



Lalbhai Group



Persistence

Catalysing growth

Atul Ltd | Annual Report, 2008-09

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. This report and other statements — written and oral — that we periodically make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘plan’, ‘project’ and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward

looking statements will be realised, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. If known or unknown risks or uncertainties materialise or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, estimated or projected. Readers may 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.

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In the confrontation between the stream and the rock, the stream always wins;
not through strength, but through persistence.

- Unknown



2008-09 in retrospect

In a world marred by uncertainties...

- Indian Rupee depreciated by 27%
- Crude oil prices peaked to an unprecedented US\$147 per barrel
- Demand fell sharply in major economies

Atul improved its performance...

- Operating revenues grew by 17% to Rs1,181 crores
- EBIDTA (after providing for forex loss of Rs44 crores) increased by 18% to Rs118 crores
- PBT (after forex loss) rose by 20% to Rs46 crores

...and is persevering to sustain its momentum

- Enhancing customer focus
- Becoming process driven
- Investing in people development

Corporate Identity

We are a diversified Indian company serving varied industries such as Aerospace, Agriculture, Automobile, Construction, Flavour & Fragrance, Paint & Coatings, Paper, Personal Care, Pharmaceuticals and Textiles. To enhance focus and efficiency, we operate through six business Divisions, namely Aromatics, Bulk Chemicals & Intermediates, Colors, Crop Protection, Pharmaceuticals & Intermediates and Polymers. We manage complex chemical processes in a responsible way.

Incorporation
1947

Commencement of
operations
1952

Promoters' shareholding
39%
(March 31, 2009)



Parentage

- Promoted by Shri Kasturbhai Lalbhai
- Part of Lalbhai Group, one of the oldest business houses of India
- First private sector Company to be inaugurated by the first Prime Minister of India

Products

- Manufacturing of 700 products
- Reaching 2,500 customers
- Growing brand sales in chosen markets

Presence

- 3 manufacturing sites in India
- Listed on 3 stock exchanges in India
- 4 100% overseas subsidiary companies and more than 1,000 distributors

People

- Sales teams strengthened by addition of 42 employees
- Research & Development and Technology teams strengthened by addition of 38 employees
- 12 positions phased out

Number of employees

2,746

(March 31, 2009)

Operating revenues

Rs1,181 crores

(March 31, 2009)

Profit before tax

Rs46 crores

(March 31, 2009)





Powered 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 and 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.

Driven 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

We will conduct our business fairly, with honesty and transparency and honour our commitments. Our actions will remain consistent with our thoughts and words. We will act as trustees of the resources managed by us.

Understanding

We will show respect to and maintain the dignity of fellow human beings irrespective of their position, skill, qualification or culture. We will

encourage respect and use conflicting views to evolve the best solutions.

Responsibility

We will give equal priority to Safety, Health and Environment Protection in our operations. We will serve the communities within which we operate and participate proactively in community development projects.

Unity

We will work cohesively amongst ourselves, with our customers and with

others to harness the unique capabilities of each individual. We will proactively promote teamwork without losing individual creativity.

Excellence

We will constantly strive to improve our manufacturing and other internal processes and achieve the highest standards in our day-to-day work and in the quality of products and services we provide. We will endeavour that all our actions, big or small, are driven by a passion for excellence.

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

Overview by the Chairman

“At Atul, we have interpreted the ongoing downturn in key markets as an opportunity: an opportunity to raise the efficiency and productivity bar; an opportunity to work more closely with end customers and an opportunity to introduce value added products. We are looking forward to the impending growth and at the same time we are fortifying the Company for the decades ahead by bringing out the best in us...”

- Sunil S Lalbhai

Dear friends,

The world passed through an unprecedented economic meltdown, reflected in the sharp decline in confidence, demand, earnings, fresh investments and growth across most sectors. This is evident from the performance of the major economies.

India though relatively less affected given the internal demand had to suffer because of the high price of crude oil for almost 3 quarters of the year. Indian Re moved differently against the US\$ than most anticipated. These two developments adversely affected many companies in India.

In the midst of these vagaries, we continued our drive to improve our performance. Even as our performance was nowhere close to where it ought to be, I trust you will take a note of the following numbers which reflect a change for the better:

- 1) Operating revenues grew by 17% to Rs1,181 crores
- 2) Contribution improved by 46% to Rs354 crores
- 3) Profit before forex impact and tax rose by 219% to Rs90 crores
- 4) Borrowing came down to Rs368 crores from Rs428 crores

What the numbers above do not reveal is that even while reducing the borrowing, we have already spent Rs72 crores during the year on several projects, the benefits of which will accrue in the years ahead. Please find below the increase in capacity in a few key products:

- 1) A crop protection product by 1500 MT or 14%
- 2) A fragrance intermediate by 2400 MT or 40%
- 3) A chemical intermediate by 1000 MT or 71%
- 4) A composite intermediate by 540 MT or 68%

More importantly, we remained steadfast in our resolve to build Atul for the coming decades and accordingly continued with several initiatives to secure the future. The numbers and the percentages above thus do not convey the real potential of the Company, and we are yet to witness the best.



I have in this communication focused on 6 key initiatives, mentioning in brief the logic behind them and the benefits expected from them. These initiatives may be seen as a continuation of the endeavours mentioned in my letter in the last Annual Report.

Firstly, we are hoping to establish 3 more 100% overseas subsidiary companies to reach out to new customers and serve them better. This reflects our keenness to work more closely with the customers and also enhance our market presence.

Essentially, we are committed to improve our customer service on the one hand and on the other, we are endeavouring to widen our customer reach. These initiatives are somewhat long-term in nature, but they will help boost sales as well as derisk the business.

Secondly, we are working to further improve our manufacturing efficiencies and also bring down other costs to enhance our competitiveness. During the year, we have improved yields, reduced utilities, brought down time cycles and cut down solvent losses.

We are reducing working capital and reviewing capex proposals with much more rigour. We are certain that this rigour will go a long way not only in optimising the resources used, but also in improving the quality of the decision making process.

Thirdly, we are introducing more value added products which comprise brands and non-brand products by leveraging our current product portfolio and strengths. During the year under review, for example, brand sales increased from Rs47 crores to Rs82 crores.

This is only a beginning of what we wish to do in brands. Our vision for the coming 5 years is to serve the end users by providing excellent products in a cost effective way. Through this initiative, we will seek sustainable growth.

Fourthly, we are putting in place systems and procedures across the Company to ensure that we become more process driven as we grow in terms of locations and size. We are amongst the first Indian companies to implement Oracle 12i and the latest version of PeopleSoft.

This will improve the quality of MIS in terms of accuracy and speed and thereby decision making and customer service. It will bring uniformity in practices and standardisation of processes. The quality of training and development will also get aligned with our aspirations.

Fifthly, we realise fully that our long-term future will be secure only if we are proactive and accord high priority to environment protection. During the year, we have taken major actions to reduce waste load and several new actions are underway.

This is an area where it is possible to strive for the theoretical potential. What are required are determination and a sense of responsibility. Atul set up treatment facilities long before the related laws were enacted, and this proactive approach continues.

Lastly and **sixthly**, we are in the process of formally integrating our social works projects under one umbrella. As a company founded by Shri Kasturbhai Lalbhai, Atul has the heritage and legacy of quietly fulfilling its social obligations; we remain committed to this cause.

A lot has been done, still much more needs to be done. For every generation and for every activity, there is scope to improve, and given the commitment and creativity of Atul people, there is every chance that we will, barring unforeseen circumstances, sustain the performance.

Established in 1947, Atul has survived the test of time, and I do expect that with every passing year, we will become better, grow faster and work smarter for all our stakeholders and thus give back much more than what we may take. In doing so, we will also fulfil the dreams of our life.

With best wishes,
Sincerely,

Sunil S Lalbhai

Financial charts

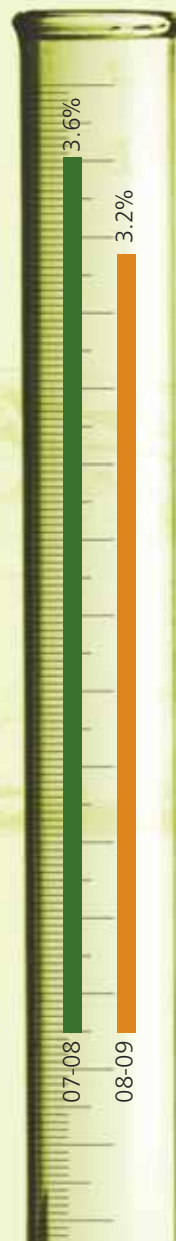
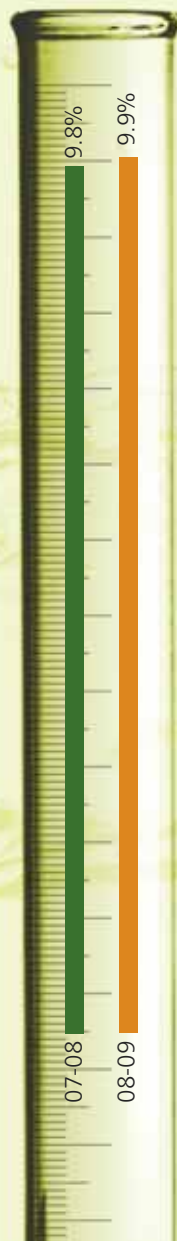
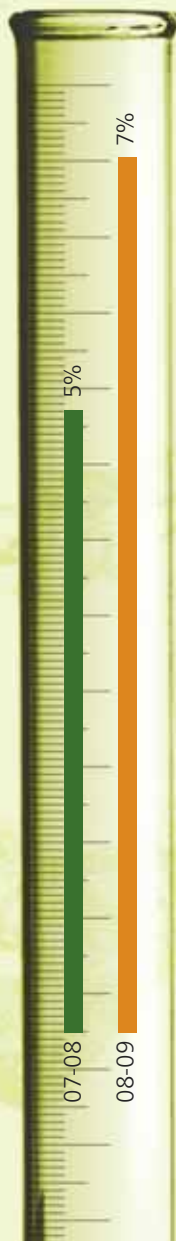
Improving numbers



Contribution of
brand sales to
total revenues (%)

EBIDTA
margin (%)

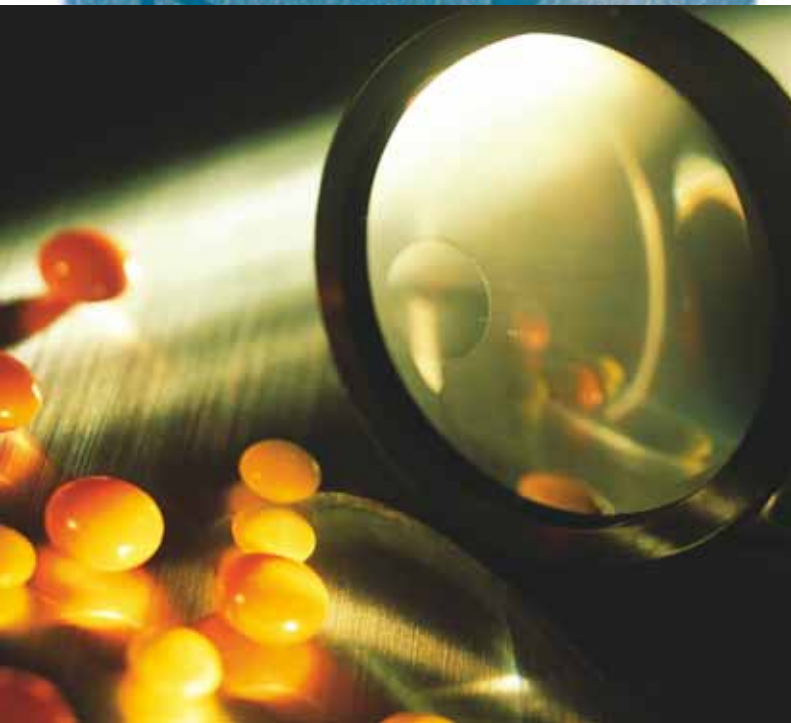
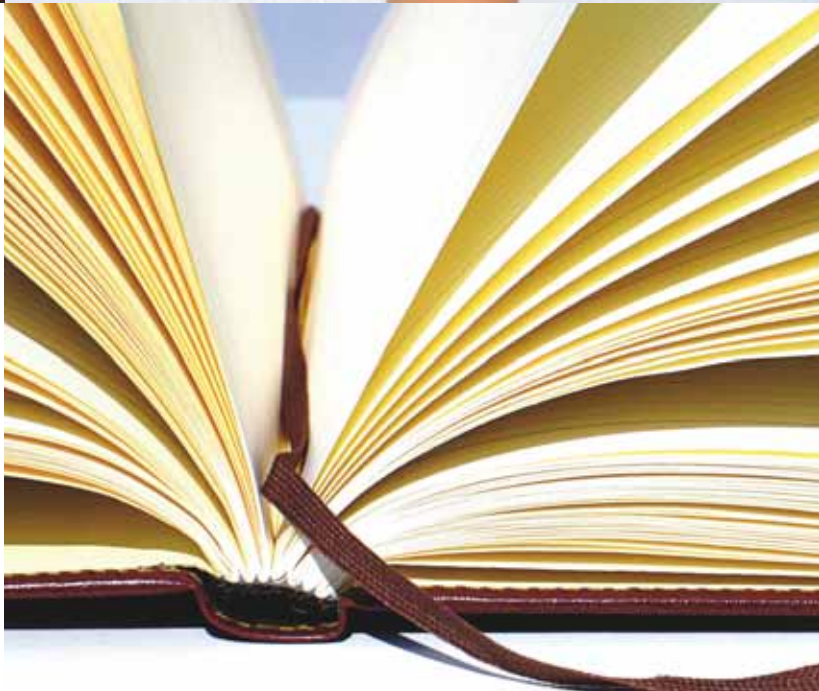
Net
margin (%)





Serving diverse Industries

Aerospace, **Agriculture**, Automobile, **Construction**, Flavour & Fragrance, **Paint & Coatings**, Paper, **Personal Care**, Pharmaceuticals and Textiles.





Vat dyes plant



p-Cresol plant



p-Anisic alcohol



DDS plant



Technology unit office



Research & Development laboratory



Incinerator



Aeration tank

Safety, Health & Environment

Safety, Health & Environment (SHE) are three foundations without which a chemical conglomerate cannot sustain. Much before the relevant protective laws were enacted, our founder and predecessors conceived the need and embarked on several initiatives. With the passage of time, even as the cast has changed, the intent and play remain the same and we continue to improve our SHE performance consistently.



Solid waste disposal site

We have invested in the required measures to ensure a safe environment for our people to work and the surrounding communities to live in. We accord high priority to health, be it of our employees or others connected with us. We are careful about what gaseous, liquid or solid wastes we discharge.

During the year, we took the following initiatives towards:

Improving Safety:

- i. Reduced the identified 'hot spots' across the divisions
- ii. Conducted fire adequacy audit through Loss Control Association, Vadodara
- iii. Acquired a state-of-the-art multi-purpose fire tender

Improving Health:

- iv. Installed a weather monitoring system to provide online atmospheric data and enhance our response to gas leaks
- v. Organised workshops by medical doctors to promote a healthy lifestyle
- vi. Imparted relevant knowledge to employees about diseases and their prevention

Improving Environment:

- vii. Reduced solvent losses, improved yields and reduced effluent load
- viii. Reduced water consumption by about 20%
- ix. Joined hands with a cement manufacturing company to use fly ash generated



Atul Vidyalaya

Corporate sustainability

As a company promoted by Shri Kasturbhai Lalbhai, we remain committed to the tradition set by him of trusteeship and of serving the society through business enterprises.

Atul has established several trusts in the areas of national priority, namely, health, education and culture, and we continue to work in these areas.



Supporting community infrastructure



Atul club

During the year, we embarked on the following initiatives:

Health

- Organised blood donation camps
- Arranged for eye treatment camps
- Held osteoporosis detection camps
- Conducted adolescent awareness programmes in several girl schools

Education

- Distributed more than 10,000 learning materials
- Conducted several computer and English speaking courses
- Conducted science education awareness programmes
- Repaired school buildings and constructed *balwadis*

Others

- Undertook a project to provide accommodation to young poor children
- Conducted skill development classes for women to enhance earning opportunities
- Upgraded village roads
- Implemented rain water harvesting and recharging systems

Management Discussion and Analysis

Colors segment

Colors

Products

■ Textile dyes ■ Paper dyes ■ Pigments ■ Others



	2007-08	2008-09	% change over 2007-08
Operating revenues (Rs crores)	260	262	1
Contribution to total operating revenues (%)	26	22	(4)

Sales were almost stagnant owing to the global economic slowdown in the second half of the year. In particular, exports to China and a few key European customers were sluggish.

The products made by this Division are used by Textile, Paper and Paint & Coatings Industries. These Industries are shifting to developing countries. Our main competitors are based in China,

India, Germany and Switzerland. The companies in Europe are strong because of better reach and the ability to service customers.

The Division possesses excellent and versatile facilities to manufacture different colorants and intermediates thereof. However, having high fixed costs, limited research & development, technology support and inadequate

market reach pose problems. The Division is exploring the possibility of growing its existing product portfolio by introducing new ones as required by the dyestuff and textile industries in which India now has a significant presence. Chinese manufacturers are the biggest competitors with larger economies of scale.

Specialty & Other Chemicals segment

Aromatics

Products

■ p-Cresol ■ p-Anisic aldehyde ■ p-Anisic alcohol ■ Others



	2007-08	2008-09	% change over 2007-08
Operating revenues (Rs crores)	217	302	39
Contribution to total operating revenues (%)	21	26	5

Although volumes of key products were down, sales increased. The sales growth was primarily on account of better price realisations, which offset a steep rise in raw material costs

The products made by the Division are used mainly by Flavour & Fragrance, Personal Care and Pharmaceutical Industries. Dominated mainly by multi-

national companies (MNCs), these industries are doing well having a good growth potential. The main competitors are based in China and India.

The Division is backward-integrated and is a global leadership in key products. Its key products are commodities in nature and therefore susceptible to volatility in margins. The Division is therefore

exploring growth possibilities by introducing value-added products used in the above industries by leveraging synergy and strengths. Since exports constitute a significant portion of sales, it is exposed to variations in exchange rates.

Bulk Chemicals & Intermediates

Products

- Resorcinol ■ Caustic | Chlorine ■ Chlorsulphonic acid
- Sulphuric acid ■ Sulphur trioxide ■ Oleum 65%
- Oleum 25% ■ Others



	2007-08	2008-09	% change over 2007-08
Operating revenues (Rs crores)	71	81	13
Contribution to total operating revenues (%)	7	7	-

Sales increased mainly because of higher selling prices triggered by a rise in the prices mainly of two key raw materials, namely, Sulphur and Benzene and in a small way due to higher volumes.

The products made by the Division are used in varied Industries like Crop Protection, Dyestuff, Paper, Pharmaceutical, Textile and Tyre among others, and also for captive consumption.

Many of these industries are shifting to Asia. The main competitors are based in India, China, the US and Japan.

The Division enjoys an assured customer base given the captive consumption (which is increasing) and has leadership in selected products in India. Its plants are old with small capacities and will require upgradation and expansion involving a sizable investment. The

Division is exploring the possibility of expanding its capacities and introducing selected value-added downstream products. It is hoping to grow in the export market. The Division faces stiff competition in some of its products from large manufacturers based in China, India, Japan and the US.

Crop Protection

Products

■ Herbicides ■ Fungicides ■ Others



	2007-08	2008-09	% change over 2007-08
Operating revenues (Rs crores)	205	250	22
Contribution to total operating revenues (%)	20	21	1

Sales increased mainly on account of higher volumes in exports and domestic sales of branded goods. Weak Re on the one hand and better export realisations on the other, helped secure sales growth.

The products made by the Division are used mainly in the crop protection segment of the Agriculture Industry. The Agriculture Industry performed

exceedingly well on the back of robust demand and higher realisations by the farmers for their produce. The competitors are based all across the globe and also in India.

The Division enjoys cost leadership in some key products, given its backward integration and economies of scale. Its existing product portfolio is not

comprehensive for export and has limited market accessibility. Product demand is expected to be high given the increasing need for food, fibre and feed. The Division is exploring a few new products with synergy and market potential. The performance of Agriculture Industry is linked to weather which is unpredictable.

Pharmaceuticals & Intermediates

Products

■ API Intermediates ■ APIs ■ Others



	2007-08	2008-09	% change over 2007-08
Operating revenues (Rs crores)	67	74	12
Contribution to total operating revenues (%)	7	6	(1)

Sales increased on the back of non-pharma products and from higher sales of API intermediates. The new API intermediates introduced in the recent times are exhibiting a promising future.

The products made by the Division are used mainly by Pharmaceutical and Aerospace Industries. These Industries have so far shown that they are able to

sustain margins and in turn are in a position to offer better prices for the products they buy. The competitors are based in China, India and in other countries.

The Division is backward integrated and possesses good infrastructure. It has the ability to meet the emerging needs of the customers. The Division is a new entrant

in Pharmaceutical Industry and has still to establish itself in terms of reputation and size. There are immense opportunities, and it is expected to grow rapidly in the near future. Since the products in Pharmaceutical Industry require several statutory approvals, it is possible that some of them may not get commercialised.

Polymers

Products

■ Epoxy Resins ■ Others



	2007-08	2008-09	% change over 2007-08
Operating revenues (Rs crores)	192	194	1
Contribution to total operating revenues (%)	19	16	(3)

Sales remained almost stagnant during the year, mainly because of poor exports to Europe and due to the non-availability of products consequent to a fire accident in the main plant. Brand sales registered a good growth.

The products made by the Division are used mainly by the Construction and

Paint & Coatings Industries. There are large capacities installed by established companies operating world-wide, most of whom are well integrated. In India, there are two large producers, and the Division happens to be one of them.

The Division is well established in the domestic marketplace in terms of quality

and reach. Though a large producer in India, it has a small capacity compared to world standards. The Division is exploring new products based on synergy and strengths. The competition is from within India and outside.

Financial analysis

Accounting policy

The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.

Highlights of the year

- Operating revenues grew by 17% to Rs1181 crores

- EBIDTA increased by 18% to Rs118 crores
- Borrowings decreased by 14% to Rs368 crores
- Profit after tax remained unchanged at Rs36 crores mainly because of higher tax and provision for adverse exchange rates
- Working capital decreased by 12% to

Rs313 crores

Revenues

The Company registered 17% growth in operating revenues primarily owing to an increased focus on growing the share of value-added products and brand sales in the total revenues.

Revenue analysis

Colors segment	Specialty & Other Chemicals segment				
Colors	Aromatics	Bulk Chemicals & Intermediates	Crop Protection	Pharma & Intermediates	Polymers
Operating revenues (Rs crores): 262	Operating revenues (Rs crores): 302	Operating revenues (Rs crores): 81	Operating revenues (Rs crores): 250	Operating revenues (Rs crores): 74	Operating revenues (Rs crores): 194
% growth over the previous year: 1	% growth over the previous year: 39	% growth over the previous year: 13	% growth over the previous year: 22	% growth over the previous year: 12	% growth over the previous year: 1
% share as a part of the Company revenues: 22	% share as a part of the Company revenues: 26	% share as a part of the Company revenues: 7	% share as a part of the Company revenues: 21	% share as a part of the Company revenues: 6	% share as a part of the Company revenues: 16
Export (Rs crores): 118	Export (Rs crores): 200	Export (Rs crores): 18	Export (Rs crores): 145	Export (Rs crores): 59	Export (Rs crores): 35
% of export growth over the previous year: (15)	% of export growth over the previous year: 44	% of export growth over the previous year: 51	% of export growth over the previous year: 36	% of export growth over the previous year: 12	% of export growth over the previous year: (28)

Enhanced exports during the year resulted in increased revenues from export incentives by 54% to Rs16 crores. The operating income, which also includes processing charges and miscellaneous scrap sales, increased by 1% to Rs6 crores. Other income, which contributed 1% of the total income,

decreased by 35% over the previous year. Other income mainly comprised of dividend and interest income which are recurring in nature. It was lower compared with the previous year in which the Company received a non-recurring refund paid for coal purchase.

Costs

Total cost (excluding interest, depreciation and tax) increased by 15% over the previous year. However, as a percentage of total income, it decreased marginally by 0.22%.

