



Atul

GROW

by

Learning | Creating | Serving

Atul Ltd | Annual Report 2018-19



Kadamb (Bur-flower | Leichhardt pine) is an iconic tree of India and, amongst others, has an important place in traditional medicines – its roots are used to treat fever, bark is used to treat pain and leaves are used to treat ulcers; its fruit juice is considered to be a good lactating agent.

Kadamb tree is of particular significance for us in Atul - its first 'office', a chair and table, functioned under a *Kadamb* tree. The roots and trunk reaffirm our relentless commitment to eternal Values and the branches and leaves our unflinching allegiance to inclusive growth.

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**The solidity of the trunk does not
affect the suppleness of leaves.**

~ Albert Einstein

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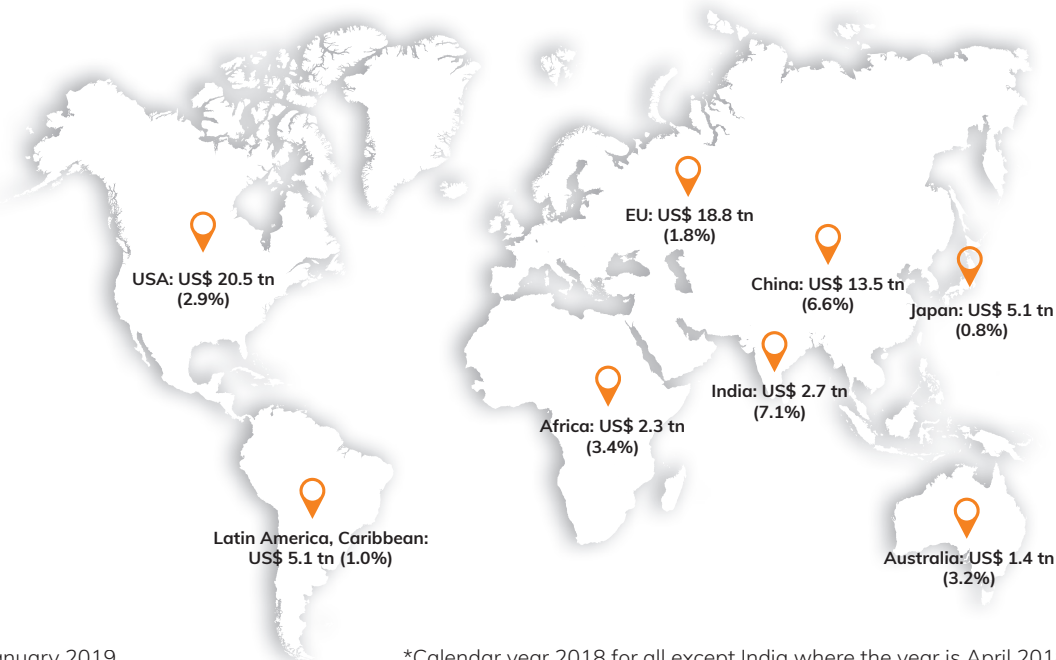
Forward looking statements

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



Recollecting 2018-19

World GDP* at 3.6% grew slower



Source: IMF, January 2019

*Calendar year 2018 for all except India where the year is April 2018 to March 2019

Crude oil, steel prices and forex rates fluctuated significantly



between US\$ 50.57 and US\$ 86.07 per barrel



between ₹ 44,500 and ₹ 49,500 per mt

US\$ vs ₹

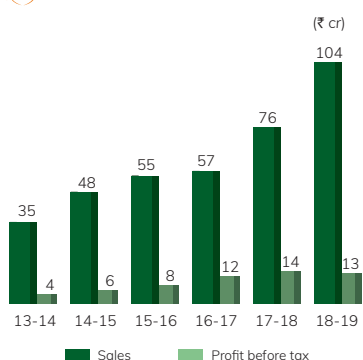
between ₹ 64.96 and ₹ 74.38 per US\$

Atul grew in a comprehensive manner

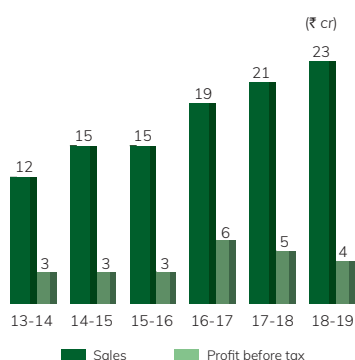
- Sales at ₹ 3,845 cr and profit before tax at ₹ 652 cr increased by 26% and 64% respectively.
- Projects to make two of the four sites at Atul Complex zero liquid discharge commenced.
- 30 initiatives under 6 programs to serve the society completed.



