



# Reinforcing

LEVERAGING LATENT POTENTIAL

## 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 comprehend our prospects. Such and other statements - written and oral - that we may periodically make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'intend', 'plan', 'project' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized although we believe we have been prudent in our assumptions. The achievement of results is subject to uncertainties, risks and even inaccurate assumptions. If uncertainties or known or unknown risks materialize or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, estimated, intended, planned or projected. Readers may please bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

02	Corporate Identity	20	Serving the Society
04	Serving Diverse Industries	22	Directors' Report
06	Purpose and Values	26	Management Discussion and Analysis
08	Overview by the Chairman	34	Report on Corporate Governance

# Contents

The voyage of discovery is not in seeking new landscapes, but in having new eyes.

- Marcel Proust

10	Operational Highlights	50	Notice
12	Financial Analysis	56	Ten Year Review
16	Research and Technology	58	Financial Statements
18	Safety, Health and Environment		

# 2009-10 in retrospect

## While the business environment was desolate and difficult...

- ⦿ Advanced economies floundered and the world economy plummeted
- ⦿ Indian Rupee appreciated by 11%, putting pressure on export pricing
- ⦿ Sluggish demand pushed down prices

## Atul consolidated its position...

- ⦿ Volume of sales improved by 18%
- ⦿ Profit before tax rose by 75% to Rs 80 crores
- ⦿ Debt reduced by 20% to Rs 295 crores

## ... and is looking forward to achieving sustainable growth

- ⦿ Enhanced efficiencies and de-bottlenecked several capacities
- ⦿ Improved performance management systems
- ⦿ Built the foundation for formalizing Values

# Corporate Identity



We are a diversified Indian company meeting the needs of varied industries such as Aerospace, Agriculture, Automobile, Construction, Flavour and Fragrance, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Textile and Tyre. To enhance focus and efficiency, we operate through six Divisions, namely, Aromatics, Bulk Chemicals and Intermediates, Colors, Crop Protection, Pharmaceuticals and Intermediates and Polymers. For achieving functional excellence, we have six units, namely Commercial, Finance, Human Resources, Information Technology, Infrastructure, Research and Technology. We manage complex chemical processes in a responsible way.



## Parentage

- ◉ Founded by Mr Kasturbhai Lalbhai on September 15, 1947 to create wealth in rural India, generate employment and make India self-reliant
- ◉ First private sector company of India to be inaugurated by the first Prime Minister of India
- ◉ Part of Lalbhai Group, one of the oldest and the most reputed business houses of India

## Presence

- ◉ Manufacturing facilities in Gujarat (Valsad and Ankleshwar) and Maharashtra (Tarapur)
- ◉ Base in China, Germany, the UK and the USA through 100% subsidiary companies
- ◉ Increasing presence in Africa, Europe, North and South America
- ◉ More than 1,000 distributors

## Products

- ◉ Manufactures over 700 products
- ◉ Markets 69 brands in Crop Protection and Polymers Divisions
- ◉ Serves more than 2,500 customers world-wide
- ◉ Added 17 new products | formulations

## People

- ◉ 344 employees in marketing and R&D
- ◉ Employees based in 56 cities, towns or villages of India
- ◉ Added 133 new employees
- ◉ Phased out 204 approved positions

## Employees

2,563

(March 31, 2010)

## Promoters' Shareholding

41.92%

(March 31, 2010)

## Dividend (per share)

Rs 4.00

(2009-10)

Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
	Serving the Society	Directors' Report	Management Discussion and Analysis	Report on Corporate Governance	Financial Statements	
	Safety, Health and Environment					

# Serving Diverse Industries





## Aromatics

Flavour and Fragrance, Personal Care, Pharmaceutical

## Bulk Chemicals and Intermediates

Agriculture, Paper, Pharmaceutical, Textile, Tyre

## Colors

Automobile, Textile

## Crop Protection

Agriculture

## Floras

Agriculture

## Pharmaceuticals and Intermediates

Aerospace, Paper, Pharmaceutical

## Polymers

Paint and Coatings

Corporate Identity	Serving Diverse Industries	Research and Technology	Financial Statements
	Serving the Society	Financial Analysis	Report on Corporate Governance
Safety, Health and Environment	Purpose and Values	Operational Highlights	Report on Corporate Governance
	Directors' Report	Overview by the Chairman	Management Discussion and Analysis



## Energised by Purpose

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

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





# Propelled by Values

The name Atul is a unique asset, which amongst others, connotes a rich heritage of Values. In an environment where change is a way of life, continuity of Values is fundamental to us. We have therefore formalised key Values and are committed to institutionalise them:

### Integrity

The foundation of every relationship is trust, and trust is based on Integrity. Integrity means working with honesty, following the highest standards of professionalism. Integrity is when our decisions and actions remain consistent with our thoughts and words, written or spoken.

### Understanding

How well one works with others depends on his (her) ways to connect, and this in turn is based on his

(her) level of Understanding of human relationships. Understanding does not mean accepting poor performance, but it means doing it the right way. Understanding is not only an external manifestation, but also an internal realisation.

### Unity

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

### Responsibility

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

### Excellence

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

**We will seek to create an environment wherein the aforementioned Values are consistently practised and nurtured and ensure that they are not compromised to realize short-term gains.**

Research and Technology	Financial Statements
Financial Analysis	Report on Corporate Governance
Operational Highlights	Report on Corporate Governance
Overview by the Chairman	Management Discussion and Analysis
Purpose and Values	Directors' Report
Serving Diverse Industries	Serving the Society
Corporate Identity	Safety, Health and Environment

# Overview by the Chairman

'We will work with a sense of purpose, with an inspiring vision and with a strategy of transformation. Therefore, we will not only face the contemporary challenges, but will also pledge our unflinching allegiance to a future that has multi-dimensional multipliers for growth'

Sunil S Lalbhai



Dear Friends,

**2009-10** commenced with the concern that the world economy may further worsen and plunge into a long depression. However, as the year moved on, there were tentative indications of improvement in India, particularly seen during the second half even as the large developed economies continued to post a negative growth in GDP. The key developing economies, China and India in particular, grew in GDP though the rate declined in spite of high internal demand. The price of crude oil came down from the peak it had reached in 2008. Indian Re strengthened against the USD as well as Euro after weakening to an all time low. Indeed, we now live in a world that is highly interdependent and an era of considerable uncertainties.

The overall performance of **Chemical Industry** deteriorated during the year, not only because of the economic downturn,

but also due to the fundamental changes taking place in the structure of the Industry. Environment protection and energy conservation are the two foremost challenges for chemical companies as they endeavour to become competitive and customer focused.

Amidst this background, the **performance of the Company for 2009-10** was as follows:

- 1) Sales were higher by less than 1% in terms of value and 18 % in terms of volume
- 2) Variable cost as a per cent of operating revenues at 69% was similar
- 3) Fixed expenses (before interest and depreciation) as a percent of operating revenues at 19% were higher by 1%
- 4) EBITDA margin before foreign exchange impact at 13% was lower by 1%

- 5) Profit before tax at Rs 80 crores was higher by Rs 34 crores
- 6) Profit after tax at Rs 53 crores was higher by Rs 17 crores
- 7) Net Cash-flow from operating activities was Rs 106 crores
- 8) Borrowing came down from Rs 368 crores to Rs 295 crores

The **profit** saw a significant improvement over the previous year mainly because of the substantially lower impact on account of adverse foreign exchange and lower interest cost.

Our Company has the distinction of never skipping the **dividend** since it began its operations in 1952 except in 1999-2000. On behalf of the Board, I had in the Annual General Meeting held on August 18, 2000 indicated to the shareholders that the skipped dividend will be made good, and I am happy to state that the Directors have recommended a higher dividend of 40% in step with the verbal declaration.

We brought down our **capital expenditure** during the year and instead undertook relatively smaller, but several projects of improvements; as against an outflow of Rs 72 crores in the previous year, our Company spent only Rs 21 crores during the year. These projects will further strengthen our long-term competitiveness and improve sales and profit.

The **potential of our Company** is much in excess of what we have been able to deliver, and my colleagues and I are fully seized of this reality. Coupled with this, we are also clear that even in the depth of crisis, there are silver linings in the form of opportunities for internal improvement and growth, and we are working to realise them.

During **2010-11**, we will continue with our long-term agenda and undertake several initiatives under 6 broad areas: i) improving efficiencies and productivity, ii) expanding existing products and introducing new value added products, iii) bringing down gaseous, liquid and solid pollutants, iv) making businesses more systems-driven, v) serving the society and vi) enhancing people competencies. We are certain these initiatives will significantly enhance our performance and help us in accessing different opportunities for rapid growth in the years ahead. In essence, we are working to further leverage the internal possibilities for generating surplus cash-flows.

Our Company at present has four **overseas subsidiary companies**, one each in the USA, the UK, Germany and China. Since my last communication to you, we have taken

effective steps in **Malaysia** and **Brazil** which may ultimately lead to the formation of two more overseas subsidiary companies. Asia and South America are growing rapidly, and we will participate more than ever before in these areas.

In order to pursue opportunities in healthcare space in a focused way, our Company has established an associate company, **Atul Bioscience Ltd**. It owns the manufacturing facilities at Valsad site which earlier belonged to a multi-national pharmaceutical company. Atul Bioscience is investing Rs 15 crores to resurrect these facilities, which are expected to be commissioned before the end of 2010-11.

**Atul Rajasthan Date Palms Ltd**, a subsidiary joint venture company with 74% shareholding by our Company and 26% by the Government of Rajasthan, will commission the largest facility in India to produce tissue cultured date palms. This is a pioneering initiative taken up to help transform the ecology and the economy of the arid regions.

Our Company was founded by **Mr Kasturbhai Lalbhai**, one of the foremost Indians of his times and whose life epitomized exemplary leadership with a strong social purpose. He established Atul on September 15, 1947 with the ultimate objective of fulfilling the then priorities of making India self-reliant, generating large scale employment and creating wealth in rural areas. Since inception, our Company has pursued business with a larger purpose, and I am happy to inform you that in order to keep a track of the social work initiatives more formally, we have commenced reviewing them every month as though it was one of our businesses.

We are working to make Atul more customer focused, efficient, growth seeking, knowledge intensive, people oriented and community sensitive and thus reinforce its foundation for the future. In this pursuit, we will change and also make change happen. What will remain constant are our **Values**, which will bind us together and bring unity in diversity.

With best wishes,  
Sincerely,

Sunil S Lalbhai  
*Chairman and Managing Director*

Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
Safety, Health and Environment	Serving the Society	Directors' Report	Management Discussion and Analysis	Report on Corporate Governance	Financial Statements	

# Operational Highlights



Operations at Atul are diverse and provide many opportunities to look within and improve. During the year, the Company has undertaken several initiatives to enhance its performance, and the list below may give some insight of such initiatives and their outcome:

## People

- 'Live' on PeopleSoft ... to better HR processes
- Publication of Values booklet ... to formalize Values
- Upgradation of Job Descriptions ... to enhance role clarity
- Improvement in Performance Management ... to build ownership

## Environment Protection

- Implementation of Genosorb technology
- Upgradation of environment monitoring laboratory
- Installation of online ambient air monitoring system

## Energy

- 15% reduction in electricity consumption in a key product

## Manufacturing

- 39% higher production of *p*-Cresol
- 8% higher production of Sulphuric Acid
- 90% higher production of Phosgene intermediates
- 10% increase in yield of 1,3-Cyclohexadione
- Liquid formulation facility by Crop Protection
- 20% increase in capacity in Polymers without significant investment



## Marketing

- Sales volume up by 18%
- Breakthrough in Japan, Korea and Spain by Aromatics
- Breakthrough in Indonesia and Myanmar by Colors
- Breakthrough in China, Japan and Taiwan by Pharmaceuticals and Intermediates
- 20% higher domestic sales in Colors
- 50% higher brand sales in Polymers
- Appointment of more than 100 distributors in Polymers

## New Products

- 3 new products in Colors
- 4 new formulations in Crop Protection
- 10 new formulations in Polymers

## New Business

- Date palm demonstration farm in Jaisalmer, the first of its kind in India

## Recognition

- Khalifa International Date Palm Award on March 15, 2009 for implementation of 'Date Palm Programme in India'

New possibilities come up everyday, and along with the routine work, Atul people are working to improve and innovate, and the Company therefore looks forward to achieving sustainable performance.

Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
Safety, Health and Environment	Serving the Society	Directors' Report	Management Discussion and Analysis	Report on Corporate Governance	Financial Statements	



# Financial Analysis

## Highlights

- Sales volume on an average grew by 18%, though remained stagnant in value mainly because of a decline in the prices of raw materials and consequently those of finished products
- Surplus operating cash-flows helped to reduce debt by Rs 73 crores (20%) to Rs 295 crores
- Interest cost decreased by 38% to Rs 26 crores owing to lower interest rates and reduction in debt
- Profit before tax (PBT) increased by 75% to Rs 80 crores mainly due to lower loss on account of foreign exchange fluctuations
- Despite increase in income tax by 170%, profit after tax increased by 47% to Rs 53 crores

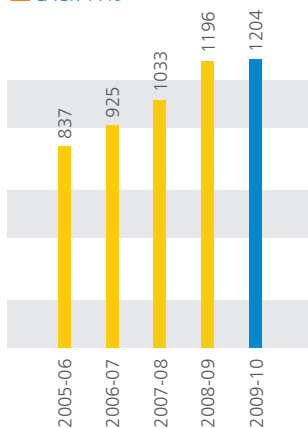
## Sources of Funds

### Share Capital

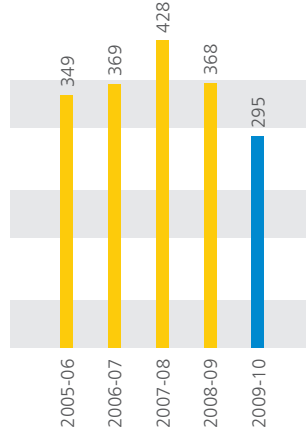
The Company has a paid up share capital of Rs 29.67 crores comprising 2,96,61,733 equity shares of Rs 10 each as of March 31, 2010.

Revenues Rs Crores

▲ CAGR 11%

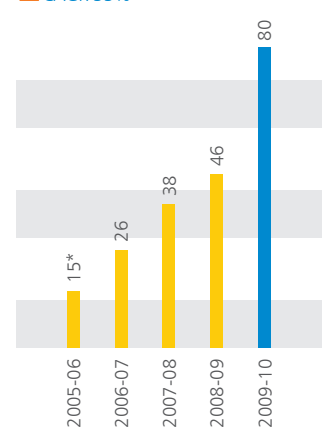


Borrowings Rs Crores



PBT Rs Crores

▲ CAGR 33%



\* Year 2005-06 PBT excludes profit from sale of investments Rs 68 crores

## Reserves and Surplus

The reserves and surplus increased by 6% from Rs 429 crores to Rs 455 crores during the year owing to profit earned.

## Loan Funds

The reliance on external funds decreased by 20% from Rs 368 crores to Rs 295 crores due to utilisation of cash generated from operations to repay debts along with control over working capital levels. Secured loans constituted 88% of the total loans. Of the secured loans, 19% was for funding working capital requirements; the balance was used in projects. Foreign currency loans constituted 22% of the total debt. The Company remained reasonably geared with the ratio of total debt to total equity at 0.56:1.

## Applications of Funds

### Fixed Assets

#### ○ Additions to Fixed Assets

During the year, the Company invested Rs 25 crores in Fixed Assets. The business-wise spends are outlined below:

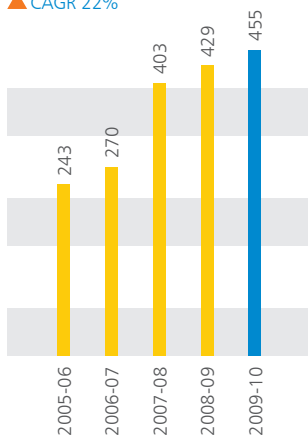
Business	Rs Crores
Pharmaceuticals and Intermediates	9
Bulk Chemicals and Intermediates	4
Colors	3
Others	9

#### ○ Depreciation

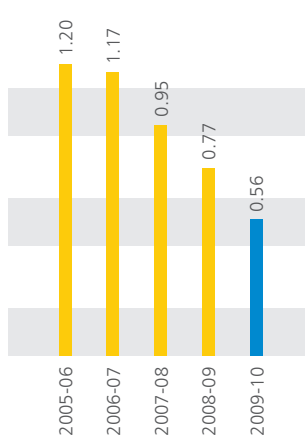
Depreciation increased by 18% over the previous year, corresponding to the increase in plant, machinery and building. Cumulative depreciation as a part of total gross block was 58%.

Reserves and Surplus Rs Crores

▲ CAGR 22%



Debt-equity ratio Rs Crores



Research and Technology	Financial Analysis	Operational Highlights	Overview by the Chairman	Purpose and Values	Directors' Report	Serving Diverse Industries	Corporate Identity
Financial Statements	Report on Corporate Governance	Management Discussion and Analysis				Serving the Society	Safety, Health and Environment

### Investments

The Company invested its operational surplus in its business. Other investments remained more or less unchanged at Rs 65 crores.

### Inventories

Inventory constituted 34% of current assets as on March 31, 2010. Inventory value marginally increased by 7% from Rs 197 crores as on March 31, 2009 to Rs 211 crores as on March 31, 2010. Inventory days stood at 66 days during the year against 62 days in the previous year.

### Debtors

Debtors constituted 43% of the current assets as on March 31, 2010. Debtors increased by 22% from Rs 223 crores as on March 31, 2009 to Rs 271 crores as on March 31, 2010 due to substantial increase in sales during the last quarter of the year as compared to the previous year. Debtor days stood at 81 days during the year against 66 days in the previous year.

### Loans and Advances

Loans and advances increased by 18% from Rs 110 crores as on March 31, 2009 to Rs 130 crores as on March 31, 2010. The increase was mainly attributable to balance with Government suppliers | departments.

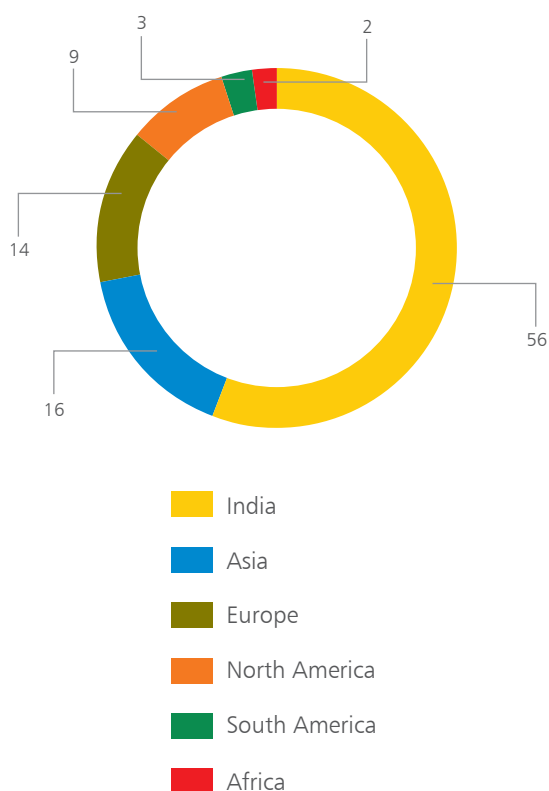
### Current Liabilities

Current liabilities increased by 48% from Rs 178 crores as on March 31, 2009 to Rs 263 crores as on March 31, 2010 primarily due to our focus on improving working capital position.

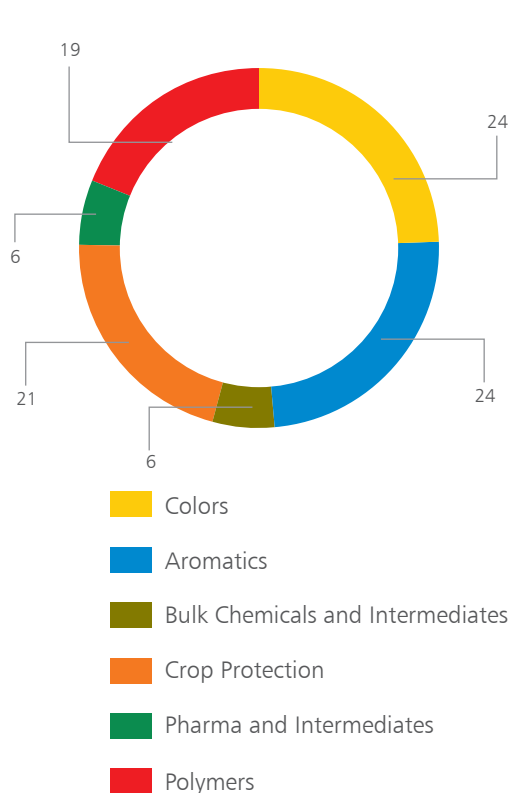
### Income

Sales volume on an average grew by 18%. However operating revenues at Rs 1,198 crores recorded only an insignificant growth of less than 1% mainly due to a decline in the prices of raw materials and consequently those of finished goods. Exports declined by 11% to Rs 513 crores due to the economic slowdown in the USA and Europe. However, domestic sales at Rs 655 crores grew by 12% and made up for the lower exports.

Sales by geography (%)



Revenues by business (%)





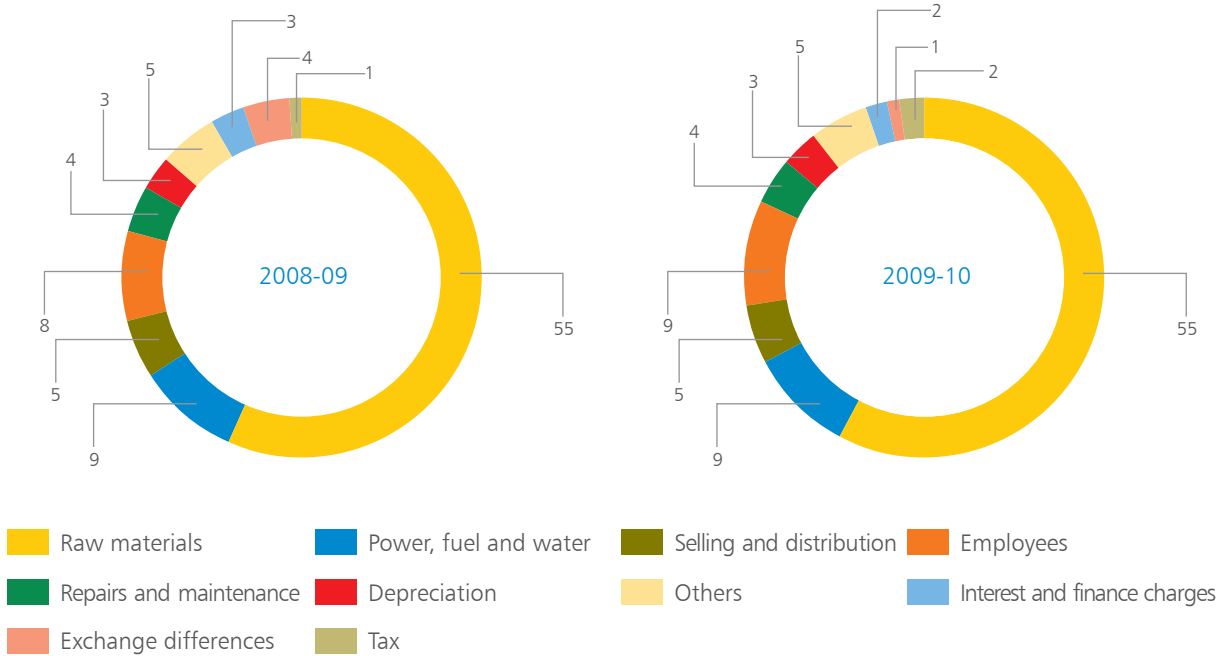
**Revenue Analysis (Rs Crores)**

Segment	Colors		Specialty and Other Chemicals			
	Colors	Aromatics	Bulk Chemicals and Intermediates	Crop Protection	Pharmaceuticals and Intermediates	Polymers
Operating revenues	292	284	68	247	69	223
Growth over the previous year	10%	-6%	-16%	-2%	-7%	15%
Share as a part of the Company revenues	24%	24%	6%	21%	6%	19%
Export	122	171	19	124	48	29
Export growth over the previous year	3%	-15%	7%	-14%	-19%	-19%

**Expenditure**

(%)

Individual expense heads as a percentage of operational revenues:



Total expense (excluding tax) decreased by 3% in terms of percentage of total operating revenues and by 2.3% in absolute terms over the previous year. This was mainly on account of reduction in interest cost by 38% and foreign exchange loss by 79% compared to the previous year. However, employee cost for the year was higher by 14% which was in line with the general increase in cost of manpower in the country.

## Research and Technology



Research and Technology are two of the core foundations on which Atul will drive its performance and build its future. Supporting normal manufacturing, improving existing processes, reducing gaseous, liquid and solid wastes, introducing new products and enhancing people productivity are the key focus areas to which the people of the Company are fully committed.

During the year, the Company undertook several initiatives in which Manufacturing, Research and Technology people with togetherness achieved further progress in the above areas some of which are highlighted on pages 10 and 11.

The Company is building a state-of-the-art R&D centre for Pharmaceuticals and Intermediates

Division which is expected to be ready during 2010-11. APIs and their intermediates have good potential, offer higher margins and have synergy with the existing operations. The new R&D centre will help introduce new products which have been identified by the Division.

It may be worthwhile to mention that using Research and Technology it is possible to increase the current manufacturing capacities of many products with relatively small investments, the impact of which on sales and profit can be significant.

Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
Safety, Health and Environment	Serving the Society	Directors' Report	Management Discussion and Analysis	Report on Corporate Governance	Financial Statements	

# Safety, Health and Environment



The Company further enhanced its focus in improving its performance in the areas of safety, health and environment, the three most vital pillars without which a chemical company cannot sustain. In fact, these areas have been receiving continuous attention since its inception even before the laws were enacted.

During the year, the main thrust was on standardization and upgradation of the documentation related to Safety, Health and Environment and on reducing consumptions of utilities. Substantial amounts were earmarked during the year in projects to upgrade the existing facilities.