Individual cost heads as a proportion of operational revenues:

Cost heads	% of operating revenues	
	2008-09	2007-08
Raw materials	52.64	56.28
Power, fuel and water	9.26	10.36
Employees	7.61	7.79
Stores consumed	3.33	3.32
Machinery repairs	3.17	3.05
Building repairs	0.58	0.63
Interest	3.44	3.17
Depreciation	2.66	2.84
Tax	0.64	0.36

Raw materials

Raw materials cost increased, in absolute terms, by 8% and as a proportion of total income decreased by 3.64% during the year. This absolute increase in consumption was compensated by a timely revision of the sale price of finished goods.

Utilities

Utilities cost increased 3% in absolute terms during the year. However, as a proportion of total income, they decreased from 10% in the previous year to 9% during the year. The Company took several utility conservation measures across its operational units.

Employees

Employees cost increased by 13% in absolute terms mainly on account of new recruitment and increments | corrections during the year. Revenues per employee increased from Rs0.38 crores to Rs0.44 crores during the year.

Margins

The Company registered an improved profitability at the operating and net levels. In absolute terms, EBIDTA increased from Rs100 crores to Rs118 crores, due to better sales realisation which was partly offset by higher raw materials prices and

employees and repairs costs. PBT increased by 20% to Rs46 crores compared to the previous year. However, PAT margin remained stagnant at 3% during the year due to higher tax payment as compared with the previous year.

Funds

Equity capital

The equity capital remained unchanged at Rs29.67 crores, with no equity dilution during the year. The equity capital comprised of 2,96,91,780 equity shares of Rs10 each, of which 6.62% constituted bonus shares by capitalisation

of free reserves. Of the total equity capital, the promoters held 39.43% as at March 31, 2009.

Reserves

The reserves increased by 6% from Rs403 crores to Rs429 crores during the year. The net addition to reserves was owing to profits earned during the year.

Loan funds

The reliance on external funds decreased by 14 % to Rs368 crores. Focused approach to realise funds blocked with the Government and in inventories and debtors helped in reducing debt. Secured loans constituted 89% of the total loans. Of the secured loans, 15% was for

funding working capital requirements, the balance being used in projects. Foreign currency loans constituted 27% of the total debt. The Company remained reasonably geared with the ratio of total debt to total equity at 0.77:1.

Year	2004-05	2005-06	2006-07	2007-08	2008-09
Debt-equity ratio	1.61	1.20	1.17	0.95	0.77

Interest

■ Interest cost during the year increased by 25% during the year owing to higher interest rates and increase in debt. The average debt cost stood at 8.70% p.a. on March 31, 2009 compared with 8.04% p.a. at the same time in the previous year.

Interest coverage ratio

Year	2004-05	2005-06	2006-07	2007-08	2008-09
Interest Coverage	2.98	2.48	2.96	3.06	2.89

Gross block

During the year, gross block increased by 9% to Rs951 crores. Addition to plant and machinery accounted for Rs72 crores (77% of the total addition) whereas addition to buildings accounted for Rs14 crores (15% of the total addition). The investment in plant and machinery was owing to the addition of balancing equipment (for de-bottlenecking capacities) in different Divisions and DDS project in Pharmaceuticals & Intermediates Division resulting in enhanced production.

Depreciation

Depreciation cost increased by 8% over the previous year, corresponding to the increase in plant, machinery and

building. Cumulative depreciation as a part of total gross block was 55%.

Investments

The Company invested its operational surplus in its business. Other investments remained more or less unchanged at Rs65 crores.

Working capital

Working capital outlay decreased from Rs356 crores at the end of the previous year to Rs313 crores during the year mainly due to:

■ Focussed decrease in the stock of raw materials by the different businesses, improved systems, support to maintain an optimum level of inventories and introduction of better inventory management tools

■ Decrease in debtors through the credit period reduction and emphasising timely collection

The efficiency in working capital management was reflected in an important fact – despite a significant growth in business volumes, working capital outlay as a proportion of the total employed capital decreased from 41% to 37% during the year. Liquidity ratios remained at the level of the previous year, indicating stable short-term liquidity.

Liquidity ratios

Year	2007-08	2008-09
Current ratio	2.44	2.45
Quick ratio	1.26	1.17

Inventory

Inventory constituted 36% of current assets as on March 31, 2009. Inventory value decreased by 6% from Rs209 crores as on March 31, 2008 to Rs197 crores as on March 31, 2009. The inventory cycle stood at 62 days during the year against 77 days in the previous year.

Debtors

Debtors constituted 40% of the current assets as on March 31, 2009. Sundry debtors decreased substantially by 21% – from Rs281 crores as on March 31, 2008 to Rs223 crores as on March 31, 2009 – against the increase in revenues of about 17% during the year. The quality of the debtors is reflected in proportion of debtors not more than ‘six months old’ coming down to 5% of total debtors, from 6% in the previous year. Debtor days stood at 66 days during the year against 96 days in the previous year.

Loans and advances

Loans and advances decreased by 3% from Rs113 crores as on March 31, 2008 to Rs110 crores as on March 31, 2009. This reduced mainly because of refunds received of moneys blocked with the Government departments paid in the past and lower advance tax payment.

Creditors

Creditors of the Company (including creditors for services and expenses) decreased from Rs199 crores as on March 31, 2008 to Rs145 crores as on March 31, 2009 despite growth in business activity. The creditors’ cycle decreased from 120 days of turnover equivalent in the previous year to 84 days during the year, somewhat increasing the burden on the working capital cycle.

Tax management

Total tax liability increased from Rs3 crores to Rs10 crores during the year.

Current tax: Current tax increased from Rs4 crores to Rs8 crores during the year. The average corporate tax rate was about 16.61%.

Deferred tax: The Company provided Rs1.61 crores for deferred tax during the year against Rs0.64 crores during the previous year.

Foreign exchange management

As a part of the Accounting Policy, transactions denominated in foreign currencies are recorded at the rate prevailing on the date of the transaction.

On account of a growing demand, nearly 48% of the revenues were derived from exports during the year (48% in the previous year). Aromatics Division accounted for the highest share of total export at 35%. To protect the income against any foreign exchange fluctuations, the Company follows a documented policy.

Human Resources

There is a continuous endeavour at Atul to improve HR practices so that people remain high on motivation and learning to give their best.

Several steps were taken in this direction during the year:

- 1) Modification of performance management system significantly so as to make it more objective and transparent
- 2) Crystallisation of job descriptions for

every unique position to enhance role clarity

- 3) Formalisation of Atul Values so that they become a seamless thread and in turn help present a common identity
- 4) Decision to implement the latest version of PeopleSoft, a world-class HR software, to boost HR capabilities
- 5) Several training programs to enrich skills in select functions

A Union Settlement for a period of 5 years was signed for at Ankleshwar site. Workmen, staff and managers worked as one team to achieve common objectives.

The new HR initiatives will make the Company one of the best in the industry HR practices to ensure and secure long-term success, and the Company is committed to make this happen.

Internal Control Systems

The Company has during the year taken steps to improve its current structure of internal controls for safeguarding the assets of the Company; ensuring transactions are in accordance with Company policies and are duly authorised, recorded and reported; preventing possibilities of fraud or any other irregularities.

The internal audit department of the Company is staffed with qualified professionals and the efficiency and effectiveness of controls are independently reviewed by them. During the year, a system of peer review of the in-house audit department was also introduced. 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.

Directors' Report

Dear Members,

The Board of Directors of Atul Ltd present the Annual Report of the Company together with the audited statement of accounts for the year ended March 31, 2009.

Financial results

(Rs in lacs)

	2008-09	2007-08
Sales and operating income	1,18,110	1,01,368
Other income	1,285	1,962
Total revenues	1,19,395	1,03,330
Profit before tax and exchange rate difference	8,973	2,815
Exchange rate difference income (expense)	(4,404)	1,002
Profit before tax	4,569	3,817
Taxation including tax adjustment and MAT entitlement	782	155
Net profit after tax	3,787	3,662
Balance brought forward	20,375	18,120
Disposable surplus	24,162	21,782
Appropriation		
General reserve	379	366
Proposed dividend	890	890
Dividend tax on above	151	151
Balance carried forward	22,742	20,375
	24,162	21,782

Dividend

The Board of Directors of the Company recommend payment of dividend of Rs3 per share on 2,96,61,733 equity shares of Rs10 each fully paid up. The dividend will entail an outflow of Rs10.41 crores on the paid-up equity share capital of Rs29,66,17,330.

Profitability

The sales and operating income at Rs1,181.10 crores recorded a growth of 17% (previous year 11%). All businesses

recorded higher sales, aided mainly by robust demand particularly in the first half of the year and on account of higher realisation on exports due to weak Re. The operations showed improved profitability evident from the rise in PBT from Rs28.15 crores to Rs89.73 crores, before considering the exchange rate difference. After considering the exchange rate difference, however, the PBT increased from Rs38.17 crores to Rs45.69 crores.

Finance

The interest and finance charges (net) for the year were Rs41.03 crores compared to Rs32.73 crores during the previous year-an increase of 25.34% as compared to the sales growth of only 16.22%. The net interest to sales ratio, as a result, increased from 3.28% last year to 3.47%. During the year, the benchmark interest rates continued to rise and PLRs of banks showed a significant upward bias for most part of the year (however, they

declined towards the end of the year). Libor rates declined and the interest rates linked to them also declined resulting in savings. Efforts are on to shrink the interest as a % of sales through improvement in working capital efficiency and higher utilisation of assets as well as replacement of high-cost debt with cheaper loans.

The Company follows a prudent financial policy and aims to maintain an optimum financial gearing. The debt to equity ratio was 0.87 as at March 31, 2009. The Company repaid loans of Rs61 crores (net) during the year.

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

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 derivative transactions entered into by the Company are to mitigate or offset the risks that arise from normal business activities only.

The Board wishes to thank the banks and financial institutions for their continued support in meeting various long-term, short-term and emerging credit needs.

Insurance

The Company took adequate insurance to cover the risks to its assets, profits, employees and third parties.

Directors

Mr J L Shah resigned as an Executive Director with effect from December 31, 2008; the Board places on record its appreciation for the contribution made by Mr Shah. Mr B N Mohanan was appointed as an Additional Director (Wholetime) on January 01, 2009.

According to Article 134 of the Articles of Association of the Company, Dr K Aparajithan and Mr G S Patel retire by rotation and being eligible offer themselves for reappointment at the forthcoming Annual General Meeting scheduled on August 07, 2009.

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.

Fixed deposits

As at March 31, 2009, fixed deposits amounting to Rs38 lacs were not claimed by the depositors from the Company. The fixed deposits which matured on or before March 31, 2002, but remained outstanding since then were transferred to the Investor Education & 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 of Employees) Rules, 1975, as amended from time to time, forms a part of this Report. However, as per the provisions of Section 219(1)(b)(iv), the Report and accounts are being sent to all the Members 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 shareholder 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.

The Company has five wholly-owned subsidiary companies namely, Ameer Trading Corporation Limited, Atul Americas Inc., Atul Deutschland GmbH, Atul Europe Limited and Atul International Trading (Shanghai) Co. Limited. The Company 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.

Directors' Responsibility Statement

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

(i) In the preparation of the annual accounts, the applicable accounting standards were followed

(ii) Such accounting policies were selected and applied consistently and such judgements and estimates were made that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2009 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, 2009 were prepared on a going concern basis.

Auditors and Auditors' Report

Dalal & Shah, the Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting. They have given their consent to continue to act as the Auditors of the Company for the current year, if reappointed.

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

With regard to para 4 (d) in the Auditors' Report dated June 05, 2009 (for details please refer Note number 18(3) of Schedule 16, Notes to Accounts) the Board's response thereon is as follows

i. The Company fully complied with AS-11 (which deals with foreign currency transactions and is mandatory)

ii. The Institute of Chartered Accountants of India (ICAI) also issued another

Standard, AS-30, which as far as the year to March 31, 2009 is concerned was not applicable at all whether on a recommendatory basis or otherwise.

iii. As for the reference to the announcement of the ICAI dated March 29, 2008, it was, in the opinion of the Board of Directors, not relevant since it refers to the principle of 'prudence' which, in turn, refers to 'known losses'; and given the intent and the actual conduct in respect of the hedge contracts, referred to by the Auditors, there will be neither any profit nor any loss since, as is implicit in a hedge contract, the difference on the settlement date will be neutralised by an equivalent amount that will be embedded in the export sale proceeds converted in rupees.

Accordingly, the foregoing Announcement of the ICAI [forming the basis of Para 4 (d) in the Auditors' Report] is not applicable.

Acknowledgement

The Board of Directors express their sincere thanks to all the customers, employees, lenders and suppliers for their continuing support.

For and on behalf of the Board of Directors

Mumbai
June 05, 2009

Sunil S Lalbhai
Chairman and Managing Director

Report on Corporate Governance

1) A brief statement on philosophy of the Company on Code of Governance

The Company firmly believes that only good Corporate Governance will generate value on a sustained basis to all its stakeholders. Corporate Governance primarily concerns transparency, full disclosure of material facts, independence of the Board and fair play with all stakeholders. The Company

endeavours to constantly comply with and continuously improve on these aspects with an overall view to earn trust and respect of all its stakeholders.

2) Board of Directors Composition and category of Directors

The Board comprises experts drawn from diverse fields|professions. It consists of 10 Members (including one Alternate Director), comprising seven Non-

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

2.1 Attendance of Directors at Board meetings and last Annual General Meeting; number of other Directorships; Chairmanships|Memberships of committee of each Director

Number	Name of Director and designation	Board meetings held during 2008-2009		Annual General Meeting on August 25, 2008	Number of other director-ships held in India (*)	Number of Member-ships Chairman-ships on the Committee(s) of the Board (**)
		Total	Attended			
01	Mr S S Lalbhai (Chairman and Managing Director)	7	7	Present	3	3 0
02	Mr N N Wadia (Director), up to May 31, 2009	7	0	–	7	0 0
03	Mr G S Patel (Director)	7	7	Present	–	1 1
04	Dr S S Bajjal (Director)	7	6	–	5	3 3
05	Mr B S Mehta (Director)	7	7	–	14	5 5
06	Mr H S Shah (Director)	7	5	Present	9	2 3
07	Mr S M Datta (Director)	7	6	–	14	4 2

Number	Name of Director and designation	Board meetings held during 2008-2009		Annual General Meeting on August 25, 2008	Number of other director-ships held in India (*)	Number of Member-ships Chairman-ships on the Committee(s) of the Board (**)
		Total	Attended			
08	Dr K Aparajithan (Director)	7	0	–	0	0 0
09	Mr R A Shah (Alternate Director to Dr K Aparajithan)	7	7	–	15	6 4
10	Mr J L Shah (Executive Director up to December 31, 2008)	4	4	Present	–	–
11	Mr S A Lalbhai (Managing Director)	7	5	–	3	1 1
12	Mr B N Mohanan (Additional Director w.e.f. January 01, 2009)	3	3	N A	1	0 0

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

(*) The Directorship held by Directors as mentioned above, do not include Alternate Directorships and Directorships of foreign companies and private limited companies.

(**) In compliance with Clause 49, Memberships|Chairmanships of only the Audit Committees and Shareholder|Investor Grievance Committees of all Public Limited companies including Atul were considered.

2.2 Number, day, date and venue of the Board meetings held during the year

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

Number	Day	Date	Venue
1	Friday	June 20, 2008	Mumbai
2	Wednesday	July 23, 2008	Mumbai
3	Tuesday	September 02, 2008	Mumbai
4	Friday	October 24, 2008	Mumbai
5	Friday	January 23, 2009	Mumbai
6	Friday	February 27, 2009	Mumbai
7	Friday	March 27, 2009	Mumbai

The agenda papers along with notes on agenda containing all necessary information were made available to the Board of Directors well in advance, enabling it to discharge its responsibilities effectively and take informed decisions. When it was not practicable to attach or send the relevant information as a part of the agenda papers, the same was tabled at the meeting or presentations were made by the concerned managers to the Board. Considerable time was spent by the Directors on discussions and deliberations at the Board meetings and their active participation was borne by the number of meetings held during the year and attended by the Directors. The information, as required under Annexure I to the Clause 49 of the Listing Agreement, was also made available to the Board of Directors, whenever applicable, for discussion and consideration.

2.3 Agenda and Reports of the Board of Directors meeting, inter-alia, include following

- Capital expenditure and operating budgets
- The unaudited quarterly, 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
- Declaration of dividend
- Minutes of the meetings of the Board of Directors, Audit Members and Investor's Grievance Committees or any other Committee meetings held during

the year and also the resolution passed by circulation

- Cost audit reports
- Proposal for joint venture, collaboration, merger & acquisition, if any
- Making of loans or investment, if any
- Appointment of statutory Auditors, cost Auditors
- Materially important show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems
- Default in payment of statutory dues, if any
- Reviewing foreign exchange exposure and exchange rate movement, if material
- Contracts in which Director(s) are deemed to be interested
- Matters requiring statutory Board approval
- Status on compliance of regulatory/statutory and listing requirements
- Commission payable to the Directors
- General notices of interest of the Directors
- Sale of investments and assets, if any
- Borrowings in nature of short term, medium term or long term
- Creation of charge on assets of the Company in favour of lenders

2.4 Directors appointed/ceased during the year

(a) **Appointed during the year:** Mr B N Mohanan as an Additional Director of the

Company with effect from January 01, 2009

(b) **Resigned during the year:** Mr J L Shah, Executive Director, resigned with effect from December 31, 2008

(c) **Ceased during the year:** Nil

2.5 Review of compliance reports by the Board of Directors

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.

2.6 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.

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.

2.7 Subsidiary company

As on March 31, 2009, the Company had one wholly-owned non-material Indian unlisted subsidiary company, namely

Ameer Trading Corporation Limited. The financial statements were reviewed by the Audit Committee|Board. All minutes of the meetings of the subsidiary companies are placed before the Board of the Company.

3. Audit Committee

3.1 Brief description of terms of reference

- i) Overview 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) 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 review 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 internal control weaknesses
 - Appointment, removal and terms of remuneration of the Chief Internal Auditor
- v) Review of the quarterly|annual financial statements with the management before submission to the Board, focusing primarily on
 - a) Any changes in accounting policies and practices
 - b) Major accounting entries based on exercise of judgment by the management
 - c) Qualifications in draft audit report
 - d) Significant adjustments arising out of audit
 - e) Going concern assumption
 - f) Compliance with accounting standards
 - g) Compliance with stock exchange and legal requirements concerning financial statements
 - h) Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries and relatives, among others, that may have potential conflict with the interest of the Company at large
- vi) Review with the management, external and internal Auditors, the adequacy of internal control systems
- vii) Review the 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) Discussions with internal Auditors on any significant findings and follow up thereon
- ix) Review the 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
- x) Discussions 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
- xi) Review the financial and risk management policies of the Company
- xii) Review the reasons for substantial defaults, if any in the payment to the depositors, debenture holders, Members (in case of non-payment of declared dividends) and creditors
- xiii) Discussion 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
- xiv) Ensure compliance of internal control systems
- xv) Review the functioning of the whistle blower mechanism, if any
- xvi) Formulation of Code of Conduct and related matters
- xvii) Periodical review of compliance reports of all laws applicable to the Company as well as steps taken to rectify instances of non-compliances
- xviii) Review the financial statements, in

particular, the investments made by the unlisted subsidiary company

xix) Review all significant transactions and arrangements entered into by the unlisted subsidiary company

xx) Determination of 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

xxi) Review of 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

3.2 Composition, name of Members and Chairperson

Chairman: Dr S S Bajjal, other Members: Mr G S Patel and Mr B S Mehta. All the Members of the Audit Committee are Non-Executive Directors.

3.3 Meetings and attendance during the year

Number	Name of Director and designation	Audit Committee meetings	
		Total	Attended
1	Dr S S Bajjal (Chairman)	7	6
2	Mr G S Patel (Member)	7	7
3	Mr B S Mehta (Member)	7	7

The Chairman and Managing Director, the Company Secretary, heads of accounts, Costing and Internal Audit Department, 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.

4. Remuneration Committee

4.1 Brief description of terms of reference, composition, name of Members and Chairperson, attendance during the year and

the remuneration policy

A. 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.

B. Composition, name of Members and Chairperson

Chairman: Mr H S Shah; other Members:

Mr G S Patel and Dr S S Bajjal. All the Members of the Remuneration Committee are Non-Executive Directors.

C. **Meetings and attendance during the year:** No meeting was held during the year.

D. **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.

(i) Details of remuneration to all the Directors

Number	Name of the Directors	Remuneration during the year			
		Sitting fee Rs	Salary and perks Rs	Commission Rs	Total Rs
01	Mr S S Lalbhai (Chairman and Managing Director)	-	52,61,881	36,93,308	89,55,189
02	Mr N N Wadia up to May 31, 2009	-	-	-	-
03	Mr G S Patel	3,10,000	-	2,50,000	5,60,000
04	Dr S S Baijal	2,60,000	-	2,50,000	5,10,000
05	Mr B S Mehta	3,00,000	-	2,50,000	5,50,000
06	Mr H S Shah	1,20,000	-	1,50,000	2,70,000
07	Mr S M Datta	1,60,000	-	1,50,000	3,10,000
08	Dr K Aparajithan	-	-	-	-
09	Mr R A Shah (Alternate Director to Dr K Aparajithan)	1,60,000	-	1,50,000	3,10,000
10	Mr J L Shah (Executive Director up to December 31, 2008)	-	65,74,973	18,93,561	84,68,534
11	Mr S A Lalbhai (Managing Director)	-	38,38,472	24,62,205	63,00,677
12	Mr B N Mohanan (Additional Director with effect from January 1, 2009)	-	11,47,426	-	11,47,426

Sitting fee constitute fees paid to Non-Executive Directors for attending Board and Committee meetings.

Commission to Non-Executive Directors was approved by the Members of the Company at the Annual General Meeting 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.

05) Share Transfer and Shareholders' | Investors' Grievance Committee

i) Name of Non-Executive Director heading the committee: Mr G S Patel

ii) Name of Members: Mr G S Patel and Mr S S Lalbhai

iii) Name and designation of Compliance Officer: Mr T R Gopi Kannan, President, Finance and Company Secretary

iv) Meetings and attendance during the year

Number	Name of Director and designation	Share Transfer and Shareholders' Investors' Grievance Committee meetings	
		Total	Attended
1	Mr G S Patel (Chairman)	5	5
2	Mr S S Lalbhai (Member)	5	5

v) During the year, the Company received 16 complaints from the investors. All the grievances were solved to the satisfaction of the investors. None of the grievances are pending to be resolved.

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

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

Committee meetings.

06. Investment and Strategy Committee

Brief description of terms of reference, composition, name of Members and Chairperson, attendance during the year

The Investment and Strategy Committee approves or recommends to the Board as follows

a) Approve Capex proposals exceeding

Rs3 crores each, as may be proposed by the Chairman and Managing Director

b) Approve key business strategies of the Company as may be proposed by the Chairman and Managing Director

c) Recommend acquisition and disinvestment proposals to the Board

Composition, name of Members and Chairperson

Chairman: Mr R A Shah; other Members: Dr S S Bajjal, Mr S M Datta and Mr S S Lalbhai

Meetings and attendance during the year

Number	Name of Director and designation	Investment and Strategy Committee meeting	
		Total	Attended
1	Mr R A Shah (Chairman)	1	1
2	Dr S S Bajjal (Member)	1	1
3	Mr S M Datta (Member)	1	1
4	Mr S S Lalbhai (Member)	1	1

(Mr B S Mehta, Mr G S Patel and Mr J L Shah attended the meeting as invitees)

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

07. General body meetings

i) Location and time, where last three AGMs were held

Financial Year	Location	Date	Time
2005-06	Thakorebhai Desai Hall, Law College Road, Ellisbridge Ahmedabad 380009, Gujarat, India	August 04, 2006	11.00 am
2006-07	Thakorebhai Desai Hall, Law College Road, Ellisbridge Ahmedabad 380009, Gujarat, India	August 31, 2007	11.00 am
2007-08	Sheth Shri Amrutlal Hargovandas Memorial Hall, Gujarat Chamber of Commerce and Industry, Gujarat Chamber Building, Ashram Road Ahmedabad 380009, Gujarat, India	August 25, 2008	11.00 am

- ii) Whether special resolutions were put through postal ballot exercise, details of voting pattern, person who conducted the postal ballot exercise: No
- iii) Are proposed to be conducted through postal ballot: Not applicable
- iv) Procedure for postal ballot: Not applicable

08. Disclosures

i) The Company did not have any materially significant commercial and financial transactions with any of the related parties namely Promoters, Directors or the management and their subsidiaries or relatives, among others, that may have potential conflict with the interest of the Company at large.

ii) 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.

