

# Presentation to analysts

13<sup>th</sup> May, 2011

*Citlul*



# Lalbhai Group



- Commenced manufacturing activities in 1908
- Textiles, Chemicals, Engineering
- Group sales US\$1.5 billion
- Health, Education, Culture



Shri Kasturbhai Lalbhai



Founder Director, Reserve Bank of India



Founder Chairman, Indian Institute of Technology, Mumbai



Founder Board Member Indian Institute of Management, Ahmedabad



Founder Director, ICICI

# Atul Ltd



- **Founded in 1947 by Kasturbhai Lalbhai**
- **Manufacturing and marketing of chemicals**
- **Create wealth, generate employment, be self reliant**

A moment of historic significance



# Purpose

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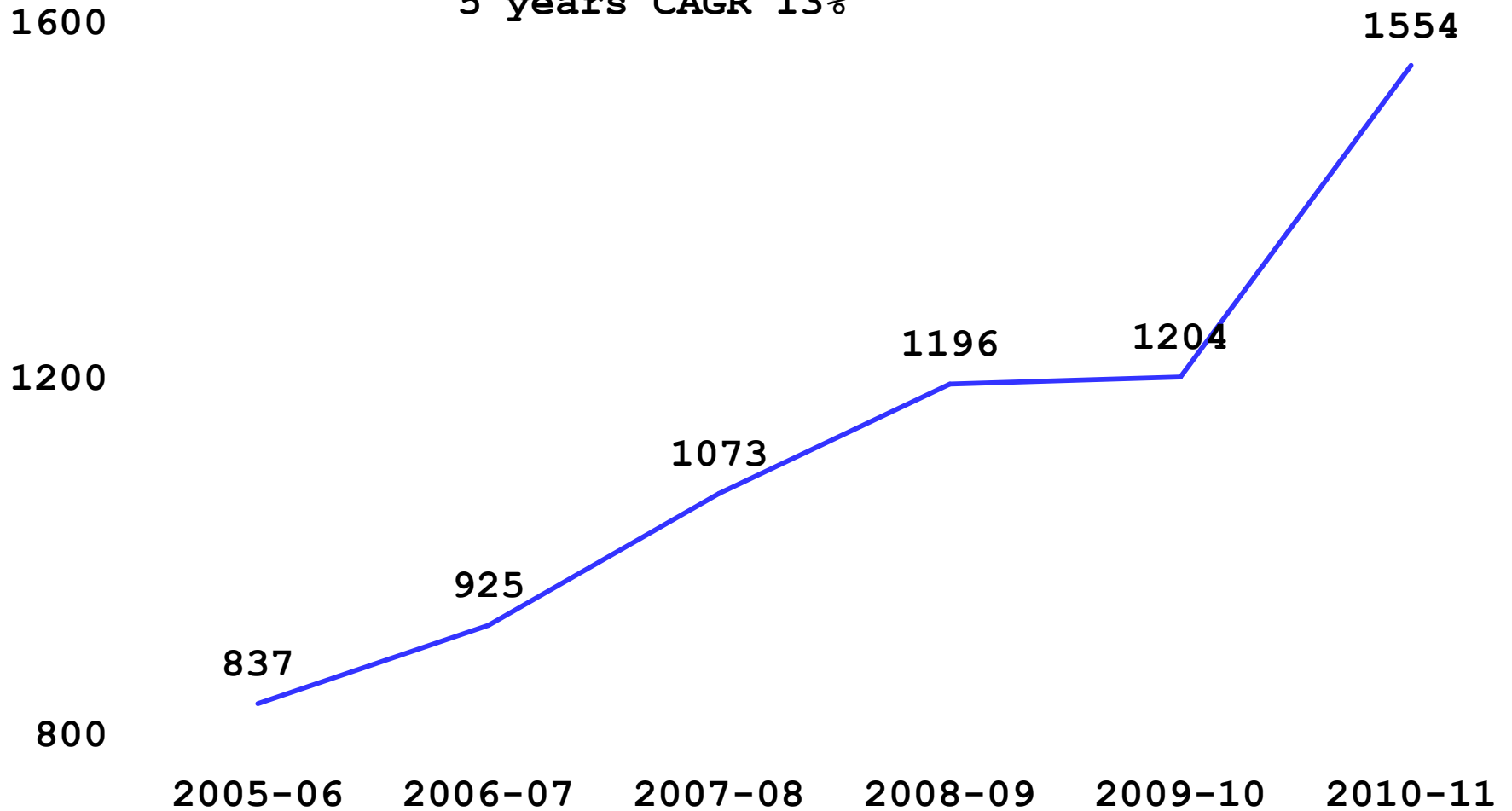
We are a conglomerate committed to significantly enhance value for all our stakeholders by

- 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 supplier**
  - seeking **sustained** and **dynamic growth** and securing long-term success
  - having people who practice values and **high standards** of behaviour
  - taking **care** of the surrounding **environment** and
  - improving the **quality of life** in the communities we operate in.
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# Revenues

