



ATUL LTD

30th Annual Report 2006-2007

Directors:

Mr A N Lalbhai
(Chairman)

Mr N N Wadia

Mr G S Patel

Dr S S Bajjal

Mr S S Lalbhai
(Managing Director & CEO)

Mr M R Shroff
(upto 29-1-07)

Mr B S Mehta

Mr H S Shah

Mr J L Shah
(Executive Director)

Mr S A Lalbhai
(Managing Director)

Mr S M Datta

Dr K Aparajithan

Mr R A Shah
(Alternate Director)

Company Secretary:

Mr T R Gopi Kannan

Auditors:

Dalal & Shah
Chartered Accountants

Cost Auditors:

R Nanabhoy & Co

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Registered Office:

Ashoka Chambers
Rasala Marg
Ahmedabad 380 006, Gujarat
India

Head Quarters:

Atul 396020, Gujarat
India
E-Mail : sec@atul.co.in
Web Site : www.atul.co.in

Bankers:

State Bank of India
Bank of Baroda
Bank of India
State Bank of Saurashtra
UTI Bank
Export Import Bank of India
ICICI Bank
Karur Vysya Bank
Uco Bank

NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of the shareholders of the Company will be held on Friday, August 31, 2007 at 11.00 a.m. at Thakorebhai Desai Hall, Law College Road, Law Garden, Ellisbridge, Ahmedabad 380 006, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2007 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 a dividend.
3. To appoint a Director in place of Mr G S Patel, who retires by rotation under Article 134 of the Articles of Association of the Company and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr Bansi S Mehta, who retires by rotation under Article 134 of the Articles of Association of the Company and, being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr S M Datta, who retires by rotation under Article 134 of the Articles of Association of the Company and, being eligible, offers himself for reappointment.
6. To appoint Messrs Dalal & Shah, Chartered Accountants, as Auditors and to fix their remuneration.

By Order of the Board

T R Gopi Kannan
President, Finance &
Company Secretary

June 29, 2007

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 AND A PROXY NEED NOT BE A MEMBER.
2. Printed copies of the Balance Sheet, the Profit & 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, 2007 are enclosed herewith.
3. **Book Closure:** The Register of Members and the Share Transfer Books of the Company will remain closed from August 01, 2007 to August 06, 2007(both days inclusive).
4. **Distribution of Dividend:** Dividend on Equity Shares, if sanctioned by the General Meeting, shall be paid to those shareholders whose names appear on the Register of the Company as on August 01, 2007. The members are requested to notify immediately any change in address.
5. **Transfer of unclaimed dividend pursuant to Section 205A of the Companies Act, 1956:** The unpaid dividend payable to the shareholders in respect of the 13th Dividend onwards i.e. from the year ended March 31, 2000, shall be transferred to the Investor Education and Protection Fund 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 %	Approx. Date of Transfer of Unpaid Dividend to Investor Education Protection Fund
13 th	March 31, 2001	08-08-2001	10	04-09-2008
14 th	March 31, 2002	07-08-2002	15	03-09-2009
15 th	March 31, 2003	06-08-2003	20	02-09-2010
16 th	March 31, 2004	06-08-2004	15	02-09-2011
17 th	March 31, 2005	05-08-2005	20	01-09-2012
18 th	March 31, 2006	04-08-2006	30	30-08-2013

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

- Transfer of unclaimed amount pursuant to Section 205C of the Companies Act, 1956:** The Company has transferred to the Investors' Education & Protection Fund unpaid/unclaimed interest on debentures, unpaid/unclaimed fixed deposits and interest thereon upto the financial year ended on March 31, 2000.
6. Pursuant to the directions of SEBI vide circular No. D&CC/FITTC/ CIR – 18/ 2002 dated February 12, 2003, the Company had appointed M/s. Pinnacle Shares Registry Pvt. Limited, Near Ashoka Mills, Naroda Road, Ahmedabad 380025(Pinnacle), as Registrar and Transfer Agents for physical and demat shares. The members are requested to deal with the aforesaid agency.
 7. **Reappointment of Directors:** At the ensuing Annual General Meeting Mr G S Patel, Mr Bansi S Mehta and Mr S M Datta, retire by rotation and being eligible offer themselves for reappointment. The information or details required to be furnished under the Listing Agreement pertaining to a Director seeking re-appointment.

Particulars	Information of a Director seeking re-appointment
Name	Mr G S Patel
Date of Birth	November 16, 1923
Brief Resume	Mr G S Patel is an M.A. (Economics), LL.B. (Bombay), B.Sc. (Economics) from London School of Economics and Bar at law from Lincoln's Inn, London. He is 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

Name	Mr Bansi S Mehta
Date of Birth	September 19, 1935
Brief Resume	Mr Bansi S Mehta is a practicing Chartered Accountant and is a past President of the Institute of the Chartered Accountants of India. He was involved in educational activities at the under graduate and post graduate levels at the University of Mumbai and is Director of the Company since April 18, 1992.
Directorship in other Companies	Bharat Bijlee Limited Century Enka Limited CEAT Limited Clariant Chemicals (India) Limited Gillette India Limited Housing Development Finance Corporation Limited IL&FS Investment Managers Limited J B Chemicals & Pharmaceuticals Limited Pidilite Industries Limited Procter and Gamble Hygiene and Health Care Ltd. Sasken Communication Technologies Limited SBI Capital Markets Limited Sudarshan Chemicals Limited Vinyl Chemicals (India) Limited Chemetall Rai India Limited – Alternate Director Uhde India Limited – Alternate Director Jumbo World Holdings Limited (BVI) (Body incorporated outside India).
Position in Committees of other Companies	Chairman of Committees: IL&FS Investment Managers Limited – Audit Committee J B Chemicals & Pharmaceuticals Limited – Audit Committee Sudarshan Chemicals Limited - Audit Committee Sasken Communication Technologies Ltd. – Audit Committee Pidilite Industries Limited – Audit Committee
	Member of Committees: Gillette India Limited – Remuneration Committee Gillette India Limited – Audit Committee Housing Development Finance Corporation Ltd. – Compensation Committee Housing Development Finance Corporation Ltd. – Audit Committee Century Enka Limited – Audit Committee Procter & Gamble Hygiene and Health Care Limited – Audit Committee IL&FS Investments Managers Limited- Compensation Committee
Number of shares held in the Company	162

Name	Mr S M Datta
Date of Birth	July 1, 1936
Brief Resume	Mr S M Datta graduated with Honours in Chemistry and obtained the Post Graduate Degree in Science & Technology. He is a Chartered Engineer, Fellow, The Institute of Engineers (India), Fellow, Indian Institute of Chemical Engineers; Member, Society of Chemical Industry (London) and Hon. Fellow of All-India

	Management Association. He is associated with various other renowned and respected institutes and committees.
Directorship in other Companies	<p>Public Limited Companies: Castrol India Ltd.- Chairman Philips Electronics India Ltd.- Chairman IL&FS Investment Managers Ltd.-Chairman BOC India Ltd. Zodiac Clothing Company Ltd. Peerless Gen. Fin. & Inv. Co. Ltd. Kansai Nerolac Paints Ltd. Transport Corporation of India Ltd. Boruka Power Corporation Ltd. Peerless Hotels Ltd. BHW Home Finance Ltd. Rabo India Finance Ltd.</p> <p>Private Limited Companies: Tata Trustee Co. Pvt. Ltd.-Chairman Ambit Corporate Finance Pte. Ltd. Chandras' Chemical Enterprises (Pvt.) Ltd.</p>
Position in Committees of other Companies	<p>Chairman of Committees: Castrol India Ltd.- Shareholders/ Investors Grievances Committee BOC India Ltd. – Audit Committee</p> <p>Member of Committees: IL&FS Investment Managers Ltd.- Shareholders/ Investors Grievance Committee</p>
Number of shares held in the Company	50

By Order of the Board

Registered Office:
 Ashoka Chambers,
 Rasala Marg,
 Ahmedabad - 380 006.
 June 29, 2007

T R Gopi Kannan
 President, Finance &
 Company Secretary

A TEN YEAR REVIEW

(Rs in lacs)

OPERATING RESULTS:	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
REVENUE	92127	83733	71012	60359	61865	60263	59336	53491	56776	47400
OPERATING PROFIT (PBIDT)	8518	14084	6794	5580	9890	8937	9050	7397	11372	8980
INTEREST	2822	2910	2179	2157	3293	3928	4733	4884	5209	4770
GROSS PROFIT	5696	11174	4615	3423	6597	5009	4317	2513	6163	4210
DEPRECIATION	3059	2873	2738	2728	2702	2801	2837	3016	3064	2381
TAXATION	72	(128)	251	469	489	225	5	5	235	136
NET PROFIT	2565	8429	1626	226	3406	1983	1475	(508)	2864	1693
DIVIDENDS (*Inclusive of Dividend Tax)	1041	1015	676	502	728	449	383	85	610	455
PROFIT RETAINED (a)	1524	7414	950	(276)	2678	1534	1168	(1495)	2202	1219

FINANCIAL POSITION:	(Rs in lacs)									
GROSS BLOCK	77086	73034	68493	66647	61026	57245	55961	55500	54873	46564
NET BLOCK	29486	27331	24897	27604	24352	22344	23697	25809	27963	26291
NET CURRENT & OTHER ASSETS	37253	34850	31218	30957	32204	34861	35719	35969	35962	32837
CAPITAL EMPLOYED	66739	62181	56115	58561	56556	57205	59416	61778	63925	59128
EQUITY SHARE CAPITAL	2967	2967	2967	2967	2967	2967	2966	2966	2966	2966
RESERVES AND SURPLUS (b)	26977	24333	17044	25557	25724	22042	23667	22502	24003	19278
SHAREHOLDER'S EQUITY	29944	27300	20011	28524	28691	25009	26633	25468	26969	22244
PREFERENCE SHARE CAPITAL	-	-	-	-	-	-	100	600	600	950
BORROWINGS	36795	34881	36104	30036	27864	32195	32682	35708	36356	35934

PER EQUITY SHARE:										
DIVIDENDS (*tax free)	3.00	3.00	2.00	1.50	2.00	1.50	1.00	0.00	1.50	1.00
BOOK VALUE	101	92	67	96	97	84	90	86	90	75

Notes: (a) After adjusting amounts in respect of previous year/s.
 (b) Including Revaluation Reserve created in 1985 Rs 776 lacs.
 (c) The figures of 1998-99 onwards include figures of erstwhile Cibatul Ltd which amalgamated with the Company in the respective year.
 (d) Previous years figures regrouped.

DIRECTORS' REPORT

Dear Members,

The Directors of Atul Limited present the Annual Report of the Company together with the audited Statement of Accounts for the year ended March 31, 2007.

FINANCIAL RESULTS:

	(Rs in lacs)	
	<u>2006-07</u>	<u>2005-06</u>
Sales and Operating Income	91084	82756
Other Income	1043	977
Total Revenue	<u>92127</u>	<u>83733</u>
Profit before taxation	2637	8301
Taxation	<u>72</u>	<u>(127)</u>
Profit after tax	2565	8428
Balance brought forward	16498	9831
Reversal of Impairment loss	110	-
(Debits)/Credits relating to earlier years	284	(39)
Tax adjustments and interest on refunds	-	(85)
Disposable surplus	<u>19457</u>	<u>18135</u>
Appropriation:		
General Reserve	296	623
Proposed Dividend	890	890
Dividend Tax on above	151	124
Balance carried forward	<u>18120</u>	<u>16498</u>
	<u>19457</u>	<u>18135</u>

DIVIDEND:

The 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 .

PROFITABILITY:

The PBT from operations showed a small decline of about 4% to Rs3142 lacs in spite of growth in sales of 10% including exports growth of 13%. The lower profitability was mainly due to higher input prices which more than off set the effect of higher sales, higher efficiencies and lower employee cost. The overall PBT however showed a steep decline from Rs8301 lacs in the previous year to Rs2637 lacs in the current year, mainly because of exceptional / non-recurring items which were Rs5012 lacs in the previous year primarily arising from profit on sale of long term trade investment; such items stood at Rs(505) lacs in the current year mainly on account of VRS.

FINANCE:

The interest and finance charges (net) for the year was Rs2822 lacs compared to Rs2910 lacs during the previous year - a decrease of - 3% as compared to sales growth of 10%. The net interest to sales ratio, as a result decreased to 3.06% from 3.47% last year. In the current year, the benchmark interest rates like bank PLR's and LIBOR continued to rise. Efforts are on to shrink the interest costs as a % of sales through better working capital norms and utilization of assets.

Loans taken have been used for the purposes for which they have been sanctioned 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 RBI to cover its imports and exports. These are purely based on the actual exposure or likely future anticipated export receivables, but never in the nature of speculation. The net effect of these is accounted as per the guidelines of the Institute of Chartered Accountants of India.

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 has taken adequate insurance to cover the risks to its assets, profits, employees and third parties based on risk study.

DIRECTORS:

According to Article 134 of the Articles of Association of the Company, Mr. G S Patel, Mr. Banssi S Mehta and Mr. S M Datta retire by rotation and being eligible offer themselves for reappointment.

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, 2007 fixed deposits amounting to Rs0.47 crore have not been claimed by the depositors from the Company. The fixed deposits which have matured on or before March 31, 2000 but remained outstanding since then have been transferred to the Investor Education & Protection Fund as required under Section 205 C of the Companies Act, 1956.

INFORMATION REGARDING CONSERVATION OF ENERGY ETC, EMPLOYEES AND SUBSIDIARIES

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, form part of this Report. However, as per the provisions of Section 219(1)(b)(iv), the Report and Accounts are being sent to all shareholders of the Company excluding the information relating to conservation of energy, technology absorption and 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 subsidiaries namely, Ameer Trading Corporation Limited, Atul Deutschland GmbH, Atul Americas Inc., Atul Europe Limited and Atul International Trading (Shanghai) Co. Ltd. The Company has got exemption from attaching the details as provided under Section 212(1) of the Companies Act, 1956 in respect of the subsidiaries.

However, the investors may seek the copies of the annual reports and related detailed information of the subsidiaries by writing to the Company Secretary at the registered office of the Company.

RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) such accounting policies have been selected and applied consistently and such judgements and estimates have been made as are reasonable

and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2007 and of the profit of the Company for the year ended on that date.

- (iii) proper and sufficient care has been taken for the maintenance of 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; and
- (iv) the attached annual accounts for the year ended March 31, 2007 have been 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 Auditors of the Company for the current year, if reappointed. Members are requested to reappoint them and fix their remuneration.

The relevant notes forming 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.

ACKNOWLEDGEMENT:

The directors express their sincere thanks to all customers, employees, lenders and suppliers for their continuing support.

For and on behalf of the Board of Directors

June 29, 2007

Arvind N Lalbhai
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The sales grew from Rs814 crs to Rs895 crs, a rise of 10%. However, the PBT from operations dropped from Rs32.9 crs to Rs31.4 crs.

Domestic sales grew by 7% whereas export by 13%. The fixed costs were stable. The net cash-flow from operations improved from Rs2680 lacs to Rs7326 lacs mainly on account of significant inventory reduction, particularly in the Colors Division.

The Company expanded the capacities of a few plants. It added new products to its range. A major project was undertaken by the Polymers Division to expand the capacities of Epoxy Resins. The process of seeking new customers, improving productivity and the induction of new managers at various levels continued.

The high input costs, mainly on account of the oil prices, continued to impact the bottom line adversely. To guard against the impact of FTA against Thailand, the Company represented to the Government successfully and secured some relief in the import duty on the corresponding raw materials.

Industry structure and developments

The 300 + products manufactured by the Company are mainly used by Agriculture Industry, Fragrance & Flavours Industry, Tyre Industry, Textile Industry, Paper Industry, Pharmaceutical Industry, Aerospace Industry, Construction Industry, Paints Industry and others.

Generally, many products belonging to Chemical Industry are shifting to Asia, particularly China and India. The base of some of the user industries is also shifting to Asia. Such changes are posing pressure on prices, but are also providing new growth possibilities.

Review of operations

Agrochemicals (AG) and Colours (CO) showed decline in their contributions and profitability. Contributions came down, on account of pressure on selling prices and input cost increase. The redeeming feature of the CO business was a significant reduction in working capital as a result of a very special focus.

The performance of Aromatics improved substantially on the back of further growth in volume and better efficiencies. In case of Bulk Chemicals & Intermediates the growth in volume helped neutralize the adverse impact of prices. Pharma Intermediates remained steady on account of continued technology related issues on the new investment. The performance of Polymers improved due to introduction of value added products and greater geographical reach.

The Company continued with its endeavour to seek global leadership in chosen products in volume, manufacturing efficiency and employee productivity. Certain organizational changes were made in line with the emerging requirements. It continued the thrust to improve its environment protection facilities.

Opportunities and threats

The user industries, generally, are growing well. The existing products of the Company as also the proposed products are expected to find ready market. Many products in developed countries are now being sourced from China and India and the Company has taken several steps to seize these opportunities.

The appreciation of Rupee is causing significant erosion to the sales value and margins for the Company as exports forms a huge part of our sales. While all possible steps are taken to hedge against the risks, the residual risks and the level of uncertainty are threats to the profitability of the operations.

Prices of finished products are likely to remain under pressure. Prices of raw materials may go up as many of them are based on crude oil. The Company is constantly taking up improvement projects to mitigate the impact of such movements in prices.

Risks and concerns

The Company is in the business of chemicals; prices of some of these chemicals are cyclical and remain low for long periods. Its exports which is currently a little over 50% of its sales (and the % may rise further) has the inherent risk of fluctuations in the exchange rates.

The Company has large manufacturing facilities. Some of the plants are obsolete and will require new technologies and fresh investments to upgrade. Introduction of new technologies may not always be immediately successful which in turn may impact the ROCE of the Company.

The Company has been more than 50 years in business. It is endeavouring and is confident to face the threats and manage risks successfully. It is strengthening its management through recruitment and by training and development. It is reorganizing to enhance effectiveness.

Outlook

The products of Company find application in many major industries. With such industries generally growing, the future of Chemical Industry remains secure. Having taken several concrete steps for technology up gradations and productivity improvements, as also towards a more effective market presence, the Company has positioned itself well to take advantage of these opportunities and the Company therefore feels confident to achieve sustainable growth in the coming years.

The Company will further increase its global market share in its chosen products. It will debottleneck and expand its manufacturing capacities. It will introduce new value added products to increase its rate of contribution. It will also look for opportunities for synergistic acquisitions for inorganic growth.

The demand on Chemical Industry to take all actions to preserve the environment is increasing and will increase further. The Company has over the years invested heavily in creating such facilities. It is strengthening its R&D and Technology teams to play a very critical and responsible role.

The challenge lies in retaining and recruiting employees with the right attitude and skills. Empowerment of such employees, along with apposite business processes and monitoring systems will ensure sustainable growth. This is the endeavour of the Company.

Research & Development

In-house R&D efforts were aimed at developing efficient and environmentally friendly manufacturing processes in the area of speciality agrochemicals and their intermediates, fine chemicals, and high performance pigments and pigment

intermediates. Several running processes were improved with respect to yield, quality, cycle time, and waste generation. R&D work aimed at reducing effluent loads was continued. Analytical facilities were augmented by procurement of stable instruments.

Environment, Health & Safety

Our mission statement inspires us to take a Responsible Care of the environment around us and to improve the quality of life in the communities we operate in. Excellence in Environment, Health & Safety (EHS) has been extensively promoted as a corporate culture within Atul. It is our endeavor therefore, to ensure that the workplace is safe and the environment is protected at all times. Our efforts in that direction brought following recognitions from the renowned organization working in the field of safety, health and environment in the recent past:

- Greentech Foundation Industrial Safety GOLD Award in Chemical Sector for the year 2006.
- Rajiv Gandhi Memorial National Awards for Excellence in Indian Industries-2007.
- Gujarat State Shram Bhushan Award to one of our employees for the year 2006 for extensive work in safety.

We have redesigned our three tier audit system to make it more effective during 2006-07. The special drive for house-keeping and strict compliance of audit observations has further reduced rates of injury and accident over the past years. Last year several new projects have been started for which HAZOP and PSSHER was carried to develop inherent safety at the beginning stage itself. Quantitative and Qualitative Risk Assessment of the critical plants were carried out for further strengthening of safety system.

To improve our fire fighting capabilities, additional facilities with automation were added in our East and West site fire hydrant systems. Our fire services had been called on various occasions by state administration and nearby industries for help, in which our experts and fire tenders have done a commendable job. To ascertain the preparedness of the Company in case of any major emergency, we conducted an off-site emergency mock-drill in association with Valsad district administration, in which all nearby villagers, hospitals, schools, NGOs and various government departments were involved. This was apart from the regular mock-drills being conducted by Company.