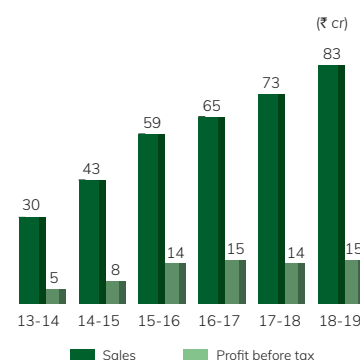
Atul Bioscience Ltd
Atul shareholding: 100%



DPD Ltd
Atul shareholding: 98%



Rudolf Atul Chemicals Ltd
Atul shareholding: 50%



Remembering Kasturbhai Lalbhai on his 125th birth anniversary



**Legacy is not what is engraved in stone monuments,
but what is woven into the lives of others.**

~ Pericles Xanthippus

Born in the 19th century and lived majorly in the 20th century, Mr Kasturbhai Lalbhai created business enterprises and economic and social institutions which are wholly relevant in the 21st century, for generations that may well live to see the 22nd century and beyond.

The team Atul is committed to achieving inclusive growth.

Source: Inspiring Center, Atul Ltd, Atul 396 020, Gujarat, India

The one who plants trees, knowing that (s)he will never sit in their shade, has started to understand the meaning of life.

~ Rabindranath Tagore

Atul Foundation has identified social initiatives to pay tribute to Mr Kasturbhai Lalbhai, the Founder of our Company, on his 125th birth anniversary. Through these initiatives, the Foundation is striving to make a difference in the lives of the less privileged. We are happy to share some of the proposed initiatives as under:

Children

Education

- Support education of 125 needy children
- Provide science kits to 125 rural schools
- Conduct 125 Value workshops in schools by Atul Adhyapikas
- Donate 125 handwritten books to students

Health

- Organise street plays by 125 students on anaemia, health care and hygiene to create awareness amongst students in 18 rural schools

Sports

- Provide sports kits to 125 schools

Special Children

- Support 125 families with specially abled children

Farmers

Empowerment

- Provide assistance to 125 families to purchase cows
- Provide seeds to 125 farmers

Youth

Empowerment

- Provide vocational training to 125 girls to become entrepreneurs
- Train 125 teachers to talk about safety of girl child in nearby schools

