
Amount available for appropriation	532.82	421.63
Less : Appropriations		
General reserve	13.55	8.81
Proposed dividend on Equity Shares for the year {at ` 6.00 per share (March 31, 2012 ` 4.50 per share)}	17.80	13.35
Dividend distribution tax on proposed dividend	3.02	2.17
Balance as at the end of the year	498.45	397.30
	726.41	612.25

Notes to financial statements

(` cr)

NOTE 4 LONG-TERM BORROWINGS	Non-current		Current maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
(a) Term loans				
Secured:				
(i) Rupee term loans from banks	-	10.14	-	16.23
(ii) Rupee term loans from financial institutions	41.66	52.08	10.42	13.13
(iii) Foreign currency term loans from banks	69.69	20.78	6.80	4.80
(iv) Foreign currency term loans from financial institutions	43.06	61.81	22.66	2.14
Unsecured:				
(v) Rupee term loans from banks	0.02	0.09	0.34	0.02
	154.43	144.90	40.22	36.32
(b) Deposits, unsecured:				
(i) Public deposits from related parties	-	-	-	0.83
(ii) Public deposits from others	-	-	-	6.66
	-	-	-	7.49
Amount disclosed under the head 'Other Current Liabilities' (see Note 9)			(40.22)	(43.81)
	154.43	144.90	-	-

Sr No	Type of loan Nature of security	Terms of repayment
(a) (i) 1	Rupee term loan from banks amounting to ` Nil (Previous year : ` 26.37 cr) was secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Since repaid
(a) (ii) 1	Rupee term loan from financial institution amounting to ` 52.08 cr (Previous year : ` 62.50 cr) is secured by first <i>pari passu</i> charge by way of hypothecation of all movable fixed assets and mortgage of immovable properties of the Company, present and future, excluding specific assets with exclusive charge and second charge on entire current assets of the Company, present and future.	15 equal half yearly installments beginning from January 14, 2011 along with interest ranging from 6.99% p.a. to 7.46% p.a. (balance installments payable-10).
2	Rupee term loan from financial institution amounting to ` Nil (Previous year : ` 2.71 cr) was secured by first <i>pari passu</i> charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.	Since repaid

NOTE 4 LONG-TERM BORROWINGS (contd)

Sr No	Type of loan Nature of security	Terms of repayment
(a) (iii) 1	Foreign currency term loan from banks amounting to ` 22.10 cr (Previous year: ` 25.58 cr) is secured by first <i>pari passu</i> charge by way of hypothecation of all movable fixed assets and mortgage of immovable properties of the Company, present and future, excluding specific assets with exclusive charge and second charge on entire current assets of the Company, present and future.	16 equal quarterly installments beginning from July 31, 2012 along with interest @ 3 Month LIBOR + 225 bps p.a. (balance installments payable 14).
2	Foreign currency term loan from banks amounting to ` 54.39 cr (Previous year: ` Nil) is secured by first <i>pari passu</i> charge on the entire movable and immovable fixed assets of the Company, both present and future.	Repayable in 12 equal quarterly installments beginning from December 29, 2014 along with interest @ 3 Month LIBOR + 290 bps p.a.
(a) (iv) 1	Foreign currency loan from financial institution amounting to ` 65.72 cr (Previous year: ` 63.95 cr) is secured by first <i>pari passu</i> charge by way of hypothecation of all movable fixed assets and mortgage of immovable properties of the Company, present and future, excluding specific assets with exclusive charge and second charge on entire current assets of the Company, present and future.	7 half yearly installments beginning from January 15, 2013 along with interest @ 6 Month LIBOR + 225 bps p.a. (balance installments payable 6).
(a) (v) 1	Unsecured rupee term loan from bank amounting to ` 0.11 cr (Previous year: ` 0.11 cr)	20 equal quarterly installments beginning from November 30, 2011 along with interest @ Base rate + 2.5% p.a. (balance installments payable 4).
2	Unsecured rupee term loan from bank amounting to ` 0.25 cr (Previous year: ` Nil)	Repayable in 20 equal quarterly installments beginning from October 1, 2013 along with interest @ Base rate + 2.5% p.a.

Notes to financial statements

(` cr)

NOTE 5 DEFERRED TAX LIABILITIES (NET)	As at March 31, 2013	Charge (credit) during the year	As at March 31, 2012
Deferred tax liabilities:			
on account of timing difference in depreciation	35.17	5.76	29.41
	35.17	5.76	29.41
Deferred tax assets:			
on account of timing difference in			
(a) Provision for leave encashment	6.81	0.95	5.86
(b) Provision for doubtful debts	0.95	0.56	0.39
(c) Provision for doubtful advances	0.06	-	0.06
(d) Voluntary retirement scheme	0.19	(0.21)	0.40
(e) Expenses disallowed under Section 40 (ia) of the Income Tax Act, 1961	-	(0.39)	0.39
	8.01	0.91	7.10
Net deferred tax liabilities (assets)	27.16	4.85	22.31

(` cr)

NOTE 6 LONG-TERM PROVISIONS	As at March 31, 2013	As at March 31, 2012
Provision for leave entitlement	5.04	3.33
	5.04	3.33

(` cr)

NOTE 7 SHORT-TERM BORROWINGS	As at March 31, 2013	As at March 31, 2012
(a) Secured*		
Working capital loans repayable on demand from banks	151.09	145.79
(b) Unsecured		
Loans from banks	-	25.07
(c) Buyers' credit arrangement	9.36	22.71
	160.45	193.57

*Security details:

Secured by hypothecation of tangible current assets (other than movable plant and equipment), namely, inventories and book debts of the Company as a whole and also secured by second and subservient charge on immovable and movable assets of the Company to the extent of individual bank limit as mentioned in joint consortium documents. This also extends to guarantees and letter of credits given by the bankers aggregating ` 86.98 cr (Previous year ` 58.52 cr).

Notes to financial statements

	(` cr)	
NOTE 8 TRADE PAYABLES	As at March 31, 2013	As at March 31, 2012
Trade payables including acceptances	275.32	277.84
	275.32	277.84

Following is the information, required to be furnished as per Section 22 of the Micro, Small and Medium Enterprise Development Act, 2006:

	(` cr)	
Particulars	As at March 31, 2013	As at March 31, 2012
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		
Principal	2.19	0.70
Interest	-	-

- There were no other conditions existing, which require a disclosure under 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, 2013.

	(` cr)	
NOTE 9 OTHER CURRENT LIABILITIES	As at March 31, 2013	As at March 31, 2012
(a) Current maturities of long-term borrowings (see Note 4)	40.22	43.81
(b) Interest accrued but not due on borrowings	1.35	1.80
(c) Interest accrued on cumulative public deposits	-	0.97
(d) Unclaimed dividends*	0.97	0.91
(e) Unclaimed matured deposits and interest thereon*	0.12	0.19
(f) Security deposits	15.69	14.39
(g) Advances received from customers	3.94	6.00
(h) Employee benefit payable	11.27	9.43
(i) Creditors for capital goods	5.95	10.34
(j) Commission and discount payable	9.87	8.01
(k) Statutory dues	9.36	6.21
(l) Others	4.17	2.91
	102.91	104.97

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2013.

	(` cr)	
NOTE 10 SHORT-TERM PROVISIONS	As at March 31, 2013	As at March 31, 2012
(a) Provisions:		
Leave entitlement	14.99	14.74
Other employee benefits	9.95	17.66
	24.94	32.40
(b) Others:		
Provision for Mark-to-Market losses on derivatives	-	0.10
Proposed dividend (see Note 3 (f))	17.80	13.35
Dividend distribution tax on proposed dividend	3.02	2.17
Other provisions	0.23	3.12
	21.05	18.74
	45.99	51.14

Notes to financial statements

(` cr)

ASSET BLOCK	GROSS BLOCK (a)				DEPRECIATION AMORTISATION IMPAIRMENT			NET BLOCK		
	As at: March 31, 2012	As at: Additions March 31, 2012	Other Adjustments	Deductions and Adjustments	As at: March 31, 2013	Depreciation Upto March 31, 2012	For the Year	Deductions and Adjustments	As at: March 31, 2013	As at: March 31, 2012
Tangible assets										
Land - Freehold (d) and (e)	14.37	2.67	-	-	17.04	-	-	-	17.04	14.37
Land - Leasehold (b),(d) and (e)	23.17	-	-	0.27	22.90	-	-	-	22.90	23.17
Buildings (c), (d) and (e)	235.65	14.30	-	0.02	249.93	60.64	6.22	-	183.07	175.11
Roads	3.10	0.11	-	-	3.21	1.24	0.06	-	1.30	1.86
Plant and equipment (f)	719.80	79.01	11.33	0.23	809.91	509.24	38.58	0.13	241.19	189.43
Railway siding	0.08	-	-	-	0.08	0.08	-	-	0.08	-
Office equipment & furniture	24.37	2.48	-	0.02	26.83	16.99	1.41	0.01	18.39	7.38
Vehicles	13.37	1.83	-	1.40	13.80	7.14	1.83	1.07	7.90	6.23
Total tangible assets	1,033.91	100.40	11.33	1.94	1,143.70	595.33	48.10	1.21	642.22	417.55
Intangible assets										
Computer software	10.08	2.53	-	-	12.61	9.86	2.75	-	12.61	0.22
Total intangible assets	10.08	2.53	-	-	12.61	9.86	2.75	-	12.61	0.22
Total as at										
March 31, 2013	1,043.99	102.93	11.33	1.94	1,156.31	605.19	50.85	1.21	654.83	417.77
Total as at										
March 31, 2012	972.24	77.75	1.59	7.59	1,043.99	561.14	45.43	1.38	605.19	417.77

Notes:

- At cost, except land - freehold, certain leasehold land, building premises which are stated at revalued value.
- Land - Leasehold at cost less amounts written off.
- Includes premises on ownership basis ` 1.10 cr (Previous year ` 1.10 cr) and cost of fully paid share in co-operative society ` 2.000 (Previous year ` 2.000).
- The Company has revalued (i) Leasehold land (` 20.02 cr) and (ii) Commercial land & building at Ahmedabad, Mumbai and Delhi (` 87.45 cr) as at March 31, 2008 at fair market value as determined by an independent valuer appointed for the purpose. Resultant increase of ` 107.47 cr in book value has been transferred to Revaluation Reserve.
- Pursuant to the order passed by Honourable High Court of Gujarat, dated November 17, 2008 and April 17, 2009 in case of water charges, the Company has created first charge over its certain land & buildings in favour of Government of Gujarat and paid Security Deposit ` 2 cr (Previous year ` 2 cr).
- Exchange rate difference capitalised during the year ` 10.74 cr (Previous year ` 1.89 cr).
- Pursuant to the clarification regarding applicability of Para 6 of Accounting Standard-11 and Para 4 (e) of Accounting Standard-16 vide circular number 25|2012 dated August 9, 2012 from MCA, finance costs amounting to ` 5.38 cr, debited to the Statement of Profit and Loss during the previous financial year, have been added to the cost of fixed assets in current year. Further for current year an amount of ` 5.36 cr, has been added to the cost of fixed assets. As a result of this change, depreciation for the current period is higher by ` 1.04 cr, finance cost is lower by ` 5.36 cr and profit for the year is higher by ` 9.70 cr.

(h) Break-up of depreciation for the year

Particulars	2012-13	2011-12
Depreciation Amortisation for the year	50.85	45.43
Add: Amortisation of Leasehold land	0.27	0.28
Less: Amount withdrawn from Revaluation reserve (see Note 3)	2.06	2.06
Depreciation Amortisation as per Statement of Profit and Loss	49.06	43.65

Notes to financial statements

(` cr)

NOTE 12 NON-CURRENT INVESTMENTS*			As at March 31, 2013	As at March 31, 2012
Long-term investment	Face Value**	No of Shares		
Trade Investments, Unquoted Investments in Equity Instruments				
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
Other Investments				
Investments in Equity Instruments Quoted				
In Associate Company				
Amal Ltd	10	4,12,453	0.44	0.44
Less: Provision for diminution in value			0.40	0.40
				0.04
In Others				
Novartis India Ltd	5	3,84,660	1.02	1.02
Arvind Ltd	10	41,27,471	46.64	46.64
ICICI Bank Ltd	10	19,823	0.14	0.14
Wyeth Ltd	10	13,69,895	1.50	1.50
BASF India Ltd	10	2,61,396	0.84	0.84
Jain Irrigation Systems Ltd	2	4,200	0.02	0.02
Nagarjuna Oil Refinery Ltd	1	31,500	-	-
				50.16
Unquoted Investments in Subsidiary Companies				
Ameer Trading Corporation Ltd	7	5,00,000	5.00	5.00
Atul USA Inc	US\$ 1,000	2,000	6.29	6.29
Atul Europe Ltd	£ 1	43,38,911	31.85	31.85
Atul Deutschland GmbH	€ 1,00,000	1	0.55	0.55
Less: Provision for diminution in value			0.11	0.11
				0.44
Atul Brasil Quimicos Ltda	R\$ 1	7,04,711 (6,00,000)	2.03	1.74
Atul China Ltd	US\$ 4,10,000	1	1.84	1.84
Less: Provision for diminution in value			0.92	-
				0.92
Atul Rajasthan Date Palms Ltd (Previous year ` 1,000)	1000	30,001 (1)	3.00	
Atul Bioscience Ltd	10	79,90,050 (54,90,050)	8.01	5.49
				57.54
				52.65

Notes to financial statements

(` cr)

NOTE 12 NON-CURRENT INVESTMENTS* (contd)			As at March 31, 2013		As at March 31, 2012	
Long-term investment	Face Value**	No of Shares				
In Joint Venture Company						
Rudolf Atul Chemicals Ltd	10	29,18,750		6.13		6.13
In Associates Companies						
Gujarat Synthwood Ltd	10	4,00,000	0.65			0.65
Less: Provision for diminution in value			0.65			0.61
				-		0.04
AtRo Ltd	10	50,004	0.05			0.05
Anchor Adhesives Pvt Ltd	10	2,93,077	1.47			1.47
				1.52		1.56
In Others						
Nagarjuna Fertilizers and Chemicals Ltd	1	34650		0.04		0.04
Investments in Preference Shares						
In Subsidiary Companies						
Atul Bioscience Ltd (6% Cumulative Redeemable Preference Shares)	100	2,00,000	2.00			2.00
Atul Bioscience Ltd (10% Cumulative Redeemable Preference Shares)	100	40,400	0.40			0.40
				2.40		2.40
In Associate Company						
Amal Ltd (as per BIFR order)	10	1,00,00,000		10.00		10.00
Investments in Government or Trust Securities						
6 Years National Savings Certificates (deposited with Government departments)	88,000			0.01		0.01
	(93,000)					
				128.56		123.71
Share application money in subsidiary companies				-		1.29
				128.56		125.00

Particulars	Book Value As at March 31,		Market Value As at March 31,	
	2013	2012	2013	2012
Quoted	50.20	50.20	197.27	198.05
Unquoted	78.36	73.51		
	128.56	123.71		
Aggregate provision for diminution	2.08	1.12		

* Valued at cost unless otherwise stated

** In ` and fully paid unless otherwise stated

Notes to financial statements

(` cr)

NOTE 13 LONG-TERM LOANS AND ADVANCES	As at March 31, 2013	As at March 31, 2012
(a) Loans and advances to related parties: *		
(i) Secured, considered good	11.29	11.29
(ii) Unsecured, considered good	9.32	5.01
(b) Others:		
(i) Capital advances	6.91	6.17
(ii) Security deposits	4.06	5.64
	31.58	28.11

* An amount of ` 11.29 cr (Previous year ` 11.29 cr) is given to an associate company as a secured loan. The said company is registered under BIFR and is implementing its revival plan. First charge over all their assets has been assigned exclusively in favour of the Company. The Company has also given an unsecured loan of ` 3.59 cr (Previous year ` 3.59 cr) as Promoter's contribution (repayable in two equal instalments in financial year 2017-18 to 2019-20). Considering the progress of the revival plan and the present market value of assets, these amounts included under loans and advances are considered as good and recoverable.