Environmental Management System of the Company was up-graded for the new version of ISO 14001:2004 standards at Atul. The implementation of ISO 14001 at Aromatic Division (Ankleshwar) is close to completion. We have successfully installed and commissioned a new state of the art Incinerator to strengthen our Solid Waste Management System. This is in addition to the three incinerators the Company already has.

The other initiatives include implementations of projects to get carbon credit through Clean Development Mechanism as also gearing up for the obligations under REACH, the new EU regulation.

Social Responsibilities

Through Customer focus, innovation and excellence the Company seeks profitable growth. While doing so, the Company endeavors to uplift the lives of the poor through its rural development programs. The Company organized

free eye camps in remote tribal region covering several nearby villages. The Company organized medical diagnostic camps and blood donation camps in the villages. The Company distributed vitamin 'A' capsules to the poor children in tribal regions. "Task Force Sight & Life" of Switzerland supply these capsules every year to combat blindness amongst the tribal children. The Company conducted several skill development training classes, each of 3 months' duration with wide participation. The Company promoted a number of science education awareness courses for tribal students in association with District Science Centre, Dharampur and conducted Computer Awareness classes. The Company also started a computer Education Centre at Atul with Basic Computer Course for poor people. Shortly it will start other courses related to computer education and maintenance.

The Company undertook initiative on school building repairs/modification. The Company conducted health awareness camps for adolescent children in schools, distributed note books, slates, pencils, etc. to students of primary schools and Balwadis.

Internal Control System

The Company has in place an adequate structure of internal controls for safeguarding the assets of the Company; ensuring transactions are duly authorised, recorded, reported and are in accordance with policies; preventing possibilities of fraud or any other irregularities. The adequacy, efficiency and effectiveness of controls are independently reviewed by the internal audit department, comprising qualified professionals, as part of their audit plan. As a process of continuous improvement of controls, remedial actions on the audit observations are implemented by functional Heads. The annual audit plan is reviewed by the Audit Committee and major findings and actions taken / proposed to be taken are also reported to the Audit Committee.

Human Resources

Human Resource continues to be the focus of the Company. The Company has been able to attract professionals and retain talent in the areas of Manufacturing, Marketing, Technology and R&D.

The PMS (Performance Management System) is fine-tuned to build Performance culture.

Efforts were made to upgrade and improve skills and competencies of employees at all levels through structured Training & Development initiatives.

As a part of strategy to right-size, manpower strength was brought down by 164 to 2807.

Industrial Relations continues to be cordial.

For and on behalf of the Board of Directors

Arvind N Lalbhai
Chairman

June 29, 2007

PS: Statements in this Report of projections, estimates, expectations or predictions are based on certain assumptions. The Company cannot guarantee that these assumptions are accurate or will be realised. The actual results, performance or achievements of the Company could thus differ materially from those projected or estimated.

REPORT ON CORPORATE GOVERNANCE

1) A brief statement on Company's philosophy on code of governance:

The Mission statement of the Company includes creation of wealth for all its stakeholders and 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 Board and fair play with all stakeholders. The Company will endeavour to constantly comply with and to continuously improve on these aspects with an overall view to earn the trust and respect of the Members, lenders and other stakeholders.

2) Board of Directors:

Composition and category of directors:

The Board comprises experts drawn from diverse fields/professions. It consists of total twelve members (including one alternate director), consisting of **eight** Non-executive Directors, **three** Promoter Directors and **one** Executive Director. As against minimum requirement of 1/3rd of the Independent Directors as per the listing agreement, Independent Directors account for 67% of the Board's strength. The Non-executive Directors are eminent professionals, drawn from amongst persons with experience in business & industry, finance, law & public enterprises.

2.1 Attendance of each director at the Board of Directors Meetings and the last Annual General Meeting:

Sr. No.	Name of Director & Designation	Board Meetings held during 2006-07		Annual General Meeting on Dt. 04.08.2006
		Total	Attended	
1.	Mr. Arvind Narottam Lalbhai (Chairman)	6	4	Present
2.	Mr. Sunil S Lalbhai (Managing Director & CEO)	6	6	Present
3.	Mr. Nusli N Wadia (Director)	6	1	—
4.	Mr. G S Patel (Director)	6	4	—
5.	Dr. S S Bajjal (Director)	6	5	Present
6.	Mr. Manu R Shroff (expired on 29-1-07) (Director)	5	0	—
7.	Mr. Bansi S Mehta (Director)	6	6	—
8.	Mr. Hasmukh S Shah (Director)	6	3	Present
9.	Mr. J L Shah (Executive Director)	6	6	Present
10.	Mr. Samveg A Lalbhai (Managing Director)	6	5	Present
11.	Mr. S M Datta (Director)	6	6	—
12.	Dr. K Aparajithan (Director)	6	-	—
13.	Mr. R A Shah (Alternate Director to Dr. K Aparajithan)	6	5	—

2.2 Number of other Board of Directors or Board Committees he is a member or Chairperson of:

Sr. No.	Name of the Directors	Category	No. of other Directorships held	No. of membership/ chairmanship on the Committee(s) of the Board
1.	Mr. Arvind Narottam Lalbhai (Chairman)	Promoter	10	1/-
2.	Mr. Sunil S Lalbhai (Managing Director & CEO)	Promoter	2	3/-
3.	Mr. Nusli N Wadia (Director)	Non Executive/ Independent	9	3/2
4.	Mr. G S Patel (Director)	Non Executive/ Independent	—	2/1
5.	Dr. S S Bajjal (Director)	Non Executive/ Independent	5	5/5
6.	Mr. Bansi S Mehta (Director)	Non Executive/ Independent	14	8/5
7.	Mr. Hasmukh S Shah (Director)	Non Executive/ Independent	8	3/5
8.	Mr. J L Shah (Executive Director)	Executive	1	—
9.	Mr. Samveg A Lalbhai (Managing Director)	Promoter	7	-/1
10.	Mr. S M Datta (Director)	Non Executive/ Independent	12	1/2
11.	Dr. K Aparajithan (Director)	Non Executive/ Independent	—	—
12.	Mr. R A Shah (Alternate Director to Dr. K Aparajithan)	Non Executive/ Independent	15	5/5

2.3 Number, Day, Date and Venue of the Board Meetings held in the year 2006-07:

The Board Meeting dates are normally pre-determined. During the Financial Year 2006-07, the Board met six times as follows:

Sr. No.	Day	Date	Venue
1	Friday	May 26, 2006	Mumbai
2	Friday	July 28, 2006	Mumbai
3	Friday	September 22, 2006	Mumbai
4	Friday	October 20, 2006	Mumbai
5	Thursday	January 25, 2007	Mumbai
6	Friday	March 23, 2007	Mumbai

The Agenda papers alongwith Notes on Agenda containing all necessary information, are made available to the Board well in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Where it is not practicable to attach or send the relevant information as a part of the Agenda

papers, the same are tabled at the Meeting. The information as required under Annexure I to the Clause 49 of the Listing Agreement is also made available to the Board of Directors.

2.4 Directors appointed / ceased during the year:

(a) **Appointed during the year** : NIL

(b) **Resigned during the year** : NIL

(c) **Ceased during the year** : Mr M R Shroff,
expired on
January 29,2007.

2.5 Review of Compliance Reports by the Board of Directors:

A Compliance Certificate confirming the due compliance with the statutory requirements is placed at the Board Meeting for the review by the Board of 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.

2.6 Code of Conduct:

At the Board Meeting held on March 18, 2005, the Board of Directors had 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 have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director of the Company forms part of this Report.

3. Audit Committee:

3.1 Brief description of terms of reference

- i) Oversight of the Company's financial reporting process 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 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 management;
 - Internal audit reports relating to internal control weaknesses; and
 - Appointment, removal and terms of remuneration of the Chief Internal Auditor.

v) Reviewing with management the quarterly/annual financial statements before submission to the Board, focusing primarily on:

- a) Any changes in accounting policies and practices.
- b) Major accounting entries based on exercise of judgement by the management.
- c) Qualifications in draft audit report.
- d) Significant adjustments arising out of audit.
- e) The 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 or relatives, etc., that may have potential conflict with the interest of the Company at large.

vi) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

vii) Reviewing 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) Reviewing 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 external 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) Reviewing the Company's financial and risk management policies.

xii) To look into the reasons for substantial defaults, if any in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

xiii) To discuss 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) To ensure compliance of internal control systems.

xv) To review the functioning of the Whistle Blower mechanism, if any.

- xvi) To frame code of conduct and related matters.
- xvii) To periodically review compliance reports of all laws applicable to the Company as well as steps taken to rectify instances of non-compliances.
- xviii) To review the financial statements, in particular, the investments made by the Unlisted Subsidiary Company.
- xix) To review all significant transactions and arrangements entered into by the Unlisted Subsidiary Company.
- xx) To lay down procedures about the risk assessment and minimization and periodically review to ensure that the executive management control risks through means of a properly defined framework.
- xxi) To review 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:

Chairperson- Dr. S S Bajjal, other members: Mr. Manu R Shroff(expired), Mr. Banshi S Mehta and Mr G S Patel. All the members of the Audit Committee are Non-executive Directors.

3.3 Meetings and attendance during the year:

Sr. No.	Name of Director & Designation	Audit Committee Meetings	
		Total	Attended
1.	Dr. S S Bajjal (Chairman)	7	6
2.	Mr. Manu R Shroff (expired on 29-1-07) (Member)	5	0
3.	Mr. Banshi S Mehta (Member)	7	7
4.	Mr G S Patel (Member)	7	5

The Board of Directors notes the Minutes of the Audit Committee Meetings.

The Internal Auditor, Cost Auditor, Statutory Auditors attended the meetings apart from the President, Finance & Company Secretary.

4. Remuneration Committee:

4.1 Brief description of terms of reference, Composition, name of members and Chairperson, Attendance during the year, Remuneration policy:

- A. The Remuneration Committee shall determine on behalf of the Board and on behalf of the shareholders policy of the Company on specific remuneration packages for executive directors including pension rights and any compensation payment. The Committee shall also determine the remuneration packages of the executive directors.
- B. Composition, name of members and Chairperson: Chairperson- Mr. Hasmukh 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 etc.

(i) Details of remuneration to all the directors, as per format in main report:

Sr. No.	Name of the Directors	Remuneration for 2006-07			
		Sitting fees Rs.	Salary & perks Rs.	Commission Rs.	Total Rs.
1.	Mr. Arvind Narottam Lalbhai (Chairman)	80000	—	75000	155000
2.	Mr. Sunil S Lalbhai (Managing Director & CEO)	—	4864671	2504347	7369018
3.	Mr. Nusli N Wadia (Director)	20000	—	75000	95000
4.	Mr. G S Patel (Director)	188000	—	75000	243000
5.	Dr. S S Bajjal (Director)	260000	—	75000	315000
6.	Mr. Manu R Shroff (expired on 29-1-07) (Director)	—	—	62466	62466
7.	Mr. Banshi S Mehta (Director)	260000	—	75000	315000
8.	Mr. Hasmukh S Shah (Director)	60000	—	75000	135000
9.	Mr. J L Shah (Executive Director)	—	3907966	2640000	6547966
10.	Mr. Samveg A Lalbhai (Managing Director)	—	3462800	1669565	5132365
11.	Mr. S M Datta (Director)	160000	—	75000	235000
12.	Dr. K Aparajithan (Director)	—	—	75000	75000
13.	Mr. R A Shah (Alternate Director to Dr. K Aparajithan)	140000	—	75000	215000

Sitting Fees 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 6, 2003 for a period of five years effective from April 1, 2003 upto 1 % per annum of the Net Profits of the Company. Within the aforesaid limit, the Board has fixed maximum limit of Rs. 75,000/- per year to each Non- Executive Director.

5) Disinvestment Committee:

Brief description of terms of reference, Composition, name of members and Chairperson, Attendance during the year:

5.1 The Disinvestment Committee shall review Investments of the Company. The Committee shall also decide on whether to hold the current Investments or to sell the same at a prevailing good market price.

5.2 Composition, name of members and Chairperson:

Chairperson- Mr. R A Shah, other members: Mr. Bansi S Mehta, Dr. S S Bajjal and Mr. Sunil S Lalbhai.

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

5.4 Disinvestment Policy: The Disinvestment Committee reviews the existing investments of the Company based on market information, company performance, comparable industry performance and future prospects of the companies.

6) Share transfer and Shareholder / Investor grievance Committee:

- i) Name of non-executive director heading the committee: Mr. G S Patel
- ii) Name of members: Mr. G S Patel, Mr. Sunil S Lalbhai and Mr M R Shroff (expired on 29-01-07).
- iii) Name and designation of Compliance officer: Mr. T R Gopi Kannan, President, Finance & Company Secretary.
- iv) Meetings and attendance during the year:

Sr. No.	Name of Director & Designation	Share transfer and Shareholder / Investor grievance Committee Meetings	
		Total	Attended
1.	Mr. G S Patel (Chairman)	4	4
2.	Mr. Sunil S Lalbhai (Member)	4	4
3.	Mr M R Shroff (expired on 29-1-07) (Member)	4	0

- v) During the year, the Company had received 14 complaints from the Investors. All the grievances have been solved to the satisfaction of the investors. None of the grievances is pending to be resolved.
- vi) Mr. T R Gopi Kannan, President, Finance & Company Secretary of the Company is the Compliance Officer.

7. Investment & Strategy Committee:

7.1 Brief description of terms of reference, composition, name of members and Chairperson, Attendance during the year:

The Investment & Strategy Committee shall approve/recommend to the Board:

- a) Approve Capex proposals exceeding Rs. 200 lacs each, as may be proposed by the MD & CEO.
- b) Approve Business strategies of the Company as may be proposed by the MD & CEO.
- c) Recommend acquisition and divestment proposals to the Board

7.2 Composition, name of members and Chairperson: Chairperson- Mr. R A Shah, other members: Dr. S S Bajjal, Mr. Sunil S Lalbhai and Mr. S M Datta

7.3 Meetings and attendance during the year:

Sr. No.	Name of Director & Designation	Investment & Strategy Committee Meetings	
		Total	Attended
1.	Mr R A Shah (Chairman)	2	2
2.	Dr S S Bajjal (Member)	2	2
3.	Mr. Sunil S Lalbhai (Member)	2	2
4.	Mr. S M Datta (Member)	2	2

8. General Body Meetings:

- i) Location and time, where last three AGMs held:

Financial Year	Location	Date	Time
2003-2004	Thakorebhai Desai Hall, Law College Road, Law Garden, Ellisbridge, Ahmedabad.	August 6, 2004	11.00 a.m.
2004-2005	Thakorebhai Desai Hall, Law College Road, Law Garden, Ellisbridge, Ahmedabad.	August 5, 2005	11.00 a.m.
2005-2006	Thakorebhai Desai Hall, Law College Road, Law Garden, Ellisbridge, Ahmedabad.	August 4, 2006	11.00 a.m.

- 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**

9. Disclosures:

- i) The Company does not have any materially significant commercial and financial transactions with any of the related parties i.e. Promoters, Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
- ii) The Company has 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 has not imposed any penalties or strictures on the Company for the said period.

10. Means of communication:

Half-yearly report sent to each household of Shareholders. Since the Financial Results are published in the News Papers as well as displayed on the Company's website and EDIFAR website, the results are not sent to each household of Shareholders.

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, Ahmedabad Edition and The Jai Hind (Gujarati), Ahmedabad Edition. The results are published in accordance with the guidelines of the Stock Exchanges.

Any website, where displayed. On the web-site of the Company: www.atul.co.in
On the web-site of SEBI: www.sebidifar.nic.in

Whether it also displays official news releases. No – proposed to start this.

The presentations made to institutional investors or to the analysts. Presentation was made to the Analysts on May 26, 2006 and the gist of the analysts meeting was filed with the Stock Exchanges and displayed on the Website of the Company. An Analysts team visited the factory site at Atul on February 20, 2007.

Whether MD&A is a part of annual report or not. Yes.

11. Certification by the Managing Director & CEO and the President, Finance & Company Secretary:

Mr. Sunil S Lalbhai, Managing Director & CEO and Mr. T R Gopi Kannan, President, Finance & Company Secretary, issued a Certificate to the Board as prescribed under sub-clause V of Clause 49 of the Listing Agreement. The said Certificate was placed before the Board Meeting held on June 29, 2007 in which the Accounts for the financial year ended March 31, 2007 were considered and approved by the Board of Directors.

12. General Shareholder information:

i) Annual General Meeting:

- Date and time: 30th Annual General Meeting, Date: August 31, 2007 at 11.00 a.m.
- Venue: Thakorebhai Desai Hall, Law College Road, Law Garden, Ellisbridge, Ahmedabad.

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

ii) Financial Calendar: April 1 to March 31.

iii) Date of Book closure: August 1, 2007 to August 6, 2007

iv) Dividend Payment Date: September 05, 2007

v) Listing on Stock Exchanges: Ahmedabad, Mumbai and National Stock Exchange.

The Company has paid listing fees for the financial year 2007-08 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 No. of the Company's Share is **INE100A01010**

vi) Stock Code: Ahmedabad – 06240, Mumbai – 500027, NSE: ATUL

vii) Market Price Data: High, Low during each month in last financial year, as per below.

viii) Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc. as per below

Month	Share Price of Atul Limited At BSE		BSE Sensex	
	High(Rs)	Low(Rs)	High	Low
April, 2006	171.00	140.30	12102.00	11008.43
May, 2006	175.40	135.00	12671.11	9826.91
June, 2006	142.00	101.25	10626.84	8799.01
July, 2006	118.40	98.70	10940.45	9875.35
August, 2006	118.80	100.00	11794.43	10645.99
September, 2006	117.50	102.55	12485.17	11444.18
October, 2006	124.00	107.35	13075.85	12178.83
November, 2006	151.80	112.15	13799.08	12937.30
December, 2006	137.45	111.05	14035.30	12801.65
January, 2007	133.20	115.00	14325.92	13303.22
February, 2007	124.00	91.25	14723.88	12800.91
March, 2007	96.95	81.35	13386.95	12316.10

ix) Registrar and Transfer Agent:

For physical and Demat shares: Pinnacle Share Registry Private Ltd. near Ashoka Mills, Naroda Road, Ahmedabad – 380 025. T. No. 079-22200591, 22200582 & 22204226.

x) Share Transfer System:

- Securities lodged for transfer at the Registrar's address are processed within 30 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization 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 half-yearly basis have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the Company. Pursuant to the SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary in Practice for timely dematerialization 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, 2007.

Sr. No.	Category	No. of shares	Percentage of share holding %
A. Promoters' holding			
1.	Promoters	10895764	36.733
Sub-Total		10895764	36.733
B. Non- Promoters, holding			
2.	Mutual Funds & Administrator of the Specified Undertaking of Unit Trust of India	2421327	8.163
3.	Banks, Financial Institutions, Insurance Companies etc.	2628133	8.861
4.	Foreign Institutional Investors (FIIS)	4077671	13.747
Sub-Total		9127131	30.771
C. Others			
5.	Private Corporate Bodies	3155721	10.639
6.	NRI's / OCBs	63236	0.213
7.	State Government	336	0.001
8.	Indian Public	6419545	21.643
Sub-Total		9638838	32.496
GRAND TOTAL		2,96,61,733	100.000

xii) Dematerialization of shares and liquidity: Electronic holding by Members comprising **93.788 %** of the paid up Equity Share Capital of the Company held through the National Securities Depository Limited (**92.050 %**) and Central Depository Services (India) Limited (**1.738 %**) and **6.212 %** are in physical form as on 31.3.2007.

Shareholders holding shares in electronic form may please note that:

- 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.
- Instructions already given by the shareholders for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.
- Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.

xiii) Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity: The Company's capital 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 shares of the Company as under:

1.	Mr. Nusli N Wadia	50	Shares
2.	Mr. Banshi S Mehta	162	Shares
3.	Dr. S S Bajjal	4137	Shares
4.	Mr. G S Patel	200	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) Plant Locations: (1) Atul, Dist. Valsad, Gujarat and (2) Ankleshwar, Dist. Bharuch, Gujarat.

xvi) Address of Mumbai Office: 310B, Veer Savarkar Marg (Cadell Road), Adjacent to Prabhadevi Telephone Exchange, Dadar (West), Mumbai-400028

xvii) Address for correspondence: Secretarial & Legal Department, P.O.: Atul-396020, Dist. Valsad, Gujarat. E-mail: sec@atul.co.in

xviii) E-mail address for grievance redressal office: ahd@atul.co.in

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 has 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:

- Remuneration Committee
- Moving towards unqualified financial statements
- EDIFAR Filing compliance.

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

13.3 Compliance of Secretarial Standards:

The Company voluntarily complies Secretarial Standards (SS-1, SS-2, SS-3 and SS-4) prepared by the ICSI as applicable to the Company.

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

DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

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 Limited

Mumbai
June 29, 2007.