The Company also obtained certain clearances for expansions of existing products as well as introduction of new products. It also received licenses from Petroleum and Explosive Safety Organization for storage of solvents.

Apart from the legal requirements, the Company has successfully completed re-certification of ISO 14001:2004 (EMS) consecutively for the third term and demonstrated six years of improvement in the area of Environment. In the area of Safety, it received Shram Ratna and Shram Veer awards, which are prestigious awards, from the Government of Gujarat.

The Company took up various projects to reduce and recover the waste | by- products from its manufacturing



operations. One such project to recover methanol vapours from vent gases was successfully commissioned in one of its Divisions. It is a patented technology from a manufacturer in Europe. Other projects to recover various by-products from waste streams have helped reduction in pollution and at the same time improve profit. As a result of vigorous efforts towards implementation of cleaner production technologies, it was given a 'Certificate of Appreciation' from the Government of Gujarat.

Through involvement of all levels, the Company considerably improved its house-keeping during the year. Systems were put in place to maintain house-keeping as a year round activity.

Environment Laboratory at Valsad site was upgraded to make it a state of the art laboratory. The amount was mostly spent on developing infrastructure in

the existing facility. Two scrubbing systems were installed in the main ETP at Valsad site to make the place dust and smell free. Substantial amount has been allocated to ensure hygiene at work place, in all new projects or projects under implementation. A new emergency control center was developed in the manufacturing area equipped with latest audio visual aids.

The Company has installed online ambient air monitoring station to monitor level of pollutants online, round the clock. It will be the first company in Gujarat to have such type of advance instrument facility. Being a responsible care company, it has proactively conducted various surveys and audits like Bio-monitoring of river Par, Fire audit, Health monitoring of employees associated with Phosgene and Quantitative risk assessment of eight major hazardous chemicals. As a new initiative and proactive measure, it has started regular training to the drivers coming to its manufacturing sites, who carry hazardous goods. This initiative will also help in reducing the number of accidents involving chemicals on the road.

The Company is preparing for registration of its chemicals in European Chemical Agency as per the deadline promulgated in REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) legislation of European Union. Some of its products are required to be registered within the first deadline of November 2010. It is working for joint registration along with other companies manufacturing similar products.

Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
Safety, Health and Environment	Serving the Society	Directors' Report	Management Discussion and Analysis	Report on Corporate Governance	Financial Statements	

# Serving the Society

The dream of the founder in establishing Atul was to create wealth in rural India, generate employment and make India self reliant. In essence, the idea was actually to serve the society through business.



Ever since its first plants were commissioned, Atul has engaged itself in serving the society particularly in and around Valsad in the areas of education, health and culture and invariably worked for the poor during floods, famines and earthquakes.

Shiva and Jain temples in *Atul*, Kalyani School, Atul Vidyalaya, Atul medical centre, 48 acres land to Vallabh Ashram for building two of the finest boarding schools, are some of the contributions of Atul in the past.

During the year, Atul took over the management of a boarding school for tribal students, now called Atul Vidyamandir. The school houses 202 students, and the objective of the school is to integrate students from backward regions with the rest of the society.

In addition, Atul through Atul Rural Development Foundation undertook several initiatives during the year, and the Management has now commenced the review of these initiatives once every month.



### Education

- Conducted basic computer training and English speaking classes at *Atul* and Dharampur
- Conducted skill development training programmes for women in tailoring, stitching, *sajawat*, *zardoshi* and others
- Conducted science awareness education programme for school children during vacation
- Provided 10,000 writing materials to students of 20 primary schools

### Health

- Undertook Sickle Cell Anemia Control Programme in various *ashramshalas*
- Arranged 'MMR' vaccination camps
- Conducted eye check up camps, provided free glasses and arranged cataract operations
- Organised blood donations camps in various villages
- Conducted General Medical Diagnostic camps



### Development

- Distributed ice boxes to poor fisher women in Umarsadi
- Supported drinking water development scheme in Survada and Magod villages
- Constructed toilets | bathroom facilities for Eklavaya Chhatralaya, Mama Bhacha
- Continued infrastructure development works at Haria, Dived and Parnera villages

These initiatives are taken up under the leadership of Dr Vimla Lalbhai. She is ably supported by Dr Rana Vishnoi, former Managing Director of one of Lalbhai Group companies, Mr M S Dutta, former Head of Atul Infrastructure Unit, Mr Bharat Trivedi, former President of Atul Information Technology and a team of committed and dedicated people. In addition, employees of Atul are also actively engaged in this endeavour.

Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
Safety, Health and Environment	Serving the Society	Directors' Report	Management Discussion and Analysis	Report on Corporate Governance	Financial Statements	



# Directors' Report

## Dear Members,

The Board of Directors of Atul Ltd presents the Annual Report of the Company together with the audited statement of accounts for the year ended March 31, 2010.

## Financial results

	(Rs Crores)	
	2009-10	2008-09
Sales and operating income	1198	1191
Other income	6	5
Total revenues	1204	1196
Profit before tax and exchange rate difference	89	90
Exchange rate difference income   (expense)	(9)	(44)
Profit before tax	80	46
Provision for tax	27	10
Profit for the year	53	36
Tax adjustments relating to earlier years	4	2
Profit available for appropriation	57	38
Balance brought forward	227	204
Disposable surplus	284	242
<b>Appropriation</b>		
General reserve	5	4
Proposed dividend	12	9
Dividend tax on above	2	2
Balance carried forward	265	227





## Dividend

The Board of Directors of the Company recommend payment of dividend of Rs 4 per share on 2,96,61,733 equity shares of Rs 10 each fully paid up. The dividend will entail an outflow of Rs 13.84 crores on the paid-up equity share capital of Rs 29,66,17,330.

## Profitability

Sales in terms of volume on an average increased by 18%; however due to steep reduction in prices of raw materials and the consequent fall in selling prices, sales at Rs 1168 crores (including exports of Rs 513 crores) registered only a negligible growth of less than 1%. Mainly because of a lower loss on account of exchange rate differences, the PBT grew by 75%, from Rs 46 crores to Rs 80 crores. The business Divisions mainly consolidated the spurt in profitability achieved during the previous year with the exception of Polymers which experienced a strong rebound and Colors which grew by about 10% and cut losses. Though lower than the previous year, the Company achieved reasonable cash flow from operations and reduced its borrowings by Rs 73 crores to Rs 295 crores which has substantially improved its leverage ratios and its capacity to raise finance for expansion and acquisitions. The Company improved its efficiencies through yields and de-bottlenecking, and focused on obtaining better realizations for its products.

## Finance

The interest and finance charges for the year was Rs 26 crores compared to Rs 41 crores during the previous year - a decrease of 38% as compared to stagnant sales growth. The net interest to sales ratio, as a result decreased to 2.13% from 3.44% last year. In the current year, the benchmark PLR and LIBOR interest rates showed downward bias for most part of the year. LIBOR rates were at historical low levels during the year. The Company took benefit of lower LIBOR rates by increasing utilisation of Buyers' credit to reduce the interest cost. Efforts are on to reduce the interest cost as a % of sales through better working capital norms and utilization of assets.

The Company follows a prudent financial policy and aims to maintain optimum financial gearing at all times. The

Company has repaid loans of Rs 66 crores during the year and the Debt to Equity ratio was 0.56 as on March 31, 2010. During the year CARE reaffirmed the rating of PR1 for short term debt and A- for long term debts of the Company.

The Company takes forward contracts and uses other basic derivative products from time to time as permitted by the RBI to cover its net exports. These are purely based on the actual exposure or likely future anticipated export receivables, but never in the nature of speculation. The Company does not hold or issue derivative financial instruments for trading or speculative purposes and all the derivative transactions entered into by the Company are to mitigate or offset the risks that arise from its normal business activities only.

Loans taken were used for the purpose that they were sanctioned for by the respective banks or financial institutions.

## Projects

During 2010-11 the Company acquired Rubber and Polyurethane Adhesives business and brand 'Polygrip'. The acquired business recorded a sale of Rs 28 crores in 2009-10 prior to acquisition. The Company is in the process of integrating the acquired business with that of Polymers Division. It will also commission p-Cresol project of 8000 mt, which on full capacity basis will generate revenue of Rs 120 crores.

## Insurance

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

## Directors

Mr N N Wadia resigned from the Board with effect from June 1, 2009 due to preoccupation. The Board places on record its appreciation for his invaluable contribution as a Director for more than three decades.

According to Article 134 of the Articles of Association of the Company, Mr B S Mehta and Mr S M Datta retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting (AGM) scheduled on August 31, 2010.

Research and Technology	Financial Analysis	Operational Highlights	Overview by the Chairman	Purpose and Values	Serving Diverse Industries	Corporate Identity
Financial Statements	Report on Corporate Governance	Management Discussion and Analysis	Directors' Report	Serving the Society	Serving the Environment	Safety, Health and Environment

Mr V S Rangan joined the Board as a Non-executive Independent Director with effect from July 19, 2010. His term as Additional Director ceases in the ensuing AGM. Accordingly, his reappointment as a Director is proposed in the AGM Notice.

## Corporate Governance

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

## Listing

As approved by the Board of Directors and pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 the Company has got its equity shares de-listed from Ahmedabad Stock Exchange Ltd, Ahmedabad effective March 31, 2010. The equity shares will continue to remain listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

## Fixed Deposits

As on March 31, 2010, fixed deposits amounting to Rs 0.19 crores were not claimed by the depositors from the Company. The fixed deposits which matured on or before March 31, 2003, but remained outstanding since then were transferred to the Investor Education and Protection Fund as required under Section 205 C of the Companies Act, 1956.

## Information regarding conservation of energy, technology absorption, foreign exchange earnings and outgo, employees and subsidiary companies

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 Employees) Rules, 1975, as amended from time to time, forms a part of this Report.

However, as per the provisions Section 219(1)(b)(iv), the Report and Accounts are being sent to all the Members of the Company excluding the information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo and the statement of particulars of employees. Any Member interested in obtaining such particulars may inspect the same at the registered office of the Company or write to the Company Secretary for a copy.

## Subsidiary Companies

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

However, the investors may seek the copies of the Annual Reports and related detailed information of the subsidiary companies by writing to the Company Secretary at the registered office of the Company.

## 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 judgments 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, 2010 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, 2010 were prepared on a going concern basis.

### Auditors

Dalal and Shah, the 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 of the Company for 2010-11, if reappointed.

Mumbai  
July 19, 2010



The relevant notes forming a part of the accounts are self-explanatory and give full information and explanation in respect of the observations made by the Auditors in their Report.

### Acknowledgements

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

For and on behalf of the Board of Directors

**Sunil S Lalbhai**  
*Chairman and Managing Director*

Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
Safety, Health and Environment	Serving the Society	Directors' Report	Management Discussion and Analysis	Report on Corporate Governance	Financial Statements	

# Management Discussion and Analysis

## Colors segment

### Colors

#### Products

Textile dyes, Pigments, Paper dyes and others

	2009-10	2008-09	% change
Revenues (Rs Crores)	292	265	10
Share in total revenues (%)	24	22	2



The Division mainly manufactures dyestuffs and auxiliary chemicals for Textile industry; it also manufactures high performance pigments mainly for Paint and Coatings industry and dyestuffs for Paper industry. In value, domestic sales grew by 18% whereas export sales grew by 3% and which accounted for 42% of its revenues. It has consistently brought down its loss over the last three years. It improved its sales network to serve the end customers directly.

The world market for dyestuffs and auxiliary chemicals for textiles is estimated to be USD11 bn and is growing at an average of about 2%. The demand of these products

continues to move to Asia and South America with the shift in manufacturing of textile to countries such as India, China, Brazil, Bangladesh, etc. The global market for high performance pigments is estimated to be USD300 mn and is growing at an average of about 4%.

Even as the rate of growth for the industry may not be significant, the shift in manufacturing of dyestuffs from Europe to Asia will help the Division to grow faster in its existing as well as new products. Stiff competition from China may continue though the fiscal changes in China may help reduce the intensity of competition. Investment and expense of the Division for environment protection will further increase in the years ahead.

The Division will maintain and achieve leadership in its chosen products and will grow by de-bottlenecking, moving up the value chain by selling more of finished dyestuffs and expansions on the one hand and introducing new dyestuffs to its range even for applications beyond textiles. Even though the Division has not done well in the recent years, it is hopeful to continue the improvement trend given such initiatives.

## Specialty and Other Chemicals segment

### Aromatics

#### Products

*p*-Cresol, *p*-Anisic Aldehyde, *p*-Anisic Alcohol and others

	2009-10	2008-09	% change
Revenues (Rs Crores)	284	302	-6
Share in total revenues (%)	24	25	-1



The Division manufactures *p*-Cresol and its downstream products such as *p*-Anisic Aldehyde, *p*-Anisic Alcohol, *p*-Cresidine, etc and by-products such as Sodium Sulphite, Manganese Sulphate, etc. These products are used mainly by Flavour and Fragrance, Personal Care and Pharmaceutical industries. In value, sales came down mainly on account of price reduction that followed the reduction in the prices of the raw materials. Exports accounted for 60% of the total sales.

The world demand of *p*-Cresol, *p*-Anisic Aldehyde and *p*-Anisic Alcohol is about 63,000 mt, 13,000 mt and 2000

mt respectively. These products are mainly manufactured in India and China; the UK and the USA had large manufacturing facilities to manufacture *p*-Cresol which have been closed over the last decade. The main users of the products continue to be based in Europe and the USA though some users are based in Africa and Australia.

The demand of *p*-Cresol, *p*-Anisic Aldehyde and *p*-Anisic Alcohol is steadily increasing with the growth in Flavour and Fragrance, Personal Care and Pharmaceutical industries. It is essential to profitably sell the main by-product, Sodium Sulphite. China is the only other country which may install new capacities in these products. Unexpected fluctuations in foreign exchange will impact the realizations.

The Division will endeavour to maintain and further strengthen its global leadership in *p*-Cresol, *p*-Anisic Aldehyde and *p*-Anisic Alcohol by cost reduction, expansion and by significantly widening and deepening its customer base. It will also introduce new value added products which have manufacturing | marketing synergy. The Division is expected to sustain a healthy rate of growth in the foreseeable future.

Research and Technology	Financial Analysis	Operational Highlights	Overview by the Chairman	Purpose and Values	Serving Diverse Industries	Corporate Identity
Financial Statements	Report on Corporate Governance	Report on Corporate Governance	Management Discussion and Analysis	Directors' Report	Serving the Society	Safety, Health and Environment

## Bulk Chemicals and Intermediates

### Products

Caustic | Chlorine, Hydrogen, Chlorosulphonic Acid, Sulphuric Acid, Sulphur Trioxide, Oleum 65%, Oleum 25%, Resorcinol, 1,3-Cyclohexadione and others

	2009-10	2008-09	% change
Revenues (Rs Crores)	68	81	-16
Share in total revenues (%)	6	7	-1



The Division mainly manufactures bulk chemicals for captive consumption. It also manufactures Resorcinol and 1,3-Cyclohexadione (manufactured from Resorcinol). The bulk chemicals are used in various industries whereas Resorcinol is used mainly in Tyre industry. 1,3-Cyclohexadione is used mainly by Agrochemical industry. Sales declined on account of lower input price of Sulphur though Resorcinol grew by 23%. It incurred loss during the year because of the decline in the prices of Caustic | Chlorine.

Local manufacturers will have a cost advantage for manufacturing Caustic | Chlorine, Sulphuric Acid, etc.

A minimum size of 300 tpd for Caustic | Chlorine and 200 tpd for Sulphuric acid is considered good. The two biggest plants for Resorcinol are located in Japan and the USA which have capacities in excess of 15,000 tpa each. The biggest plant for 1,3-Cyclohexadione is in the UK with the capacity of about 2000 tpa.

The internal demand for bulk chemicals such as Caustic | Chlorine, Sulphuric Acid, etc will grow with the expansions in Aromatics, Colors, Crop Protection, Pharmaceuticals and Intermediates and Polymers. The demand for Resorcinol is also expected to rise as Automobile industry expands. 1,3-Cyclohexadione has a limited use in the manufacture of a few Agrochemicals and APIs. The prices of bulk chemicals fluctuate significantly. China and Japan have installed additional capacities in Resorcinol.

The Division will improve its manufacturing process, efficiency and throughput in its selected products so as to be more cost competitive and growth oriented on the one hand and for further bringing down waste on the other. It is planning to add new value added downstream products. These initiatives will take time, but once in place, it is expected that the Division will stop incurring loss and add strongly to the performance of the Company.

## Crop Protection

### Products

Herbicides, Fungicides and others

	2009-10	2008-09	% change
Revenues (Rs Crores)	247	251	-2
Share in total revenues (%)	21	21	-



The Division mainly manufactures herbicides, fungicides and other similar products used by Agriculture industry for protection of crops and markets mainly in bulk, but also in its own brands. Bulk sales in domestic grew by 14% whereas in exports, it reduced by 14%. Brand sales which are only in India did not grow during the year and remained unchanged at Rs 58 crores. Exports accounted for 51% of its revenues.

The world market for crop protection chemicals is estimated to be USD44 bn which declined by 6% during the year and that for seeds is estimated to be USD30 bn which grew at an average of about 5%. Indian market is estimated to be

USD1 bn which declined by 9% during the year and that for seeds is estimated to be USD1 bn which grew at an average of about 7%. There are 20 multinational companies and 40 Indian companies engaged in this business though generally it is the multinational companies which dominate the marketplace across the world.

The demand for crop protection chemicals will remain strong with the need to increase the output of crops, and the Division will be able to participate in this growth. It will be possible for the Division to manufacture generic products in a cost effective way. Floods | famines will adversely affect the demand. It is essential to take adequate care while manufacturing and using these products which may be toxic. Registration costs for new products are high.

The Division will de-bottleneck its manufacturing capacities in selected products to maintain and strengthen its leadership, further improve its manufacturing efficiencies to significantly reduce effluent load and also improve its cost position, introduce new products and broaden its market reach in India and countries in South America. It will strengthen its cooperation with other companies to manufacture such chemicals to further grow its business.

## Pharmaceuticals and Intermediates

### Products

Sulphones, API inters, APIs and others

	2009-10	2008-09	% change
Revenues (Rs Crores)	69	74	-7
Share in total revenues (%)	6	6	-



The Division manufactures products mainly for Aerospace and Pharmaceutical industries. It manufactures products used for composites (Aerospace industry) and intermediates used for anti-depressants (Pharmaceutical industry). Domestic sales grew at 54% mainly on account of higher off-take of products going into Pharmaceutical industry and exports declined by 19% mainly because of low off-take of products going into Aerospace industry.

Aerospace industry suffered heavily due to economic downturn, and there was a delay in the introduction of certain models of airplanes. With higher consumption of

medicines, the demand of both APIs and their intermediates is expected to remain strong, and Pharmaceutical industry is likely to maintain high growth. The world market for pharmaceuticals is about USD725 bn and that of India is about USD20 bn; these figures are not comparable.

Even as Aerospace industry went through a down-turn in the recent past, the long-term future is bright, and the products manufactured by the Division are expected to have strong demand. Phosgene intermediates and other APIs and their intermediates selected by the Division have good demand potential. China continues to be a stiff competitor in some products. Unexpected fluctuations in foreign exchange will impact the realizations.

The Division will de-bottleneck capacities of many of its products, and it will do so with relatively small investments. This will significantly improve both its sales and profit in the years ahead. It will add new products particularly for Pharmaceutical industry and establish close cooperation with leading companies for manufacturing APIs and key intermediates. The Division is also exploring inorganic growth, and it is expecting to grow well in the foreseeable future.



## Polymers

### Products

Epoxy Resins, Hardeners, Rubber Adhesives, Polyurethane Adhesives and others

	2009-10	2008-09	% change
Revenues (Rs Crores)	223	194	15
Share in total revenues (%)	19	16	3



The Division manufactures epoxy resins and hardeners and formulations thereof and other components such as air release agents, reactive diluents, rheological modifiers, wetting agents, etc. These products are used in Aerospace, Automobile, Construction, Defence, Electronics, Marine, Paint and Coatings, Wind Energy industries. In value, domestic sales increased by 22% and exports reduced by 19%. Brand sales were up from Rs 12 crores to Rs 18 crores.

The world market for epoxy resins and hardeners is about USD20 bn and is growing at the rate of about 1% per year. The world leaders, generally, are backward integrated and

manufacture their own Epichlorohydrin and Bisphenol-A. Furthermore, they have a much higher manufacturing capacities which range from 1,00,000 tpa to 2,00,000 tpa. In India, the Division is amongst the two largest manufacturers. Almost the entire requirement of Bisphenol-A is met by imports.

Even though the world market for epoxy resins and hardeners is not growing significantly, the demand in India is good being amongst the fastest growing economies of the world. The consuming industries particularly Automobile, Construction and Paint and Coatings are growing rapidly. Cheaper imports will continue to be the main competitor, and this will keep the contribution margins under pressure.

The Division will continue to de-bottleneck and expand its manufacturing capacities of epoxy resins and hardeners and has the possibility to substantially increase sales without making huge investments. It will have a larger portfolio of value added products in its total sales. It will endeavour to grow its brand sales which it commenced three years ago and leverage its marketing organisation for introducing new products. The outlook in the foreseeable future is good.

## Internal Controls

The Company has adequate internal controls for safeguarding the assets of the Company, ensuring transactions are in accordance with its policies and are duly authorized, recorded and reported and preventing possibilities of frauds or other irregularities. The Internal Audit Department is adequately staffed with qualified professionals and the efficiency and effectiveness of controls are independently checked by them and reported to the Audit Committee for their review.

The Company is working to further strengthen the systems for internal audit and risk assessment and mitigation. During the year, it has taken further steps to improve in these areas and have specifically taken the following new initiatives:

- 1) Revision of audit checklists, reporting templates and several Standard Operating Procedures and involvement of an independent internal audit firm

to improve methodologies, processes and reporting techniques.

- 2) Implementation of Risk Management Systems, first for one of the Divisions, namely, Aromatics before rolling it out to all the other Divisions. A leading consultancy firm was engaged for identification and assessment of risks, development of Risk Register and facilitation of senior management team to document the key risks and training on the risk management process mainly to continuously monitor and eventually to mitigate the risks.

The performance of the in-house audit department is also peer-reviewed for improvements. The annual audit plan is reviewed by the Audit Committee and major findings and actions taken | proposed to be taken are also reported to the Audit Committee.



## Human Resources

In its journey towards excellence, the Company is committed to providing an environment that is encouraging, nurturing and appreciative and one in which the employees can work to their potential and grow professionally as well as personally.

Therefore, vigorous efforts were made to upgrade and improve the competencies of managers and also to fill up specific gaps. Competency model was prepared and training intervention on an average of 6.6 man days per employee was achieved during the year.

Values form an integral part of the culture of the Company. To formalize Values, a guiding booklet was conceptualized and printed. Also, a specially designed motivational poster campaign called ADWAIT was launched.

PeopleSoft, world class human resource management software has been implemented. This will provide easy access to extensive employee information, talent management through competency based recruitment,

development, career and succession planning and an error free payroll management.

Despite start up of an additional Pharma plant, expansion of Polymers and growth of consumer businesses in Crop Protection and Polymers, the manpower strength reduced to 2563 as on March 31, 2010 as a result of various productivity improvement measures adopted during the year.

A long term Wage Settlement with the Unions is under discussion at Valsad and Ankleshwar sites which will help bring further long-term improvements.

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

Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
Safety, Health and Environment	Serving the Society	Directors' Report	Management Discussion and Analysis		Report on Corporate Governance	Financial Statements



## Report on Corporate Governance

In times to come, the people will not judge us by the creed we profess or the label we wear or the slogans we shout, but by our work, industry, sacrifice, honesty and purity of character.

- Mahatma Gandhi



## 1. Philosophy

Transparency and accountability are the two basic tenets of Corporate Governance. The Company 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 is in compliance with the applicable legal requirements. It will endeavour to continuously improve its Corporate Governance performance with an overall view to earn trust and respect of all its stakeholders.

The Board of Directors of the Company 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 the unaudited quarterly and half-yearly financial results and the audited annual accounts of the Company, both consolidated and on a standalone basis including segment-wise revenues, results and capital employed
- 2.1.03. Recommending | approving declaration of dividend
- 2.1.04. Noting minutes of the meetings of the Board of Directors, Audit, Shareholders' and Investors' Grievance Committees or any other Committee meetings held during the year and also the resolution passed by circulation
- 2.1.05. Approving Cost audit reports
- 2.1.06. Approving proposals for joint ventures, collaborations, mergers and acquisitions

- 2.1.07. Approving loans or investment
- 2.1.08. Recommending appointment of statutory Auditors and cost Auditors
- 2.1.09. Reviewing materially important show cause, demand, prosecution and penalty notices
- 2.1.10. Reviewing fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- 2.1.11. Reviewing default in payment of statutory dues
- 2.1.12. Reviewing foreign exchange exposure and exchange rate movement, if material
- 2.1.13. Approving contracts in which Director(s) are deemed to be interested
- 2.1.14. Approving matters requiring statutory | Board consent
- 2.1.15. Reviewing status on compliance of regulatory | statutory and listing requirements
- 2.1.16. Approving commission payable to the Directors within limit set by shareholders
- 2.1.17. Noting general notices of interest of the Directors
- 2.1.18. Approving sale of investments and assets
- 2.1.19. Approving borrowings in nature of short term, medium term or long term
- 2.1.20. Approving creation of charge on assets of the Company in favour of lenders

### 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. It consists of ten Members (including one Alternate Director), comprising

Research and Technology	Financial Analysis	Operational Highlights	Overview by the Chairman	Purpose and Values	Serving Diverse Industries	Corporate Identity
Financial Statements	Report on Corporate Governance	Management Discussion and Analysis	Directors' Report	Serving the Society	Safety, Health and Environment	

seven Non-executive Directors, two Promoter Directors and one Whole time Director. As against minimum requirement of 50% of the Independent Directors as per the Listing Agreement, Independent Directors account for 70% of the strength of the Board. The Non-executive Directors are eminent professionals, drawn from amongst persons with experience in business, industry, finance, law and public enterprises.