(` cr)

NOTE 14 OTHER NON-CURRENT ASSETS	As at March 31, 2013	As at March 31, 2012
(a) Balance with bank in fixed deposits, with maturity beyond 12 months	0.05	0.29
(b) Balance with Government departments:		
Tax paid under protest	10.51	10.51
Tax paid in advance, net of provisions	8.11	7.30
VAT receivable	20.32	14.64
Security deposit (see Note 11 (e))	2.00	2.00
	40.99	34.74

(` cr)

NOTE 15 INVENTORIES *	As at March 31, 2013	As at March 31, 2012
(a) Raw materials and packing materials	52.57	48.01
Add: Goods-in-transit	20.26	24.31
	72.83	72.32
(b) Work-in-progress	117.66	108.27
(c) Finished goods	81.97	78.57
Add: Goods-in-transit	3.75	1.89
	85.72	80.46
(d) Stock-in-trade	2.75	3.45
(e) Stores, spares and fuel	28.57	29.58
Add: Goods-in-transit	-	0.49
	28.57	30.07
	307.53	294.57

* At cost and net realisable value whichever is lower.

Notes to financial statements

(` cr)

DETAILS OF INVENTORY	As at March 31, 2013	As at March 31, 2012
(a) Raw materials		
Life Science Chemicals	17.98	20.42
Performance & Other Chemicals	54.85	51.90
	72.83	72.32
(b) Work-in-progress		
Life Science Chemicals	24.57	20.96
Performance & Other Chemicals	93.09	87.31
	117.66	108.27
(c) Finished goods		
Life Science Chemicals	25.78	37.95
Performance & Other Chemicals	59.94	42.51
	85.72	80.46
(d) Stock-in-trade		
Life Science Chemicals	2.00	2.89
Performance & Other Chemicals	0.75	0.56
	2.75	3.45

(` cr)

NOTE 16 TRADE RECEIVABLES	As at March 31, 2013	As at March 31, 2012
(a) Trade receivables outstanding for more than six months from the date they became due for payment		
(i) Unsecured, considered good:		
From related parties	1.93	2.13
From others	3.42	3.77
(ii) Doubtful	2.52	0.94
Less: Provision for doubtful debts	2.52	0.94
	5.35	5.90
(b) Others:		
(i) Unsecured, considered good		
From related parties	62.69	57.84
From others	293.56	304.48
	356.25	362.32
	361.60	368.22

(` cr)

NOTE 17 CASH AND BANK BALANCES	As at March 31, 2013	As at March 31, 2012
(a) Cash and cash equivalents:		
(i) Balances with banks		
In current accounts	6.33	8.78
(ii) Cheques drafts on hand	-	0.29
(iii) Cash on hand	0.15	0.12
	6.48	9.19
(b) Other Bank balances		
Earmarked balances with banks:		
(i) Unclaimed dividend interest on public deposit	1.03	1.10
(ii) Short-term bank deposits (including margin money deposits)	0.33	1.23
	1.36	2.33
	7.84	11.52

Notes to financial statements

(` cr)

NOTE 18 SHORT-TERM LOANS AND ADVANCES	As at March 31, 2013	As at March 31, 2012
(a) To related parties, Unsecured, considered good	3.76	7.69
(b) Others, Unsecured, considered good:		
(i) Advances recoverable in cash or kind	75.39	58.61
(ii) Balances with statutory authorities	23.48	19.69
(iii) Sundry deposits	0.83	0.75
(iv) Mark-to-Market gains on derivatives	2.54	-
(v) Others	-	0.20
	106.00	86.94

(` cr)

NOTE 19 OTHER CURRENT ASSETS	As at March 31, 2013	As at March 31, 2012
(a) Export incentive receivable	16.91	17.18
(b) Sundry receivable		
Doubtful	0.19	0.19
Less: Provision for doubtful receivable	0.19	0.19
	16.91	17.18

(` cr)

NOTE 20 REVENUE FROM OPERATIONS	2012-13	2011-12
Sale of products	2,126.80	1,869.40
Sale of services	1.39	3.22
Other operating revenue:		
Export incentives	26.08	23.35
Scrap sales	6.38	5.30
Processing charges	3.76	0.14
	2,164.41	1,901.41
Less: Excise Duty	162.93	123.73
	2,001.48	1,777.68

(` cr)

DETAILS OF REVENUE	2012-13	2011-12
Sale of products		
Life Science Chemicals	762.11	642.86
Performance & Other Chemicals	1,364.69	1,226.54
Gross revenue	2,126.80	1,869.40
Sale of services	1.39	3.22
Other operating revenues	36.22	28.79
	2,164.41	1,901.41
Less: Excise duty	162.93	123.73
	2,001.48	1,777.68

(` cr)

NOTE 21 OTHER INCOME	2012-13	2011-12
Dividend on long-term investments	3.41	1.59
Interest from inter company deposits	0.76	1.12
Interest from others	0.15	1.23
Provisions no longer required	4.58	3.69
Surplus on sale of fixed assets	0.86	0.28
Technical know-how	3.75	2.88
Miscellaneous income	5.00	3.59
	18.51	14.38

Notes to financial statements

(` cr)		
NOTE 22 COST OF MATERIALS CONSUMED	2012-13	2011-12
Raw materials and packing materials consumed		
Stocks at commencement	48.01	51.45
Add: Purchases	1,143.00	1,051.69
	1,191.01	1,103.14
Less: Stocks at close	52.57	48.01
	1,138.44	1,055.13

(` cr)		
DETAILS OF MATERIALS CONSUMED AND GOODS TRADED IN		
(a) Materials consumed:		
Category	2012-13	2011-12
Organic chemicals	692.65	679.33
Inorganic chemicals and others	404.51	333.57
Packing material	41.28	42.23
Total	1,138.44	1,055.13

(` cr)				
(b) Imported and indigenous raw materials and packing materials consumption:				
Category	2012-13		2011-12	
	` cr	%	` cr	%
Imported	302.27	27%	325.95	31%
Indigenous	836.17	73%	729.18	69%
Total	1,138.44	100%	1,055.13	100%

(` cr)		
(c) Trading goods purchases:		
Category	2012-13	2011-12
Organic chemicals	15.08	14.87
Inorganic chemicals and others	1.28	5.14
Total	16.36	20.01

(` cr)		
NOTE 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	2012-13	2011-12
Stocks at close		
Finished goods	85.72	80.46
Work-in-progress	117.66	108.27
Stock-in-trade	2.75	3.45
	206.13	192.18
Less: Stocks at commencement		
Finished goods	80.46	70.98
Work-in-progress	108.27	101.46
Stock-in-trade	3.45	3.71
	192.18	176.15
	(13.95)	(16.03)
Excise duty variation on opening closing stocks	2.50	0.70
(Increase) decrease in inventories	(11.45)	(15.33)

Notes to financial statements

	(` cr)	
NOTE 24 EMPLOYEE BENEFIT EXPENSES	2012-13	2011-12
Salaries, wages and bonus	111.68	103.74
Contribution to Provident and other Funds	12.18	9.84
Payment under Voluntary retirement scheme	-	0.05
Staff welfare	3.90	3.57
	127.76	117.20

	(` cr)	
NOTE 25 FINANCE COSTS	2012-13	2011-12
Interest on borrowings	27.40	29.45
Other borrowings cost	1.92	2.07
Applicable exchange difference to the extent considered as an adjustment to borrowing cost	3.81	11.58
	33.13	43.10

	(` cr)	
NOTE 26 OTHER EXPENSES	2012-13	2011-12
Consumption of stores and spares	15.03	15.08
Power, fuel & water	212.75	166.86
Conversion and plant operation charges	31.42	20.23
Building repairs	15.24	12.14
Plant and equipment repairs	52.62	46.94
Sundry repairs	6.13	5.38
Rent	1.47	1.25
Rates and taxes	1.15	1.45
Insurance	4.52	4.42
Freight, cartage and octroi	54.54	47.32
Discount and commission	18.40	17.84
Travelling and conveyance	10.62	8.84
Payments to Statutory Auditors		
a) Audit fees	0.33	0.27
b) Other matters	0.19	0.15
c) Out of pocket expenses	0.01	0.02
Payments to Cost Auditors		
a) Audit fees	0.02	0.02
b) Out of pocket expenses ` 31,831 (Previous year ` 11,546)		
Directors' fees and travelling	0.23	0.21
Directors' commission (other than Managing and Whole time Director)	0.53	0.45
Charities and donations	0.22	0.62
Bad debts and irrecoverable balances written off	0.44	3.01
Provision for doubtful debts	1.58	0.79
Provision for diminution in value of investment	0.96	-
Loss on assets sold, discarded or demolished	0.13	0.06
Miscellaneous expenses	54.58	46.91
	483.11	400.26

Consumption of stores and spares:

Category	2012-13		2011-12	
	` cr	%	` cr	%
Imported	4.38	29%	4.54	30%
Indigenous	10.65	71%	10.54	70%
	15.03	100%	15.08	100%

Notes to financial statements

(` cr)

NOTE 27.1 CONTINGENT LIABILITIES	As at March 31, 2013	As at March 31, 2012
(i) Claims against the Company not acknowledged as debts in respects of:		
(a) Excise	5.84	6.25
(b) Income tax	35.03	27.70
(c) Sales tax	-	0.74
(d) Customs	2.78	2.78
(e) Water charges	71.92	68.63
(f) Others	13.54	13.26
Note: Future cash outflows in respect of (a) to (f) above are determinable on receipt of judgements decisions pending with various forums authorities.		
(ii) Guarantees given by the Company :		
(a) Corporate guarantee to a bank on behalf of subsidiary company for facilities availed by them	8.23	1.11

(` cr)

NOTE 27.2 COMMITMENTS	As at March 31, 2013	As at March 31, 2012
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	20.56	13.97

NOTE 27.3 RESEARCH AND DEVELOPMENT

Details of expenditure incurred on in-house Research and Development (R&D) facilities approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India under Section 35(2AB) of Income Tax Act, 1961.

(` cr)

Particulars	2012-13	2011-12
Capital expenditure	3.80	0.40
Recurring expenditure	12.88	10.48
	16.68	10.88

(` cr)

NOTE 27.4 CIF VALUE OF IMPORT, EXPENDITURE, REMITTANCES AND EARNINGS IN FOREIGN CURRENCY	2012-13	2011-12
(a) CIF value of imports:		
Raw materials	313.91	309.54
Trading finished goods	10.98	11.03
Capital goods	4.45	5.47
(b) Expenditure in foreign currency:		
Commission	4.72	4.24
Other matters	16.67	8.58
(c) Other remittances:		
Loan repayments	153.83	210.68
(d) Earnings in foreign currency:		
FOB value of exports	952.40	777.55

Notes to financial statements

NOTE 27.5 (A) RELATED PARTY INFORMATION		
Name of the related party and nature of relationship		
No	Name of the related party	Description of relationship
	Party where control exists	
1	Ameer Trading Corporation Ltd	Subsidiary companies
2	Atul Bioscience Ltd	
3	Atul Brasil Quimicos Limiteda	
4	Atul China Ltd	
5	Atul Deutschland GmbH	
6	Atul Europe Ltd	
* 7	Atul Rajasthan Date Palms Ltd	
8	Atul USA Inc	
* 9	DPD Ltd	
10	Rudolf Atul Chemicals Ltd	Joint venture company
	Other related parties	
11	Amal Ltd	Associate companies
12	Anchor Adhesives Pvt Ltd	
* 13	Atul Crop Care Ltd	
* 14	Atul Infotech Ltd	
15	Atul Seeds Ltd	
16	Gujarat Synthwood Ltd	
* 17	M. Dohmen S.A.	
18	Atul Bio Space Ltd	Enterprises over which significant influence exercised
19	Atul Elkay Polymers Ltd	
20	Lapox Polymer Ltd	
21	Key management personnel Mr Sunil S Lalbhai Mr Samveg A Lalbhai Mr Bharathy N Mohanan	Chairman and Managing Director Managing Director Whole time Director
22	Relatives of key management personnel Dr Vimla S Lalbhai Ms Nishtha S Lalbhai Ms Shreekumari Mohanan	Mother of Mr Sunil S Lalbhai Daughter of Mr Sunil S Lalbhai Wife of Mr Bharathy N Mohanan
23	Welfare funds Atul Club Atul Kelavani Mandal Atul Rural Development Fund Atul Vidyalaya	Organisations over which significant influence exercised

*Investment held through subsidiary companies.