Sunil S Lalbhai
Managing Director & CEO

TO THE MEMBERS

We have examined the compliance of the conditions of Corporate Governance by Atul Limited for the year ended 31st March, 2007, 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

Ahmedabad
30th June, 2007

B R SHAH
Partner
Membership No 5806

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Atul Limited as at 31st March, 2007 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 Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

- 1) 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;
- 2) 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;
- 3) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 4) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- 5) On the basis of written representations received from the Directors, as on 31st March, 2007, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with note no 22 relating to certain assets given free of cost to the company by a lessee and its accounting on the basis of valuer's report and 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;
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date;

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate, we further state that:

- 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 two parties listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 2.44 lacs and the year end balance of loan taken from such parties was Rs 2.44 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 thereunder since 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 Company's products 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(a)	Forum where dispute is pending
The Central Excise Act, 1944	Central Excise	1995-96 to 2005-06	225.72	Joint Commissioner
		1995-96 to 2000-07	15.67	Commissioner (Appeals)
		1986-98 to 2003-04	558.88	Customs, Excise & Service Tax Appellate Tribunal
		1991-1992	4.89	Gujarat High Court
TOTAL:			805.16	
The Customs Act, 1962	Customs Duty	1994 to 1998	59.49	Commissioner (Appeals)
		1993 to 1998	175.69	Customs, Excise & Service Tax Appellate Tribunal
TOTAL:			235.18	
The Income Tax Act, 1961	Income Tax	2000-2001	248.13	Income tax Appellate Tribunal
		2001-2002	503.33	Income tax Appellate Tribunal
		2002-2003	1001.54	Commissioner of Income tax (Appeals)
		2003-2004	600.63	Income tax Appellate Tribunal
TOTAL:			2353.63	
Gujarat Sales Tax Act, 1969	Sales Tax	1998-1999	12.14	Gujarat Sales Tax Tribunal, Ahmedabad
TOTAL:			12.14	

(a) Net of amounts deposited.

- 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

Ahmedabad
30th June, 2007

(B R Shah)
Partner
Membership No 5806

BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule	Rs	Rs	Rs
(Rs in lacs)				
As at				
31.03.2006				
I SOURCES OF FUNDS:				
1 Shareholder's Fund:				
(a) Capital	1	2967.48		2967.48
(b) Reserves and Surplus	2	26976.98		24333.31
			29944.46	<u>27300.79</u>
2 Loan Funds:				
(a) Secured Loans	3	31892.73		30740.55
(b) Unsecured Loans	4	4902.21		4139.97
			36794.94	<u>34880.52</u>
3 Deferred Tax Liability (net): (See note: 10(b))			1547.33	1712.86
			68286.73	<u>63894.17</u>
II APPLICATION OF FUNDS:				
1 Fixed Assets: (See note: 22)				
(a) Gross Block	5	71549.20		68826.81
(b) Less: Depreciation & Impairment loss		47600.44		45702.62
(c) Net Block		23948.76		23124.19
(d) Capital work in progress, expenditure to - date		2472.13		1844.68
(e) Advances against capital expenditure (See note: 24)		3065.48		2362.02
			29486.37	27330.89
2 Investments	6		6512.91	6514.67
3 Current Assets, Loans and Advances:	7			
(a) Inventories		17232.46		20927.58
(b) Sundry Debtors		25889.97		22236.82
(c) Cash and Bank Balances		3713.32		1379.18
(d) Other Current Assets		57.46		20.80
(e) Loans and Advances		7342.82		5417.76
		54236.03		49982.14
Less: Current Liabilities and Provisions:	8			
(a) Liabilities		19511.46		17440.93
(b) Provisions		2437.12		2492.60
		21948.58		19933.53
Net Current Assets			32287.45	30048.61
			68286.73	<u>63894.17</u>
Notes forming part of the Accounts	17			

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

 B R SHAH
 Partner
 Membership No 5806

 Ahmedabad
 June 30, 2007

 T R GOPI KANNAN
 Company Secretary

 G S PATEL
 R A SHAH
 H S SHAH
 Directors

 SUNIL S LALBHAI
 Managing Director & CEO

 SAMVEG A LALBHAI
 Managing Director

 Mumbai
 June 29, 2007



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rs in lacs)
2005-2006

	Schedule	Rs	Rs	Rs	Rs
INCOME:					
Sales and Operating Income	9			91083.46	82755.73
Other Income	10			1043.59	977.32
				92127.05	83733.05
EXPENDITURE:					
Cost of goods sold and Materials consumed	11	51221.95			41649.20
Manufacturing Expenditure	12	17350.63			17402.07
Employees' Emoluments	13	6707.38			7157.76
Interest and Finance charges, net	14	2821.56			2909.57
Others	15	7825.20			8452.70
Depreciation & amortisation			3058.67		2873.27
				88985.39	80444.57
Profit before Taxation & Exceptional / Non recurring items				3141.66	3288.48
Exceptional / Non recurring items:					
Profit on sale of long term trade investment			-		6753.47
Lease surrender compensation			-		1000.00
Payment under VRS		(504.16)			(2118.33)
Less: Adjusted against Provision for Contingencies			-		828.43
			(504.16)		(1289.90)
Provision for diminution in value of long term investment in subsidiary			-		(651.23)
Provision for doubtful loans & advances			(0.40)		(800.00)
				(504.56)	5012.34
Profit before Taxation				2637.10	8300.82
Provision for Taxation:					
Current Tax			265.00		471.00
Deferred Tax			(124.85)		(726.38)
Wealth Tax			9.55		7.68
Fringe Benefit Tax			72.00		120.00
				221.70	(127.70)
Less: Mat Credit Entitlement			150.00		-
				71.70	(127.70)
PROFIT FOR THE YEAR				2565.40	8428.52
Reversal of Impairment loss (See note 21)				110.03	-
Credits / (Debits) relating to earlier years	16			283.76	(39.56)
Tax adjustments relating to earlier years:					
Income Tax				0.01	(84.63)
				2959.20	8304.33
As per last Account				16497.57	9830.71
				19456.77	18135.04
General Reserve				295.92	622.82
Proposed Dividend			889.85		889.85
Corporate Dividend Tax on above			151.23		124.80
				1041.08	1014.65
Balance carried to Balance Sheet				18119.77	16497.57
Basic / diluted earning Per Share (See note: 13)				Rs9.98	Rs28.00

Notes forming part of the Accounts

17

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

G S PATEL

SUNIL S LALBHAI
Managing Director & CEO

R A SHAH

B R SHAH
Partner
Membership No 5806

T R GOPI KANNAN
Company Secretary

H S SHAH
Directors

SAMVEG A LALBHAI
Managing Director

Ahmedabad
June 30, 2007

Mumbai
June 29, 2007

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

PARTICULARS	Rs	(Rs In Lacs)	
		2006-07 Rs	2005-06 Rs
(A) CASH FLOW FROM OPERATING ACTIVITIES:			
Net Profit before Tax & extraordinary items		3141.66	3288.48
Less: (Debits) / Credits relating to earlier years		283.77	(124.19)
		3425.43	3164.29
Adjustments for:			
Add:			
Depreciation	3058.67		2873.27
Interest & Finance charges	2829.86		2919.00
Loss on Assets sold or discarded	33.09		30.90
Exchange Rate difference	(266.46)		154.53
Provision for doubtful debts	73.36		57.32
Amount written off against leasehold land	4.61		4.61
		5733.13	6039.63
		9158.56	9203.92
Less:			
Dividend	502.97		426.31
Tax Adjustments relating to earlier years	0.01		(84.63)
Interest received	70.50		53.83
Provisions no longer required	402.38		71.75
Surplus on sale of Assets	154.16		75.99
		1130.02	543.25
Operating Profit before Working Capital changes		8028.54	8660.67
Adjustments for:			
Inventories	3695.12		(3805.43)
Trade & Other receivables	(4402.21)		(2607.05)
Trade & Other payables	2255.02		1763.47
		1547.93	(4649.01)
Cash generated from Operations		9576.47	4011.66
Less:			
Direct Taxes refund / (paid)		(1730.50)	(213.03)
Payment under Voluntary Retirement Scheme		(504.16)	(2118.33)
Cash flow before extraordinary items		7341.81	1680.30
Lease surrender compensation		-	1000.00
Net cash flow from operating activities		7341.81	2680.30
(B) CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Fixed Assets and Capital advances	(4550.24)		(5380.58)
Sale of Fixed Assets	397.24		120.20
(Disbursements)/Repayments of loans	256.29		504.90
Purchase of Investments	(0.22)		(262.94)
Sale of Investments	1.98		6753.47
Interest Received	47.66		90.13
Dividend Received	502.97		426.31
Capital Subsidy	13.49		-
Net Cash used in Investing Activities		(3330.83)	2251.49
Carried forward		4010.98	4931.79

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

PARTICULARS	Rs	(Rs In Lacs)	
		2006-07 Rs	2005-06 Rs
Brought forward		4010.98	4931.79
(C) CASH FLOW FROM FINANCING ACTIVITIES;			
Proceeds from Long Term Borrowings	772.91		(1940.32)
Add: Exchange Rate difference	266.46		(160.86)
Proceeds from Long Term Borrowings (adjusted)	1039.37		(2101.18)
Proceeds/ (repayments) of Working Capital Loans(Net)	379.27		720.66
Proceeds/ (repayments) of Unsecured Borrowings(Net)	762.24		(3.64)
Total Proceeds from Borrowings		2180.88	(1384.16)
Interest paid		(2848.61)	(2926.25)
Dividend on Equity Shares (including Corporate Dividend Tax)		(1009.11)	(667.26)
Net cash (used in) / flow from Financing Activities		(1676.84)	(4977.67)
Net change in Cash & Cash Equivalents(A+B+C)		2334.14	(45.88)
Cash & Cash equivalents(Opening Balance)		1379.18	1425.06
Cash & Cash equivalents(Closing Balance)		3713.32	1379.18
		2334.14	(45.88)

Notes to the Cash flow Statement for the year ended 31st March, 2007:

- 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- Rs42.58 lacs (previous year Rs33.83 lacs), Rs93.57 in Margin Money (Previous year Rs308.27 lacs) and Rs113.30 lacs (previous year Rs95 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 and on behalf of the Board of Directors

For & on behalf of
DALAL & SHAH
Chartered Accountants

B R SHAH
Partner
Membership No 5806

Ahmedabad
June 30, 2007

T R GOPI KANNAN
Company Secretary

G S PATEL

R A SHAH

H S SHAH

Directors

SUNIL S LALBHAI
Managing Director & CEO

SAMVEG A LALBHAI
Managing Director

Mumbai
June 29, 2007

SCHEDULE 1 TO 17 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

		(Rs in lacs)	
		As at	
		31.03.2006	
SCHEDULE - 1 - SHARE CAPITAL:		Rs	Rs
Authorised:			
8000000	Cumulative Redeemable Preference Shares of Rs 100/- each	8000.00	8000.00
80000000	Equity Shares of Rs 10/- each	8000.00	8000.00
		<u>16000.00</u>	<u>16000.00</u>
Issued:			
29691780	Equity Shares of Rs 10/- each	2969.18	2969.18
		<u>2969.18</u>	<u>2969.18</u>
Subscribed:			
29661733	Equity Shares of Rs 10/- each fully paid	2966.17	2966.17
	Add: Forfeited shares (amount paid-up)	1.31	1.31
		<u>2967.48</u>	<u>2967.48</u>

Notes:

- 1 Rs 35860000/- consisting of 3586000 Equity Shares of Rs 10/- each stands reduced to Rs 3586000/-, consisting of 358600 Equity Shares of Rs 10/- each, on reduction and consolidation of said paid up capital as confirmed by the High Court of Gujarat as per its Order dated 20th August, 1988.
- 2 7500000 Equity Shares are issued to the Shareholders of erstwhile The Atul Products Limited, pursuant to Amalgamation scheme sanctioned by the High Court of Gujarat as per its order dated 20th August, 1988.
- 3 Of the above Equity Shares, 1964650 Shares are issued as fully paid-up Bonus Shares by way of capitalisation of Reserves.
- 4 Of the above Equity Shares, 3809310 shares are issued as fully paid-up shares on conversion of 12.5% Fully Convertible Secured Debentures of Rs 120/- each.
- 5 Of the above Equity Shares, 11028893 Shares are issued as fully paid-up on conversion of 14% Fully Convertible Secured Debentures of Rs 180/- each per Debenture.

		(Rs in lacs)	
		As at	
		31.03.2006	
SCHEDULE - 2 - RESERVES AND SURPLUS:		Rs	Rs
Security Premium Account		3465.54	3465.54
Central and State Subsidy Reserve:			
	As per last Account	64.38	64.38
	Add: Received during the year	<u>13.49</u>	<u>-</u>
		77.87	64.38
Capital Reserve:			
	Assets left by Lessee on surrender of lease accounted at fair value and credited to this Account	799.09	-
Revaluation Reserve:		728.94	728.94

				(Rs in lacs)
				As at
				31.03.2006
				Rs
SCHEDULE - 2 - RESERVES AND SURPLUS: (Contd.)				
General Reserve:				
As per last Account				2954.06
Less: Adjustment on account of transitional liability relating to Gratuity (See note 23(d))		8.04		-
Less: Adjustment on account of transitional liability relating to Unencashed Leave (See note 23 (d))	119.67			-
Less: Deferred Tax (See Note 10 (b))	40.68			-
		<u>78.99</u>		<u>-</u>
		<u>3489.85</u>		<u>2954.06</u>
Add: Set aside this year		<u>295.92</u>		<u>622.82</u>
			<u>3785.77</u>	<u>3576.88</u>
Surplus as per annexed Account			<u>18119.77</u>	<u>16497.57</u>
			<u>26976.98</u>	<u>24333.31</u>

SCHEDULE - 3 - SECURED LOANS:

Term Loans from Financial Institutions / Banks:

From Bank of Baroda -Term Loan (See note: 8 below)	-	445.04
Interest accrued & due	-	2.24
		<u>-</u>
		447.28
From Exim Bank - Long Term Working Capital Loan (See note: 3 below)	326.37	1002.25
From UTI Bank Ltd - Boiler Term Loan (See note: 4 below)	-	164.38
From UTI Bank Ltd - Term Loan (See note: 9 below)	134.47	386.71
From UTI Bank Ltd - Foreign Currency Loan (See note: 9 below)	-	334.67
From UTI Bank Ltd - Term Loan (See note: 8 below)	1125.00	1510.93
From Bharat Overseas Bank Ltd -Foreign Currency Loan (See note: - 8 below)	-	328.55
From Bharat Overseas Bank Ltd -Foreign Currency Loan (See note: - 8A below)	1700.01	-
From Bharat Overseas Bank Ltd - Rupee Loan (See note: 8 below)	230.73	465.36
From ICICI Bank Ltd (See note: 2 below)	142.33	115.73
From Housing Development Finance Corporation Ltd - Term Loan (See note: 5 below)	284.30	544.44
From Housing Development Finance Corporation Ltd - Term Loan (See note: 5 below)	-	200.00
From Housing Development Finance Corporation Ltd - Corporate Loan (See note: 5 below)	500.00	750.00
From Housing Development Finance Corporation Ltd - Corporate Loan (See note: 10 below)	378.00	486.00
From The Karur Vysya Bank Ltd - Term Loan (See note: 6 below)	-	2139.72
From The Karur Vysya Bank Ltd - Term Loan (See note: 8 below)	500.50	1251.50
From Infrastructure Leasing & Financial Services Ltd - Term Loan (See note: 7 below)	281.25	656.25
From Bank of India MCB - FC Loan (See note: 8 below)	1372.87	2091.56
From Bank of India New York - FC Loan (See note: 8 below)	1362.19	1952.12
From LIC of India - Term Loan (See note: 8 below)	1400.00	1800.00
From Syndicate Bank - Term Loan (See note: 8 below)	-	600.00
From State Bank of Hyderabad - Corporate Loan (See note: 8 below)	749.94	1250.00
From Bank of India - Foreign Currency Loan (See note: 8A below)	2951.28	-
From EXIM Bank - Rupee Term Loan (See note: 8 below)	2300.01	-
From State Bank of Hyderabad- Rupee Term Loan (See note: 8A below)	503.15	-
From State Bank of India- Rupee Term Loan (See note: 7 below)	1324.48	-
From State Bank of Indore- Rupee Term Loan (See note: 8 below)	1999.88	-
From State Bank of Travancore- Foreign Currency Loan (See note: 8A below)	871.80	-
From UTI Bank Ltd-Agri Loan (See note: 11 below)	58.33	-
Medium Term Loans, against pledge of Shares held as Investments per contra and subservient charge on the current assets of the Company:		
From HDFC Bank, against pledge of Equity Shares.	-	333.33
From HDFC Bank, against pledge of 39775 Equity Shares of Novartis India Limited and 414120 Equity Shares of Arvind Mills Ltd.	145.30	-
From HDFC Bank, against pledge of Equity Shares.	-	166.00

		(Rs in lacs)	
		As at	
SCHEDULE - 3 - SECURED LOANS: (Contd.)		31.03.2007	31.03.2006
	Rs	Rs	Rs
From HDFC Bank, against pledge of 56425 Equity Shares of Novartis India Limited and 603700 Equity Shares of Arvind Mills Ltd.		108.98	334.65
Short Term Loan, against pledge of Shares held as Investments per Contra:			
From IDBI Bank Ltd, against peldge of Equity Shares.		-	666.83
From Banks - Working Capital Loans (See note: 1 below)			
Cash Credit	1070.71		1242.81
Working Capital Demand Loan	-		718.66
FCNRB (DL)	3873.35		4047.41
Packing Credit	5381.46		3611.92
Bills Discounting	816.04		1129.31
Interest accrued and due	-		12.18
		11141.56	10762.29
		31892.73	30740.55

NOTES:

- 1 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 Company's immovable assets to the extent of individual banks' limit as mentioned in joint consortium documents.
- 2 Secured by exclusive charge by way of hypothecation of vehicles purchased thereunder.
- 3 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.
- 4 Secured by exclusive first hypothecation charge on the boiler and auxiliary equipments and pari passu second charge on the fixed assets of the company.
- 5 Secured by exclusive first charge on: (i) guest house, club house & 27 residential quarters situated at village Gadkhol, Tal. Ankleshwar, Dist. Bharuch (ii) 15 dwelling units on land situated village Chanvai, Atul, Tal. & Dist. Valsad and first pari pass charge on balance immovable and movable properties of the company, subject to prior exclusive charges in favour of lenders.
- 6 Secured by first pari passu charge on all assets and properties of the company, both present and future, save and except the properties exclusively charged in favour of certain lenders for their financial assistance and the properties exclusively charged to the banks for their working capital loans / specific loans / term loans etc. and also second pari passu on the entire current assets of the company.
- 7 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.
- 8 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.
- 8A 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.
- 9 Secured by a first pari passu charge over the present and future immovable and movable (save and except current assets and specific charge on specific assets) properties of the borrower situated at Atul and Ankleshwar.
- 10 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 & future.
- 11 Secured by hypothecation of the standing crop of patchouli in the Co's Farms 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)	
		As at	
SCHEDULE - 4 - UNSECURED LOANS:		31.03.2006	
	Rs	Rs	
Fixed Deposits including interest accrued on Cumulative Deposits	1350.69	1494.09	
Sales Tax Deferment under Government of Gujarat New Sales Tax Incentive Scheme for Industries	19.66	77.52	
From Companies	829.28	866.78	
From ICICI Bank - Short term Loan	-	300.00	
From HDFC Bank - Short term Loan	1394.88	1000.00	
From State Bank of Saurashtra - Short term Loan	1307.70	-	
From a Company - ECB Loan	-	401.58	
	4902.21	4139.97	

Schedule 5 - Fixed Assets:

ASSETS	GROSS BLOCK (a)				DEPRECIATION				NET BLOCK			
	As At 31/03/06	Additions (d)	Deductions & Adjustment	As At 31/03/07	Up to 31/03/06	For the Year	Deductions & Adjustment	As At 31/03/07	Impairment Fund & Impairment Fund	Depreciation Fund	As At 31/03/06	As At 31/03/07
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Land - Free Hold (a)	1088.03	-	-	1088.03	-	-	-	-	-	-	1088.03	1088.03
Land - Lease Hold	406.57	-	4.61	401.96	-	-	-	-	-	-	406.57	401.96
Buildings (b)	9420.75	1171.26	-	10592.01	3351.03	270.14	0.02	3621.15	48.42	3669.57	6922.44	6021.30
Roads	174.49	-	-	174.49	83.67	5.51	-	89.18	-	89.18	85.31	90.82
Tubewells & Pump House	19.18	32.34	-	51.52	2.36	0.66	-	3.02	-	3.02	48.50	16.82
Plant & Machinery (c)	52999.45	2066.29(c)	1142.10	53923.64	36241.06	2220.21	904.65	37556.62	2719.99	40276.61	13647.03	13897.41
Railway Sidings	8.47	-	-	8.47	8.42	0.01	-	8.43	-	8.43	0.04	0.06
Laboratory Equipments	702.46	68.53	2.77	768.22	401.03	71.34	2.52	469.85	-	469.85	298.37	301.43
Equipment Furniture & Dead Stock	1265.58	225.65	2.90	1488.33	949.30	82.26	1.94	1029.62	-	1029.62	458.71	316.28
Office Equipment	21.96	1.43	1.02	22.37	14.81	1.28	0.78	15.31	-	15.31	7.06	7.14
Vehicles	721.61	222.16	125.19	818.58	376.75	109.70	101.96	384.49	-	384.49	434.09	344.86
Capital Spares	125.92	63.89	17.44	172.37	68.58	15.78	7.99	76.37	-	76.37	96.00	57.34
Research & Development:												
Building	264.29	-	-	264.29	147.37	8.19	-	155.56	-	155.56	108.73	116.92
Machinery	1155.77	32.21	-	1187.98	981.20	35.70	-	1016.90	-	1016.90	171.08	174.57
Office Equipments	8.25	-	-	8.25	7.58	0.12	-	7.70	-	7.70	0.55	0.67
Computer Software	444.03	134.66	-	578.69	160.06	237.77	-	397.83	-	397.83	180.86	283.97
Total as on 31/03/2007	68826.81	4018.42	1296.03	71549.20	42793.22	3058.67	1019.86	44832.03	2768.41	47600.44	23948.76	23124.19
Total as on 31/03/2006	66825.10	2841.20	839.49	68826.81	40686.05	766.10	2873.27	42793.22	2909.40	45702.62	23124.19	

Note: (a) At cost, except land freehold 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 (31.03.2006 Rs 109.99 lacs) and cost of share in Co-operative Society Rs0.02 lac (31.03.2006 Rs0.02 lac).