Number	Name	Directorships in other companies <sup>1</sup>	Memberships of the Committee(s) of the Board <sup>2</sup>	Chairmanships of the Committee(s) of the Board <sup>2</sup>
<b>Chairman and Managing Director</b>				
1	Mr S S Lalbhai	5	3	-
<b>Managing Director</b>				
2	Mr S A Lalbhai	3	1	1
<b>Whole time Director</b>				
3	Mr B N Mohanan	4	-	-
<b>Independent Directors</b>				
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	9	2	3
8	Mr S M Datta	13	4	2
9	Dr K Aparajithan	0	-	-
10	Mr R A Shah	15	5	5

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

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

<sup>2</sup> in compliance with Clause 49, Memberships | Chairmanships of only the Audit Committees and Shareholders' | Investors' Grievance Committees of all Public Ltd companies including Atul were considered

#### 2.4. Board Meetings

The Board meeting dates were normally determined well in advance. During the year, the Board met seven times:

Number	Day	Date	Venue
1	Friday	May 29, 2009	Mumbai
2	Friday	July 24, 2009	Mumbai
3	Wednesday	September 09, 2009	Mumbai
4	Saturday	October 24, 2009	Mumbai
5	Monday	November 30, 2009	Mumbai
6	Wednesday	January 27, 2010	Mumbai
7	Saturday	March 27, 2010	Atul

## 2.5. Attendance at the Board meetings and at the AGM

Number	Name	Attendance		AGM on August 07, 2009
		Total	Attended	
1	Mr S S Lalbhai	7	7	Present
2	Mr G S Patel	7	7	Present
3	Dr S S Baijal	7	4	-
4	Mr B S Mehta	7	7	-
5	Mr H S Shah	7	5	Present
6	Mr S M Datta	7	7	Present
7	Dr K Aparajithan	7	0	-
8	Mr R A Shah	7	5	-
9	Mr S A Lalbhai	7	4	Present
10	Mr B N Mohanan	7	7	Present

## 2.6. Appointment | cessation during the year

- Appointed: Nil
- Resigned: Mr N N Wadia resigned with effect from June 1, 2009.
- Ceased: Nil

## 2.7. Remuneration

Number	Name	Remuneration during the year			
		Sitting fee	Salary and perks	Commission	Total
		Rs	Rs	Rs	Rs
	<b>Chairman and Managing Director</b>	-			
1	Mr S S Lalbhai		69,35,447	84,69,620	1,54,05,067
	<b>Managing Director</b>	-			
2	Mr S A Lalbhai		46,26,013	39,58,866	85,84,879
	<b>Whole time Director</b>	-			
3	Mr B N Mohanan		55,90,124	-	55,90,124
	<b>Independent Directors</b>				
4	Mr N N Wadia up to May 31, 2009	-	-	-	-
5	Mr G S Patel	2,95,000	-	5,90,000	8,85,000
6	Dr S S Baijal	2,40,000	-	4,80,000	7,20,000
7	Mr B S Mehta	2,80,000	-	5,60,000	8,40,000
8	Mr H S Shah	1,05,000	-	2,10,000	3,15,000
9	Mr S M Datta	2,20,000	-	4,40,000	6,60,000
10	Dr K Aparajithan	-	-	-	-
11	Mr R A Shah	1,80,000	-	4,40,000	6,20,000

Sitting fees constitute fees paid to Non-executive Directors for attending Board and Committee meetings of up to Rs 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. Within the aforesaid limit, the Board approves the commission payable to each Non-executive Director.

### 3. Committees of the Board

The Board has following Committees:

- Audit Committee
- Share Transfer and Shareholders' | Investors' Grievance Committee
- Investment Committee
- Remuneration Committee

#### 3.1. Audit Committee

##### 3.1.1. Role

- i) Overseeing of the financial reporting process of the Company and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
- ii) Recommending the appointment and removal of the external auditor, fixation of audit fee and also approval for payment for any other services
- iii) Reviewing matters under the Directors' Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
- iv) Mandatory reviewing of the following information
  - 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
- 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 judgment by the Management
  - Qualifications in the draft audit report
  - Significant adjustments arising out of audit
  - Going concern assumption
  - Compliance with accounting standards
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. 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 the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- viii) Discussing with internal Auditors on any significant findings and follow up thereon





- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>ix) 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 a material nature and reporting the matter to the Board</li> <li>x) Discussing with the Auditors before the audit commences regarding nature and scope of the audit as well as to have post-audit discussion to ascertain any area of concern</li> <li>xi) Reviewing financial and risk management policies of the Company</li> <li>xii) Reviewing reasons for substantial defaults, if any in the payment to the depositors, debenture holders, Members (in case of non-payment of declared dividends) and creditors</li> <li>xiii) Discussing with the Auditors, periodically, about internal control systems, the scope of audit including the observations of the Auditors and review the half-yearly and annual financial statements before submission to the Board</li> <li>xiv) Ensuring compliance of internal control systems</li> </ul> | <ul style="list-style-type: none"> <li>xv) Reviewing functioning of the whistle blower mechanism</li> <li>xvi) Formulating the Code of Conduct and related matters</li> <li>xvii) Periodically reviewing of compliance reports of all laws applicable to the Company as well as steps taken to rectify instances of non-compliances</li> <li>xviii) Reviewing financial statements, in particular, the investments made by the unlisted subsidiary companies</li> <li>xix) Reviewing all significant transactions and arrangements entered into by the unlisted subsidiary companies</li> <li>xx) Determining procedures about the risk assessment and minimisation and periodically review to ensure that the executive management control risks through means of a properly defined framework</li> <li>xxi) Reviewing uses   applications of funds raised through public   right   preference issues by major categories vis-à-vis the purposes narrated in the offer document   prospectus   notice</li> </ul> |
|---|---|

### 3.1.2. Composition

The Committee comprises of three 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 Bajjal	Chairman
2	Mr G S Patel	Member
3	Mr B S Mehta	Member

### 3.1.3. Meetings and Attendance

During the year seven meetings were held:

Number	Name	Total	Attended
1	Dr S S Bajjal	7	5
2	Mr G S Patel	7	7
3	Mr B S Mehta	7	7

Research and Technology	Financial Statements
Financial Analysis	Report on Corporate Governance
Operational Highlights	Management Discussion and Analysis
Overview by the Chairman	Directors' Report
Purpose and Values	Serving the Society
Serving Diverse Industries	Serving the Society
Corporate Identity	Safety, Health and Environment

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

The Board of Directors notes the minutes of the Audit Committee meetings.

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

#### 3.2.1. Role

- i) Redressal of shareholders' and investors' complaints like transfer of shares (physical and demat), non-receipt of balance sheet, non-receipt of declared dividends, etc
- ii) Any other related matter which the Committee may deem fit in the circumstances of the case including the following:
  - ⦿ Transfer shares
  - ⦿ Transmission of shares
  - ⦿ Delete names from share certificates
  - ⦿ Change names of Members on share certificates
  - ⦿ Issue duplicate share certificates
  - ⦿ Consolidate share certificates
  - ⦿ Transpose names
  - ⦿ Dematerialise shares
  - ⦿ Inter depository transfer
  - ⦿ Rematerialise shares
  - ⦿ Split-up shares
  - ⦿ Replace shares
  - ⦿ Delete guardian

#### 3.2.2. Composition

The committee comprises of two Members:

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

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

#### 3.2.3. Meetings and Attendance

During the year five meetings were held:

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

During the year, the Company received 12 complaints 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	7	7
2	Non receipt of share certificates	3	3
3	Demat share credit	2	2
<b>Total</b>		<b>12</b>	<b>12</b>

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

### 3.3. Investment Committee

#### 3.3.1. Role

The Committee approves or recommends to the Board as follows:

- Considering and if thought fit approve capex proposals exceeding Rs 3 crores each, as may be recommended by the Chairman and Managing Director
- Considering and if thought fit approve business strategies of the Company as may be proposed by the Chairman and Managing Director
- Recommending to the Board acquisition and disinvestment proposals
- Recommending to the Board sale of surplus land and other non-operating assets of the Company for reducing debt, improving working capital position and for strengthening the Balance Sheet
- Selling the investments held in equity shares by the Company

#### 3.3.2. Composition

The Committee comprises of five Members:

Number	Name	Designation
1	Mr R A Shah	Chairman
2	Dr S S Baijal	Member
3	Mr S M Datta	Member
4	Mr S S Lalbhai	Member
5	Mr B S Mehta (with effect from March 27, 2010)	Member

#### 3.3.3. Meetings and Attendance

During the year four meetings were held:

Number	Name	Total	Attended
1	Mr R A Shah	4	4
2	Dr S S Baijal	4	3
3	Mr S M Datta	4	4
4	Mr S S Lalbhai	4	4
5	Mr B S Mehta (with effect from March 27, 2010)	-	-

The Board of Directors notes the minutes of the Investment Committee meetings.

### 3.4. Remuneration Committee

#### 3.4.1. Role

- i) The Remuneration Committee will determine, on behalf of the Board and on behalf of the Members, policy of the Company, on specific remuneration packages for Managing Directors and Executive Directors, including pension rights and any compensation payment. The Committee will also determine the remuneration packages of the Executive Directors.
- ii) Remuneration policy: The Remuneration Committee determines the remuneration of the Executive Directors based on individual performance, qualifications, experience, Company performance and comparable industry practices, among others.

#### 3.4.2. Composition

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

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

#### 3.4.3. Meetings and Attendance

During the year one meeting was held:

Number	Name	Total	Attended
1	Mr H S Shah	1	1
2	Mr G S Patel	1	1
3	Dr S S Baijal	1	0

The Board of Directors notes the minutes of the Remuneration Committee meetings.

## 4. Subsidiary Companies

As on March 31, 2010, the Company had one wholly-owned non-material Indian unlisted subsidiary company, namely Ameer Trading Corporation Ltd, and another Indian unlisted joint venture subsidiary company namely Atul Rajasthan Date Palms Ltd. The financial statements were reviewed by the Audit Committee | Board. All minutes of the meetings of all the subsidiary companies are placed before the Board of the Company.

## 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 of Directors approved the Code of Conduct applicable

to the Directors and the senior management personnel. This Code of Conduct is available at the website of the Company at: [www.atul.co.in](http://www.atul.co.in). All the Board Members and senior management personnel affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Chairman and Managing Director of the Company forms a part of this Report.

## 6. Affirmation and Disclosure

There were no materially significant related party transactions, pecuniary transaction or relationships between the Company and its Directors or the Management and their subsidiaries 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 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 stock exchanges or SEBI or any statutory authority did not impose any penalties or strictures on the Company for the said period.

## 7. Shareholders' Information

### 7.1. General Body Meetings

7.1.1. Location and time, where last three AGMs were held:

Year	Location	Date	Time
2006-07	Thakorebhai Desai Hall, Law College Road Ahmedabad 380015, Gujarat, India	August 31, 2007	11.00 a.m.
2007-08	Gujarat Chamber of Commerce and Industry Ashram Road, Ahmedabad 380015, Gujarat, India	August 25, 2008	11.00 a.m.
2008-09	Gujarat Chamber of Commerce and Industry Ashram Road, Ahmedabad 380015, Gujarat, India	August 07, 2009	11.00 a.m.

7.1.2. During the year, there were no ordinary or special resolutions passed through postal ballot

### 7.2 Annual General Meeting 2010

Details of the 33rd Annual General Meeting:

Year	Location	Date	Time
2009-10	H T Parekh Hall, Ahmedabad Management Association, AMA Complex, ATIRA Dr Vikram Sarabhai Marg, Ahmedabad 380015 Gujarat, India	August 31, 2010 Tuesday	11.00 a.m.

As required under Clause 49VI (A), particulars of Directors seeking reappointment | appointment are given in the notice of the Annual General Meeting

### 7.3 Financial Year

April 01 to March 31

### 7.4 Date of Book Closure

August 02, 2010 to August 04, 2010

### 7.5 Dividend Payment Date

September 06, 2010

### 7.6 Listing on Stock Exchanges

Bombay Stock Exchange Ltd (BSE) and National Stock Exchange of India Ltd (NSE). The Company has delisted its equity shares from Ahmedabad Stock Exchange Ltd with effect from March 31, 2010 pursuant to the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

The Company has paid listing fees for the year 2010-11 to all the stock exchanges where securities are listed. Pursuant to a Securities and Exchange Board of India (SEBI) circular, Custody charges also paid to the Depositories namely National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). The ISIN number of the Company's share 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:

Month	Share price of Atul at BSE		BSE Sensex	
	High (Rs)	Low (Rs)	High	Low
April 2009	55.15	43.00	11492.10	9546.29
May 2009	69.90	48.10	14930.54	11621.30
June 2009	72.45	59.15	15600.30	14016.95
July 2009	67.50	54.25	15732.81	13219.99
August 2009	80.40	62.20	16002.46	14684.45
September 2009	86.35	71.35	17142.52	15356.72
October 2009	90.50	72.10	17493.17	15805.20
November 2009	87.30	69.70	17290.48	15330.56
December 2009	94.15	78.50	17530.94	16577.78
January 2010	114.00	79.20	17790.33	15982.08
February 2010	95.95	79.00	16669.25	15651.99
March 2010	94.40	84.15	17793.01	16438.45

### 7.9 Registrar and Transfer Agent

For physical and demat shares:

Sharepro Services (India) Pvt Ltd

13 AB Samitha Warehousing Complex, Second Floor, Sakinaka Telephone Lane, Andheri (East), Mumbai 400072, Maharashtra, India

Telephone Number: (+91 22) 67720329, 67720354

Pinnacle Share Registry Pvt Ltd was share transfer agent till February 20, 2010

## 7.10 Share Transfer System

- Securities lodged for transfer at the Registrar's address are processed within 30 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 21 days.
- Pursuant to Clause 47(c) of the Listing Agreement with the stock exchanges, certificates on a half-yearly basis were issued by the Company Secretary in practice for due compliance of share transfer formalities by the Company. Pursuant to the SEBI (Depositories and Participants) Regulations, 1996, certificates were also received from the Company Secretary in practice for timely dematerialisation of the shares of the Company 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, 2010

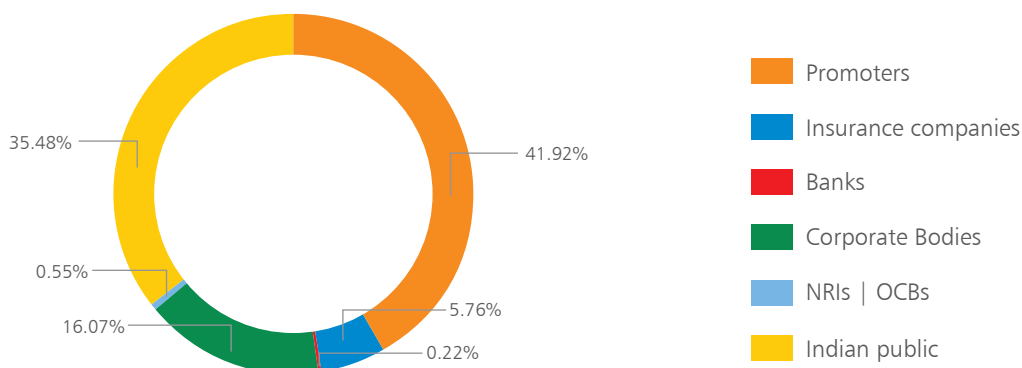
### i) Shareholding wise:

Holding	Shareholders		Shares	
	Numbers	% of Total	Numbers	% of Total
1 – 10	4,395	12.09	23,606	0.08
11 - 50	13,228	36.38	3,76,074	1.27
51 – 100	6,611	18.18	5,74,778	1.94
101 – 500	9,031	24.84	22,77,447	7.68
501 – 1,000	1,623	4.46	12,64,542	4.26
1,001 – 1,500	422	1.16	5,35,966	1.81
1,501 – 2,000	266	0.73	4,90,767	1.65
2,001 – 3,000	238	0.66	6,06,141	2.04
3,001 – 4,000	105	0.29	3,73,800	1.26
4,001 – 5,000	101	0.28	4,76,062	1.60
5,001 – 10,000	161	0.44	11,96,334	4.03
10,001 and above	176	0.49	2,14,66,216	72.38
<b>Total</b>	<b>36,357</b>	<b>100.00</b>	<b>2,96,61,733</b>	<b>100.00</b>

### ii) Category wise:

Category	Shares (No)	Shareholding (%)
Promoters'	1,24,33,515	41.92
Mutual Funds	450	0.00
Banks	64,030	0.22
Insurance companies	17,10,133	5.76
Foreign Institutional Investors	900	0.00
Corporate Bodies	47,67,392	16.07
Non Resident Indians   Overseas Corporate Bodies	1,64,524	0.55
State Government	336	0.00
Indian public	1,05,20,453	35.48
<b>Total</b>	<b>2,96,61,733</b>	<b>100.00</b>

## Shareholding (%)



### 7.12 Dematerialisation of shares and liquidity

Electronic holding by Members comprising 94.94% of the paid-up equity share capital of the Company held through the NSDL (88.09%) and the CDSL (6.85%) and 5.06% were in physical form as on March 31, 2010.

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

Capital of the Company comprises only equity shares and the Company does not have any preference shares, outstanding ADRs, GDRs, warrants or any convertible instruments.

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

Number	Name	Shares
1	Mr G S Patel	200
2	Dr S S Bajjal	4,137
3	Mr B S Mehta	162
4	Mr H S Shah	90
5	Mr S M Datta	50
6	Dr K Aparajithan	600
7	Mr R A Shah	50

### 7.15 Locations of plants

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

### 7.16 Address of Mumbai office

310B, Veer Savarkar Marg, Dadar (West), Mumbai 400028, Maharashtra, India

### 7.17 Address for correspondence

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



**7.18 E-mail ID of grievance redressal office:** atul\_ahd@atul.co.in

**7.19 Nomination facility**

A Member can nominate a person who will have rights to shares and | or amount payable in respect of shares registered in his (her) name in the event of his (her) death. This facility is available to the Members of the Company. The nomination form can be obtained from the Company.

**7.20 Communication**

Half-yearly report sent to each household of the Members	Since the financial results are published in the newspapers as well as displayed on the website of the Company and EDIFAR   BSE   NSE   Corp filing website, the results are not sent to each household of the Members
Quarterly and half-yearly results	Financial results of the Company are sent to the stock exchanges immediately after the Board approves. 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 and on the website of SEBI: www.sebiedifar.nic.in
Whether it also displays official news releases	Official news releases as and when issued are placed on the website of the Company
The presentations made to institutional investors or to the analysts	Presentation was made to analysts on June 05, 2009 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

**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
- EDIFAR filing compliance

Research and Technology	Financial Statements
Financial Analysis	Report on Corporate Governance
Operational Highlights	
Overview by the Chairman	Management Discussion and Analysis
Purpose and Values	Directors' Report
Serving Diverse Industries	Serving the Society
Corporate Identity	Safety, Health and Environment

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

All Directors of the Company 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 Corporate Governance norms.

## 10 Certification by CEO and CFO

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 Agreement. The said certificate was placed before the Board at the meeting held on July 19, 2010 in which the accounts for the year ended March 31, 2010 were considered and approved by the Board of Directors.

## 11 Certification by the Statutory Auditors

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

For Atul Ltd

Mumbai  
July 19, 2010

**Sunil S Lalbhai**  
*Chairman and Managing Director*

# Auditors' Certificate



## To The Members of Atul Ltd

We have reviewed the records concerning compliance of the conditions of Corporate Governance by Atul Ltd as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the financial year ended March 31, 2010.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements.

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

For and on behalf of  
**Dalal and Shah**  
*Chartered Accountants*  
Firm Registration No 102020W

**S Venkatesh**  
*Partner*  
Membership No 037942

Mumbai  
July 19, 2010

Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
Safety, Health and Environment	Serving the Society	Directors' Report	Management Discussion and Analysis	Report on Corporate Governance	Financial Statements	

# Notice

NOTICE is hereby given that the 33<sup>rd</sup> Annual General Meeting (AGM) of the Members of the Company will be held on August 31, 2010, Tuesday, at 11.00 a.m. at H T Parekh Hall, Ahmedabad Management Association, AMA Complex, ATIRA, Dr Vikram Sarabhai Marg, Ahmedabad 380015, Gujarat, India to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2010 and the Profit and Loss Account for the year ended on that date together with the reports of Directors and the Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr B S Mehta who retires by rotation under Article 134 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
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 Dalal and Shah as Auditors and fix their remuneration.

## Special Business:

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ordinary resolution:

“RESOLVED THAT Mr V S Rangan retiring at this Annual General Meeting having been appointed as an Additional Director and who being eligible offers himself for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 from a Member proposing his candidature, be and is hereby appointed a Director of the Company.”

By order of the Board

Ahmedabad  
July 19, 2010

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

## Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself | herself and a proxy need not be a Member.
2. Printed copies of the Balance Sheet, the Profit and Loss Account, the Directors' Report, the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet for the year ending March 31, 2010 are enclosed.
3. Book closure: The Register of Members and the share transfer books of the Company will remain closed from August 02, 2010 to August 04, 2010 (both days inclusive).
4. Distribution of dividend: The dividend if sanctioned will be paid to those Members holding shares in

physical form whose names stand on the Register of Members on August 04, 2010. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares of opening position as on August 02, 2010, as per details furnished by the depositories for this purpose.

Members holding shares in electronic form may please note that:

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

- ii) Instructions already given by the Members for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.
  - iii) Instructions regarding change of address, nomination and power of attorney must be given directly to the DP.
5. Transfer of unclaimed dividend pursuant to Section 205A of the Companies Act, 1956: The unpaid dividend payable to the Members in respect of the 15th dividend onwards i.e. from the year ended March 31, 2003, 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
15th	March 31, 2003	August 06, 2003	20	September 02, 2010
16th	March 31, 2004	August 06, 2004	15	September 02, 2011
17th	March 31, 2005	August 05, 2005	20	September 01, 2012
18th	March 31, 2006	August 04, 2006	30	August 30, 2013
19th	March 31, 2007	August 31, 2007	30	August 30, 2014
20th	March 31, 2008	August 25, 2008	30	August 24, 2015
21st	March 31, 2009	August 07, 2009	30	August 06, 2016

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

Transfer of unclaimed amount pursuant to Section 205C of the Companies Act, 1956: the Company has transferred to the Investors' Education and Protection Fund unpaid | unclaimed interest on debentures, unpaid | unclaimed fixed deposits and interest thereon in respect of all relevant years up to the I year ended on March 31, 2003.

- 6. The Company appointed Sharepro Services (India) Pvt Ltd as Registrar and Transfer Agent for physical and demat shares with effect from March 01, 2010. The Members are requested to take note and deal with the aforesaid agency when necessary.
- 7. Reappointment of the Directors: At the ensuing AGM, Mr B S Mehta and Mr S M Datta, retire by rotation and being eligible offer themselves for reappointment. The information or details required as per the Listing Agreement pertaining to them are as under:

Particulars	Information of a Director seeking reappointment
Name	<b>Mr Banshi S Mehta</b>
Date of birth	September 19, 1935
Brief résumé	<b>Mr Banshi S Mehta</b> is a practicing Chartered Accountant and is a past President of the Institute of Chartered Accountants of India. He was involved in educational activities at the under graduate and post graduate levels at the University of Mumbai.