09. Means of 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 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) and Gujarati daily Jaihind. 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.sebidifar.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 July 09, 2008 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

10. Certification by the Chairman and Managing Director (CEO) and the President, Finance and Company Secretary

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 May 29, 2009 in which the accounts for the financial year ended March 31, 2009 were considered and approved by the Board of Directors.

11. Role of the Company Secretary in overall governance process

All Directors of the Company have access

to the advice 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.

12. General information

i) Annual General Meeting

■ **Date and time:** 32nd Annual General Meeting, date: August 07, 2009, Friday at 11.00 am

■ **Venue:** Sheth Shri Amrutlal Hargovandas Memorial Hall, Gujarat Chamber of Commerce and Industry, Gujarat Chamber Building, Ashram Road, Ahmedabad 380009, Gujarat, India

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

ii) **Financial year:** April 01 to March 31

iii) **Date of book closure:** July 01, 2009 to July 04, 2009

iv) **Dividend payment date:** August 12, 2009

v) **Listing on stock exchanges:** ASE, BSE and NSE

The Company has paid listing fees for the financial year 2009-10 to all the stock exchanges where securities are listed. Pursuant to a SEBI circular, Custody charges also paid to the Depositories namely NSDL and CDSL. The ISIN number of the Company's share is

INE100A01010. The corporate identity number (CIN) is L99999GJ1975PLC002859.

vi) **Stock code:** ASE: 06240, BSE: 500027 and NSE: ATUL

vii) **Market price data:** High, low during each month in the last financial year, as per below

viii) **Performance in comparison to broad-based indices such as BSE Sensex and CRISIL index, among others, is given below**

Month	Share price of Atul at BSE		BSE Sensex	
	High (Rs)	Low (Rs)	High	Low
April 2008	66.00	53.30	17,480.74	15,297.96
May 2008	70.05	53.25	17,735.70	16,196.02
June 2008	58.00	50.20	16,632.72	13,405.54
July 2008	61.75	49.00	15,130.09	12,514.02
August 2008	70.50	56.45	15,579.78	14,002.43
September 2008	74.90	52.00	15,107.01	12,153.55
October 2008	56.35	30.75	13,203.86	7,697.39
November 2008	48.90	35.20	10,945.41	8,316.39
December 2008	48.55	37.00	10,188.54	8,467.43
January 2009	46.50	37.30	10,469.72	8,631.60
February 2009	49.00	40.00	9,724.87	8,619.22
March 2009	44.00	34.00	10,127.09	8,047.17

ix) Registrar and Transfer Agent

For physical and demat shares: Pinnacle Share Registry Private Ltd, near Ashoka Mills, Naroda Road, Ahmedabad 380025, Gujarat, India. Telephone numbers: +91-79-22204226,

22200338 and 22200582

x) Share transfer system

■ Securities lodged for transfer at the Registrar's address are processed within 30 days from the date of lodgement, if the documents are clear in all respects.

All requests for dematerialisation of securities are processed and the confirmation is given to the depositories within 21 days.

■ Pursuant to Clause 47(c) of the Listing Agreement with the stock exchanges,

certificates on a half-yearly basis were issued by the Company Secretary in practice for due compliance of share transfer formalities by the Company. Pursuant to the SEBI (Depositories and

Participants) Regulations, 1996, certificates were also received from the Company Secretary in practice for timely dematerialisation of the shares 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.

xi) Distribution of shareholding as on March 31, 2009

Number	Category	Number of shares	Percentage of shareholding
A	Promoters' holding		
1	Promoters	1,16,94,674	39.427
	Sub-total	1,16,94,674	39.427
B	Non-Promoters' holding		
2	Mutual funds and administrator of the specified undertaking of Unit Trust of India	9,75,450	3.289
3	Banks, financial institutions and insurance companies, among others.	21,33,225	7.192
4	Foreign institutional investors (FIIs)	900	0.003
	Sub-total	3109575	10.484
C	Others		
5	Private corporate bodies (PCBs)	42,51,032	14.332
6	NRIs OCBs	1,16,644	0.393
7	State government	336	0.001
8	Indian public	1,04,89,472	35.363
	Sub-total	14857484	50.089
	Grand total	2,96,61,733	100.000

xii) Dematerialisation of shares and liquidity: Electronic holding by Members comprising 94.693% of the paid-up equity share capital of the Company held through the National Securities Depository Limited (89.466%) and the Central Depository Services (India) Limited (5.227%) and 5.307% were in physical form as on March 31, 2009

xiii) 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.

xiv) Following Non-Executive Directors held equity shares of the Company as under

1. Mr N N Wadia 50 shares
2. Mr G S Patel 200 shares
3. Dr S S Bajjal 4,137 shares

4. Mr B S Mehta 162 shares
5. Mr H S Shah 90 shares
6. Mr S M Datta 50 shares
7. Dr K Aparajithan 600 shares
8. Mr R A Shah 50 shares

xv) Locations of plants: (1) Atul 396020, District Valsad, Gujarat, India and (2) GIDC, Ankleshwar 393002, District Bharuch, Gujarat, India and (3) MIDC, Tarapur 401506, District Thane, Maharashtra, India

xvi) **Address of Mumbai office:** 310B, Veer Savarkar Marg, Dadar (West), Mumbai 400028, Maharashtra, India

xvii) **Address for correspondence:** Secretarial and Legal Department, Atul, 396020, District Valsad, Gujarat, India. E-mail: sec@atul.co.in

xviii) **E-mail ID of grievance redressal office:** atul_ahd@atul.co.in

xix) **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 name in the event of his death. This facility is available to the Members of the Company. The nomination form can be obtained from the Company.

xx) **Consolidation of folios and avoidance of multiple folios:** Members having multiple folios are requested to consolidate their folios into single folio and for this purpose send request along with the original certificates along with a request to the Share Transfer Agent specifying the folio number under which

they desire to hold the shares.

13. Details of compliance with the mandatory requirements and extent of compliance with non-mandatory requirements

13.1 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.

13.2 Extent of compliance with the non-mandatory requirements

The Company complies with the following non-mandatory requirements

1. Remuneration Committee set up by the Board
2. Moving towards unqualified financial statements
3. EDIFAR filing compliance

Other than above, the Company does not comply with non-mandatory requirements.

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

Declaration by the Chairman and Managing Director under clause 49 of the Listing Agreement regarding compliance with business conduct guidelines (Code of Conduct)

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

Sunil S Lalbhai

Chairman and

Managing Director

Mumbai

June 05, 2009

AUDITORS' CERTIFICATE

To The Members of Atul Limited

We have examined the compliance of conditions of Corporate Governance by Atul Limited for the year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company, with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations

thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For and on behalf of Dalal & Shah,
Chartered Accountants

Mumbai

June 05, 2009

(Ashish S Dalal)

Partner

Membership No.033596

Notice

NOTICE is hereby given that the Thirty-second Annual General Meeting of the Members of the Company will be held on August 7, 2009, Friday at 11.00 am at Sheth Shri Amrutlal Hargovandas Memorial Hall, Gujarat Chamber of Commerce and Industry, Gujarat Chamber Building, Ashram Road, Ahmedabad 380009, Gujarat, India to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2009 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 Dr K Aparajithan, who retires by rotation under Article 134 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr G S Patel, who retires by rotation under Article 134 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. To appoint Dalal & Shah, Chartered

Accountants, as Auditors and to 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 B N Mohanan, 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.”

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions of the Companies Act, 1956, the Company hereby approves the appointment of Mr B N Mohanan as a Wholetime director, on the terms and conditions of appointment including remuneration for

a period of five years from January 1, 2009, as set out in the draft Agreement submitted to this meeting and for identification initialled by the Chairman, which agreement is hereby specifically sanctioned with power to the Board to alter or determine the conditions thereof, in such manner as may be agreed to between the parties and within the limits prescribed by the Central Government.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to alter and vary any or all of the terms and conditions as approved vide this resolution as may be deemed fit from time to time which may have the effect of increasing the remuneration or perquisites or benefits and for the purpose of giving effect to this resolution the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, usual or proper in the best interest of the Company.”

By Order of the Board

Ahmedabad
June 05, 2009

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

N.B.

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 financial year ending March 31, 2009 are enclosed.

3. **Book closure:** The Register of Members and the share transfer books of the Company will remain closed from July 01, 2009 to July 04, 2009 (both days inclusive).

4. **Distribution of dividend:** The dividend

if sanctioned will be paid to those Members holding shares in physical form whose names stand on the Register of Members on July 04, 2009. The dividend in respect of shares held in the electronic form will be paid to the beneficial owners of shares of opening position as on July 01, 2009, 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 NSDL and 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 14th dividend onwards i.e. from the year ended March 31, 2002, 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
14th	March 31, 2002	August 07, 2002	15	September 03, 2009
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

No claim will lie from a shareholder 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 & Protection Fund unpaid|unclaimed interest on debentures, unpaid|unclaimed fixed deposits and interest thereon up to the financial year ended on March 31, 2002.

6. Pursuant to the directions of SEBI vide circular No. D&CC|FITT| CIR – 18| 2002 dated February 12, 2003, the Company had appointed Pinnacle Shares Registry Pvt Limited, Near Ashoka Mills, Naroda Road, Ahmedabad 380025, as Registrar

and Transfer Agents for physical and Demat shares. The Members are requested to deal with the aforesaid agency.

7. Reappointment of the Directors: At the ensuing Annual General Meeting

Dr K Aparajithan and Mr G S Patel, 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	Dr Aparajithan
Date of birth	December 24, 1935
Brief resume	Dr K Aparajithan is well qualified and has wide and varied experience in the area of production, technical, R & D and business management. He was Managing Director of erstwhile Atic Industries Limited. He was on the Board of the Company during the period May 24, 1996 to June 30, 2002.
Directorship in other companies	Nil
Position in committees of other companies	Nil
Number of shares held in the Company	600 shares
Name	Mr G S Patel
Date of birth	November 16, 1923
Brief resume	Mr Patel has done M.A. (Economics) and LL.B. from Bombay university, B.Sc. (Economics) from London School of Economics and Bar at law from Lincoln's Inn, London. He was the former Chairman of UTI and a Director of the Company since August 10, 1983.
Directorship in other companies	Nil
Position in committees of other companies	Nil
Number of shares held in the Company	200
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 items of Special Business under item Nos. 6 and 7 mentioned in the accompanying Notice dated June 05, 2009.	
Item No. 6	
Mr B N Mohanan was appointed as an Additional Director on January 01, 2009. His details are as under:	
Name	Mr B N Mohanan
Date of birth	May 26, 1950
Particulars	Information of a Director seeking reappointment

Brief resume	Mr Mohanan was appointed as an Additional Director on January 01, 2009. He is B.Sc. (Engg. Hon.). He has over 3 decades of experience in various capacities. He joined the Company about 16 years ago. Currently he is the President, Infrastructure Unit and the Occupier. His responsibilities include safety, health, environment, utilities and infrastructure management. Mr Mohanan is also Managing Director of Atul Rajasthan Date Palms Ltd, a joint venture company between Atul and Rajasthan Horticulture Development Society, a Rajasthan Government unit.
Directorship in other companies	Atul Rajasthan Date Palms Limited (Managing Director)
Position in committees of other companies	Atul Bio Space Pvt Ltd
Number of shares held in the Company	Nil
	4700

No Directors except Mr Mohanan is interested in or concerned with this resolution.

Your Directors recommend passing of the resolution.

Item No. 7

Mr B N Mohanan was appointed as Additional Director of the Company by the Board of Directors with effect from January 01, 2009 and his continuation as director is being proposed by Item No 7.

The Board of Directors subject to approval of the Members appointed Mr Mohanan as a Wholetime director effective from January 01, 2009 for a period of five years. The terms of appointment of Mr Mohanan are in accordance with Section 269 read with Schedule XIII of the Companies Act, 1956 and hence the approval of Central Government is not required. Brief resume of Mr Mohanan is given supra.

The terms and conditions of the appointment of Mr Mohanan are set out in the draft agreement, which is placed before the meeting. The material terms of the draft agreement are as under

1. Mr Mohanan is appointed as Wholetime Director of the Company to carry out such functions as entrusted to him by the Chairman and Managing Director | the Board of Directors.

2. Mr Mohanan is to devote such time and attention to the business of the Company as required by the Chairman and Managing Director | the Board of Directors.

3. Period of office of Mr Mohanan is 5 years with effect from January 01, 2009.

4. Remuneration payable to Mr Mohanan:

(a) **Basic salary** of Rs1,60,331 per month which may be increased up to Rs4,00,000 per month by the Remuneration Committee within the

contractual period of 5 years.

(b) Allowances

Other allowances|benefit Rs82,540 per month as per the policy of the Company which may be increased up to Rs2,00,000 per month by the Remuneration Committee.

(c) Performance bonus

i) The Company will give performance bonus as per its policy.

(a) Perquisites

The following perquisites will be allowed:

Category – 'A'

i) Housing

The Company will provide a residential accommodation with water, electricity, furniture and fixtures as per the policy of the Company.

ii) Medical reimbursement

The Company will reimburse, as per the policy medical expenses actually incurred.

iii) Leave travel concession

The Company will provide leave travel assistance for self and family once in a year in accordance with the policy of the Company.

iv) Personal accident insurance| mediclaim insurance

The Company will provide personal accident insurance and mediclaim insurance as per the policy of the Company.

Category – ‘B’

i) The Company will contribute towards Provident Fund| Superannuation Fund|Annuity Fund as per the policy of the Company.

ii) The Company will pay Gratuity as per the policy of the Company and the relevant laws.

The period worked under this contract will be in continuum of the service already considered under the policy.

iii) The Company will encash|grant leaves as per the policy of the Company as are applicable to senior executives of the Company.

Category – ‘C’

i) The Company will provide a car as per the rules of the Company as are applicable to the senior executives of the Company.

ii) The Company will provide a telephone and mobile phone as per the policy of the Company. Personal long distance calls will be recovered.

5. Mr Mohanan will not be entitled to

sitting fees for attending meetings of the Board of Directors or Committees thereof. He will, however, be reimbursed the actual travelling, lodging, boarding and out of pocket expenses incurred by him for attending meetings of the Board of Directors and|or Committees thereof.

6. The remuneration referred in Clause 4 and any alteration thereof from time to time is subject to the overall limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company as computed in the manner referred to in Section 198 of the Companies Act, 1956. Provided, however, that in the event of absence or inadequacy of profit Mr Mohanan will be paid remuneration within the limit of minimum remuneration specified in Schedule XIII to the Companies Act, 1956.

7. Mr Mohanan will be entitled to reimbursement of expenses actually and properly incurred in connection with the business of the Company.

8. Mr Mohanan may resign office, subject to three months' notice.

9. In the event of termination of office, Mr Mohanan would be entitled to compensation in accordance with Section 318 of the Companies Act, 1956.

10. In the event of any dispute or difference arising out of this agreement between the parties, such dispute or difference will be referred to arbitration

in accordance with the provisions of The Arbitration and Conciliation Act, 1996 or any statutory modification or substitute thereof and all the provisions of that Act so far as are applicable or of any of them for the time being in force will apply to every reference thereof. The venue of the arbitration will be at Valsad only.

11. Both the parties agree for exclusive jurisdiction of Valsad court only.

Memorandum of interest

The nature of the concern or interest of Mr Mohanan, Director, is that the above resolution pertains to his agreement with the Company and he will be receiving the remuneration as stated therein if approved. None of the other Directors of the Company are interested in the resolution.

The above statement may be treated as an abstract of the terms and memorandum of interest under Section 302 of the Companies Act, 1956.

By Order of the Board

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

Registered office

Ashoka Chambers
Rasala Marg
Ahmedabad 380006
Gujarat, India

June 05, 2009

Ten year review

(Rs In lacs)

Operating results:	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Revenue	119395	103330	92545	83733	71012	60359	61865	60263	59336	53491
Operating profit (PBIDT)	11844	10025	8518	14084	6794	5580	9890	8937	9050	7397
Interest	4103	3273	2822	2910	2179	2157	3293	3928	4733	4884
Gross profit	7741	6752	5696	11174	4615	3423	6597	5009	4317	2513
Depreciation	3172	2935	3059	2873	2738	2728	2702	2801	2837	3016
Taxation	1012	267	72	(128)	251	469	489	225	5	5
Net profit	3557	3550	2565	8429	1626	226	3406	1983	1475	(508)
Dividends (Inclusive of dividend tax)	1041	1041	1041	1015	676	502	728	449	383	85
Profit retained (a)	2516	2509	1524	7414	950	(276)	2678	1534	1168	(1495)
Financial position:										
Gross block	96698	93630	77086	73034	68493	66647	61026	57245	55961	55500
Net block	44302	43312	29486	27331	24897	27604	24352	22344	23697	25809
Net current & other assets	38362	42840	37382	34850	31218	30957	32204	34861	35719	35969
Capital employed	82664	86152	66868	62181	56115	58561	56556	57205	59416	61778
Equity share capital	2967	2967	2967	2967	2967	2967	2967	2967	2966	2966
Reserves and surplus	42905	40346	26977	24333	17044	25557	25724	22042	23667	22502
Shareholders' equity	45872	43313	29944	27300	20011	28524	28691	25009	26633	25468
Preference share capital	-	-	-	-	-	-	-	-	100	600
Borrowings	36791	42839	36924	34881	36104	30036	27864	32195	32682	35708
Per equity share:										
Dividends (Tax free from the year 2003-04)	3.00	3.00	3.00	3.00	2.00	1.50	2.00	1.50	1.00	0.00
Book Value	155	146	101	92	67	96	97	84	90	86

Notes:

(a) After adjusting amounts in respect of previous year(s)

(b) Previous year(s) figures regrouped

Report of the Auditors to the Members

1. We have audited the attached Balance Sheet of Atul Ltd as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 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 checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3, above:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report, comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 **except, where the Company has not recognised the mark-to-market losses of Rs5,484.09 lacs on its derivative contracts to hedge highly probable forecast transactions and firm commitments not covered under AS-11, either by way of creating a Hedge Reserve as recommended by the ICAI or by prudently charging the same to the Profit and Loss Account as recommended under AS-1, consequently the profit for the year and the reserves and surplus at the close of the year, both resulting higher by Rs5,484.09 lacs;**
 - e) On the basis of written representations received from the Directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts **subject to the matter referred to in paragraph 4(d) above** and read together with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and the said Accounts 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, 2009;
 - (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 & Shah
Chartered Accountants

(Ashish S Dalal)

Partner

Mumbai
June 05, 2009

Membership No 033596

Annexure to Auditors' Report

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, 2009

- i. (a) The Company has generally maintained proper records showing particulars including quantitative details and situation of fixed assets;
- (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. According to the information and explanations given to us, discrepancies noticed on physical verification have been adjusted in the books of account;
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status;
- ii. (a) As explained to us, inventories have been physically verified during the year by the management;
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, 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 of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account;
- iii. (a) The Company has not granted any loan, secured or unsecured, to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956;
- (b) According to the information and explanations given to us, the Company has taken unsecured loan (in the nature of fixed deposits) from party listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs1.75 lacs and the year end balance of loan taken from such parties was Rs1.75 lacs. The Company has not taken any loan, secured or unsecured, from the companies and firms covered in the register maintained under Section 301 of the said Act;
- (c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima-facie, prejudicial to the interest of the company;
- (d) The Company is regular in repaying the principal amounts as stipulated and have been regular in the payment of interest;
- (e) There is no overdue amount of loans taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956;
- iv. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our previous assessment, no major weakness in internal control system, had come to our notice;
- v. (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, we are of the opinion that, the particulars of contracts or arrangement in which directors were interested and which were required to be entered in the register maintained under Section 301 of the Companies Act, 1956, have been so entered;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contract or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time;
- vi. In our opinion and according to the information and explanations given to us the company has complied with the directives issued by Reserve Bank of India and the Provisions of section 58A and 58AA or any other relevant provision of the Act and the rules framed there-under since

Annexure to Auditors' Report (Contd.)

the company has not defaulted in repayments the compliance of Section 58AA or obtaining any order from Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal does not arise;

- vii. In our opinion the company has an adequate internal audit system commensurate with the size of the company and the nature of its business;
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company to which the said rules are made applicable, 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;

- ix. (a) According to the records of the Company, it has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues with the appropriate authorities, according to the explanation given to us there are no arrears of statutory due which have remain outstanding at the last date of financial year, for a period of more than six months from the date they became payable;
- b) According to the information and explanations given to us and on the basis of our examination of the documents and records the disputed statutory dues which have not been deposited with the appropriate authorities are as under;

Nature of Statute	Nature of Dues	Period to which amount relates	Amount Rs in lacs	Forum where dispute is pending (b)
The Central Excise Act, 1944	Central excise	1995-96 to 2006-07	343.07	Joint Commissioner Commissioner (Appeals) Customs, Excise & Service Tax Appellate Tribunal Gujarat High Court
		1995-96 to 2006-07	51.44	
		1986-1998 to 2003-04	518.05	
		1991-1994	7.09	
Total :			919.67	
The Customs Act, 1962	Customs duty	1994 to 1998	60.12	Commissioner (Appeals) Customs, Excise & Service Tax Appellate Tribunal
		1993 to 1998	253.23	
Total :			313.35	
The Income Tax Act, 1961	Income tax (a)	2001-02	256.12	Income tax Appellate Tribunal Income tax Appellate Tribunal Commissioner of Income tax (Appeals) Commissioner of Income tax (Appeals)
		2001-02	22.26	
		2002-03	335.42	
		2003-04	227.95	
Total :			841.75	
Gujarat Sales Tax Act, 1969	Sales tax	1998-99	12.14	Gujarat Sales Tax Tribunal, Ahmedabad Joint Commissioner of Commercial Tax, Baroda
		2004-05	98.89	
Total :			111.03	

(a) Net of amounts deposited.

(b) Necessary stay received from respective authority.

Annexure to Auditors' Report (Contd.)

