



Energise | Engage | Emerge
Atul Ltd | Annual Report 2020-21

Contents

Reviewing 2020-21	01
Corporate identity	02
Purpose led	04
Values driven	05
Business model	06
Serving diverse industries	08
Footprint	09
Operational highlights	10
Financial charts	12
Serving the society	16
Letter to the shareholders	18
Board of Directors	20
Directors' Report	22
Annexure to the Directors' Report	28
Management Discussion and Analysis	41
Corporate Governance Report	48
Business Responsibility Report	68
Dividend Distribution Policy	74
<u>Notice</u>	75
Performance trend	86
Standalone Financial Statements	
Independent Auditor's Report	89
Financial Statements	98
Consolidated Financial Statements	
Independent Auditor's Report	155
Financial Statements	162

A difficult situation (represented by cloud) has a more hopeful aspect (represented by the brighter lining) although it may not be immediately apparent. In other words, an adversity can be a good teacher to help us choose the right path. It is therefore unwise to reject it, but instead consider it as a learning.

Incorporated in 1947, the journey of Atul is closely linked to that of India. Our Company too has gone through trials and tribulations and survived the test of time. It is in uncertain times like these that our ability to stay true to our Company purpose is of utmost importance to us, and we are ready to energise, engage and emerge.

Adversity is the mother of progress.

- Mahatma Gandhi

44th Annual General Meeting



Friday, July 30, 2021



10:30 am



The meeting will be held through video conference.

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.

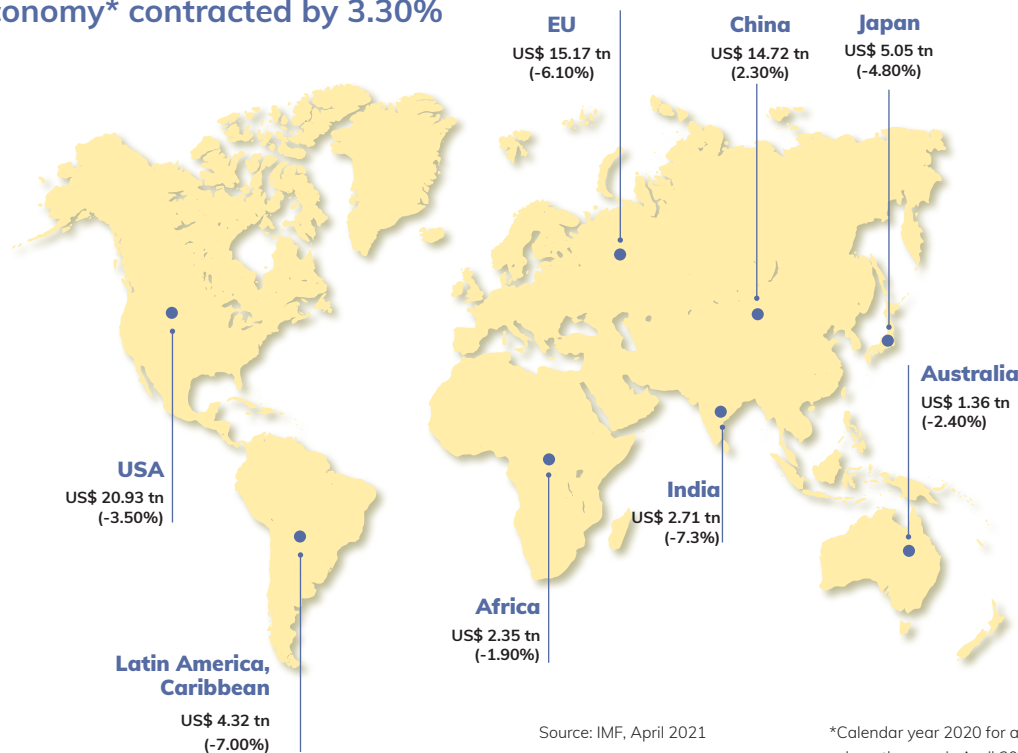
The Members may send in their comments or suggestions for improvement of the annual report by e-mail to shareholders@atul.co.in