Research and Technology	Financial Statements
Financial Analysis	Report on Corporate Governance
Operational Highlights	Report on Corporate Governance
Overview by the Chairman	Management Discussion and Analysis
Purpose and Values	Directors' Report
Serving Diverse Industries	Serving the Society
Corporate Identity	Safety, Health and Environment

Directorship in other companies

**Public Ltd Companies:**

Bharat Bijlee Ltd  
CEAT Ltd  
Century Enka Ltd  
Clariant Chemicals (India) Ltd  
Gillette India Ltd  
Housing Development Finance Corporation Ltd  
IL&FS Investment Managers Ltd  
J B Chemicals & Pharmaceuticals Ltd  
National Securities Depository Ltd  
Pidilite Industries Ltd  
Procter and Gamble Hygiene and Health Care Ltd  
Sasken Communication Technologies Ltd  
SBI Capital Markets Ltd  
Sudarshan Chemicals Ltd  
Jumbo World Holdings Ltd (BVI) (Body incorporated outside India)

**Private Ltd Companies:**

Uhde India Pvt Ltd – Alternate Director

Membership in committees of other companies

**Chairman of Committees:**

IL&FS Investment Managers Ltd – Audit Committee  
J B Chemicals & Pharmaceuticals Ltd – Audit Committee  
Pidilite Industries Ltd – Audit Committee  
Sasken Communication Technologies Ltd – Audit Committee  
Sudarshan Chemicals Ltd – Audit Committee

**Member of Committees:**

Century Enka Ltd – Audit Committee  
Gillette India Ltd – Audit Committee  
Gillette India Ltd – Remuneration Committee  
Housing Development Finance Corporation Ltd – Audit Committee  
Housing Development Finance Corporation Ltd – Compensation Committee  
IL&FS Investment Managers Ltd – Compensation Committee  
Procter & Gamble Hygiene and Health Care Ltd – Audit Committee

Number of shares held in the Company

162

Name	<b>Mr Susim M Datta</b>
Date of birth	July 1, 1936
Brief résumé	<b>Mr Susim M Datta</b> graduated with Honours in Chemistry and obtained the Post Graduate Degree in Science and Technology. He is a Chartered Engineer; Fellow, The Institute of Engineers (India); Fellow, Indian Institute of Chemical Engineers; Member, Society of Chemical Industry (London) and Honorary Fellow, All India Management Association. He is associated with renowned and respected management institutes.
Directorship in other companies	<p><b>Public Ltd Companies:</b></p> <p>BOC India Ltd – Chairman  Castrol India Ltd – Chairman  IL&amp;FS Investment Managers Ltd – Chairman  Philips Electronics India Ltd – Chairman  Tata Trustee Company Ltd – Chairman  Transport Corporation of India Ltd – Chairman  Bhoruka Power Corporation Ltd  Deutsche Postbank Home Finance Ltd  Kansai Nerolac Paints Ltd  Peerless General Finance &amp; Investment Company Ltd  Peerless Hotels Ltd  Rabo India Finance Ltd  Zodiac Clothing Company Ltd</p> <p><b>Private Ltd Companies:</b></p> <p>Reach (Cargo Movers) Pvt Ltd – Chairman  Ambit Holdings Pvt Ltd  Chandras’ Chemical Enterprises Pvt Ltd</p>
Membership in committees of other companies	<p><b>Chairman of Committees:</b></p> <p>BOC India Ltd – Audit Committee  Castrol India Ltd – Shareholders’   Investors’ Grievances Committee  IL&amp;FS Investment Managers Ltd – Compensation Committee  Transport Corporation of India Ltd – Compensation Committee  Transport Corporation of India Ltd – Remuneration Committee</p> <p>Member of Committees:</p> <p>Deutsche Postbank Home Finance Ltd – Remuneration Committee  IL&amp;FS Investment Managers Ltd – Shareholders’   Investors’ Grievance Committee  Peerless General Finance &amp; 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	50

Research and Technology	Financial Statements
Financial Analysis	Report on Corporate Governance
Operational Highlights	Report on Corporate Governance
Overview by the Chairman	Management Discussion and Analysis
Purpose and Values	Directors’ Report
Serving Diverse Industries	Serving the Society
Corporate Identity	Safety, Health and Environment

## Explanatory statement

The following Explanatory Statement, as required by Section 173 of the Companies Act, 1956, sets out all material facts including the nature, concern or interest of the Directors in relation to the item of Special Business under item no 6 mentioned in the accompanying notice dated July 19, 2010

### Item No 6

Mr V S Rangan was appointed as an Additional Director of the Company by the Board of Directors on July 19, 2010. His details are as under:

Name	<b>Mr V Srinivasa Rangan</b>
Date of birth	February 13, 1960
Brief résumé	<b>Mr V Srinivasa Rangan</b> was appointed as an Additional Director on July 19, 2010. He is Graduate in Commerce, Graduate Cost and Works Accountant and an Associate of Institute of Chartered Accountants of India. He is Executive Director of Housing Development Finance Corporation Ltd (HDFC). He has been associated with HDFC since 1986. He was inducted in the Board of HDFC as an Executive Director in January 2010 and prior to that he was Senior General Manager - Treasury. His responsibilities include funds mobilization through deposits (retail and corporate), bank loans, issuance of debentures and commercial papers, external commercial borrowings, structured financing options, mortgage backed securitization, asset liability management, risk management, financial accounting, taxation and capital management.
Directorship in other companies	<b>Public Ltd Companies:</b> HDFC Ltd HDFC Developers Ltd HDFC Holdings Ltd HDFC Investments Ltd HDFC Property Ventures Ltd HDFC Trustee Company Ltd HDFC Venture Capital Ltd Idhasoft Ltd India Asset Recovery Management Ltd, Mauritius IPFOnline Ltd L & T Urban Infrastructure Ltd OCM India Ltd <b>Private Ltd Companies :</b> Credila Financial Services Pvt Ltd IVF Advisors Pvt Ltd Ruralshores Business Services Pvt Ltd





Membership in committees of other companies

**Member of Committees**

- HDFC Ltd – Shareholders’ | Investors’ Grievance Committee
- HDFC Investments Ltd – Audit Committee
- HDFC Trustee Company Ltd – Audit Committee
- Idhasoft Ltd – Audit Committee
- IPFOnline Ltd – Audit Committee
- L & T Urban Infrastructure Ltd – Audit Committee
- OCM India Ltd – Audit Committee

Number of shares held in the Company

2000

No Directors except Mr V S Rangan is interested in or concerned with this resolution.

The Directors recommend passing of the resolution.

By Order of the Board

**Registered office**

Ashoka Chambers, Rasala Marg  
 Ahmedabad 380006, Gujarat, India  
 July 19, 2010

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

Research and Technology	Financial Statements
Financial Analysis	Report on Corporate Governance
Operational Highlights	Report on Corporate Governance
Overview by the Chairman	Management Discussion and Analysis
Purpose and Values	Directors’ Report
Serving Diverse Industries	Serving the Society
Corporate Identity	Serving the Society
Safety, Health and Environment	Serving the Society

# Ten Year Review

(Rs Crores)

<b>Operating Results</b>	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Revenue	1204	1196	1033	925	837	710	604	619	603	593
Operating profit (PBIDT)	143	119	100	85	141	68	56	99	139	90
Interest	26	41	33	28	29	22	22	33	89	47
Gross profit (PBDT)	117	78	67	57	112	46	34	66	50	43
Depreciation	37	32	29	31	29	27	27	27	28	28
Profit before tax	80	46	38	26	83	19	7	39	22	15
Taxation	27	10	3	1	(1)	3	5	5	2	
Net profit	53	36	35	25	84	16	2	34	20	15
Dividend (inclusive of dividend tax)	14	10	10	10	10	7	5	7	5	3
Profit retained	39	26	25	15	74	9	(3)	27	15	12
<b>Financial position</b>										
Gross block	986	967	936	771	730	685	666	610	572	560
Net block	424	443	433	295	273	249	276	244	223	237
Net current and other assets	355	384	428	374	349	312	310	322	349	357
Capital employed	779	827	861	669	622	561	586	566	572	594
Equity share capital	30	30	30	30	30	30	30	30	30	30
Reserves and surplus	455	429	403	270	243	170	255	257	220	237
Shareholders' equity	485	459	433	300	273	200	285	287	250	267
Preference share capital	-	-	-	-	-	-	-	-	-	1
Borrowings	295	368	428	369	349	361	300	279	322	327
<b>Per equity share (Rs)</b>										
Dividends (Tax Free from the year 2003-04)	4.00	3.00	3.00	3.00	3.00	2.00	1.50	2.00	1.50	1.00
Book Value	163	155	146	101	92	67	96	97	84	90

Note: Figures of the previous year(s) are regrouped

# Contents

# Financial Statements

## Standalone

58	Report of the Auditors to the Members
62	Balance Sheet
63	Profit and Loss Account
64	Cash Flow Statement
66	Schedules
102	Consolidated Accounts

## Report of the Auditors to the Members

1. We have audited the attached Balance Sheet of Atul Ltd as at March 31, 2010 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such check of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**Dalal and Shah**  
Firm Registration Number 102020W  
Chartered Accountants

Mumbai  
July 19, 2010

**S Venkatesh**  
Partner  
Membership Number 037942

## Annexure to the Report of the Auditors

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Atul Ltd on the financial statements for the year ended March 31, 2010

- i. (a) The Company is generally maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (e) The Company has taken unsecured loans (in nature of Fixed Deposits), from 5 parties covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregates to Rs 0.90 crore and Rs 0.90 crore respectively. The Company has not taken any loans, secured or unsecured, from companies and firms covered in the register maintained under Section 301 of the Act.
- (f) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, where applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weakness have been noticed or reported.
- v. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A

## Annexure to the Report of the Auditors

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

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

have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, customs duty, excise duty and cess as at March 31, 2010 which have not been deposited on account of a dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs crores) (a)	Period to which the amount relates	Forum where the dispute is pending (b)
The Central Excise Act, 1944	Central excise	6.46	1995-96 to 2006-07	{Joint Commissioner, Commissioner (Appeals), Customs, Excise and Service Tax Appellate Tribunal, Gujarat High Court, Assistant Commissioner}
		0.51	1995-96 to 2006-07	
		5.19	1986-98 to 2003-04	
		0.01	1991-94	
		5.09	1992-93 to 2009-10	
<b>Total</b>		<b>17.26</b>		
The Customs Act, 1962	Customs duty	0.59	1994 to 1998	{Commissioner (Appeals), Customs, Excise and Service Tax Appellate Tribunal, Assistant Commissioner}
		1.76	1993 to 1998	
		13.65	1996-97 to 2007-08	
<b>Total</b>		<b>16.00</b>		
The Income Tax Act, 1961	Income tax	2.36	2003-04	{Gujarat High Court, Commissioner of Income tax (Appeals) }
		1.84	2004-05	
<b>Total</b>		<b>4.20</b>		
Gujarat Sales Tax Act, 1969	Sales tax	1.02	2004-05	Joint Commissioner of Commercial Tax (Appeals)
<b>Total</b>		<b>1.02</b>		

(a) Net of amounts deposited.

(b) Necessary stay received from respective authorities.

## Annexure to the Report of the Auditors

- x. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
- xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions of the corporate guarantees given by the Company, for loans taken by others from banks or financial institutions in connection with central ETP project at Ankleshwar during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis

which have been used for long-term investment.

- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act during the year.
- xix. On the basis of the records and documents examined by us, the Company has not issued any secured debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor we have been informed of such case by the Management.
- xxii. The other clauses, (iii)(b), (iii)(c), and (iii)(d) of paragraph 4 of the Companies (Auditors' Report) Order 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For and on behalf of  
**Dalal and Shah**  
 Firm Registration Number 102020W  
*Chartered Accountants*

Mumbai  
 July 19, 2010

**S Venkatesh**  
*Partner*  
 Membership Number 037942

# Balance Sheet as at March 31, 2010

(Rs crores)

Particulars	Schedule	As at March 31, 2010	As at March 31, 2009
<b>I SOURCES OF FUNDS</b>			
<b>1 Shareholders' funds</b>			
(a) Capital	1	29.68	29.68
(b) Reserves and surplus	2	454.93	429.05
			484.61
<b>2 Loan funds</b>			
(a) Secured loans	3	259.01	336.01
(b) Unsecured loans	4	35.77	31.90
			294.78
<b>3 Deferred tax liability (net) (see Note 9)</b>			22.58
			<b>801.97</b>
<b>801.97</b>			<b>844.36</b>
<b>II APPLICATION OF FUNDS</b>			
<b>1 Fixed assets</b>			
(a) Gross block	5	974.22	951.30
(b) Less: depreciation, amortisation and impairment loss		561.98	523.96
(c) Net block		412.24	427.34
(d) Capital work in progress, expenditure to-date		7.23	13.97
(e) Advances against capital expenditure		4.18	1.71
			423.65
<b>2 Investments</b>	6		65.02
<b>3 Current assets, loans and advances</b>	7		
(a) Inventories		211.29	196.68
(b) Sundry debtors		270.61	222.67
(c) Cash and bank balances		14.84	23.30
(d) Other current assets		-	-
(e) Loans and advances		129.81	109.84
		626.55	552.49
<b>Less: Current liabilities and provisions</b>	8		
(a) Liabilities		263.36	178.33
(b) Provisions		49.89	37.95
		313.25	216.28
<b>Net current assets</b>			313.30
			<b>801.97</b>
<b>801.97</b>			<b>844.36</b>
<b>Notes forming part of the Accounts</b>	16		

As per our attached report of even date  
**For Dalal and Shah**  
 Firm Registration No 102020W  
 Chartered Accountants

**S Venkatesh**  
 Partner  
 Membership No 037942  
 Mumbai  
 July 19, 2010

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

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

For and on behalf of the Board of Directors  
**Sunil S Lalbhai**  
 Chairman and Managing  
 Director

**Samveg A Lalbhai**  
 Managing Director  
 Mumbai  
 July 19, 2010



# Profit and Loss Account for the year ended March 31, 2010

(Rs crores)

Particulars	Schedule	2009-10	2008-09
<b>INCOME</b>			
Gross sales		1,225.96	1,228.62
Less: Excise duty		57.84	69.17
Net sales			1,168.12
Operating income	9		30.21
Sales and operating income			1,198.33
Other income	10		5.35
			<b>1,203.68</b>
			<b>1,195.71</b>
<b>EXPENDITURE</b>			
Cost of goods sold and materials consumed	11	656.77	660.98
Manufacturing expenditure	12	181.85	174.54
Employees' emoluments	13	103.22	90.83
Interest and finance charges	14	25.56	41.03
Others	15	110.16	106.88
Exchange rate difference		9.07	44.04
Depreciation and amortisation		39.08	33.50
Amortisation of leasehold land		0.28	0.28
		39.36	33.78
Less: Amount withdrawn from revaluation reserve		2.06	2.06
		37.30	31.72
			<b>1,123.93</b>
			<b>79.75</b>
			<b>45.69</b>
<b>PROFIT BEFORE TAX</b>			
Provision for tax			
Current tax		22.00	7.59
Deferred tax		4.86	1.61
Wealth tax		0.10	0.10
Fringe benefit tax		-	0.82
			<b>26.96</b>
			<b>52.79</b>
			<b>10.12</b>
<b>PROFIT FOR THE YEAR</b>			
Add: Tax adjustments relating to earlier years			0.13
Income tax and wealth tax			3.89
Additional MAT entitlement for the earlier years			1.19
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			
As per last account			56.81
			227.42
			284.23
<b>APPROPRIATIONS</b>			
General reserve			5.68
Proposed dividend		11.87	8.90
Corporate dividend tax on above		1.97	1.51
			<b>13.84</b>
			<b>10.41</b>
Balance carried to Balance Sheet			<b>264.71</b>
Basic   diluted Earning per Share (see Note 12)			Rs 19.15
			Rs 12.77
<b>Notes forming part of the Accounts</b>	16		

As per our attached report of even date  
**For Dalal and Shah**  
 Firm Registration No 102020W  
 Chartered Accountants

**S Venkatesh**  
 Partner  
 Membership No 037942  
 Mumbai  
 July 19, 2010

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

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

**Sunil S Lalbhai**  
 Chairman and Managing  
 Director

**Samveg A Lalbhai**  
 Managing Director  
 Mumbai  
 July 19, 2010

For and on behalf of the Board of Directors

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Corporate Identity

Safety, Health and Environment

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Serving Diverse Industries

# Cash Flow Statement for the year ended March 31, 2010

(Rs crores)

Particulars	2009-10	2008-09
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	79.75	45.69
Adjustments for		
Add:		
Depreciation	37.30	31.72
Interest and finance charges	25.06	39.79
Loss on assets sold or discarded	0.42	0.35
Exchange rate difference	(6.73)	25.90
Provision for doubtful debts   advances	-	7.32
Provision for diminution in value of Investment	0.11	-
Obsolete material written off	1.87	0.72
	58.03	105.80
Less:		
Dividend	4.97	4.63
Interest received	0.38	0.41
Provision no longer required	-	2.15
Surplus on sale of fixed assets	0.04	1.24
	5.39	8.43
Operating profit before working capital changes	132.39	143.06
Adjustments for		
Inventories	(16.48)	11.88
Trade and other receivables	(67.27)	86.00
Trade and other payables	78.44	(32.35)
	(5.31)	65.53
Cash generated from operations	127.08	208.59
Less:		
Direct Taxes (refund)   paid	21.08	2.47
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>106.00</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and capital advances	(20.68)	(72.21)
Sale of fixed assets	0.31	3.37
Disbursements   (repayments) of loans	2.54	(6.55)
Interest received	0.20	0.09
Dividend received	4.97	4.63
Capital subsidy	-	0.20
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(12.65)</b>

# Cash Flow Statement for the year ended March 31, 2010 (contd)

(Rs crores)

Particulars	2009-10	2008-09
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	(69.42)	36.53
Add: Exchange rate difference	6.73	(25.90)
Proceeds from long term borrowings (adjusted)	(62.70)	10.63
Proceeds   (repayments) of working capital loans (net)	(7.58)	(68.44)
Proceeds   (repayments) of unsecured borrowings (net)	3.87	(28.58)
Total proceeds from borrowings	(66.40)	(86.38)
Interest paid	(25.07)	(39.01)
Dividend on equity shares (including corporate dividend tax)	(10.33)	(10.32)
<b>Net cash (used in)   flow from financing activities C</b>	<b>(101.80)</b>	<b>(135.71)</b>
<b>Net change in cash and cash equivalents A+B+C</b>	<b>(8.46)</b>	<b>(0.05)</b>
<b>Cash and cash equivalents (opening balance)</b>	<b>23.30</b>	<b>23.35</b>
<b>Cash and Cash equivalents (closing Balance)</b>	<b>14.84</b>	<b>23.30</b>
	<b>(8.46)</b>	<b>(0.05)</b>

Notes to the Cash Flow Statement for the year ended March 31, 2010:

- 1 The Cash Flow Statement has been prepared under the "Indirect Method" set out in AS - 3 "Cash Flow Statement" referred to in The Companies Accounting Standard Rules, 2006.
- 2 Cash and Cash equivalents represent cash and bank balances only.
- 3 Cash and Cash equivalents include Rs 2.60 crores (Previous year Rs 1.92 crores) which are not available for use by the Company. (Refer Schedule 7 in the financial Statements)
- 4 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our attached report of even date  
**For Dalal and Shah**  
 Firm Registration No 102020W  
 Chartered Accountants

**S Venkatesh**  
 Partner  
 Membership No 037942  
 Mumbai  
 July 19, 2010

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

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

**Sunil S Lalbhai**  
 Chairman and Managing  
 Director

**Samveg A Lalbhai**  
 Managing Director  
 Mumbai  
 July 19, 2010

For and on behalf of the Board of Directors

## Schedule forming part of Balance Sheet as at March 31, 2010

(Rs crores)

<b>SCHEDULE 1 SHARE CAPITAL</b>	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
<b>Authorised</b>		
80,00,000 Cumulative Redeemable Preference shares of Rs 100 each	80.00	80.00
8,00,00,000 Equity shares of Rs 10 each	80.00	80.00
	<b>160.00</b>	<b>160.00</b>
<b>Issued</b>		
2,96,91,780 Equity shares of Rs 10 each	29.69	29.69
	<b>29.69</b>	<b>29.69</b>
<b>Subscribed</b>		
2,96,61,733 Equity shares of Rs 10 each fully paid	29.66	29.66
Add: Forfeited shares (amount paid-up)	0.02	0.02
	<b>29.68</b>	<b>29.68</b>

**Notes:**

- 1 19,64,650 shares are issued as fully paid-up Bonus shares by way of capitalisation of reserves.
- 2 3,58,600 shares of Rs 10 each on account of reduction and consolidation of 35,86,000 equity shares of Rs 10 each as confirmed by the Honourable High Court of Gujarat vide its order dated August 20, 1988.
- 3 75,00,000 shares are issued to the Shareholders of erstwhile The Atul Products Ltd, pursuant to Amalgamation Scheme sanctioned by the Honourable High Court of Gujarat as per its order dated August 20, 1988.
- 4 38,09,310 shares are issued as fully paid-up shares on conversion of 12.5% Fully Convertible Secured debentures of Rs 120 each per debenture in the year 1992-93.
- 5 1,10,29,173 shares are issued as fully paid-up on conversion of 14% Fully Convertible Secured debentures of Rs 180 each per Debenture in the year 1994-95.
- 6 50,00,000 Shares issued on preferential basis to promoters in the year 1993-94.

(Rs crores)

<b>SCHEDULE 2 RESERVES AND SURPLUS</b>	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
<b>Security premium account</b>	34.66	34.66
<b>Central and state subsidy reserve</b>		
As per last account	0.98	0.78
Add: Received during the year	-	0.20
Less: Transferred to General Reserve	0.98	-
	<b>-</b>	<b>0.98</b>
<b>Capital reserve</b>	6.68	6.68
<b>Revaluation reserve</b>		
As per last account	112.70	114.76
Less: Transferred to Profit and Loss Account	2.06	2.06
	<b>110.64</b>	<b>112.70</b>

## Schedule forming part of Balance Sheet as at March 31, 2010

(Rs crores)

<b>SCHEDULE 2 RESERVES AND SURPLUS</b> (contd)	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
<b>Hedging reserve (see Note 16 (c) )</b>	(15.03)	-
<b>General reserve</b>		
As per last account	46.61	42.82
Add: Transferred from Central and State subsidy reserve	0.98	-
Add: Set aside this year	5.68	3.79
	53.27	46.61
<b>Surplus as per annexed Account</b>	264.71	227.42
	<b>454.93</b>	<b>429.05</b>

(Rs crores)

<b>SCHEDULE 3 SECURED LOANS</b>	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
<b>Term Loans From Financial Institutions   Banks</b>		
<b>Foreign Currency Term Loans</b>		
State Bank of Travancore - (a)	12.30	20.83
Bank of India - (a)	11.39	21.42
Indian Overseas Bank Ltd - (a)	11.28	19.11
Bank of India New York - ECB (a)	-	3.19
Bank of India - (a)	-	3.18
<b>Rupee Term Loans</b>		
International Finance Corporation - ECB (b)	78.12	78.12
Bank of Rajasthan - (a)	22.49	-
State Bank of Hyderabad - (a)	18.75	25.00
Karur Vysya Bank Ltd - (a)	17.50	20.20
EXIM Bank - (a)	12.40	18.60
EXIM Bank - (a)	9.97	13.59
State Bank of Hyderabad - (a)	9.36	15.61
State Bank of Indore - (a)	4.98	9.98
Life Insurance Corporation of India - (a)	2.00	6.00
State Bank of India - (b)	0.02	0.03
Indian Overseas Bank - (a)	-	24.98
ICICI Bank Ltd	-	0.14

Research and Technology

Financial Statements

Financial Analysis

Report on Corporate Governance

Operational Highlights

Report on Corporate Governance and Analysis

Overview by the Chairman

Management Discussion and Analysis

Purpose and Values

Directors' Report

Serving Diverse Industries

Serving the Society

Corporate Identity

Safety, Health and Environment

## Schedule forming part of Balance Sheet as at March 31, 2010

(Rs crores)

<b>SCHEDULE 3 SECURED LOANS (contd)</b>	<b>As at</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
<b>Working Capital Loans From Banks (c)</b>		
Cash credit	8.42	17.89
Working capital demand loan	10.00	-
Packing credit	-	23.61
Bills discounting	0.10	7.03
Buyer's credit	29.93	7.50
	48.45	56.03
	<b>259.01</b>	<b>336.01</b>

**Notes:**

- (a) Secured by first pari passu charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.
- (b) Secured by first pari passu charge by way of hypothecation of all the movable fixed assets and mortgage of the immovable properties of the Company, present and future, excluding specific assets with exclusive charge and second charge on the entire current assets of the Company, present and future.
- (c) Secured by hypothecation of tangible current assets (other than movable machinery), namely raw materials, finished and semi finished goods, inventories and book-debts of the Company as a whole and also secured by second and subservient charge on immovable assets of the Company to the extent of individual bank's limit as mentioned in joint consortium documents. This also extends to guarantee given by the bankers.  
Amount of guarantee outstanding at the end of the year Rs 24.75 crores (Previous year Rs 31.49 crores)

(Rs crores)

<b>SCHEDULE 4 UNSECURED LOANS</b>	<b>As at</b>	
	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Fixed deposits *	16.87	10.75
Interest accrued on cumulative deposits	0.90	0.66
From companies	-	0.17
From banks	18.00	20.32
	<b>35.77</b>	<b>31.90</b>

\* Including Deposits from Chairman and Managing Director Rs 0.40 crore (Previous year Rs Nil)

# Schedule forming part of Balance Sheet as at March 31, 2010

(Rs crores)

## SCHEDULE 5 FIXED ASSETS

ASSET BLOCK	GROSS BLOCK (a)				DEPRECIATION				NET BLOCK			
	As at March 31, 2009	Additions	Deductions and Adjustments	As at March 31, 2010	Upto March 31, 2009	For the Year	Deductions and Adjustments 31, 2010	As at March 31, 2010	Impairment Fund March 2010	Depreciation and Impairment Fund March 31, 2010	As at March 31, 2009	As at March 31, 2010
<b>Tangible assets</b>												
Land - Free hold (c)	11.36	-	-	11.36	-	-	-	11.36	-	-	11.36	11.36
Land - Lease hold (c)	24.00	-	0.28	23.72	-	-	-	23.72	-	-	24.00	24.00
Buildings (b) and (c)	211.38	5.77	0.94	216.21	43.09	5.17	0.46	47.80	0.48	48.28	167.93	167.81
Roads	2.34	0.17	-	2.51	1.07	0.16	-	1.23	-	1.23	1.28	1.27
Plant and machinery	649.39	14.39	0.26	663.52	414.99	30.11	0.30	444.80	27.20	472.00	191.52	207.21
Railway siding	0.08	-	-	0.08	0.08	-	-	0.08	-	0.08	-	-
Office equipment and furniture	20.26	1.50	-	21.76	12.80	1.40	-	14.20	-	14.20	7.56	7.46
Vehicles	9.83	0.20	0.45	9.58	5.20	1.09	0.30	5.99	-	5.99	3.59	4.63
Capital spares	0.76	0.11	0.10	0.77	0.43	0.06	-	0.49	-	0.49	0.28	0.33
<b>Research and development</b>												
Building	2.64	-	-	2.64	1.72	0.08	-	1.80	-	1.80	0.84	0.92
Machinery	12.31	1.34	-	13.65	10.80	0.37	-	11.17	-	11.17	2.48	1.51
Office equipments	0.20	-	-	0.20	0.09	0.02	-	0.11	-	0.11	0.09	0.10
Total Tangible asset	944.55	23.48	2.03	966.00	490.27	38.46	1.06	527.67	27.68	555.35	410.65	426.60
<b>Intangible assets</b>												
Computer software	6.75	1.47	-	8.22	6.01	0.62	-	6.63	-	6.63	1.59	0.74
Total Intangible asset	6.75	1.47	-	8.22	6.01	0.62	-	6.63	-	6.63	1.59	0.74
<b>Total as at March 31, 2010</b>	<b>951.30</b>	<b>24.95</b>	<b>2.03</b>	<b>974.22</b>	<b>496.28</b>	<b>39.08</b>	<b>1.06</b>	<b>534.30</b>	<b>27.68</b>	<b>561.98</b>	<b>412.24</b>	<b>427.34</b>
Total as at March 31, 2009	874.41	92.36	15.47	951.30	475.50	33.50	12.72	496.28	27.68	523.96	427.34	427.34

### Note:

- (a) At cost, except land freehold certain leasehold land, building premises and plant and machinery at revalued value and land leasehold at cost, less amounts written off.  
 (b) Includes premises on ownership basis Rs 1.10 crores (March 31, 2009 Rs 1.10 crores) and cost of share in co-operative society Rs 2000 (March 31, 2009, Rs 2000).  
 (c) See Note 1(c) in Schedule 16.



Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
Safety, Health and Environment	Serving the Society	Directors' Report	Management Discussion and Analysis	Report on Corporate Governance	Financial Statements	

## Schedule forming part of Balance Sheet as at March 31, 2010

(Rs crores)

SCHEDULE 6 INVESTMENTS, AT COST	As at			As at		
	March 31, 2010			March 31, 2009		
	Face Value Rs	No	Rs	Rs	Rs	Rs
<b>Long Term Investments</b>						
<b>Government and trust securities</b>						
<b>Unquoted</b>						
6 Years National Savings Certificates (deposited with government departments)	93,000				0.01	0.01
<b>Equity shares, Non Trade quoted</b>						
Novartis India Ltd	5	3,84,660		1.02		1.02
Ciba India Ltd	10	(217,080)		-		-
Ciba India Ltd	10	(70,073)		-		0.82
Arvind Ltd (see Note 23)	10	41,27,471		46.64		46.64
ICICI Bank Ltd	10	19,823		0.14		0.14
Wyeth Ltd	10	13,69,895		1.50		1.50
BASF India Ltd*	10	261,396 (2,959)		0.84		0.02
Nagarjuna Fertilizers Co Ltd	10	31,500		0.04		0.04
Jain Irrigation Systems Ltd	10	800		0.02		0.02
					50.20	50.20
<b>Equity shares, Trade investment unquoted</b>						
Trade Investments						
Bharuch Enviro Infrastructure Ltd	10	70,000		0.07		0.07
Bharuch Eco Aqua Infrastructure Ltd	10	6,48,962		0.65		0.65
					0.72	0.72
<b>Equity shares, unquoted, Subsidiaries</b>						
Ameer Trading Corporation Ltd	7	5,00,000		5.00		5.00
Atul Americas Inc.	\$1,000	2,000		6.29		6.29
Atul Europe Ltd	£ 1	10,00,000	6.90			6.90
Less: Provision for diminution in value			6.51			6.51
				0.39		0.39
Atul Deutschland GmbH	€1,00,000	1	0.55			0.55
Less: Provision for diminution in value			0.11			-
				0.44		0.55



## Schedule forming part of Balance Sheet as at March 31, 2010

*(Rs crores)*

SCHEDULE 6 Investments, at Cost (contd)	As at March 31, 2010			As at March 31, 2009		
	Face Value Rs	No	Rs	Rs	Rs	Rs
<b>Long Term Investments</b>						
Atul International Trading (Shanghai) Co. Ltd	\$4,10,000	1		1.84		1.84
Atul Rajasthan Date Palms Ltd (Rs 1000) (Previous year Rs Nil)	1000	1				-
					13.96	14.07
<b>Equity shares, quoted, Associate</b>						
Amal Ltd	10	4,12,453		0.44		0.44
Less: Provision for diminution in value				0.40		0.40
					0.04	0.04
<b>Equity shares, unquoted, Associate</b>						
Gujarat Synthwood Ltd	10	4,00,000	0.65			0.65
Less: Provision for diminution in value			0.61			0.61
				0.04		0.04
Atul Bioscience Ltd (Rs 10)	10	1				
AtRo Ltd	10	50,004		0.05		0.05
					0.09	0.09
					65.02	65.13
Share application money Rs Nil (Previous year Rs 1000)					-	
					<b>65.02</b>	<b>65.13</b>

\* Received against 2,87,153 shares held in Ciba India Ltd, as per scheme of amalgamation of Ciba India Ltd, Ciba Research (India) Pvt Ltd and Diamond Dye-chem Ltd with BASF India Ltd

Particulars	<i>(Rs crores)</i>			
	Book Value		Market Value	
	As at March 31,		As at March 31,	
	2010	2009	2010	2009
Quoted	50.24	50.24	159.63	98.70
Unquoted	14.78	14.89		
	<b>65.02</b>	<b>65.13</b>		

## Schedule forming part of Balance Sheet as at March 31, 2010

(Rs crores)

SCHEDULE	7	CURRENT ASSETS, LOANS AND ADVANCES	As at March 31, 2010	As at March 31, 2009
<b>(a) Inventories, at cost or net realisable value whichever is lower</b>				
		Stores, spares, etc.	21.90	21.21
		Stock - in - trade		
		Raw materials	36.86	40.67
		Materials - in - process	87.79	60.72
		Finished goods	63.80	67.25
			188.45	168.64
		Goods - in - transit, cost to date	0.94	6.83
			<b>211.29</b>	<b>196.68</b>
<b>(b) Sundry debtors, unsecured</b>				
		Outstanding for more than six months		
		Good	13.13	12.18
		Doubtful	-	6.98
		Less: Provision	-	6.98
			-	-
			13.13	12.18
		Other, good	257.48	210.49
		Doubtful	-	0.18
		Less: Provision	-	0.18
			-	-
			<b>270.61</b>	<b>222.67</b>
<b>(c) Cash and bank balances</b>				
		Cash on hand (including cheque on hand Rs Nil Previous year Rs 40,411)	0.20	0.18
		Cheque in hand with bank as collecting agency in terms of an arrangement	0.82	3.93
		Bank balances, with Scheduled Banks		
		In Current account	10.10	7.75
		In Fixed deposits*	3.69	11.25
		Interest accrued on above	0.03	0.19
			3.72	11.44
			13.82	19.19
			<b>14.84</b>	<b>23.30</b>

\* Includes Rs 0.22 crore deposit, receipts of which are endorsed in favour of Government departments. (Previous year Rs 0.14 crore)

## Schedule forming part of Balance Sheet as at March 31, 2010

(Rs crores)

SCHEDULE 7	CURRENT ASSETS, LOANS AND ADVANCES (contd)	As at March 31, 2010	As at March 31, 2009
<b>(d) Other current assets</b>			
	Interest receivable		
	Doubtful	-	0.06
	Less: Provision	-	0.06
			-
	Other receivable		
	Doubtful	0.19	0.19
	Less: Provision	0.19	0.19
			-
<b>(e) Loans and advances, unsecured, good</b> (Unless otherwise stated)			
	Loan to a subsidiary companies	5.02	7.77
	Interest receivable on above	0.64	0.46
		5.66	8.23
	Loans to jointly promoted companies (Previous year Rs 10500)	0.01	
	Other loans		
	Good (unless otherwise stated)		
	Loan to an associate company (secured by first charge over the assets of the said company (see Note 20)	21.29	21.29
	Loan to others	1.56	1.36
	Doubtful	-	1.13
	Less: Provision	-	1.13
		-	-
	Advances recoverable in cash or in kind or for value to be recovered	22.85	22.65
	Good	62.41	49.53
	Doubtful	-	7.81
	Less: Provision	-	7.81
		-	-
	Balances with Customs, Port Trust and Excise etc.	62.41	49.53
	Sundry deposits	15.76	9.00
	MAT credit entitlement	6.96	7.28
	Tax paid in advance, net of provisions	10.27	6.38
		5.89	6.77
		<b>129.81</b>	<b>109.84</b>
		<b>626.55</b>	<b>552.49</b>

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Serving the Society

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Safety, Health and Environment

## Schedule forming part of Balance Sheet as at March 31, 2010

(Rs crores)

<b>SCHEDULE 8 CURRENT LIABILITIES AND PROVISIONS</b>	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
<b>(a) Liabilities</b>		
Acceptances	12.40	29.80
Sundry creditors		
(i) Due to Micro, Small and Medium Enterprise (see Note 14)	0.20	0.24
(ii) Due to others	247.49	144.79
	247.69	145.03
Due to subsidiaries	0.74	1.14
Investors Education and Protection Fund shall be credited by the following (see Note below)		
Unclaimed dividends	0.77	0.69
Matured fixed deposits Rs Nil (Previous year Rs 10,000)	-	
Interest payable on fixed deposits	0.25	0.15
	1.02	0.84
Interest accrued but not due on loans	1.40	1.41
Unclaimed amount of sale proceeds of fractional coupons of bonus shares of erstwhile The Atul Products Ltd	0.10	0.10
Unclaimed amount of sale proceeds of fractional coupons of bonus shares	0.01	0.01
	<b>263.36</b>	<b>178.33</b>
<b>(b) Provisions</b>		
For contingencies (see Note 15)	2.75	2.75
For unencashed leave	13.12	12.19
For derivatives	20.18	12.60
For dividend tax	1.97	1.51
Proposed dividend	11.87	8.90
	<b>49.89</b>	<b>37.95</b>
	<b>313.25</b>	<b>216.28</b>

**Note:**

There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2010.

## Schedule forming part of Profit and Loss Account for the year ended March 31, 2010

(Rs crores)

<b>SCHEDULE 9 OPERATING INCOME</b>	<b>2009-10</b>	<b>2008-09</b>
Export incentives	13.25	15.83
Technical service charges	3.21	1.57
Miscellaneous scrap sales	5.23	3.97
Bad debts recovered	0.07	0.05
Provision for doubtful debts and advances written back	16.16	0.40
Less: Write back on account of amounts written off during the year, as per contra	16.16	0.40
	-	-
Surplus on sale of fixed assets	0.04	1.24
Interest from customers*	0.06	0.13
Interest from fixed deposit with bank*	0.19	0.12
Interest others*	0.29	2.06
Lease rental income	0.01	0.01
Miscellaneous income	7.86	6.24
	<b>30.21</b>	<b>31.22</b>

(Rs crores)

<b>SCHEDULE 10 OTHER INCOME</b>	<b>2009-10</b>	<b>2008-09</b>
Dividend from long term investments	4.97	4.63
Interest from Inter Corporate Deposit*	0.38	0.41
	<b>5.35</b>	<b>5.04</b>

\* Gross, tax deducted Rs 0.24 crore (Previous year Rs 0.14 crore)

(Rs crores)

<b>SCHEDULE 11 COST OF GOODS SOLD AND MATERIALS CONSUMED</b>	<b>2009-10</b>	<b>2008-09</b>
Raw materials consumed		
Stocks at commencement	40.67	45.87
Add: Purchases	658.31	638.80
	698.98	684.67
Less: Stocks at close	36.86	40.67
	662.12	644.00
Finished goods purchases	17.20	23.03
(Increase)   decrease in stock		
Stocks at close		
Materials - in - process	87.79	60.72
Finished goods	63.80	67.25
	<b>151.59</b>	<b>127.97</b>

## Schedule forming part of Profit and Loss Account for the year ended March 31, 2010

(Rs crores)

<b>SCHEDULE 11 COST OF GOODS SOLD AND MATERIALS CONSUMED (contd)</b>	<b>2009-10</b>	<b>2008-09</b>
Less: Stocks at commencement		
Materials - in - process	60.72	62.42
Finished goods	67.25	61.58
	127.97	124.00
	(23.62)	(3.97)
Excise duty variation on opening   closing stocks	1.07	(1.48)
Excess provision of excise duty	-	(0.60)
	<b>656.77</b>	<b>660.98</b>

(Rs crores)

<b>SCHEDULE 12 MANUFACTURING EXPENDITURE</b>	<b>2009-10</b>	<b>2008-09</b>
Stores consumed	10.85	10.73
Power, fuel and water	112.52	110.58
Conversion and plant operation charges	12.92	6.40
Building repairs	7.93	6.87
Machinery repairs	34.05	37.88
Sundry repairs	3.58	2.08
	<b>181.85</b>	<b>174.54</b>

(Rs crores)

<b>SCHEDULE 13 EMPLOYEES' EMOLUMENTS</b>	<b>2009-10</b>	<b>2008-09</b>
Salaries, wages, bonus etc.	87.74	76.82
Contribution to provident and other funds	10.14	9.25
Welfare expenses	3.52	3.82
Payment under VRS	1.82	0.94
	<b>103.22</b>	<b>90.83</b>

(Rs crores)

<b>SCHEDULE 14 INTEREST AND FINANCE CHARGES</b>	<b>2009-10</b>	<b>2008-09</b>
Interest		
On fixed loans*	21.98	29.85
Others	3.08	9.94
	25.06	39.79
Discounting charges	0.50	1.24
	<b>25.56</b>	<b>41.03</b>

\* Includes Rs 0.03 crore (Previous year Rs Nil) being the interest paid to Chairman and Managing Director.

## Schedule forming part of Profit and Loss Account for the year ended March 31, 2010

(Rs crores)

SCHEDULE 15 OTHER EXPENDITURE	2009-10	2008-09
Rent	1.14	1.43
Rates and taxes	1.06	1.17
Insurance	2.33	1.52
Freight, cartage and octroi	30.61	28.06
Discount on sales	10.59	11.33
Cash discount	7.60	5.15
Commission to others	8.15	8.13
Brokerage	0.04	0.03
Travelling and conveyance	7.18	7.34
Payments to statutory auditors	0.42	0.40
Payments to cost auditors	0.02	0.01
Directors' fees and travelling	0.22	0.24
Directors' commission (other than Managing and Wholetime Director)	0.27	0.12
Charities and donations	0.31	0.32
Bad debts and irrecoverable balances written off	17.79	0.93
Less: Provisions made in earlier years in respect of amounts written off during the year, adjusted as per contra	16.16	0.40
	1.63	0.53
Provision for doubtful debts	-	2.56
Provision for doubtful advances	-	4.77
Provision for diminution in value of investments	0.11	-
Miscellaneous expenses	35.60	30.28
Obsolete and unserviceable material written down	1.87	0.72
Loss on assets sold, discarded or demolished	0.42	0.35
Debits relating to earlier years	0.59	2.42
	<b>110.16</b>	<b>106.88</b>

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Safety, Health and Environment

## Schedule forming part of the accounts

(Rs crores)

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS		2009-10	2008-09
1	Contingent liabilities not provided for in respect of		
	(a) Disputed excise demands - matter under appeal	13.92	14.13
	(b) Disputed customs demands - matter under appeal	11.99	12.03
	(c) Disputed water charges - matter under appeal	61.96	59.26
	Pursuant to the order passed by Honourable High Court of Gujarat, dated November 17, 2008 and April 17, 2009 in case of disputed water charges, Company has created first charge over its certain land and buildings in favour of Government of Gujarat.		
	(d) Claims against the Company not acknowledged as debts	11.52	10.79
	(e) Income tax demands (including interest) - matter under appeal	18.72	18.66
	(f) Sales tax - matter under appeal	1.31	1.29
	(g) Guarantees given by the Company to banks and financial institutions on behalf of the third parties	0.92	0.92
	Note: Future cash outflows in respect of (a) to (f) above are determinable on receipt of judgments   decisions pending with various forums   authorities.		
2	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	2.30	4.73
3	Profit and Loss Account includes expenditure on Research and Development and Pilot Plants as under		
	Materials consumed	0.31	0.31
	Other expenditure	8.94	8.57
4	Payments to auditors		
	(a) Statutory auditors:		
	(i) As auditors	0.21	0.21
	(ii) In other capacity:		
	For tax audit	0.06	0.06
	For certificates	0.13	0.11
	(iii) For expenses	0.02	0.02
		0.42	0.40
	(b) Cost auditors:		
	(i) As auditors	0.02	0.01
	(ii) For expenses Rs 7,443 (Previous year Rs 7,817)		
		0.02	0.01



## Schedule forming part of the accounts

(Rs crores)

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)		2009-10	2008-09
5	C I F value of imports, remittances, expenditure and earnings in foreign currency		
(a)	C I F value of imports:		
	Raw materials	154.25	190.09
	Finished goods - for trading	4.05	8.76
	Capital goods	0.80	9.67
(b)	Expenditure in foreign currency:		
	Commission	3.80	4.11
	Other matters	7.94	5.15
(c)	Remittances:		
	Loan repayments	28.24	5.88
(d)	Earnings in foreign currency:		
	F O B value of exports	491.25	560.83
6	Managerial Remuneration		
(a)	Calculation of Directors, Managing and Executive Directors' commission: Computation of Net Profit as per Section 349 of the Companies Act, 1956		
	Profit as per Profit and Loss Account	56.81	37.87
	Add: Managing Directors' remuneration (including perquisites)	2.41	1.53
	Executive I Wholetime Directors' remuneration (including perquisites)	0.56	0.96
	Directors' commission	0.27	0.12
	Depreciation	37.30	31.72
	Provision for taxation	22.94	7.82
	Provision for diminution in value of investments	0.11	-
	Payment under VRS scheme	1.82	0.94
		65.41	43.09
	Less: Depreciation under section 350	37.30	31.72
	Net Profit as per Section 349 of the Companies Act, 1956	84.92	49.24
(i)	Commission to Chairman and Managing Director: 1% of the profit computed above Rs 0.85 crore Maximum upto Rs 0.93 crore	0.85	0.37
	Commission to Managing Director: 0.50% of the profit computed above Rs 0.42 crore Maximum upto Rs 0.40 crore	0.40	0.25
		1.25	0.62

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Safety, Health and Environment

## Schedule forming part of the accounts

(Rs crores)

<b>SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (contd)</b>		<b>2009-10</b>	<b>2008-09</b>
6	Managerial Remuneration (contd)		
	(ii) Commission to Executive Director:		
	Commission payable to Executive Director 1% of operating profit of Polymer and Pharma Division upto December 31, 2008 Rs 0.19 crore Maximum upto Rs 0.21 crore	-	0.19
	(iii) Directors' commission:		
	1% of the profit computed above Rs 0.85 crore Maximum upto Rs 0.27 crore	0.27	0.12
	(b) Details of payments and provisions on account of remuneration to Managing Directors included in the respective heads of expenditure in Profit and Loss Account are as under:		
	<b>Chairman and Managing Directors</b>	<b>2009-10</b>	<b>2008-09</b>
	Particulars		
	(i) Salary	0.73	0.58
	(ii) House rent allowance	0.03	0.02
	(iii) Commission	1.25	0.62
	(iv) Gratuity	0.03	0.03
	(v) Contribution to provident and other funds	0.20	0.13
	(vi) Perquisites	0.17	0.15
	<b>Total</b>	<b>2.41</b>	<b>1.53</b>
	Estimated monetary value of perquisites to Managing Directors on account of furniture Rs 46,911 (Previous year Rs 42,292)		
	(c) Details of payments and provisions on account of remuneration to Executive   Wholetime Directors included in the respective heads of expenditure in Profit and Loss Account as under:		
	<b>Executive   Wholetime Directors</b>	<b>2009-10</b>	<b>2008-09</b>
	Particulars		
	(i) Salary	0.22	0.26
	(ii) Other allowances	0.23	0.03
	(iii) Commission	-	0.19
	(iv) Gratuity	0.01	0.01
	(v) Contribution to provident and other funds	0.06	0.06
	(vi) Perquisites	0.04	0.41
	<b>Total</b>	<b>0.56</b>	<b>0.96</b>
	Estimated monetary value of perquisites to Executive   Wholetime Directors on account of furniture (Previous year Rs 22,936)	0.01	

## Schedule forming part of the accounts

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

#### 7 Details of raw materials consumption and goods traded in

##### (a) Raw materials consumption:

Particulars	Unit	2009-10		2008-09	
		Qty	Rs crores	Qty	Rs crores
Toluene	MT	14353	60.77	10136	42.15
Phenol	MT	4690	3.04	5928	37.42
Sulphur	MT	37857	18.26	22986	48.40
Methanol	MT	8414	10.51	6956	11.33
Others			569.54		504.70
<b>Total</b>			<b>662.12</b>		<b>644.00</b>

##### (b) Imported and indigenous raw materials consumption:

Category	Rs crores	%	Rs crores	%
Imported	200.42	30.27	158.34	25.90
Indigenous	461.70	69.73	485.66	74.10
<b>Total</b>	<b>662.12</b>	<b>100.00</b>	<b>644.00</b>	<b>100.00</b>

##### (c) Goods traded in purchases:

Name	MT	Rs crores	MT	Rs crores
Dyestuffs	199	3.87	90	2.02
Intermediates	22	0.82	10	0.50
Chemical	976	8.47	524	11.74
Agro products	31,025(nos)	4.05	68,925(nos)	8.76
<b>Total</b>		<b>17.20</b>		<b>23.03</b>

#### 8 Licensed and installed capacities, production, stocks and turnover

##### (A) Licensed and installed capacities and production:

Class of goods	Licensed capacity		Installed capacity (a)		Production	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	MT	MT	MT	MT	MT	MT
Cresol	7,200	7,200	14,000	14,000	7,871	4,760
Sodium Sulphite	7,200	7,200	12,000	12,000	12,781	9,649
Gypsum	4,140	4,140	4,140	4,140	4,140	-
p-Cresidine	420	420	420	420	340	225
p-Anisic Aldehyde	3,600	3,600	8,400	8,400	2,636	2,660
p-Anisic Alcohol	300	300	2,000	2,000	987	715
Manganese Sulphate	7,200	7,200	10,000	10,000	5,689	5,820
Dyestuff (b and c)	10,257	10,257	15,546	14,746	14,055	9,992
Chemicals	16,500	16,500	16,500	16,500	1,731	2,705
Sulpha drug intermediates	1,830	1,830	6,525	6,525	852	1,064
2,6-Dichloroaniline	20	20	-	-	-	-
Bulk drugs and drug intermediates	115	115	57	57	20	16

## Schedule forming part of the accounts

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

8(A) Licensed and installed capacities and production (contd)

Class of goods	Licensed capacity		Installed capacity (a)		Production	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	MT	MT	MT	MT	MT	MT
Pharmaceutical Intermediate (PHIN)	320	320	300	300	169	127
Sulpha methyl phenazole sodium	13	13	-	-	-	-
Pyrazole base	107	107	-	-	-	-
UF   MF   PF dicyandiamide resins	3,250	3,250	-	-	-	-
Epoxy resins	1,948	1,948	12,250	12,250	13,209	8,855
Hardners and auxiliaries	1,000	1,000	1,215	1,215	3,147	3,159
Hardners (intermediates)	230	230	485	485	-	-
Formaldehyde	30,000	30,000	20,000	20,000	14,732	13,175
Hexamine (tech)	1,257	1,257	1,800	1,800	-	-
Bisphenol - A	900	900	1,500	1,500	-	-
Vinyl ester resins	450	450	450	450	-	-
Polyaminoamide and their intermediates	1,940	1,940	1,940	1,940	280	357
Sulphanilic Acid	300	300	-	-	-	-
Bisphenol - S and intermediate chemicals	200	200	40	40	-	-
Ketone formaldehyde resins and Sulphonamide formaldehyde resins	250	250	100	100	-	-
Bon Acid	1,200	1,200	-	-	-	-
EP Intermediate	-	-	3,600	3,600	-	-
Resorcinol	-	-	2,400	2,400	1,766	1,351
Other Intermediate	-	-	-	-	-	2,948
Sulphuric Acid - Sulphur Trioxide	21,000	21,000	59,400	59,400	7,820	10,460
Oleum 25%	7,000	7,000	7,000	7,000	3,852	4,390
Oleum 65%	4,050	4,050	4,050	4,050	2,744	3,338
Chlorosulphonic Acid	4,000	4,000	39,600	39,600	18,703	14,212
Caustic Soda	18,900	18,900	23,900	23,900	3,290	3,397
Liquid Chlorine	12,925	12,925	19,915	19,915	11	103
Hydrochloric Acid 32%	28,000	28,000	46,000	46,000	297	214
Caustic Chlorine - By product	-	-	-	-	-	2,068
beta Naphthol	2,000	2,000	-	-	-	-
Sodium Sulphite	500	500	-	-	-	-
Michler's Ketone	80	80	-	-	-	-
Phosphorous Trichloride	1,000	1,000	-	-	-	-
Trichloroacetic Acid	300	300	-	-	-	-
Chloroacetic Acid (MCA)	750	750	-	-	-	-
2,4-Dichlorophenoxy derivatives	1,200	1,200	12,000	12,000	10,643	9,567
Phosgene	1,036	1,036	1,036	1,036	392	272
Benzyl Chlorofomate	-	-	200	200	157	108
Sulphuryl Chloride	100	100	-	-	-	-
Dichloroacetic Acid	75	75	-	-	-	-
Dichloroacetic Acid Methyl Ester (MDA)	60	60	-	-	-	-
Ethyl Carbamate (Urethane)	30	30	-	-	-	-

## Schedule forming part of the accounts

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

8(A) Licensed and installed capacities and production (contd)

Class of goods	Licensed capacity		Installed capacity (a)		Production	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	MT	MT	MT	MT	MT	MT
2.4- D Esters	250	250	500	500	311	230
Lambda-cyhalothrin	-	-	36	36	-	-
Dicalcium Phosphate	4,000	4,000	-	-	-	-
Indoxacarb Technical	-	-	60	60	27	13
Monoethyl Aniline	150	150	-	-	-	-
Carbamite	160	160	200	200	126	27
Ester of Chloroformic Acid	100	100	100	100	-	-
Diuron Tech	100	100	-	-	-	-
Tetradifon	50	50	250	250	-	-
Isoproturon	100	100	-	-	-	-
Metoxuron	100	100	-	-	-	-
Pentachlorophenol	200	200	-	-	-	-
2:4 Diamino Benzophenol	20	20	-	-	-	-
Chloro - Hydroxy-Quinoline	-	-	25	25	-	-
Neonicotinoid (Imidacloprid and Acetamiprid)	-	-	20	20	-	2
Sulphonylurea	-	-	100	100	58	63
Isoprothiolane	-	-	40	40	27	16
Tolyl Para Sulphonyl Ethyl Carbamate	100	100	-	-	-	-
o - Toluene Sulphonamide	100	100	-	-	-	-
p - Toluene Sulphonamide	70	70	-	-	-	-
p - Toluene Sulphonyl Chloride	88	88	-	-	-	-
Saccharine USP	50	50	-	-	-	-
Halazone	40	40	-	-	-	-
Chloramine	20	20	-	-	-	-
Menadine Derivatives	3	3	-	-	-	-
p-Chloro Benzene Sulphonamide	11	11	-	-	-	-
Iodochloro Hydroxyquinoline	170	170	170	170	-	-
Nikethamide	5	5	-	-	-	-
Tolbutamide	25	25	-	-	-	-
Mebendazole	20	20	-	-	-	-
Chlorzoxazone	20	20	-	-	-	-
Clodina	-	-	-	-	7	-
Glyphosate	-	-	-	-	107	-

- As certified by General Manager - Works | Manufacturing | Executive Director and being a technical matter, accepted by the Auditors, as correct.
- Class of goods based on classification given in the Industries (Development and Regulation) Act, 1951, under DGTD Registration.
- In addition to existing licensed capacity, Colors Division has also filed memorandum for manufacture of 400 Tons of Vat Dyes with the Department of Industrial Development Ministry of Industry, Government of India.