- x. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and in the preceding financial year;
- xi. On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks, or debenture holders;
- xii. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;
- xiii. In our opinion, the Company is not a chit fund or a nidhi | mutual benefit fund | society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company;
- xiv. The Company is not dealing or trading in shares, securities, debentures and other investments;
- xv. According to the information and explanations given to us, the company has given corporate guarantee for loans taken by other from bankers and financial institutions in connection with central ETP project at Ankleshwar, the terms and conditions whereof in our opinion, are not prima-facie prejudicial to the interest of the Company;
- xvi. On the basis of the records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we have to state that, the Company has, prima-facie, applied the term loans for the purposes for which they were obtained;
- xvii. According to the information and explanations given to us and on an overall examination of the financial statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usages of funds, we are of the opinion that prima facie as at the close of the year no short term funds have been utilized for long terms investments;
- 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, 1956;
- 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 issue during the year;
- xxi. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year;

For and on behalf of **Dalal & Shah**
Chartered Accountants

(Ashish S Dalal)
Partner

Mumbai
June 05, 2009

Membership No 033596

Balance Sheet

As at March 31, 2009

(Rs in lacs)

	Schedule	As at March 31, 2009	As at March 31, 2008
I SOURCES OF FUNDS:			
1 Shareholders' fund:			
(a) Capital	1	2,967.48	2,967.48
(b) Reserves and surplus	2	42,905.28	40,345.23
			45,872.76
2 Loan funds:			
(a) Secured loans	3	32,851.05	36,791.73
(b) Unsecured loans	4	3,939.80	6,047.35
			36,790.85
3 Deferred tax liability (net): (see Note 10(b))			
		1,771.97	1,610.89
		84,435.58	87,762.68
II APPLICATION OF FUNDS:			
1 Fixed assets:			
(a) Gross block	5	95,129.95	87,440.82
(b) Less: depreciation and impairment loss		52,396.37	50,318.00
(c) Net block		42,733.58	37,122.82
(d) Capital work in progress, expenditure to - date		1,396.90	2,508.64
(e) Advances against capital expenditure		171.29	3,680.71
			44,301.77
2 Investments:			
	6		6,512.88
3 Current assets, loans and advances:			
(a) Inventories		19,667.79	20,927.68
(b) Sundry debtors		22,266.85	28,111.07
(c) Cash and bank balances		2,330.04	2,335.44
(d) Other current assets		–	–
(e) Loans and advances		10,984.25	11,339.70
		55,248.93	62,713.89
Less: Current liabilities and provisions:			
(a) Liabilities	8	19,093.30	22,305.86
(b) Provisions		2,534.70	2,470.43
		21,628.00	24,776.29
Net current assets			
		33,620.93	37,937.60
		84,435.58	87,762.68
Notes forming part of the Accounts			
	16		

As per our attached report of even date

For and on behalf of the Board of Directors

For & on behalf of

Dalal & Shah

Chartered Accountants

Ashish S Dalal

Partner

Membership No 033596

Mumbai

June 05, 2009

T R Gopi Kannan

President, Finance and

Company Secretary

G S Patel

B S Mehta

H S Shah

S M Datta

B N Mohanan

Directors

Sunil S Lalbhai

Chairman and Managing Director

Samveg A Lalbhai

Managing Director

Mumbai

May 29, 2009

Profit and Loss Account For the year ended March 31, 2009

(Rs in lacs)

Schedule		2008-09	2007-08
INCOME:			
		122,861.35	107,131.92
		6,916.61	7,372.20
		115,944.74	99,759.72
	9	2,165.68	1,608.03
		118,110.42	101,367.75
	10	1,284.49	1,962.29
		119,394.91	103,330.04
EXPENDITURE:			
	11	62,847.00	58,151.90
	12	20,359.84	19,001.14
	13	9,083.28	8,051.15
	14	4,102.80	3,273.43
	15	10,857.00	9,077.89
		4,404.14	(1,002.27)
		3,349.70	2,954.75
		27.97	4.78
		3,377.67	2,959.53
		205.84	-
		3,171.83	2,959.53
			114,825.89
			4,569.02
			3,817.27
		759.00	376.00
		161.08	63.56
		9.50	9.70
		82.00	75.00
		1,011.58	524.26
		-	257.00
			1,011.58
			3,557.44
			3,550.01
			110.53
			119.00
			3,786.97
			20,374.50
			24,161.47
			378.70
		889.85	366.20
		151.23	889.85
			151.23
			1,041.08
			1,041.08
			22,741.69
			Rs12.77
			Rs12.35
	16		

As per our attached report of even date

For and on behalf of the Board of Directors

For & on behalf of

Dalal & Shah
Chartered Accountants
Ashish S Dalal
Partner
 Membership No 033596
 Mumbai
 June 05, 2009

T R Gopi Kannan
*President, Finance and
 Company Secretary*
G S Patel
B S Mehta
H S Shah
S M Datta
B N Mohanan
Directors
Sunil S Lalbhai
Chairman and Managing Director
Samveg A Lalbhai
Managing Director
 Mumbai
 May 29, 2009

Cash Flow Statement

For the year ended March 31, 2009

(Rs in lacs)

	2008-09		2007-08	
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
Profit before tax and extraordinary items		4,569.02		3,817.27
Adjustments for:				
Add:				
Depreciation	3,171.83		2,959.53	
Interest and finance charges	3,979.11		3,224.02	
Loss on assets sold or discarded	35.34		24.76	
Exchange rate difference	2,590.00		(1,038.00)	
Provision for doubtful debts advances	732.46		284.97	
Obsolete material written off	417.26		44.93	
		10,926.00		5,500.21
		15,495.02		9,317.48
Less:				
Dividend	463.29		428.93	
Interest received	259.62		158.73	
Provision no longer required	215.43		583.18	
Surplus on sale of assets	124.38		67.46	
		1,062.72		1,238.30
Operating profit before working capital changes		14,432.30		8,079.18
Adjustments for:				
Inventories	842.63		(3,740.15)	
Trade and other receivables	8,600.68		(5,525.01)	
Trade and other payables	(3,235.39)		2,833.06	
		6,207.92		(6,432.10)
Cash generated from operations		20,640.22		1,647.08
Less:				
Direct taxes refund (paid)		(246.69)		(500.80)
Cash flow before extraordinary items		20,393.53		1,146.28
Extraordinary items		–		–
Net cash flow from operating activities		20,393.53		1,146.28
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of fixed assets and capital advances	(7,220.60)		(6,204.36)	
Sale of fixed assets	336.85		209.04	
Disbursements (repayments) of loans	(655.08)		22.09	
Purchase of investments	(0.01)		–	
Sale of investments	0.04		–	
Interest received	227.90		190.56	
Dividend received	463.29		428.93	
Capital subsidy	20.00		–	
Net cash used in investing activities		(6,827.61)		(5,353.74)

Cash Flow Statement (Contd.) For the year ended March 31, 2009

(Rs in lacs)

	2008-09	2007-08
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	3,653.26	3,594.05
Add: Exchange rate difference	(2,590.00)	1,038.00
Proceeds from long term borrowings (adjusted)	1,063.26	4,632.05
Proceeds (repayments) of working capital loans (net)	(7,593.95)	1,176.11
Proceeds (repayments) of unsecured borrowings (net)	(2,107.54)	1,145.14
Total proceeds from borrowings		6,953.30
Interest paid	(3,901.05)	(3,223.54)
Dividend on equity shares (including corporate dividend tax)	(1,032.04)	(1,029.03)
Net cash (used in) flow from financing activities	(13,571.32)	2,700.73
Net change in cash and cash equivalents (A+B+C)	(5.40)	(1,506.73)
Cash and cash equivalents (opening balance)	2,335.44	3,842.17
Cash and cash equivalents (closing balance)	2,330.04	2,335.44
	(5.40)	(1,506.73)

Notes to the Cash Flow Statement for the year ended March 31, 2009 :

- The Cash Flow Statement has been prepared in accordance with the requirements of AS - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents include balances with Scheduled Banks on Dividend accounts- Rs63.81 lacs (previous year Rs54.69 lacs), Rs Nil in margin money (previous year Rs47.41 lacs) and Rs103.72 lacs (previous year Rs103.68 lacs) as SLR on FD issued, which are not available for use by the Company.
- 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 & on behalf of

Dalal & Shah
Chartered Accountants
Ashish S Dalal
Partner

Membership No 033596

Mumbai

June 05, 2009

T R Gopi Kannan
President, Finance and
Company Secretary
G S Patel
B S Mehta
H S Shah
S M Datta
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

May 29, 2009

Schedule forming part of Balance Sheet As at March 31, 2009

(Rs in lacs)

SCHEDULE 1	SHARE CAPITAL	As at March 31, 2009	As at March 31, 2008
Authorised:			
80,00,000	Cumulative Redeemable Preference Shares of Rs100 each	8,000.00	8,000.00
8,00,00,000	Equity shares of Rs10 each	8,000.00	8,000.00
		16,000.00	16,000.00
Issued:			
2,96,91,780	Equity shares of Rs10 each	2,969.18	2,969.18
		2,969.18	2,969.18
Subscribed:			
2,96,61,733	Equity shares of Rs10 each fully paid	2,966.17	2,966.17
	Add: Forfeited shares (amount paid-up)	1.31	1.31
		2,967.48	2,967.48

Notes:

- Rs3,58,60,000 consisting of 35,86,000 equity shares of Rs10 each stands reduced to Rs35,86,000 consisting of 3,58,600 equity shares of Rs10 each, on reduction and consolidation of said paid up capital as confirmed by the High Court of Gujarat as per its order dated August 20, 1988.
- 75,00,000 equity shares are issued to the Shareholders of erstwhile The Atul Products Ltd, pursuant to Amalgamation Scheme sanctioned by the High Court of Gujarat as per its order dated August 20, 1988.
- Of the above equity shares, 19,64,650 shares are issued as fully paid-up Bonus Shares by way of capitalisation of Reserves.
- Of the above equity shares, 38,09,310 shares are issued as fully paid-up shares on conversion of 12.5% Fully Convertible Secured Debentures of Rs120 each per debenture.
- Of the above equity shares, 11,029,173 Shares are issued as fully paid-up on conversion of 14% Fully Convertible Secured Debentures of Rs180 each per Debenture.
- Of the above equity shares, 50,00,000 shares are issued as fully paid-up in the year 1993-94.

(Rs in lacs)

SCHEDULE 2	RESERVES AND SURPLUS	As at March 31, 2009	As at March 31, 2008
	Security premium account	3,465.54	3,465.54
Central and state subsidy reserve:			
	As per last account	77.87	77.87
	Add: Received during the year	20.00	–
		97.87	77.87
Capital reserve:			
	As per last account	668.39	799.09
	Less: Fair value of plant and machinery previously credited to this reserve transferred to General Reserve as said assets are sold and realised	–	130.70
		668.39	668.39
Revaluation reserve:			
	As per last account	11,476.26	728.94
	Add: Surplus on revaluation of certain land & buildings	–	10,747.32
	Less: Transferred to Profit and Loss Account	205.84	–
		11,270.42	11,476.26

Schedule forming part of Balance Sheet As at March 31, 2009

(Rs in lacs)

SCHEDULE 2 RESERVES AND SURPLUS (Contd.)	As at March 31, 2009		As at March 31, 2008
General reserve:			
As per last account	4,282.67		3,785.77
Add: Fair value of plant and machinery previously credited to Capital Reserve transferred as the said assets are sold and realised	–		130.70
Add: Set aside this year	378.70		366.20
		4,661.37	4,282.67
Surplus as per annexed Account		22,741.69	20,374.50
		42,905.28	40,345.23

(Rs in lacs)

SCHEDULE 3 SECURED LOANS	As at March 31, 2009		As at March 31, 2008
Term Loans from Financial Institutions Banks:			
AXIS Bank Ltd - term loan (see Note 6 below)		–	630.70
Bharat Overseas Bank Ltd - foreign currency loan (see Note 6 below)		1,910.59	1,998.50
Bharat Overseas Bank Ltd - rupee loan (see Note 6 below)		–	0.77
ICICI Bank Ltd (see Note 2 below)		14.29	72.21
Housing Development Finance Corporation Ltd - corporate loan (see Note 4 below)		–	250.00
Housing Development Finance Corporation Ltd - corporate loan (see Note 7 below)		–	270.00
The Karur Vysya Bank Ltd - term loan (see Note 6 below)		–	99.35
The Karur Vysya Bank Ltd - term loan (see Note 6A below)		2,020.39	–
Bank of India MCB - foreign currency loan (see Note 6 below)		318.32	755.19
Bank of India New York - ECB loan (see Note 6 below)		318.44	749.44
LIC of India - rupee term loan (see Note 6 below)		600.00	1,000.00
State Bank of Hyderabad - corporate loan (see Note 6 below)		–	249.98
Bank of India - foreign currency loan (see Note 6 below)		2,141.48	2,365.85
EXIM Bank - rupee term loan (see Note 6 below)		1,860.00	2,480.00
State Bank of Hyderabad - rupee term loan (see Note 6 below)		1,561.12	2,187.45
State Bank of India - rupee term loan (see Note 5 below)		3.22	946.06
State Bank of Indore - rupee term loan (see Note 6 below)		998.33	1,500.00
State Bank of Travancore - foreign currency loan (see Note 6 below)		2,082.58	2,178.37
AXIS Bank Ltd - Agri loan (see Note 8 below)		–	11.67
State Bank of Hyderabad - rupee term loan (see Note 6 below)		2,499.93	700.00
Indian Overseas Bank - rupee term loan (see Note 6 below)		2,498.40	999.67

Schedule forming part of Balance Sheet As at March 31, 2009

(Rs in lacs)

SCHEDULE	3	SECURED LOANS (Contd.)	As at March 31, 2009	As at March 31, 2008
		EXIM Bank - long term working capital loan (see Note 6 below)	1,359.38	1,000.00
		International Finance Corporation		
		- ECB loan (see Note 3 below)	7,812.00	3,900.00
		Banks - working capital loans (see Note 1 below)		
		Cash credit	1,788.82	1,016.73
		Working capital demand loan	–	0.95
		FCNRB (DL)	–	3,631.20
		Packing credit	2,361.09	7,155.46
		Bills discounting	702.67	642.18
			4,852.58	12,446.52
			32,851.05	36,791.73

Notes:

- 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 and enhanced limit sanctioned in 2008 is to be secured.
- Secured by exclusive charge by way of hypothecation of vehicles purchased thereunder.
- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets and mortgage of the entire 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 exclusive first charge on : (i) guest house, club house and 27 residential quarters situated at village Gadkhol, Taluka Ankleshwar, District Bharuch (ii) 15 dwelling units on land situated village Chanvai, Atul, Taluka and District Valsad and first pari passu charge on balance immovable and movable properties of the Company, subject to prior exclusive charges in favour of lenders.
- Secured by first pari passu charge by way of mortgage on entire immovable properties and by hypothecation of entire movable fixed assets of the Company, present and future, excluding assets with exclusive charge, if any and second pari passu charge on the entire current assets of the Company.
- 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.
- To be 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 exclusive charge on office premises (including land & building) situated at Cadastral Survey Nos.1 | 92 and 3 | 92 of Mahim Division, Veer Sawarkar Marg, Prabhadevi, Mumbai, both present and future.
- Secured by hypothecation of the standing crop of patchouli in the Farms of the Company and also to be secured by pari passu first charge on the existing and future fixed assets of the Company, other than exclusively charged assets.

(Rs in lacs)

SCHEDULE	4	UNSECURED LOANS	As at March 31, 2009	As at March 31, 2008
		Fixed deposits including interest accrued on cumulative deposits	1,141.11	1,209.23
		From companies	16.78	829.28
		From banks	2,032.28	4,008.84
		Under buyer's credit:		
		From banks	749.63	–
			3,939.80	6,047.35

Schedule forming part of Balance Sheet As at March 31, 2009

(Rs in lacs)

SCHEDULE 5 ASSET BLOCK	GROSS BLOCK (a)						DEPRECIATION			NET BLOCK	
	As at March 31, 2008	Additions	Deductions & Adjust- -ments	As at March 31, 2009	Upto March 31, 2008	For the Year	Deductions & Adjust- -ments	As at March 31, 2009	Impairment Fund	As at March 31, 2009	As at March 31, 2008
Land - Free hold (c)	1,126.23	9.36	-	1,135.59	-	-	-	-	-	1,135.59	1,126.23
Land - Lease hold (c)	2,428.37	-	27.97	2,400.40	-	-	-	-	-	2,400.40	2,428.37
Buildings (b) and (c)	19,787.46	1,403.86	127.14	21,064.18	3,887.31	484.65	67.97	4,303.99	48.42	16,711.77	15,851.73
Roads	211.76	22.21	-	233.97	100.45	6.86	-	107.31	-	126.66	111.31
Tube wells and pump house	74.01	-	-	74.01	3.92	1.24	-	5.16	-	68.85	70.09
Plant & machinery	58,038.19	7,156.98	1,207.68	63,987.49	39,519.39	2,462.33	1,119.39	40,862.33	2,719.99	20,405.17	15,798.81
Railway siding	8.47	-	-	8.47	8.43	0.01	-	8.44	-	0.03	0.04
Laboratory equipments	859.19	92.24	-	951.43	551.47	84.49	-	635.96	-	315.47	307.72
Equipment furniture and dead stock	1,688.25	209.46	6.45	1,891.26	1,065.93	121.54	3.28	1,184.19	-	707.07	622.32
Office equipment	129.32	6.17	0.72	134.77	90.30	6.01	0.18	96.13	-	38.64	39.02
Vehicles	854.35	166.05	37.93	982.47	431.38	119.46	31.16	519.68	-	462.79	422.97
Capital spares	166.64	45.75	136.72	75.67	82.98	6.42	46.85	42.55	-	33.12	83.66
Research & development:											
Building	264.29	-	-	264.29	163.74	8.19	-	171.93	-	92.36	100.55
Machinery	1,202.05	28.70	-	1,230.75	1,048.54	31.27	-	1,079.81	-	150.94	153.51
Office equipments	12.36	7.51	-	19.87	8.16	1.13	-	9.29	-	10.58	4.20
Computer software	589.88	87.95	2.50	675.33	587.59	16.10	2.50	601.19	-	74.14	2.29
Total as at March 31, 2009	87,440.82	9,236.24	1,547.11	95,129.95	47,549.59	3,349.70	1,271.33	49,627.96	2,768.41	52,396.37	37,122.82
Total as at March 31, 2008	71,549.20	5,552.56	408.26	87,440.82	44,832.03	2,954.75	237.19	47,549.59	2,768.41	50,318.00	37,122.82

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 Rs109.99 lacs (March 31, 2008 Rs109.99 lacs) and cost of share in co-operative society Rs0.02 lac (March 31, 2008 Rs0.02 lacs).

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

Schedule forming part of Balance Sheet As at March 31, 2009

(Rs in lacs)

SCHEDULE 6 INVESTMENTS, at cost		As at March 31, 2009			As at March 31, 2008	
	Face Value	No	Rs	Rs	Rs	Rs
	Rs					
LONG TERM INVESTMENTS:						
Government and trust securities:						
Unquoted:						
6 Years National Savings Certificates (deposited with government departments)	89,000				0.89	0.93
Equity shares, fully paid, quoted:						
Others:						
Novartis India Ltd	5	(3,84,660)		102.29		102.29
Ciba India Ltd	10	(2,17,080)				
Ciba India Ltd	10	70,073		81.99		81.99
Arvind Ltd	10	41,27,471		4,663.84		4,663.84
ICICI Bank Ltd	10	19,823		13.70		13.70
Wyeth Ltd	10	(13,69,895)		150.16		150.16
BASF India Ltd	10	(2,959)		1.81		1.81
Amal Ltd	10	4,12,453	44.29			44.29
Less: Provision for diminution in value			40.24			40.24
				4.05		4.05
Nagarjuna Fertilizers Co. Ltd	10	31,500		4.15		4.15
Jain Irrigation Systems Ltd	10	800		1.94		1.94
					5,023.93	5,023.93
Others, unquoted:						
Ameer Trading Corporation Ltd*	7	5,00,000		500.03		500.03
Gujarat Synthwood Ltd	10	4,00,000	65.31			65.31
Less: Provision for diminution in value			61.31			61.31
				4.00		4.00
Atul Americas Inc.*	\$ 1,000	2,000		628.80		628.80
Atul Bioscience Ltd	10	1				
AtRo Ltd	10	50,004		5.00		5.00
Atul Europe Ltd*	£ 1	10,00,000	690.48			690.48
Less: Provision for diminution in value			651.23			651.23
				39.25		39.25
Atul Deutschland GmbH*	€ 1,00,000	1		55.01		55.01
Atul International Trading (Shanghai) Co. Ltd*	\$ 4,10,000	1		184.06		184.06
Bharuch Enviro Infrastructure Ltd	10	70,000		7.00		7.00
Bharuch Eco Aqua Infrastructure Ltd	10	6,48,962		64.90		64.90
					1,488.05	1,488.05
					6,512.87	6,512.91
Share application money					0.01	–
					6,512.88	6,512.91

* Subsidiary company

Schedule forming part of Balance Sheet As at March 31, 2009

(Rs in lacs)

Particulars	Book Value as at March 31,		Market Value as at March 31,	
	2009	2008	2009	2008
Quoted	5,023.93	5,023.93	9,870.41	10,080.53
Unquoted	1,488.94	1,488.98		
	6,512.87	6,512.91		

(Rs in lacs)

SCHEDULE	7	CURRENT ASSETS, LOANS AND ADVANCES	As at March 31, 2009		As at March 31, 2008	
(a) Inventories, (As taken, certified and valued by Chairman and Managing Director):						
Stores, spares, etc., at cost or net realisable value whichever is lower						
Stock - in - trade, at cost or net realisable value whichever is lower:						
Raw materials						
Materials - in - process						
Finished goods						
Goods - in - transit, cost to date						
Goods in bonded warehouse, cost to date						
19,667.79						
20,927.68						
(b) Sundry debtors, unsecured:						
Outstanding for more than six months						
Good (see Note 17(b) in Schedule 16)						
Doubtful						
Less: Provision						
Other, good						
Doubtful						
Less: Provision						
22,266.85						
28,111.07						
(c) Cash and bank balances:						
Cash on hand (including cheque on hand Rs0.40 lacs previous year Rs37.70 lacs)						
Cheque in hand with bank as collecting agency in terms of an arrangement						
Bank balances, with Scheduled Banks:						
In Current account						
In Margin deposit						
In Fixed deposits*						
Interest accrued on above						
1,143.75						
1,918.80						
2,330.04						
2,335.44						

* Includes Rs13.92 lacs deposit receipts of which is endorsed in favour of Government departments. (previous year Rs13.92 lacs)

Schedule forming part of Balance Sheet As at March 31, 2009

(Rs in lacs)

SCHEDULE	7	CURRENT ASSETS, LOANS AND ADVANCES (Contd.)	As at March 31, 2009		As at March 31, 2008	
(d) Other current assets:						
		Interest receivable				
		Doubtful		55.04		55.04
		Less: Provision		55.04		55.04
		Other receivable:				
		Doubtful		18.99		18.99
		Less: Provision		18.99		18.99
(e) Loans and advances, unsecured, good:						
(Unless otherwise stated):						
		Loan to a subsidiary company		776.98		122.00
		Interest receivable on above		46.26		14.54
				823.24		136.54
		Loans to jointly promoted companies		0.10		0.04
		Other loans :				
		Good (unless otherwise stated):				
		Loan to company (secured by first charge over the assets of the said company (see Note 23))		2,128.89		–
		Loan to others		135.92		135.92
		Doubtful	112.70			112.70
		Less: Provision	112.70			112.70
				–		–
		Advances recoverable in cash or in kind or for value to be recovered:				
		Good		4,952.70		5,533.81
		Doubtful	780.90			305.44
		Less: Provision	780.90			305.44
				–		–
				4,952.70		5,533.81
		Balances with Customs, Bombay Port Trust and Excise etc.		899.75		3,160.66
		Sundry deposits		728.24		683.04
		MAT credit entitlement		638.00		519.00
		Tax paid in advance, net of provisions		677.41		1,170.69
					10,984.25	11,339.70
					55,248.93	62,713.89

Schedule forming part of Balance Sheet As at March 31, 2009

(Rs in lacs)

SCHEDULE	8	CURRENT LIABILITIES AND PROVISIONS	As at March 31, 2009	As at March 31, 2008
(a) Liabilities:				
		Acceptances	2,980.21	2,231.13
		Sundry creditors		
		(i) Due to Micro, Small and Medium Enterprise (see Note 16)	24.14	6.17
		(ii) Due to others	15,738.92	19,885.58
			15,763.06	19,891.75
		Due to subsidiaries	113.87	30.60
		Over drawn current accounts as per books	–	2.52
		Investors Education and Protection Fund shall be credited by the following (see Note below):		
		Unclaimed dividends	69.32	60.28
		Matured fixed deposits	0.10	0.10
		Interest payable on fixed deposits	14.62	15.42
			84.04	75.80
		Interest accrued but not due on loans	141.10	63.04
		Unclaimed amount of sale proceeds of fractional coupons of bonus shares of erstwhile The Atul Products Ltd	9.64	9.64
		Unclaimed amount of sale proceeds of fractional Coupons of bonus shares	1.38	1.38
			19,093.30	22,305.86
(b) Provisions:				
		For contingencies	274.55	274.55
		For unencashed leave	1,219.07	1,154.80
		For dividend tax	151.23	151.23
		Proposed dividend	889.85	889.85
			2,534.70	2,470.43
			21,628.00	24,776.29

Note:

There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2009

Schedule forming part of Profit and Loss Account

For the year ended March 31, 2009

(Rs in lacs)

SCHEDULE 9	OPERATING INCOME	2008-09	2007-08
(a)	Export incentives	1,583.48	1,030.66
(b)	Lease rental income	1.44	1.44
(c)	Other operating income:		
	Processing charges	14.81	100.87
	Common facility recovery	12.91	–
	Technical service charges	156.53	–
	Miscellaneous scrap sales	396.51	475.06
		580.76	575.93
		2,165.68	1,608.03

(Rs in lacs)

SCHEDULE 10	OTHER INCOME	2008-09	2007-08
	Dividend on long term investments	463.29	428.93
	Interest earned (Gross, tax deducted Rs14.16 lacs previous year Rs27.48 lacs)		
	Interest from customers	12.83	35.84
	Others	259.62	158.73
		272.45	194.57
	Insurance claims	7.78	56.79
	Income from property	46.96	57.39
	Sales tax refunds	–	24.93
	Coal rate difference refund	–	734.16
	Miscellaneous income	265.90	131.52
	Sundry credit balance appropriated	58.90	175.66
	Bad debts recovered	5.07	22.98
	Provision for doubtful debts and advances written back	39.76	67.90
	Surplus on sale of assets	124.38	67.46
		1,284.49	1,962.29

Schedule forming part of Profit and Loss Account

For the year ended March 31, 2009

(Rs in lacs)

