

Health | Growth | Fulfilment  
**Atul Ltd | Annual Report 2019-20**

# Contents

01	Remembering 2019-20
02	Corporate identity
04	Indomitable Purpose
05	Ingrained Values
06	Business model
08	Serving diverse industries
09	Footprint
10	Operational highlights
12	Financial charts
16	Serving the society
18	Letter to the shareholders
20	Board of Directors
22	Directors' Report
27	Annexure to the Directors' Report
50	Management Discussion and Analysis
56	Corporate Governance Report
76	Business Responsibility Report
82	Dividend Distribution Policy
83	<u>Notice</u>
90	Performance trend

## Standalone Financial Statements

93	Independent Auditor's Report
102	Financial Statements

## Consolidated Financial Statements

156	Independent Auditor's Report
164	Financial Statements



To read this report online or to download, please visit [www.atul.co.in](http://www.atul.co.in)

Turmeric, ginger and basil (which can be grown even in pots) in diet and *pranayama* as exercise have been considered a part of daily living to help build immunity. They make us strong to fight infectious and other diseases and ensure good health required to grow and fulfil our dreams.

Atul is focusing on people productivity, process efficiency and product quality so as to serve its customers in the best possible way and in turn help it sustain even in difficult times. These attributes make our Company resilient to face the future and ensure its health required to grow and fulfil its purpose.

**It is our reaction to adversity, not adversity itself that determines how our life story will develop.**

- Swami Vivekananda

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### 43<sup>rd</sup> Annual General Meeting



Friday, July 31, 2020



10:30 am



The meeting will be held through video conference.

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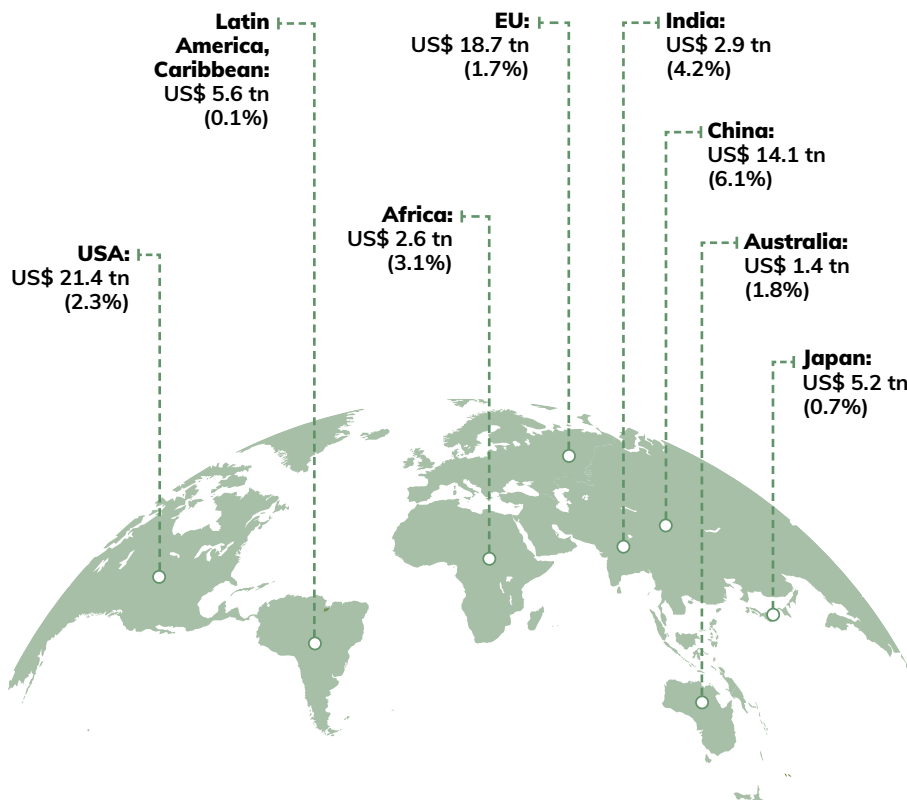
### Forward looking statements

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.

The Members may send their comments on or suggestions for improvement of the Annual Report by e-mail to [shareholders@atul.co.in](mailto:shareholders@atul.co.in)

# Remembering 2019-20

World GDP\* at 2.9% grew slower



Crude oil, steel prices and forex rates remained unpredictable and varied between