## Schedule forming part of the accounts

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

8 Licensed and installed capacities, production, stocks and turnover (contd)  
(B) Stocks and turnover

Class of goods	Stocks at commencement						Stocks at close						Turnover					
	2009-10		2008-09		2009-10		2008-09		2009-10		2008-09		2009-10		2008-09			
	MT	Rs	MT	Rs	MT	Rs	MT	Rs	MT	Rs	MT	Rs	MT	Rs	MT	Rs		
Cresol	176	1.93	219	2.08	232	2.52	176	1.93	7605	99.53	5,269	87.61						
Sodium Sulphite	-	-	150	0.08	170	0.00	-	-	12,784	7.16	9,655	7.21						
p-Anisic Aldehyde	129	4.11	179	4.11	89	2.21	129	4.11	2,648	85.88	2,092	88.33						
p-Anisic Alcohol	48	1.73	28	0.68	31	0.87	48	1.73	1,041	30.63	698	30.13						
p-Cresidine	5	0.19	19	0.42	7	0.15	5	0.19	340	10.02	225	8.42						
Anisole	30	0.30	14	0.18	27	0.23	30	0.30	199	2.09	31	0.37						
Dyes and Dye Intermediates (a)	180	0.49	78	0.97	37	0.10	180	0.49	17,009	48.54	11,882	41.33						
Caustic   Chlorine	580	0.88	647	0.80	87	0.06	580	0.88	3,407	3.63	5,849	10.31						
Chemicals (a)	1,683	11.46	1235	13.07	950	17.98	1,683	11.46	54,794	261.12	48,731	284.83						
Pharmaceuticals (a)	-	-	-	-	-	-	-	-	-	-	-	-						
Dyestuffs (a)	663	17.58	705	18.77	1,226	21.51	663	17.58	13,492	300.16	10,034	273.05						
Sulphones and Intermediates	100	2.91	29	0.85	91	0.79	100	2.91	888	44.77	994	55.30						
Bulk drugs and drug intermediates	5	0.20	10	0.36	7	0.24	5	0.20	19	1.43	21	1.61						
Pharmaceutical and Intermediates (PHIN)	53	1.85	28	1.53	52	0.54	53	1.85	171	20.42	101	13.54						
UF   MF   PF dicyandiamide resins	-	-	-	-	-	-	-	-	-	-	-	-						
Epoxy resins	893	9.08	515	7.78	1,089	5.62	893	9.08	13,080	158.14	8,477	131.73						
Hardeners and auxiliaries	482	7.59	296	4.33	516	5.70	482	7.59	3,137	61.09	2,972	61.96						
Formaldehyde	437	0.33	264	0.26	292	0.24	437	0.33	15,076	12.71	13,003	14.15						
Polyaminoamide resins and their intermediates	44	0.80	23	0.40	33	0.56	44	0.80	292	6.01	337	6.85						
Sulphanilic Acid	1	-	1	-	-	-	1	-	-	-	-	-						
Sulpha bulk drugs for export	-	-	-	-	-	-	-	-	-	-	-	-						
Pachouli oil and Geraniol oil	-	-	-	-	1	0.23	-	-	2	0.06	-	-						
Others	-	3.75	-	1.98	129	3.25	-	3.75	-	55.89	-	83.99						
Goods traded in:																		
Agro products (b)	645(nos)	0.07	-	-	1507(nos)	0.19	645(nos)	0.07	30163(nos)	6.38	68094(nos)	15.74						
Intermediates - BI	-	-	-	-	5	0.18	-	-	17	0.78	10	0.62						
Chemicals and Pharmaceuticals	-	-	-	-	-	-	-	-	-	-	-	-						
Chemicals	77	2.00	50	2.93	85	0.62	77	2.00	2,653	9.52	678	11.55						
<b>Total</b>		<b>67.25</b>		<b>61.58</b>		<b>63.80</b>		<b>67.25</b>		<b>1,225.96</b>		<b>1,228.62</b>						

(a) Class of goods based on classification given in the Industries (Development and Regulation) Act, 1951.

## Schedule forming part of the accounts

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

#### 9 Deferred Tax adjustments recognised in the financial statements

(Rs crores)

Particulars	Balance As at March 31, 2010	Charge   credit During the year	Balance As at March 31, 2009
Deferred Tax Liabilities: on account of timing difference in			
(a) Depreciation   impairment loss	29.05	(1.94)	30.99
	29.05	(1.94)	30.99
Deferred Tax Assets: on account of timing difference in			
(a) Provision for leave encashment	4.36	0.22	4.14
(b) 43 B expenses allowable	0.42	(0.19)	0.61
(c) Provision for doubtful debts	-	(2.28)	2.28
(d) Provision for doubtful advances	0.06	(3.39)	3.45
(e) Payment under VRS	1.63	(1.16)	2.79
	6.47	(6.80)	13.27
Net deferred tax liability   (assets)	22.58	4.86	17.72

#### 10 Related party information

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

No	Name of the related party	Description of relationship
	Party where control exist	
1	Atul Europe Limited	Subsidiaries
2	Atul Americas, Inc.	
3	Atul Deutchland GMBH	
4	Atul China International Trading Co (Shanghai) Limited	
5	Ameer Trading Corp Limited	
6	Atul Rajasthan Date Palm Limited	
7	Amal Limited	Associate company
8	Atul Bioscience Limited	
9	Gujarat Synthwood Limited	
10	AtRo Limited	
11	Atul Bio Space Private Limited	Enterprise over which control exercised by key management personnel
12	Atul Solar Energy Private Limited	
13	The Biyaban Agri Limited	
14	Raja Dates Limited	
15	The Aasthan Dates Limited	
16	LAPOX Polymers Pvt Limited	Enterprise over which significant influence exercised
17	Atul Infotech Private Limited	
18	Atul (Retail) Brands Private Limited	

## Schedule forming part of the accounts

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

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

No	Name of the related party	Description of relationship
	Other related parties	
19	Key Management Personnel:	
	Mr Sunil S Lalbhai	Chairman and Managing Director
	Mr Samveg A Lalbhai	Managing Director
	Mr B N Mohanan	Wholetime Director
20	Relatives of Key Management Personnel:	
	Dr Vimlaben S Lalbhai	Mother of Mr Sunil S Lalbhai
	Mrs Shreekumari Mohanan	Wife of Mr B N Mohanan
	Ms Swati S Lalbhai	Sister of Mr Sunil S Labhai
	Ms Nishtha S Lalbhai	Daughter of Mr Sunil S Labhai
21	Welfare Funds:	
	Atul Rural Development Fund	} Key management persons and employees are trustees
	Atul Kelavani Mandal	
	Atul Vidyalaya	
	Atul Club	

(b) Material transactions with related parties

(Rs crores)

No	Name of the related party	Subsidiaries	Associate company	Enterprise over which control exercised by key management personnel	Enterprise over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare Funds
	Sales and Income							
1	Sale of goods							
	Atul Europe Limited	67.77 (51.88)						
	Atul Americas, Inc.	50.57 (68.06)						
	Atul Bioscience Limited		0.30					
	Atul Biospace Limited		-	0.18 (-)				
	Amal Limited		- (0.07)					
2	Interest received							
	Ameer Trading Corporation Limited	0.38 (0.41)						
	Purchases and Expenses							
1	Purchase of goods							
	Atul Americas, Inc.	1.43 (0.81)						
2	Commission paid							
	Atul Europe Limited	0.73 (1.05)						
	Atul International Trading (Shanghai) Co Limited	0.27 (0.53)						



## Schedule forming part of the accounts

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

#### 10(b) Material transactions with related parties (contd)

(Rs crores)								
No	Name of the related party	Subsidiaries	Associate company	Enterprise over which control exercised by key management personnel	Enterprise over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare Funds
3	Discount paid							
	Atul Europe Limited	0.62 (-)						
	Atul Americas, Inc.	- (0.75)						
4	Services charges paid							
	Ameer Trading Corporation Limited	0.28 (0.28)						
	Atul Bioscience Limited		1.67 (0.57)					
	Atul Biospace Limited			0.19 (0.05)				
	LAPOX Polymers Private Limited				0.34 -			
	Atul Infotech Private Limited				2.74 (1.97)			
5	Remuneration							
	Mr Sunil S Lalbhai					1.55 (0.90)		
	Mr Samveg A Lalbhai					0.86 (0.63)		
	Mr B N Mohanan					0.56 (0.11)		
	Mr J L Shah					- (0.85)		
6	Donations							
	Atul Rural Development Fund							0.20 (0.20)
7	Contribution towards common expenses							
	Atul Kelavani Mandal							0.06 (0.11)
	Atul Vidyalaya							0.20 (0.16)
	Other transactions:							
1	Loan given							
	Ameer Trading Corporation Limited	(2.75) (6.55)						
	Gujarat Synthwood Limited		- (0.02)					

## Schedule forming part of the accounts

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

#### 10(b) Material transactions with related parties (contd)

(Rs crores)

No	Name of the related party	Subsidiaries	Associate company	Enterprise over which control exercised by key management personnel	Enterprise over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare Funds
2	Other transactions							
	Atul Europe Limited	0.27 (-)						
	Atul Americas, Inc.	0.36 (-)						
	Atul Deutschland GMBH	0.29 (-)						
	Amal Limited		- (0.13)					
3	Fixed deposit received							
	Mr Sunil S Lalbhai					0.40 (-)		
	Dr Vimlaben S Lalbhai						0.16 (0.01)	
	Mrs Shreekumari Mohanan						0.03 (-)	
	Ms Swati S Lalbhai						0.06 (-)	
	Ms Nishtha S Lalbhai						0.24 (-)	
4	FD Interest paid							
	Mr Sunil S Lalbhai					0.03 (-)		
	Dr Vimlaben S Lalbhai						0.01 (-)	
	Ms Nishtha S Lalbhai						0.02 (-)	
5	Advance adjusted							
	Amal Limited		- (21.30)					

(Rs crores)

No	Name of the related party	Wholly-owned Subsidiaries	Associate company	Enterprise over which control exercised by key management personnel	Enterprise over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare Funds
Outstanding balances:								
1	Payable	2.30 (1.93)	0.47 (7.91)	0.13 -	0.17 -	1.77 (0.92)	0.52 (0.02)	- -
2	Receivables	42.69 (48.91)	22.64 (23.47)	0.60 -	- -	- -	- -	1.36 -

## Schedule forming part of the accounts

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

11 Segment information:

(a) Information about business segment - primary:

(Rs crores)

Particulars	Colors		Speciality Chemicals and others		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1 Segment revenue						
External sales	300.67	276.11	925.30	952.51	1,225.96	1,228.62
Inter segment sales	0.85	0.24	11.80	25.05	12.66	25.29
Total segment revenue	301.52	276.35	937.10	977.56	1,238.62	1,253.91
Less: Inter segment revenue	0.85	0.24	11.80	25.05	12.66	25.29
Net revenue from operations	300.67	276.11	925.30	952.51	1,225.96	1,228.62
2 Segment results						
Profit before interest and tax	7.83	7.05	115.02	136.66	122.85	143.71
Interest					25.56	41.03
Other unallocable expenditure (net of unallocable income)					17.53	57.00
Profit before tax					79.76	45.68
3 Other Information						
Segment assets	225.80	196.94	659.23	598.00	885.03	794.94
Unallocated common assets					230.19	265.70
Total assets					1,115.22	1,060.64
4 Segment liabilities	69.35	38.05	181.27	112.45	250.62	150.50
Unallocated common liabilities					71.37	83.50
Total liabilities					321.99	234.00
5 Capital expenditure	2.05	5.21	17.53	36.50	19.58	41.71
Unallocated capital expenditure					1.10	4.44
Total capital expenditure					20.68	46.15
6 Depreciation	5.73	5.98	29.88	25.09	35.60	31.07
Unallocated depreciation					1.70	0.65
Total depreciation					37.30	31.72
7 Non cash expenses	-	-	-	-	-	-
Unallocated non cash expenses					-	-
Total non cash expenses					-	-

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Safety, Health and Environment

## Schedule forming part of the accounts

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

11 Segment information (Contd)  
(b) Business secondary - geographical by customers (Rs crores)

Particulars	In India		Outside India		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Segment revenue	712.48	652.58	513.48	576.04	1,225.96	1,228.62
Carrying cost of assets by location of assets	1,017.16	959.95	98.06	100.69	1,115.22	1,060.64
Addition to assets and intangible assets	20.68	46.15	-	-	20.68	46.15

Other disclosure

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

Name of segment	Comprises
(a) Colors	Dyes and Intermediates
(b) Speciality chemicals and others	Agro chemicals, Agro Products, Pharmaceuticals, Polymers, Other Chemicals and Aromatic Compounds and Cresols

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

12 Earning Per Share

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

Particulars		March 31, 2010	March 31, 2009
Profit for the year attributable to the equity shareholders	Rs crores	56.81	37.87
Basic   weighted average number of equity shares outstanding during the year		29661733	29661733
Nominal value of equity share	Rs	10	10
Basic and diluted Earning per Share	Rs	19.15	12.77

13 Lease

- (a) The Company has taken various residential and office premises under operation lease or leave and license agreements. These are generally cancellable, having a term between 11 months and 3 years and have no specific obligation for renewal. Payments are recognised in the Profit and Loss Account under "Rent" in Schedule 15.

- (b) The Company has given a building and plant and machinery on operating lease, the details of which are as under:

Assets	Gross block		Depreciation fund		Written down values		Depreciation for the year	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Buildings	0.04	0.04	0.04	0.04	-	-	-	-
Plant and machinery	1.27	1.27	0.74	0.61	0.53	0.66	0.13	0.13
Total	1.31	1.31	0.78	0.65	0.53	0.66	0.13	0.13

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

(Rs crores)

Particulars	As at March 31, 2010	As at March 31, 2009
Not later than one year	-	0.24

## Schedule forming part of the accounts

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

#### 14 Micro, Small and Medium Enterprise dues

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

(Rs crores)

No	Particulars	As at March 31, 2010	As at March 31, 2009
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
	Principal	0.20	0.23
	Interest	-	0.01
(b)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during each accounting year;	-	-
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprise Development Act, 2006;	-	0.01
(d)	The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	0.01
(e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006;	-	-

Above disclosures have been made based on information available with the Company, for suppliers who are registered as Micro, Small and Medium Enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" as at March 31, 2010.

15 Provision for Contingency represents provision made for irrecoverable Loans and Advances created by way of utilisation of Capital Redemption Reserve Account totally and Security Premium Account partly in terms of Order dated February 01, 2005 passed by the Honourable High Court of Gujarat.

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

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

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

## Schedule forming part of the accounts

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

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

As at	No of Contracts	Type	US\$ equivalent (crores)
March 31, 2009	31	Sell	0.57
March 31, 2010	3	Buy	0.04

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

As at	No of Contracts	US\$ equivalent (crores)
March 31, 2009	8	5.15
March 31, 2010	8	3.35

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

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

As at	No of Contracts	US\$ equivalent (crores)
March 31, 2009	3	0.28
March 31, 2010	-	-

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

As at	No of contracts	US\$ equivalent (crores)	Euro equivalent (crores)
March 31, 2009	2	0.36	-
March 31, 2010	2	0.20	-

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

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

Particulars	Current Year			Previous Year		
	US\$ equivalent (crores)	Euro equivalent (crores)	Others equivalent (crores)	US\$ equivalent (crores)	Euro equivalent (crores)	Others equivalent (crores)
Debtors	2.34	0.45	0.01	1.68	0.34	0.01
Creditors - (GBP 1402.41)	0.92	-	0.02	0.31	0.01	-
Loans Taken	1.44	-	-	1.94	-	-

## Schedule forming part of the accounts

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

(c) Financial Derivatives Hedging Transactions:

Pursuant to the announcement issued by The Institute of Chartered Accountants of India dated March 29, 2008 in respect of forward exchange contracts and currency and interest rate swaps, the Company has applied the Hedge Accounting principles set out in the Accounting Standard (AS) 30 'Financial Instruments : Recognition and Measurement'. Accordingly, Range Forward Contracts are marked to market and the loss aggregating Rs 15.03 crores arising consequently on contracts that were designated and effective as hedges of future cash flows has been recognised directly in the Hedging Reserve Account. Actual gain or loss on exercise of these Range Forward contracts or any part thereof is recognised in the Profit and Loss Account. Hedge accounting will be discontinued if the hedging instrument is sold, terminated or no longer qualifies for hedge accounting.

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

18 Loans and advances in nature of loans

(Rs crores)

Particulars	Amount outstanding As at March 31, 2010	Maximum balance During the year
(i) Subsidiary: Ameer Trading Corporation Ltd (including interest)	5.66	8.23
(ii) Associate companies: AtRo Ltd (a) - Rs 1,500 Amal Ltd (including interest)	21.29	22.42
(iii) Loan to others where there is no interest or repayment schedule: Atul club Atul Retail Brands Pvt Ltd - Rs 5,300 Atul Rajasthan Date Palms Ltd - Rs 43,871 Atul Solar Energy Pvt Ltd - Rs 5,300	1.36	1.36 - - -

Note:

(a) No repayment Schedule.

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

19 Employee benefits

(a) Defined benefit plans:

Expenses recognised for the year ended on March 31, 2010  
(included in Schedule 13 of Profit and Loss Account)

(Rs crores)

Particulars	2009-10 Gratuity funded	2008-09 Gratuity funded
1 Current service cost	1.38	1.34
2 Interest cost	2.06	1.96
3 Expected return on plan assets	(2.21)	(2.19)
4 Employer contribution (receipt)	0.00	-
5 Actuarial losses   (gains)	0.84	2.33
Expenses recognised in Profit and Loss Account	2.07	3.44

## Schedule forming part of the accounts

(Rs crores)

<b>SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS</b> (contd)	2009-10	2008-09
---	---------	---------

### 19 Employee benefits (contd)

#### (a) Defined benefit plans (contd):

Net asset | (liability) recognised in the Balance Sheet as at March 31, 2010

Particulars	Gratuity funded	Gratuity funded
1 Present value of defined benefit obligation	30.55	26.16
2 Fair value of plan assets	30.81	26.16
3 Funded status (surplus   (deficits))	0.26	(0.35)
Net assets   (liability)	0.26	(0.35)

Reconciliation of net assets | (liability) recognised in the Balance Sheet as at March 31, 2010

Particulars	Gratuity funded	Gratuity funded
1 Net assets   (liability) at beginning of the year	(0.38)	0.17
2 Employer expenses	2.59	3.61
3 Employer contribution	(1.95)	3.44
Net assets   (liability) at the end of the year	0.26	7.22

Particulars	Gratuity funded	Gratuity funded
Actual return on plan assets	4.81	0.04

Actuarial Assumptions

Particulars	Gratuity funded	Gratuity funded
1 Discount rates	8.25%	7.50%
2 Expected rate of return on plan asset	8.00%	8.00%
3 Expected rate of salary increase	6.50%	5.00%
4 Mortality post- retirement	LIC (1994-96)	LIC (1994-96)

Major category of plan asset as a percentage of total plan

Particulars	Gratuity funded	Gratuity funded
1 Unit linked insurance plan of various private insurance companies approved by IRDA	94%	94%
2 In approved government securities	6%	6%

#### (b) Defined contribution plan:

Amount of Rs 5.93 crores (Previous year Rs 5.73 crores) is recognised as expense and included in the Schedule 13 "Contribution to Provident and Other Funds" to the Profit and Loss Account.

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

#### (d) Amount recognised as an expense in respect of Compensated Leave Absences in Rs 2.21 crores (Previous year Rs 3.00 crores).



## Schedule forming part of the accounts

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

- 20 Included under loan and advances is an amount of Rs 21.29 crores given to an associate company. The said Company is registered under BIFR and is in the process of implementing its revival plan. First charge over all their assets have been assigned exclusively in favour of the Company. Considering present market value of assets, this amount is considered as good and recoverable.
- 21 The Company has revalued (i) Leasehold land and (ii) Commercial land and building at Ahmedabad, Mumbai and Delhi as at March 31, 2008 at fair market value as determined by an independent valuer appointed for the purpose. Resultant increase in book value amounting to Rs 107.47 crores has been transferred to Revaluation Reserve.
- 22 With effect from April 01, 2009 the Company has implemented Oracle as ERP platform and the valuation of inventories is done on the basis of Moving Weighted Average Method instead of FIFO | YTD average basis applied in the earlier years. The impact on profits due to this change is not material.
- 23 Decline in value of a certain long term investment, considered as temporary in nature, has not been recognised and accordingly, no provision for diminution in value has been made (see Schedule 6, page 46 I 47)
- 24 Previous year's figures have been regrouped wherever necessary.
- 25 Figures less than Rs 50,000 has been shown at actual in bracket as the figures have been rounded off to nearest lacs.

As per our attached report of even date  
**For Dalal and Shah**  
 Firm Registration No 102020W  
 Chartered Accountants

**S Venkatesh**  
 Partner  
 Membership No 037942  
 Mumbai  
 July 19, 2010

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

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

**Sunil S Lalbhai**  
 Chairman and Managing  
 Director

**Samveg A Lalbhai**  
 Managing Director  
 Mumbai  
 July 19, 2010

For and on behalf of the Board of Directors

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Safety, Health and Environment

## Annexure referred to in Note 17 in Schedule 16 of the Accounts for the year ended March 31, 2010

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

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

#### 1 Use of Estimates:

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

#### 2 Fixed Assets: (Tangible and Intangible)

##### 1 Tangible Assets:

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

##### 2 Intangible Assets:

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

##### 3 Depreciation and Amortisation:

Amortisation:

- 1 Premium on lease hold land is amortised over the period of lease.
- 2 Cost of spares for specific machinery is amortised over balance period of life of related machinery.
- 3 Computer Software is being amortised over a period of three years.
- 4 Other fixed assets:

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

Depreciation on additions to the assets during the year is being provided on pro-rata basis at their respective rate with reference to the month of acquisition | installation as required by Schedule XIV to the Companies Act, 1956.

Depreciation on assets sold, scrapped or discarded during the year is being provided at their respective rates up to the month in which such assets are sold, scrapped or discarded, as required by Schedule XIV to the Companies Act, 1956.

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

#### 4 Impairment of Assets:

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

#### 5 Borrowing Costs:

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

#### 6 Investments:

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

#### 7 Inventories:

- 1 Raw Materials, Packing materials and fuel are valued at cost or net realisable value whichever is lower. Cost is arrived at on Moving Weighted Average basis.
- 2 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.
- 3 Materials - in - Process and Finished Goods are valued at cost or net realisable value whichever is lower. Finished goods stocks are valued at full absorption cost (Including Excise Duty).
- 4 Purchased Finished Goods are valued at cost or net realisable value whichever is lower. Cost is arrived at on Moving Weighted Average basis.
- 5 Materials in transit and in Bonded Warehouse are stated at the cost to the date of Balance Sheet.

#### 8 Foreign Currency Transaction:

##### 1 Initial Recognition:

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

##### 2 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.

##### 3 Exchange Differences:

All exchange differences arising on settlement and conversion of foreign currency transactions are included in the Profit and Loss Account, except in cases where they relate to the acquisition of fixed assets, acquired out of India in which case they are adjusted in the cost of the corresponding asset.

##### 4 Forward Exchange Contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contract is amortised as expenses or

income over the life of the contract. Exchange differences on such contract is being recognised in the statement of profit and loss for the year. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.

#### **5 Derivatives:**

Where Company has entered into the derivative contracts such as Interest Rate Swaps, Currency Swaps, Forward Contracts and Currency Options, to hedge against risks of adverse movements in interest rates, foreign currencies of values of the hedged items associated with interest and foreign currency fluctuations relating to firm commitments and forecasted transactions.

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds, under "Hedging Reserve" and the ineffective portion is recognised immediately in the Profit and Loss Account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Profit and Loss Account as they arise.

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

#### **9 Revenue Recognition:**

##### **1 Sale of Goods:**

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

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

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

4 Lease rental income is recognised on accrual basis.

5 Dividend Income is accounted for in the year in which the right to receive the same is established.

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

#### **10 Provisions:**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on Management estimate required to settle the obligation at the balance sheet date and adjusted to reflect the current Management estimates.

#### **11 Research 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. However, Research and Development Expenditure on fixed assets is treated in the same way as expenditure on other fixed assets.

## 12 Employee Benefits:

### 1 Defined Contribution Plan:

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

### 2 Defined Benefit Plan:

#### Gratuity:

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

#### Long Term Leave Encashment:

Long term leave encashment are provided for based on actuarial valuation on project unit credit method carried by an actuary as at the end of the year. Actuarial gains | losses are immediately taken to Profit and Loss Account.

### 3 Short-Term Employee Benefits:

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

### 4 Voluntary Retirements:

Compensation payable under the Voluntary Retirement Scheme is being charged to Profit and Loss Account.

## 13 Taxation:

1 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.

2 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.

3 Deferred tax asset and deferred tax liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets on account of timing differences are recognised, only to the extent there is a reasonable certainty of its realisation. Deferred tax assets are reviewed at each Balance Sheet date to reassure realisation.