(c) After the adjustment of Rs 5.99 lacs (Previous year Rs. 6.33 lacs) on account of increase in foreign currency liability due to Exchange Rate Fluctuations.

(d) Includes assets received from Wyeth Limited Free of Cost, included at fair value (See note 22 of Schedule 17)

SCHEDULE - 6 - INVESTMENTS, at cost:						(Rs in lacs)	
						As at	
						31.03.2006	
	Face Value						
	Rs	Nos	Rs	Rs	Rs	Rs	Rs
LONG TERM INVESTMENTS:							
Government and Trust Securities:							
Unquoted:							
6 Years National Savings Certificates (Deposited with Government Departments)	84500					0.93	2.91
	(290500)						
Equity Shares, Fully paid, Quoted:							
Trade:							
* Novartis India Ltd	5	384660		102.29			102.29
Ciba Speciality Chemicals (India) Ltd	10	217080					
Ciba Speciality Chemicals (India) Ltd	10	70073		81.99			81.99
				<u>184.28</u>			<u>184.28</u>
Others:							
* Arvind Mills Ltd	10	4127471		4663.84			4663.84
* ICICI Bank Ltd	10	19823		13.70			13.70
* Wyeth Ltd	10	1369895		150.16			150.16
BASF India Ltd	10	2959		1.81			1.81
Amal Ltd	10	412453	44.29				44.07
		(407453)					
Less: Provision for diminution in value			<u>40.24</u>				<u>40.24</u>
				4.05			<u>3.83</u>
Nagarjuna Fertilizers Co Ltd	10	31500		4.15			4.15
Jain Irrigation Systems Ltd	10	800		1.94			1.94
				<u>4839.65</u>			<u>4839.43</u>
					5023.93		5023.71
Others, Unquoted:							
Ameer Trading Corporation Ltd - a Subsidiary	7	500000			500.03		500.03
Gujarat Synthwood Ltd	10	400000	65.31				65.31
Less: Provision for diminution in value			<u>61.31</u>				<u>61.31</u>
				4.00			<u>4.00</u>
Atul Americas Inc. - a subsidiary	\$ 1000	2000		628.80			628.80
Atul Bioscience Ltd (formerly Atul Pharmaceuticals Ltd) (Rs 10)	10	1					
AtRo Ltd	10	50004		5.00			5.00
Atul Europe Ltd - a subsidiary	£ 1	1000000	690.48				690.48
Less: Provision for diminution in value			<u>651.23</u>				<u>651.23</u>
				39.25			<u>39.25</u>
Atul Deutschland GMBH - a subsidiary	€ 100000	1		55.01			55.01
Atul International Trading (Shanghai) Co Ltd	\$ 410000	1		184.06			184.06
Bharuch Enviro Infrastructure Ltd	10	70000		7.00			7.00
Bharuch Eco Aqua Infrastructure Ltd	10	648962		64.90			64.90
					<u>1488.05</u>		<u>1488.05</u>
					6512.91		6514.67

SCHEDULE - 6 - INVESTMENTS, at cost: (Contd.)

	Book Value		(Rs in lacs)	
	as at 31st March,		Market Value	
	2007	2006	2007	2006
Quoted	5023.93	5023.71	10080.53	16747.47
Unquoted	1488.98	1490.96		
	6512.91	6514.67		

* Out of the above investments, following shares have been pledged as securities against the loans taken:

Name of Company	No of Equity Shares
Novartis India Limited	96200
Arvind Mills Limited	1017820

SCHEDULE - 7 - CURRENT ASSETS, LOANS AND ADVANCES:

	Rs	Rs	Rs	Rs
				(Rs in lacs) As at 31.03.2006
(a) Inventories, (As taken, certified and valued by Managing Director & CEO):				
Stores, Spares, etc., at cost or net realisable value whichever is lower			2302.62	2967.64
Stock - in - Trade, at cost or net realisable value whichever is lower:				
Raw Materials		3974.01		4016.71
Materials - in - Process		5379.06		6221.20
Finished Goods		5167.52		6955.05
			14520.59	17192.96
Goods - in - Transit, cost to date			409.25	759.87
Goods in Bonded Warehouse, cost to date			-	2.19
Scrapped assets awaiting disposal, at estimated realisable value			-	4.92
			17232.46	20927.58
(b) Sundry Debtors, Unsecured:				
Outstanding for more than six months				
Good (See note:17 (b))		1992.43		1547.81
Doubtful	306.20			257.77
Less: Provision	306.20			257.77
			-	-
			1992.43	1547.81
Other, Good		23897.54		20689.01
			25889.97	22236.82
(c) Cash and Bank Balances:				
Cash on hand		29.93		35.69
Cheque in hand with Bank as Collecting Agency in terms of an arrangement		242.11		254.91
Bank Balances, with Scheduled Banks:				
In Current Account		1506.13		553.77
In Margin Deposit	93.57			308.27
*In Fixed Deposits	1828.31			226.03
Interest accrued on above	13.27			0.51
			1935.15	534.81
			3441.28	1088.58
			3713.32	1379.18

					(Rs in lacs)
					As at
					31.03.2006
SCHEDULE - 7 - CURRENT ASSETS, LOANS AND ADVANCES: (Contd.)					
	Rs	Rs	Rs	Rs	Rs
(d) Other Current Assets:					
Interest & Dividend Receivable (including Rs 38.47 lacs on Investments - Previous Year Rs 0.13 lac)					
Good		38.47			1.81
Doubtful	55.04				55.04
Less: Provision	55.04				55.04
		-			-
			38.47		1.81
Other Receivables			18.99		18.99
				57.46	20.80
(e) Loans and Advances, Unsecured, Good					
(Unless otherwise stated):					
Loan to a Subsidiary			144.09		400.00
Interest receivable on above			7.90		21.72
			151.99		421.72
Loans to Jointly Promoted Companies			0.08		0.08
Other Loans					
Good		135.92			136.30
Doubtful	112.70				112.70
Less: Provision	112.70				112.70
		-			-
			135.92		136.30
Advances recoverable in cash or in kind or for value to be received:					
Good		3379.87			3550.00
Doubtful	636.25				635.85
Less: Provision	636.25				635.85
		-			-
			3379.87		3550.00
Balances with Customs, Bombay Port Trust and Excise etc.			1825.66		883.30
Sundry Deposits			568.71		426.36
Mat Credit Entitlement			150.00		-
Tax paid in advance, net of provisions			1130.59		-
				7342.82	5417.76
				54236.03	49982.14

* Includes Rs 14.36 lac deposit receipts of which is endorsed in favour of Government Department

SCHEDULE - 8 - CURRENT LIABILITIES AND PROVISIONS:

 (Rs in lacs)
 As at
 31.03.2006

	Rs	Rs	Rs
(a) Liabilities:			
Acceptances		2782.42	3258.65
Sundry Creditors			
(i) Due to Small Scale Industrial Undertakings (See note: 16)	440.02		431.60
(ii) Due to others	16007.53		<u>13407.79</u>
		16447.55	<u>13839.39</u>
Due to Subsidiaries		133.81	101.73
Over Drawn Current Accounts as per books		-	73.26
Investors Education and Protection Fund shall be credited by the following (See note below):			
Unclaimed Dividends	48.23		42.69
Unpaid matured debentures	1.01		3.58
Matured fixed deposits	0.20		0.65
Interest payable on above	24.65		<u>28.63</u>
		74.09	<u>75.55</u>
Interest accrued but not due on loans		62.56	81.31
Unclaimed amount of sale proceeds of fractional Coupons of Bonus Shares of erstwhile The Atul Products Limited		9.65	9.66
Unclaimed amount of sale proceeds of fractional Coupons of Bonus Shares		1.38	1.38
		19511.46	<u>17440.93</u>
(b) Provisions:			
For Contingencies	274.55		274.55
For Unencashed leave	1121.49		950.03
For Taxation, net of advances	-		253.37
For Dividend Tax	151.23		124.80
Proposed Dividend	889.85		<u>889.85</u>
		2437.12	<u>2492.60</u>
		21948.58	<u>19933.53</u>

Note : The figures are outstanding as at 31st March, 2007. The actual amount to be transferred to the said fund in this respect shall be determined on the due dates.

	Rs	Rs	Rs	Rs
(Rs in lacs)				
2005-2006				
SCHEDULE - 9 - SALES AND OPERATING INCOME:				
(a) Sales etc.:				
Sales including Excise Duty	95739.72			87507.87
Less: Excise Duty	<u>6248.31</u>			<u>6111.66</u>
		89491.41		81396.21
Export Incentives		<u>821.95</u>		<u>993.49</u>
			90313.36	<u>82389.70</u>
(b) Leasing:				
Lease Rental Income		1.20		1.23
Add / (Less): Lease Equalisation		<u>-</u>		<u>(0.03)</u>
			1.20	<u>1.20</u>
(c) Operating Income:				
Processing charges		86.78		107.37
Charges received for services to other Companies		-		15.37
Miscellaneous scrap sales		<u>682.12</u>		<u>242.09</u>
			768.90	<u>364.83</u>
			<u>91083.46</u>	<u>82755.73</u>
SCHEDULE - 10 - OTHER INCOME:				
Dividend on long term investments:				
From Trade Investments		116.27		111.18
Others		<u>386.70</u>		<u>315.13</u>
			502.97	426.31
Insurance claims		83.68		32.77
Income from property		46.87		43.27
Sales Tax refunds		-		0.31
Miscellaneous Income		230.97		368.21
Provision for doubtful debts & advances written back		24.94		30.46
Surplus on sale of assets		<u>154.16</u>		<u>75.99</u>
			<u>1043.59</u>	<u>977.32</u>

	Rs	Rs	Rs
			(Rs in lacs) 2005-2006
SCHEDULE - 11 - COST OF GOODS SOLD AND MATERIALS CONSUMED:			
Raw Materials Consumed:			
Stocks at commencement	4016.71		3790.23
Less: Unserviceable stock written off	-		2.04
	<u>4016.71</u>		<u>3788.19</u>
Add: Purchases	45646.72		42391.64
	<u>49663.43</u>		<u>46179.83</u>
Less: Stocks at close	3974.01		4016.71
	<u>45689.42</u>		<u>42163.12</u>
Less: Vat credit on opening stock	42.24		-
	<u>45647.18</u>		<u>42163.12</u>
Patchouli expenses	26.14		-
		<u>45673.32</u>	<u>42163.12</u>
Finished Goods Purchases		<u>2921.29</u>	<u>2348.29</u>
(Increase) / Decrease in Stocks:			
Stocks at close:			
Materials - in - process	5379.06		6221.20
Finished Goods	5167.52		6955.05
	<u>10546.58</u>		<u>13176.25</u>
Less: Stocks at commencement:			
Materials - in - process	6221.20		5107.03
Add: Transferred from finished goods	1521.08		-
	<u>7742.28</u>		<u>5107.03</u>
Finished Goods	6955.05		5187.04
Less: Obsolete stock written Off	-		11.80
Transferred to materials in process	1521.08		-
	<u>5433.97</u>		<u>5175.24</u>
	<u>13176.25</u>		<u>10282.27</u>
		<u>2629.67</u>	<u>(2893.98)</u>
Excise duty variation on opening / closing stocks	28.55		75.38
Excess Provision of Excise duty	(30.88)		(43.61)
		<u>51221.95</u>	<u>41649.20</u>
SCHEDULE - 12 - MANUFACTURING EXPENSES:			
Stores consumed	3010.59		3000.68
Power, fuel and water	9710.94		9472.53
Conversion and plant operation charges etc.	666.80		1413.24
Flora expenses	1.48		-
Building repairs	689.59		461.21
Machinery repairs	3041.68		2890.81
Sundry repairs	229.55		163.60
	<u>17350.63</u>		<u>17402.07</u>
SCHEDULE - 13 - EMPLOYEES' EMOLUMENTS:			
Salaries, Wages, Bonus etc.	5451.97		5805.05
Contribution to Provident and Other Funds	677.31		577.65
Welfare expenses	541.83		739.32
Provident & Other Fund expenses	36.27		35.74
	<u>6707.38</u>		<u>7157.76</u>

		(Rs in lacs)	
		2005-2006	
	Rs	Rs	Rs
SCHEDULE - 14 - INTEREST & FINANCE CHARGES, NET:			
Interest:			
On Fixed Loans		2068.51	2125.52
Others		761.35	756.93
		2829.86	<u>2882.45</u>
Less: Interest earned (Gross, tax deducted Rs 13.06 lacs Previous year Rs 14.97 lacs)			
On Debentures and Bonds	0.47		0.19
Interest from customers	16.66		19.21
Others	70.03		53.64
		87.16	<u>73.04</u>
		2742.70	2809.41
Discounting charges		78.86	100.16
		2821.56	<u>2909.57</u>
SCHEDULE - 15 - OTHER EXPENDITURE:			
Rent		87.66	44.24
Rates & taxes		108.74	107.14
Insurance		256.82	260.46
Site maintenance		82.20	49.71
Freight, cartage and octroi		2427.15	2191.40
Advertisement and publicity		51.53	59.23
Commission and discount		1879.92	2197.74
Brokerage		2.60	5.91
Travelling and conveyance		725.30	668.95
Payments to Statutory Auditors		28.28	29.07
Payments to Cost Auditors		1.97	1.80
Directors' Fees & travelling expenses		20.33	13.90
Directors' Commission (Other than Managing & Executive Director)		7.37	6.89
Charities and donations		26.23	25.21
Bad debts		21.01	113.05
Loss on sale of stores		222.01	-
Irrecoverable Balances Written Off		18.89	29.56
Provision for doubtful debts		73.37	57.32
Sales tax		79.82	122.13
Miscellaneous expenses		2052.44	2224.22
Obsolete & Unserviceable Materials Written Off		31.49	13.84
Loss on Assets sold, discarded or demolished		33.09	30.90
Amount written off against leasehold land		4.61	4.61
Exchange rate difference, net		(417.63)	195.42
		7825.20	<u>8452.70</u>
SCHEDULE - 16 - (DEBITS)/CREDITS RELATING TO EARLIER YEARS:			
Debits relating to earlier years:			
Expenses		118.83	111.31
Credits relating to earlier years:			
Provisions no longer required		402.38	71.75
Excess Depreciation on re-computation written back		0.21	-
		402.59	<u>71.75</u>
		283.76	<u>(39.56)</u>

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS:

		(Rs in lacs)	
		2006-2007	2005-2006
		Rs	Rs
1	Contingent Liabilities not provided for in respect of:		
	(a) Disputed excise demands - matter under appeal	859.17	873.97
	(b) Disputed customs demands - matter under appeal	235.18	235.18
	(c) Disputed Watercharges - matter under appeal	5338.45	4906.73
	(d) Claims against the Company not acknowledged as debts	195.69	206.15
	(e) Income - Tax demands (including interest) - matter under appeal	2997.87	1845.39
	(f) Sales Tax matter under appeal	19.08	19.08
	(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).	1209.88	1404.62
3	Profit & Loss Account includes Expenditure on Research & Development and Pilot Plants as under:		
	Materials consumed	19.34	22.54
	Other Expenditure	705.70	647.73
4	Charge by way of Hypothecation of Tangible Current assets (other than Moveable Machinery), namely Raw Materials, Finished & Semi-finished Goods, Inventories and Book Debts of the Company as a whole and also charge by second and subservient charge on Company's immovable assets to the extent of individual banks limits as mentioned in joint consortium documents and also extends to Guarantee given by the bankers.		
	Amount of Guarantees outstanding at the end of the year	1969.10	1664.56
5	Payments to Auditors:		
	(a) Statutory Auditors:		
	(i) As Auditors	18.00	18.00
	(ii) In other capacity:		
	For Tax Audit	4.00	4.00
	For Certificates	4.93	5.15
	(iii) For Expenses	1.35	1.92
		<u>28.28</u>	<u>29.07</u>
	(b) Cost Auditors:		
	(i) As Auditors	1.85	1.72
	(ii) For Expenses	0.12	0.08
		<u>1.97</u>	<u>1.80</u>
6	C I F Value of Imports, Remittances, Expenditure and Earnings in Foreign Currency:		
	(a) C I F Value of Imports:		
	Raw Materials	10539.04	13319.24
	Finished Goods - For Trading	0.13	54.97
	Capital Goods	167.41	132.68
	(b) Expenditure in Foreign Currency:		
	Commission	348.44	265.34
	Other matters	606.49	683.57
	(c) Remittances:		
	Loan Repayments	1362.19	511.91
	(d) Earnings in Foreign Currency:		
	F O B Value of Exports	46388.52	41454.03

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

(Rs in lacs)

2006-2007

	Rs	Rs		
7 Managerial Remuneration:				
(a) Calculation of Directors, Managing & Executive Director's Commission:				
Profit as per Profit & Loss Account		2565.40		
Add: Managing Directors' Remuneration (including Perquisites)	125.02			
Executive Directors' Remuneration (including Perquisites)	65.48			
Directors' Commission	7.37			
Depreciation	3058.67			
Provision for Taxation	71.70			
Payment under VRS Scheme	504.16			
		3832.40		
		6397.80		
Less: Depreciation Under Section 350		3058.67		
Profit on which commission is payable		3339.13		
(i) Commission to Managing Directors:				
Mr S S Lalbhai @ 0.75% on Rs 3339.13 lacs	25.04			
Mr S A Lalbhai @ 0.50% on Rs 3339.13 lacs	16.70			
		41.74		
(ii) Commission to Executive Director:				
Commission payable to Executive Director Mr J L Shah @ 1% of operating profit of Division viz P P Site or one year's basic salary whichever is lower i.e. lower of Rs 33.13 lacs (1% of Rs 3313.09 lacs) or one year's basic salary i.e. Rs 26.40 lacs.		26.40		
(iii) Directors' Commission:				
Directors' commission @ 1% on Rs 3339.13 lacs		33.39		
Maximum as determined by the Board of Directors		7.37		
(b) Details of payments and provisions on account of remuneration to Managing Directors included in the respective heads of expenditure in Profit & Loss Account are as under:				
	S S Lalbhai	S A Lalbhai	2006-2007	2005-2006
			Rs in lacs	Rs in lacs
(i) Salary	33.48	20.70	54.18	45.90
(ii) House Rent Allowance	-	2.07	2.07	1.80
(iii) Commission	25.04	16.70	41.74	26.60
(iv) Gratuity	1.39	0.86	2.25	1.91
(v) Contribution to Provident & other Funds	7.69	4.88	12.57	10.81
(vi) Perquisites	6.09	6.12	12.21	20.66
	73.69	51.33	125.02	107.68
Estimated monetary value of perquisites to Managing Directors on account of Furniture	-	0.50	0.50	0.50
(c) Details of payments and provisions on account of remuneration to Executive Director included in the respective heads of expenditure in Profit & Loss Account as under:				
			J L Shah	
(i) Salary			26.40	24.00
(ii) Commission			26.40	24.00
(iii) Gratuity			1.10	1.00
(iv) Contribution to Provident & other Funds			6.13	5.65
(v) Perquisites			5.45	5.07
			65.48	59.72
Estimated monetary value of perquisites to Executive Director on account of Furniture			0.23	0.23