US\$ 19.07 and  
US\$ 74.94 per barrel



₹ 34,650 and  
₹ 42,150 per mt



₹ 68.36 and  
₹ 76.15 per US\$

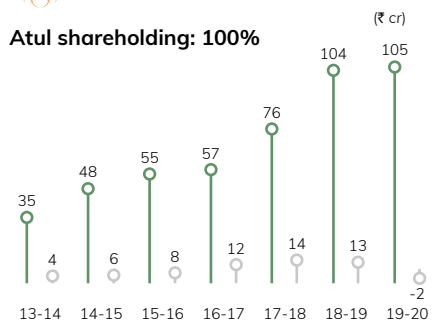
Source: IMF, April 2020, Wikipedia

\* for calendar year 2019



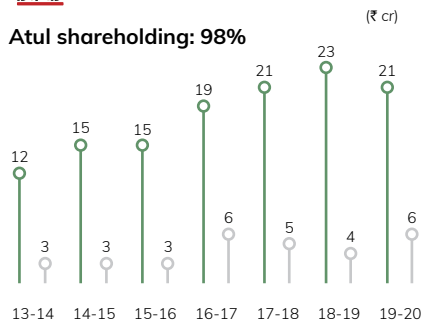
**Atul Bioscience Ltd**

Atul shareholding: 100%



**DPD Ltd**

Atul shareholding: 98%



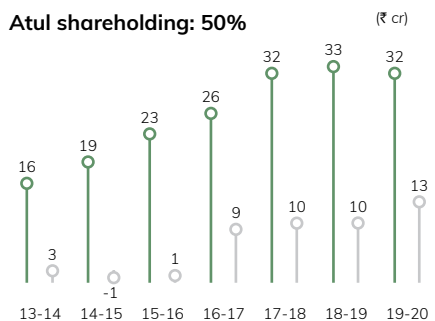
**Atul grew in a comprehensive manner**

- Profit before tax increased by 23% to ₹ 803 cr.
- RoCE increased from 32% to 34%.
- Net worth increased by 16% from ₹ 2,650 cr to ₹ 3,070 cr.



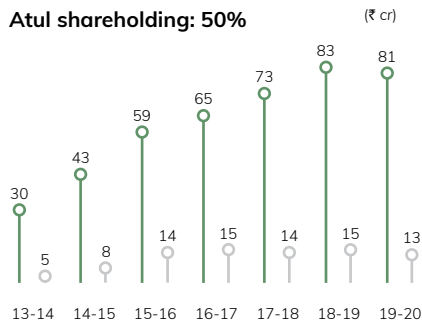
**Amal Ltd**

Atul shareholding: 50%



**Rudolf Atul Chemicals Ltd**

Atul shareholding: 50%



- ₹ 262 cr of new assets were added to the gross block (including capital work in progress).
- 49 initiatives under six programs to serve the society were completed.

● Sales

● Profit before tax



# Corporate identity

**The highest education is that which makes our life in harmony with all existence.**

- Rabindranath Tagore



## Nalanda University

Nalanda (in Bihar state of India) was one of the earliest universities in the world whose history dates to the time of Buddha (6<sup>th</sup> to 5<sup>th</sup> centuries BCE) and Mahavira with diverse curricula such as anatomy, astronomy, mathematics,

philosophy, religion, etc. It is believed that its campus was spread across ~ 1,50,00,000 square meters (only 10% of which has been excavated while rest of the ruins still lie under the ground). The Government of India resurrected the

university in 2010. Although a business entity, our Company too is a center of learning – the role of every manager is that of a coach through exemplary self-management and not that of a boss.

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.

- 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

- 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

- 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 ₹ 3,040 cr and debt free status as on March 31, 2020
- Paid uninterrupted dividend\* since commencement of operation in 1952 and declared a total dividend of 275% during 2019-20, the highest so far
- Market capitalisation increased from ₹ 57 cr in 1999 to ₹ 11,830 cr in 2020

\*except one year



# Indomitable 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
- having people who practice Values and exemplify a high standard of behaviour
- seeking sustained, dynamic growth and securing long-term success
- taking responsible care of the surrounding environment
- improving the quality of life of the communities we operate in



**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.





# Ingrained 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.



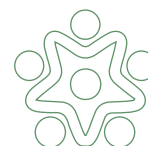
## INTEGRITY

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.



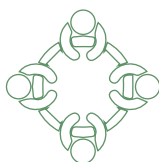
## UNDERSTANDING

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 standalone fashion may lead to faulty assessment of its strengths and weaknesses.