Community

Health

- Support 125 patients undergoing dialysis

Infrastructure

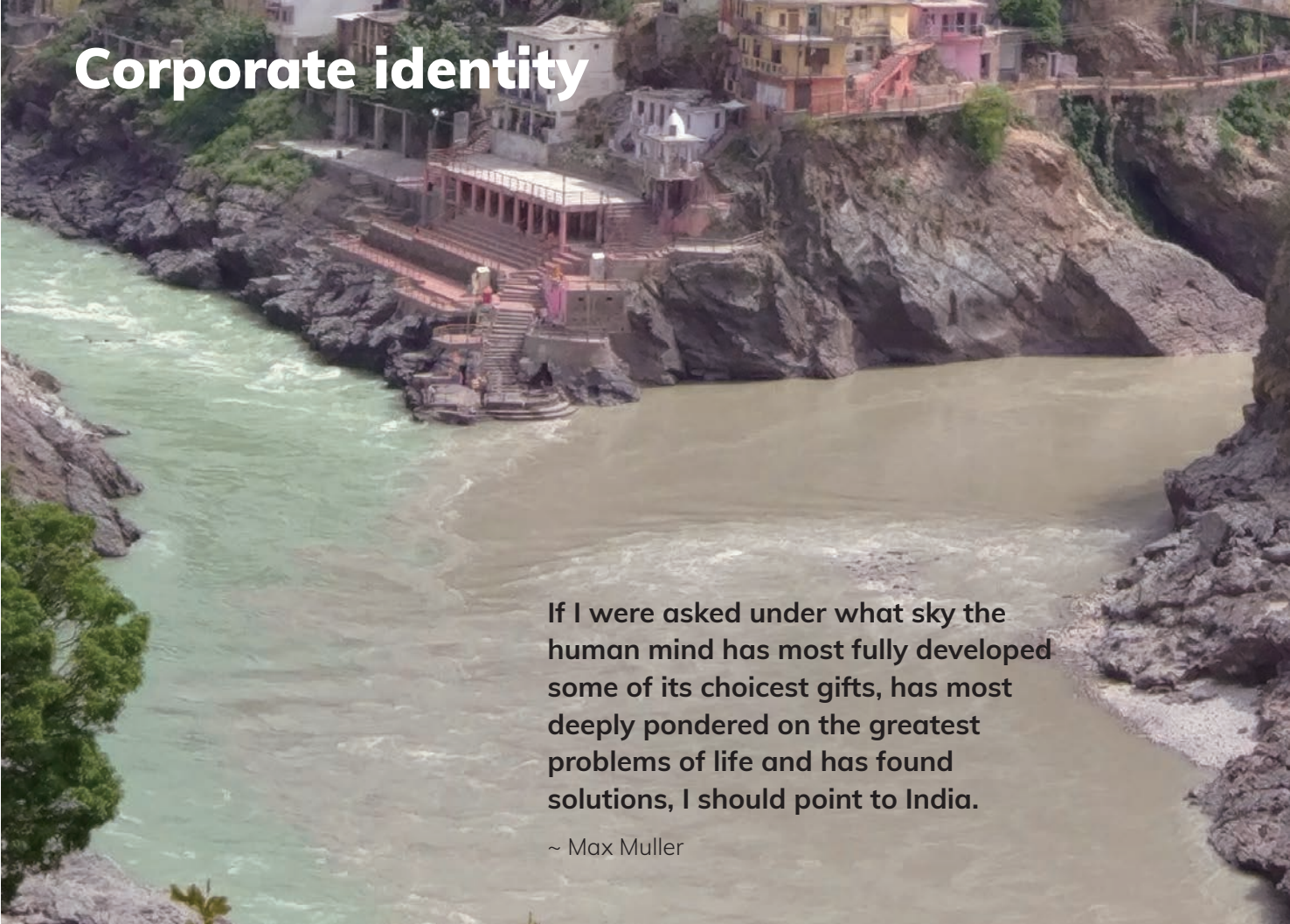
- Support sustainable development of a heritage site by motivating 125 families in its neighbourhood

Conservation

- Establish a club of 125 volunteers
- Plant 125 medicinal saplings
- Train 125 girls to spread message about not using plastic in their own and nearby villages



Corporate identity



If I were asked under what sky the human mind has most fully developed some of its choicest gifts, has most deeply pondered on the greatest problems of life and has found solutions, I should point to India.

~ Max Muller

Confluence

Dev Prayag in the state of Uttarakhand in India is the place where the Ganges river originates from the confluence of Alakananda and Bhagirathi rivers. It represents the convergence of diverse beliefs, cultures, faiths, languages and traditions that contribute to give shape to the idea of India. The Ganges, as it flows from here, carries with it the story of India, particularly its unity in diversity. The strength of Atul too is in its diversity of products and people. Together, the team Atul represents confluence of knowledge and skills with a rich legacy of Values – This makes its journey of inclusive growth by serving its customers, communities and country a fulfilling experience.

We are a diversified Indian company (a part of Lalbhai Group, one of the oldest business houses of India with a legacy of conducting business with a larger purpose) meeting the needs of varied industries such as Adhesives, Agriculture, Animal Feed, Automobile, Composites, Construction, Cosmetic, Defence, Dyestuff, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Rubber, Soap and Detergent, Sport and Leisure, Textile, Tyre and Wind Energy across the world. We manage complex chemical processes in a responsible way.

In order to enhance focus, we have placed the products belonging to the two reporting Segments, namely Life Science Chemicals and Performance and Other Chemicals, under seven Sub-segments (interchangeably called Businesses), namely Aromatics, Bulk Chemicals and Intermediates, Colors, Crop Protection, Floras, Pharmaceuticals and Polymers – these in turn are managed through a matrix organisation structure for achieving all-round functional excellence.