SCHEDULE 11	COST OF GOODS SOLD AND MATERIALS CONSUMED		2008-09	2007-08
Raw materials consumed:				
Stocks at commencement	4,587.97			3,974.01
Less: Obsolete and unserviceable material written off	229.88			–
		4,358.09		3,974.01
Add: Purchases		60,617.82		58,144.05
		64,975.91		62,118.06
Less: Stocks at close		3,844.05		4,587.97
		61,131.86		57,530.09
Patchouli expenses		17.53		37.99
			61,149.39	57,568.08
Finished goods purchases			2,302.66	2,495.56
(Increase) decrease in stock:				
Stocks at close:				
Materials - in - process		6,071.94		6,340.55
Finished goods		6,724.68		6,174.04
		12,796.62		12,514.59
Less: Stocks at commencement:				
Materials - in - process	6,340.55			5,379.06
Less: Obsolete and unserviceable material written off	99.42			–
		6,241.13		5,379.06
Finished goods	6,174.04			5,167.52
Less: Obsolete and unserviceable material written off	15.61			–
		6,158.43		5,167.52
		12,399.56		10,546.58
			(397.06)	(1,968.01)
Excise duty variation on opening closing stocks			(148.03)	231.94
Excess provision of excise duty			(59.96)	(175.67)
			62,847.00	58,151.90

(Rs in lacs)

SCHEDULE 12	MANUFACTURING EXPENDITURE		2008-09	2007-08
Stores consumed			3,977.56	3,432.52
Power, fuel and water			11,057.62	10,707.78
Conversion and plant operation charges			639.55	830.96
Flora expenses			2.32	30.50
Building repairs			686.71	647.69
Machinery repairs			3,788.15	3,146.41
Sundry repairs			207.93	205.28
			20,359.84	19,001.14

(Rs in lacs)

SCHEDULE 13	EMPLOYEES' EMOLUMENTS		2008-09	2007-08
Salaries, wages, bonus etc.			7,252.39	6,232.51
Contribution to provident and other funds			925.08	703.29
Welfare expenses			775.14	598.22
Provident and other fund expenses			36.45	39.59
Payment under VRS			94.22	477.54
			9,083.28	8,051.15

Schedule forming part of Profit and Loss Account

For the year ended March 31, 2009

(Rs in lacs)

SCHEDULE 14	INTEREST & FINANCE CHARGES	2008-09	2007-08
Interest:			
	On fixed loans	2,985.54	2,202.78
	Others	993.57	1,021.24
		3,979.11	3,224.02
Discounting charges		123.69	49.41
		4,102.80	3,273.43

(Rs in lacs)

SCHEDULE 15	OTHER EXPENDITURE	2008-09	2007-08
	Rent	143.46	146.97
	Rates and taxes	117.23	75.73
	Insurance	152.12	158.08
	Site maintenance	121.88	88.35
	Freight, cartage and octroi	2,805.58	2,869.19
	Advertisement and publicity	111.46	56.32
	Commission and discount	2,460.90	2,366.51
	Brokerage	2.52	2.91
	Travelling and conveyance	733.68	728.74
	Payments to statutory Auditors	39.99	42.47
	Payments to cost Auditors	1.38	2.33
	Directors' fees and travelling	23.64	18.61
	Directors' commission (other than Managing & Executive Director)	12.00	10.43
	Charities and donations	32.36	26.29
	Bad debts	50.43	115.57
	Irrecoverable balances written off	41.94	13.07
	Provision for doubtful debts	255.83	284.97
	Provision for doubtful advances	476.63	–
	Excess provision for doubtful loans & advances written back	–	(330.81)
	Sales tax	27.67	21.58
	Miscellaneous	2,767.40	2,372.91
	Obsolete and unserviceable material written off	417.26	44.93
	Loss on stock due to fire	–	9.29
	Loss on assets sold, discarded or demolished	35.34	24.76
	Debits (credits) relating to earlier years	26.38	(46.85)
	Excess depreciation written back	(0.08)	(24.46)
		10,857.00	9,077.89

Schedules forming part of the Accounts

(Rs in lacs)

SCHEDULE	16	NOTES FORMING PART OF THE ACCOUNTS	2008-09	2007-08
1		Contingent liabilities not provided for in respect of:		
	(a)	Disputed excise demands - matter under appeal	910.04	1,367.76
	(b)	Disputed customs demands - matter under appeal	239.58	275.31
	(c)	Disputed water charges - matter under appeal	5,926.21	5,607.72
		Pursuant to the order passed by Honourable High Court of Gujarat of dated November 17, 2008 and April 17, 2009 in case of disputed water charges, Company has created first charge over its certain land & buildings in favour of Government of Gujarat.		
	(d)	Claims against the Company not acknowledged as debts	1,079.27	242.86
	(e)	Income tax demands (including interest) - matter under appeal	1,866.24	1,123.72
	(f)	Sales tax - matter under appeal	128.67	55.86
	(g)	Guarantees given by the Company to banks and financial institutions on behalf of the third parties	91.74	91.74
		Note: Future cash outflows in respect of (a) to (f) above are determinable on receipt of judgements decisions pending with various forums authorities.		
2		Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances):	472.74	1,407.42
3		Profit and Loss Account includes expenditure on Research & Development and Pilot Plants as under:		
		Materials consumed	30.84	16.21
		Other expenditure	856.83	709.65
4		Charge by way of hypothecation of tangible current assets (other than moveable machinery), namely raw materials, finished and semi-finished goods, inventories and book debts of the Company as a whole and also charge by second and subservient charge on immovable assets of the Company to the extent of individuals banks limits as mentioned in joint consortium documents and also extends guarantee given by the bankers.		
		Amount of guarantee outstanding at the end of the year	3,149.72	2,775.52
5		Payments to auditors:		
	(a)	Statutory auditors:		
	(i)	As auditors	21.00	18.00
	(ii)	In other capacity:		
		For tax audit	6.00	4.00
		For certificates	10.95	19.00
	(iii)	For expenses	2.04	1.47
			39.99	42.47
	(b)	Cost auditors:		
	(i)	As auditors	1.30	2.24
	(ii)	For expenses	0.08	0.09
			1.38	2.33
6		C I F value of imports, remittances, expenditure and earnings in foreign currency:		
	(a)	C I F value of imports:		
		Raw materials	19,008.95	16,882.50
		Finished goods - for trading	876.35	-
		Capital goods	966.93	177.60
	(b)	Expenditure in foreign currency:		
		Commission	410.93	382.54
		Other matters	514.98	684.97
	(c)	Remittances:		
		Loan repayments	587.52	500.42
	(d)	Earnings in foreign currency:		
		F O B value of exports	56,083.19	48,573.60

Schedules forming part of the Accounts

(Rs in lacs)

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)		2008-09	
7 Managerial remuneration:			
(a) Calculation of Directors, Managing & Executive Directors' commission:			
Profit as per Profit and Loss Account			3,786.97
Add: Managing Directors' remuneration (including perquisites)		152.56	
Executive Directors' remuneration (including perquisites)		96.16	
Directors' commission		12.00	
Depreciation		3,166.88	
Provision for taxation		782.05	
Payment under VRS scheme		94.22	
			4,303.87
			8,090.84
Less: Depreciation under section 350			3,166.88
Profit on which commission is payable			4,923.96
(i) Commission to Managing Directors:			
Mr S S Lalbhai @0.75% on Rs4923.96 lacs	36.93		
Mr S A Lalbhai @0.50% on Rs4923.96 lacs	24.62		
			61.55
(ii) Commission to Executive Director:			
Commission payable to Executive Director Mr J L Shah @ 1% of operating profit of Division viz P P Site upto December 31, 2008 or his basic salary upto the period of employment i.e. December 31, 2008 whichever is lower i.e. lower of Rs18.93 lacs or 1% of Rs21.04 lacs (nine months basic salary)			18.93
(iii) Directors' commission:			
Directors' commission @1% on Rs4923.96 lacs			49.24
Maximum as determined by the Board of Directors			12.00

(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:

(Rs in lacs)

Particulars	S S Lalbhai	S A Lalbhai	2008-09	2007-08
(i) Salary	35.99	21.99	57.98	57.98
(ii) House rent allowance	–	2.20	2.20	2.20
(iii) Commission	36.93	24.62	61.55	56.43
(iv) Gratuity	1.73	1.06	2.79	2.41
(v) Contribution to provident and other funds	8.22	5.16	13.38	13.38
(vi) Perquisites	6.68	7.98	14.66	13.18
Total	89.55	63.01	152.56	145.58
Estimated monetary value of perquisites to Managing Directors on account of furniture	–	0.42	0.42	0.42

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(c) Details of payments and provisions on account of remuneration to Executive Wholtime Directors included in the respective heads of expenditure in Profit and Loss Account as under: (Rs in lacs)

Particulars	J L Shah	*B N Mohanan	2008-09	2007-08
(i) Salary	21.04	4.81	25.85	28.05
(ii) Other allowances	–	2.96	2.96	–
(iii) Commission	18.93	–	18.93	28.05
(iv) Gratuity	1.35	0.23	1.58	1.17
(v) Contribution to provident and other funds	4.95	1.05	6.00	6.48
(vi) Perquisites	38.42	2.42	40.84	5.84
Total	84.69	11.47	96.16	69.59
Estimated monetary value of perquisites to Executive Directors on account of furniture	0.23	0.09	0.32	0.23

* Pertains to a period from January 01, 2009 to March 31, 2009 and is subject to the approval of Members.

8 Details of raw materials consumption and goods traded in:

(a) Raw materials consumption:

Particulars	Unit	2008-09		2007-08	
		Qty	Rs in lacs	Qty	Rs in lacs
Toluene	MT	10,136	4,215.08	10,937	4,283.00
Phenol	MT	5,928	3,742.44	5,917	3,888.40
Sulphur	MT	22,986	4,840.20	14,439	1,953.39
Methanol	MT	6,956	1,132.98	7,981	1,423.65
Others			47,201.16		45,981.65
Total			61,131.86		57,530.09

(b) Imported and indigenous raw materials consumption:

Category	Rs in lacs	Percentage	Rs in lacs	Percentage
Imported	15,834.07	25.90	18,608.55	32.35
Indigenous	45,297.79	74.10	38,921.54	67.65
Total	61,131.86	100.00	57,530.09	100.00

(c) Goods traded in purchases:

Name	MT	Rs in lacs	MT	Rs in lacs
Dyestuffs	90	202.16	151	434.28
Intermediates	10	49.76	4	15.72
Chemical	524	1,174.39	1,330	2,045.56
Agro products	68,925(nos)	876.35	–	–
Total		2,302.66		2,495.56

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

9 Licensed and installed capacities, production, stocks and turnover:

(A) Licensed and installed capacities and production:

Class of goods	Licensed capacity		Installed capacity (a)		Production	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
	MT	MT	MT	MT	MT	MT
Cresol	7,200	7,200	14,000	12,000	4,760	4,633
Sodium sulphite	7,200	7,200	12,000	12,000	9,649	10,910
Gypsum	4,140	4,140	4,140	4,140	–	–
Para Cresidine	420	420	420	420	225	361
Para Anisic Aldehyde	3,600	3,600	8,400	6,000	2,660	3,213
Para Anisic Alcohol	300	300	2,000	1,000	715	951
Manganese Sulphate	7,200	7,200	10,000	10,000	5,820	8,325
Dyestuff (b and c)	10,257	10,257	14,746	14,746	9,992	9,300
Chemicals	16,500	16,500	16,500	16,500	2,705	504
Sulpha drug intermediates	1,830	1,830	6525(c)	6525(c)	1,064	957
2,6-Dichloraniline	20	20	Nil (d)	Nil (d)	–	–
Bulk drugs & drug intermediate	115	115	57(c)	57(c)	16	14
Pharmaceutical Intermediate (PHIN)	320	320	300	300	127	91
Sulpha methyl phenazole sodium	13	13	Nil (e)	Nil (e)	–	–
Pyrazole base	107	107	Nil (e)	Nil (e)	–	–
UF MF PF dicyandiamide resins	3,250	3,250	–	–	–	–
Epoxy resins	1,948	1,948	12,250	12,250	8,855	7,628
Hardners & auxiliaries	1,000	1,000	1,215	1,215	3,159	3,763
Hardners (intermediates)	230	230	485(c)	485(c)	–	–
Formaldehyde	30,000	30,000	20,000	20,000	13,175	16,297
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 & their intermediates	1,940	1,940	1,940	1,940	357	276
Sulphanilic acid	300	300	Nil (f)	Nil (f)	–	–
Bisphenol - S & intermediate chemicals	200	200	40	40	–	–
Ketone formaldehyde resins & Sulphonamide formaldehyde resins	250	250	100	100	–	–
Bon Acid	1,200	1,200	–	–	–	–
E.P. Intermediate	–	–	3,600	3,600	–	–
Resorcinol	–	–	2,400	1,650	1,351	1,279
Other Intermediate	–	–	–	–	2,948	2,946
Sulphuric Acid - Sulphur Trioxide	21,000	21,000	59,400	59,400	10,460	3,838
Oleum 25%	7,000	7,000	7,000	7,000	4,390	1,813
Oleum 65%	4,050	4,050	4,050	4,050	3,338	3,419
Chlorosulphonic Acid	4,000	4,000	39,600	39,600	14,212	22,203
Caustic Soda	18,900	18,900	23,900	23,900	3,397	4,737
Liquid Chlorine	12,925	12,925	19,915	19,915	103	84
Hydrochloric Acid 32%	28,000	28,000	46,000	46,000	214	628
Caustic Chlorine - By product	–	–	–	–	2,068	1,075
Beta Naphthol	2,000	2,000	–	–	–	–
Sodium sulphite	500	500	–	–	–	–
Michler's Ketone	80	80	–	–	–	–
Phosphorous Trichloride	1,000	1,000	–	–	–	–
Trichloro Acetic Acid	300	300	–	–	–	–
Chloro Acetic Acid (MCA)	750	750	–	–	–	–
2:4 D Dichloro Phenoxy Derivatives	1,200	1,200	12,000	9,800	9,567	8,900
Phosgene	1,036	1,036	1,036	1,036	272	397

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(A) Licensed and installed capacities and production (Contd.):

Class of goods	Licensed capacity		Installed capacity (a)		Production	
	2008-09 MT	2007-08 MT	2008-09 MT	2007-08 MT	2008-09 MT	2007-08 MT
Benzyl chlorofomate	-	-	200	200	108	136
Sulfuryl Chloride	100	100	-	-	-	-
Dichloro Acetic Acid	75	75	-	-	-	-
Dichloro Acetic Acid Methyl Ester (MDA)	60	60	-	-	-	-
Ethyl Carbamate (Urethane)	30	30	-	-	-	-
2.4 D Esters	250	250	500	500	230	-
Lambda cyhalothine	-	-	36	36	-	-
Dicalcium Phosphate	4,000	4,000	-	-	-	-
Indoxacarb Technical	-	-	60	60	13	40
Mono Ethyl Aniline	150	150	-	-	-	-
Carbamite	160	160	200	200	27	-
Ester of Chloro Formic Acid	100	100	100	100	-	-
Diuron Tech	100	100	-	-	-	-
Tetradifon	50	50	250	250	-	-
Isoproturon	100	100	-	-	-	-
Metaxuron	100	100	-	-	-	-
Penta Chloro Phenol	200	200	-	-	-	-
2:4 Diamino Benzophenol	20	20	-	-	-	-
Chloro - Hydroxy-Quinoline	-	-	25	25	-	-
Neonicotinoid(Imidacloprid & Acetamiprid)	-	-	20	20	2	1
Sulfonylurea	-	-	100	50	63	30
Isoprothailone	-	-	40	-	16	-
Tolyl Para Sulfonyl Ethyl Carbamate	100	100	-	-	-	-
Ortho Toluene Sulfonamide	100	100	-	-	-	-
Para Toluene Sulfonamide	70	70	-	-	-	-
Para Toluene Sulfonyl Chloride	88	88	-	-	-	-
Saccharine U.S.P.	50	50	-	-	-	-
Halazone	40	40	-	-	-	-
Chloramine	20	20	-	-	-	-
Menadine Derivatives	3	3	-	-	-	-
Parachloro Benzene Sulfonamide	11	11	-	-	-	-
Iodochloro Hydroxyquinoline	170	170	170	170	-	-
Nikethamide	5	5	-	-	-	-
Tolbutamide	25	25	-	-	-	-
Mebendazole	20	20	-	-	-	-
Chlorzoxazone	20	20	-	-	-	-

(a) As certified by General Manager - Works | Manufacturing | Executive Director and being a technical matter, accepted by the Auditors, as correct.

(b) Class of goods based on classification given in the Industries (Development & Regulation) Act, 1951, under D.G.T.D. Registration.

(c) 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.

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(B) Stocks and turnover:

Class of Goods	Stocks at commencement				Stocks at close				Turnover			
	2008-09		2007-08		2008-09		2007-08		2008-09		2007-08	
	MT	Rs in lacs	MT	Rs in lacs	MT	Rs in lacs	MT	Rs in lacs	MT	Rs in lacs	MT	Rs in lacs
Cresol	219	207.59	402	384.67	176	192.92	219	207.59	5,269	8,760.61	4,816	5,970.47
Sodium sulphite	150	7.63	500	23.08	-	-	150	7.63	9,655	721.43	11,260	591.44
Para Anisic Aldehyde	179	411.17	32	60.87	129	410.96	179	411.17	2,092	8,833.24	3,066	8,174.86
Para Anisic Alcohol	28	68.16	11	23.61	48	173.32	28	68.16	698	3,013.28	934	2,993.19
Para Cresidine	19	42.08	-	-	5	18.71	19	42.08	225	842.38	341	1,181.13
Anisole	14	17.91	11	14.10	30	29.52	14	17.91	31	37.37	3	4.09
Dyes & Dye Intermediates (a)	78	96.94	377	535.81	180	48.79	78	96.94	11,882	4,132.59	11,266	3,854.38
Caustic Chlorine	647	79.90	745	48.83	580	87.80	647	79.90	5,849	1,030.62	6,587	916.67
Chemicals (a)	1,235	1,306.62	1,367	1,225.17	1,683	1,146.25	1,235	1,306.62	48,731	28,482.94	46,609	21,699.51
Pharmaceuticals(a)	-	-	1	2.70	-	-	-	-	-	-	-	-
Dyestuffs (a)	705	1,877.46	161	688.62	663	1,757.69	705	1,877.46	10,034	27,304.70	9,138	27,692.32
Sulphones & Intermediates	29	85.17	40	114.18	100	291.00	29	85.17	994	5,530.00	1,001	4,880.32
Bulk drugs & drug intermediates	10	36.33	13	65.79	5	20.00	10	36.33	21	161.00	18	123.38
Pharmaceutical & Int.(PHIN)	28	153.33	22	122.62	53	185.00	28	153.33	101	1,354.00	85	1,165.78
UF MF PF dicyandiamide resins	0.08	-	-	-	-	-	-	-	-	-	-	-
Epoxy resins	515	777.50	287	456.95	893	908.00	515	777.50	8,477	13,173.00	7,400	12,606.25
Hardeners & auxiliaries	296	433.05	204	281.29	482	759.00	296	433.05	2,972	6,196.00	3,671	6,593.50
Formaldehyde	264	26.44	247	29.85	437	33.00	264	26.44	13,003	1,415.00	16,279	1,793.29
Polyminoamide resins & their intermediates	23	39.50	9	20.19	44	80.00	23	39.50	337	685.00	262	612.96
Sulpanilic acid	1	0.17	1	0.18	1	-	1	0.17	-	-	-	-
Sulpha bulk drugs for export	-	-	33	80.80	-	-	-	-	-	-	-	-
Others	-	214.09	-	243.10	-	375.16	-	214.09	-	8,397.93	-	3,287.91
Goods traded in:												
Agro products (b)	-	-	-	-	645(nos)	7.12	-	-	68,094(nos)	1,573.67	-	-
Intermediates -BI	-	-	-	-	-	-	-	-	10	62.00	4	17.46
Chemicals & Pharmaceuticals	-	-	4	-	-	-	-	-	-	-	-	-
Chemicals	50	293.00	40	745.11	77	200.44	50	293.00	678	1,154.59	1,365	2,973.01
Total		6,174.04		5,167.52		6,724.68		6,174.04		1,22,861.35		1,07,131.92

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

(b) Closing stock after write off of 186 nos.

10 Taxation:

(a) Provision for Income tax for the current year has been made under normal provision of the Income Tax Act, 1961

(b) Deferred taxation:

(Rs in lacs)

Particulars	Accumulated as at March 31, 2008	Charge credit during the year	Balance as at March 31, 2009
Deferred tax liability on account of:			
Depreciation impairment loss	2,826.56	272.04	3,098.60
	2,826.56	272.04	3,098.60
Deferred tax assets on account of:			
Provision for leave encashment	392.51	21.84	414.35
43 B expenses allowable	84.73	(23.98)	60.75
Provision for doubtful debts	169.55	58.14	227.69
Provision for doubtful advances	160.84	183.76	344.60
Payment under VRS	408.04	(128.80)	279.24
	1,215.67	110.96	1,326.63
Net deferred tax liability (assets)	1,610.89	161.08	1,771.97

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

11 Related party information:

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

No	Name of the related party	Description of relationship
1	Atul Europe Ltd	Subsidiary
2	Atul Americas Inc	Subsidiary
3	Atul Deutschland GmbH	Subsidiary
4	Atul International Trading (Shanghai) Co. Ltd	Subsidiary
5	Ameer Trading Corp Ltd	Subsidiary
6	Amal Ltd	Associate company
7	Gujarat Synthwood Ltd	Jointly promoted company
8	AtRo Ltd	Jointly promoted company
9	Key management personnel:	
	Mr Sunil S Lalbhai	- Chairman and Managing Director
	Mr Samveg A Lalbhai	- Managing Director
	Mr J L Shah	- Executive Director (up to December 31, 2008)
	Mr B N Mohanan	- Whole time Director (from January 01, 2009)
10	Relatives of key management personnel:	
	Dr Vimla S Lalbhai	- Mother of Mr Sunil S Lalbhai
	Mrs Smita J Shah	- Wife of Mr J L Shah

(b) Transactions with related parties:

(Rs in lacs)

No	Name of the related party	Subsidiaries	Jointly promoted companies	Associate company	Key management personnel	Relatives of key management personnel
Sales and income:						
1	Sale of goods	14,921.44 (13,768.00)	- (24.81)	6.93	-	-
2	Interest received	41.01 (8.59)	-	-	-	-
3	Supply of services	-	-	(43.35)	-	-
Purchases and expenses:						
1	Purchase of goods	81.09 (130.24)	-	-	-	-
2	Commission paid	159.61 (163.86)	-	-	-	-
3	Services charges paid	27.69 (27.69)	-	-	-	-
4	Remuneration	-	-	-	248.72 (215.17)	-
5	Discount paid	75.26	-	-	-	-
		-	-	-	-	-

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(b) Transactions with related parties (Contd.):

(Rs in lacs)

No	Name of the related party	Subsidiaries	Jointly promoted companies	Associate company	Key management personnel	Relatives of key management personnel
Other transactions:						
1	Loan given	654.98	2.46	-	-	-
		-	(2.60)	-	-	-
2	Other transactions	-	-	12.82	-	-
		-	-	(2.90)	-	-
3	Fixed deposit received	-	-	-	-	0.55
		-	-	-	-	-
4	FD interest paid	-	-	-	-	0.15
		-	-	-	-	(0.19)
5	* Advance adjusted	-	-	2,129.89	-	-
		-	-	-	-	-
Outstanding balances:						
1	Payable	193.14	-	-	92.84	1.75
		(79.56)	-	-	(98.40)	(2.44)
2	Receivables	4,891.25	8.45	2,346.88	-	-
		(6,644.01)	(14.64)	(3,525.92)	-	-

(c) Provision for doubtful advances made during the year Rs476.63 lacs (previous year Rs Nil).

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

* Capital advance converted to loan account in terms of scheme submitted to BIFR.