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

8 Details of Raw Materials consumption and Goods Traded in:

(A) Raw Materials Consumption:

	Unit	2006 - 2007		2005 - 2006	
		Qty	Rs in lacs	Qty	Rs in lacs
Toluene	MT	10473	4591.40	9483	2846.99
Phenol	MT	5205	3252.30	5558	3040.71
Sulfur	MT	27707	1348.07	26931	1412.87
Methanol	MT	7377	1615.53	6621	1035.97
Others			34866.02		33826.58
Total			45673.32		42163.12

(B) Imported and Indigenous Raw Materials Consumption:

	Rs in lacs	Percentage	Rs in lacs	Percentage
Imported	13131.06	28.75	16834.67	39.93
Indigenous	32542.26	71.25	25328.45	60.07
Total	45673.32	100.00	42163.12	100.00

(C) Goods Traded in: Purchases

	2006 - 2007		2005 - 2006	
	MT	Rs in lacs	MT	Rs in lacs
Dyestuffs	3	423.19	326	723.01
Intermediates	14	46.56	18	57.94
Chemical	808	2446.86	1129	1521.59
Manganese Sulphate	50	4.68	336	45.75
Total		2921.29		2348.29

9 Licensed and Installed capacity, Production, Stocks and Turnover:

(A) Licensed and Installed Capacity and Production:

Class of goods	Licensed Capacity		Installed Capacity (a)		Production	
	2006 - 2007	2005 - 2006	2006 - 2007	2005 - 2006	2006 - 2007	2005 - 2006
	MT	MT	MT	MT	MT	MT
Cresol	5000	5000	12000	10000	4078	3260
Toluidines	-	-	-	-	-	-
Sodium sulphite	7350	7350	12000	9000	11019	8730
Sodium sulphate	1160	1160	2200	2200	-	-
Soda ash	1310	1310	-	-	-	-
Gypsum	5900	5900	-	-	-	-
Resorcinol (b)	150	150	-	-	-	-
LABASA (acid slurry) (b)	4000	4000	-	-	-	-
Spent acid	2000	2000	-	-	-	-
Para Cresidine	-	-	420	420	344	173
Para Anisic Aldehyde	-	-	6000	6000	3228	3597
Para Anisic Alcohol	-	-	700	300	704	367
Dyestuff (b & d)	11537	11537	19996	19996	9505	9134
Chemicals (other than fertilizers)(b & d)	125004	125004	228202	228392	68284	65844
Drugs & Pharmaceuticals (b & d)	722	722	170	170	21	21
Sulpha drug intermediates	1830	1830	6525(c)	6525(c)	120	153
2,6-Dichloraniline	20	20	Nil (e)	Nil (e)	-	-
Bulk drugs & drug intermediate	115	115	57(c)	57(c)	23	13
Pharmaceutical Intermediate (PHIN)	320	320	300	300	57	47
Sulpha methyl phenazole sodium	13	13	Nil (e)	Nil (e)	-	-
Pyrazole base	107	107	Nil (e)	Nil (e)	-	-
UF/MF/PF dicyandiamide resins	3250	3250	6600	6600	785	923
Epoxy resins	1948	1948	3750	3750	6243	5431
Hardners & auxiliaries	1000	1000	1215	1215	3256	2539
Hardners (intermediates)	230	230	485(c)	485(c)	-	-
Formaldehyde	30000	30000	20000	20000	13592	11401
Hexamine (tech)	1257	1257	1800	1800	-	-
Bisphenol - A	900	900	1500	1500	-	-
Vinyl ester resins	450	450	450	450	-	-
Polyaminoamide & their intermediates	1940	1940	1940	1940	162	184

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

9 Licensed and Installed capacity, Production, Stocks and Turnover: (Contd.)

(A) Licensed and Installed Capacity and Production: (Contd.)

Class of goods	Licensed Capacity		Installed Capacity (a)		Production	
	2006 - 2007	2005 - 2006	2006 - 2007	2005 - 2006	2006 - 2007	2005 - 2006
	MT	MT	MT	MT	MT	MT
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	-	-
Polyurethane	-	-	-	-	-	-
Sulpha bulk drugs for export (g)	-	-	-	-	638	686

- (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) No licence is required in terms of notification No 477(E) dated 25th July, 1991 on New Industrial Policy.
- (d) In addition to existing Licensed capacity, Colors (West) Unit has also filed memorandum for manufacture of 400 te. of Vat Dyes with the Department of Industrial Development Ministry of Industry, Government of India.
- (e) These capacities have been diverted for DDS/DCPS manufacturing.
- (f) This capacity was used for producing byproduct of ASC plant, now ASC plant is closed.
- (g) Licence not required for production of export within existing facilities under drug policy.
- (h) Pastes and liquid weights are converted to dry weights.

(B) Stocks & Turnover:

Class of Goods	Stocks at Commencement				Stocks at Close				Turnover			
	2006 - 2007		2005 - 2006		2006 - 2007		2005 - 2006		2006 - 2007		2005 - 2006	
	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	392	334.57	305	267.98	402	384.67	392	334.57	4068	4696.16	3173	3103.48
Toludine	-	-	-	-	-	-	-	-	-	-	-	-
Sodium sulphite	522	26.12	86	4.73	500	23.08	522	26.12	11041	612.08	8294	661.44
Gypsum	-	-	-	-	-	-	-	-	-	-	-	-
Resorcinol	-	-	-	-	-	-	-	-	-	-	-	-
LABSA(acid slurry)	-	-	-	-	-	-	-	-	-	-	-	-
p-Anisaldehyde	135	280.07	24	44.83	32	60.87	135	280.07	3331	8090.42	3486	8360.32
p-Anisyl alcohol	38	88.92	13	31.72	11	23.61	38	88.92	731	2187.29	342	1066.46
p-Cresidine	9	16.23	24	52.87	-	-	9	16.23	353	1009.01	188	476.82
Anisole	8	8.34	-	-	11	14.10	8	8.34	24	34.16	11	13.61
p-Methoxybenzaldehyde	-	-	-	-	-	-	-	-	-	-	-	-
Dyes & Dye Intermediates (a&b)	727	804.79	555	999.99	377	535.81	727	804.79	6712	9440.87	5843	9290.00
Caustic/Chlorine	819	60.05	1073	62.54	745	48.83	819	60.05	6210	878.46	3924	440.02
Chemicals (a)	2261	1257.23	2157	604.77	1367	1225.17	2261	1257.23	63042	16656.42	62070	17867.41
Pharmaceuticals(a)	1	2.70	-	2.38	1	2.70	1	2.70	-	-	20	162.60
Dyestuffs (a) &(b)	274	1396.86	534	2417.22	161	688.62	634	2917.95	3256	21505.27	3019	19786.64
Sulpha drug & Intermediates	5	14.38	1	5.28	40	114.18	5	14.38	85	680.47	149	1199.70
Bulk drugs & drug intermediates	13	80.61	13	64.73	13	65.79	13	80.61	23	175.46	13	106.63
Pharmaceutical & Int.(PHIN)	14	78.91	6	44.10	22	122.62	14	78.91	50	912.07	39	788.88
UF/MF/PF dicyandiamide resins	2	1.55	-	0.04	-	-	2.00	1.55	787	318.86	921	367.84
Epoxy resins	247	316.63	165	221.21	287	456.95	247	327.74	6203	10948.18	5349	8864.52
Hardeners & auxiliaries	129	189.78	162	193.81	204	281.29	129	189.78	3181	5942.54	2572	4702.10
Formaldehyde	114	10.16	118	11.87	247	29.85	114	10.16	13459	1817.70	11405	1124.26
Polyminoamide resins & their intermediates	15	24.98	20	15.29	9	20.19	15	24.98	168	304.91	189	328.65
Sulphanilic acid	1	0.18	1	0.15	1	0.18	1	0.18	-	-	-	-
Sulpha bulk drugs for export	85	193.72	18	47.75	33	80.80	85	193.72	690	3377.52	619	2941.61
Others		223.21		93.78		243.10		212.09		3777.42		3647.56

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

9 Licensed and Installed capacity, Production, Stocks and Turnover: (Contd.)

(B) Stocks & Turnover:(Contd.)

Class of Goods	Stocks at Commencement				Stocks at Close				Turnover			
	2006 - 2007		2005 - 2006		2006 - 2007		2005 - 2006		2006 - 2007		2005 - 2006	
	MT	Rs in lacs	MT	Rs in lacs	MT	Rs in lacs	MT	Rs in lacs	MT	Rs in lacs	MT	Rs in lacs
Goods traded in:												
Resorcinol	-	-	-	-	-	-	-	-	-	-	-	-
Manganese Sulphate	-	-	-	-	-	-	-	-	50	7.18	336	60.53
Oleum 25%	-	-	-	-	-	-	-	-	-	-	-	-
Oleum 65%	-	-	-	-	-	-	-	-	-	-	-	-
Sulphuric Acid	-	-	-	-	-	-	-	-	-	-	-	-
Intermediates	-	-	-	-	-	-	-	-	14	51.43	18	68.09
Chemicals	19	12.87	-	-	40	745.11	19	12.87	788	2315.84	1110	1977.90
Chemicals & Pharmaceuticals	4	-	4	-	4	-	4	-	-	-	-	-
Ancamine/Ancamide/Anchor	3	11.11	-	-	-	-	3	11.11	-	-	33	100.25
Noary Bond	-	-	-	-	-	-	-	-	-	-	-	0.54
Catalyst	-	-	-	-	-	-	-	-	-	-	-	-
PVD Cellular Sheet	-	-	-	-	-	-	-	-	-	-	-	-
IPF Multifoam	-	-	-	-	-	-	-	-	-	-	-	-
Baero products & Indovin	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	5433.97		5187.04		5167.52		6955.05		95739.72		87507.86	

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

(b) Net of transfer to Material in Process from previous year closing stock on reclassification of Inventory 360 MT & Rs. 1521.08 lacs

10 Taxation:

(a) Provision for Income Tax for the current year has been made in terms of Section 115JB of the Income Tax Act., 1961

(b) Deferred Taxation: (Rs in lacs)

	Arising during the year and recognised in			
	Accumulated as at 31.03.2006	(a) General Reserve (See Note)	(b) Profit & Loss A/c	Balance As at 31.03.2007
Deferred Tax Liability on account of:				
Depreciation/Impairment Loss	2743.30	-	(33.61)	2709.69
	2743.30	-	(33.61)	2709.69
Deferred Tax Assets on account of:				
Provision for Leave Encashment	319.77	40.68	20.74	381.19
43 B expenses allowable	6.06	-	(2.40)	3.66
Provision for doubtful debts	86.77	-	17.31	104.08
Provision for doubtful advances	270.49	-	2.79	273.28
Payment under VRS	347.35	-	52.80	400.15
	1030.44	40.68	91.24	1162.36
Net Deferred Tax Liability (Assets)	1712.86	(40.68)	(124.85)	1547.33

Note: Deferred tax effect of transitional provision for uncashed leave is directly adjusted against revenue reserves pursuant to Transitional Provisions under AS-15 (Revised 2005).

11 Related Party Information:

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

SN	Name of the related party	Description of relationship
1.	Atul Europe Ltd	Subsidiary
2.	Atul Americas Inc	Subsidiary
3.	Atul Deutchland GMBH	Subsidiary
4.	Atul International Trading Co.(Shangai) 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	— Managing Director & CEO
	Mr Samveg A Lalbhai	— Managing Director
	Mr J L Shah	— Executive Director
10.	Relatives of Key Management Personnel:	
	Mrs Vimlaben S Lalbhai	— Relative of Key Management Personnel
	Mrs Anamika Samveg Lalbhai	— Relative of Key Management Personnel
	Mrs Smita J Shah	— Relative of Key Management Personnel
	Mr Maulik J Shah	— Relative of Key Management Personnel

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)
11 Related Party Information: (Contd.)
B Transactions with related parties (Rs. in lacs)

SN	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	15356.69 (11832.43)	18.72	-	-	-
2	Interest received	10.18 (28.00)	-	-	-	-
3	Supply of services	35.87 (73.62)	-	2.28 (3.09)	-	-
Purchases and Expenses:						
1	Purchase of goods	12.26 (112.75)	-	-	-	-
2	Commission paid	174.41 (95.29)	-	(3.12)	-	-
3	Service charges paid	27.95 (27.69)	-	-	-	-
4	Remuneration	-	-	-	190.50 (167.40)	-
5	Rent paid	-	-	-	-	-
Other transactions:						
1	Loan given	-	2.72 (0.07)	-	-	-
2	Other transactions	1.75	-	833.42 (136.17)	- (0.02)	-
3	Guarantee given	-	-	-	-	-
4	Investment	-	-	-	-	-
5	Fixed deposit received	-	-	-	-	(1.42)
6	FD Interest paid	-	-	-	-	0.20 (0.76)
Outstanding balances:						
1	Payable	133.81 (101.73)	-	7.91 (342.59)	77.17 (58.26)	2.44 (2.43)
2	Receivables	6154.01 (3691.12)	5.56 (7.88)	3,373.75 (2,807.12)	-	-

C. Provision for doubtful debt and advances to related parties Rs800 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.

12 Segment Information:
A Information about Business Segment - Primary (Rs in lacs)

Particulars	Colors		Speciality and other Chemicals		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
	Rs	Rs	Rs	Rs	Rs	Rs
1 Segment Revenue						
External Sales	31026.78	29138.51	64712.89	58369.36	95739.67	87507.87
Inter Segment Sales	-	4.96	919.57	772.49	919.57	777.45
Total Segment Revenue	31026.78	29143.47	65632.46	59141.85	96659.24	88285.32
Less: Inter Segment Revenue	-	4.96	919.57	772.49	919.57	777.45
Net Revenue from operations	31026.78	29138.51	64712.89	58369.36	95739.67	87507.87

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

12 Segment Information: (Contd.)

A Information about Business Segment - Primary: (Contd.)

Particulars	Colors		Speciality and other Chemicals		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
	Rs	Rs	Rs	Rs	Rs	Rs
2 Segment Results:						
Profit before Interest and Tax	(218.09)	738.72	6179.86	5860.76	5961.77	6599.48
Interest (net)					2821.56	2946.12
Other unallocable expenditure (net of unallocable income)					503.11	(4647.46)
Profit Before Tax					2637.10	8300.82
3 Other Information:						
Segment Assets	20383.67	24306.14	52508.85	46559.51	72892.52	70865.65
Unallocated Common Assets					17342.77	13804.21
Total Assets					90235.29	84669.86
Segment Liabilities	6393.53	6781.59	11773.66	10631.70	18167.19	17413.29
Unallocated Common Liabilities					4287.62	4060.61
Total Liabilities					22454.81	21473.90
Capital Expenditure	707.87	782.29	3597.93	3394.14	4305.80	4176.43
Unallocated Capital Expenditure					1043.53	1204.15
Total Capital Expenditure					5349.33	5380.58
Depreciation	576.52	513.15	2416.45	1934.32	2992.97	2447.47
Unallocated Depreciation					65.70	425.80
Total Depreciation					3058.67	2873.27
Non Cash Expenses	-	374.86	(14.77)	93.63	(14.77)	468.49
Unallocated Non Cash Expenses					-	-
Total Non Cash Expenses					(14.77)	468.49

B Business Secondary - Geographical by Customers:

Particulars	In India		Outside India		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
	Rs	Rs	Rs	Rs	Rs	Rs
Segment Revenue	47834.61	44916.22	47905.06	42591.65	95739.67	87507.87
Carrying Cost of Assets by location of Assets	81931.31	74601.21	8304.00	10068.65	90235.31	84669.86
Addition to Assets and Intangible Assets	5349.33	5380.58	-	-	5349.33	5380.58

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 of
(a) Colors	Dyes and Intermediates
(b) Speciality and Other Chemicals	Agrochemicals, Pharmaceuticals, Polymers, Other Chemicals and Aromatic Compounds
- The Segment Revenue, Results, Assets and Liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)
13 Earning Per Share:

Earning Per Share (EPS) - The numerators and denominators used to calculate Basic and diluted Earning Per Share:

		31.03.2007	31.03.2006
Profit for the year attributable to the Equity Shareholders	Rs in lacs	2959.20	8304.33
Basic/Weighted average number of Equity Shares outstanding during the year		29661733	29661733
Nominal value of Equity Share	Rs	10	10
Basic & diluted earning Per Share	Rs	9.98	28.00

14 Provisions:

Name of the Provision	Balance carried as at 31.03.2006	Accrued during the year	Payments during the year	Provision reversed/ written back	Closing Balance carried as at 31.03.2007
Leave Encashment	950.03	369.15	197.69	-	1,121.49

15 Lease:

(a) The Company has taken various residential and office premises under operation lease or leave and license agreements. These are generally cancelable, having a term between 11 months and 3 years and have no specific obligation for renewal. Lease payments are recognized 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:

	Gross Block		Depreciation Fund		Written down value		Depreciation for the year	
	2007	2006	2007	2006	2007	2006	2007	2006
Buildings	3.80	3.80	3.80	3.80	-	-	-	-
Plant & Machinery	127.50	127.50	35.15	21.97	92.35	105.53	13.18	13.18
Total	131.30	131.30	38.95	25.77	92.35	105.53	13.18	13.18

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

	As at March 31, 2007	As at March 31, 2006
Not later than one year	11.20	24.00
Later than one year and not later than five years	-	10.00
Total	11.20	34.00

16 Small Scale Undertaking Dues:

(a) This disclosure is on the basis of information available with the Company regarding the status of supplier as defined under the "Interest on delayed payment to Small scale and ancillary Industrial Undertaking Act, 1993" unpaid liability on account of interest Rs 16.49 lacs (Previous year Rs 16.49 lacs).

(b) The name of Small Scale Industrial Undertakings in respect of whom amounts are outstanding for more than 30 days.

(1) Altop Industries Ltd (2) Amit Chemical Ind. (3) Arvico rubber Ind. (4) Dakle Industrial Plastics (5) Deepankit Metal Works (6) Dip-Flon Engineering & Co (7) Effluents' Engineers (8) Elder Instruments Pvt Ltd (9) Fluorocarbon Processing Ind. (10) Gandhi & Associates (11) Garg Lab Glass Ind. (12) GSL Engineers (13) Harsh Engineering (14) Heerasons Chemicals Pvt Ltd (15) Industrial Solvents & Chemicals Pvt Ltd (16) Isoex Corporation (17) Isotex Corporation (18) Khosla Profile Pvt Ltd (19) Kishor Pumps Pvt Ltd (20) Masibus Process Instruments Pvt Ltd (21) Mazda Limited (22) Mech Engineers (23) Mettler-Toledo India Pvt Ltd (24) Mojj Engineering Systems Ltd (25) New Janta Metal Works (26) Nirav Engineering Corporation (27) Nutech Jeeting Equipments India Pvt Ltd (28) Oil Seals Mfg. Co. Pvt. Ltd (29) Paras Enterprise (30) Power Control System (31) PPI Systems (32) Prakash Steel Fab (33) Scientific Devices (Bombay) Pvt Ltd (34) Shree Umiya Timber Industries (35) Vadilal Chemicals Ltd. (36) Darling Muesco (India) Pvt Ltd (37) Dembla Valves Pvt Ltd (38) Devchand Welding Engineering (39) Dip-Flon Engineering & Co (40) Gluck (India) Mfg. Co. (41) Gopinath Chem Tech Ltd (42) Industrial Linings (Baroda) Pvt Ltd (43) Industrial Moulders (44) Lead Engineers (45) Mahavir Intermediates (46) Maxo Products (47) Microfinish Pumps Pvt Ltd (48) Shree Rajpipla Amar Carbon & Chemi. Indus (49) Super Gasket Industries (50) Techno Rubber Products (51) Toshniwal Instruments Mfg. Pvt Ltd (52) Waaree Instruments Ltd (53) OCV Dandy Control Pvt Ltd (54) Parshva Chemicals (55) Precision Engineering Works (56) Packwel Industries (Valsad) Pvt Ltd (57) Precision Industries

(c) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any relating to amounts unpaid as at the year end together with the Interest Paid/ Payable as required under the said act has not been given.

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

- 17 (a) Suppliers and Customers Balances are subject to confirmation from the parties.
 (b) Sundry Debtors outstanding for more than six months under Sundry Debtors in Schedule 8 include Rs 234.73 lacs (Previous year Rs 220.55 lacs) for the recovery of which, legal action has been or is being taken by the Company, however, the same are considered good by the management.

18 Exchange Rate Difference:

- (a) Exchange difference in respect of forward contracts to be recognised in the Profit & Loss Account of subsequent accounting periods amounts to Rs 0.02 lacs (Previous Year Rs 3.82 lacs).