Elevating past

- Founded on September 05, 1947 by Mr Kasturbhai Lalbhai, a legendary Indian, to create wealth in rural India, generate employment on a large-scale and make India self-reliant
- First private sector company of independent India inaugurated by Mr Jawaharlal Nehru, the first Prime Minister of the country
- A company that has manufactured many products for the first time in India

Encouraging present

- Increasing efficiency, productivity and strengthening people and business processes
- Broadening and deepening its presence in the marketplace
- Serving the society, particularly in the areas of national priorities like education, empowerment and infrastructure

Energising future

- Seeking growth through existing, downstream, related, value added and diversified product portfolio
- Leveraging depth in science and technology and having integrated manufacturing
- Developing and growing a retail product portfolio to participate in the full value chain

- › Equity share capital of ₹ 30 cr, reserves of ₹ 2,620 cr and debt free status as on March 31, 2019
- › Paid uninterrupted dividend* since commencement of operations in 1952 and recommended a dividend of 150%, the highest so far
- › Market capitalisation increased from ₹ 57 cr in 1999 to ₹ 10,598 cr in 2019

*except one year



Catalysed by Purpose



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

fostering a spirit of continuous learning and innovation

adopting developments in science and technology

providing high quality products and services, thus becoming the most preferred partner

improving the quality of life of the communities we operate in

taking responsible care of the surrounding environment

seeking sustained, dynamic growth and securing long-term success

having people who practise Values and exemplify a high standard of behaviour



Kasturbhai Lalbhai
(1894 – 1980)

The legacy of our Founder has been synonymous with three terms: excellence, perseverance and trusteeship. At Atul, we have the most onerous responsibility to expand and diversify our footprint and follow his figurative footsteps. We are endeavouring to achieve this remit in full measure.



Balwantrai Mazumdar
(1902 – 1981)

An economist, Balwantrai Mazumdar was a voracious reader, sound thinker, patient listener and a farsighted professional. He created an atmosphere of camaraderie that brought out the collective best of the people of Atul. He was the moving force behind making Atul Complex one of the largest eco-friendly chemical sites of its kind in the world. He remained with the Group till the end of his life, as did most of the people who worked with our Founder.



Siddharth Lalbhai
(1923 – 1998)

A chemical engineer and the elder son of our Founder, Siddharth Lalbhai dedicated his life to the development of Atul. He accorded equal value to creation of wealth and service to society. The principles of trusteeship that he upheld, the personal qualities of integrity, perseverance and simplicity that he lived by and the single-minded devotion that he gave to tasks on hand will always remain our guiding force.

Converged by Values

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



INTEGRITY

Working with honesty, following the highest standards of professionalism. Integrity is when our decisions and actions remain consistent with our thoughts and words, written or spoken.



UNDERSTANDING

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



UNITY

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



RESPONSIBILITY

Delivering value and taking ownership of actions. Responsibility must also give us the realisation that what is good for the business must be in the overall good. In essence, we must work with a spirit of trusteeship for the shareholders and other stakeholders. What comes to us must be returned many times over.



EXCELLENCE

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

Business model

A business model is not a mere representation of the operations of an organisation, but how it is endeavouring to create, deliver and capture value. Ultimately, it is tested against time and adversity. When an organisation and its approach sustain through volatile and uncertain business cycles and still create, deliver and capture value for the stakeholders, then they can well be called a model business.

Research has shown that one business model may appear superior to others when analysed in isolation, but create, deliver and capture less value than others when interactions are considered. Appraising a business model in a stand-alone fashion may lead to faulty assessment of its strengths and weaknesses.



CUSTOMER SEGMENTS

- Serves 27 diverse industries
- Has a base of 6,000 customers across above industries
- Is working to further broaden customer base



VALUE PROPOSITIONS

- Is a Value based company giving priority to people and processes
- Operates seven dissimilar sub-segments of which two have both non-retail and retail verticals
- Is an integrated manufacturer of 900 products and 450 formulations from basic chemicals



REVENUE STREAMS

- Is growing in existing, related, downstream and value added products | formulations
- Is adding unrelated products | formulations in a slow but steady way (such as tissue cultured date palms)
- Is working to acquire and | or form joint venture entities



CUSTOMER RELATIONSHIPS

- Is supplying products to 6,000 customers for seven decades
- Has long-term contracts
- Is working to promote contract manufacturing



CHANNELS

- Works with 2,250 distributors and retailers across India and is further strengthening this route to market
- Has its own salesforce of 431 professionals and subsidiary companies in Brazil, China, the UAE, the UK and the USA
- Is further enhancing its website and promoting social media initiatives