Notes to financial statements

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NOTE 27.5 (B) TRANSACTIONS WITH SUBSIDIARY COMPANIES		2012-13	2011-12
Sales and income			
1	Sale of goods	294.11	217.72
	Atul Bioscience Ltd	14.62	9.31
	Atul China Ltd	2.88	4.15
	Atul Europe Ltd	136.15	115.29
	Atul USA Inc	140.46	88.94
	Atul Rajasthan Date Palms Ltd	-	0.03
2	Technical know-how	3.75	1.25
	Atul Rajasthan Date Palms Ltd	3.75	1.25
3	Sale of capital goods	0.01	-
	Atul Bioscience Ltd	0.01	-
4	Service charges received	0.79	0.83
	Atul Bioscience Ltd	0.79	0.83
5	Interest received	0.75	1.11
	Ameer Trading Corporation Ltd	0.75	1.11
Purchases and expenses			
1	Purchase of goods	11.84	2.90
	Atul Bioscience Ltd	4.75	0.48
	Atul USA Inc	3.04	0.42
	DPD Ltd	4.05	2.00
2	Purchase of capital goods	0.38	-
	Atul Bioscience Ltd	0.38	-
3	Service charges	0.60	1.45
	Ameer Trading Corporation Ltd	0.53	0.15
	Atul Bioscience Ltd	0.07	1.30
4	Commission	2.33	1.72
	Atul China Ltd	0.42	0.23
	Atul Europe Ltd	1.85	1.34
	Atul USA Inc	0.06	0.15
5	Discount	0.72	0.30
	Atul USA Inc	0.72	0.30
6	Reimbursement	3.16	1.09
	Ameer Trading Corporation Ltd	-	0.45
	Atul Bioscience Ltd (` 26,627)	-	0.01
	Atul China Ltd	0.03	-
	Atul Europe Ltd	2.72	0.15
	Atul Rajasthan Date Palms Ltd	0.05	0.01
	Atul USA Inc	0.36	0.47

Notes to financial statements

(` cr)

NOTE 27.5 (B) TRANSACTIONS WITH SUBSIDIARY COMPANIES (contd)		2012-13	2011-12
Other transactions			
1	Loans given	8.06	7.69
	Ameer Trading Corporation Ltd	3.76	7.69
	Atul Bioscience Ltd	4.30	-
2	Repayment of loan given	7.69	12.42
	Ameer Trading Corporation Ltd	7.69	12.42
3	Acquisition of investment for non-cash consideration	3.00	-
	Atul Rajasthan Date Palms Ltd	3.00	-
4	Direct investments made	2.79	19.85
	Equity share of Atul Europe Ltd	-	18.11
	Equity share of Atul Bioscience Ltd	2.50	-
	Atul Brasil Quimicos Ltda	0.29	1.74
5	Investment purchased	-	5.15
	Purchase of Atul Bioscience Ltd share from Ameer Trading Corporation Ltd		
	i) 6% Preference share	-	2.00
	ii) 10% Preference share	-	0.40
	iii) Equity shares	-	2.75
6	Share application money	-	1.29
	Atul Bioscience Ltd	-	1.00
	Atul Brasil Quimicos Ltda	-	0.29
Outstanding balances as at year end			
1	Loans receivable	8.06	7.69
	Ameer Trading Corporation Ltd	3.76	7.69
	Atul Bioscience Ltd	4.30	-
2	Receivables	59.81	55.91
	Ameer Trading Corporation Ltd (Previous year ` 500)	0.01	-
	Atul Bioscience Ltd	4.07	3.49
	Atul China Ltd	0.68	1.76
	Atul Deutschland GmbH	0.38	0.05
	Atul Europe Ltd	26.92	30.98
	Atul Rajasthan Date Palms Ltd	0.52	1.30
	Atul USA Inc	27.23	17.79
	DPD Ltd	-	0.54
3	Payables	3.50	3.92
	Ameer Trading Corporation Ltd	0.13	0.08
	Atul Bioscience Ltd	0.55	0.62
	Atul China Ltd	0.23	0.35
	Atul Deutschland GmbH	0.83	0.84
	Atul Europe Ltd	1.26	1.51
	Atul Rajasthan Date Palms Ltd	0.10	0.10
	Atul USA Inc	0.40	0.42

Notes to financial statements

		(` cr)	
NOTE 27.5 (C) TRANSACTIONS WITH JOINT VENTURE COMPANY		2012-13	2011-12
Sales and income			
1	Sale of goods	10.51	0.19
2	Service charges received	1.29	-
3	Lease rent received	0.20	-
Purchases and expenses			
1	Purchase of goods	0.96	0.72
2	Reimbursement	0.09	-
Other transactions			
1	Acquisition of investment for non-cash consideration	-	3.13
	i) Transfer of technical know-how	-	1.63
	ii) Transfer of trade receivable	-	1.24
	iii) Transfer of inventories	-	0.26
2	Direct investments made in Equity Shares	-	3.00
3	Interest paid of loan	0.12	-
4	Inter corporate deposits taken	3.50	-
5	Repayment of inter corporate deposits taken	3.50	-
Outstanding balances as at year end			
1	Receivables	1.68	0.29
2	Security deposit payable	3.00	3.00
3	Payables	-	0.85
All above balances are with Rudolf Atul Chemicals Ltd			

		(` cr)	
NOTE 27.5 (D) TRANSACTIONS WITH ASSOCIATE COMPANIES		2012-13	2011-12
Sales and income			
1	Sale of goods	0.52	2.66
	Amal Ltd	0.01	0.06
	M. Dohmen S.A.	0.51	2.60
2	Sale of capital goods	0.01	-
	Amal Ltd	0.01	-
3	Service charges received	0.33	-
	Amal Ltd	0.33	-
Purchases and expenses			
1	Purchase of land	1.30	-
	Gujarat Synthwood Ltd	1.30	-
2	Purchase of goods	18.40	12.92
	Amal Ltd	12.44	9.00
	M. Dohmen S.A.	5.96	3.92
3	Service charges	2.83	1.24
	Amal Ltd	0.12	0.07
	Atul Crop Care Ltd	0.52	-
	Atul Infotech Ltd	2.19	1.17

Notes to financial statements

		(` cr)	
NOTE 27.5 (D) TRANSACTIONS WITH ASSOCIATE COMPANIES (contd.)		2012-13	2011-12
4	Reimbursement	0.20	-
	Atul Crop Care Ltd	0.17	-
	M. Dohmen S.A.	0.03	-
	Other transactions		
1	Investment purchased	-	2.75
	Purchase of Atul Bioscience Ltd Equity share from Atul Infotech Pvt Ltd	-	2.75
2	Advance given for land	-	0.64
	Gujarat Synthwood Ltd	-	0.64
	Outstanding balances as at year end		
1	Loan receivable	14.88	14.88
	Amal Ltd	14.88	14.88
2	Receivables	6.56	8.07
	Amal Ltd	6.51	4.99
	Anchor Adhesives Pvt Ltd	0.05	0.05
	Gujarat Synthwood Ltd	-	0.96
	M. Dohmen S.A.	-	2.07
	Atul Seeds Ltd (Previous year ` 600)	-	-
3	Payables	0.92	1.05
	Atul Crop Care Ltd	0.04	-
	Atul Infotech Ltd	0.63	0.29
	M. Dohmen S.A.	0.25	0.76

		(` cr)	
NOTE 27.5 (E) TRANSACTIONS WITH ENTERPRISES OVER WHICH SIGNIFICANT INFLUENCE EXERCISED		2012-13	2011-12
	Sales and income		
1	Sale of goods	2.76	0.50
	Atul Bio Space Ltd	2.59	0.50
	Atul Elkay Polymers Ltd	0.17	-
	Purchases and expenses		
1	Service charges	3.03	2.59
	Atul Bio Space Ltd	0.07	-
	Lapox Polymer Ltd	2.96	2.59
2	Reimbursement	1.01	1.05
	Atul Bio Space Ltd	0.01	0.10
	Lapox Polymer Ltd	1.00	0.95
	Outstanding balances as at year end		
1	Receivables	0.73	0.29
	Atul Bio Space Ltd	0.49	0.29
	Atul Elkay Polymers Ltd	0.24	-
2	Payables	0.58	0.17
	Lapox Polymer Ltd	0.58	0.17

Notes to financial statements

		(` cr)	
NOTE 27.5 (F) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL		2012-13	2011-12
1	Remuneration	4.84	4.08
	Mr Sunil S Lalbhai	2.89	2.16
	Mr Samveg A Lalbhai	1.22	1.18
	Mr Bharathy N Mohanan	0.73	0.74
2	Interest paid on public deposits	0.01	0.04
	Mr Sunil S Lalbhai	0.01	0.04

		(` cr)	
NOTE 27.5 (G) TRANSACTIONS WITH RELATIVES OF KEY MANAGEMENT PERSONNEL		2012-13	2011-12
Other transactions			
1	Interest paid on public deposits	0.01	0.05
	Dr Vimla S Lalbhai ` 47,838		0.02
	Ms Nishtha S Lalbhai	0.01	0.03
	Mrs Shreekumari Mohanan ` 18,958 (Previous year ` 29,618)		

		(` cr)	
NOTE 27.5 (H) TRANSACTIONS WITH ORGANISATION OVER WHICH SIGNIFICANT INFLUENCE EXERCISED		2012-13	2011-12
Sales and income			
1	Sale of Goods		
	Atul Club ` 13,200 (Previous year ` 13,200)		
Other transactions			
1	Donations	0.20	0.57
	Atul Rural Development Fund	0.20	0.57
2	Contribution to common expenses	0.16	0.06
	Atul Kelavani Mandal	0.06	0.06
	Atul Vidyalaya	0.10	-
Outstanding balances as at year end			
1	Loan receivable	1.42	1.42
	Atul Club	1.42	1.42
2	Receivables	1.01	1.20
	Atul Club	0.89	0.81
	Atul Kelavani Mandal	0.04	0.03
	Atul Rural Development Fund	0.01	0.01
	Atul Vidyalaya	0.07	0.35
3	Payables	0.03	
	Atul Club (Previous year ` 39,370)	0.03	

NOTE 27.6 SEGMENT INFORMATION

(a) Primary Segment – Business

(` cr)

Particulars	Life Science Chemicals		Performance & Other Chemicals		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1 Segment revenues						
Gross sales	762.11	642.86	1,521.52	1,359.00	2,283.63	2,001.86
Less: Inter segment revenues	-	-	156.83	132.46	156.83	132.46
Net revenues from operations	762.11	642.86	1,364.69	1,226.54	2,126.80	1,869.40
2 Segment results						
Profit before finance cost and tax	137.26	101.59	86.50	77.84	223.76	179.43
Add: Reversal of previous year finance costs					5.38	-
Less: Finance costs					33.13	43.10
Less: Other unallocable expenditure (net of unallocable income)					3.59	13.85
Profit before tax					192.42	122.48
3 Other information						
Segment assets	391.38	342.94	798.49	763.90	1,189.87	1,106.84
Unallocated common assets					337.52	333.15
Total assets					1,527.39	1,439.99
Segment liabilities	98.38	90.47	246.98	260.00	345.36	350.47
Unallocated common liabilities					70.84	65.31
Total liabilities					416.20	415.78
Capital expenditure	28.04	32.90	72.21	65.85	100.25	98.75
Unallocated capital expenditure					4.74	6.58
Total capital expenditure*					104.99	105.33
Depreciation	14.42	10.25	30.17	28.95	44.59	39.20
Unallocated depreciation					4.47	4.45
Total depreciation					49.06	43.65
Significant non-cash expenses	-	-	-	-	-	-
Significant unallocated non-cash expenses					-	-
Total significant non-cash expenses					-	-

(b) Secondary Segment - Geographical

(` cr)

Particulars	In India		Outside India		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Segment revenues	1,149.31	1,064.49	977.49	804.91	2,126.80	1,869.40
Carrying cost of assets by location of assets	1,375.18	1,275.42	152.21	164.57	1,527.39	1,439.99
Additions to assets and intangible assets*	104.99	105.33	-	-	104.99	105.33

Other disclosures:

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

2 Composition of business segment:

Name of the Segment	Comprises
(a) Life Science Chemicals	API Intermediates, Fungicides, Herbicides, Insecticides, <i>p</i> -AA, <i>p</i> -AAI, etc
(b) Performance & Other Chemicals	Epoxy Resins, Hardeners, <i>p</i> -Cresol, Sulphones, Textile dyes, etc

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

4 The Company accounts for inter segments sales and transfers at market price.

*Including capital work-in-progress and capital advances

Notes to financial statements

NOTE 27.7 EARNING PER SHARE

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

Particulars		2012-13	2011-12
Profit for the year attributable to the Equity Shareholders	₹ cr	135.52	88.11
Basic weighted average number of Equity Shares outstanding during the year	Number	2,96,61,733	2,96,61,733
Nominal value of Equity Share	₹	10	10
Basic and diluted Earning per Equity Share	₹	45.69	29.70

NOTE 27.8 LEASE

- (a) The Company has taken various residential and office premises under operating lease or leave and license Agreements. These are generally cancellable, having a term between 11 months and 3 years and have no specific obligation for renewal. Payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 26.
- (b) The Company has given certain buildings and plant and machinery on operating lease, the details of which are as under:

(₹ cr)

Assets	Gross block		Depreciation fund		Written down value		Depreciation for the year	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012	2012-13	2011-12
Buildings	0.16	-	0.06	-	0.10	-	0.00	-
Plant and machinery	1.27	1.27	1.14	1.01	0.13	0.26	0.13	0.13
	1.43	1.27	1.20	1.01	0.23	0.26	0.13	0.13

NOTE 27.9 DERIVATIVES

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

- (a) Derivatives outstanding as at Balance Sheet date

Sr No	Particulars	Purpose	*Fc in cr	
			As at March 31, 2013	As at March 31, 2012
1	Forward Contracts to Sell US\$	Hedge of firm commitment and highly probable foreign currency sales	0.12	0.07
2	Forward Contracts to Buy US\$	Hedge of foreign currency loans	0.17	0.11
3	Currency Options contracts -Range options to Sell US\$	Hedge of firm commitment and highly probable foreign currency sales	0.23	1.62
4	Currency Options contracts -Vanilla option to Sell US\$	Hedge of firm commitment and highly probable foreign currency sales	0.22	0.55
5	Interest Rate Swaps US\$	Hedge against exposure to variable interest outflow on foreign currency loans. Swap to pay fixed interest and receive a variable interest based on LIBOR on the notional amount	0.61	0.75
6	Currency swaps US\$	Hedge against fluctuations in changes in exchange rate and interest rate	1.00	-

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

Particulars	As at March 31, 2013			As at March 31, 2012		
	US\$	€	Other FCs	US\$	€	Other FCs
Debtors	3.11	0.27	0.92	1.21	0.39	-
Creditors	0.56	0.03	0.36	0.57	0.01	-
Loans Taken	1.61	-	-	2.78	-	-

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

Pursuant to the announcement issued by The Institute of Chartered Accountants of India dated March 29, 2008 in respect of derivatives, the Company has applied the Hedge Accounting Principles set out in the Accounting Standard-30 'Financial Instruments : Recognition and Measurement'. Accordingly, Derivatives are Mark-to-Market and the gain aggregating ` 0.74 cr (Previous year loss ` 0.78 cr) 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 Derivatives or any part thereof is recognised in the Statement of Profit and Loss. Hedge accounting will be discontinued if the hedging instrument is sold, terminated or no longer qualifies for hedge accounting.