## 14 Government Grants:

1 Government grants are recognised when there is reasonable assurance that the same will be received.

2 Revenue grants for expenses incurred are reduced from the respective expenses.

3 Capital grants relating to specific fixed assets are reduced from the cost of the respective fixed assets.

4 Capital grants for project capital subsidy are credited to capital reserve.

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

### I Registration Details

Registration No.  State Code

Balance Sheet Date

### II Capital raised during the year (Amount in Rs crores)

Public Issue  Right Issue

Bonus Issue  Private Placement  
(Redeemable Preference shares)

### III Position of Mobilisation and Deployment of Funds (Amount in Rs crores)

Total Liabilities  Total Assets

#### Sources of Funds

Paid - up Capital  Reserves and Surplus

Secured Loans  Unsecured loans

Deferred Tax Liability (net)

#### Application of Funds

Net Fixed Assets  Investments

Net current assets

### IV Performance of Company (Amount in Rs crores)

Turnover  
(including other income)  Total Expenditure

Profit/Loss Before Tax  Profit After Tax

Earning per Share (equity) Rs  Dividend Rate in %  
(Proposed)

### V Generic Names of Three Principal Products I Services of the Company (As per monetary terms)

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

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

1	Name of subsidiary	Ameer Trading Corporation Ltd	Atul Americas, Inc.	Atul Europe Ltd	Atul Deutschland GmbH	Atul International Trading (Shanghai) Co Ltd	Atul Rajasthan Date Palms Ltd
2	Financial year ending on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010
3	Extent of Holding: By Atul Ltd (ATUL)	100%	100%	100%	100%	100%	74%
4	Net aggregate amount of Profits   (Losses) of the subsidiary 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, 2010	-	-	-	-	-	-
	(b) not dealt with in the accounts of the Company for the year ended March 31, 2010	Rs 0.07 crore	(\$ 248) equal to Rs (0.001 crore)	£ 248,214 equal to Rs 1.69 crores	(€ 73,375) equal to Rs (0.44 crore)	(YUAN 311,532) equal to Rs (0.21 crore)	Rs 0.30 crore
5	Net aggregate amount of Profits   (Losses) for previous financial years of the subsidiary so far as they concern members of the Company:						
	(a) dealt with in the accounts of the Company for the year ended March 31, 2010	Rs 12.07 crores	-	-	-	-	-
	(b) not dealt with in the accounts of the Company for the year ended March 31, 2010	Rs 4.42 crores	\$ 314,887 equal to Rs 1.42 crores	(£ 825,261) equal to Rs (5.61 crores)	(€ 4,622) equal to Rs (0.03 crore)	(YUAN 2,071,665) equal to Rs (1.37 crores)	Rs 9.26 crores

# Contents

# Financial Statements

## Consolidated

<b>103</b>	Auditors' Report
<b>104</b>	Balance Sheet
<b>105</b>	Profit and Loss Account
<b>106</b>	Cash Flow Statement
<b>108</b>	Schedules



# Auditors' Report

To the Board of Directors

of Atul Ltd on the Consolidated Financial Statements of Atul Ltd and its Subsidiary Companies

1. We have audited the attached consolidated balance sheet of Atul Ltd (the "Company") and its subsidiaries and its associate companies; hereinafter referred to as the "Group" (Refer Note 2.1 in Schedule 16 to the attached consolidated financial statements) as at March 31, 2010, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of:-
  - (i) Three foreign subsidiaries included in the consolidated financial statements, which constitute total assets of Rs 56.36 crores and net assets of Rs 6.86 crores as at March 31, 2010 and total revenue of Rs 148.43 crores, total loss of Rs 1.92 crores and net cash flows amounting to Rs 2.12 crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
  - (ii) Two subsidiaries included in the consolidated financial statements, which constitute total assets of Rs 15.48 crores and net assets of Rs 12.43 crores as at March 31, 2010 and total revenue of Rs 16.33 crores, net profit of Rs 0.64 crore and net cash flows amounting to Rs 10.11 crores for the year then ended. These financial statements and other financial information are unaudited and have been prepared and certified by the Management of these companies as a result of which, any adjustments to their balances could have a consequential effect on the attached consolidated financial statements.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
  - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of  
**Dalal and Shah**  
 Firm Registration Number 102020W  
*Chartered Accountants*

Mumbai  
 July 19, 2010

**S Venkatesh**  
*Partner*  
 Membership Number 037942

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Serving Diverse Industries

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Safety, Health and Environment

# Consolidated Balance Sheet as at March 31, 2010

(Rs crores)

Particulars	Schedule	As at March 31, 2010	As at March 31, 2009
<b>I SOURCES OF FUNDS</b>			
<b>1 Shareholders' funds</b>			
(a) Capital	1	29.68	29.68
(b) Reserves and surplus	2	458.16	426.95
			487.84
			456.63
<b>2 Loan funds</b>			
(a) Secured loans	3	259.01	336.01
(b) Unsecured loans	4	36.07	33.50
			295.08
<b>3 Deferred tax liability (net): (see Note 6)</b>			22.57
<b>4 Minority interest</b>			3.99
			-
			809.48
			843.85
<b>II APPLICATION OF FUNDS</b>			
<b>1 Fixed assets</b>			
(a) Gross block	5	975.20	952.37
(b) Less: depreciation, amortisation and impairment loss		562.72	524.77
(c) Net block		412.48	427.60
(d) Capital work in progress, expenditure to-date		7.85	13.97
(e) Advances against capital expenditure		5.23	1.71
			425.56
<b>2 Investments</b>	6		53.34
<b>3 Current assets, loans and advances</b>	7		
(a) Inventories		225.80	212.78
(b) Sundry debtors		263.46	211.28
(c) Cash and bank balances		32.64	28.86
(d) Other current assets		-	-
(e) Loans and advances		130.22	111.07
		652.12	563.99
<b>Less: Current liabilities and provisions</b>	8		
(a) Liabilities		271.60	180.28
(b) Provisions		49.94	37.98
		321.54	218.26
<b>Net current assets</b>			330.58
			809.48
			843.85
<b>Notes forming part of the Accounts</b>	16		

As per our attached report of even date  
**For Dalal and Shah**  
 Firm Registration No 102020W  
 Chartered Accountants

**S Venkatesh**  
 Partner  
 Membership No 037942  
 Mumbai  
 July 19, 2010

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

For and on behalf of the Board of Directors

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

**Sunil S Lalbhai**  
 Chairman and Managing  
 Director

**Samveg A Lalbhai**  
 Managing Director  
 Mumbai  
 July 19, 2010

# Consolidated Profit and Loss Account

for the year ended March 31, 2010

(Rs crores)

Particulars	Schedule	2009-10	2008-09
<b>INCOME</b>			
Gross sales		1,249.82	1,271.44
Less: Excise duty		57.84	69.17
Net sales			1,191.98
Operating income	9		31.75
Sales and operating income			1,223.73
Other income	10		5.38
			1,229.11
<b>EXPENDITURE</b>			
Cost of goods sold and materials consumed	11	674.75	691.63
Manufacturing expenditure	12	181.88	174.59
Employees' emoluments	13	106.12	94.68
Interest and finance charges	14	25.63	41.41
Others	15	115.55	109.67
Exchange rate difference		8.86	44.89
Depreciation and amortisation		39.20	33.65
Amortisation of leasehold land		0.28	0.28
		39.48	33.93
Less: Amount withdrawn from revaluation reserve		2.06	2.06
		37.42	31.87
			1,150.21
			78.90
			1,188.74
<b>PROFIT BEFORE TAX</b>			
Provision for tax			
Current tax		22.29	7.66
Deferred tax		4.85	1.63
Wealth tax		0.10	0.10
Fringe benefit tax		-	0.82
			27.24
			51.66
			40.08
<b>PROFIT FOR THE YEAR</b>			
Minority interest			0.08
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			
			51.58
			40.08
Add: Tax adjustments relating to earlier years			
Income tax and wealth tax			0.04
Additional MAT entitlement for the earlier years			3.89
			55.51
As per last account			229.22
			284.73
			243.42
Appropriations			
General reserve			5.68
Proposed dividend		11.87	8.90
Corporate dividend tax on above		1.97	1.51
			13.84
			10.41
Balance carried to Balance Sheet			265.21
Basic   diluted Earning per Share (see Note 9)			Rs 18.71
			Rs 14.29
<b>NOTES FORMING PART OF THE ACCOUNTS</b>			
	16		

As per our attached report of even date  
**For Dalal and Shah**  
 Firm Registration No 102020W  
 Chartered Accountants

**S Venkatesh**  
 Partner  
 Membership No 037942  
 Mumbai  
 July 19, 2010

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

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

**Sunil S Lalbhai**  
 Chairman and Managing  
 Director

**Samveg A Lalbhai**  
 Managing Director  
 Mumbai  
 July 19, 2010

For and on behalf of the Board of Directors

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Safety, Health and Environment

## Consolidated Cash Flow Statement of Atul Ltd and its Subsidiary Companies for the year ended March 31, 2010

(Rs crores)

Particulars	2009-10	2008-09
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax and extraordinary items	78.90	50.29
Adjustments for:		
Add:		
Depreciation	37.42	31.87
Interest and finance charges	25.14	40.17
Loss on assets sold or discarded	0.43	0.35
Exchange rate difference	(6.73)	25.90
Exchange rate difference on consolidation	1.68	(1.08)
Provision for doubtful debts	-	7.32
Obsolete material written off	1.87	0.72
	59.81	105.25
	138.71	155.55
Less:		
Dividend	4.97	4.63
Interest received	0.41	2.60
Provisions no longer required	-	2.15
Surplus on sale of fixed assets	0.04	1.24
	5.42	10.62
Operating Profit before working capital changes	133.29	144.92
Adjustments for:		
Inventories	(14.89)	18.91
Trade and other receivables	(67.67)	63.09
Trade and other payables	84.74	(33.85)
	2.18	48.15
Cash generated from Operations	135.47	193.07
Less:		
Direct taxes (refund)   paid	21.73	2.08
<b>Net cash flow from operating activities</b>	<b>A</b>	<b>113.74</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets and capital advances	(22.43)	(67.49)
Sale of fixed assets	0.30	3.37
(Disbursements)   repayments of loans	(0.38)	-
Purchase of investments	-	(1.50)
Sale of investments	1.50	-
Interest received	0.41	2.60
Exchange rate difference on consolidation of subsidiaries	(1.68)	1.08
Dividend received	4.97	4.63
Capital subsidy	8.96	0.20
<b>Net cash used in investing activities</b>	<b>B</b>	<b>(8.35)</b>

## Consolidated Cash Flow Statement of Atul Ltd and its Subsidiary Companies for the year ended March 31, 2010 (contd)

(Rs crores)

Particulars	2009-10	2008-09
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share capital	1.58	-
Proceeds from long term borrowings	(69.42)	36.53
Add: Exchange rate difference	6.73	(25.90)
Proceeds from long term borrowings (adjusted)	(62.69)	10.63
Proceeds   (repayments) of working capital loans (Net)	(7.58)	(68.44)
Proceeds   (repayments) of unsecured borrowings (Net)	2.56	(28.65)
Total Proceeds from borrowings	(67.71)	(86.46)
Interest paid	(25.15)	(39.39)
Dividend paid	(8.82)	(8.81)
Corporate dividend tax paid	(1.51)	(1.51)
	(10.33)	(10.32)
<b>Net cash used in financing activities</b>	<b>C (101.61)</b>	<b>(136.17)</b>
<b>Net change in Cash and Cash Equivalents A+B+C</b>	<b>3.78</b>	<b>(2.29)</b>
<b>Cash and cash equivalents (opening balance)</b>	<b>28.86</b>	<b>31.16</b>
<b>Cash and cash equivalents (closing balance)</b>	<b>33.20</b>	<b>28.58</b>
	<b>4.34</b>	<b>(2.58)</b>

Notes to the Cash Flow Statement for the year ended March 31, 2010

- Cash and cash equivalents include :
 

Cash and bank balances	32.64	28.86
Unrealised (gain)   Loss on foreign currency cash and cash equivalents	0.56	(0.29)
Total cash and cash equivalents	33.20	28.57
- The Cash Flow Statement has been prepared under the " Indirect Method " set out in AS - 3 "Cash Flow Statement" referred to in The Companies Accounting Standard Rules, 2006.
- Cash and Cash equivalents represent cash and bank balances only.
- Cash and Cash equivalents include Rs 2.60 Crores (Previous year Rs 1.92 crores) which are not available for use by the Company (Refer Schedule 7 in the financial Statements).
- Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

As per our attached report of even date  
**For Dalal and Shah**  
Firm Registration No 102020W  
Chartered Accountants

**S Venkatesh**  
Partner  
Membership No 037942  
Mumbai  
July 19, 2010

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

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

**Sunil S Lalbhai**  
Chairman and Managing  
Director

**Samveg A Lalbhai**  
Managing Director  
Mumbai  
July 19, 2010

For and on behalf of the Board of Directors

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Safety, Health and Environment

## Schedule forming part of Consolidated Balance Sheet As at March 31, 2010

(Rs crores)

<b>SCHEDULE 1 SHARE CAPITAL</b>	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
<b>Authorised</b>		
80,00,000 Cumulative Redeemable Preference shares of Rs100 each	80.00	80.00
8,00,00,000 Equity shares of Rs 10 each	80.00	80.00
	<b>160.00</b>	<b>160.00</b>
<b>Issued</b>		
2,96,91,780 Equity shares of Rs 10 each	29.69	29.69
	<b>29.69</b>	<b>29.69</b>
<b>Subscribed</b>		
2,96,61,733 Equity shares of Rs 10 each fully paid	29.66	29.66
Add: Forfeited shares (amount paid-up)	0.02	0.02
	<b>29.68</b>	<b>29.68</b>

Notes:

- 1 19,64,650 shares are issued as fully paid-up Bonus shares by way of capitalisation of reserves.
- 2 3,58,600 shares of Rs 10 each on account of reduction and consolidation of 35,86,000 equity shares of Rs 10 each as confirmed by the Honourable High Court of Gujarat vide its order dated August 20, 1988.
- 3 75,00,000 shares are issued to the Shareholders of erstwhile The Atul Products Ltd, pursuant to Amalgamation Scheme sanctioned by the Honourable High Court of Gujarat as per its order dated August 20,1988.
- 4 38,09,310 shares are issued as fully paid-up on conversion of 12.5% Fully Convertible Secured debentures of Rs 120 each per debenture in the year 1992-93.
- 5 1,10,29,173 shares are issued as fully paid-up on conversion of 14% Fully Convertible Secured debentures of Rs 180 each per debenture in the year 1994-95.
- 6 50,00,000 shares issued on preferential basis to promoters in the year 1993-94.

(Rs crores)

<b>SCHEDULE 2 RESERVES AND SURPLUS</b>	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
<b>Security premium account</b>	34.66	34.66
<b>Central and state subsidy reserve</b>		
As per last account	0.98	0.78
Add: Received during the year	6.63	0.20
Less: Transferred to general reserve	0.98	-
	<b>6.63</b>	<b>0.98</b>
<b>Capital reserve</b>	6.68	6.68
<b>Revaluation reserve</b>		
As per last account	112.70	114.76
Less: Transferred to Profit and Loss Account	2.06	2.06
	<b>110.64</b>	<b>112.70</b>

## Schedule forming part of Consolidated Balance Sheet As at March 31, 2010

*(Rs crores)*

<b>SCHEDULE 2 RESERVES AND SURPLUS</b> (contd)	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
<b>Hedging reserve (see Note 11)</b>	(15.03)	-
<b>General reserve</b>		
As per last account	42.71	38.93
Add: Transferred from Central and state subsidy reserve	0.98	-
Add: Set aside this year	5.68	3.79
	49.37	42.71
<b>Surplus as per annexed Account</b>	265.21	229.22
	<b>458.16</b>	<b>426.95</b>

*(Rs crores)*

<b>SCHEDULE 3 SECURED LOANS</b>	<b>As at March 31, 2010</b>	<b>As at March 31, 2009</b>
<b>Term loans from Financial Institutions   Banks</b>		
<b>Foreign Currency Term loans</b>		
State Bank of Travancore - (a)	12.30	20.83
Bank of India - (a)	11.39	21.42
Indian Overseas Bank Ltd - (a)	11.28	19.11
Bank of India, New York - ECB (a)	-	3.19
Bank of India - (a)	-	3.18
<b>Rupee Term Loans</b>		
International Finance Corporation - ECB (b)	78.12	78.12
Bank of Rajasthan - (a)	22.49	-
State Bank of Hyderabad - (a)	18.75	25.00
The Karur Vysya Bank Ltd - (a)	17.50	20.20
EXIM Bank - (a)	12.40	18.60
EXIM Bank - (a)	9.97	13.59
State Bank of Hyderabad - (a)	9.36	15.61
State Bank of Indore - (a)	4.98	9.98
Life Insurance Corporation of India - (a)	2.00	6.00
State Bank of India - (b)	0.02	0.03
Indian Overseas Bank - (a)	-	24.98
ICICI Bank Ltd	-	0.14

Research and Technology

Financial Statements

Financial Analysis

Report on Corporate Governance

Operational Highlights

Report on Corporate Governance

Overview by the Chairman

Management Discussion and Analysis

Purpose and Values

Directors' Report

Serving Diverse Industries

Serving the Society

Corporate Identity

Safety, Health and Environment

## Schedule forming part of Consolidated Balance Sheet As at March 31, 2010

(Rs crores)

<b>SCHEDULE 3 SECURED LOANS</b> (contd)	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2010</b>		<b>March 31, 2009</b>	
<b>Working capital loans from Banks (c)</b>				
Cash credit	8.42			17.89
Working capital demand loan	10.00			-
Packing credit	-			23.61
Bills discounting	0.10			7.03
Buyer's credit	29.93			7.50
		48.45		56.03
		<b>259.01</b>		<b>336.01</b>

### Notes:

- Secured by first pari passu charge on the fixed assets of the Company as a whole, both present and future, excluding specific assets with specific charge.
- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets and mortgage of the immovable properties of the Company, present and future, excluding specific assets with exclusive charge and second charge on the entire current assets of the Company, present and future.
- Secured by hypothecation of tangible current assets (other than movable machinery), namely raw materials, finished and semi finished goods, inventories and book-debts of the Company as a whole and also secured by second and subservient charge on immovable assets of the Company to the extent of individual bank's limit as mentioned in joint consortium documents. This also extends to guarantee given by the bankers. Amount of guarantee outstanding at the end of the year Rs 24.75 crores (Previous year Rs 31.49 crores).

(Rs crores)

<b>SCHEDULE 4 UNSECURED LOANS</b>	<b>As at</b>		<b>As at</b>	
	<b>March 31, 2010</b>		<b>March 31, 2009</b>	
Fixed deposits *		16.87		10.75
Interest accrued on cumulative deposits		0.90		0.66
From companies		-		0.17
From banks		18.30		21.92
		<b>36.07</b>		<b>33.50</b>

\* Including from Chairman and Managing Director Rs 0.40 crore (Previous year Rs Nil)



# Schedule forming part of Consolidated Balance Sheet As at March 31, 2010

(Rs crores)

SCHEDULE 5 FIXED ASSETS												
ASSET BLOCK	GROSS BLOCK (a)				DEPRECIATION				NET BLOCK			
	As at March 31, 2009	Additions	Deductions and Adjustments	As at March 31, 2010	Upto March 31, 2009	For the Year	Deductions and Adjustments	As at March 31, 2010	Impairment Fund March 31, 2010	Depreciation and Impairment Fund March 31, 2010	As at March 31, 2010	As at March 31, 2009
<b>Tangible assets</b>												
Land - Free hold (c)	11.36	-	-	11.36	-	-	-	-	-	-	11.36	11.36
Land - Lease hold (c)	24.00	-	0.28	23.72	-	-	-	-	-	-	23.72	24.00
Buildings (b) and (c)	211.38	5.77	0.94	216.21	43.09	5.17	0.46	47.80	0.48	48.28	167.93	167.81
Roads	2.34	0.17	-	2.51	1.07	0.16	-	1.23	-	1.23	1.28	1.27
Plant and machinery	649.39	14.40	0.26	663.53	414.99	30.11	0.30	444.80	27.20	472.00	191.53	207.20
Railway siding	0.08	-	-	0.08	0.08	-	-	0.08	-	0.08	-	-
Office equipment and furniture	21.02	1.51	0.18	22.35	13.40	1.49	0.19	14.70	-	14.70	7.65	7.62
Vehicles	10.12	0.27	0.45	9.94	5.41	1.12	0.30	6.23	-	6.23	3.71	4.71
Capital spares	0.76	0.11	0.10	0.77	0.43	0.06	-	0.49	-	0.49	0.28	0.33
<b>Research and development</b>												
Building	2.64	-	-	2.64	1.72	0.08	-	1.80	-	1.80	0.84	0.92
Machinery	12.31	1.34	-	13.65	10.80	0.37	-	11.17	-	11.17	2.48	1.51
Office equipments	0.20	-	-	0.20	0.09	0.02	-	0.11	-	0.11	0.09	0.11
Total Tangible assets	945.60	23.57	2.21	966.96	491.08	38.58	1.25	528.41	27.68	556.09	410.87	426.84
<b>Intangible assets</b>												
Computer software	6.77	1.47	-	8.24	6.01	0.62	-	6.63	-	6.63	1.61	0.76
Total Intangible assets	6.77	1.47	-	8.24	6.01	0.62	-	6.63	-	6.63	1.61	0.76
<b>Total as at March 31, 2010</b>	<b>952.37</b>	<b>25.04</b>	<b>2.21</b>	<b>975.20</b>	<b>497.09</b>	<b>39.20</b>	<b>1.25</b>	<b>535.04</b>	<b>27.68</b>	<b>562.72</b>	<b>412.48</b>	<b>427.60</b>
Total as at March 31, 2009	875.42	92.42	15.47	952.37	476.15	33.65	12.71	497.09	27.68	524.77	427.60	

Note:

(a) At cost, except land freehold certain leasehold land, building premises and plant and machinery at revalued value and land leasehold at cost, less amounts written off.

(b) Includes premises on ownership basis Rs 1.10 crores (March 31, 2009 Rs 1.10 crores) and cost of share in co-operative society Rs 2000 (March 31, 2009 Rs 2000).

(c) See Note 1(c) in Schedule 16.



Corporate Identity	Serving Diverse Industries	Purpose and Values	Overview by the Chairman	Operational Highlights	Financial Analysis	Research and Technology
Safety, Health and Environment	Serving the Society	Directors' Report	Management Discussion and Analysis	Report on Corporate Governance	Financial Statements	

## Schedule forming part of Consolidated Balance Sheet As at March 31, 2010

(Rs crores)

<b>SCHEDULE 6 INVESTMENTS, AT COST</b>	<b>As at March 31, 2010</b>		<b>As at March 31, 2009</b>	
<b>Long term investments</b>				
<b>Government and Trust Securities</b>				
<b>Unquoted</b>				
6 Years National Savings Certificates (deposited with government departments)		0.01		0.01
<b>Long term Investments</b>				
Equity Shares, Quoted	50.84			50.84
Less: Cost of investments adjusted to general reserve as loss in associates exceed the cost	0.24			0.24
Less: Provision for diminution in value	0.40			0.40
		50.20		50.20
Equity Shares, Unquoted	4.44			4.44
Less: Cost of investments adjusted to general reserve as loss in associates exceed the cost	0.56			0.56
Less: Provision for diminution in value	0.75			0.75
		3.13		3.13
Share application money		-		1.50
		<b>53.34</b>		<b>54.84</b>

(Rs crores)

<b>Particulars</b>	<b>Book Value</b>		<b>Market Value</b>	
	<b>As at March 31,</b>		<b>As at March 31,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Quoted	50.20	50.20	160.36	99.44
Unquoted	3.14	3.14		
	<b>53.34</b>	<b>53.34</b>		

## Schedule forming part of Consolidated Balance Sheet As at March 31, 2010

(Rs crores)

SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES	As at March 31, 2010		As at March 31, 2009	
<b>(a) Inventories, at cost or net realisable value whichever is lower</b>				
Stores, spares, etc.		21.90		21.21
Stock - in - trade:				
Raw materials	36.86			40.67
Materials - in - process	87.79			60.72
Finished goods	78.31			79.21
		202.96		180.60
Goods - in - transit, cost to date		0.94		10.97
		225.80		212.78
<b>(b) Sundry Debtors, Unsecured</b>				
Outstanding for more than six months				
Good	25.38			32.70
Doubtful	-			6.98
Less: Provision	-			6.98
		-		-
	25.38			32.70
Other, good	238.08			178.58
Doubtful	-			0.18
Less: Provision	-			0.18
		-		-
		263.46		211.28
<b>(c) Cash and Bank Balances</b>				
Cash on hand (Including Cheque on hand Rs Nil Previous year Rs 40,411)	0.20			0.18
Remittance in transit	3.02			-
Cheque in hand with bank as collecting agency in terms of an arrangement	0.82			3.93
Bank Balances, with Scheduled Banks				
In Current Account	14.06			13.22
In Fixed Deposits*	13.77			11.33
Interest accrued on above	0.77			0.20
		14.54		11.53
		28.60		24.75
		<b>32.64</b>		<b>28.86</b>

\* Includes Rs 0.22 crore deposit, receipts of which are endorsed in favour of Government departments.  
(Previous year Rs 0.14 crore)

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Safety, Health and Environment

## Schedule forming part of Consolidated Balance Sheet As at March 31, 2010

(Rs crores)

SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES (contd)	As at March 31, 2010	As at March 31, 2009
<b>(d) Other Current Assets</b>		
Interest Receivable		
Good	-	-
Doubtful	-	0.55
Less: Provision	-	0.55
		-
Other Receivables		
Good	-	-
Doubtful	-	0.19
Less: Provision	-	0.19
		-
<b>(e) Loans and Advances, Unsecured, Good</b> (Unless otherwise stated)		
Loans to jointly promoted companies (Previous year Rs 10,500)	0.01	
Other Loans		
Good (Unless otherwise stated)		
Loan to as Associate Company (Secured by first charge over the assets of the said company (see Note 17)	21.29	21.29
Loan to others	2.43	2.06
Doubtful	-	1.13
Less: Provision	-	1.13
	-	-
	2.43	2.06
Advances recoverable in cash or in kind or for value to be recovered		
Good	67.42	57.86
Doubtful	-	7.81
Less: Provision	-	7.81
	-	-
	67.42	57.86
Balances with Customs, Port Trust and Excise etc.	15.76	9.00
Sundry deposits	7.21	8.04
MAT credit entitlement	10.27	6.38
Tax paid in advance, net of provisions	5.83	6.44
	<b>130.22</b>	<b>111.07</b>
	<b>652.12</b>	<b>563.99</b>

## Schedule forming part of Consolidated Balance Sheet As at March 31, 2010

(Rs crores)

SCHEDULE 8 CURRENT LIABILITIES AND PROVISIONS	As at March 31, 2010	As at March 31, 2009
<b>(a) Liabilities</b>		
Acceptances	12.40	29.80
Sundry creditors		
(i) Due to Micro, Small and Medium Enterprise	0.20	0.24
(ii) Due to others	256.47	147.88
	256.67	148.12
Investors Education and Protection Fund shall be credited by the following (see Note below)		
Unclaimed dividends	0.77	0.69
Matured fixed deposits Rs Nil (Previous year Rs 10,000)	-	
Interest payable on fixed deposits	0.25	0.15
Interest accrued but not due on loans	1.02	0.84
	1.40	1.41
Unclaimed amount of sale proceeds of fractional coupons of bonus shares of erstwhile The Atul Products Ltd	0.10	0.10
Unclaimed amount of sale proceeds of fractional coupons of bonus shares	0.01	0.01
	<b>271.60</b>	<b>180.28</b>
<b>(b) Provisions</b>		
For contingencies	2.75	2.75
For unencashed leave	13.17	12.22
Provision for Derivatives (see Note 11)	20.18	12.60
For dividend tax	1.97	1.51
Proposed dividend	11.87	8.90
	<b>49.94</b>	<b>37.98</b>
	<b>321.54</b>	<b>218.26</b>

Note:

There is no amount due and outstanding to be credited to Investor Education and Protection fund as at March 31, 2010.