12 Segment information:

(a) Information about business segment - primary:

(Rs in lacs)

Particulars	Colors		Speciality Chemicals and others		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
1 Segment revenue:						
External sales	32,097.17	31,564.09	90,764.17	75,567.83	1,22,861.34	1,07,131.91
Inter segment sales	24.44	-	2,504.64	2,526.53	2,529.08	2,526.53
Total segment revenue	32,121.61	31,564.09	93,268.81	78,094.36	1,25,390.42	1,09,658.44
Less: Inter segment revenue	24.44	-	2,504.64	2,526.53	2,529.08	2,526.53
Net revenue from operations	32,097.17	31,564.09	90,764.17	75,567.83	1,22,861.34	1,07,131.91
2 Segment results:						
Profit before interest and tax	705.32	(274.80)	13,666.12	6,318.59	14,371.44	6,043.79
Interest					4,102.80	3,273.43
Other unallocable expenditure (net of unallocable income)					5,699.62	(1,046.91)
Profit before tax					4,569.02	3,817.27
3 Other Information:						
Segment assets	19,693.86	23,225.02	59,799.82	61,083.23	79,493.68	84,308.25
Unallocated common assets					26,569.91	28,249.71
Total assets					1,06,063.59	1,12,557.96
4 Segment liabilities:						
Unallocated common liabilities	3,804.97	6,674.96	11,245.31	15,787.22	15,050.28	22,462.18
Total liabilities					8,349.70	3,943.99
					23,399.98	26,406.17

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(a) Information about business segment - primary (Contd.): (Rs in lacs)

Particulars	Colors		Speciality Chemicals and others		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
5 Capital expenditure	520.81	1,211.65	3,649.78	4,890.59	4,170.59	6,102.24
Unallocated capital expenditure	-	-	-	-	444.49	102.06
Total capital expenditure					4,615.08	6,204.30
6 Depreciation	1,538.07	1,602.13	1,569.17	1,281.52	3,107.24	2,883.65
Unallocated depreciation	-	-	-	-	64.59	75.88
Total depreciation					3,171.83	2,959.53
7 Non cash expenses	-	-	-	-	-	-
Unallocated non cash expenses	-	-	-	-	-	-
Total non cash expenses						

(b) Business secondary - geographical by customers: (Rs in lacs)

Particulars	In India		Outside India		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Segment revenue	65,257.07	57,227.86	57,604.27	49,904.06	1,22,861.34	1,07,131.92
Carrying cost of assets by location of assets	95,994.94	1,02,489.31	10,068.65	10,068.65	1,06,063.59	1,12,557.96
Addition to assets and intangible assets	4,615.08	6,204.30	-	-	4,615.08	6,204.30

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 & 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.

13 Earning per Share :

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

Particulars		March 31, 2009	March 31, 2008
Profit for the year attributable to the equity shareholders	Rs in lacs	3,786.97	3,662.01
Basic weighted average number of equity shares outstanding during the year		2,96,61,733	2,96,61,733
Nominal value of equity share	Rs	10	10
Basic and diluted Earning per Share	Rs	12.77	12.35

14 Provisions:

(Rs in lacs)

Name of the provision	Balance carried as at March 31, 2008	Accrued during the year	Payments during the year	Closing balance carried as at March 31, 2009
Leave encashment	1,154.80	300.67	236.40	1,219.07

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

15 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. Lease payments are recognised in the Profit and Loss Account under rent in Schedule 15.

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

(Rs in lacs)

Assets	Gross block		Depreciation fund		Written down value		Depreciation for the year	
	2009	2008	2009	2008	2009	2008	2009	2008
Buildings	3.80	3.80	3.80	3.80	-	-	-	-
Plant & machinery	127.50	127.50	61.52	48.34	65.98	79.16	13.18	13.18
Total	131.30	131.30	65.32	52.14	65.98	79.16	13.18	13.18

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

(Rs in lacs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
Not later than one year	23.53	23.53

16 Micro, Small and Medium Enterprise dues:

Sundry creditors include Rs23.35 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 in lacs)

No	Particulars	As at	As at
		March 31, 2009	March 31, 2008
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
	Principal	23.35	5.84
	Interest	0.79	0.33
(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;	0.78	0.33
(d)	The amount of interest accrued and remaining unpaid at the end of accounting year; and	0.78	0.33
(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, 2009.

17 (a) Suppliers and customers balances are subject to confirmation.

(b) Depots debtors as per depots books and Head office books are in the process of reconciliation, adjustments, if any, will be made on completion of the reconciliation. Due to this, sundry debtors related to Depots sales are disclosed as per Head office books of Account.

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

18 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 risk management strategy of the Company.

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

(a) 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 (lacs)
March 31, 2008	33	Sell	400.00
March 31, 2009	31	Sell	57.00

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

As at	No of contracts	US\$ equivalent (lacs)
March 31, 2008	7	540.00
March 31, 2009	8	515.00

(c) 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 (lacs)
March 31, 2008	3	70.00
March 31, 2009	3	27.50

(ii) Currency swaps to hedge against fluctuations in changes in exchange rate and interest rate:

As at	No of contracts	US\$ equivalent (lacs)	Euro equivalent (lacs)
March 31, 2008	4	60.76	23.37
March 31, 2009	2	36.01	-

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

(a) Amounts receivable in foreign currency on account of the following:

Particulars	As at March 31, 2009			As at March 31, 2008		
	US\$Euro equivalent (lacs)	Others equivalent (lacs)	Others equivalent (lacs)	US\$Euro equivalent (lacs)	Others equivalent (lacs)	Others equivalent (lacs)
Debtors	167.79	34.41	0.65	324.56	67.09	0.75
Creditors	30.99	1.18	0.01	70.36	11.33	-
Loans taken	193.93	-	-	555.26	-	-

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Financial Derivatives Hedging Transactions:

(3) (a) The Company has entered into currency option contracts to the tune of US\$54 million for hedging its future US\$ revenue for a period upto three years based on highly probable forecast | firm commitment transactions. These range forward contracts are covered under "Forex risk management policy" of the company and meets the test of hedge effectiveness. Under the said options, the rate of US\$ - INR has been fixed for the entire period of the option. The outstanding currency option contracts as at March 31, 2009 was US\$51.5 million.

The MTM loss valuation of Rs5,484.09 lacs in respect of these range forward contracts as at March 31, 2009 provided by the bank indicates the amount, the Company will have to pay to bankers, if it wishes to rescind the options contract as at the date of Balance Sheet. The MTM valuation also assumes that the Company has no US\$ inflows that would arise to it during the tenure of the option contracts and it therefore assumes that Company would be meeting this obligation by acquiring the relevant foreign exchange from the open market.

Based on the past history of the operations of the Company as well as the projected plans in the future, the Company will have robust inflow in US\$ during the tenure of the said options. The Company believes that the options would safeguard it from US\$ fluctuation in future.

The unrealised loss consequent to foreign currency fluctuations in respect of these effective hedging instruments though not recognised now will be ultimately set off in the Profit and Loss Account when the underlying transaction arises when it will be possible to precisely know the impact.

Considering the above facts and due to material uncertainty arising from future events mentioned in the range forward contracts and rate over the period of three years, the management is of the view that it is not "known loss" and it is not a prudent practice to deliberately overstate liabilities or expenses because, if such notional losses are provided for, the reliability and quality of the financial statement will be vitiated and therefore no provision for the liability and MTM loss of Rs5,484.09 lacs on account of such range forward contracts has been made in the books as at March 31, 2009.

In the view of the management this will give more reliable financial statements without unrepresentative volatility in the Profit and Loss Account

(b) Rs0.97 lacs (realised loss), Rs18.05 lacs (realised gain) and Rs13.47 lacs (unrealised loss) on interest SWAP is included in interest paid on loan. Rs63.81 lacs (realised loss), Rs1.70 lacs (realised gain) and Rs461.32 lacs (unrealised loss) on currency SWAP (principal) are included in exchange rate difference. Provision on forward contract transactions has been recorded as per Accounting Standard - 11 on "The Effects of Changes in Foreign Exchange Rates (Revised 2003)".

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

20 Loans and advances in nature of loans:

(Rs in lacs)

Particulars	Amount outstanding as at March 31, 2009	Maximum balance during the year
(i) Subsidiary:		
Ameer Trading Corporation Ltd (including interest)	823.24	823.24
(ii) Associate companies:		
AtRo Ltd (a)	0.11	0.11
Amal Ltd (including interest)	2,241.58	2,241.58
(iii) Loan to others where there is no interest or repayment schedule:		
Atul club	135.92	135.92

Note: (a) No repayment Schedule.

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

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

21 Employee benefits:

(a) Defined benefit plans:

Expenses recognised for the year ended on March 31, 2009 (included in Schedule 13 of Profit and Loss Account)

(Rs in lacs)

Particulars	2008-09	2007-08
	Gratuity funded	Gratuity funded
1 Current service cost	134.28	277.86
2 Interest cost	195.65	191.28
3 Expected return on plan assets	(218.64)	(191.08)
4 Employer contribution (receipt)	-	-
5 Actuarial losses (gains)	233.17	(152.65)
Expenses recognised in Profit & Loss Account	344.46	125.41

Net asset | (liability) recognised in the Balance Sheet as at March 31, 2009

Particulars	Gratuity funded	Gratuity funded
1 Present value of defined benefit obligation	2,616.32	2,441.11
2 Fair value of plan assets	2,616.32	2,494.11
3 Funded status (surplus (deficits))	(35.25)	96.17
Net assets (liability)	(35.25)	149.17

Reconciliation of net assets | (liability) recognised in the Balance Sheet as at March 31, 2009

Particulars	Gratuity funded	Gratuity funded
1 Net assets (liability) at beginning of the year	16.59	8.59
2 Employer expenses	361.05	125.41
3 Employer contribution	344.46	(117.41)
Net assets (liability) at the end of the year	722.10	16.59

Particulars	Gratuity funded	Gratuity funded
Actual return on plan assets	3.90	255.18

Actuarial Assumptions

Particulars	Gratuity funded	Gratuity funded
1 Discount rates	7.50%	7.50%
2 Expected rate of return on plan asset	8.00%	8.00%
3 Expected rate of salary increase	5.00%	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%

Schedules forming part of the Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(b) Defined contribution plan:

Amount of Rs572.66 lacs (previous year Rs577.87 lacs) is recognised as expense and included in the Schedule 13 "Contribution to Provident & Other Funds" to the Profit and Loss Account.

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

(d) Amount recognised as an expense in respect of Compensated Leave Absences is Rs300.67 lacs.

22 Custom duty:

Import duty payable on goods lying in customs bonded warehouse, as per the practice of the Company, will be charged in the year of clearance of the goods. Amount estimated as at March 31, 2009 is Rs Nil (previous year Rs9.36). This accounting policy has no impact on the profit for the year.

23 Included under loan & advances is an amount of Rs2,128.89 lacs given to an associate company. The said Company is registered under BIFR in the process of implementing its revival plan. All their assets have been assigned exclusively in favour of the Company as a security for this loan.

24 The Company has revalued (i) Leasehold land and (ii) commercial land & building at Ahmedabad, Mumbai and Delhi as at March 31, 2008 at fair market value as determined by an independent valuer appointed for the purpose. Resultant increase in book value amounting to Rs10,747.32 lacs has been transferred to Revaluation Reserve.

25 Previous year's figures have been regrouped wherever necessary.

26 Figures less than Rs500 has been shown at actual in bracket as the figures have been rounded off to nearest thousand.

As per our attached report of even date

For and on behalf of the Board of Directors

For & on behalf of

Dalal & Shah

Chartered Accountants

Ashish S Dalal

Partner

Membership No 033596

Mumbai

June 05, 2009

T R Gopi Kannan

President, Finance and

Company Secretary

G S Patel

B S Mehta

H S Shah

S M Datta

B N Mohanan

Directors

Sunil S Lalbhai

Chairman and Managing Director

Samveg A Lalbhai

Managing Director

Mumbai

May 29, 2009

Annexure referred to in Note 19 in Schedule 16 of the Accounts for the year ended March 31, 2009.

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, lease hold land Panoli and certain business premises at fair market value as determined by an independent valuer appointed for the purpose which was revalued in the year 1985 and resultant surplus is kept credited under revaluation reserves and assets received free of cost on premature cancellation of lease agreements with one lessee which are at fair value.

2 Fixed Assets and depreciation:

- 2.1.1 Fixed assets are carried at cost of acquisition or construction including incidental expenses, less accumulated depreciation, amortisation and impairment except freehold land, lease hold land Panoli and certain business premises at fair market value as determined by an independent valuer appointed for the purpose which is at revalued value and assets received free of cost on premature cancellation of lease agreement with one lessee which are at fair value.
- 2.1.2 Spares for specific machinery are carried at cost less amortisation.
- 2.2 Depreciation and amortisation:
 - 2.2.1 Lease hold land:

Premium on lease hold land is amortised over the period of lease.
 - 2.2.2 Other fixed assets:
 - 2.2.2.1 Aromatics Unit:
 - (i) Depreciation on buildings (other than roads) and plant & machinery, except on ancillary equipments to plant & machinery taken on lease, 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.
 - (ii) Depreciation on ancillary equipment to plant & machinery taken on lease on or after April 01, 1991 has been provided on equated installments basis over the primary lease period of said machinery viz. 20% (corresponding rate under Schedule XIV 10.34%).
 - (iii) 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.
 - (iv) 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.
 - 2.2.2.2 Atul Unit :
 - (i) Depreciation on building, plant & machinery pertaining to plants commissioned up to December 31, 1967 and on further additions thereto, 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.
 - (ii) Depreciation on building, plant & machinery pertaining to plants commissioned on or after January 01, 1968 is being provided on "Straight Line Method" basis, in accordance with the 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.
 - (iii) Depreciation on assets other than buildings, plant & machinery 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.
 - (iv) Depreciation on additions to the assets during the year is being provided on pro-rata basis at their respective rates as required by Schedule XIV to the Companies Act, 1956 with reference to the month of acquisition | installation.
 - (v) Depreciation on assets sold, scrapped or demolished during the year is being provided at their respective rates up

to the month in which such assets are sold, scrapped or demolished, as required by Schedule XIV to the Companies Act, 1956.

2.2.2.3 Colors (West) Unit:

- (i) Depreciation on addition to Fixed Assets up to December 31, 1987 is being provided on "Straight Line Method" basis pursuant to circular No.1-1 | 1986, CLV No. 14(50)84 CL VI dated May 21, 1986 issued by the Department of Company Affairs and in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, at the rates corresponding to the rates (inclusive of multiple shift allowance) applicable under Income Tax Rules in force at the time of acquisition | installation.
- (ii) Depreciation on additions on or after January 01, 1988 is being provided on "Straight Line Method" basis, in accordance with the 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.
- (iii) Depreciation on assets sold, scrapped or discarded during the year is being provided at their respective rates up to the date of sale, scrapping or demolition of such assets, as required by Schedule XIV to the Companies Act, 1956.

2.2.2.4 P P Site:

- (i) Depreciation on buildings constructed and plant & machinery commissioned up to December 31, 1967 is being provided on "Written Down Value" basis in accordance with the provisions of Section 205(2)(a) in the manner and at the rates specified in Schedule XIV to the said Act.
- (ii) Depreciation on buildings constructed and plant & machinery commissioned on or after January 01, 1968 except on ancillary equipment to plant & machinery taken on lease on or after April 01, 1990 is being provided on "Straight Line Method" basis in accordance with the 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.
- (iii) Depreciation on leased assets is being provided on "Straight Line method" basis in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956 in the manner and at rates specified in Schedule XIV to the said Act, (see para 8 below).
- (iv) Depreciation on ancillary equipments to plant & machinery taken on lease on or after April 01, 1990 is being provided on equated installments basis over a primary lease period of machinery taken on lease viz. 20% (corresponding rates under Schedule XIV on "Straight Line Method" basis 10.34%).
- (v) Depreciation on assets other than buildings and plant & machinery is being provided on "Written Down Value" basis in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956 at the rates specified in Schedule XIV to the said Act.
- (vi) 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.
- (vii) Depreciation on assets sold, scrapped or demolished during the year is being provided at their respective rates up to the month in which such assets are sold, scrapped or demolished, as required by Schedule XIV to the Companies Act, 1956.

2.3 Cost of spares for specific machinery is amortised over balance period of life of related machinery.

2.4 Depreciation on assets after recognising impairment loss:

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.

2.5 Amortisation on intangible assets:

Computer software is being amortised over a period of three years.

3 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.

4 Borrowing Costs:

Borrowing costs in relation to acquisition and construction of 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.

5 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.

6 Inventories:

- 6.1 Raw materials are valued at cost or net realisable value whichever is lower. Cost is arrived at on annual average basis for Atul Unit and P P Site, on FIFO basis for Aromatics Unit and on monthly average basis for Colors (West) Unit.
- 6.2 Stores and spares other than specific spares for machinery are valued at cost or net realisable value whichever is lower basis. Cost is arrived at on Moving Weighted Average basis except for Colors (West) Unit which is on a monthly average basis. However cost of fuel and packing materials of Aromatic Unit is valued at on yearly average basis and FIFO basis respectively.
- 6.3 Materials - in - Process are valued at cost or net realisable value whichever is lower.
- 6.4 Finished goods:
Finished goods stocks are valued at full absorption cost or net realisable value whichever is lower (including excise duty).
- 6.5 Stock of goods traded in is valued at annual average cost or net realisable value whichever is lower.
- 6.6 Materials in transit and in bonded warehouse are stated at the cost to the date of Balance Sheet.

7 Foreign currency transaction:

- 7.1 Initial recognition:
Transactions denominated in foreign currencies are recorded at the rate prevailing on the date of the transaction.
- 7.2 Conversion:
At the year-end, monetary items denominated in foreign currencies remaining unsettled are converted into Re 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.
- 7.3 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.
- 7.4 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.
- 7.5 Derivatives:
The Company enters into derivative contracts such as interest rate swaps, currency swaps, forward contracts and currency options to hedge against the risk of adverse movements in interest rates, foreign currencies of values of the hedged items. All outstanding derivative instruments at close are marked to-market by type of risk and the resultant losses relating to the year, if any, are recognised in the Profit and Loss Account, gains are ignored.
However, in respect of foreign currency contracts for hedging future highly probable forecast transactions | firm commitments, (being cases not covered by AS11) for which, mark-to-market losses are not provided in the Profit and Loss Account and the same will be recognised when underlying transactions occurs.

8 Revenue Recognition:

- 8.1 Sales:
 - 8.1.1 Domestic sales are accounted on despatch of products to customers.
 - 8.1.2 Export sales are accounted on the basis of dates of bill of lading and | or air way bill.
 - 8.1.3 Sales are disclosed net of Sales tax, discounts and returns, as applicable but including Excise duty.
 - 8.1.4 Sales exclude self consumption.
- 8.2 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.
- 8.3 Lease rental income is recognised on accrual basis.
- 8.4 Dividend income is accounted for in the year in which the right to receive the same is established.

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

9 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.

10 Research & 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, R & D expenditure on fixed assets is treated in the same way as expenditure on other fixed assets.

11 Employee Benefits:

11.1 Defined contribution plan:

Contribution paid by the Company | payable during the period to Provident Fund, EDLI, Officer Super Annuation Fund, ESIC and Labour Welfare Fund are recognised in the Profit & Loss Account.

11.2 Defined benefit plan:

Provision for payments to the Employees Gratuity Fund after taking into account the funds available with the Trustees of the Gratuity Fund is based on actuarial valuation done at the close of each financial year. At the reporting date liabilities of the Company towards gratuity is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Company recognises the undiscounted amount of short term employee benefits during the accounting period based on service rendered by employees. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

11.3 Other defined benefits:

Provision for other defined benefits for long term leave encashment is made based on an independent actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gain and losses are recognised immediately in the statement of Profit and Loss Account as income or expenses. Company recognises the undiscounted amount of short term employee benefits during the accounting period based on service rendered by employees.

11.4 Voluntary retirements:

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

12 Taxation :

Income tax expense comprises current tax and deferred tax charge or credit.

Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

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.

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. At each Balance Sheet date, the carrying amount of Deferred tax assets are reviewed to reassure realisation.

The Provision for Fringe Benefit Tax has been made in respect of employee benefits and other specified expenses as determined under the Income Tax Act, 1961.

13 Government grants :

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

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

13.3 Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets.

13.4 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
Date Month Year

II Capital Raised during the year (Amount in Rs Thousands)

Public Issue

Bonus Issue

Rights Issue

Private Placement (Redeemable Preference shares)

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

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital Reserves & 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 Thousands)

Turnover (including other income) Total Expenditure

Profit before Tax Profit after Tax

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

V Generic Names of Three Principal Products | services of Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description Synthetic organic colouring matter

Item Code No. (ITC Code)

Product Description *para* Anisic aldehyde

Item Code No. (ITC Code)

Product Description Epoxy resins

Distribution of shareholding as at March 31, 2009

No of shares held	Total no of accounts	Total shares	No of physical accounts	No of accounts with NSDL	No of accounts with CDSL
1 to 10	4,245	22,745	3,136	841	268
11 to 50	13,124	3,70,549	8,888	3,358	878
51 to 100	6,366	5,49,390	2,388	3,009	969
101 to 500	8,491	21,12,233	2,676	4,549	1,266
501 to 1,000	1,442	10,98,828	296	913	233
1,001 to 1,500	390	4,89,603	58	272	60
1,501 to 2,000	222	4,03,053	30	157	35
2,001 to 3,000	201	5,08,581	27	136	38
3,001 to 4,000	94	3,28,639	9	69	16
4,001 to 5,000	74	3,49,427	5	60	9
5,001 to 10,000	135	9,86,536	9	97	29
Above 10,001	148	2,24,42,149	4	128	16
Total	34,932	2,96,61,733	17,526	13,589	3,817

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 GmbH	Atul Deutschland	Atul International Trading (Shanghai) Co. Ltd
2 Financial year ending on	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
3 Extent of holding: By Atul Ltd (ATUL)	100%	100%	100%	100%	100%
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, 2009	-	-	-	-	-
(b) not dealt with in the accounts of the Company for the year ended March 31, 2009	Rs4 lacs	(\$14,721) equal to Rs(8 lacs)	(£ 9,237) equal to Rs(7 lacs)	€ 34,387 equal to Rs23 lacs	(YUN 8,89,037) equal to Rs(67 lacs)
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, 2009	Rs1,206.67 lacs	-	-	-	-
(b) not dealt with in the accounts of the Company for the year ended March 31, 2009	Rs434 lacs	\$315,135 equal to Rs161 lacs	(£ 10,73,475) equal to Rs(782 lacs)	€ 68,753 equal to Rs46 lacs	(YUN 17,60,132) equal to Rs(133 lacs)

Auditor's Report to the Board of Directors of Atul Ltd on the Consolidated Financial Statements of Atul Ltd and Its Subsidiaries

We have examined the attached Consolidated Balance Sheet of Atul Ltd and its subsidiaries as at March 31, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

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.

We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Atul Americas Inc., Atul Europe Ltd and Atul International Trading (Shanghai) Co. Ltd - China whose financial statements reflect total assets of Rs4,639.29 lacs as at March 31, 2009 and total revenues of Rs16,493.80 lacs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors. We also did not audit the financial statement of Atul Deutschland GmbH – Germany whose financial statements are compiled by the management and are also not audited. Any adjustment to their balances could have consequential effect on the attached Consolidated Financial Statements.

We are not auditing the financial statement of associate companies viz. Amal Ltd. whose financial statement as at March 31, 2008 have been audited by other auditor whose report have been furnished to us, and our opinion, in so far as it relates to the amounts included is based on the report of other auditor reflects total assets of Rs883.12 lacs as at March 31, 2008 and

total revenue of Rs45.89 lacs for the year ended on that date. The financial statements of other associates as at March 31, 2008 are audited by us.