*Fc = Foreign currency

Notes to financial statements

(` cr)

NOTE 27.10 LOANS AND ADVANCES IN THE NATURE OF LOANS					
Particulars		Amount outstanding as at		Maximum balance during the year	
		March 31, 2013	March 31, 2012	2012-13	2011-12
(i)	Subsidiary company:				
	Ameer Trading Corporation Ltd	3.76	7.69	7.69	12.42
	Atul Bioscience Ltd	4.30	-	4.30	-
(ii)	Associate company:				
	Amal Ltd	14.88	14.88	14.88	14.88
(iii)	Loan to other:				
	Atul Club	1.42	1.42	1.42	1.42

Notes:

(a) No repayment schedule for (iii)

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

NOTE 27.11 EMPLOYEE BENEFITS

Funded schemes

(a) Defined benefit plans:

Expenses recognised for the year ended on March 31, 2013 (included in Note 24)

(` cr)

Particulars		2012-13 Gratuity	2011-12 Gratuity
1	Current service cost	1.75	1.49
2	Interest cost	3.08	2.83
3	Expected return on plan assets	(3.17)	(2.78)
4	Employer contribution (receipt)	-	-
5	Actuarial losses (gains)	2.94	1.64
	Expenses recognised in Statement of Profit and Loss	4.60	3.18
Net assets (liabilities) recognised in the Balance Sheet as at March 31, 2013			
1	Present value of defined benefit obligation	41.32	36.20
2	Fair value of plan assets	41.32	36.86
3	Funded status {surplus (deficits)}	-	0.66
	Net assets (liabilities)	-	0.66
Reconciliation of net assets (liabilities) recognised in the Balance Sheet as at March 31, 2013			
1	Net assets (liabilities) at beginning of the year	(0.66)	(0.50)
2	Employer expenses	4.60	3.17
3	Employer contribution	(3.94)	(3.33)
	Net assets (liabilities) at the end of the year	-	(0.66)
	Actual return on plan assets	3.46	0.98
Actuarial assumptions			
1	Discount rates	8.00%	8.50%
2	Expected rate of return on plan assets	8.76%	8.60%
3	Expected rate of salary increase	7.00%	6.50%
4	Mortality post-retirement	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96)
Major category of plan assets as a percentage of total plan			
1	Unit linked insurance plan of various private insurance companies approved by IRDA	88.98%	89.55%
2	In approved Government securities	11.02%	10.45%

NOTE 27.11 EMPLOYEE BENEFITS (contd)

Experience adjustments						(` cr)
Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	
Experience adjustments on:						
1 (Gain) loss on plan liabilities	1.35	(0.01)	3.82	2.96	0.29	
2 (Gain) loss on plan assets	(0.29)	1.80	0.53	2.63	(2.18)	

The Company expects to contribute ` 1.92 cr to Gratuity fund in the year 2013-14.

(b) Defined contribution plan:

Amount of ` 8.24 cr (Previous year ` 6.97 cr) is recognised as expense and included in the Note 24 'Contribution to Provident and Other Funds'.

(c) Provident Fund Liability:

In case of certain employees, the Provident Fund contribution is made to a trust administered by the Company. In terms of the guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident Fund liability based on the assumptions listed below and determined that there is no shortfall as at March 31, 2013 (Previous year ` 0.06 cr).

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

Particulars	2012-13	2011-12
1 Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96)
2 Withdrawal rates	5% p.a. for all age groups	5% at younger ages reducing to 1% at older ages.
3 Rate of discount	8.00%	8.50%
4 Expected rate of interest	9.03%	8.40% p.a. increasing gradually to 8.75% p.a. over a period of 20 years.
5 Retirement age	60 years	58 or 60 years.
6 Guaranteed rate of interest	8.50%	8.25%

Expenses recognised for the year ended on March 31, 2013 (included in Note 24)			(` cr)
	As as March 31, 2013	As at March 31, 2012	
1 Defined benefit Obligation	7.13	6.93	
2 Fund	7.13	6.87	
3 Net liability	-	0.06	
4 Charge to Statement of Profit and Loss during the year	0.21	0.40	

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

Unfunded Schemes

Particulars			(` cr)
	Compensated Absences March 31, 2013	Compensated Absences March 31, 2012	
1 Present Value of Unfunded Obligations	20.03	18.08	
2 Expense recognised in the statement of Profit and Loss	3.55	5.45	
3 Discount Rate (p.a.)	8.00%	8.50%	
4 Salary Escalation Rate (p.a.)	7.00%	6.50%	

Notes to financial statements

NOTE 27.12 INTEREST IN JOINT VENTURE COMPANY

The Company has acquired 50 percent interest in Rudolf Atul Chemicals Limited (RACL), a Joint Venture Company in India between IB Industriechemie Beteiligungs GmbH, Germany and Atul Ltd on August 18, 2011. RACL is engaged in the business of manufacturing and marketing textile chemicals. As per the contractual arrangement between the Shareholders of RACL, both the parties have significant participating rights such that they jointly control the operations of the Joint Venture Company. The aggregate amount of assets, liabilities, income and expenses related to the share of the Company in RACL as at and for the year ended March 31, 2013 as per audited financial statements are given below :-

(` cr)

Particulars	As at March 31, 2013	As at March 31, 2012
Balance Sheet		
Non-current liabilities		
Deferred tax liabilities (net)	0.06	0.15
Long-term provisions	0.01	0.02
	0.07	0.17
Current liabilities		
Trade payables	3.06	1.65
Other current liabilities	0.27	0.28
Short-term provisions	0.05	0.02
	3.38	1.95
Total (A)	3.45	2.12
Non-current assets		
Tangible assets, net	0.27	0.93
Intangible assets, net	0.72	1.07
Long-term loans and advances	1.50	1.50
	2.49	3.50
Current assets		
Inventories	1.25	1.14
Trade receivables	3.43	2.19
Cash and cash equivalents	2.30	0.98
Short-term loans and advances	0.07	0.27
Other current assets	0.59	0.02
	7.64	4.60
Total (B)	10.13	8.10
Net worth (B-A)	6.68	5.98

NOTE 27.12 INTEREST IN JOINT VENTURE COMPANY (contd)

(` cr)

Particulars	2012-13	For the period August 18, 2011 to March 31, 2012
Statement of Profit and Loss		
Revenue		
Revenue from operations	10.34	2.82
Other income	0.75	-
Total revenue	11.09	2.82
Expenses		
Cost of materials consumed	7.83	1.74
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(0.04)	0.04
Employee benefit expenses	0.01	0.17
Finance costs	0.10	0.04
Depreciation and amortisation expenses	0.40	0.05
Other expenses	1.81	0.88
	10.11	2.92
Profit Before Tax	0.98	(0.10)
Tax expense		
Current tax	0.36	0.02
Deferred tax	(0.09)	0.02
	0.27	0.04
Net Profit (Loss)	0.71	(0.14)

NOTE 27.13 REGROUPED | RECAST | RECLASSIFIED

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

NOTE 27.14 ROUNDING OFF

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

As per our attached report of even date

For Dalal & Shah

Firm Registration Number: 102020W
Chartered Accountants

S Venkatesh

Partner
Membership Number: 037942
Mumbai
May 07, 2013

T R Gopi Kannan
President, Finance and
Company Secretary

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

For and on behalf of the Board of Directors

Sunil S Lalbhai
Chairman and Managing Director

Samveg A Lalbhai
Managing Director
Mumbai
May 07, 2013

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

1	Name of subsidiary companies	Atul Bioscience Ltd.	DPD Ltd.	Atul Rajasthan Date Palms Ltd.	Atul USA Inc.	Atul Europe Ltd.	Atul Deutschland GmbH.	Atul China Ltd.	Atul Brasil Quimicos Ltda.	Ameer Trading Corporation Ltd.
2	Financial year ending on	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
3	Extent of Holding: By Atul Ltd	100%	88%	74%	100%	100%	100%	100%	100%	100%
4	Net aggregate amount of Profits (Losses) of the subsidiary companies for the above financial year so far as they concern Members of the Company:									
	(a) dealt with in the accounts of the Company for the year ended March 31, 2013									
	(b) not dealt with in the accounts of the Company for the year ended March 31, 2013	₹ 3.29 cr.	₹ 1,54,731	(₹ 0.32 cr.)	(\$ 4,818)	₹ 2,03,543	(₹ 3,688.00)	(YUAN 6,86,143)	(R\$ 67,310)	(₹ 0.28 cr.)
			equal to: ₹ 1.27 cr.		equal to: ₹ 0.03 cr.	equal to: ₹ 1.68 cr.	equal to: ₹ 0.05 cr.	equal to: ₹ 0.59 cr.	equal to: ₹ 0.18 cr.	
5	Net aggregate amount of Profits (Losses) for previous financial years of the subsidiary companies so far as they concern Members of the Company:									
	(a) dealt with in the accounts of the Company for the year ended March 31, 2013									₹ 12.07 cr.
	(b) not dealt with in the accounts of the Company for the year ended March 31, 2013	₹ 3.29 cr.	₹ 2,44,172	(₹ 0.83 cr.)	\$ 3,62,261	₹ 1,38,227	₹ 22,422.00	(YUAN 18,99,946)	(R\$ 67,310)	₹ 2.85 cr.
			equal to: ₹ 2.01 cr.		equal to: ₹ 1.97 cr.	equal to: ₹ 1.14 cr.	equal to: ₹ 0.16 cr.	equal to: ₹ 1.64 cr.	equal to: ₹ 0.18 cr.	

Report of the Auditors on Consolidated Financial Statements

To the Members

To the Board of Directors of Atul Ltd

1. We have audited the accompanying Consolidated Financial Statements (the 'Consolidated Financial Statements') of Atul Ltd ('the Company') and its subsidiary companies, its jointly controlled entity and associate companies; hereinafter referred to as the 'Group' (refer Note 27.8, 27.9 and 27.10 to the attached Consolidated Financial Statements) which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant Accounting Policies and other explanatory information which we have signed under reference to this report.

Responsibility of the Management for the Consolidated Financial Statements

2. The Management of the Company is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with Accounting Principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Responsibility of the Auditors

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the judgement of the Auditors', including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditors consider internal control relevant to the preparation and fair presentation of the Consolidated Financial Statements of the Company in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of Accounting Policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Consolidated Financial Statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the Consolidated Financial Statements have been prepared by the Management of the Company in accordance with the requirements of Accounting Standard - 21 – Consolidated Financial Statements, Accounting Standard - 23 – Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standard - 27 – Financial Reporting of

Interests in Joint Ventures notified under Section 211(3C) of the Companies Act, 1956.

7. Based on our audit and on consideration of reports of other Auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 9 and 10 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying 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, 2013;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matters

8. The financial statements of (i) nine subsidiary companies and one jointly controlled entity included in the Consolidated Financial Statements, which constitute total assets of ` 192.08 cr and net assets of ` 108.79 cr as at March 31, 2013, total revenue of ` 350.56 cr, net loss of ` 3.90 cr and net cash flows amounting to ` 0.82 cr for the year then ended; and (ii) fourteen associate companies which constitute net profit of ` 0.04 cr for the year then ended have been audited by us | audited by other Auditors | certified by the Management.
9. We did not audit the financial statements of (i) seven subsidiary companies and one jointly controlled entity included in the Consolidated Financial Statements, which constitute total assets of ` 143.29 cr and net assets of ` 76.44 cr as at March 31, 2013, total revenue of ` 328.71 cr, net loss of ` 6.87 cr and net cash flows amounting to ` 1.08 cr for the year then ended; and (ii) fourteen associate companies which constitute net profit of ` 0.04 cr for the year then ended. These Financial Statements and other financial information have been audited by other Auditors whose reports have been furnished to us, and our opinion on the Consolidated Financial Statements to the extent they have been derived from such Financial Statements is based solely on the report of such other Auditors.
10. We did not audit the Financial Statements of two subsidiary companies which constitute total assets of ` 2.68 cr and net assets of ` 2.52 cr as at March 31, 2013, total revenue of ` 0.12 cr, net loss of ` 0.02 cr and net cash flows amounting to ` 0.33 cr for the year then ended. The unaudited financial information has been certified and provided to us by the Management, and our opinion on the Consolidated Financial Statements to the extent they relate to these subsidiary companies is based solely on such unaudited financial information furnished to us.