(b) Disclosure of Derivatives:

a)	Hedging commitments outstanding as at 31st March 2007:	(Amt in lacs)
	Forward Contract	
	Foreign Currency	USD
	1) Loans taken	45

- b) The aforesaid derivative contracts have been entered into for hedging purposes.

c) Uncovered risks as at 31st March 2007:

	Foreign Currency		
	USD	EURO	Others
1) Debtors	276.10	44.00	0.38
2) Creditors	36.40	-	-
3) Loans taken	480.60	-	-

- 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)
 Amount outstanding as on 31-03-2007 Maximum balance during the year

(i) Subsidiary:		
Ameer Trading Corporation Ltd	144.09	400.00
(ii) Associate Companies:		
AtRo Ltd (a)	0.08	0.08
Amal Ltd (including interest)	112.70	112.70
(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 company's policy are not considered.

- 21 The company has this year transferred some of the equipments from impaired CGU to new CGU and also sold certain equipments of impaired CGU. Consequent to this alternative use and sale of equipments of impaired CGU it has reversed impairment losses pertaining to these equipments of Rs. 110.03 lacs recognised in earlier year relating to Speciality & Other Chemical segment and same has been credited to Profit & Loss Account.

- 22 Incidental to Premature cancellation of Lease Agreement of Lease hold land by lessee during previous year, Company has received Buildings, Plant & Machinery etc free of cost, which is accounted at fair value on the basis of valuation report of independent valuer and it has credited total value to Capital Reserve Account.

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

23 Employee Benefits

(A) Defined Benefit Plans:

**Expenses recognised for the year ended on March 31, 2007
(included in schedule 13 of Profit and Loss Account) (Rs. in lacs)**

	Gratuity Funded	Leave Encashment Unfunded
1 Current Service Cost	120.05	161.34
2 Interest Cost	180.33	71.95
3 Expected Return on Plan Assets	(189.74)	-
4 Employer Contribution (Receipt)	(24.66)	-
5 Actuarial Losses (Gains)	69.81	16.19
Expenses Recognised in Profit & Loss A/c	155.79	249.48

Net Asset/ (Liability) recognised in the Balance Sheet as on 31st March, 2007 (Rs. in lacs)

	Gratuity Funded	Leave Encashment Unfunded
1 Present value of Defined Benefit Obligation	(2404.84)	(1121.49)
2 Fair Value of Plan Assets	2391.20	-
3 Funded Status (Surplus/ (Deficits))	(13.64)	(1121.49)
Net Assets/ (Liability)	(13.64)	(1121.49)

**Reconciliation of Net Assets/ (Liability) recognised in the
Balance Sheet as on 31st March, 2007 (Rs. in lacs)**

	Gratuity Funded	Leave Encashment Unfunded
1 Net Assets/(Liability) at Beginning of year (Due to Adoption of As-15 (Revised-2005) "Employee Benefits")	(32.15)	(1066.88)
2 Employer Expenses	(155.79)	(249.48)
3 Employer Contribution	174.30	194.87
Net Assets/ (Liability) at the end of the year	(13.64)	(1121.49)

(Rs. in lacs)

	Gratuity Funded	Leave Encashment Unfunded
Actual Return on Pain Assets	195.26	-

Actuarial Assumptions

	Gratuity Funded	Leave Encashment Unfunded
1 Discount Rates	7.50%	7.50%
2 Expected Rate of Return on Plan Asset	8.00%	-
3 Expected Rate of Salary Increase	5.00%	5.00%
4 Mortality Post- Retirement	LIC(1994-96)	

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

23 Employee Benefits (Contd.)

Major Category of Plan Asset as a percentage of total plan

		Gratuity Funded	Leave Encashment Unfunded
1	Unit Linked Insurance Plan of various Private Insurance Companies approved by IRDA	94%	-
2	In Approved Government Securities	6%	-

(B) Defined Contribution Plan:

Amount of Rs. 521.52 lacs is recognised as expense and included in the Schedule 13 "Contribution to Provident & Other Funds" to the Profit & Loss Accounts.

(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 of Life Insurance Corporation of India.

(D) The Company has implemented AS-15 (Revised 2005) "Employee Benefits", with effect from April 1, 2006. Accordingly the Company has made a provision for defined benefit plans aggregating to Rs405.27 lacs. In accordance with the transitional provision in said Accounting Standard, Rs87.03 lacs (net of deferred tax of Rs40.68 lacs) has been adjusted to General Reserve.

24 Included under capital advances is an amount of Rs. 2717.55 lacs given to a company against proposed purchase of building, plant and machinery etc. The said Company is registered under BIFR. Assets proposed to be purchased are now assigned as first charge in favour of our Company as security for advances.

25 Information required in terms of Part IV of Schedule VI of the Companies Act, 1956 is attached.

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

27 Figures less than Rs 500/- has been shown at actuals 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

B R SHAH
Partner
Membership No 5806

Ahmedabad
June 30, 2007

T R GOPI KANNAN
Company Secretary

G S PATEL

R A SHAH

H S SHAH

Directors

SUNIL S LALBHAI
Managing Director & CEO

SAMVEG A LALBHAI
Managing Director

Mumbai
June 29, 2007

Annexure referred to in Note 19 in Schedule 17 of the Accounts for the year ended 31st March, 2007.**Statement of Significant Accounting Policies:**

- 1 System of Accounting:
 - 1.1 The Company, generally, follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
 - 1.2 Financial statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money except in case of freehold land which 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 leasee 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 which is at revalued value and assets received free of cost on premature cancellation of lease agreement with one leasee 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 and Machinery, except on Ancillary Equipments to Plant and 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 and Machinery taken on lease on or after 1.4.1991 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 and Machinery pertaining to plants commissioned up to 31 December, 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 Buildings and Plant and Machinery pertaining to plants commissioned on or after 1st January, 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 and Plant and 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 31 December 1987 is being provided on "Straight Line Method" basis pursuant to circular No.1-1/1986, CLV No. 14(50)84 CL VI dated 21st May, 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 1st January, 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 31st December, 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 1st January, 1968 except on Ancillary Equipment to Plant and Machinery taken on lease on or after 1st April 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 1st April, 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 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.

- 4 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.
- 5 Inventories:
- 5.1 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.
- 5.2 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.
- 5.3 Materials - in - Process are valued at cost or net realisable value whichever is lower.
- 5.4 Finished Goods:
- Finished goods stocks are valued at full absorption cost or net realisable value whichever is lower (including excise duty).
- 5.5 Stock of goods traded in is valued at Annual Average cost or net realisable value whichever is lower.
- 5.6 Materials in transit and in Bonded Warehouse are stated at the cost to the date of Balance Sheet.
- 6 Foreign Currency Transaction:
- 6.1 Initial Recognition:
- Transactions denominated in foreign currencies are recorded at the rate prevailing on the date of the transaction.
- 6.2 Conversion:
- At the year-end, monetary items denominated in foreign currencies remaining unsettled are converted into rupee equivalents at the year-end exchange rates. Non monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- 6.3 Exchange Differences:
- All exchange differences arising on settlement and conversion of foreign currency transactions are included in the profit & 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.
- 6.4 Forward Exchange Contracts not intended for trading or speculation purposes:
- The premium or discount arising at the inception of forward exchange contract is amortized 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 recognized as income or expense for the year.
- 7 Revenue Recognition:
- 7.1 Sales:
- 7.1.1 Domestic Sales are accounted on despatch of products to customers.
- 7.1.2 Export sales are accounted on the basis of dates of Bill of Lading and/ or Air Way Bill.
- 7.1.3 Sales are disclosed net of Sales Tax, Discounts and Returns, as applicable but including Excise Duty.
- 7.1.4 Sales excludes self consumption.
- 7.2 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.
- 7.3 Lease rental income is recognised on accrual basis.
- 7.4 Dividend Income is accounted for in the year in which the right to receive the same is established.

- 8 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.
- 9 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.
- 10 Employee Benefits:
- 10.1 **Defined Contribution Plan:**
Company's contribution paid/payable during the period to Provident Fund, EDLI, Officer Super Annuation Fund, ESIC and Labour Welfare Fund are recognised in the Profit & Loss Account.
- 10.2 **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 Company's liabilities 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. Actuarial gain and losses are recognised immediately in the statement of Profit and Loss account as income or expenses. 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. Company recognises the undiscounted amount of short term employee benefits during the accounting period based on service rendered by employee.
- 10.3 **Voluntary Retirements:**
Compensation payable under the Voluntary Retirement Scheme is being charged to Profit and Loss Account.
- 11 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.

**ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I Registration Details**

Registration No	:	2859
State Code	:	04
Balance Sheet Date	:	March 31, 2007

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

Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement (Redeemable Preference Shares)	:	Nil

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

Total Liabilities	:	6828673
Total Assets	:	6828673

Source of Funds

Paid-up Capital	:	296748
Reserves & Surplus	:	2697698
Secured Loans	:	3189273
Unsecured Loans	:	490221
Deferred Tax Liability (net)	:	154733

Application of Funds

Net Fixed Assets	:	2948637
Investments	:	651291
Net Current Assets	:	3228745

IV Performance of Company (Amount Rs in Thousands)

Turnover (including other income)	:	9212705
Total Expenditure	:	8898539
Profit before Tax	:	314166
Profit after Tax	:	256540
Earning per Share (Equity)	:	Rs 9.98
Dividend Rate (Proposed)	:	30%

V Generic names of Three Principal Products / Services of Company (As per Monetary terms)

Item Code No (ITC Code)	:	3204
Products Description	:	Synthetic organic colouring matter
Item Code No (ITC Code)	:	291200
Product Description	:	Para anisic aldehyde
Item Code No (ITC Code)	:	390730.09
Product Description	:	Epoxy resins

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2007

No. of shares	No. of Accounts	Total Shares	No. of Physical Accounts	No. of Accounts with NSDL	No. of Accounts with CDSL
1 to 10	4142	22334	3220	735	187
11 to 50	13226	367896	9501	3202	523
51 to 100	5479	457771	2701	2353	425
101 to 500	7281	1726809	3063	3644	574
501 to 1000	1147	841477	337	709	101
1001 to 1500	291	357925	71	198	22
1501 to 2000	153	271613	38	100	15
2001 to 3000	140	342297	31	96	13
3001 to 4000	67	235564	12	46	9
4001 to 5000	48	223842	9	35	4
5001 to 10000	73	535732	12	52	9
Above 10001	107	24278473	6	99	2
TOTAL:	32154	29661733	19001	11269	1884

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO
SUBSIDIARY COMPANIES**

1. Name of subsidiary	Ameer Trading Corporation Limited	Atul Americas Inc	Atul Europe Limited	Atul Deutschland GMBH	Atul International Trading (Shanghai) Co. Ltd.
2. Financial year ending on	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007
3. Extent of Holding: By Atul Limited (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 31st March, 2007	-	-	-	-	-
(b) not dealt with in the accounts of the Company for the year ended 31st March, 2007	Rs42.94 Lacs	\$53920 equal to Rs23.50 Lacs	£623 equal to Rs0.53 Lacs	€13713 equal to Rs7.97 Lacs	(YUN 245610) equal to (Rs13.85 Lacs)
5. Net aggregate amount of Profits / (Losses) for previous financial years of the subsidiary, since it became a subsidiary so far as they concern members of the Company:					
(a) dealt with in the accounts of the Company for the year ended 31st March, 2007	Rs1206.67 Lacs	-	-	-	-
(b) not dealt with in the accounts of the Company for the year ended 31st March, 2007	Rs685.14 Lacs	\$275099 equal to Rs119.92 Lacs	(£942524) equal to (Rs806.14 Lacs)	€22020 equal to Rs12.80 Lacs	(YUN 882979) equal to (Rs49.80 Lacs)

**AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF ATUL LIMITED ON THE
CONSOLIDATED FINANCIAL STATEMENTS OF ATUL LIMITED AND ITS SUBSIDIARIES**

We have examined the attached Consolidated Balance Sheet of Atul Limited and its subsidiaries as at 31st March, 2007, 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 Atul Limited's management. 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 Limited and Atul International Trading (Shanghai) Co. Ltd. China whose financial statements reflect total assets of Rs4614.19 lacs as at 31st March, 2007 and total revenues of Rs13730.44 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 Deutchland 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 one of the associate companies viz. Amal Ltd whose financial statements as on 31st March, 2006 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 Rs1252.76 lacs as at 31st March, 2006 and total revenue of Rs174.01 lacs for the year ended on that date. The financial statements of other associates as on 31st March, 2006 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:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of Atul Limited and its subsidiaries as at 31st March, 2007;
- (b) In the case of the 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

B R SHAH
Partner

30th June, 2007

Membership No 5806

CONSOLIDATED BALANCE SHEET OF ATUL LIMITED AND ITS SUBSIDIARIES AS AT 31ST MARCH, 2007

(Rs in lacs)

As at

31.03.2006

	Schedule	Rs	Rs	Rs
I SOURCES OF FUNDS:				
1 Shareholder's Fund:				
(a) Capital	1	2967.48		2967.48
(b) Reserves and Surplus	2	26931.15		24914.13
			29898.63	27881.61
2 Loan Funds:				
(a) Secured Loans	3	31892.73		30740.55
(b) Unsecured Loans	4	5175.01		4434.03
			37067.74	35174.58
3 Deferred Tax Liability (net) : (See note 7b)			1543.52	1709.56
			68509.89	64765.75
II APPLICATION OF FUNDS:				
1 Fixed Assets: (See note 16)				
(a) Gross Block	5	71636.64		68936.76
(b) Less: Depreciation & Impairment loss		47652.69		45760.34
(c) Net Block		23983.95		23176.42
(d) Capital work in progress, expenditure to date		2472.13		1844.68
(e) Advances against capital expenditure (See note 18)		3065.48		2362.02
			29521.56	27383.12
2 Investments	6		5333.71	5335.51
3 Current Assets, Loans and Advances:	7			
(a) Inventories		19587.63		22587.89
(b) Sundry Debtors		23715.89		22140.25
(c) Cash and Bank Balances		4600.37		2086.14
(d) Other Current Assets		124.60		87.76
(e) Loans and Advances		7674.99		5564.80
		55703.48		52466.84
Less: Current Liabilities and Provisions:	8			
(a) Liabilities		19600.27		17921.10
(b) Provisions		2448.59		2498.62
		22048.86		20419.72
Net Current Assets			33654.62	32047.12
			68509.89	64765.75
Notes forming part of the Accounts	17			

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

 B R SHAH
 Partner
 Membership No 5806

 Ahmedabad
 June 30, 2007

 T R GOPI KANNAN
 Company Secretary

G S PATEL

R A SHAH

H S SHAH

Directors

 SUNIL S LALBHAI
 Managing Director & CEO

 SAMVEG A LALBHAI
 Managing Director

 Mumbai
 June 29, 2007



CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ATUL LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule	Rs	Rs	Rs	Rs
(Rs in lacs)					
2005-2006					
INCOME:					
Sales and Operating Income	9			93597.26	85898.15
Other Income	10			1113.09	1056.43
				94710.35	86954.58
EXPENDITURE:					
Cost of goods sold and Materials consumed	11	52348.41			45113.60
Manufacturing Expenditure	12	17357.16			17407.47
Employees' Emoluments	13	7084.25			7453.99
Interest and Finance charges, net	14	2833.57			2924.86
Others	15	9478.49			7499.15
Depreciation & amortisation			3074.98		2887.65
				92176.86	83286.72
Profit before Taxation & Exceptional / Non recurring items				2533.49	3667.86
Exceptional / Non recurring items:					
Profit on sale of long term trade investment			-		6753.47
Lease surrender compensation			-		1000.00
Payment under VRS		(510.41)			(2118.33)
Less: Adjusted against Provision for Contingencies			-		828.43
			(510.41)		(1289.90)
Provision for doubtful loans & advances			(0.40)		(800.00)
				(510.81)	5663.57
Profit before Taxation				2022.68	9331.43
Provision for Taxation:					
Current tax			277.65		477.46
Deferred tax			(125.45)		(718.20)
Wealth Tax			9.55		7.68
Fringe Benefit Tax			72.18		120.46
			233.93		(112.60)
Less: Mat Credit Entitlement			150.00		-
				83.93	(112.60)
PROFIT FOR THE YEAR				1938.75	9444.03
Reversal of Impairment loss				110.03	-
Credits / (Debits) relating to earlier years	16			283.76	(39.56)
Tax Adjustments relating to earlier years:					
Income Tax				0.01	(84.81)
				2332.55	9319.66
As per last Account				17468.28	9786.09
				19800.83	19105.75
General Reserve				295.92	622.82
Proposed Dividend			889.85		889.85
Corporate Dividend Tax on above			151.23		124.80
				1041.08	1014.65
Balance carried to Balance Sheet				18463.83	17468.28
Basic/diluted earning Per Share (See note 10)				Rs7.86	Rs31.42
Notes forming part of the Accounts	17				

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

G S PATEL

SUNIL S LALBHAI
Managing Director & CEO

R A SHAH

B R SHAH
Partner
Membership No 5806

T R GOPI KANNAN
Company Secretary

H S SHAH
Directors

SAMVEG A LALBHAI
Managing Director

Ahmedabad
June 30, 2007

Mumbai
June 29, 2007

**CONSOLIDATED CASH FLOW STATEMENT OF ATUL LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED 31ST MARCH, 2007**

DESCRIPTION	2006-07		Rs In Lacs 2005-06	
	Rs	Rs	Rs	Rs
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax & extraordinary items		2533.49		3667.86
Less: (Debits)/Credits relating to earlier years		283.77		(124.37)
		2817.26		3543.49
Adjustments for:				
Add:				
Goodwill Written Off	-		1.30	
Depreciation	3074.98		2887.65	
Interest & Finance charges	2846.86		2928.72	
Loss on Assets sold or discarded	33.09		30.90	
Exchange Rate difference	(266.46)		154.53	
Exchange Rate difference on consolidation	1243.24		(1342.46)	
Provision for doubtful debts	73.37		57.32	
Amount written off against leasehold land	4.61		4.61	
		7009.69		4722.57
		9826.95		8266.06
Less:				
Dividend	502.98		428.36	
Tax Adjustment relating to previous years	0.01		(84.81)	
Interest received	75.49		48.26	
Provisions no longer required	402.38		71.75	
Profit on sale of Investments	0.17		38.53	
Surplus on sale of Assets	155.61		75.99	
		1136.64		578.08
Operating Profit before Working Capital changes		8690.31		7687.98
Adjustments for:				
Inventories	3000.26		(3503.60)	
Trade & Other receivables	(2218.42)		(3773.03)	
Trade & Other payables	1868.14		2075.10	
		2649.98		(5201.53)
Cash generated from Operations		11340.29		2486.45
Less:				
Direct Taxes refund/(paid)		(1748.71)		(221.30)
Payment under Voluntary Retirement scheme		(510.41)		(2118.33)
Cash flow before extraordinary items		9081.17		146.82
Lease surrender compensation		-		1000.00
Net cash flow from operating activities		9081.17		1146.82
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets and Capital advances	(4553.50)		(5386.64)	
Sale of Fixed Assets	404.09		120.20	
(Disbursements)/Repayments of loans	0.38		559.93	
Purchase of Investments	(0.18)		(262.94)	
Sale of Investments	2.15		6892.94	
Interest Received	27.58		93.41	
Exchange Rate difference on consolidation of subsidiaries	(1243.24)		1342.46	
Dividend Received	502.98		428.36	
Capital Subsidy	13.89		-	
Net Cash used in Investing Activities		(4845.85)		3787.72
Carried forward		4235.32		4934.54



**CONSOLIDATED CASH FLOW STATEMENT OF ATUL LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED 31ST MARCH, 2007**

DESCRIPTION	2006-07		Rs In Lacs 2005-06	
	Rs	Rs	Rs	Rs
Brought forward		4235.32		4934.54
(C) CASH FLOW FROM FINANCING ACTIVITIES;				
Proceeds from issue of Share capital		-		
Proceeds from Long Term Borrowings	772.91		(1940.33)	
Add: Exchange Rate difference	260.47		(160.86)	
Proceeds from Long Term Borrowings (adjusted)	1033.38		(2101.19)	
Proceeds/ (repayments) of Working Capital Loans(Net)	379.27		720.67	
Proceeds/ (repayments) of Unsecured Borrowings(Net)	740.98		233.25	
Total Proceeds from Borrowings		2153.63		(1147.27)
Interest paid		(2865.61)		(2935.97)
Dividend Paid	(884.31)		(584.06)	
Corporate dividend tax paid	(124.80)		(83.20)	
		(1009.11)		(667.26)
Net Cash used in Financing Activities		(1721.09)		(4750.50)
Net change in Cash & Cash Equivalents(A+B+C)		2514.23		184.04
Cash & Cash equivalents(Opening Balance)		2086.14		1902.10
Cash & Cash equivalents(Closing Balance)		4557.70		2098.46
		2471.56		196.36

Notes to the Cash flow Statement for the year ended 31st March,2007

- Cash and cash equivalents include:

Cash and bank balances	4600.37	2086.14
Unrealised (gain)/ Loss on foreign currency cash and cash equivalents	(42.67)	12.32
Total cash and cash equivalents	4557.70	2098.46
- Cash and Cash equivalents include balances with Scheduled Banks on Dividend accounts- Rs42.58 lacs (previous year Rs33.83 lacs), Rs93.57 in Margin Money (Previous year Rs308.27 lacs) and Rs113.30 lacs (previous year Rs95 lacs) as SLR on FD issued, which are not available for use by the company
- 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.
- 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

B R SHAH
Partner
Membership No 5806

Ahmedabad
June 30, 2007

T R GOPI KANNAN
Company Secretary

G S PATEL
R A SHAH
H S SHAH
Directors

SUNIL S LALBHAI
Managing Director & CEO
SAMVEG A LALBHAI
Managing Director

Mumbai
June 29, 2007

SCHEDULE 1 TO 17 ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

		(Rs in lacs)	
		As at	
		31.3.2006	
		Rs	Rs
SCHEDULE - 1 - SHARE CAPITAL:			
Authorised:			
8000000	Cumulative Redeemable Preference Shares of Rs 100/- each	8000.00	8000.00
80000000	Equity Shares of Rs 10/- each	8000.00	8000.00
		16000.00	16000.00
Issued:			
29691780	Equity Shares of Rs 10/- each	2969.18	2969.18
		2969.18	2969.18
Subscribed:			
29661733	Equity Shares of Rs 10/- each fully paid	2966.17	2966.17
	Add: Forfeited shares (amount paid-up)	1.31	1.31
		2967.48	2967.48

Notes:

- 1 Rs35860000/- consisting of 3586000 Equity Shares of Rs 10/- each stands reduced to Rs3586000/- consisting of 358600 Equity Shares of Rs 10/- each on reduction and consolidation of said paid up capital as confirmed by The High Court of Gujarat as per its Order dated 20th August, 1988.
- 2 7500000 Equity Shares are issued to the Shareholders of erstwhile The Atul Products Limited, pursuant to Amalgamation scheme sanctioned by the High Court of Gujarat as per its order dated 20th August, 1988.
- 3 Of the above Equity Shares 1964650 Shares are issued as fully paid-up Bonus Shares by way of capitalisation of Reserves.
- 4 Of the above Equity Shares 3809310 Shares are issued as fully paid-up Shares on Conversion of 12.5% Fully Convertible Secured Debentures of Rs 120/- each.
- 5 Of the above Equity Shares 11028893 Shares are issued as fully paid-up on conversion of 14% Fully Convertible Secured Debentures of Rs 180/- each per Debenture.