Research and Technology

Financial Analysis

Operational Highlights

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Safety, Health and Environment

## Schedule forming part of Consolidated Profit and Loss Account for the year ended March 31, 2010

(Rs crores)

<b>SCHEDULE 9 OPERATING INCOME</b>	<b>2009-10</b>	<b>2008-09</b>
Export incentives	13.25	15.83
Technical service charges	3.21	1.57
Miscellaneous scrap charges	5.23	3.97
Bad debts recovered	0.07	0.05
Provision for doubtful debts and advances written back	0.16	0.40
Less: Write back on account of amounts written off during the year, as per contra	0.16	0.40
	-	-
Surplus on sale of fixed assets	0.04	1.24
Interest from customers*	0.06	0.13
Interest from fixed deposit with Bank*	1.06	0.12
Interest others*	0.29	2.94
Miscellaneous income	8.53	6.27
Lease rental income	0.01	0.01
	<b>31.75</b>	<b>32.13</b>

(Rs crores)

<b>SCHEDULE 10 OTHER INCOME</b>	<b>2009-10</b>	<b>2008-09</b>
Dividend from long term investments	4.97	4.63
Interest Earned*	0.41	-
	<b>5.38</b>	<b>4.63</b>

\* Gross, tax deducted Rs 0.28 crore (Previous year Rs 0.14 crore)

(Rs crores)

<b>SCHEDULE 11 COST OF GOODS SOLD AND MATERIALS CONSUMED</b>	<b>2009-10</b>	<b>2008-09</b>
Raw materials consumed		
Stocks at commencement	40.67	45.88
Add: Purchases	658.31	638.80
	698.98	684.68
Less: Stocks at close	36.86	40.67
	662.12	644.01
Finished goods purchases	33.59	46.64
(Increase) / decrease in stocks		
Stocks at close		
Materials - in - process	87.79	60.72
Finished goods	78.31	83.35
	<b>166.10</b>	<b>144.07</b>

## Schedule forming part of Consolidated Profit and Loss Account for the year ended March 31, 2010

(Rs crores)

<b>SCHEDULE 11 COST OF GOODS SOLD AND MATERIALS CONSUMED (contd)</b>	<b>2009-10</b>	<b>2008-09</b>
Less: Stocks at commencement		
Materials - in - process	60.72	62.42
Finished goods	83.35	84.71
	144.07	147.13
	(22.03)	3.06
Excise duty variation on opening   closing stocks	1.07	(1.48)
Excess provision of excise duty	-	(0.60)
	<b>674.75</b>	<b>691.63</b>

(Rs crores)

<b>SCHEDULE 12 MANUFACTURING EXPENDITURE</b>	<b>2009-10</b>	<b>2008-09</b>
Stores consumed	10.85	10.73
Power, fuel and water	112.52	110.58
Conversion and plant operation charges	12.92	6.39
Building repairs	7.93	6.87
Machinery repairs	34.05	37.88
Sundry repairs	3.61	2.14
	<b>181.88</b>	<b>174.59</b>

(Rs crores)

<b>SCHEDULE 13 EMPLOYEES' EMOLUMENTS</b>	<b>2009-10</b>	<b>2008-09</b>
Salaries, wages, bonus etc.	90.36	76.02
Contribution to provident and other funds	10.31	9.77
Welfare expenses	3.63	7.95
Payment under VRS	1.82	0.94
	<b>106.12</b>	<b>94.68</b>

(Rs crores)

<b>SCHEDULE 14 INTEREST AND FINANCE CHARGES</b>	<b>2009-10</b>	<b>2008-09</b>
Interest:		
On Fixed loans	21.98	29.85
Others	3.15	10.32
	25.13	40.17
Discounting charges	0.50	1.24
	<b>25.63</b>	<b>41.41</b>

## Schedule forming part of Consolidated Profit and Loss Account for the year ended March 31, 2010

(Rs crores)

<b>SCHEDULE 15 OTHER EXPENDITURE</b>	<b>2009-10</b>	<b>2008-09</b>
Rent	1.61	2.07
Rates and taxes	1.09	1.28
Insurance	2.43	1.64
Freight, cartage and octroi	30.67	30.20
Discount on sales	10.59	11.33
Cash discount	7.60	5.15
Commission to others	8.15	8.13
Brokerage	0.04	0.03
Travelling and conveyance	8.00	7.91
Payments to statutory auditors	0.54	0.61
Payments to cost auditors	0.02	0.01
Directors' fees and travelling	0.22	0.24
Directors' commission (other than Managing and Wholetime Director)	0.27	0.12
Charities and donations	0.31	0.33
Bad debts and Irrecoverable balances written off	17.79	0.93
Less: Provision made in earlier years in respect of amounts written off during the year, adjusted as per contra	16.16	0.40
	1.63	0.53
Provision for doubtful debts	-	2.56
Provision for doubtful advances	-	4.77
Miscellaneous expenses	37.82	30.35
Exchange rate difference on consolidation for the year	1.68	(1.08)
Obsolete and unserviceable materials written off	1.87	0.72
Loss on assets sold, discarded or demolished	0.43	0.35
Debits relating to earlier years	0.59	2.42
	<b>115.55</b>	<b>109.67</b>



## Schedule forming part of the Consolidated accounts

(Rs crores)

SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS		2009-10	2008-09
1	Contingent liabilities not provided for in respect of:		
	(a) Disputed excise demands - matter under appeal	13.92	14.13
	(b) Disputed customs demands - matter under appeal	11.99	12.03
	(c) Disputed water charges - matter under appeal	61.96	59.26
	Pursuant to the order passed by Honourable High Court of Gujarat, dated November 17, 2008 and April 17, 2009 in case of disputed water charges, the Company has created first charge over its certain land and buildings in favour of Government of Gujarat.		
	(d) Claims against the Company not acknowledged as debts	11.52	10.79
	(e) Income tax demands (including interest) - matter under appeal	18.72	18.66
	(f) Sales tax - matter under appeal	1.31	1.29
	(g) Guarantees given by the Company to banks and financial institutions on behalf of the third parties	0.92	0.92
	Note: Future cash outflows in respect of (a) to (f) above are determinable on receipt of judgments   decisions pending with various forums   authorities.		
2	Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	2.30	4.73
3	Profit and Loss Account includes expenditure on Research and Development and Pilot Plants as under:		
	Materials consumed	0.31	0.31
	Other expenditure	8.94	8.57
4	Payments to auditors:		
	(a) Statutory auditors:		
	(i) As auditors	0.33	0.42
	(ii) In other capacity:		
	For tax audit	0.06	0.06
	For certificates	0.13	0.11
	(iii) For expenses	0.02	0.02
		0.54	0.61
	(b) Cost auditors:		
	(i) As auditors	0.02	0.01
	(ii) For expenses Rs 7,443 (Previous year Rs 7,817)		
		0.02	0.01

Research and Technology

Financial Analysis

Operational Highlights

Overview by the Chairman

Purpose and Values

Serving Diverse Industries

Corporate Identity

Financial Statements

Report on Corporate Governance

Management Discussion and Analysis

Directors' Report

Serving the Society

Serving Diverse Industries

Safety, Health and Environment

## Schedule forming part of the Consolidated accounts

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

5 Details of associates considered in consolidation: (Rs crores)

Name of associate	Country of incorporation	Main activities	Ownership interest and voting power	Original cost of investments	Amount of goodwill / capital reserve included in original cost	Accumulated Loss at the year end March 31, 2009	Carrying amount of investments at the year end (see Note (1) below)
1	2	3	4	5	6	7	8
(a) Amal Ltd	India	Dye Intermediates	36.75%	5.15	-	55.61	0.24
(b) Gujarat Synthwood Ltd	India	PVC sheets and Panels	34.64%	1.30	-	17.08	0.07
(c) AtRo Ltd	India	Agrochemicals	50.00%	0.50	-	0.43	0.50
(d) Atul Bioscience Ltd	India	Pharmaceuticals	28.00%		-	3.85	
				6.95	-	76.97	0.81

Note: (i) After provision for diminution in value of investments in case of 'a' and 'b'.

(ii) Value of investment in Atul Bioscience Ltd under column '5' and '8' is Rs 140

6 Deferred Tax adjustments recognised in the financial statements: (Rs crores)

Particulars	Balance As at March 31, 2010	Charge   credit During the year	Balance As at March 31, 2009
Deferred tax liabilities:			
On account of timing difference in			
(a) Depreciation   impairment loss	29.05	(1.94)	30.99
	29.05	(1.94)	30.99
Deferred tax assets:			
On account of timing difference in			
(a) Provision for leave encashment	4.36	0.22	4.14
(b) 43 B expenses allowable	0.42	(0.19)	0.61
(c) Provision for doubtful debts	-	(2.28)	2.28
(d) Provision for doubtful advances	0.06	(3.39)	3.45
(e) Payment under VRS	1.63	(1.16)	2.79
	6.47	(6.80)	13.27
	22.58	4.86	17.72
(f) Deferred tax assets of subsidiaries	(0.01)	(0.01)	(0.01)
Net deferred tax liability   (assets)	22.57	4.85	17.71

## Schedule forming part of the Consolidated accounts

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

#### 7 Related party information:

##### (a) Name of related party and nature of relationship:

No	Name of the related party	Description of relationship
1	Amal Limited	} Associate company
2	Atul Bioscience Limited	
3	Gujarat Synthwood Limited	
4	AtRo Limited	
5	Atul Bio Space Private Limited	} Enterprise over which control exercise by key management personnel
6	Atul Solar Private Limited	
7	The Biyaban Agri Limited	
8	Raja Dates Limited	
9	The Aasthan Dates Limited	} Enterprise over which significant influence exercised
10	LAPOX Polymers Private Limited	
11	Atul Infotech Private Limited	
12	Atul (Retail) Brands Private Limited	
Other related parties		
13	Key management personnel	
	In Atul Ltd	
	Mr Sunil S Lalbhai	- Chairman and Managing Director
	Mr Samveg A Lalbhai	- Managing Director
	Mr B N Mohanan	- Wholetime Director
	In Atul Europe Ltd	
	Mr C J Bent	- Director
14	Relatives of key management personnel	
	Dr Vimlaben S Lalbhai	- Mother of Mr Sunil S Lalbhai
	Mrs Shreekumari Mohanan	- Wife of Mr B N Mohanan
	Ms Swati S Lalbhai	- Sister of Mr Sunil S Lalbhai
	Ms Nishtha S Lalbhai	- Daughter of Mr Sunil S Lalbhai
15	Welfare funds	
	Atul Rural Development Fund	} Key management persons and employees are trustees
	Atul Kelvani Mandal	
	Atul Vidyalaya	
	Atul Club	

## Schedule forming part of the Consolidated accounts

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

#### 7(b) Material transactions with related parties (contd)

(Rs crores)

No	Name of the related party	Associate company	Enterprise over which control exercised by key management personnel	Enterprise over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare Funds
	Sales and Income						
1	Sale of goods						
	Atul Bioscience Limited	0.30					
	Atul Biospace Limited	-	0.18				
	Amal Limited	-	(-)				
		(0.07)					
	Purchases and Expenses						
1	Services charges paid						
	Atul Bioscience Limited	1.67					
	Atul Biospace Limited	(0.57)	0.19				
	LAPOX Polymers Private Limited		(0.05)	0.34			
	Atul Infotech Private Limited			-			
				2.74			
				(1.97)			
2	Remuneration						
	Mr Sunil S Lalbhai				1.55		
					(0.90)		
	Mr Samveg A Lalbhai				0.86		
					(0.63)		
	Mr B N Mohanan				0.56		
					(0.11)		
	Mr J L Shah				-		
					(0.85)		
	Mr C J Bent				0.07		
					(0.36)		
3	Donations						
	Atul Rural Development Fund						0.20
							(0.20)
4	Contribution towards common expenses						
	Atul Kelavani Mandal						0.06
							(0.11)
	Atul Vidyalaya						0.20
							(0.16)
	Other transactions:						
1	Loan given						
	Gujarat Synthwood Limited	-					
		(0.02)					

**SCHEDULE 16 NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (contd)**
**7(b) Material transactions with related parties (contd)**
*(Rs crores)*

No	Name of the related party	Associate company	Enterprise over which control exercised by key management personnel	Enterprise over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare Funds
2	Other transactions Amal Limited	- (0.13)					
3	Fixed deposit received Mr Sunil S Lalbhai				0.40 (-)		
	Dr Vimlaben S Lalbhai					0.16 (0.01)	
	Mrs Shreekumari Mohanan					0.03 (-)	
	Ms Swati S Lalbhai					0.06 (-)	
	Ms Nishtha S Lalbhai					0.24 (-)	
4	FD Interest paid Mr Sunil S Lalbhai				0.03 (-)		
	Dr Vimlaben S Lalbhai					0.01 (-)	
	Ms Nishtha S Lalbhai					0.02 (-)	
5	Advance adjusted Amal Limited	- (21.30)					

*(Rs crores)*

No	Name of the related party	Associate company	Enterprise over which control exercised by key management personnel	Enterprise over which significant influence exercised	Key management personnel	Relatives of key management personnel	Welfare Funds
Outstanding balances:							
1	Payable	0.47 (7.91)	0.13 -	0.17 -	1.77 (0.92)	0.52 (0.02)	- -
2	Receivables	22.64 (23.47)	0.60 -	- -	- -	- -	1.36 -

## Schedule forming part of the Consolidated accounts

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

8 Segment information:

(a) Information about business segment - primary:

(Rs crores)

Particulars	Colors		Speciality Chemicals and others		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1 Segment revenue						
External sales	304.83	319.76	944.99	951.68	1249.82	1271.44
Inter segment sales	0.85	0.24	11.80	25.05	12.65	25.29
Total segment revenue	305.68	320.00	956.79	976.73	1262.47	1296.73
Less: Inter segment revenue	0.85	0.24	11.80	25.05	12.65	25.29
Net revenue from operations	304.83	319.76	944.99	951.68	1249.82	1271.44
2 Segment results						
Profit before interest and tax	7.80	7.84	114.90	140.56	122.70	148.40
Interest					25.63	41.41
Other unallocable expenditure (net of unallocable income)					18.17	56.70
Profit before tax					78.90	50.29
3 Other Information						
Segment assets	228.23	183.88	670.70	612.53	898.93	796.41
Unallocated common assets					232.08	265.70
Total assets					1131.01	1062.11
4 Segment liabilities	70.79	38.25	188.10	114.21	258.89	152.46
Unallocated common liabilities					75.36	83.50
Total liabilities					334.25	235.96
5 Capital expenditure	2.05	5.21	17.53	36.50	19.58	41.71
Unallocated capital expenditure					2.86	4.50
Total capital expenditure					22.44	46.21
6 Depreciation	5.73	5.98	29.87	25.09	35.60	31.07
Unallocated depreciation					1.82	0.80
Total depreciation					37.42	31.87
7 Non cash expenses					-	-
Unallocated non cash expenses					-	-
Total non cash expenses					-	-

(b) Business secondary - geographical by customers:

(Rs crores)

Particulars	In India		Outside India		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Segment revenue	713.38	652.58	536.44	618.86	1249.82	1271.44
Carrying cost of assets by location of assets	1031.31	959.95	99.70	102.16	1131.01	1062.11
Addition to assets and intangible assets	22.44	46.15	-	0.06	22.44	46.21

## Schedule forming part of the Consolidated accounts

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

8(b) Business secondary - geographical by customers:(contd)

Other disclosure:

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

Name of segment	Comprises
(a) Colors	Dyes and Intermediates
(b) Speciality chemicals and others	Agro chemicals, Agro Products, Pharmaceuticals, Polymers, Other Chemicals and Aromatic Compounds and Cresols

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

9 Earning per Share

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

Particulars		March 31, 2010	March 31, 2009
Profit for the year attributable to the equity shareholders	Rs crores	55.51	42.37
Basic   weighted average number of equity shares outstanding during the year		29661733	29661733
Nominal value of equity share	Rs	10	10
Basic and diluted Earning per Share	Rs	18.71	14.29

10 Lease

(a) The Company has taken various residential and office premises under operation lease or leave and license agreements. These are generally cancellable, having a term between 11 months and 3 years and have no specific obligation for renewal. These payments are recognised in the Profit and Loss Account under "Rent" in Schedule 15.

(b) The Company has given a building and plant and machinery on operating lease, the details of which are as under:

(Rs crores)

Assets	Gross block		Depreciation fund		Written down values		Depreciation for the year	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Buildings	0.04	0.04	0.04	0.04	-	-	-	-
Plant and machinery	1.27	1.27	0.74	0.61	0.53	0.66	0.13	0.13
Total	1.31	1.31	0.78	0.65	0.53	0.66	0.13	0.13

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

(Rs crores)

Particulars	As at March 31, 2010	As at March 31, 2009
Not later than one year	-	0.24

## Schedule forming part of the Consolidated accounts

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

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

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

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

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

As at	No of Contracts	Type	US\$ equivalent (crores)
March 31, 2009	31	Sell	0.57
March 31, 2010	3	Buy	0.04

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

As at	No of Contracts	US\$ equivalent (crores)
March 31, 2009	8	5.15
March 31, 2010	8	3.35

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

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

As at	No of Contracts	US\$ equivalent (crores)
March 31, 2009	3	0.28
March 31, 2010	-	-

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

As at	No of contracts	US\$ equivalent (crores)	Euro equivalent (crores)
March 31, 2009	2	0.36	-
March 31, 2010	2	0.20	-

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

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

Particulars	Current Year			Previous Year		
	US\$ equivalent (crores)	Euro equivalent (crores)	Others equivalent (crores)	US\$ equivalent (crores)	Euro equivalent (crores)	Others equivalent (crores)
Debtors	2.34	0.45	0.01	1.68	0.34	0.01
Creditors - (GBP 1402.41)	0.92	-	0.02	0.31	0.01	-
Loans Taken	1.44	-	-	1.94	-	-



## Schedule forming part of the Consolidated accounts

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

(c) Financial Derivatives Hedging Transactions:

Pursuant to the announcement issued by The Institute of Chartered Accountants of India dated March 29, 2008 in respect of forward exchange contracts and currency and interest rate swaps, the Company has applied the Hedge Accounting principles set out in the Accounting Standard (AS) 30 'Financial Instruments : Recognition and Measurement'. Accordingly, Range Forward Contracts are marked to market and the loss aggregating Rs 15.03 crores arising consequently on contracts that were designated and effective as hedges of future cash flows has been recognized directly in the Hedging Reserve Account. Actual gain or loss on exercise of these Range Forward contracts or any part thereof is recognised in the profit and loss account. Hedge accounting will be discontinued if the hedging instrument is sold, terminated or no longer qualifies for hedge accounting.

- 12 Significant accounting policies followed by the Company are as stated in the statement annexed to this Schedule.
- 13 Included under loan and advances is an amount of Rs 21.29 crores given to an associate company. The said Company is registered under BIFR and is in the process of implementing its revival plan. First charge over all their assets have been assigned exclusively in favour of the Company. Considering present market value of assets, this amount is considered as good and recoverable.
- 14 The Company has revalued (i) Leasehold land and (ii) commercial land and building at Ahmedabad, Mumbai and Delhi as at March 31, 2008 at fair market value as determined by an independent valuer appointed for the purpose. Resultant increase in book value amounting to Rs 107.47 crores has been transferred to Revaluation Reserve.
- 15 With effect from April 01, 2009 the Company has implemented Oracle as ERP platform and the valuation of inventories is done on the basis of Moving Weighted Average Method instead of FIFO/YTD average basis applied in the earlier years. The impact on profits due to this change is not material.
- 16 Companies Considered in Financial Statements are

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

- 17 Previous year's figures have been regrouped wherever necessary.
- 18 Figures less than Rs 50,000 has been shown at actual in bracket as the figures have been rounded off to nearest lacs.

As per our attached report of even date  
**For Dalal and Shah**  
 Firm Registration No 102020W  
 Chartered Accountants

**S Venkatesh**  
 Partner  
 Membership No 037942  
 Mumbai  
 July 19, 2010

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

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

**Sunil S Lalbhai**  
 Chairman and Managing  
 Director

**Samveg A Lalbhai**  
 Managing Director  
 Mumbai  
 July 19, 2010

For and on behalf of the Board of Directors

# Schedule forming part of the Consolidated accounts

## ANNEXURE REFERRED TO IN NOTE 12 IN SCHEDULE 16 OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

Statement of Significant Accounting Policies:

### 1 System of Accounting:

- 1.1 The Company, generally, follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- 1.2 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 which is revalued in the year 1985 and resultant surplus is kept credited under revaluation reserves.

### 2 Principles of consolidation:

- 2.1 The Consolidated Financial Statements relate to 'Atul Ltd' (The Parent Company) and 'Ameer Trading Corporation Ltd India,' 'Atul Americas Inc. USA, 'Atul Europe Ltd UK, Atul Deutschland GmbH Germany, Atul International Trading (Shanghai) Co Ltd China (The wholly owned subsidiary companies) and 'Atul Rajasthan Date Palms Ltd India, where the group holds 74% shareholding.
- 2.2 The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS - 21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- 2.3 The investments in Associates are accounted in these Consolidated Financial Statements in accordance with the requirements of Accounting Standard 23 (AS - 23) - 'Accounting for Investments in Associates in Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India. (for details refer note no 5 in Schedule 16 to the Accounts)
- 2.4 The Financial Statements of the Parent Company and its Subsidiary Companies have been combined on a line by line basis by adding together book values of the items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transaction resulting in unrealised profit or losses.
- 2.5 The Consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company' s separate financial statements.
- 2.6 Financial statement of integral foreign subsidiaries translated into Indian rupees pursuant to Accounting Standards 11 (AS-11) (revised 2003) 'The effects of changes in foreign currency rates are as follows:
  - 2.6.1 Revenues and expenses are translated into rupees at the average exchange rate, which is not as per requirements of AS-11, but having no material effect on the result of consolidated accounts.
  - 2.6.2 Monetary items are translated into rupees using the year end rate.
  - 2.6.3 Non-monetary items are translated using exchange rate at the date of transaction.
  - 2.6.4 The net exchange difference resulting from the translation of items in financial statement of the subsidiaries is recognised as income or expense under the head "Exchange difference on translation of foreign subsidiaries."

### 3 Other Significant Accounting Policies:

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

## Additional Information on Subsidiary Companies for the year ended March 31, 2010

(Rs crores)

Subsidiary	Ameer Trading Corporation Ltd	Atul Americas Inc	Atul Europe Ltd	Atul Deutschland GmbH	Atul International Trading (Shanghai) Co Ltd	Atul Rajasthan Date Palms Ltd
Capital	0.35	9.03	6.80	0.61	2.24	2.02
Reserves and Surplus	4.42	1.42	(5.61)	(0.03)	(1.37)	10.32
Total Assets	5.95	13.15	33.13	3.28	4.01	12.34
Total Liabilities	5.77	2.70	31.94	2.70	3.14	-
Investments	4.59	-	-	-	-	-
Turnover	0.68	61.00	69.00	13.94	10.19	0.87
Profit Before Tax	0.03	-	1.69	(0.28)	(0.21)	0.57
Provision for Taxation	(0.04)	-	-	0.12	-	(0.26)
Profit After Taxation	0.07	-	1.69	(0.44)	(0.21)	0.30
Proposed dividend	-	-	-	-	-	-

### Note:

- 1 The Annual Accounts of the Subsidiary Companies and other related information shall be made available to the Shareholders of the Company on request to the Company Secretary at the registered office of the Company.
- 2 As per Government of India, Ministry of Company Affairs approval no 47/59/2010-CL-III dated April 28, 2010 all the figures of Foreign Subsidiaries have been converted at the exchange rate prevailing at March 31, 2010.
- 3 Rate of exchange considered as on March 31, 2010 are 1 US\$ = Rs 45.14, 1 GBP = Rs 68.03, 1 Euro = Rs 60.56 and 1 Chinese Yuan = Rs 6.60.





**Atul Ltd**

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

**ATTENDANCE SLIP**

33<sup>rd</sup> Annual General Meeting  
August 31, 2010, Tuesday

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 33rd Annual General Meeting of the Company to be held on August 31 2010, Tuesday, at 11.00 a.m. at H T Parekh Hall, Ahmedabad Management Association, AMA Complex, ATIRA, Dr Vikram Sarabhai Marg, Ahmedabad 380015, Gujarat, India and at any adjournment thereof.

As WITNESS my | our hand | hands is | are affixed this.....day of.....2010

.....  
(Date)

.....  
(Month)

Note: 1. The Proxy need not be a member of the company.

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



Signature of the Member



# Corporate Information

## Directors

Mr S S Lalbhai (Chairman and Managing Director)  
Mr G S Patel  
Dr S S Baijal  
Mr B S Mehta  
Mr H S Shah  
Mr S A Lalbhai (Managing Director)  
Mr S M Datta  
Dr K Aparajithan  
Mr R A Shah (Alternate Director)  
Mr B N Mohanan (Wholetime Director)  
Mr V S Rangan (With effect from July 19, 2010)

## Company Secretary

Mr T R Gopi Kannan

## Auditors

Dalal and Shah

## Cost Auditors

R Nanabhoy and Co

## Registered Office

Ashoka Chambers, Rasala Marg  
Ahmedabad 380006, Gujarat, India

## Head Office

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

## Bankers

AXIS Bank  
Bank of Baroda  
Bank of India  
Export Import Bank of India  
ICICI Bank  
Karur Vysya Bank  
State Bank of India



**Atul Ltd**

Ashoka Chambers, Rasala Marg  
Ahmedabad 380006, Gujarat, India



Lalbhai Group