For Dalal & Shah

Firm Registration Number: 102020W
Chartered Accountants

S. Venkatesh

Partner

Mumbai
May 07, 2013

Membership Number: 037942

Consolidated Balance Sheet as at March 31, 2013

(` cr)

Particulars	Note	As at March 31, 2013	As at March 31, 2012
I EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	29.68	29.68
(b) Reserves and surplus	3	724.56	624.38
		754.24	654.06
2 Minority interest		5.84	4.44
3 Non-current liabilities			
(a) Long-term borrowings	4	164.36	151.17
(b) Deferred tax liabilities (net)	5	27.28	22.77
(c) Long-term provisions	6	5.13	3.54
		196.77	177.48
4 Current liabilities			
(a) Short-term borrowings	7	161.57	194.61
(b) Trade payables	8	291.61	268.83
(c) Other current liabilities	9	107.55	107.47
(d) Short-term provisions	10	46.20	51.79
		606.93	622.70
		1,563.78	1,458.68
II ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	505.41	442.33
(ii) Intangible assets	11	0.72	1.30
(iii) Capital work-in-progress		65.15	65.91
(iv) Intangible asset under development		0.78	0.28
		572.06	509.82
(b) Non-current investments	12	66.71	74.94
(c) Long-term loans and advances	13	28.86	28.60
(d) Other non-current assets	14	41.25	34.94
		708.88	648.30
2 Current assets			
(a) Inventories	15	366.48	333.15
(b) Trade receivables	16	351.68	358.88
(c) Cash and bank balances	17	14.86	18.64
(d) Short-term loans and advances	18	104.38	82.52
(e) Other current assets	19	17.50	17.19
		854.90	810.38
		1,563.78	1,458.68
Significant Accounting Policies	1		
Notes form an integral part of these financial statements			

As per our attached report of even date

For and on behalf of the Board of Directors

For Dalal & Shah

Firm Registration Number: 102020W
Chartered Accountants

Sunil S Lalbhai

Chairman and Managing Director

S Venkatesh

Partner

Membership Number: F 037942
Mumbai
May 07, 2013

T R Gopi Kannan
President, Finance and
Company Secretary

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

Samveg A Lalbhai

Managing Director

Mumbai
May 07, 2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

(` cr)

Particulars	Note	2012-13	2011-12
REVENUE			
Revenue from operations (gross)	20	2,209.94	1,916.13
Less: Excise duty		167.06	123.73
Revenue from operations (net)		2,042.88	1,792.40
		2,042.88	1,792.40
Other income	21	14.79	12.41
		2,057.67	1,804.81
EXPENSES			
Cost of materials consumed	22	1,174.03	1,071.66
Purchase of stock-in-trade		16.36	20.01
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(32.22)	(22.66)
Employee benefit expenses	24	134.73	121.66
Finance costs	25	34.88	43.31
Exchange rate difference (net) (excluding loss considered in Note 25)		(3.31)	11.93
Depreciation and amortisation expenses	11	51.37	44.02
Other expenses	26	500.84	384.81
		1,876.68	1,674.74
Profit before exceptional items and tax		180.99	130.07
Exceptional items			
Reversal of previous year finance costs (see Note 11(g))		5.38	-
		5.38	-
Profit before tax		186.37	130.07
Tax expense			
Current tax		53.96	35.29
Deferred tax		4.51	(0.27)
MAT credit entitlement		(0.17)	-
Add: Tax adjustments for the current year ` 20,214		-	0.01
		58.30	35.03
Profit after tax		128.07	95.04
Share of profit (loss) in associate companies		(8.23)	(4.19)
Minority interest		0.07	(0.25)
Profit for the year		119.77	91.10
Basic and diluted earning ` per Equity Share	27.7	40.38	30.71
Significant Accounting Policies	1		

As per our attached report of even date

For and on behalf of the Board of Directors

For Dalal & Shah

Firm Registration Number: 102020W
Chartered Accountants

S Venkatesh

Partner

Membership Number: 037942
Mumbai
May 07, 2013

T R Gopi Kannan
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Chairman and Managing Director

Samveg A Lalbhai
Managing Director
Mumbai
May 07, 2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

(` cr)

Particulars	2012-13	2011-12
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	186.37	130.07
Adjustments for:		
Add:		
Depreciation and amortisation expenses	51.40	44.02
Finance costs	34.88	43.31
Loss on assets sold or discarded	0.17	0.06
Unrealised exchange rate difference (net)	2.33	(3.57)
Bad debts and irrecoverable balances written off	0.57	3.01
Provision for doubtful debts	1.68	0.79
Provision for diminution of value of investment	0.07	-
	91.10	87.62
	277.47	217.69
Less:		
Dividend received	3.41	1.59
Interest received	0.29	1.24
Provisions no longer required	5.17	3.69
Reversal of previous year finance costs	5.38	-
Exchange difference on consolidation	(14.90)	17.00
Surplus on sale of fixed assets	0.86	0.28
	0.21	23.80
Operating profit before working capital changes	277.26	193.89
Adjustments for:		
Inventories	(33.33)	(49.57)
Trade receivables	4.95	(72.68)
Short-term loans and advances	(21.86)	11.49
Other current assets	(0.31)	(4.52)
Non-current assets	(5.76)	(3.99)
Long-term loans and advances	0.10	(1.97)
Long-term provisions	1.59	0.94
Trade payables	27.02	43.71
Other current liabilities	3.14	11.05
Minority interest	1.40	0.49
Short-term provision	(10.90)	1.75
	(33.96)	(63.30)
Cash generated from operations	243.30	130.59
Less:		
Direct taxes (refund) paid	54.59	41.98
Net cash flow from operating activities	A 188.71	88.61

Consolidated Cash Flow Statement for the year ended March 31, 2013 (contd)

(₹ cr)

Particulars	2012-13	2011-12
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(103.05)	(130.64)
Purchase of intangible assets	(3.03)	(2.87)
Capital advances	(0.36)	0.03
Acquisition of minority interest	(0.07)	0.24
Investments in associate companies	(0.20)	5.15
Investments in other companies	0.13	(0.74)
Exchange difference on consolidation	(14.90)	16.47
Long-term bank deposits	0.25	0.87
Short-term bank deposits	(2.62)	(1.72)
Sale of fixed assets	2.18	6.42
Interest received	0.29	1.24
Dividend received	3.41	1.59
Net cash used in investing activities	B (117.97)	(103.96)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	4.34	29.97
Add: Exchange rate difference	(0.12)	(6.08)
Proceeds from long-term borrowings (adjusted)	4.22	23.89
Proceeds from short-term borrowings	(33.04)	39.40
Total proceeds from borrowings	(28.82)	63.29
Acquisition of subsidiary company	2.36	6.63
Payment of Unclaimed dividend	(0.02)	(0.08)
Interest paid	(35.23)	(37.26)
Dividend on Equity Shares (including dividend distribution tax)	(15.45)	(16.42)
Net cash used in financing activities	C (77.16)	16.16
Net change in cash and cash equivalents	A+B+C (6.42)	0.81
Opening balance - cash and cash equivalents	16.31	15.50
Closing balance - cash and cash equivalents	(6.42)	0.81

Notes to the Cash Flow Statement for the year ended March 31, 2013:

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Dalal & Shah

Firm Registration Number: 102020W
Chartered Accountants

Sunil S Lalbhai

Chairman and Managing Director

S Venkatesh

Partner

Membership Number: 037942

Mumbai

May 07, 2013

T R Gopi Kannan

President, Finance and
Company Secretary

G S Patel

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B S Mehta

H S Shah

S M Datta

B N Mohanan

V S Rangan

R A Shah

Directors

Samveg A Lalbhai

Managing Director

Mumbai

May 07, 2013

Notes to Consolidated financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

1 System of Accounting:

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

2 Principles of Consolidation:

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

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

4 Other Significant Accounting Policies

4.1 Basis of Preparation:

These financial statements have been prepared on accrual basis and under historical cost convention and in compliance, in all material aspects, with the generally accepted accounting principles in India, the applicable Accounting Standards notified under Section 211 (3C) and the relevant provisions of the Companies Act, 1956.

The significant Accounting Policies adopted by the Company are detailed below.

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

4.2 Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the 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. These estimates are based on the Management evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from future revisions and actual results in subsequent period. Differences are adjusted in subsequent periods as they occur.

4.3 Fixed Assets:

a) Tangible Assets:

- i) Fixed assets other than (ii) and (iii) below are carried at cost of acquisition | construction including incidental expenses directly attributable to the acquisition | construction activity, as the case may be, less accumulated depreciation, amortisation and impairment as necessary.
- ii) Assets received free of cost on premature cancellation of a lease agreement are valued at fair value.
- iii) Freehold land, lease hold land at Panoli and certain business premises have been revalued as per the report of approved valuer.
- iv) Spares specific to a machinery are carried at cost and allocated over the useful life of the asset.

b) 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.

4.4 Depreciation and Amortisation:

Depreciation:

Depreciation on building and plant and equipment is being provided on 'Straight Line Method' and on all other assets on 'Written Down Value' basis in accordance with the provisions of Section 205(2)(b) and 205(2)(a) of the Companies Act, 1956 respectively, in the manner and at the rates specified in Schedule XIV to the said Act. An amount in respect of assets revalued in the past, the depreciation charge over the enhancement to cost is withdrawn from the revaluation reserves and adjusted against the depreciation charge each year.

Notes to Consolidated financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

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

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

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

Amortisation:

- a) Premium on lease hold land is amortised over the period of lease.
- b) Computer software is amortised over a period of three years.

4.5 Impairment of Assets:

The carrying amounts of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal | external factors. An impairment loss on such assessment will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets is net selling price or value in use whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in the circumstances.

4.6 Borrowing Costs:

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

4.7 Investments:

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

4.8 Inventories:

- a) Raw materials, packing materials, purchased finished goods, work-in-progress, finished goods, fuel, stores and spares other than specific spares for machinery are valued at cost or net realisable value whichever is lower. Cost is arrived at on moving weighted average basis.
- b) Goods-in-transit and in bonded warehouse are stated at the cost to the date of Balance Sheet.
- c) 'Cost' comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition.
- d) Due allowances are made for obsolete inventory based on technical estimates made by the Company.

4.9 Foreign Currency Transactions:

- a) Initial recognition:

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

- b) Conversion:

At the year end, monetary items denominated in foreign currencies remaining unsettled are converted into rupee equivalents at the year end exchange rates. Non-monetary items which are carried in terms

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

c) Exchange differences:

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

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

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

e) Derivatives:

Where the Company has entered into derivative contracts such as Interest Rate Swaps, Currency Swaps, and Currency Options, to hedge risk associated with interest and foreign currency fluctuations relating to firm commitments where these exposures exist at the Balance Sheet date the hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. The revaluation gain or loss on Mark-to-Market (MTM) is generally recognised in the Statement of Profit and Loss each year. However on account of choice exercised as per (c) above MTM gains and losses on instruments intended to hedge long-term foreign currency borrowings utilised to acquire depreciable assets are recognised to offset foreign exchange fluctuation differences on such long-term foreign currency borrowings.

f) Changes in fair value of derivative instruments intended to hedge future exposures resulting out of 'highly probable forecast transactions' such as exports, is determined as effective hedges of future cash flows, which are recognised directly under 'Hedging Reserve' in shareholders' funds, and the ineffective portion, if any, is recognised immediately in the Statement of Profit and Loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Statement of Profit and Loss.

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

4.10 Revenue Recognition:

Revenue from sales are recognised when all significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

a) Sale of Goods and Services:

i) Domestic sales are accounted for on dispatch from the point of sale.

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

Notes to Consolidated financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

- iii) Service income is recognised, net of service tax, when the related services are rendered.
- b) Other Revenues:
 - i) Eligible export incentives are recognised in the year in which the conditions precedent is met and there is no significant uncertainty about the collectability.
 - ii) Lease rental income is recognised on accrual basis.
 - iii) Dividend income is accounted for in the year in which the right to receive the same is established.
 - iv) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

4.11 Provisions, Contingent Liabilities and Contingent Assets:

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

4.12 Research and Development Expenditure:

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

4.13 Employee Benefits:

- a) Defined contribution plan:

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

- b) Defined benefit plan:

Gratuity:

Gratuity liability is a Defined Benefit Obligation (DBO) and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method, at the end of each financial year. The liability so provided is paid to a trust administered by the Company, which in turn invest in eligible securities to meet the liability as and when it accrues for payment in future. Actuarial gains | losses are immediately taken to Statement of Profit and Loss. Any shortfall in the value of assets over the Defined Benefit Obligation is recognised as a liability with a corresponding charge to Statement of Profit and Loss.

Long-term leave encashment:

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

Provident Fund:

Provident Fund for certain eligible employees is managed by the Company through the 'Atul Products Ltd - Ankleshwar Division Employees Provident Fund Trust' in line with Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (contd)

or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. Any shortfall in the value of assets over the Defined Benefit Obligation is recognised as a liability, with a corresponding charge to Statement of Profit and Loss.

c) Short-term leave encashment:

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

d) Voluntary retirement scheme:

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

4.14 Taxation:

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

4.15 Government Grants:

- a) Government grants are recognised when there is reasonable assurance that the same will be received.
- b) Revenue grants for expenses incurred are reduced from the respective expenses.
- c) Capital grants relating to specific fixed assets are reduced from the cost of the respective fixed assets.
- d) Government grants in the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

Notes to Consolidated financial statements

(` cr)

NOTE 2 SHARE CAPITAL	As at March 31, 2013	As at March 31, 2012
Authorised		
8,00,00,000 (8,00,00,000) Equity Shares of ` 10 each	80.00	80.00
80,00,000 (80,00,000) Cumulative Redeemable Preference Shares of ` 100 each	80.00	80.00
	160.00	160.00
Issued		
2,96,91,780 (2,96,91,780) Equity Shares of ` 10 each	29.69	29.69
	29.69	29.69
Subscribed		
2,96,61,733 (2,96,61,733) Equity Shares of ` 10 each, fully paid	29.66	29.66
29,991 (29,991) Add: Forfeited shares (amount paid-up)	0.02	0.02
	29.68	29.68

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

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts and Preference shares. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

Each holder of Equity Shares is entitled to one vote per share.