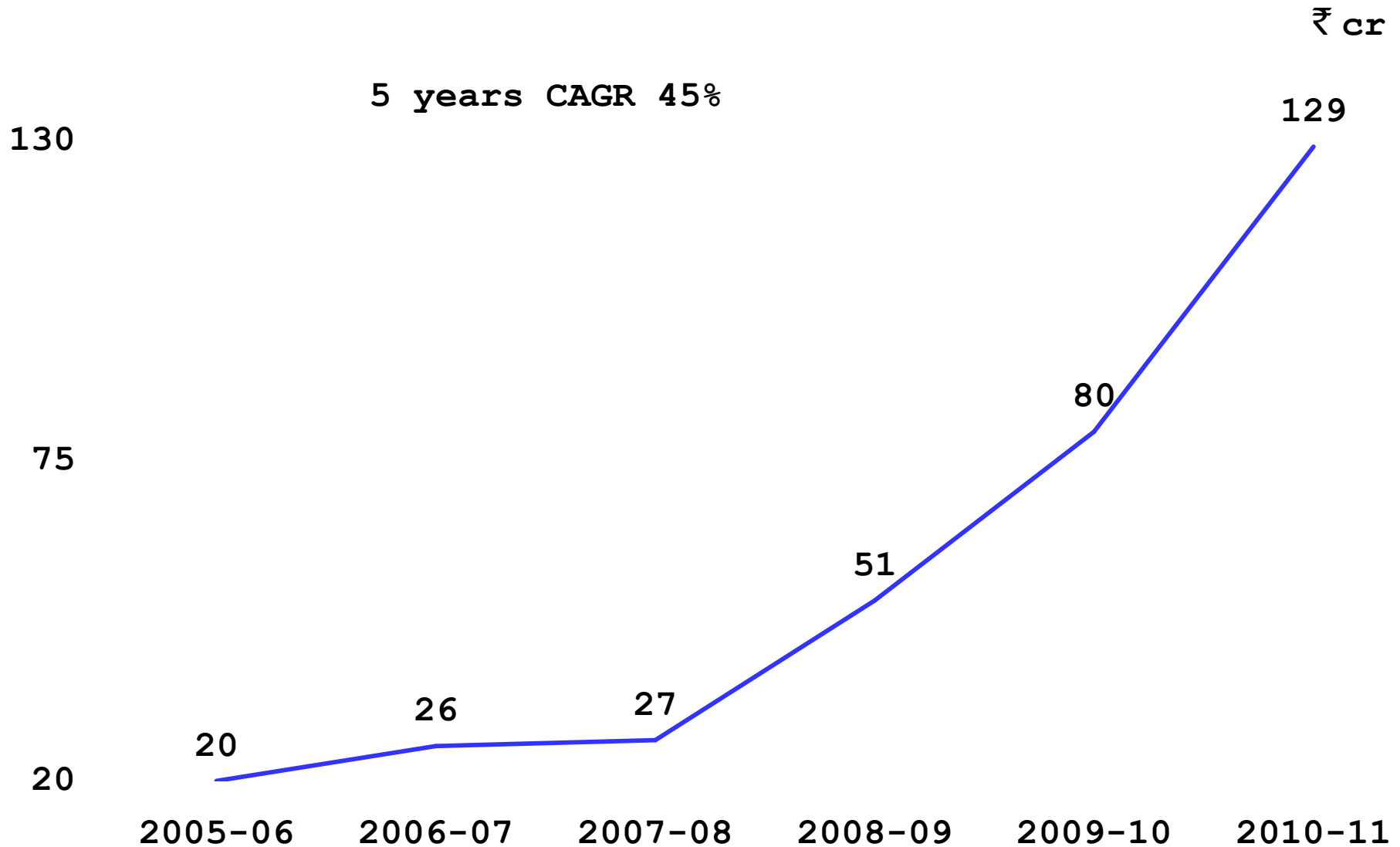
₹ cr

5 years CAGR 13%



# Profit Before Tax

(from operations)



# Vision 2015-16



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- Ecological** ... Achieve 50% reduction of pollutants, Achieve zero discharge in 18 key plants
- Financial** ... Achieve sales of ₹4500 cr with RoCE of 25%
- Marketing** ... Strengthen leadership position in selected (9) existing products and introduce (~45) synergistic new products
- Technology** ... Make manufacturing more able to compete globally in terms of cost (~2.5%|a) and excel in SHE and GHK(improvement ~25%|a)
- Research** ... Attain a much stronger R|D so as to improve processes(~40|a) and synthesize new products (~18|a)
- People** ... Build a team that is prepared to face the emerging challenges of business, have world class quality of MPP, PM and TD
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# SWOT and Strategy

SWOT	Strategy	No of KIs
<b>Strengths</b>		
Extensive infrastructure	Debottleneck	54
Integrated manufacturing	Introduce value added new products	108
<b>Weaknesses</b>		
Low contribution	Improve efficiencies in manufacturing and marketing	80
Slow	Delegate authorities and institutionalize world class processes	4

# SWOT and Strategy

SWOT	Strategy	No of KIs
<b>Opportunities</b>		
Developing economies	Improve customer reach	10
Developed economies	Seed new businesses	5
<b>Threats</b>		
Volatile forex	Strengthen forex management	3
Environment	Reduce pollutants, achieve zero discharge in key plants	19

# Segment reports

## Old note

- Segments have been identified in line with the Accounting Standard-17 "Segment Reporting" taking into account the organization structure as well as the differing risks and returns.