We report that the Consolidated Financial Statements have been prepared by the Company 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" issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, **except, where the Company has not recognized the mark-to-market losses of Rs5,484.09 lacs on its derivative contracts to hedge highly probable forecast transactions and firm commitments not covered under AS-11, either by way of creating a Hedge Reserve as recommended by the ICAI or by prudently charging the same to the Profit and Loss Account as recommended under AS-1, consequently the profit for the year and the reserves and surplus at the close of the year, both resulting higher by Rs5,484.09 lacs.**

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of Atul Ltd and its subsidiaries as at March 31, 2009;
- (b) in the case of Consolidated Profit and Loss Account, of the profit for the year then ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of Dalal & Shah
Chartered Accountants

(Ashish S Dalal)

Partner

Mumbai
June 05, 2009

Membership No 033596

Consolidated Balance Sheet As at March 31, 2009

(Rs in lacs)

	Schedule	As at March 31, 2009	As at March 31, 2008
I SOURCES OF FUNDS:			
1 Shareholders' fund:			
(a) Capital	1	2,967.48	2,967.48
(b) Reserves and surplus	2	42,695.21	39,684.34
			45,662.69
2 Loan funds:			
(a) Secured loans	3	32,851.05	36,791.73
(b) Unsecured loans	4	4,099.62	6,214.96
			36,950.67
3 Deferred tax liability (net) : (see Note 7b)			
			1,771.09
			84,384.45
84,384.45			87,266.74
II APPLICATION OF FUNDS:			
1 Fixed assets:			
(a) Gross block	5	95,236.64	87,541.31
(b) Less: depreciation and impairment loss		52,476.77	50,383.37
(c) Net block		42,759.87	37,157.94
(d) Capital work in progress, expenditure to date		1,396.90	2,508.67
(e) Advances against capital expenditure		171.29	3,680.71
			44,328.06
2 Investments:	6		5,333.73
3 Current assets, loans and advances:	7		
(a) Inventories		21,277.92	23,240.54
(b) Sundry debtors		21,128.04	25,729.93
(c) Cash and bank balances		2,886.49	3,116.27
(d) Other current assets		-	-
(e) Loans and advances		11,106.73	11,622.84
		56,399.18	63,709.58
Less: Current liabilities and provisions:	8		
(a) Liabilities		19,288.04	22,651.89
(b) Provisions		2,538.44	2,472.00
		21,826.48	25,123.89
Net current assets			34,572.70
			84,384.45
			87,266.74
Notes forming part of the Accounts	16		

As per our attached report of even date

For and on behalf of the Board of Directors

For & on behalf of

Dalal & Shah

Chartered Accountants

Ashish S Dalal

Partner

Membership No 033596

Mumbai

June 05, 2009

T R Gopi Kannan

President, Finance and

Company Secretary

G S Patel

B S Mehta

H S Shah

S M Datta

B N Mohanan

Directors

Sunil S Lalbhai

Chairman and Managing Director

Samveg A Lalbhai

Managing Director

Mumbai

May 29, 2009

Consolidated Profit and Loss Account For the year ended March 31, 2009

(Rs in lacs)

Schedule	2008-09	2007-08
INCOME:		
Gross sales	127,143.86	110,181.80
Less: Excise duty	6,916.61	7,372.20
Net sales		102,809.60
Operating income 9	2,165.68	1,608.03
Sales and operating income	122,392.93	104,417.63
Other income 10	1,334.41	2,044.50
	123,727.34	106,462.13
EXPENDITURE:		
Cost of goods sold and materials consumed 11	65,911.25	60,237.64
Manufacturing expenditure 12	20,365.39	19,005.90
Employees' emoluments 13	9,468.40	8,412.18
Interest and finance charges 14	4,140.85	3,294.37
Others 15	11,244.18	9,672.37
Exchange rate difference	4,381.11	(345.82)
Depreciation & amortisation	3,364.73	2,967.85
Amortisation of leasehold land	27.97	4.78
	3,392.70	2,972.63
Less: Amount withdrawn from revaluation reserve	205.84	-
	3,186.86	2,972.63
		118,698.04
Profit before tax		5,029.30
Tax expenses:		
Current tax	766.39	385.27
Deferred tax	162.86	64.71
Wealth tax	9.50	9.70
Fringe benefit tax	82.26	75.23
	1,021.01	534.91
Less: MAT credit entitlement	-	257.00
		1,021.01
PROFIT FOR THE YEAR		4,008.29
Tax adjustments relating to earlier years:		
Income tax wealth tax		110.53
Additional MAT entitlement for the earlier years		119.00
		4,237.82
As per last account		20,103.50
		24,341.32
General reserve		378.70
Proposed dividend	889.85	889.85
Corporate dividend tax on above	151.23	151.23
		1,041.08
Balance carried to Balance Sheet		22,921.54
Basic diluted Earning per Share (see Note 10)		Rs14.29
Notes forming part of the Accounts 16		Rs10.27

As per our attached report of even date

For and on behalf of the Board of Directors

For & on behalf of

Dalal & Shah
 Chartered Accountants

Ashish S Dalal
 Partner
 Membership No 033596
 Mumbai
 June 05, 2009

T R Gopi Kannan
 President, Finance and
 Company Secretary

G S Patel
B S Mehta
H S Shah
S M Datta
B N Mohanan
 Directors

Sunil S Lalbhai
 Chairman and Managing Director

Samveg A Lalbhai
 Managing Director
 Mumbai
 May 29, 2009

Consolidated Cash Flow Statement of Atul Ltd and its Subsidiary Companies

For the year ended March 31, 2009

(Rs in lacs)

Description	2008-09	2007-08
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax and extraordinary items	5,029.30	3,212.86
Adjustments for:		
Add:		
Depreciation and amortisation	3,186.86	2972.63
Interest and finance charges	4,017.16	3244.96
Loss on assets sold or discarded	35.34	24.76
Exchange rate difference	2,590.00	(1038.00)
Exchange rate difference on consolidation	(108.28)	680.26
Provision for doubtful debts	732.46	284.97
	10,453.54	6,169.58
	15,482.84	9,382.44
Less:		
Dividend	463.29	457.83
Interest received	260.02	165.41
Provisions no longer required	215.43	583.18
Profit on sale of investments	0.04	0.01
Surplus on sale of assets	124.38	67.46
	1,063.16	1,273.89
Operating profit before working capital changes	14,419.68	8,108.55
Adjustments for:		
Inventories	1,962.62	(3652.91)
Trade and other receivables	6,309.29	(5200.37)
Trade and other payables	(3,384.51)	3068.57
	4,887.40	(5,784.71)
Cash generated from operations	19,307.08	2,323.84
Less:		
Direct taxes refund (paid)	(208.06)	(508.84)
Cash flow before extraordinary items	19,099.02	1,815.00
Net cash flow from operating activities	19,099.02	1,815.00
(B) CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets and capital advances	(6,750.14)	(6217.38)
Sale of fixed assets	336.85	209.01
Disbursements (repayments) of loans	(0.06)	0.04
Purchase of investments	(149.92)	(0.02)
Sale of investments	0.04	0.01
Interest received	260.02	228.23
Exchange rate difference on consolidation of subsidiaries	108.28	(680.26)
Dividend received	463.29	457.83
Capital subsidy	20.00	–
Net cash used in investing activities	(5711.64)	(6,002.54)

Consolidated Cash Flow Statement of Atul Ltd and its Subsidiary Companies (Contd.)

For the year ended March 31, 2009

(Rs in lacs)

Description	2008-09	2007-08
(C) CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	3,653.27	3,594.04
Add: Exchange rate difference	(2,590.00)	1,038.00
Proceeds from long term borrowings (adjusted)	1,063.27	4,632.04
Proceeds (repayments) of working capital loans (net)	(7,593.95)	1,304.96
Proceeds (repayments) of unsecured borrowings (net)	(2,115.34)	1,039.95
Total proceeds from borrowings		(8,646.02)
Interest paid		(3,939.10)
Dividend paid	(880.81)	(877.80)
Corporate dividend tax paid	(151.23)	(151.23)
		(1,032.04)
Net cash used in financing activities	(13,617.16)	2,703.44
Net change in cash and cash equivalents (A+B+C)	(229.78)	(1,484.10)
Cash and cash equivalents (opening balance)	3,116.27	4,600.37
Cash and cash equivalents (closing balance)	2,857.84	3,108.89
	(258.43)	(1,491.48)
Notes to the Cash Flow Statement for the year ended March 31, 2009		
1 Cash and cash equivalents include :		
Cash and bank balances	2,886.49	3,116.27
Unrealised (gain) loss on foreign currency cash and cash equivalents	(28.65)	(7.38)
Total cash and cash equivalents	2,857.84	3,108.89

2 Cash and cash equivalents include balances with Scheduled Banks on dividend accounts - Rs63.81 lacs (previous year Rs54.69 lacs), Rs Nil in margin money (previous year Rs47.41 lacs) and Rs103.72 lacs (previous year Rs103.68 lacs) as SLR on FD issued, which are not available for use by the Company.

3 The Cash Flow Statement has been prepared in accordance with the requirements of AS - 3 "Cash Flow Statement" issued by the Institute of Chartered Accountants of India.

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 and on behalf of the Board of Directors

For & on behalf of

Dalal & Shah
Chartered Accountants
Ashish S Dalal
Partner

Membership No 033596

Mumbai

June 05, 2009

T R Gopi Kannan
President, Finance and
Company Secretary
G S Patel
B S Mehta
H S Shah
S M Datta
B N Mohanan
Directors
Sunil S Lalbhai
Chairman and Managing Director
Samveg A Lalbhai
Managing Director

Mumbai

May 29, 2009

Schedule forming part of Consolidated Balance Sheet

As at March 31, 2009

(Rs in lacs)

SCHEDULE 1	SHARE CAPITAL	As at March 31, 2009	As at March 31, 2008
Authorised:			
80,00,000	Cumulative Redeemable Preference Shares of Rs100 each	8,000.00	8,000.00
8,00,00,000	Equity shares of Rs10 each	8,000.00	8,000.00
		16,000.00	16,000.00
Issued:			
2,96,91,780	Equity shares of Rs10 each	2,969.18	2,969.18
		2,969.18	2,969.18
Subscribed:			
2,96,61,733	Equity shares of Rs10 each fully paid	2,966.17	2,966.17
	Add: Forfeited shares (amount paid-up)	1.31	1.31
		2,967.48	2,967.48

Notes:

- Rs3,58,60,000 consisting of 35,86,000 equity shares of Rs10 each stands reduced to Rs35,86,000 consisting of 3,58,600 equity shares of Rs10 each on reduction and consolidation of said paid up capital as confirmed by the High Court of Gujarat as per its order dated August 20, 1988.
- 75,00,000 equity shares are issued to the Shareholders of erstwhile The Atul Products Ltd, pursuant to Amalgamation Scheme sanctioned by the High Court of Gujarat as per its order dated August 20, 1988.
- Of the above equity shares 19,64,650 shares are issued as fully paid-up bonus shares by way of capitalisation of reserves.
- Of the above equity shares 38,09,310 shares are issued as fully paid-up shares on conversion of 12.5% Fully Convertible Secured Debentures of Rs120 each per debenture.
- Of the above equity shares 1,10,29,173 shares are issued as fully paid-up on conversion of 14% Fully Convertible Secured Debentures of Rs180 each per debenture.
- Of the above equity shares 50,00,000 shares are issued as fully paid-up in the year 1993-94.

(Rs in lacs)

SCHEDULE 2	RESERVES AND SURPLUS	As at March 31, 2009	As at March 31, 2008
	Security premium account	3,465.54	3,465.54
Central and state subsidy reserve:			
	As per last account	77.87	77.87
	Add: Received during the year	20.00	-
		97.87	77.87
Capital reserve:			
	As per last account	668.39	799.09
	Less: Fair value of plant and machinery previously credited to this reserve transferred to General Reserve as said assets are old and realised	-	130.70
		668.39	668.39
Revaluation reserve:			
	As per last account	11,476.26	728.94
	Add: Surplus on revaluation of certain land & buildings	-	10,747.32
	Less: Transferred to Profit and Loss Account	205.84	-
		11,270.42	11,476.26

Schedule forming part of Consolidated Balance Sheet

As at March 31, 2009

(Rs in lacs)

SCHEDULE 2 RESERVES AND SURPLUS (Contd.)	As at March 31, 2009	As at March 31, 2008
General reserve:		
As per last account	3,892.75	3,395.88
Add: Fair value of plant and machinery previously credited to capital reserve transferred as the said assets are sold and realised	-	130.70
Add: Set aside this year	378.70	366.20
	4,271.45	3,892.78
Surplus as per annexed account	22,921.54	20,103.50
	42,695.21	39,684.34

(Rs in lacs)

SCHEDULE 3 SECURED LOANS	As at March 31, 2009	As at March 31, 2008
Term Loans from Financial Institutions Banks:		
AXIS Bank Ltd - term loan (see Note 6 below)	-	630.70
Bharat Overseas Bank Ltd - foreign currency loan (see Note 6 below)	1,910.59	1,998.50
Bharat Overseas Bank Ltd - rupee loan (see Note 6 below)	-	0.77
ICICI Bank Ltd (see Note 2 below)	14.29	72.21
Housing Development Finance Corporation Ltd - corporate loan (see Note 4 below)	-	250.00
Housing Development Finance Corporation Ltd - corporate loan (see Note 7 below)	-	270.00
The Karur Vysya Bank Ltd - term loan (see Note 6 below)	-	99.35
The Karur Vysya Bank Ltd - term loan (see Note 6A below)	2,020.39	-
Bank of India MCB - foreign currency loan (see Note 6 below)	318.32	755.19
Bank of India New York - ECB loan (see Note 6 below)	318.44	749.44
LIC of India - rupee term loan (see Note 6 below)	600.00	1,000.00
State Bank of Hyderabad - corporate loan (see Note 6 below)	-	249.98
Bank of India - foreign currency loan (see Note 6 below)	2,141.48	2,365.85
EXIM Bank - rupee term loan (see Note 6 below)	1,860.00	2,480.00
State Bank of Hyderabad - rupee term loan (see Note 6 below)	1,561.12	2,187.45
State Bank of India - rupee term loan (see Note 5 below)	3.22	946.06
State Bank of Indore - rupee term loan (see Note 6 below)	998.33	1,500.00
State Bank of Travancore - foreign currency loan (see Note 6 below)	2,082.58	2,178.37
AXIS Bank Ltd - Agri loan (see Note 8 below)	-	11.67
State Bank of Hyderabad rupee term loan (see Note 6 below)	2,499.93	700.00
Indian Overseas Bank - rupee term loan (see Note 6 below)	2,498.40	999.67

Schedule forming part of Consolidated Balance Sheet

As at March 31, 2009

(Rs in lacs)

SCHEDULE 3 SECURED LOANS (Contd.)		As at March 31, 2009	As at March 31, 2008
EXIM Bank - long term working capital loan (see Note 6 below)		1,359.38	1,000.00
International Finance Corporation			
- ECB loan (see Note 3 below)		7,812.00	3,900.00
Banks - working capital loans (see Note 1 below)			
Cash credit	1,788.82		1,016.73
Working capital demand loan	-		0.95
FCNRB (DL)	-		3,631.20
Packing credit	2,361.09		7,155.46
Bills discounting	702.67		642.18
		4,852.58	12,446.52
		32,851.05	36,791.73

Notes:

- 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 banks' limit as mentioned in joint consortium documents and enhanced limit sanctioned in 2008 is to be secured.
- Secured by exclusive charge by way of hypothecation of vehicles purchased thereunder.
- Secured by first pari passu charge by way of hypothecation of all the movable fixed assets and mortgage of the entire 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 exclusive first charge on : (i) guest house, club house and 27 residential quarters situated at village Gadkhol, Taluka Ankleshwar, District Bharuch (ii) 15 dwelling units on land situated village Chanvai, Atul, Taluka and District Valsad and first pari pass charge on balance immovable and movable properties of the Company, subject to prior exclusive charges in favour of lenders.
- Secured by first pari passu charge by way of mortgage on entire immovable properties and by hypothecation of entire movable fixed assets of the Company, present and future, excluding assets with exclusive charge, if any and second pari passu charge on the entire current assets of the Company.
- 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.
- To be 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 exclusive charge on office premises (including land & building) situated at Cadastral Survey Nos.1 | 92 and 3 | 92 of Mahim Division, Veer Sawarkar Marg, Prabhadevi, Mumbai, both present and future.
- Secured by hypothecation of the standing crop of patchouli in the Farms of the Company and also to be secured by pari passu first charge on the existing and future fixed assets of the Company, other than exclusively charged assets.

(Rs in lacs)

SCHEDULE 4 UNSECURED LOANS		As at March 31, 2009	As at March 31, 2008
Fixed deposits including interest accrued on cumulative deposits		1,141.11	1,209.23
From companies		16.78	829.28
From banks		2,192.10	4,176.45
Under buyer's credit:			
From banks		749.63	-
		4,099.62	6,214.96

Schedule forming part of Consolidated Balance Sheet

As at March 31, 2009

(Rs in lacs)

ASSET BLOCK	GROSS BLOCK (a)					DEPRECIATION			NET BLOCK			
	As at March 31, 2008	Additions	Deductions & Adjust -ments	As at March 31, 2009	Upto March 31, 2008	For the Year	Deductions & Adjust -ments	As at March 31, 2009	Impairment Fund March 31, 2009	Depreciation & Impairment Fund March 31, 2009	As at March 31, 2009	As at March 31, 2008
Land - Free hold (c)	1,126.23	9.36	-	1,135.59	-	-	-	-	-	-	1,135.59	1,126.23
Land - Lease hold (c)	2,428.36	-	27.97	2,400.39	-	-	-	-	-	-	2,400.39	2,428.36
Buildings (b) and (c)	19,787.46	1,403.86	127.14	21,064.18	3,887.30	484.65	67.97	4,303.98	48.42	4,352.40	16,711.78	15,851.74
Roads	211.76	22.21	-	233.97	100.45	6.86	-	107.31	-	107.31	126.66	111.31
Tube wells and pump house	74.01	-	-	74.01	3.92	1.24	-	5.16	-	5.16	68.85	70.09
Plant & machinery	58,038.20	7,156.98	1,207.68	63,987.50	39,519.38	2,462.33	1,119.39	40,862.32	2,719.99	43,582.31	20,405.19	15,798.83
Railway siding	8.47	-	-	8.47	8.44	0.01	-	8.45	-	8.45	0.02	0.03
Laboratory equipments	859.19	92.24	-	951.43	551.46	84.49	-	635.95	-	635.95	315.48	307.73
Equipment furniture and dead stock	1,706.56	209.73	6.45	1,909.84	1,077.28	123.70	3.28	1,197.70	-	1,197.70	712.14	629.28
Office equipment	181.75	10.78	0.72	191.81	126.25	16.07	0.18	142.14	-	142.14	49.67	55.50
Vehicles	884.10	166.05	37.93	1,012.22	449.44	122.27	31.16	540.55	-	540.55	471.67	434.66
Capital spares	166.64	45.75	136.72	75.67	83.00	6.42	46.85	42.57	-	42.57	33.10	83.64
Research & development:												
Building	264.29	-	-	264.29	163.75	8.19	-	171.94	-	171.94	92.35	100.54
Machinery	1,202.05	28.70	-	1,230.75	1,048.54	31.27	-	1,079.81	-	1,079.81	150.94	153.51
Office equipments	12.36	7.51	-	19.87	8.16	1.13	-	9.29	-	9.29	10.58	4.20
Computer software	589.88	89.27	2.50	676.65	587.59	16.10	2.50	601.19	-	601.19	75.46	2.29
Total as at March 31, 2009	87,541.31	9,242.44	1,547.11	95,236.64	47,614.96	3,364.73	1,271.33	49,708.36	2,768.41	52,476.77	42,759.87	37,157.94
Total as at March 31, 2008	71,636.64	5,565.61	408.26	87,541.31	44,884.28	2,967.85	237.17	47,614.96	2,768.41	50,383.37	37,157.94	23,983.95

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 Rs109.99 lacs (March 31, 2008 Rs109.99 lacs) and cost of share in Co-operative Society Rs0.02 lac (March 31, 2008 Rs0.02 lacs).

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

Schedule forming part of Consolidated Balance Sheet

As at March 31, 2009

(Rs in lacs)

SCHEDULE 6 INVESTMENTS, at cost	As at March 31, 2009		As at March 31, 2008	
LONG TERM INVESTMENTS:				
Government and trust securities:				
Unquoted:			0.89	0.93
Long term investments:				
Equity shares, fully paid, quoted:				
Trade:			184.28	184.28
Others	4,900.29			4,900.29
Less: Cost of investments adjusted to general reserve as loss in associates exceed the cost	24.20			24.20
Less: Provision for diminution in value	40.24			40.24
			4,835.85	4,835.85
Others, unquoted	444.42			444.42
Less: Cost of investments adjusted to general reserve as loss in associates exceed the cost	56.94			56.94
Less: Provision for diminution in value	74.80			74.81
			312.68	312.67
Add: Share application money			149.99	-
			5,483.69	5,333.73

(Rs in lacs)

Particulars	Book Value as at March 31,		Market Value as at March 31,	
	2009	2008	2009	2008
	Quoted	5,020.13	5,020.13	9,944.08
Unquoted	313.57	313.60		
Total	5,333.70	5,333.73		

(Rs in lacs)

SCHEDULE 7 CURRENT ASSETS, LOANS AND ADVANCES	As at March 31, 2009		As at March 31, 2008	
(a) Inventories, (As taken, certified and valued by Chairman and Managing Director)				
Stores, spares, etc., at cost or net realisable value whichever is lower			2,343.94	2,756.51
Stock - in - trade, at cost or net realisable value whichever is lower:				
Raw materials	3,844.05			4,587.97
Materials - in - process	6,071.94			6,340.55
Finished goods	7,921.04			8,486.90
			17,837.03	19,415.42
Goods - in - transit, cost to date			1,096.95	991.74
Goods in bonded warehouse, cost to date			-	76.87
			21,277.92	23240.54

Schedule forming part of Consolidated Balance Sheet

As at March 31, 2009

(Rs in lacs)

SCHEDULE	7	CURRENT ASSETS, LOANS AND ADVANCES (Contd.)	As at March 31, 2009		As at March 31, 2008
(b) Sundry Debtors, unsecured:					
		Outstanding for more than six months good (see Note 13(b) in Schedule 16)		3,270.26	1,558.75
		Doubtful	698.26		498.81
		Less: Provision	698.26		498.81
				-	-
		Other, Good		3,270.26	1,558.75
		Doubtful	17.79	17,857.78	24,171.18
		Less: Provision	17.79		-
				-	-
				21,128.04	25,729.93
(c) Cash and bank balances:					
		Cash on hand (Including cheque on hand Rs0.40 lacs previous year Rs37.70 lacs)		18.62	59.13
		Remittance in transit		-	550.11
		Cheques in hand with bank as collecting agency in terms of an arrangement		393.22	447.87
		Bank balances, with scheduled banks:			
		In current account		1,321.72	1,674.72
		In margin deposit		-	47.41
		* In fixed deposits	1,132.79		325.56
		Interest accrued on above	20.14		11.47
				1,152.93	384.44
				2,474.65	2,059.16
				2,886.49	3,116.27
(d) Other Current Assets:					
		Interest Receivable			
		Good		-	-
		Doubtful		55.04	55.04
		Less: Provision		55.04	55.04
				-	-
		Other receivables			
		Good		-	-
		Doubtful		18.99	18.99
		Less: Provision		18.99	18.99
				-	-
(e) Loans and advances, unsecured, good:					
		(Unless otherwise stated)			
		Loans to jointly promoted companies		0.10	0.04
		Other loans:			
		Good (Unless otherwise stated)			
		Loan to Company (Secured by first charge over the assets of the said company (see Note 17)		2,128.89	-
		Loan to others	204.74		196.03
		Doubtful	112.70		112.70
		Less: Provision	112.70		112.70
				-	-
				204.74	196.03

Schedule forming part of Consolidated Balance Sheet

As at March 31, 2009

(Rs in lacs)

SCHEDULE	7	CURRENT ASSETS, LOANS AND ADVANCES (Contd.)	As at March 31, 2009		As at March 31, 2008	
		Advances recoverable in cash or in kind or for value to be recovered				
		Good		5,786.07		5,855.10
		Doubtful	780.90			305.44
		Less: Provision	780.90			305.44
				-		-
				5,786.07		5,855.10
		Balances with Customs, Bombay Port Trust, Excise etc.		899.75		3,160.66
		Sundry deposits		804.58		707.85
		MAT credit entitlement		638.00		519.00
		Tax paid in advance, net of provisions		644.60		1,184.16
					11,106.73	11,622.84
					56,399.18	63,709.58

* Includes Rs13.92 lacs deposit, receipt of which is endorsed in favour of Government Departments. (previous year Rs13.92 lacs)

(Rs in lacs)

SCHEDULE	8	CURRENT LIABILITIES AND PROVISIONS	As at March 31, 2009		As at March 31, 2008	
(a) Liabilities:						
		Acceptances			2,980.21	2,231.13
		Sundry creditors:				
		(i) Due to Micro, Small and Medium Enterprise		24.14		6.17
		(ii) Due to others		16,047.53		20,262.21
					16,071.67	20,268.38
		Over drawn current accounts as per books			-	2.52
		Investors Education and Protection Fund shall be credited by the following (see Note below):				
		Unclaimed dividends		69.32		60.28
		Matured fixed deposits		0.10		0.10
		Interest payable on fixed deposits		14.62		15.42
					84.04	75.80
		Interest accrued but not due on loans			141.10	63.04
		Unclaimed amount of sale proceeds of fractional coupons of bonus shares of erstwhile The Atul Products Ltd			9.64	9.64
		Unclaimed amount of sale proceeds of fractional coupons of bonus shares			1.38	1.38
					19,288.04	22,651.89
(b) Provisions:						
		For contingencies		274.87		274.55
		For unencashed leave		1,222.49		1,156.37
		For dividend tax		151.23		151.23
		Proposed dividend		889.85		889.85
					2,538.44	2,472.00
					21,826.48	25,123.89

