



Reinforcing

LEVERAGING LATENT POTENTIAL

Forward Looking Statements

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

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

- Marcel Proust

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2009-10 in retrospect

While the business environment was desolate and difficult...

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

Atul consolidated its position...

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

... and is looking forward to achieving sustainable growth

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

Corporate Identity



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



Parentage

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

Presence

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

Products

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

People

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

Employees

2,563

(March 31, 2010)

Promoters' Shareholding

41.92%

(March 31, 2010)

Dividend (per share)

Rs 4.00

(2009-10)

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Serving Diverse Industries





Aromatics

Flavour & Fragrance, Personal Care, Pharmaceutical

Bulk Chemicals & Intermediates

Agriculture, Paper, Pharmaceutical, Textile, Tyre

Colors

Automobile, Textile

Crop Protection

Agriculture

Floras

Agriculture

Pharmaceuticals & Intermediates

Aerospace, Paper, Pharmaceutical

Polymers

Paint & Coatings

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Energised by Purpose

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

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



Propelled by Values

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

Integrity

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

Understanding

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

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

Unity

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

Responsibility

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

Excellence

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

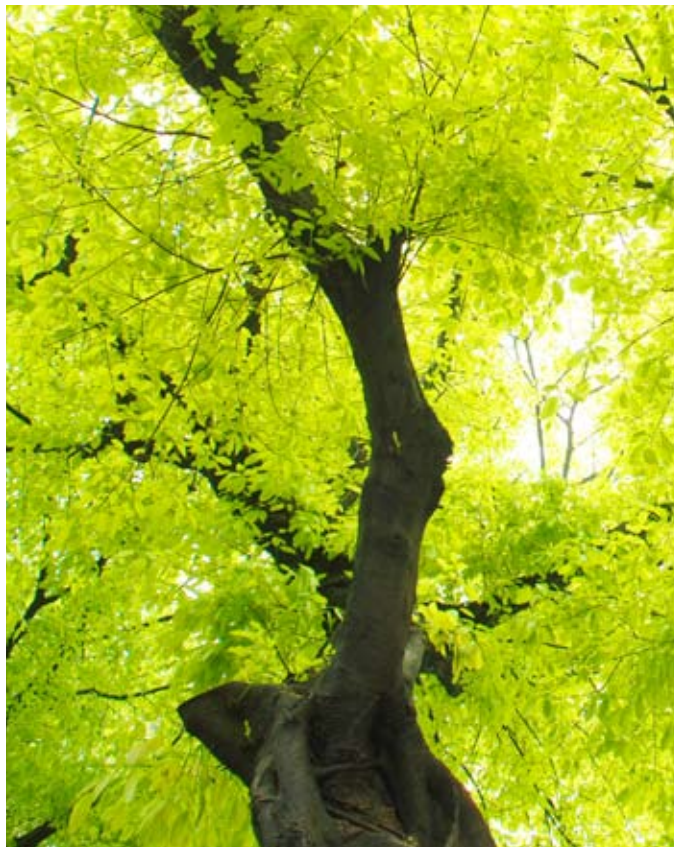
We will seek to create an environment wherein the aforementioned Values are consistently practised and nurtured and ensure that they are not compromised to realize short-term gains.

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Overview by the Chairman

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

Sunil S Lalbhai



Dear Friends,

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

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

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

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

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