## CUSTOMER SEGMENTS

- Serves 30 diverse industries
- Has a portfolio of products internally classified in to Life Science Chemicals and Performance and Other Chemicals segments
- 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 400 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



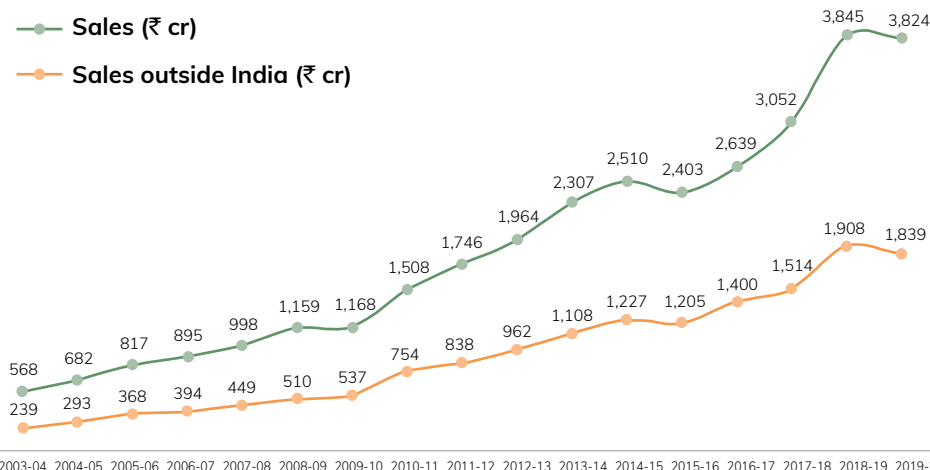
## CUSTOMER RELATIONSHIPS

- Is supplying products to 4,000 customers
- 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 484 professionals and subsidiary companies in Brazil, China, the UAE, the UK and the USA
- Is further enhancing its website and promoting social media initiatives





We have added this section since last year to give a better understanding about our Company. We have titled the components the same way as used conventionally and mentioned key strengths our Company has developed as well as improvements we are endeavouring so as to make its business model as robust as possible.

The graphs below may overall reflect a reasonable growth, but it may have been possible for our Company to do far better. We say this because, in some of the sub-segments, competitors have performed better than us. The idea to look at the past is not to regret, but to learn and improve and face the future with confidence.



### KEY RESOURCES

- Uses coal, salt, water and derivatives of crude oil and manufactures value added products
- Has 2,907 team members in India and other countries and is focused on building strong people related processes
- Has vast infrastructure at its first site of 1,250 acres and other manufacturing sites to grow further



### KEY PARTNERS

- Is held 45% by Lalbhai Group and the rest held widely - 31% institutional investors, 21% Indian public and 3% others
- Has 13 operational subsidiary companies and two joint venture entities
- Works on a long-term basis with suppliers, customers and other service providers



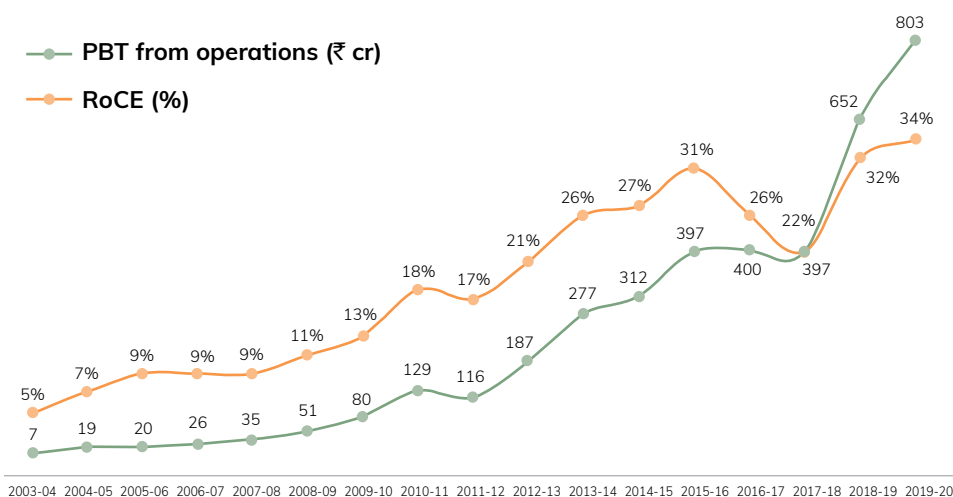
### COST STRUCTURE

- Has advantage of being backward integrated and with new capacities being added, fixed cost per unit of the product is decreasing
- Has advantage of manufacturing in India
- Has a strong Balance Sheet without any debt



### KEY ACTIVITIES

- Has a strong research and development base
- Has a long experience and expertise in manufacturing complex products using varied unit operations and unit processes
- Has sales, technical service, marketing and business development departments





# Serving diverse industries

touching lives in many ways ...



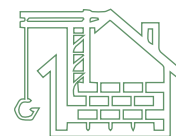
Agriculture



Automobile



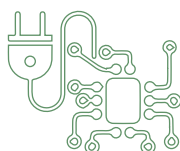
Composites



Construction



Cosmetic



Electrical and Electronics



Fragrance



Glass



Home Care



Horticulture



Paint and Coatings



Paper



Personal Care



Pharmaceuticals



Rubber



Soap and Detergent



Sport and Leisure



Textile



Tyre



Wind Energy