To download or read this report online, please visit
www.atul.co.in

Reviewing 2020-21

World economy* contracted by 3.30%



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

US\$ 9.12 and US\$ 69.95 per barrel

₹ 38,600 and ₹ 52,320 per mt

₹ 72.29 and ₹ 76.81 per US\$

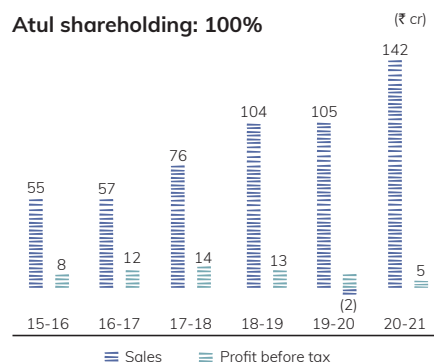
Atul sustained disruptions caused by the pandemic and grew

- Normal operations resumed from June 2020 by following the COVID-19 protocols
- Profit before tax from operations increased by 3% to ₹ 828 cr
- Net worth increased by 21% from ₹ 3,070 cr to ₹ 3,711 cr
- New assets of ₹ 277 cr added to the gross block
- 19 initiatives under six programs completed to serve the society



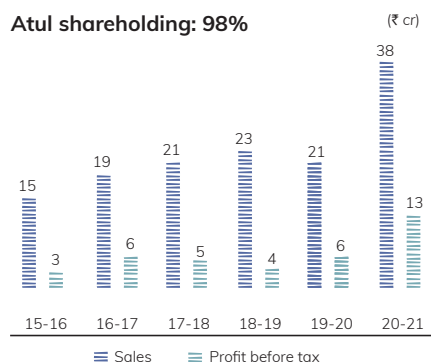
Atul Bioscience Ltd

Atul shareholding: 100%



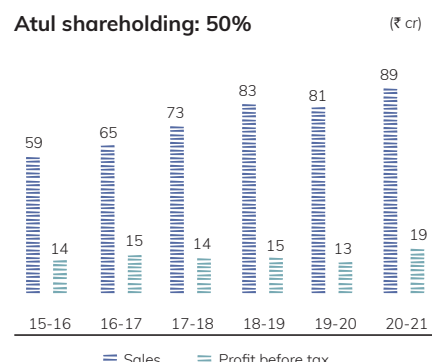
DPD Ltd

Atul shareholding: 98%



Rudolf Atul Chemicals Ltd

Atul shareholding: 50%



Corporate identity

Unity in diversity is one of the greatest strengths of India.

- Narendra Modi



Statue of Unity

The Statue of Unity in Gujarat, India, has a height of 182 metres, making it the tallest statue in the world. At the time of independence of India in 1947, the country was divided into 560 princely states. Sardar Vallabhbhai Patel played

a crucial role in persuading these princely states to accede to the Union of India and was instrumental in the unification of the country. India has a rich heritage and takes pride in her unity in diversity.

Team Atul based in five countries comprising 3,003 people of different nationality is working together for a sustainable journey into the future by serving the customers and fulfilling the aspirations of stakeholders.

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. 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, Colours, Crop Protection, Floras, Pharmaceuticals and Polymers – these in turn are managed through a matrix organisation structure for achieving all-round functional excellence.

Pioneering 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 to be inaugurated by the first Prime Minister of the country, Pandit Jawaharlal Nehru, on March 17, 1952
- A company that has manufactured many products for the first time in India

Persevering 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

Promising 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 ₹ 3,682 cr and debt-free status as on March 31, 2021
 - > Paid uninterrupted dividend* since commencement of operation in 1952 and recommended 200% dividend for 2020-21
 - > Market capitalisation increased from ₹ 57 cr as at March 31, 1999, to ₹ 20,957 cr as at March 31, 2021
- *except one year



Purpose led

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

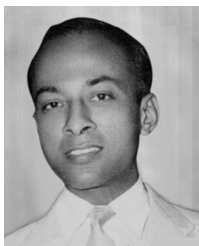
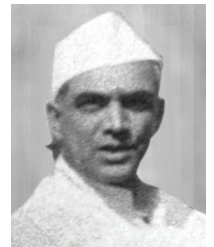


Kasturbhai Lalbhai
(1894 – 1980)

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.

Balwantrao Mazumdar
(1902 – 1981)

An economist, Balwantrao 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.