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

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

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

Sr No	Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
		Holding %	No of shares	Holding %	No of shares
1	Aeon Investments Pvt Ltd	5.95%	17,64,383	5.95%	17,64,382
2	Aura Securities Pvt Ltd	5.44%	16,14,045	5.44%	16,14,045

Notes to Consolidated financial statements

(` cr)

NOTE 3 RESERVES AND SURPLUS	As at March 31, 2013	As at March 31, 2012
(a) Capital reserve	6.68	6.68
(b) Securities premium account	36.27	36.27
(c) Central and state subsidy reserve	6.63	6.63
Add: Received during the year	2.29	-
Balance as at the end of the year	8.92	6.63
(d) Revaluation reserve:		
Balance as at the beginning of the year	114.27	116.33
Less: Transferred to Statement of Profit and Loss	2.65	2.06
Balance as at the end of the year	111.62	114.27
(e) Hedging reserve (see Note 27.4):		
Balance as at the beginning of the year	(0.78)	(5.09)
Add: Transferred to Statement of Profit and Loss	0.78	5.09
Less: Effect of foreign exchange rate variation on hedging instruments		
Outstanding at the end of the year	(0.74)	0.78
Balance as at the end of the year	0.74	(0.78)
(f) General reserve:		
Balance as at the beginning of the year	63.00	55.16
Add: Reversal of provision for diminution of investment in associate	0.07	-
Less: Investment in associate company now transferred on becoming subsidiary company	-	(0.97)
Add: Transferred from Statement of Profit and Loss	13.55	8.81
Balance as at the end of the year	76.62	63.00
(g) Surplus in Statement of Profit and Loss:		
Balance as at the beginning of the year	398.31	331.54
Add: Profit for the year	119.77	91.10
Amount available for appropriation	518.08	422.64
Less : Appropriations		
General reserve	13.55	8.81
Proposed dividend on Equity Shares for the year {at ` 6.00 per share (March 31, 2012 ` 4.50 per share)}	17.80	13.35
Dividend distribution tax on proposed dividend	3.02	2.17
Balance as at the end of the year	483.71	398.31
	724.56	624.38

Notes to Consolidated financial statements

(` cr)

NOTE 4 LONG-TERM BORROWINGS	Non-current		Current maturities	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
(a) Term loans				
Secured:				
(i) Rupee term loans from banks	8.84	16.41	3.81	19.04
(ii) Rupee term loans from financial institutions	41.66	52.08	10.42	13.13
(iii) Foreign currency term loans from banks	70.77	20.78	6.86	4.80
(iv) Foreign currency term loans from financial institutions	43.06	61.81	22.66	2.14
Unsecured:				
(v) Rupee term loans from banks	0.02	0.09	0.34	0.02
(vi) Rupee term loans	0.01	-	-	-
	164.36	151.17	44.09	39.13
(b) Deposits, unsecured:				
(i) Public deposits from related parties	-	-	-	0.83
(ii) Public deposits from others	-	-	-	6.66
	-	-	-	7.49
Amount disclosed under the head 'Other Current Liabilities' (see Note 9)			(44.09)	(46.62)
	164.36	151.17	-	-

(` cr)

NOTE 5 DEFERRED TAX LIABILITIES (NET)	As at March 31, 2013	Charge (credit) during the year	As at March 31, 2012
Deferred tax liabilities:			
on account of timing difference in depreciation	35.17	5.76	29.41
	35.17	5.76	29.41
Deferred tax assets:			
on account of timing difference in			
(a) Provision for leave encashment	6.81	0.95	5.86
(b) Provision for doubtful debts	0.95	0.56	0.39
(c) Provision for doubtful advances	0.06	-	0.06
(d) Voluntary retirement scheme	0.19	(0.21)	0.40
(e) Expenses disallowed under Section 40 (ia) of the Income Tax Act, 1961	-	(0.39)	0.39
	8.01	0.91	7.10
Deferred tax liabilities (assets) of subsidiary companies	0.12	(0.34)	0.46
Net deferred tax liabilities (assets)	27.28	4.51	22.77

Notes to Consolidated financial statements

	(` cr)	
NOTE 6 LONG-TERM PROVISIONS	As at March 31, 2013	As at March 31, 2012
Provision for leave entitlement	5.07	3.51
Gratuity	0.06	0.03
	5.13	3.54

	(` cr)	
NOTE 7 SHORT-TERM BORROWINGS	As at March 31, 2013	As at March 31, 2012
(a) Secured		
Working capital loans repayable on demand from banks	152.21	146.83
(b) Unsecured		
Loans from banks	-	25.07
(c) Buyers' credit arrangement	9.36	22.71
	161.57	194.61

	(` cr)	
NOTE 8 TRADE PAYABLES	As at March 31, 2013	As at March 31, 2012
Trade payables including acceptances	291.61	268.83
	291.61	268.83

	(` cr)	
NOTE 9 OTHER CURRENT LIABILITIES	As at March 31, 2013	As at March 31, 2012
(a) Current maturities of long-term borrowings (see Note 4)	44.09	46.62
(b) Interest accrued but not due on borrowings	1.50	1.80
(c) Interest accrued on cumulative public deposits	-	0.97
(d) Unclaimed dividends	0.97	0.91
(e) Unclaimed matured deposits and interest thereon	0.12	0.19
(f) Security deposits	14.38	12.89
(g) Advances received from customers	3.99	6.00
(h) Employee benefit payable	11.27	9.43
(i) Creditors for capital goods	5.95	10.34
(j) Commission and discount payable	10.39	8.01
(k) Statutory dues	9.36	6.21
(l) Others	5.53	4.10
	107.55	107.47

	(` cr)	
NOTE 10 SHORT-TERM PROVISIONS	As at March 31, 2013	As at March 31, 2012
(a) Provisions:		
Leave entitlement	15.06	14.84
Other employee benefits	9.96	17.66
	25.02	32.50
(b) Others:		
Provision for Mark-to-Market losses on derivatives	-	0.10
Proposed dividend (see Note 3 (g))	17.80	13.35
Dividend distribution tax on proposed dividend	3.02	2.17
Other provisions	0.36	3.67
	21.18	19.29
	46.20	51.79

Notes to Consolidated financial statements

(` cr)

ASSET BLOCK		GROSS BLOCK (a)				DEPRECIATION AMORTISATION IMPAIRMENT				NET BLOCK			
		As at March 31, 2012	Additions	Other Adjustments	Deductions and Adjustments	As at March 31, 2013	Depreciation: Upto March 31, 2012	For the Year	Deductions and Adjustments	As at March 31, 2013	Depreciation and Impairment Fund March 31, 2013	As at March 31, 2012	As at March 31, 2013
Tangible assets													
Land - Freehold (d) and (e)	14.37	2.67	-	-	17.04	-	-	-	-	-	-	17.04	14.37
Land - Leasehold (b),(d) and (e)	23.17	-	-	0.27	22.90	-	-	-	-	-	-	22.90	23.17
Buildings (c), (d) and (e)	242.73	15.84	-	0.75	257.82	61.09	6.44	0.08	67.45	-	67.45	190.37	181.64
Roads	3.10	0.11	-	-	3.21	1.24	0.06	-	1.30	-	1.30	1.91	1.86
Plant and equipment (f)	741.62	80.77	11.33	0.34	833.38	513.55	40.80	0.13	554.22	21.03	575.25	258.13	207.04
Railway siding	0.08	-	-	-	0.08	0.08	-	-	0.08	-	0.08	-	-
Office equipment and furniture	25.49	2.58	-	0.05	28.02	17.57	1.47	0.03	19.01	-	19.01	9.01	7.92
Vehicles	13.57	1.92	-	1.40	14.09	7.24	1.87	1.07	8.04	-	8.04	6.05	6.33
Total Tangible assets	1,064.13	103.89	11.33	2.81	1,176.54	600.77	50.64	1.31	650.10	21.03	671.13	505.41	442.33
Intangible assets													
Copyright	1.10	-	-	-	1.10	0.06	0.35	-	0.41	-	0.41	0.69	1.04
Computer software	10.14	2.53	-	-	12.67	9.88	2.76	-	12.64	-	12.64	0.03	0.26
Total Intangible assets	11.24	2.53	-	-	13.77	9.94	3.11	-	13.05	-	13.05	0.72	1.30
Total as at March 31, 2013	1,075.37	106.42	11.33	2.81	1,190.31	610.71	53.75	1.31	663.15	21.03	684.18	506.13	443.63
Total as at March 31, 2012	973.09	108.39	1.59	7.70	1,075.37	561.53	50.62	1.44	610.71	21.03	631.74	443.63	

Notes:

- At cost, except land - freehold, certain leasehold land, building premises and plant and equipment stated at revalued value.
- Land - leasehold at cost less amounts written off.
- Includes premises on ownership basis ` 1.10 cr (Previous year ` 1.10 cr) and cost of fully paid share in co-operative society ` 2000 (Previous year ` 2,000).
- The Company has revalued (i) Leasehold land (` 20.02 cr) and (ii) Commercial land & building at Ahmedabad, Mumbai and Delhi (` 87.45 cr) as at March 31, 2008 at fair market value as determined by an independent valuer appointed for the purpose. Resultant increase of ` 107.47 cr in book value has been transferred to Revaluation Reserve.
- Pursuant to the order passed by Honourable High Court of Gujarat, dated November 17, 2008 and April 17, 2009 in case of water charges, the Company has created first charge over its certain land & buildings in favour of Government of Gujarat and paid Security Deposit ` 2 cr (Previous year ` 2 cr).
- Exchange rate difference capitalised during the year ` 10.74 cr (Previous year ` 1.89 cr).
- Pursuant to the clarification regarding applicability of Para 6 of Accounting Standard -11 and Para 4 (e) of Accounting Standard -16 vide circular number 25/2012 dated August 9, 2012 from MCA, finance costs amounting to ` 5.38 cr, debited to the Statement of Profit and Loss during the previous financial year, have been added to the cost of fixed assets in current year. Further for current year an amount of ` 5.36 cr, has been added to the cost of fixed assets. As a result of this change, depreciation for the current period is higher by ` 1.04 cr, finance cost is lower by ` 5.36 cr and profit for the year is higher by ` 9.70 cr.

NOTE 11 FIXED ASSETS (contd)

(h) Break-up of depreciation for the year	(` cr)	
	2012-13	2011-12
Depreciation Amortisation for the year	53.75	50.62
Add: Amortisation of Leasehold land	0.27	0.27
Less: Amount withdrawn from Revaluation reserve (see Note 3)	2.65	2.06
Less: Depreciation on acquisition of Atul Bioscience Ltd	-	2.71
Less: Depreciation on acquisition of DPD Ltd	-	2.03
Less: Depreciation on proportionate consolidation of Rudolf Atul Chemicals Ltd	-	0.07
Depreciation Amortisation as per Statement of Profit and Loss	51.37	44.02

(` cr)

NOTE 12 NON-CURRENT INVESTMENTS*	As at March 31, 2013	As at March 31, 2012
Trade Investments, Unquoted		
Investments in Equity Instruments		
Bharuch Enviro Infrastructure Ltd	0.07	0.07
Narmada Clean Tech Ltd	0.65	0.65
	0.72	0.72
Other investments		
Investments in Equity Instruments , Quoted		
In Associate Company		
Amal Ltd	0.64	0.64
Less: Cost of investments adjusted to general reserve as loss in associate company exceed the cost	0.24	0.24
Less: Provision for diminution in value	0.40	0.40
	-	-
In Others		
Novartis India Ltd	1.02	1.02
Arvind Ltd	46.64	46.64
ICICI Bank Ltd	0.14	0.14
Wyeth Ltd	1.50	1.50
BASF India Ltd	0.84	0.84
Jain Irrigation Systems Ltd	0.02	0.02
Nagarjuna Oil Refinery Ltd	-	-
	50.16	50.16
Investments in Equity Instruments, Unquoted		
In Associate Companies		
AtRo Ltd	0.50	0.50
Less: Cost of investments adjusted to general reserve as loss in associate company exceed the cost	0.50	0.50
	-	-
Gujarat Synthwood Ltd	0.81	0.81
Less: Cost of investments adjusted to general reserve as loss in associate company exceed the cost	0.06	0.06
Less: Provision for diminution in value	0.75	0.75
	-	-
Anchor Adhesives Pvt Ltd	1.47	1.47
Add: Group share of profit for the year	0.01	0.01
	1.48	1.48

Notes to Consolidated financial statements

	(` cr)	
NOTE 12 NON-CURRENT INVESTMENTS (contd)	As at	
	March 31, 2013	As at
		March 31, 2012
Atul Ayurveda Ltd		0.03
Atul Crop Care Ltd	0.02	0.02
Add: Group share of profit for the year	0.01	-
		0.03
Atul Entertainment Ltd		0.03
Atul Hospitality Ltd		0.02
Atul Medical Care Ltd		0.03
Atul Seeds Ltd		0.02
Jayati Infrastructure Ltd		0.03
Osia Dairy Ltd		0.02
M. Dohmen S.A.		
Cost of acquisition (net of capital reserve of ` 45.72 cr, Previous year ` 45.72 cr)	9.57	14.21
Less : Group share of loss for the year	8.36	4.64
		1.21
Atul Infotech Ltd	0.01	0.01
Add : Group share of profit for the year	0.12	-
		0.13
In Others		
Nagarjuna Fertilizers and Chemicals Ltd		0.04
Investments in Preference Shares		
In Associate Companies		
Amal Ltd (as per BIFR order)		10.00
Atul Infotech Ltd		2.75
Investments in Government or Trust Securities		
6 Years National Savings Certificates (deposited with Government departments)		0.01
		66.71
		74.94

	(` cr)			
Particulars	Book Value		Market Value	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Quoted	50.16	50.16	197.27	198.05
Unquoted	16.55	24.78		
	66.71	74.94		
Aggregate provision for diminution	1.15	1.15		

* Valued at cost unless otherwise stated

** In ` and fully paid unless otherwise stated

Notes to Consolidated financial statements

(` cr)

NOTE 13 LONG-TERM LOANS AND ADVANCES	As at March 31, 2013	As at March 31, 2012
(a) Loans and advances to related parties:*		
(i) Secured, considered good	11.29	11.29
(ii) Unsecured, considered good	5.02	5.01
(b) Others:		
(i) Capital advances	6.99	6.63
(ii) Security deposits	5.56	5.67
	28.86	28.60

* An amount of ` 11.29 cr (Previous year ` 11.29 cr) is given to an associate company as a secured loan. The said company is registered under BIFR and is implementing its revival plan. First charge over all their assets has been assigned exclusively in favour of the Company. The Company has also given an unsecured loan of ` 3.59 cr (Previous year ` 3.59 cr) as Promoter's contribution (repayable in two equal instalments in financial year 2017-18 to 2019-20). Considering the progress of the revival plan and the present market value of assets, these amounts included under loans and advances are considered as good and recoverable.

