



Resilient | Responsive | Rising
Atul Ltd | Annual Report 2021-22

Contents

Recapping 2021-22	01
Milestones	02
Corporate identity	04
Purpose	06
Values	07
Business model	08
Serving diverse industries	10
Footprint	11
Operational highlights	12
Financial charts	14
Serving the society	18
Letter to the shareholders	20
Board of Directors	22
Directors' Report	24
Annexure to the Directors' Report	30
Management Discussion and Analysis	44
Corporate Governance Report	51
Business Responsibility and Sustainability Report	71
Notice	95
Performance trend	108
Standalone Financial Statements	
Independent Auditor's Report	111
Financial Statements	122
Consolidated Financial Statements	
Independent Auditor's Report	186
Financial Statements	194

Tender leaves and flowers of purple mountain saxifrage plant emerging through solid rocks is epitome of a resilient life. The plant is responsive to challenges and is rising against odds.

A successful business endures, sustains and grows like the plant. It is our endeavour to see that we build a resilient, responsive and rising business. The gift of Values binds us and helps us in this journey.

**Let me pray not to be sheltered from dangers,
but to be fearless in facing them.**

- Rabindranath Tagore

45th Annual General Meeting



Friday, July 29, 2022



10:30 am



The meeting will be held through video conferencing.

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.

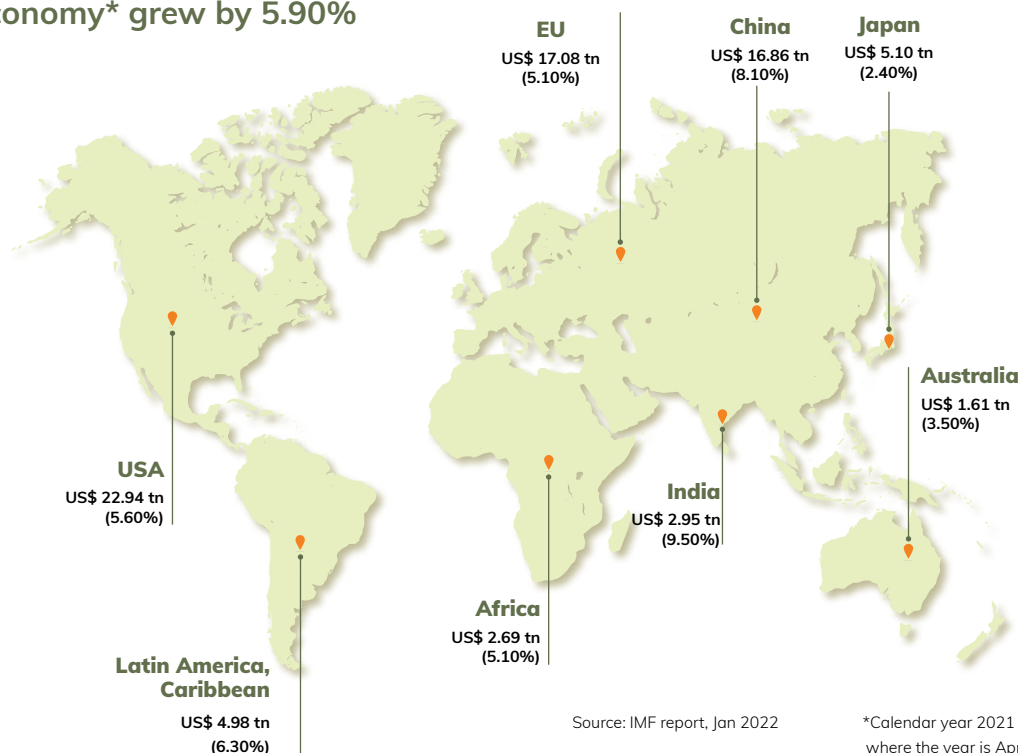
The Members may send in their comments or suggestions for improvement of the annual report by e-mail to shareholders@atul.co.in



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

Recapping 2021-22

World economy* grew by 5.90%



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

US\$ 61.47 and US\$ 133.18 per barrel

₹ 53,000 and ₹ 65,400 per mt

₹ 76.97 and ₹ 72.40 per US\$

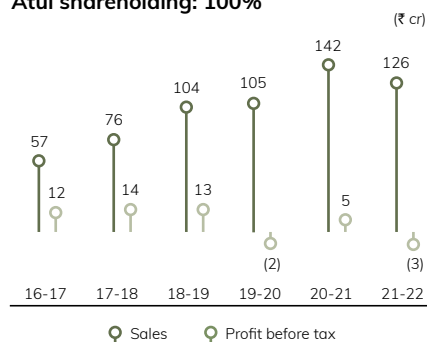
Atul endeavoured to maintain inclusive growth

- Sales increased by 42% from ₹ 3,460 cr to ₹ 4,929 cr
- Net worth increased by 16% from ₹ 3,711 cr to ₹ 4,316 cr
- Gross block increased by 14% from ₹ 1,839 cr to ₹ 2,098 cr
- Profit before tax* increased from ₹ 773 cr to ₹ 804 cr
- Social work undertaken via 34 initiatives under six programs of national importance