Note:

There is no amount due and outstanding to be credited to Investor Education and Protection fund as at March 31, 2009

Schedule forming part of Consolidated Profit and Loss Account

For the year ended March 31, 2009

(Rs in lacs)

SCHEDULE	9	OPERATING INCOME	2008-09	2007-08
(a)		Export incentives	1,583.48	1,030.66
(b)		Lease rental income	1.44	1.44
(c)		Other operating income:		
		Processing charges	14.81	100.87
		Common facility recovery	12.91	-
		Technical service charges	156.53	-
		Miscellaneous scrap sales	396.51	475.06
			580.76	575.93
			2,165.68	1,608.03

(Rs in lacs)

SCHEDULE	10	OTHER INCOME	2008-09	2007-08
		Dividend from long term investments	463.29	457.83
		Interest earned (gross, tax deducted Rs14.16 lacs previous year Rs27.48 lacs)		
		Interest from customers	12.83	35.84
		Others	306.41	165.41
			319.24	201.25
		Insurance claims	7.78	56.79
		Income from property	46.96	57.39
		Sales tax refunds	-	24.93
		Coal rate difference refund	-	734.16
		Miscellaneous income	269.03	178.14
		Sundry credit balances appropriated	58.90	175.66
		Bad debts recovered	5.07	22.98
		Provision for doubtful debts and advances written back	39.76	67.90
		Surplus on sale of assets	124.38	67.46
		Surplus on sale of investments	-	0.01
			1,334.41	2,044.50

Schedule forming part of Consolidated Profit and Loss Account

For the year ended March 31, 2009

(Rs in lacs)

SCHEDULE 11	COST OF GOODS SOLD AND MATERIALS CONSUMED	2008-09	2007-08
Raw materials consumed:			
Stocks at commencement	4,587.97		3,974.01
Less: Obsolete and unserviceable material written off	229.88		-
		4,358.09	3,974.01
Add: Purchases		60,617.82	58,144.05
		64,975.91	62,118.06
Less: Stocks at close		3,844.05	4,587.97
		61,131.86	57,530.09
Patchouli expenses		17.53	37.99
			61,149.39
Finished goods purchases			4,664.18
(Increase) decrease in stocks:			4,538.99
Stocks at close:			
Materials - in - process		6,071.94	6,340.55
Finished goods		8,334.81	8,486.90
		14,406.75	14,827.45
Less: Stocks at commencement:			
Materials - in - process	6,340.55		5,379.06
Less: Obsolete and unserviceable material written off	99.42		-
		6,241.13	5,379.06
Finished goods	8,486.90		7,522.69
Less: Obsolete and unserviceable material written off	15.61		-
		8,471.29	7,522.69
		14,712.42	12,901.75
			305.67
Excise duty variation on opening closing stocks			(148.03)
Excess provision of excise duty			(59.96)
			65,911.25
			60,237.64

(Rs in lacs)

SCHEDULE 12	MANUFACTURING EXPENSES	2008-09	2007-08
Stores consumed		3,977.56	3,432.52
Power, fuel and water		11,057.62	10,707.78
Conversion and plant operation charges etc.		639.55	830.96
Flora expenses		2.32	30.50
Building repairs		686.71	647.69
Machinery repairs		3,788.15	3,146.41
Sundry repairs		213.48	210.04
		20,365.39	19,005.90

(Rs in lacs)

SCHEDULE 13	EMPLOYEES' EMOLUMENTS	2008-09	2007-08
Salaries, wages, bonus etc.		7,601.75	6,552.18
Contribution to provident and other funds		927.30	735.59
Welfare expenses		795.37	602.48
Provident and other fund expenses		49.76	39.59
Payment under VRS		94.22	482.34
		9,468.40	8,412.18

Schedule forming part of Consolidated Profit and Loss Account

For the year ended March 31, 2009

(Rs in lacs)

SCHEDULE 14	INTEREST & FINANCE CHARGES	2008-09	2007-08
Interest:			
	On Fixed loans	2,985.54	2,202.78
	Others	1,031.62	1,042.18
		4,017.16	3,244.96
Discounting charges		123.69	49.41
		4,140.85	3,294.37

(Rs in lacs)

SCHEDULE 15	OTHER EXPENDITURE	2008-09	2007-08
	Rent	206.81	202.79
	Rates & taxes	128.12	75.73
	Insurance	164.19	175.51
	Site maintenance	121.88	88.35
	Freight, cartage and octroi	3,020.14	2,869.19
	Advertisement and publicity	190.41	112.30
	Commission and discount	2,460.90	2,366.51
	Brokerage	2.52	2.91
	Travelling and conveyance	790.95	809.42
	Payments to statutory Auditors	61.17	60.19
	Payments to cost Auditors	1.38	2.33
	Directors' fees and travelling	23.66	18.66
	Directors' commission (other than Managing and Executive Directors)	12.00	10.43
	Charities and donations	32.55	26.29
	Bad debts	50.43	117.47
	Irrecoverable balances written off	42.15	253.07
	Provision for doubtful debts	255.83	284.97
	Provision for doubtful advances	476.63	-
	Excess provision for doubtful loans & advances written back	-	(330.81)
	Sales tax	27.67	21.58
	Miscellaneous	2,695.89	2,497.78
	Obsolete and unserviceable materials written off	417.26	44.93
	Loss on stock due to fire	-	9.29
	Loss on assets sold, discarded or demolished	35.34	24.76
	Debits (credits) relating to earlier years	26.38	(46.82)
	Excess depreciation written back	(0.08)	(24.46)
		11,244.18	9,672.37

Schedules forming part of the Consolidated Accounts

(Rs in lacs)

SCHEDULE	16	NOTES FORMING PART OF THE ACCOUNTS	2008-09	2007-08
1		Contingent Liabilities not provided for in respect of:		
	(a)	Disputed excise demands - matter under appeal	910.04	1,367.76
	(b)	Disputed customs demands - matter under appeal	239.58	275.31
	(c)	Disputed water charges - matter under appeal	5,926.21	5,607.72
		Pursuant to the order passed by Honourable High Court of Gujarat of dated November 17, 2008 and April 17, 2009 in case of disputed water charges, the Company has created first charge over its certain land & buildings in favour of Government of Gujarat.		
	(d)	Claims against the Company not acknowledged as debts	1,079.27	242.86
	(e)	Income tax demands (including interest) - matter under appeal	1,866.24	1,123.72
	(f)	Sales tax - matter under appeal	128.67	55.86
	(g)	Guarantees given by the Company to banks and financial institutions on behalf of the third parties	91.74	91.74
		Note: Future cash outflows in respect of (a) to (f) above are determinable on receipt of judgements decisions pending with various forums authorities.		
2		Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	472.74	1,407.42
3		Profit & Loss Account includes expenditure on Research & Development and Pilot Plants as under:		
		Materials consumed	30.84	16.21
		Other expenditure	856.83	709.65
4		Charge by way of hypothecation of tangible current assets (other than moveable machinery), namely raw materials, finished and semi-finished goods, inventories and book debts of the Company as a whole and also charge by second and subservient charge on immovable assets of the Company to the extent of individuals banks limits as mentioned in joint consortium documents and also extends guarantee given by the bankers.		
		Amount of guarantee outstanding at the end of the year	3,149.72	2,775.52
5		Payments to Auditors:		
	(a)	Statutory Auditors:		
	(i)	As Auditors	42.12	35.67
	(ii)	In other capacity:		
		For tax audit	6.06	9.05
		For certificates	10.95	14.00
	(iii)	For expenses	2.04	1.47
			61.17	60.19
	(b)	Cost Auditors:		
	(i)	As Auditors	1.30	2.24
	(ii)	For expenses	0.08	0.09
			1.38	2.33

Schedules forming part of the Consolidated Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

6 Details of associates considered in consolidation:

(Rs in lacs)

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 (unaudited accounts)	Carrying amount of investments at the year end (see Note)
1	2	3	4	5	6	7	8
(a) Amal Ltd*	India	Dye Intermediates	36.75%	515.15	-	5,569.03	24.20
(b) Gujarat Synthwood Ltd*	India	PVC sheets & Panels	34.64%	129.61	-	1,692.24	6.94
(c) AtRo Ltd*	India	Agrochemicals	50.00%	50.00	-	42.50	50.00
(d) Atul Bioscience Ltd	India	Pharmaceuticals	28.00%	-	-	343.83	-
				694.76	-	7,647.60	81.14

Note: (i) After provision for diminution in value of investments in case of 'a' & 'b'.
 (ii) Value of investment in Atul Bioscience Ltd under column '5' and '8' is Rs140.
 (iii) *Figures are as at March 31, 2008.

7 Taxation:

(a) Provision for Income tax for the current year has been made under normal provision of the Income Tax Act, 1961

(b) Deferred taxation:

(Rs in lacs)

Particulars	Accumulated as at March 31, 2008	Charge credit during the year	Balance as at March 31, 2009
Deferred tax liability on account of:			
Depreciation impairment loss	2,826.56	272.04	3,098.60
	2,826.56	272.04	3,098.60
Deferred tax assets on account of:			
Provision for leave encashment	392.51	21.84	414.35
43 B expenses allowable	84.73	(23.98)	60.75
Provision for doubtful debts	169.55	58.14	227.69
Provision for doubtful advances	160.84	183.76	344.60
Payment under VRS	408.04	(128.80)	279.24
	1,215.67	110.96	1,326.63
	1,610.89	161.08	1,771.97
Deferred tax assets of subsidiaries	(2.66)	1.78	(0.88)
Net deferred tax liability (assets)	1,608.23	162.86	1,771.09

8 Related party information:

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

No	Name of the related party	Description of relationship
1	Amal Ltd	Associate company
2	Gujarat Synthwood Ltd	Jointly promoted company
3	AtRo Ltd	Jointly promoted company
4	Key management personnel	
	In Atul Ltd:	
	Mr Sunil S Lalbhai	- Chairman and Managing Director
	Mr Samveg A Lalbhai	- Managing Director
	Mr J L Shah	- Executive Director (up to December 31, 2008)
	Mr B N Mohanan	- Wholetime Director (from January 01, 2009)
	In Atul Europe Ltd:	
	Mr C J Bent	- Director
5	Relatives of key management personnel:	
	Dr Vimla S Lalbhai	- Mother of Mr Sunil S Lalbhai
	Mrs Smita J Shah	- Wife of Mr J L Shah

Schedules forming part of the Consolidated Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(b) Transactions with related parties

(Rs in lacs)

No	Name of the related party	Jointly promoted companies	Associate company	Key management personnel	Relatives of key management personnel
Sales and income:					
1	Sale of goods	-	6.93	-	-
		(24.81)	-	-	-
2	Interest received	-	-	-	-
		-	-	-	-
3	Supply of services	-	-	-	-
		-	(43.35)	-	-
Purchases and expenses:					
1	Purchase of goods	-	-	-	-
		-	-	-	-
2	Commission paid	-	-	-	-
		-	-	-	-
3	Services charges paid	-	-	-	-
		-	-	-	-
4	Remuneration	-	-	285.99	-
		-	-	(259.55)	-
5	Discount paid	-	-	-	-
		-	-	-	-
Other transactions:					
1	Loan given	2.46	-	-	-
		(2.60)	-	-	-
2	Other transactions	-	12.82	-	-
		-	(2.90)	-	-
3	Fixed deposit received	-	-	-	0.55
		-	-	-	-
4	FD interest paid	-	-	-	0.15
		-	-	-	(0.19)
5	* Advance adjusted	-	2,129.89	-	-
		-	-	-	-
Outstanding balances:					
1	Payable	-	-	92.84	1.75
		-	-	(98.40)	(2.44)
2	Receivables	8.45	2,346.88	-	-
		(14.64)	(3,525.92)	-	-

(c) Provision for doubtful advances made during the year Rs476.63 lacs.

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

* Capital Advance converted to loan account in terms of Scheme submitted to BIFR.

Schedules forming part of the Consolidated Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

9 Segment Information:

(a) Information about business segment - primary:

(Rs in lacs)

Particulars	Colors		Speciality Chemicals and others		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
1 Segment revenue:						
External sales	31,976.02	31,564.31	95,167.84	78,617.49	1,27,143.86	1,10,181.80
Inter segment sales	24.44	-	2,504.64	2,526.53	2,529.08	2,526.53
Total segment revenue	32,000.46	31,564.31	97,672.48	81,144.02	1,29,672.94	1,12,708.33
Less: inter segment revenue	24.44	-	2,504.64	2,526.53	2,529.08	2,526.53
Net revenue from operations	31,976.02	31,564.31	95,167.84	78,617.49	1,27,143.86	1,10,181.80
2 Segment results:						
Profit before interest and tax	784.26	(471.10)	14,056.70	6,170.96	14,840.96	5,699.86
Interest					4,140.85	3,294.37
Other unallocable expenditure (net of unallocable income)					5,670.81	(807.37)
Profit before tax					5,029.30	3,212.86
3 Other information:						
Segment assets	18,387.98	22,735.05	61,253.05	62,450.54	79,641.03	85,185.59
Unallocated common assets					26,569.90	27,205.04
Total assets					1,06,210.93	1,12,390.63
4 Segment liabilities	3,825.91	6,641.69	11,421.97	16,134.39	15,247.88	22,776.08
Unallocated common liabilities					8,349.70	3,956.04
Total liabilities					23,597.58	26,732.12
5 Capital expenditure	520.81	1,211.65	3,649.78	4,890.59	4,170.59	6,102.24
Unallocated capital expenditure					450.66	115.14
Total capital expenditure					4,621.25	6,217.38
6 Depreciation	1,538.07	1,602.13	1,569.17	1,281.52	3,107.24	2,883.65
Unallocated depreciation					79.54	88.98
Total depreciation					3,186.78	2,972.63
7 Non cash expenses:						
Unallocated non cash expenses	-	-	-	-	-	-
Total non cash expenses						

(b) Business secondary - geographical by customers:

Particulars	In India		Outside India		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Segment revenue	65,257.07	57,227.85	61,886.79	52,953.95	1,27,143.86	1,10,181.80
Carrying cost of assets by location of assets	95,994.94	95,513.56	10,215.99	16,877.07	1,06,210.93	1,12,390.63
Addition to assets and intangible assets	4,615.08	6,204.30	6.17	13.04	4,621.25	6,217.34

Other disclosure:

- 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.
- Company has disclosed business segment as the primary segment.
- 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
- The segment revenue, results, assets and liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.

Schedules forming part of the Consolidated Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

10 Earning per Share :

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

Particulars		March 31, 2009	March 31, 2008
Profit for the year attributable to the equity shareholders	Rs in lacs	4,237.82	3,046.95
Basic weighted average number of equity shares outstanding during the year		2,96,61,733	2,96,61,733
Nominal value of equity share	Rs	10	10
Basic and diluted Earning per Share	Rs	14.29	10.27

11 Provisions:

Name of the provision	Balance carried as at March 31, 2008	Accrued during the year	Payments during the year	Provision reversed written back	Closing balance carried as at March 31, 2009
Leave encashment	1,156.37	302.52	236.40	-	1,222.49

12 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. Lease payments are recognised in the Profit and Loss Account under rent in Schedule 15.

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

(Rs in lacs)

Assets	Gross block		Depreciation fund		Written down value		Depreciation for the year	
	2009	2008	2009	2008	2009	2008	2009	2008
Buildings	3.80	3.80	3.80	3.80	-	-	-	-
Plant & machinery	127.50	127.50	61.52	48.34	65.98	79.16	13.18	13.18
Total	131.30	131.30	65.32	52.14	65.98	79.16	13.18	13.18

The future minimum lease payments to be received under the non-cancellable leases are as follows: (Rs in lacs)

Particulars	As at March 31, 2009	As at March 31, 2008
Not later than one year	23.53	23.53

13 (a) Suppliers and customers balances are subject to confirmation.

(b) Depots debtors as per depots books and Head office books are in the process of reconciliation, adjustments, if any, will be made on completion of the reconciliation. Due to this, sundry debtors related to depots sales are disclosed as per Head office books of account.

14 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 risk management strategy of the Company.

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

(a) 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 (lacs)
March 31, 2008	33	Sell	400.00
March 31, 2009	31	Sell	57.00

Schedules forming part of the Consolidated Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

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

As at	No of contracts	US\$ equivalent (lacs)
March 31, 2008	7	540.00
March 31, 2009	8	515.00

- (c) 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 (lacs)
March 31, 2008	3	70.00
March 31, 2009	3	27.50

- (ii) Currency swaps to hedge against fluctuations in changes in exchange rate and interest rate:

As at	No of contracts	US\$ equivalent (lacs)	Euro equivalent (lacs)
March 31, 2008	4	60.76	23.37
March 31, 2009	2	36.01	-

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

- (a) Amounts receivable in foreign currency on account of the following:

Particulars	As at March 31, 2009			As at March 31, 2008		
	US\$ Euro equivalent (lacs)	Others equivalent (lacs)	Others equivalent (lacs)	US\$Euro equivalent (lacs)	Others equivalent (lacs)	Others equivalent (lacs)
Debtors	-	34.41	0.65	324.56	67.09	0.75
Creditors	-	1.18	0.01	70.36	11.33	-
Loans taken	-	-	-	555.26	-	-

Financial Derivatives Hedging Transactions:

- (3) (a) The Company has entered into currency option contracts to the tune of US\$54 million for hedging its future US\$ revenue for a period upto three years based on highly probable forecast | firm commitment transactions. These range forward contracts are covered under "Forex risk management policy" of the company and meets the test of hedge effectiveness. Under the said options, the rate of US\$ - INR has been fixed for the entire period of the option. The outstanding currency option contracts as at March 31, 2009 was US\$51.5 million.

The MTM loss valuation of Rs5,484.09 lacs in respect of these range forward contracts as at March 31, 2009 provided by the bank indicates the amount, the Company will have to pay to bankers, if it wishes to rescind the options contract as at the date of Balance Sheet. The MTM valuation also assumes that the Company has no US\$ inflows that would arise to it during the tenure of the option contracts and it therefore assumes that Company would be meeting this obligation by acquiring the relevant foreign exchange from the open market.

Based on the past history of the operations of the Company as well as the projected plans in the future, the Company will have robust inflow in US\$ during the tenure of the said options. The Company believes that the options would safeguard it from US\$ fluctuation in future.

Schedules forming part of the Consolidated Accounts

SCHEDULE 16 NOTES FORMING PART OF THE ACCOUNTS (Contd.)

The unrealised loss consequent to foreign currency fluctuations in respect of these effective hedging instruments though not recognised now will be ultimately set off in the Profit and Loss Account when the underlying transaction arises when it will be possible to precisely know the impact.

Considering the above facts and due to material uncertainty arising from future events mentioned in the range forward contracts and rate over the period of three years, the management is of the view that it is not "known loss" and it is not a prudent practice to deliberately overstate liabilities or expenses because, if such notional losses are provided for, the reliability and quality of the financial statement will be vitiated and therefore no provision for the liability and MTM loss of Rs5,484.09 lacs on account of such range forward contracts has been made in the books as at March 31, 2009.

In the view of the management this will give more reliable financial statements without unrepresentative volatility in the Profit and Loss Account

(b) Rs0.97 lacs (realised loss), Rs18.05 lacs (realised gain) and Rs13.47 lacs (unrealised loss) on interest SWAP is included in interest paid on loan. Rs63.81 lacs (realised loss), Rs1.70 lacs (realised gain) and Rs461.32 lacs (unrealised loss) on currency SWAP (principal) are included in exchange rate difference. Provision on forward contract transactions has been recorded as per Accounting Standard - 11 on "The Effects of Changes in Foreign Exchange Rates (Revised 2003)".

15 The Company has revalued (i) Leasehold land and (ii) commercial land & building at Ahmedabad, Mumbai and Delhi as at March 31, 2008 at fair market value as determined by an independent valuer appointed for the purpose. Resultant increase in book value amounting to Rs10,747.32 lacs has been transferred to revaluation reserve.

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

17 Included under loan & advances is an amount of Rs2,128.89 lacs given to an associate company. The said company is registered under BIFR in the process of implementing its revival plan. All their assets have been assigned exclusively in favour of the Company as a security for this loan.

18 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%

19 Previous year's figures have been regrouped wherever necessary.

20 Figures less than Rs500 has been shown at actual in bracket as the figures have been rounded off to nearest thousand.

As per our attached report of even date

For and on behalf of the Board of Directors

For & on behalf of

Dalal & Shah

Chartered Accountants

Ashish S Dalal

Partner

Membership No 033596

Mumbai

June 05, 2009

T R Gopi Kannan

President, Finance and

Company Secretary

G S Patel

B S Mehta

H S Shah

S M Datta

B N Mohanan

Directors

Sunil S Lalbhai

Chairman and Managing Director

Samveg A Lalbhai

Managing Director

Mumbai

May 29, 2009

Annexure referred to in Note 14 in Schedule 16 of the Accounts for the year ended March 31, 2009.

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, lease hold land Panoli and certain business premises at fair market value as determined by an independent valuer appointed for the purpose which was revalued in the year 1985 and resultant surplus is kept credited under revaluation reserves and assets received free of cost on premature cancellation of lease agreements with one lessee which are at fair value.

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 U S A', 'Atul Europe Ltd U K', 'Atul Deutschland GmbH Germany', and 'Atul International Trading (Shanghai) Co. Ltd China' (the wholly owned subsidiary companies).
- 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 17 in Schedule 16 to the Accounts).
- 2.4 The Financial Statements of the Parent Company and its Subsidiary Companies have been combined on a line by line basis by adding together book values of the items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transaction resulting in unrealised profits or losses.
- 2.5 The Consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.
- 2.6 Financial statement of integral foreign subsidiaries translated into Indian rupees pursuant to Accounting Standards 11 (AS-11) (revised 2003) 'The effects of changes in foreign currency rate' are as follows:
 - 2.6.1 Revenues and expenses are translated into Rupees at the average of monthly average exchange rates, which is not as per requirements of AS-11, but having no material effect on the results of consolidated accounts.
 - 2.6.2 Monetary items are translated into rupees using the year end rate.
 - 2.6.3 Non-monetary items are translated using exchange rate at the date of transaction.

3 Other Significant Accounting Policies:

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

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

DP. ID*	
Client ID*	

Master folio No.	
------------------	--

I | We.....of..... in the district of being member(s) of **Atul Ltd**, hereby appoint..... of..... in the district of.....or failing him | her of.....in the district of as my | our proxy to attend and vote for me | us and on my | our behalf at the Thirty-second Annual General Meeting of the Company to be held at 11.00 AM on Friday, the August 07, 2009 and at any adjournment thereof.

Signed this day of 2009

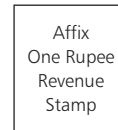
Full Name

For Office use only

No of Shares :

Proxy No. :

Note:



The Proxy must be deposited at the Registered Office of the Company, not less than 48 hours before the time for holding of the aforesaid meeting.

* Applicable for investors holding shares in electronic form.



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

ATTENDANCE SLIP

DP. ID*	
Client ID*	

Master folio No.	
------------------	--

Please complete this Attendance Slip and hand it over at the entrance of the meeting hall.

NAME OF THE MEMBERS

NO. OF SHARES(S) HELD

I hereby record my presence at the Thity-second Annual General Meeting being held at Sheth Shri Amrutlal Hargovandas Memorial Hall, Gujarat, Chamber of Commerce and Industry, Gujarat Chamber Building, Ashram Road, Ahmedabad 380 009.

Signature of the Member or Proxy

* Applicable for investors holding shares in electronic form

Corporate information

Atul Ltd

Directors:

Mr S S Lalbhai (*Chairman and Managing Director*)

Mr N N Wadia (up to May 31, 2009)

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 J L Shah

(*Executive Director up to December 31, 2008*)

Mr B N Mohanan

(*Wholetime Director from January 1, 2009*)

Company Secretary

Mr T R Gopi Kannan

Auditors

Dalal & Shah

Chartered Accountants

Cost Auditors

R Nanabhoy & Co

Registered office

Ashoka Chambers, Rasala Marg,

Ahmedabad 380006, Gujarat, India

Head office

Atul 396020, Gujarat, India

E-Mail: sec@atul.co.in

Website: www.atul.co.in

Bankers

AXIS Bank

Bank of Baroda

Bank of India

Export Import Bank of India

ICICI Bank

Karur Vysya Bank

State Bank of India



Atul Ltd
Ashoka Chambers
Rasala Marg
Ahmedabad 380006, Gujarat
India

www.atul.co.in