(` cr)

NOTE 14 OTHER NON-CURRENT ASSETS	As at March 31, 2013	As at March 31, 2012
(a) Balance with bank in fixed deposits, with maturity beyond 12 months	0.05	0.31
(b) Balance with Government departments:		
Tax paid under protest	10.51	10.51
Tax paid in advance, net of provisions	8.28	7.48
VAT receivable	20.32	14.64
Prepaid expenses	0.06	-
Security deposit (see Note 11 (e))	2.03	2.00
	41.25	34.94

(` cr)

NOTE 15 INVENTORIES *	As at March 31, 2013	As at March 31, 2012
(a) Raw materials and packing materials	56.30	50.28
Add: Goods-in-transit	20.26	24.31
	76.56	74.59
(b) Work-in-progress	118.75	108.27
(c) Finished goods	111.88	114.88
Add: Goods-in-transit	27.79	1.89
	139.67	116.77
(d) Stock-in-trade	2.92	3.45
(e) Stores, spares and fuel	28.58	29.58
Add: Goods-in-transit	-	0.49
	28.58	30.07
	366.48	333.15

* At cost and net realisable value whichever is lower.

Notes to Consolidated financial statements

	(` cr)	
NOTE 16 TRADE RECEIVABLES	As at March 31, 2013	As at March 31, 2012
(a) Trade receivables outstanding for more than six months from the date they became due for payment:		
(i) Unsecured, considered good:		
From related parties	1.93	1.22
From others	3.63	3.77
(ii) Doubtful	2.62	0.94
Less: Provision for doubtful debts	2.62	0.94
	5.56	4.99
(b) Others:		
(i) Unsecured, considered good		
From related parties	9.35	2.15
From others	336.77	351.74
	351.68	358.88
		(` cr)
NOTE 17 CASH AND BANK BALANCES	As at March 31, 2013	As at March 31, 2012
(a) Cash and cash equivalents:		
(i) Balances with banks		
In current accounts	9.74	15.89
(ii) Cheques drafts on hand	-	0.29
(iii) Cash on hand	0.15	0.13
	9.89	16.31
(b) Other Bank balances		
Earmarked balances with banks:		
(i) Unclaimed dividend interest on public deposit	1.12	1.10
(ii) Short-term bank deposits (including margin money deposits)	3.85	1.23
	4.97	2.33
	14.86	18.64
		(` cr)
NOTE 18 SHORT-TERM LOANS AND ADVANCES	As at March 31, 2013	As at March 31, 2012
(a) To related parties, Unsecured, considered good	0.13	0.10
(b) Others, Unsecured, considered good:		
(i) Advances recoverable in cash or kind	74.70	60.32
(ii) Balances with statutory authorities	25.99	21.14
(iii) Sundry deposits	0.83	0.76
(iv) Mark-to-Market gains on derivatives	2.54	-
(v) Others	0.19	0.20
	104.38	82.52
		(` cr)
NOTE 19 OTHER CURRENT ASSETS	As at March 31, 2013	As at March 31, 2012
(a) Export incentive receivable	16.91	17.19
(b) Asset held for sale	0.59	-
(c) Sundry receivable		
Doubtful	0.19	0.19
Less: Provision for doubtful receivable	0.19	0.19
	17.50	17.19

Notes to Consolidated financial statements

	(` cr)	
NOTE 20 REVENUE FROM OPERATIONS	2012-13	2011-12
Sale of products	2,172.08	1,885.27
Sale of services	1.38	2.07
Other operating revenue:		
Export incentives	26.08	23.35
Scrap sales	6.59	5.30
Commission	0.05	-
Processing charges	3.76	0.14
	2,209.94	1,916.13
Less: Excise Duty	167.06	123.73
	2,042.88	1,792.40

	(` cr)	
NOTE 21 OTHER INCOME	2012-13	2011-12
Dividend on long-term investments	3.41	1.59
Interest from inter company deposits	0.01	0.01
Interest from others	0.28	1.23
Provisions no longer required	5.17	3.69
Surplus on sale of fixed assets	0.86	0.28
Technical know-how	-	0.81
Miscellaneous income	5.06	4.80
	14.79	12.41

	(` cr)	
NOTE 22 COST OF MATERIALS CONSUMED	2012-13	2011-12
Raw materials and packing materials consumed		
Stocks at commencement	48.01	51.45
Add: Purchases	1,181.45	1,068.22
	1,229.46	1,119.67
Less: Stocks at close	55.43	48.01
	1,174.03	1,071.66

	(` cr)	
NOTE 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	2012-13	2011-12
Stocks at close		
Finished goods	139.67	114.46
Work-in-progress	118.76	108.27
Stock-in-trade	2.75	3.45
	261.18	226.18
Less: Stocks at commencement		
Finished goods	114.46	97.65
Work-in-progress	108.27	101.46
Stock-in-trade	3.45	3.71
	226.18	202.82
	(35.00)	(23.36)
Excise duty variation on opening closing stocks	2.78	0.70
(Increase) decrease in inventories	(32.22)	(22.66)

Notes to Consolidated financial statements

(` cr)

NOTE 24 EMPLOYEE BENEFIT EXPENSES	2012-13	2011-12
Salaries, wages and bonus	117.96	107.56
Contribution to Provident and other Funds	12.26	9.87
Payment under Voluntary retirement scheme	-	0.66
Staff welfare	4.51	3.57
	134.73	121.66

(` cr)

NOTE 25 FINANCE COSTS	2012-13	2011-12
Interest on borrowings	28.74	29.49
Other borrowings cost	2.33	2.24
Applicable exchange difference to the extent considered as an adjustment to borrowing cost	3.81	11.58
	34.88	43.31

(` cr)

NOTE 26 OTHER EXPENSES	2012-13	2011-12
Consumption of stores and spares	15.08	15.08
Power, fuel & water	215.10	167.09
Conversion and plant operation charges	31.41	20.23
Building repairs	15.32	12.14
Plant and equipment repairs	52.62	46.94
Sundry repairs	6.15	5.39
Rent	1.95	1.60
Rates and taxes	1.24	1.53
Insurance	4.84	4.60
Freight, cartage and octroi	54.59	47.32
Discount and commission	13.76	17.86
Travelling and conveyance	11.37	9.25
Payments to Statutory Auditors		
a) Audit fees	0.55	0.50
b) Other matters	0.28	0.15
c) Out of pocket expenses	0.01	0.02
Payments to Cost Auditors		
a) Cost Audit fees	0.03	0.02
b) Out of pocket expenses ` 31,831 (Previous year ` 11,546)	-	-
Directors' fees and travelling	1.31	0.31
Directors' commission (other than Managing and Whole time Director)	0.53	0.45
Charities and donations	0.22	0.62
Bad debts and irrecoverable balances written off	0.57	3.01
Goodwill on consolidation written off	-	2.70
Exchange rate difference on consolidation for the year	14.90	(17.00)
Provision for doubtful debts	1.68	0.79
Provision for diminution in value of investment	0.07	-
Obsolete and unserviceable material written down	0.02	-
Loss on assets sold, discarded or demolished	0.17	0.06
Miscellaneous expenses	57.07	44.15
	500.84	384.81

Notes to Consolidated financial statements

(` cr)		
NOTE 27.1 CONTINGENT LIABILITIES	As at March 31, 2013	As at March 31, 2012
(i) Claims against the Company not acknowledged as debts in respects of:		
(a) Excise	5.84	6.25
(b) Income tax	35.03	27.70
(c) Sales tax	-	0.74
(d) Customs	2.78	2.78
(e) Water charges	71.92	68.63
(f) Others	13.54	13.26
Note: Future cash outflows in respect of (a) to (f) above are determinable on receipt of judgements decisions pending with various forums authorities.		
(ii) Guarantees given by the Company:		
(a) Corporate guarantee to a bank on behalf of subsidiary company for facilities availed by them	8.85	0.61

(` cr)		
NOTE 27.2 COMMITMENTS	As at March 31, 2013	As at March 31, 2012
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	21.18	15.44

NOTE 27.3 RESEARCH AND DEVELOPMENT

Details of expenditure incurred on in-house Research and Development (R&D) facilities approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India under Section 35(2AB) of Income Tax Act, 1961.

(` cr)		
Particulars	2012-13	2011-12
Capital expenditure	3.80	0.40
Recurring expenditure	12.88	10.48
	16.68	10.88

NOTE 27.4 FINANCIAL DERIVATIVES HEDGING TRANSACTIONS:

Pursuant to the announcement issued by the Institute of Chartered Accountants of India dated March 29, 2008 in respect of forward exchange contracts and currency and interest rate swaps, the Company has applied the Hedge Accounting Principles set out in the Accounting Standard-30 'Financial Instruments: Recognition and Measurement'. Accordingly, range forward contracts are marked to market and the gain aggregating ` 0.74 cr (Previous year loss ` 0.78 cr) 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 Statement of Profit and Loss. Hedge Accounting will be discontinued if the hedging instrument is sold, terminated or no longer qualifies for Hedge Accounting.

Notes to Consolidated financial statements

NOTE 27.5 (A) RELATED PARTY INFORMATION

Name of the related party and nature of relationship:

No	Name of the related party	Description of relationship
	Party where control exists	
1	Rudolf Atul Chemicals Ltd	Joint venture company
	Other related parties	
2	Amal Ltd	Associate companies
3	Anchor Adhesives Pvt Ltd	
* 4	Atul Crop Care Ltd	
* 5	Atul Infotech Ltd	
6	Atul Seeds Ltd	
7	Gujarat Synthwood Ltd	
* 8	M. Dohmen S.A.	
9	Atul Bio Space Ltd	
10	Atul Elkay Polymers Ltd	
11	Lapox Polymer Ltd	
12	Key management personnel Mr Sunil S Lalbhai Mr Samveg A Lalbhai Mr Bharathy N Mohanan	Chairman and Managing Director Managing Director Whole time Director
13	Relatives of key management personnel Dr Vimla S Lalbhai Ms Nishtha S Lalbhai Ms Shreekumari Mohanan	Mother of Mr Sunil S Lalbhai Daughter of Mr Sunil S Lalbhai Wife of Mr Bharathy N Mohanan
14	Welfare funds Atul Club Atul Kelavani Mandal Atul Rural Development Fund Atul Vidyalyaya	Organisations over which significant influence exercised

*Investment held through subsidiary companies.

Notes to Consolidated financial statements

		(₹ cr)	
NOTE 27.5 (B) TRANSACTIONS WITH ASSOCIATE COMPANIES		2012-13	2011-12
Sales and income			
1	Sale of goods	0.52	2.66
	Amal Ltd	0.01	0.06
	M. Dohmen S.A.	0.51	2.60
2	Sale of capital goods	0.01	-
	Amal Ltd	0.01	-
3	Service charges received	0.33	-
	Amal Ltd	0.33	-
Purchases and expenses			
1	Purchase of land	1.30	-
	Gujarat Synthwood Ltd	1.30	-
2	Purchase of goods	18.40	12.92
	Amal Ltd	12.44	9.00
	M. Dohmen S.A.	5.96	3.92
3	Service charges	2.83	1.24
	Amal Ltd	0.12	0.07
	Atul Crop Care Ltd	0.52	-
	Atul Infotech Ltd	2.19	1.17
4	Reimbursement	0.20	-
	Atul Crop Care Ltd	0.17	-
	M. Dohmen S.A.	0.03	-
Other transactions			
1	Investment purchased	-	2.75
	Purchase of Atul Bioscience Ltd Equity share from Atul Infotech Pvt Ltd	-	2.75
2	Advance given for land	-	0.64
	Gujarat Synthwood Ltd	-	0.64
Outstanding balances as at year end			
1	Loan receivable	14.88	14.88
	Amal Ltd	14.88	14.88
2	Receivables	6.56	8.07
	Amal Ltd	6.51	4.99
	Anchor Adhesives Pvt Ltd	0.05	0.05
	Gujarat Synthwood Ltd	-	0.96
	M. Dohmen S.A.	-	2.07
	Atul Seeds Ltd (Previous year ₹ 600)	-	-
3	Payables	0.92	1.05
	Atul Crop Care Ltd	0.04	-
	Atul Infotech Ltd	0.63	0.29
	M. Dohmen S.A.	0.25	0.76

Notes to Consolidated financial statements

		(` cr)	
NOTE 27.5 (C) TRANSACTIONS WITH ENTERPRISES OVER WHICH SIGNIFICANT INFLUENCE EXERCISED		2012-13	2011-12
Sales and income			
1	Sale of goods	2.76	0.50
	Atul Bio Space Ltd	2.59	0.50
	Atul Elkay Polymers Ltd	0.17	-
Purchases and expenses			
1	Service charges	3.03	2.59
	Atul Bio Space Ltd	0.07	-
	Lapox Polymer Ltd	2.96	2.59
2	Reimbursement	1.01	1.05
	Atul Bio Space Ltd	0.01	0.10
	Lapox Polymer Ltd	1.00	0.95
Outstanding balances as at year end			
1	Receivables	0.73	0.29
	Atul Bio Space Ltd	0.49	0.29
	Atul Elkay Polymers Ltd	0.24	-
2	Payables	0.58	0.17
	Lapox Polymer Ltd	0.58	0.17

		(` cr)	
NOTE 27.5 (D) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL		2012-13	2011-12
1	Remuneration	4.84	4.08
	Mr Sunil S Lalbhai	2.89	2.16
	Mr Samveg A Lalbhai	1.22	1.18
	Mr Bharathy N Mohanan	0.73	0.74
2	Interest paid on public deposits	0.01	0.04
	Mr Sunil S Lalbhai	0.01	0.04