SCHEDULE - 2 - RESERVES AND SURPLUS:

		31.03.2006	
		Rs	Rs
Security Premium Account:		3465.54	3465.54
Central and State Subsidy Reserve:			
	As per last Account	64.38	64.38
	Add: Received during the year	13.49	-
		77.87	64.38
Capital Reserve:			
	Assets left by Lessee on surrender of lease accounted at fair value and credited to this Account	799.09	-
Revaluation Reserve:			
		728.94	728.94
General Reserve:			
	As per last Account	3186.99	2564.17
	Less: Adjustment on account of transitional liability relating to Gratuity (See note 17)	8.04	-
	Less: Adjustment on account of transitional liability relating to Unencashed Leave (See note 17)	119.67	-
	Less: Deferred Tax (See note 7(b))	40.68	-
		78.99	-
	Add: Set aside this year	295.92	622.82
		3395.88	3186.99
Surplus as per annexed Account		18463.83	17468.28
		26931.15	24914.13

		(Rs in lacs)	
		As at	
		31.3.2006	
SCHEDULE - 3 - SECURED LOANS:		Rs	Rs
		Rs	Rs
Term Loans from Financial Institutions / Banks:			
From Bank of Baroda -Term Loan (See note: 8 below)	-		445.04
Interest accrued & due	-		2.24
		-	447.28
From Exim Bank - Long Term Working Capital Loan (See note: 3 below)		326.37	1002.25
From UTI Bank Ltd - Boiler Term Loan (See note: 4 below)		-	164.38
From UTI Bank Ltd - Term Loan (See note: 9 below)		134.47	386.71
From UTI Bank Ltd - Foreign Currency Loan (See note: 9 below)		-	334.67
From UTI Bank Ltd - Term Loan (See note: 8 below)		1125.00	1510.93
From Bharat Overseas Bank Ltd -Foreign Currency Loan (See note: - 8 below)		-	328.55
From Bharat Overseas Bank Ltd -Foreign Currency Loan (See note: - 8A below)		1700.01	-
From Bharat Overseas Bank Ltd - Rupee Loan (See note: 8 below)		230.73	465.36
From ICICI Bank Ltd (See note: 2 below)		142.33	115.73
From Housing Development Finance Corporation Ltd - Term Loan (See note: 5 below)		284.30	544.44
From Housing Development Finance Corporation Ltd - Term Loan (See note: 5 below)		-	200.00
From Housing Development Finance Corporation Ltd - Corporate Loan (See note: 5 below)		500.00	750.00
From Housing Development Finance Corporation Ltd - Corporate Loan (See note: 10 below)		378.00	486.00
From The Karur Vysya Bank Ltd - Term Loan (See note: 6 below)		-	2139.72
From The Karur Vysya Bank Ltd - Term Loan (See note: 8 below)		500.50	1251.50
From Infrastructure Leasing & Financial Services Ltd - Term Loan (See note: 7 below)		281.25	656.25
From Bank of India MCB - FC Loan (See note: 8 below)		1372.87	2091.56
From Bank of India New York - FC Loan (See note: 8 below)		1362.19	1952.12
From LIC of India - Term Loan (See note: 8 below)		1400.00	1800.00
From Syndicate Bank - Term Loan (See note: 8 below)		-	600.00
From State Bank of Hyderabad - Corporate Loan (See note: 8 below)		749.94	1250.00
From Bank of India - Foreign Currency Loan (See note: 8A below)		2951.28	-
From EXIM Bank - Rupees Term Loan (See note: 8 below)		2300.01	-
From State Bank of Hyderabad - Rupees Term Loan (See note: 8A below)		503.15	-
From State Bank of India - Rupees Term Loan (See note: 7 below)		1324.48	-
From State Bank of Indore - Rupees Term Loan (See note: 8 below)		1999.88	-
From State Bank of Travancore - Foreign Currency Loan (See note: 8A below)		871.80	-
From UTI Bank Ltd-Agri Loan(See note: 11 below)		58.33	-
Medium Term Loans, against pledge of Shares held as Investments per contra and subservient charge on the current assets of the Company:			
From HDFC Bank, against pledge of Equity Shares.		-	333.33
From HDFC Bank, against pledge of 39775 Equity Shares of Novartis India Limited and 414120 Equity Shares of Arvind Mills Ltd.		145.30	-
From HDFC Bank, against pledge of Equity Shares.		-	166.00
From HDFC Bank, against pledge of 56425 Equity Shares of Novartis India Limited and 603700 Equity Shares of Arvind Mills Ltd.		108.98	334.65
Short Term Loan, against pledge of Shares held as Investments per Contra:			
From IDBI Bank Ltd, against peldge of Equity Shares.		-	666.83

		(Rs in lacs)	
		As at	
		31.03.2006	
SCHEDULE - 3 - SECURED LOANS: (Contd.)		Rs	Rs
From Banks - Working Capital Loans (See note: 1 below)			Rs
Cash Credit	1070.71		1242.81
Working Capital Demand Loan	-		718.66
FCNRB (DL)	3873.35		4047.41
Packing Credit	5381.46		3611.92
Bills Discounting	816.04		1129.31
Interest accrued and due	-		12.18
		11141.56	10762.29
		31892.73	30740.55

NOTES:

- 1 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 Company's immovable assets to the extent of individual banks' limit as mentioned in joint consortium documents.
- 2 Secured by exclusive charge by way of hypothecation of vehicles purchased thereunder.
- 3 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.
- 4 Secured by exclusive first hypothecation charge on the boiler and auxiliary equipments and pari passu second charge on the fixed assets of the company.
- 5 Secured by exclusive first charge on: (i) guest house, club house & 27 residential quarters situated at village Gadkhol, Tal. Ankleshwar, Dist. Bharuch (ii) 15 dwelling units on land situated village Chanvai, Atul, Tal. & Dist. Valsad and first pari passu charges on balance immovable and movable properties of the company, subject to prior exclusive charges in favour of lenders.
- 6 Secured by pari passu first charge on all assets and properties of the company, both present and future, save and except the properties exclusively charged in favour of certain lenders for their financial assistance and the properties exclusively charged to the banks for their working capital loans / specific loans / term loans etc. and also second pari passu on the entire current assets of the company.
- 7 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.
- 8 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.
- 8A 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.
- 9 Secured by a first pari passu charge over the present and future immovable and movable (save and except current assets and specific charge on specific assets) properties of the borrower situated at Atul and Ankleshwar.
- 10 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 & future.
- 11 Secured by hypothecation of the standing crop of patchouli in the Co's Farms 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)	
		As at	
		31.03.2006	
SCHEDULE - 4 - UNSECURED LOANS:		Rs	Rs
Fixed Deposits including interest accrued on New Cumulative Deposits		1350.69	1494.09
Sales Tax Deferment under Government of Gujarat New Sales Tax Incentive Scheme for Industries		19.66	77.52
From Companies		800.41	866.78
From ICICI Bank - Short term Loan		-	300.00
From HDFC Bank - Short term Loan		1394.88	1000.00
From State Bank of Saurashtra - Short term Loan		1307.70	401.58
From Bank - loans and overdraft		301.67	294.06
		5175.01	4434.03

SCHEDULE - 5 - FIXED ASSETS: (Rs in lacs)

ASSETS	GROSS BLOCK (a)				DEPRECIATION				NET BLOCK			
	As At 31/03/06	Additions (d)	Deductions & Adjustment	As At 31/03/07	Upto 31/03/06	Recouped & Adjustments	For the Year	As At 31/03/07	Impairment Fund 31/03/07	Depreciation & Impairment Fund 31/03/07	As At 31/03/06	As At 31/03/07
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Land - Free Hold (a)	1088.03	-	-	1088.03	-	-	-	-	-	-	1088.03	1088.03
Land - Lease Hold	406.57	-	4.61	401.96	-	-	-	-	-	-	401.96	406.57
Buildings (b)	9420.75	1171.26	-	10592.01	3351.03	0.02	270.14	3621.15	48.42	3669.57	6922.44	6021.30
Roads	174.49	-	-	174.49	83.67	-	5.51	89.18	-	89.18	85.31	90.82
Tubewells & Pump House	19.18	32.34	-	51.52	2.36	-	0.66	3.02	-	3.02	48.50	16.82
Plant & Machinery(d)	53006.28	2066.29(c)	1148.93	53923.64	36245.59	909.79	2220.49	37556.29	2719.99	40276.28	13647.36	14040.70
Railway Sidings	8.47	-	-	8.47	8.41	-	0.01	8.42	-	8.42	0.05	0.06
Laboratory Equipments	702.46	68.53	2.77	768.22	401.03	2.52	71.34	469.85	-	469.85	298.37	301.43
Equipments, Furniture & Dead Stock	1309.25	225.65	120.02	1414.88	966.76	11.91	84.52	1039.37	-	1039.37	375.51	342.49
Office Equipments	61.46	4.72	(97.13)	163.31	39.52	7.45	10.79	42.86	-	42.86	120.45	21.94
Vehicles	741.56	222.16	125.19	838.53	387.78	101.96	113.96	399.78	-	399.78	438.75	353.78
Capitalised Spares	125.92	63.89	17.44	172.37	68.58	7.99	15.78	76.37	-	76.37	96.00	57.34
Research & Development:												
Building	264.29	-	-	264.29	147.37	-	8.19	155.56	-	155.56	108.73	116.92
Machinery	1155.77	32.21	-	1187.98	981.20	-	35.70	1016.90	-	1016.90	171.08	174.57
Office Equipment	8.25	-	-	8.25	7.58	-	0.12	7.70	-	7.70	0.55	0.67
Computer Software	444.03	134.66	-	578.69	160.06	-	237.77	397.83	-	397.83	180.86	283.97
Total as on 31-03-2007	68936.76	4021.71	1321.83	71636.64	42850.94	1041.64	3074.98	44884.28	2768.41	47652.69	23983.95	23317.41
Total as on 31-03-2006	66930.29	2847.26	840.79	68936.76	40729.40	766.11	2887.65	42850.94	2909.40	45760.34	23176.42	

Note: (a) At cost, except land freehold 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 (31.03.2006 Rs 109.99 lacs) and cost of share in Co-operative Society Rs0.02 lac (31.03.2006 Rs0.02 lac).

(c) After the adjustment of Rs 5.99 lacs (Previous year Rs. 6.33 lacs) on account of increase in foreign currency liability due to Exchange Rate Fluctuations.

(d) Includes assets received from Wyeth Limited Free of Cost, included at fair value (See Note 26 of Schedule 17)

SCHEDULE - 6 - INVESTMENTS, at cost:		(Rs in lacs)	
		As at 31.03.2006	
LONG TERM INVESTMENTS:	Rs	Rs	Rs
Government and Trust Securities:			
Unquoted:		0.93	2.91
Long term Investments:			
Equity Shares, Fully paid, Quoted:			
Trade:		184.28	184.28
Others:	4900.27		4900.09
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
		4835.83	4835.65
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	74.81		74.81
		312.67	312.67
		5333.71	5335.51

	Book Value		Market Value	
	as at 31st March,		as at 31st March,	
	2007	2006	2007	2006
Quoted	5020.11	5019.93	10149.00	16825.25
Unquoted	313.60	315.58		
	5333.71	5335.51		

SCHEDULE - 7 - CURRENT ASSETS, LOANS AND ADVANCES:

	Rs	Rs	Rs	Rs	Rs
(a) Inventories, (As taken, certified and valued by Managing Director & CEO)					
Stores, Spares, etc., at cost or net realisable value whichever is lower			2302.62		2967.64
Stock - in - Trade, at cost or net realisable value whichever is lower:					
Raw Materials		3974.01			4016.71
Materials - in - Process		5379.06			6221.20
Finished Goods		7522.69			8615.36
			16875.76		18853.27
Goods - in - Transit, cost to date			409.25		759.87
Goods in Bonded Warehouse, Cost to date			-		2.19
Scrapped assets awaiting disposal at estimated realisable value			-		4.92
			19587.63		22587.89
(b) Sundry Debtors, Unsecured:					
Outstanding for more than six months			2010.17		1857.78
Good (See note 13(b))					257.77
Doubtful	306.20				257.77
Less: Provision	306.20				257.77
			-		-
			2010.17		1857.78
Other, Good			21705.72		20282.47
			23715.89		22140.25

(Rs in lacs)					
As at					
31.03.2006					
SCHEDULE - 7 - CURRENT ASSETS, LOANS AND ADVANCES: (Contd.)					
	Rs	Rs	Rs	Rs	Rs
(c) Cash and Bank Balances:					
Cash on hand			57.64		292.48
Remittance in transit			369.39		-
Cheques in hand with Bank as Collecting Agency in terms of an arrangement			242.11		124.80
Bank Balances, with Scheduled Banks:					
In Current Account			1988.47		1126.44
In Margin Deposit		93.57			308.27
In Fixed Deposits*		1835.50			233.22
Interest accrued on above		13.69			0.93
			1942.76		542.42
			3931.23		1668.86
				4600.37	2086.14
(d) Other Current Assets:					
Interest Receivable (including Rs 38.47 Lacs on Investments - Previous Year Rs 0.13 Lac)					
Good		62.82			14.91
Doubtful	55.04				55.04
Less: Provision	55.04				55.04
		-			-
			62.82		14.91
Other Receivables			61.78		72.85
				124.60	87.76
(e) Loans and Advances, Unsecured, Good:					
(Unless otherwise stated)					
Loans to jointly Promoted Companies			0.08		0.08
Other Loans					
Good		135.92			136.30
Doubtful	112.70				112.70
Less: Provision	112.70				112.70
		-			-
			135.92		136.30
Advances recoverable in cash or in kind or for value to be received					
Good		3685.29			4103.46
Doubtful	636.25				635.84
Less: Provision	636.25				635.84
		-			-
			3685.29		4103.46
Balances with Customs, Bombay Port Trust and Excise etc.			1825.66		883.30
Sundry Deposits			574.46		431.66
Mat Credit Entitlement			150.00		-
Tax paid in advance, net of provisions			1151.59		10.00
				7674.99	5564.80
				55703.48	52466.84

* Includes Rs14.36 lacs deposit, receipt of which is endorsed in favour of Government Departments.

	(Rs in lacs)	
	As at 31.03.2006	
	Rs	Rs
SCHEDULE - 8 - CURRENT LIABILITIES AND PROVISIONS:		
(a) Liabilities:		
Acceptances		2782.42
Sundry Creditors		3258.65
(i) Due to Small Scale Industrial Undertakings	440.02	431.60
(ii) Due to others	<u>16230.15</u>	<u>13989.70</u>
		<u>16670.17</u>
Over drawn Current Accounts as per books		-
Investors Education and Protection Fund shall be credited by the following: (See note below)		73.26
Unclaimed Dividend	48.23	42.69
Unpaid matured debentures	1.01	3.58
Matured fixed deposits	0.20	0.65
Interest payable on above	<u>24.65</u>	<u>28.63</u>
		<u>74.09</u>
Interest accrued but not due on loans		62.56
Unclaimed amount of sale proceeds of fractional Coupons of Bonus Shares of erstwhile The Atul Products Limited		9.65
Unclaimed amount of sale proceeds of fractional Coupons of Bonus Shares		9.66
		<u>1.38</u>
		<u>19600.27</u>
(b) Provisions:		
For Contingancies	274.55	274.55
For Unencashed leave	1126.89	955.59
For Taxation, net of advances	6.07	253.82
For Dividend Tax	151.23	124.80
Proposed Dividend	<u>889.85</u>	<u>889.85</u>
		<u>2448.59</u>
		<u>22048.86</u>
		<u>20419.72</u>

Note : The figures are outstanding as at 31st March, 2007. The actual amount to be transferred to said fund in this respect shall be determined on the due dates.