Values driven

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 into 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



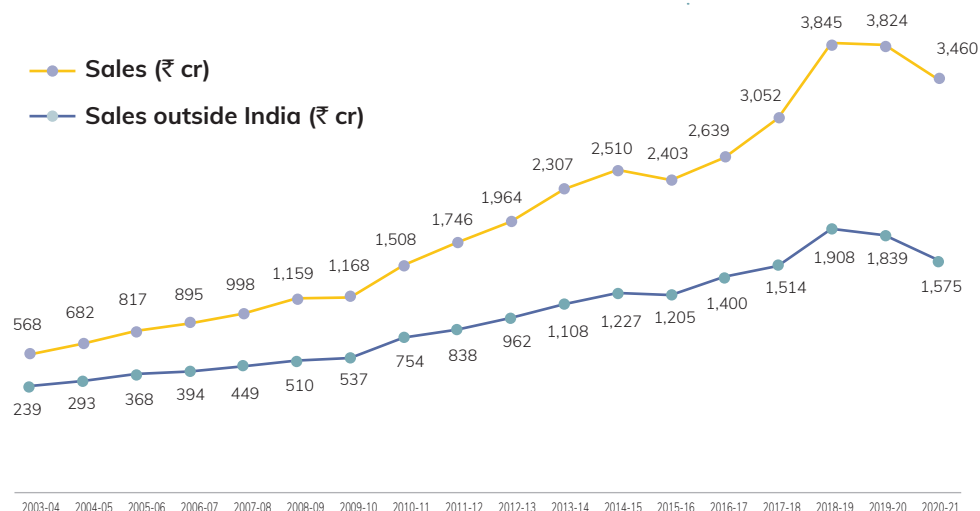
CUSTOMER RELATIONSHIPS

- 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 for the last three years to give a better understanding to the investors 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. We are working to formalise environmental, social and governance reporting.

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 learn, improve, and face the future with confidence.



KEY RESOURCES

- Uses coal, salt, water and derivatives of crude oil and manufactures value-added products
- Has 2,991 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 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



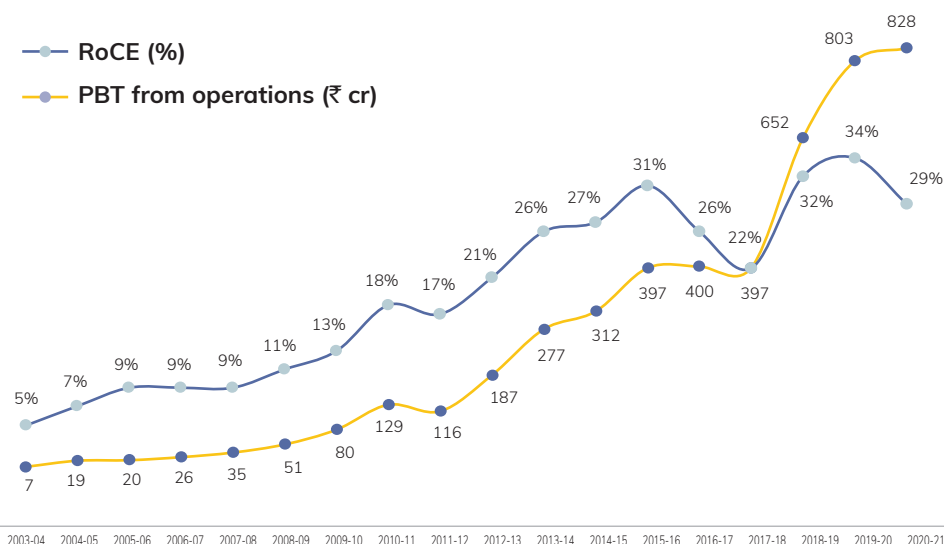
KEY PARTNERS

- Is held 45% by Lalbhai Group and the rest held widely 32% institutional investors, 22% Indian public and 1% others
- Has 14 operational subsidiary companies and two joint venture entities
- Works on a long-term basis with suppliers, customers and other service providers



COST STRUCTURE

- Accrues the benefit of vertical integration, as addition of new capacity results in decrease in cost per unit of the product.
- Has advantage of manufacturing in India
- Has a strong Balance Sheet without any debt

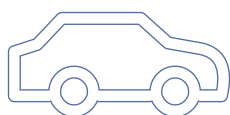


Serving diverse industries

touching lives in many ways ...



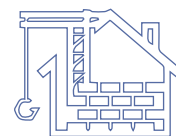
Agriculture



Automobile



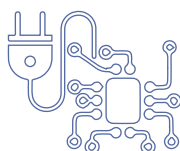
Composites



Construction



Cosmetic



Electrical and Electronics



Fragrance



Glass



Home Care



Horticulture



Paint and Coatings



Paper



Personal Care



Pharmaceuticals



Rubber



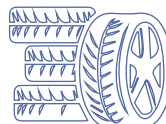
Soap and Detergent



Sport and Leisure



Textile



Tyre



Wind Energy