		(` cr)	
NOTE 27.5 (E) TRANSACTIONS WITH RELATIVES OF KEY MANAGEMENT PERSONNEL		2012-13	2011-12
Other transactions			
1	Interest paid on public deposits	0.01	0.05
	Dr Vimla S Lalbhai ` 47,838		0.02
	Ms Nishtha S Lalbhai	0.01	0.03
	Ms Shreekumari Mohanan ` 18,958 (Previous year ` 27,839)		

Notes to Consolidated financial statements

		(` cr)	
NOTE 27.5 (F) TRANSACTIONS WITH ORGANISATION OVER WHICH SIGNIFICANT INFLUENCE EXERCISED		2012-13	2011-12
Sales and income			
1	Sale of goods Atul Club ` 13,200 (Previous year ` 13,200)		
Other transactions			
1	Donations Atul Rural Development Fund	0.20 0.20	0.57 0.57
2	Contribution to common expenses Atul Kelavani Mandal Atul Vidyalaya	0.16 0.06 0.10	0.06 0.06 -
Outstanding balances as at year end			
1	Loan receivable Atul Club	1.42 1.42	1.42 1.42
2	Receivables Atul Club Atul Kelavani Mandal Atul Rural Development Fund Atul Vidyalaya	1.01 0.89 0.04 0.01 0.07	1.20 0.81 0.03 0.01 0.35
3	Payables Atul Club (Previous year ` 39,370)	0.03 0.03	

Notes to Consolidated financial statements

NOTE 27.6 SEGMENT INFORMATION

(a) Primary Segment - Business

(` cr)

Particulars	Life Science Chemicals		Performance & Other Chemicals		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
1 Segment revenues						
Gross sales	772.22	644.64	1,556.69	1,373.09	2,328.91	2,017.73
Less: Inter segment revenues	-	-	156.83	132.46	156.83	132.46
Net revenues from operations	772.22	644.64	1,399.86	1,240.63	2,172.08	1,885.27
2 Segment results						
Profit before finance cost and tax	136.34	102.47	83.32	84.76	219.66	187.23
Add: Reversal of previous year finance costs					5.38	-
Less: Finance costs					34.88	43.31
Less: Other unallocable expenditure (net of unallocable income)					3.79	13.85
Profit before tax					186.37	130.07
3 Other information						
Segment assets	400.35	345.42	829.69	783.47	1,230.04	1,128.89
Unallocated common assets					333.74	329.79
Total assets					1,563.78	1,458.68
Segment liabilities	101.28	89.60	257.05	253.14	358.33	342.74
Unallocated common liabilities					75.35	65.04
Total liabilities					433.68	407.78
Capital expenditure	30.80	36.62	81.81	95.28	112.61	131.90
Unallocated capital expenditure					4.74	6.58
Total capital expenditure*					117.35	138.48
Depreciation	14.94	10.29	31.99	29.28	46.93	39.57
Unallocated depreciation					4.47	4.45
Total depreciation					51.40	44.02
Significant non-cash expenses	-	-	-	-	-	-
Significant unallocated non-cash expenses					-	-
Total significant non-cash expenses					-	-

(b) Secondary Segment - Geographical

(` cr)

Particulars	In India		Outside India		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Segment revenues	1,149.31	1,064.49	1,022.77	820.78	2,172.08	1,885.27
Carrying cost of assets by location of assets	1,355.62	1,285.64	208.16	173.04	1,563.78	1,458.68
Additions to assets and intangible assets*	115.67	136.09	1.68	2.39	117.35	138.48

Other disclosures:

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

Name of the Segment	Comprises
(a) Life Science Chemicals	API Intermediates, Fungicides, Herbicides, Insecticides, <i>p</i> -AA, <i>p</i> -AAI, etc
(b) Performance & Other Chemicals	Epoxy Resins, Hardeners, <i>p</i> -Cresol, Sulphones, Textile dyes, etc

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

- The company accounts for inter segments sales and transfers at market price.

* Including capital work-in-progress and capital advances.

Notes to Consolidated financial statements

NOTE 27.7 EARNING PER SHARE

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

Particulars		March 31, 2013	March 31, 2012
Profit for the year attributable to the Equity Shareholders	₹ cr	119.77	91.10
Basic weighted average number of Equity Shares outstanding during the year	Number	2,96,61,733	2,96,61,733
Nominal value of Equity Share	₹	10	10
Basic and diluted Earning per Equity Share	₹	40.38	30.71

NOTE 27.8 COMPANIES CONSIDERED IN FINANCIAL STATEMENTS

Name of Subsidiary Companies	Country of Incorporation	Extent of Holding
Atul Bioscience Ltd	India	100%
DPD Ltd*	UK	88%
Atul Rajasthan Date Palms Ltd*	India	74%
Atul USA Inc	USA	100%
Atul Europe Ltd	UK	100%
Atul Deutschland GmbH	Germany	100%
Atul China Ltd	China	100%
Atul Brasil Oumicos Ltda	Brasil	100%
Ameer Trading Corporation Ltd	India	100%

* Investment held through subsidiary companies

Notes to Consolidated financial statements

NOTE 27.9 DETAILS OF ASSOCIATE COMPANIES CONSIDERED IN CONSOLIDATION:

Sr No	Name of Associate Companies	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		Carrying amount of investments at the year end March 31	
							2013	2012	2013	2012
A	B	C	D	E	F	G	H	I	J	
1	Amal Ltd	India	Chemical	36.75%	5.15	(19.67)	36.74	36.75	-	-
2	Anchor Adhesives Pvt Ltd	India	Adhesives	49.99%	1.47	1.27	0.15	0.16	1.48	1.48
3	AtRo Ltd	India	Agriculture	50.00%	0.50	-	0.34	0.36	-	-
4	Atul Ayurveda Ltd	India	Ayurvedic	50.00%	0.03	-	-	-	0.03	0.03
5	Atul Crop Care Ltd	India	Agriculture	50.00%	0.02	-	(0.02)	-	0.03	0.02
6	Atul Entertainment Ltd	India	Entertainment	50.00%	0.03	-	-	-	0.03	0.03
7	Atul Hospitality Ltd	India	Hospitality	50.00%	0.02	-	-	-	0.02	0.02
8	Atul Infotech Pvt Ltd	India	Information Technology	50.00%	-	(0.08)	(0.52)	(0.29)	0.13	0.01
9	Atul Medical Care Ltd	India	Health Care	50.00%	0.03	-	-	-	0.03	0.03
10	Atul Seeds Ltd	India	Agriculture	50.00%	0.02	-	-	-	0.02	0.02
11	Gujarat Synthwood Ltd	India	Construction	34.87%	1.30	-	14.70	15.92	-	-
12	Jayati Infrastructure Ltd	India	Infrastructure	50.00%	0.03	-	-	-	0.03	0.03
13	M. Dohmen S.A.	Switzerland	Textiles	50.00%	14.21	(45.72)	(3.41)	(17.96)	1.21	9.57
14	Osia Dairy Ltd	India	Dairy	50.00%	0.02	-	-	-	0.02	0.02

Value of investment in Atul Infotech Pvt Ltd under column 'F' is ` 50,000 (Previous year ` 50,000)

NOTE 27.10 INTEREST IN JOINT VENTURE COMPANY

The Company has acquired 50 percent interest in Rudolf Atul Chemicals Limited (RACL), a Joint Venture Company in India between IB Industriechemie Beteiligungs GmbH, Germany and Atul Ltd on August 18, 2011. RACL is engaged in the business of manufacturing and marketing textile chemicals. As per the contractual arrangement between the Shareholders of RACL, both the parties have significant participating rights such that they jointly control the operations of the Joint Venture Company. The aggregate amount of assets, liabilities, income and expenses related to the share of the Company in RACL as at and for the year ended March 31, 2013 as per audited financial statements are given below:-

(` cr)

Particulars	As at March 31, 2013	As at March 31, 2012
Balance Sheet		
Non-current liabilities		
Deferred tax liabilities (net)	0.06	0.15
Long-term provisions	0.01	0.02
	0.07	0.17
Current liabilities		
Trade payables	3.06	1.65
Other current liabilities	0.27	0.28
Short-term provisions	0.05	0.02
	3.38	1.95
Total (A)	3.45	2.12
Non-current assets		
Tangible assets, net	0.27	0.93
Intangible assets, net	0.72	1.07
Long-term loans and advances	1.50	1.50
	2.49	3.50
Current assets		
Inventories	1.25	1.14
Trade receivables	3.43	2.19
Cash and cash equivalents	2.30	0.98
Short-term loans and advances	0.07	0.27
Other current assets	0.59	0.02
	7.64	4.60
Total (B)	10.13	8.10
Net worth (B-A)	6.68	5.98

Notes to Consolidated financial statements

NOTE 27.10 INTEREST IN JOINT VENTURE COMPANY (contd)

(` cr)

Particulars	2012-13	For the period August 18, 2011 to March 31, 2012
Statement of Profit and Loss		
Revenue		
Revenue from operations	10.34	2.82
Other income	0.75	-
	11.09	2.82
Expenses		
Cost of materials consumed	7.83	1.74
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(0.04)	0.04
Employee benefit expenses	0.01	0.17
Finance costs	0.10	0.04
Depreciation and amortisation expenses	0.40	0.05
Other expenses	1.81	0.88
	10.11	2.92
Profit Before Tax	0.98	(0.10)
Tax expense		
Current tax	0.36	0.02
Deferred tax	(0.09)	0.02
	0.27	0.04
Net Profit (Loss)	0.71	(0.14)

NOTE 27.11 REGROUPED | RECAST | RECLASSIFIED

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

NOTE 27.12 ROUNDING OFF

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

As per our attached report of even date

For and on behalf of the Board of Directors

For Dalal & Shah

Firm Registration Number: 102020W
Chartered Accountants

Sunil S Lalbhai

Chairman and Managing Director

S Venkatesh

Partner
Membership Number: 037942
Mumbai
May 07, 2013

T R Gopi Kannan
President, Finance and
Company Secretary

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

Samveg A Lalbhai
Managing Director
Mumbai
May 07, 2013

Additional Information on subsidiary companies for the year ended March 31, 2013

Subsidiary Company	Atul Bioscience Ltd	DPD Ltd	Atul Rajasthan Date Palms Ltd	Atul USA Inc	Atul Europe Ltd	Atul Deutschland GmbH	Atul China Ltd	Atul Quimicos Ltda	Ameer Trading Corporation Ltd
Capital	10.39	2.06	8.11	10.88	35.72	0.70	2.94	1.90	0.35
Reserves and surplus	7.72	5.97	10.94	1.97	1.14	0.13	(1.64)	(0.18)	2.84
Total assets	42.99	8.03	19.58	18.53	36.86	0.92	2.95	1.75	7.08
Total liabilities	24.87	-	0.52	5.69	-	0.10	1.66	0.04	3.88
Investments	0.01	-	0.01	-	23.16	-	-	-	6.61
Turnover	29.72	10.08	-	154.32	137.72	0.01	11.87	-	0.53
Profit before tax	3.44	1.85	(0.43)	(0.03)	2.22	(0.03)	(0.59)	(0.18)	(0.28)
Provision for taxation	0.15	0.40	-	-	0.54	-	-	-	-
Profit after taxation	3.29	1.45	(0.43)	(0.03)	1.68	(0.03)	(0.59)	(0.18)	(0.28)
Proposed dividend	-	-	-	-	-	-	-	-	-

Notes:

- 1 The annual accounts of the subsidiary companies and other related information will be made available to the Shareholders of the Company on request to the Company Secretary at the Registered Office.
- 2 As per the Ministry of Company Affairs, Government of India, 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 as on March 31, 2013.
- 3 Rate of exchange considered as on March 31, 2013 are 1 US\$ = ` 54.39, 1 GBP = ` 82.32, 1 Euro = ` 69.54, 1 Chinese Yuan = ` 8.65 and 1 Brazilian Real = ` 26.84.



Atul Ltd

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



ATTENDANCE SLIP

36th Annual General Meeting
July 26, 2013, Friday

DP ID | Folio | Client ID No.

Full name of the Shareholder | Proxy attending the meeting

(First Name) (Middle Name) (Surname)

FIRST HOLDER | JOINT HOLDER | PROXY

(Strike out whichever is not applicable)

Full name of the First holder (If Joint holder | Proxy attending)

(First Name) (Middle Name) (Surname)

Signature of the Shareholder | Proxy



Atul Ltd

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



PROXY FORM

DP ID | Folio | Client ID No.

I | We of

(Full Address)

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

hereby appoint.....

(Name in Block Letters)

of or failing

(Full Address)

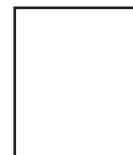
him | her of

(Name in Block Letters) (Full Address)

as my | our proxy to vote for me | us on my | our behalf at the 36th Annual General Meeting of the Company to be held on July 26, 2013, Friday, at 11.00 a.m. at H T Parekh Hall, Ahmedabad Management Association, Dr Vikram Sarabhai Marg, Ahmedabad 380015, Gujarat, India and at any adjournment thereof.

As WITNESS my | our hand | hands is | are affixed this day of 2013
(Date) (Month)

- Notes: 1. The Proxy need not be a Member of the Company.
2. The Proxy Form duly signed across revenue stamp must reach the Registered Office of the Company at least 48 hours before the time of the meeting.



Signature of the Member

Corporate Information

Directors

Mr Sunil Lalbhai
(Chairman and Managing Director)

Mr Gopal Patel

Dr Satguru Baijal

Mr Bansi Mehta

Mr Hasmukh Shah

Mr Samveg Lalbhai
(Managing Director)

Mr Susim Datta

Mr Bharathy Mohanan
(Wholetime Director)

Mr Srinivasa Rangan

Mr Rajendra Shah

Company Secretary

Mr Gopi Kannan Thirukonda

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

Atul Ltd

Ashoka Chambers
Rasala Marg
Ahmedabad 380006, Gujarat
India



Lalbhai Group