SCHEDULE - 9 - SALES AND OPERATING INCOME:

 (Rs in lacs)
 2005-2006

	Rs	Rs	Rs
(a) Sales etc.			
Sales including Excise Duty	98253.52		90650.29
Less: Excise Duty	<u>6248.31</u>		<u>6111.66</u>
		92005.21	84538.63
Export Incentives		<u>821.95</u>	<u>993.49</u>
		92827.16	<u>85532.12</u>
(b) Leasing:			
Lease Rental Income	1.20		1.23
Add: Lease equalisation	<u>-</u>		<u>(0.03)</u>
		1.20	<u>1.20</u>
(c) Operating Income:			
Processing charges	86.78		107.37
Charges received for services to Associated Companies	-		15.37
Miscellaneous scrap sales	<u>682.12</u>		<u>242.09</u>
		768.90	<u>364.83</u>
		93597.26	<u>85898.15</u>

SCHEDULE - 10 - OTHER INCOME:

Dividend from long term investments:			
From Trade Investments	116.27		111.18
Others	<u>386.71</u>		<u>317.18</u>
		502.98	428.36
Insurance claims		83.68	32.77
Income from property		46.87	43.27
Sales Tax refunds		-	0.31
Miscellaneous Income		298.84	406.74
Provision for doubtful debts & advances written back		24.94	30.46
Surplus on sale of assets		155.61	75.99
Surplus on sale of Investments		<u>0.17</u>	<u>38.53</u>
		1113.09	<u>1056.43</u>

	(Rs in lacs)	
	2005-2006	
	Rs	Rs
SCHEDULE - 11 - COST OF GOODS SOLD AND MATERIALS CONSUMED:		
Raw Materials Consumed:		
Stocks at commencement	4016.71	3790.23
Less: Unserviceable Stock written off	-	2.04
	<u>4016.71</u>	<u>3788.19</u>
Add: Purchases	45646.72	42391.64
	49663.43	46179.83
Less: Stocks at close	3974.01	4016.71
	45689.42	42163.12
Less: Vat credit on opening stock	42.24	-
	45647.18	42163.12
Patchouli expenses	26.14	-
	<u>45673.32</u>	<u>42163.12</u>
Finished Goods Purchases	4742.61	5510.87
(Increase) Decrease in stocks:		
Stock at Close:		
Materials - in - process	5379.06	6221.20
Finished Goods	7522.69	8615.36
	<u>12901.75</u>	<u>14836.56</u>
Less: Stocks at commencement:		
Materials - in - process	6221.20	5107.03
Add: Transferred from finished goods	1521.08	-
	<u>7742.28</u>	<u>5107.03</u>
Finished Goods	8615.36	7149.17
Less: Obsolete Stock Written Off	-	11.80
Transferred to materials in process	1521.08	-
	<u>7094.28</u>	<u>7137.37</u>
	<u>14836.56</u>	<u>12244.40</u>
	1934.81	(2592.16)
Excise duty variation on opening / closing stocks	28.55	75.38
Excess Provision of Excise duty	(30.88)	(43.61)
	<u>52348.41</u>	<u>45113.60</u>
SCHEDULE - 12 - MANUFACTURING EXPENSES:		
Stores consumed	3010.59	3000.68
Power, Fuel and Water	9710.94	9472.53
Conversion and plant operation charges etc.	666.80	1413.24
Flora expenses	1.48	-
Building repairs	689.59	461.21
Machinery repairs	3041.68	2890.81
Sundry repairs	236.08	169.00
	<u>17357.16</u>	<u>17407.47</u>
SCHEDULE - 13 - EMPLOYEES' EMOLUMENTS:		
Salaries, Wages, Bonus etc.	5789.91	6067.61
Contribution to Provident and Other Funds	711.60	607.01
Welfare expenses	546.47	743.63
Provident & Other Fund expenses	36.27	35.74
	<u>7084.25</u>	<u>7453.99</u>

	(Rs in lacs)	
	2005-2006	
	Rs	Rs
SCHEDULE - 14 - INTEREST & FINANCE CHARGES, NET:		
Interest:		
On Fixed Loans	2068.51	2125.52
Others	778.35	766.65
	<u>2846.86</u>	<u>2892.17</u>
Less: Interest earned (Gross, tax, Deducted Rs 16.31 lacs Previous Year Rs 19.76 lacs)		
On Debentures and Bonds	0.47	0.19
Interest from customers	16.66	19.21
Others	75.02	48.07
	<u>92.15</u>	<u>67.47</u>
	2754.71	2824.70
Discounting Charges	78.86	100.16
	<u>2833.57</u>	<u>2924.86</u>
SCHEDULE - 15 - OTHER EXPENDITURE:		
Rent	140.94	93.14
Rates & Taxes	109.08	107.48
Insurance	268.14	269.58
Site Maintenance	82.20	49.71
Freight, Cartage and Octroi	2427.15	2191.40
Advertisement and Publicity	107.07	65.86
Commission and Discount	1932.55	2225.41
Brokerges	2.60	5.91
Travelling and Conveyance	796.89	731.10
Payments to Statutory Auditors	48.49	45.87
Payments to Cost Auditors	1.97	1.80
Directors' Fees & Travelling Expenses	20.37	14.06
Directors' Commission (Other than Managing & Executive Directors)	7.37	6.89
Charities and Donations	26.23	25.21
Bad Debts	25.87	188.69
Loss on sale of stores	222.01	-
Irrecoverable Balances Written Off	18.89	29.56
Provision for Doubtful Debts	73.37	57.32
Sales tax	79.82	122.13
Miscellaneous Expenses	2213.66	2365.72
Exchange rate difference on consolidation for the year	1243.24	(1342.46)
Obsolete & Unserviceable Materials Written Off	31.49	13.84
Loss on Assets sold, discarded or demolished	33.09	30.90
Amount written off against leasehold land	4.61	4.61
Exchange rate difference, net	(438.61)	195.42
	<u>9478.49</u>	<u>7499.15</u>
SCHEDULE - 16 - (DEBITS)/CREDITS RELATING TO EARLIER YEARS:		
Debits relating to earlier years:		
Expenses	118.83	111.31
Credits relating to earlier years:		
Provisions no longer required	402.38	71.75
Excess Depreciation on re-computation written back	0.21	-
	<u>402.59</u>	<u>71.75</u>
	<u>283.76</u>	<u>(39.56)</u>

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS:

		(Rs in lacs)	
		2006-2007	2005-2006
		Rs	Rs
1	Contingent Liabilities not provided for in respect of:		
	(a) Disputed excise demands - matter under appeal	859.17	873.97
	(b) Disputed customs demands - matter under appeal	235.18	235.18
	(c) Disputed Watercharges - matter under appeal	5338.45	4906.73
	(d) Claims against the Company not acknowledged as debts	195.69	206.15
	(e) Income - Tax demands (including interest) - matter under appeal	2997.87	1845.39
	(f) Sales Tax matter under appeal	19.08	12.14
	(g) Disputed Rent mater pending with Mumbai Small Cause Court.	-	968.05
	(h) 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 (g) 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).	1209.88	1404.62
3	Profit & Loss Account includes Expenditure on Research & Development and Pilot Plants as under:		
	Materials consumed	19.34	22.54
	Other Expenditure	705.70	647.73
4	Charge by way of 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 charge by second and subservient charge on company's immovable assets to the extent of individual banks limit as mentioned in joint consortium documents also extends to guarantees given by the bankers.		
	Amount of guarantees outstanding at the end of the year	1969.10	1664.56
5	Payments to Auditors:		
	(a) Statutory Auditors:		
	(i) As Auditors	38.15	34.80
	(ii) In other capacity:		
	For Tax Audit	4.06	4.00
	For Certificates	4.93	5.15
	(iii) For Expenses	1.35	1.92
		<u>48.49</u>	<u>45.87</u>
	(b) Cost Auditors:		
	(i) As Auditors	1.85	1.72
	(ii) For Expenses	0.12	0.08
		<u>1.97</u>	<u>1.80</u>
6	Details of Associates considered in Consolidation:		

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	-	5292.30	24.20
(b) Gujarat Synthwood Ltd*	India	PVC sheets & Panels	34.64%	129.61	-	1660.40	6.94
(c) AtRo Ltd*	India	Agrochemicals	50.00%	50.00	-	40.81	50.00
(d) Atul Bioscience Ltd	India	Pharmaceuticals	28.00%	-	-	204.15	-
				694.76	-	7197.66	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 Rs 140/-.
(iii) * Figures are as at 31.03.2006.

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

7 Taxation: (Rs in lacs)

- (a) Provision for Income Tax for the current year has been made in terms of Section 115JB of the Income Tax Act.,1961.
 (b) Deferred Taxation:

	Accumulated as at 31.03.2006	Arising during the year and recognised in		Balance As at 31.03.2007
		(a) General Reserve (See Note below)	(b) Profit & Loss & Loss A/c	
Deferred Tax Liability on account of: Depreciation/Impairment Loss	2743.30	-	(33.61)	2709.69
	2743.30	-	(33.61)	2709.69
Deferred Tax Assets on account of:				
Provision for Leave Encashment	319.77	40.68	20.74	381.19
43 B expenses allowable	6.06	-	(2.40)	3.66
Provision for doubtful debts	86.77	-	17.31	104.08
Provision for doubtful advances	270.49	-	2.79	273.28
Payment under VRS	347.35	-	52.80	400.15
	1030.44	40.68	91.24	1162.36
Net Deferred Tax Liability (Assets)	1712.86	(40.68)	(124.85)	1547.33
Deferred Tax Assets of Subsidiaries	(3.21)	-	(0.60)	(3.81)
	1709.65	(40.68)	(125.45)	1543.52

Note: Deferred tax effect of transitional provision for unencashed leave is directly adjusted against revenue reserves pursuant to Transitional Provisions under AS-15 (Revised 2005).

8 Related Party Information:

A. Name of related party and nature of relationship:

SN	Name of the related party	Description of relationship
1.	Gujarat Synthwood Ltd	Jointly promoted company
2.	AtRo Ltd	Jointly promoted company
3.	Amal Ltd	Associate company
4.	Key Management Personnel:	
	Mr Sunil S Lalbhai	— Managing Director & CEO
	Mr Samveg A Lalbhai	— Managing Director
	Mr J L Shah	— Executive Director
	Mr C J Bent	— Director
	Mr V M Modi	— Director
5.	Relatives of Key Management Personnel:	
	Mrs Vimlaben S Lalbhai	— Relative of Key Management Personnel
	Mrs Anamika Samveg Lalbhai	— Relative of Key Management Personnel
	Mrs Smita J Shah	— Relative of Key Management Personnel
	Mr Maulik J Shah	— Relative of Key Management Personnel

B. Transactions with related parties: (Rs. in lacs)

SN	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	18.72	-	-	-
		-	-	-	-
2.	Interest received	-	-	-	-
		-	-	-	-
3.	Supply of services	-	2.28	-	-
		-	(3.09)	-	-

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)
7 Taxation: (Contd.)
B Transactions with related parties (Contd.)

(Rs. in lacs)

SN	Name of the related party	Jointly promoted companies	Associate Company	Key Management Personnel	Relatives of Key Management Personnel
Purchases and Expenses:					
1.	Purchase of goods	-	-	-	-
		-	(3.12)	-	-
2.	Commission paid	-	-	-	-
3.	Service charges paid	-	-	-	-
4.	Remuneration	-	-	237.64	-
		-	-	(174.64)	-
5.	Rent paid	-	-	-	-
Other transactions:					
1.	Loan given	2.72	-	-	-
		(0.07)	-	-	-
2.	Other transactions	-	833.42	-	-
		-	(136.17)	(0.02)	-
3.	Guarantee given	-	-	-	-
4.	Investment	-	-	-	-
5.	Fixed deposit received	-	-	-	(1.42)
		-	-	-	0.20
6.	FD Interest paid	-	-	-	(0.76)
Outstanding balances:					
1.	Payable	-	7.91	77.17	2.44
		-	(342.59)	(58.26)	(2.43)
2.	Receivables	5.56	3373.75	-	-
		(7.88)	(2807.12)	-	-

C Provision for doubtful debt and advances to related parties Rs 800 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.

9 Segment Information:
A Information about Business Segment - Primary

(Rs in lacs)

Particulars	Colors		Speciality and other Chemicals		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
	Rs	Rs	Rs	Rs	Rs	Rs
1 Segment Revenue						
External Sales	32353.93	30545.64	65899.59	60104.65	98253.52	90650.29
Inter Segment Sales	-	4.96	919.57	772.49	919.57	777.45
Total Segment Revenue	32353.93	30550.60	66819.16	60877.14	99173.09	91427.74
Less: Inter Segment Revenue	-	4.96	919.57	772.49	919.57	777.45
Net Revenue from operations	32353.93	30545.64	65899.59	60104.65	98253.52	90650.29
2 Segment Results						
Profit before Interest and Tax	346.76	234.25	6373.33	5708.78	6720.09	5943.03
Interest (net)	-	-	-	-	2833.57	2961.41
Other unallocable expenditure (net of unallocable income)	-	-	-	-	1863.84	(6349.81)
Profit Before Tax	-	-	-	-	2022.68	9331.43
3 Other Information						
Segment Assets	21366.12	25615.34	51683.29	46346.67	73049.41	71962.01
Unallocated Common Assets	-	-	-	-	17509.34	14008.47
Total Assets	-	-	-	-	90558.75	85970.48
Segment Liabilities	6590.65	7427.10	12297.30	11475.87	18887.95	18902.97
Unallocated Common Liabilities	-	-	-	-	4314.58	4068.48
Total Liabilities	-	-	-	-	23202.53	22971.45

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

9 Segment Information: (Contd.)

A Information about Business Segment - Primary (Contd.) (Rs in lacs)

Particulars	Colors		Speciality and other Chemicals		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
	Rs	Rs	Rs	Rs	Rs	Rs
Capital Expenditure	707.87	782.29	3597.93	3394.14	4305.80	4176.43
Unallocated Capital Expenditure					1046.82	1210.21
Total Capital Expenditure					5352.62	5386.64
Depreciation	576.54	513.15	2416.45	1934.32	2992.99	2447.47
Unallocated Depreciation					81.99	440.18
Total Depreciation					3074.98	2887.65
Non Cash Expenses	-	374.86	(14.77)	93.63	(14.77)	468.49
Unallocated Non Cash Expenses					-	-
Total Non Cash Expenses					(14.77)	468.49

B Business Secondary - Geographical by Customers

Particulars	In India		Outside India		Total	
	2006-2007	2005-2006	2006-2007	2005-2006	2006-2007	2005-2006
	Rs	Rs	Rs	Rs	Rs	Rs
Segment Revenue	47834.61	44916.22	50418.91	45734.07	98253.52	90650.29
Carrying Cost of Assets by location of Assets	76188.15	70399.44	14370.60	15571.04	90558.75	85970.48
Addition to Assets and Intangible Assets	5349.33	5380.77	3.29	5.87	5352.62	5386.64

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 of
(a) Colors	Dyes and Intermediates
(b) Speciality and Other Chemicals	Agrochemicals, Pharmaceuticals, Polymers, Other Chemicals and Aromatic Compounds
- The Segment Revenue, Results, Assets and Liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.

10 Earning Per Share:

Earning Per Share (EPS) - The numerators and denominators used to calculate Basic and diluted Earning Per Share:

		31.03.2007	31.03.2006
Profit for the year attributable to the Equity Shareholders	Rs in lacs	2332.55	9319.66
Basic/Weighted average number of Equity Shares outstanding during the year		29661733	29661733
Nominal value of Equity Share	Rs	10	10
Basic & diluted earning Per Share	Rs	7.86	31.42

11 Provisions:

Name of the Provision	Balance carried as at 31.03.06	Accrued during the year	Payments during the year	Provision reversed/ written back	Closing Balance carried as at 31.03.2007
Leave Encashment	950.03	369.15	197.69	-	1121.49

12 Lease:

- The Company has taken various residential and office premises under operation lease or leave and license agreements. These are generally cancelable, 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.

SCHEDULE - 17 - NOTES FORMING PART OF THE ACCOUNTS: (Contd.)

(Rs. in lacs)

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

	Gross Block		Depreciation		Written down value		Depreciation for the year	
	2007	2006	2007	2006	2007	2006	2007	2006
Buildings	3.80	3.80	3.80	3.80	-	-	-	-
Plant & Machinery	127.50	127.50	35.15	21.97	92.35	105.53	13.18	13.18
Total	131.30	131.30	38.95	25.77	92.35	105.53	13.18	13.18

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

	(Rs in lacs)	
	As at March 31, 2007	As at March 31, 2006
Not later than one year	11.20	24.00
Later than one year and not later than five years	-	10.00
Total	11.20	34.00

- 13 Sundry Debtors outstanding for more than six months under Sundry Debtors in Schedule 8 include Rs 234.73 lacs (Previous year Rs 220.55 lacs) for the recovery of which, legal action has been or is being taken by the Company, however, the same are considered good by the management.
- 14 Significant Accounting policies followed by the Company are as stated in the statement annexed to this Schedule.
- 15 The company has this year transferred some of the equipments from impaired CGU to new CGU and also sold certain equipments of impaired CGU. Consequent to this alternative use and sale of equipments of impaired CGU it has reversed impairment losses pertaining to these equipments of Rs. 110.03 lacs recognised in earlier year relating to Speciality & Other Chemical segment and same has been credited to Profit & Loss Account.
- 16 Incidental to Premature cancellation of Lease Agreement of Lease hold land by lessee during previous year, Company has received Buildings, Plant & Machinery etc free of cost, which is accounted at fair value on basis of valuation report of independent valuer and it has credited total value to Capital Reserve Account.
- 17 The Company has implemented AS-15 (Revised 2005) "Employee Benefits", with effect from April 1, 2006. Accordingly the Company has made a provision for defined benefit plans aggregating to Rs. 405.27 lacs. In accordance with the transitional provision in said Accounting Standard, Rs. 87.03 lacs (net of deferred tax of Rs. 40.68 lacs) has been adjusted to General reserve.
- 18 Included under capital advances is an amount of Rs. 2717.55 lacs given to a company against proposed purchase of building, plant and machinery etc. The said Company is registered under BIFR. Assets proposed to be purchased are now assigned as first charge in favour of our Company as security for advances.
- 19 Previous year's figures have been regrouped wherever necessary.
- 20 Figures less than Rs 500/- has been shown at actuals 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

 B R SHAH
 Partner
 Membership No 5806

 Ahmedabad
 June 30, 2007

 T R GOPI KANNAN
 Company Secretary

G S PATEL

R A SHAH

H S SHAH

Directors

 SUNIL S LALBHAI
 Managing Director & CEO

 SAMVEG A LALBHAI
 Managing Director

 Mumbai
 June 29, 2007

Annexure referred to in Note 14 in Schedule 17 of the Accounts for the year ended 31st March, 2007.

Statement of Significant Accounting Policies:

- 1 System Accounting:
 - 1.1 The Company, generally, follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
 - 1.2 Financial statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money except in case of freehold land which is revalued in the year 1985 and resultant surplus is kept credited under Revaluation Reserves.
- 2 Principles of consolidation:
 - 2.1 The Consolidated Financial Statements relate to 'ATUL LIMITED' (The Parent Company) and 'AMEER TRADING CORPORATION LTD INDIA,' 'ATUL AMERICAS INC' U S A, 'ATUL EUROPE LTD' U K 'ATUL DEUTCHLAND 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 16 in Schedule 17 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.
 - 2.6.4 The net exchange difference resulting from the translation of items in financial statement of the subsidiaries is recognised as income or expense under the head "Exchange difference on translation of foreign subsidiaries."
- 3 Other Significant Accounting Policies:
 - 3.1 These are set out in the notes to accounts under "Statement of Accounting Policies" of the Financial Statements of Parent Company and its Subsidiaries.

**Additional information on Subsidiary Companies
for the year ended on 31st March 2007**

Subsidiary	Ameer Trading Corporation Ltd.	Atul Americas Inc	Atul Europe Ltd.	Atul Deutschland GMBH	Atul International Trading (Shanghai) Co Ltd
	Rs	Rs	Rs	Rs	Rs
Capital	35.00	871.80	855.30	58.14	191.39
Reserves and surplus	671.86	119.92	(806.14)	12.80	(49.80)
Total Assets	573.47	2483.12	2013.31	1834.42	402.43
Total Liabilities	175.70	1491.40	1964.15	1763.48	260.84
Investments	309.09	-	-	-	-
Turnover	103.82	6976.96	5591.82	4518.28	824.72
Profit before taxation	48.55	24.42	0.53	13.65	(13.85)
Provision for taxation	5.61	0.92	-	5.67	-
Profit after taxation	42.94	23.50	0.53	7.97	(13.85)
Proposed dividend	-	-	-	-	-

Note:

- 1 The Annual Accounts of the Subsidiary Companies and other related information shall be made available to the Shareholders of the Company on request to the Company Secretary at the Registered Office of the Company.
- 2 As per Government of India, Ministry of Company Affairs approval no 47/201/2007-CL-III dated 04.06.2007 all the figures of Foreign Subsidiaries have been converted at the exchange rate prevailing at 31.03.2007.
- 3 Rate of exchange considered as on 31.03.2007 are: 1 USD = Rs43.59, 1 GBP = Rs85.53, 1 Euro = Rs58.14 and 1 Chinese Yuan = Rs5.64.

ATTENDANCE SLIP

ATUL LTD

Regd. Office: Ashoka Chambers, Rasala Marg,
Ahmedabad - 380 006.

30th ANNUAL GENERAL MEETING

Place: Thakorebhai Desai Hall, Law Collage Road, Law Garden,
Ellisbridge, Ahmedabad - 380 006.

Date: Augu st 31, 2007

Time: 11.00 a.m.

Signature of the shareholder / proxy present _____

- Note: 1. Only shareholders or their proxies will be allowed to attend the meeting.
2. This Attendance slip should be brought at the meeting.

PROXY

ATUL LTD

I/we _____

of _____ being a Member/Members of Atul Ltd, heredy

appoint _____ of _____

or failing him _____ of _____

or failing him _____ of _____

as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf,
at the Thirtieth Annual General Meeting of the Company, to be held on August 31, 2007
and at any adjournment thereof. AS WITNESS my/our hand/hands

this _____ day of _____ 2007.

Signed by the said _____

Revenue
Stamp of
30 Paise

L. F. No. _____

• Depository _____

• DP. ID _____

• Client ID _____

• For shares held in Electronic Form

No. of Equity Share (s) held:

Note: The proxy must be deposited at the Registered Office of the Company at Ashoka Chambers,
Rasala Marg, Ahmedabad - 380 006, not less than 48 hours before the time for holding the meeting.

Tear Here

BOOK-POST

Please Paste
Shareholder's Address Slip

New Brands from Agrochemicals Division

If undelivered, please return to:

ATUL LTD
Ashoka Chambers, Rasala Marg,
Ahmedabad 380 006, Gujarat, India



55
Years of
Service

2006-2007
Annual Report



ATUL LTD

Atul 396020, Gujarat, India
www.atul.co.in



A MEMBER OF LALBHAI GROUP



MISSION

We are a chemical company committed to creating
Wealth for all our stakeholders.

We will strive for leadership in our chosen products and markets
by providing high quality products and services
to our customers. We will seek profitable growth by
innovative application of science and technology.

We will pursue excellence in all that we undertake
and take steps to continuously improve.

We will take responsible care of the environment around
us and improve the quality of life in the
communities we operate in.