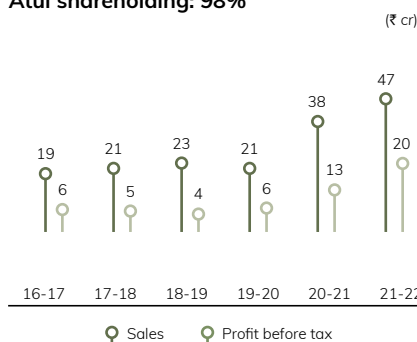
Atul Bioscience Ltd

Atul shareholding: 100%



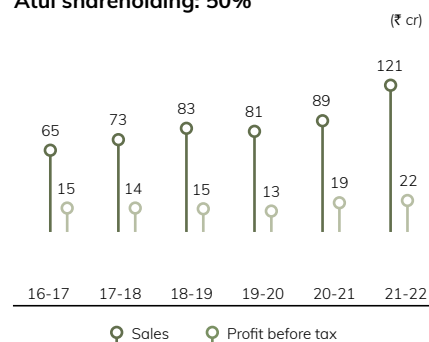
DPD Ltd

Atul shareholding: 98%



Rudolf Atul Chemicals Ltd

Atul shareholding: 50%



70 years of operations

Incorporated on September 05, 1947, the story of Atul is closely linked to that of independent India. The Company is the first private sector enterprise of the country to be inaugurated by its first Prime Minister, Pandit Jawaharlal Nehru. It was established to generate employment on a large-scale, create wealth in rural areas and become self-sufficient in selected chemicals then totally imported.

Atul has been serving the society since its incorporation in step with the tradition of its legendary Founder, Kasturbhai Lalbhai.



Formed subsidiary company, Atul Brasil Quimicos Ltda

2011

Acquired Anchor Adhesives Pvt Ltd which owned Polygrip brand

2010

First plants commissioned; commenced production of dyes for the first time in India

1952

Established a joint venture (JV), Atic Industries Ltd, with Imperial Chemical Industries plc of the UK

1955

Established a JV, Cibatul Ltd, with Ciba Geigy Ltd of Switzerland

1960

Established a JV, Cyanamid India Ltd, with American Cyanamid Company of the USA

1962

Commenced production of 2,4-D acid for the first time in India

1968

Established a JV, Rudolf Atul Chemicals Ltd, with Rudolf GmbH of Germany

2011 ▶

Acquired DPD Ltd in the UK

2011 ▶

Formed subsidiary company, Atul Middle East FZ LLC

2015 ▶

Established a JV, Anaven LLP, with Nouryon Chemicals International BV of the Netherlands

2017 ▶

Acquired a manufacturing site for ABL at Ambarnath, Maharashtra

2019 ▶

Formed subsidiary company, Atul Products Ltd

2020 ▶

Established a JV, Atul Rajasthan Date Palms Ltd, with the Government of Rajasthan

◀ 2009

Formed subsidiary company, Atul China Ltd

◀ 2004

Commenced production of 3,3'-Diaminodiphenyl sulfone for the first time in India

◀ 2000

Commenced production of Dapsone, an API, for the first time in India

◀ 2000

Commenced production of para-Cresol for the first time in India

◀ 1999

Established subsidiary company, Atul Bioscience Ltd (ABL)

◀ 1997

Acquired controlling interest in Piramal Rasayan Ltd and renamed it as Amal Ltd

1985 ▶

Acquired Gujarat Aromatics Ltd and got its second production site in Ankleshwar

1988 ▶

Formed subsidiary company, Atul USA Inc

1994 ▶

Commenced production of 4,4'-Diaminodiphenyl sulfone for the first time in India

1996 ▶

Formed subsidiary company, Atul Europe Ltd

1996 ▶



Corporate identity



Our ability to reach unity in diversity will be the beauty and the test of our civilisation.
- Mahatma Gandhi

Valley of flowers

Valley of flowers is a national park located in Uttarakhand, India. The valley is home to about 600 species of flowers and is known for its meadows of endemic alpine flowers and a variety of flora. It is a UNESCO

world heritage site. Here nature blooms in full glory offering a breath-taking experience – this also stands testimony to the delightful impact that diversity can create. Team Atul preserves and celebrates its diversity

with offices in four continents and its members belonging to different cultures, nationalities and religions, all contributing to the common goal of growth of the Company and service to humanity.

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.

Exemplary past

- Founded on September 05, 1947, by 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

Energetic present

- Increasing productivity and efficiency 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

Encouraging 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 ₹ 4,287 cr
- > Paid uninterrupted dividend* since commencement of operations in 1952 and recommended 250% dividend for 2021-22
- > Market capitalisation increased from ₹ 57 cr as at March 31, 1999, to ₹ 30,453 cr as at March 31, 2022

*except one year



Singleness of 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.

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.

Oneness of 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.



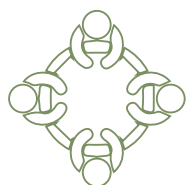
UNDERSTANDING

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 is one that 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.

What we depend on

Relationships



Team members

Our ~3,000 team members apply their knowledge and skill and invest their time in an agile way.

Suppliers

Our ~3,800 suppliers help us to source materials and obtain services uninterrupted.

Customers

Our ~2,000 distributors and 38,000 retailers help us to reach our products and brands across India and outside.

Governments

Our operations are facilitated further by the policies of the state and central governments.

Resources



Input materials

We use, amongst others, thousands of tonnes of derivatives of crude oil, salt and coal.

Financial resources

We predominantly use capital from our shareholders and internal accruals which enable us to secure sustainable growth.

Intangible assets

We leverage our strengths in research, technology, sourcing, manufacturing, logistics, brands and customer service which provide us competitive edge.

Tangible assets

We have integrated manufacturing facilities spread over ~1,500 acres, with 6 sites and 15 offices in India and outside.

What we do

1. Consumer insights

We work closely with consumers and customers to develop insights into their needs.



2. Innovation

We develop our products and brands through innovation and consistent improvements based on insights and critical thinking.



3. Sourcing and manufacturing

We source materials and services so as to manufacture ~1,300 products (including formulations) and 140 brands using several unit processes and unit operations.