## New note

- The Company has made reassessment of the risks and returns of its product groups, the nature of its businesses, the class of customers, etc and accordingly reclassified its business segments into Life Science Chemicals and Performance & Other Chemicals. This change does not have any financial impact.

# Segment reports

## Old Note

Name of segment	Comprises
Colors	Dyes and Intermediates
Speciality Chemicals and others	Agro chemicals, Agro products, Pharmaceuticals, Polymers, Other chemicals and Aromatic compounds and Cresols

## New Note

Name of segment	Comprises
Life Science Chemicals	API inters, APIs, Herbicides, Fungicides, Tissue Culture products and others
Performance and other chemicals	Textile dyes, Pigments, Paper dyes, Epoxy resins, Hardeners, Rubber adhesives, Polyurethane adhesives and others, p-Cresol, Bulk intermediates, Sulfones and others

# Industries Served



**Aerospace**



**Agriculture**



**Automobile**



**Construction**



**Flavour & Fragrance**



**Paint & Coatings**



**Personal Care**



**Pharmaceutical**

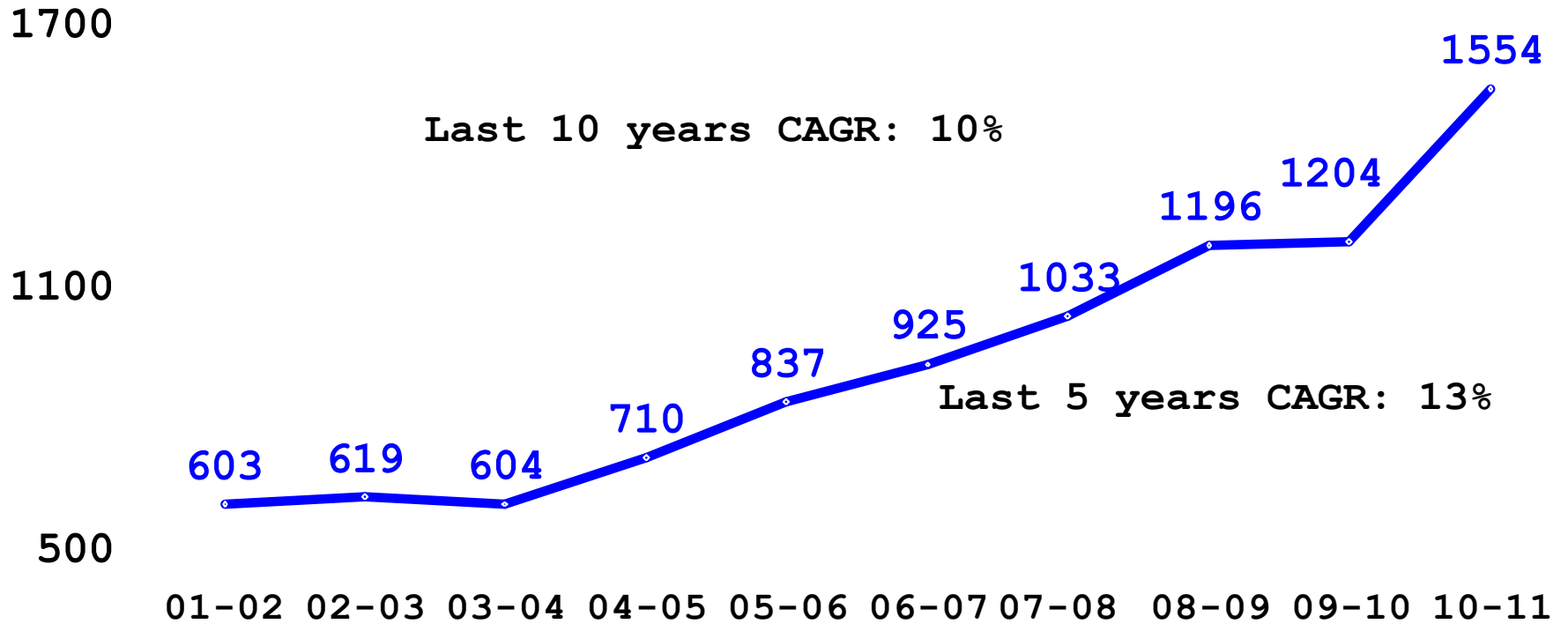


**Textile**

# Financial Performance

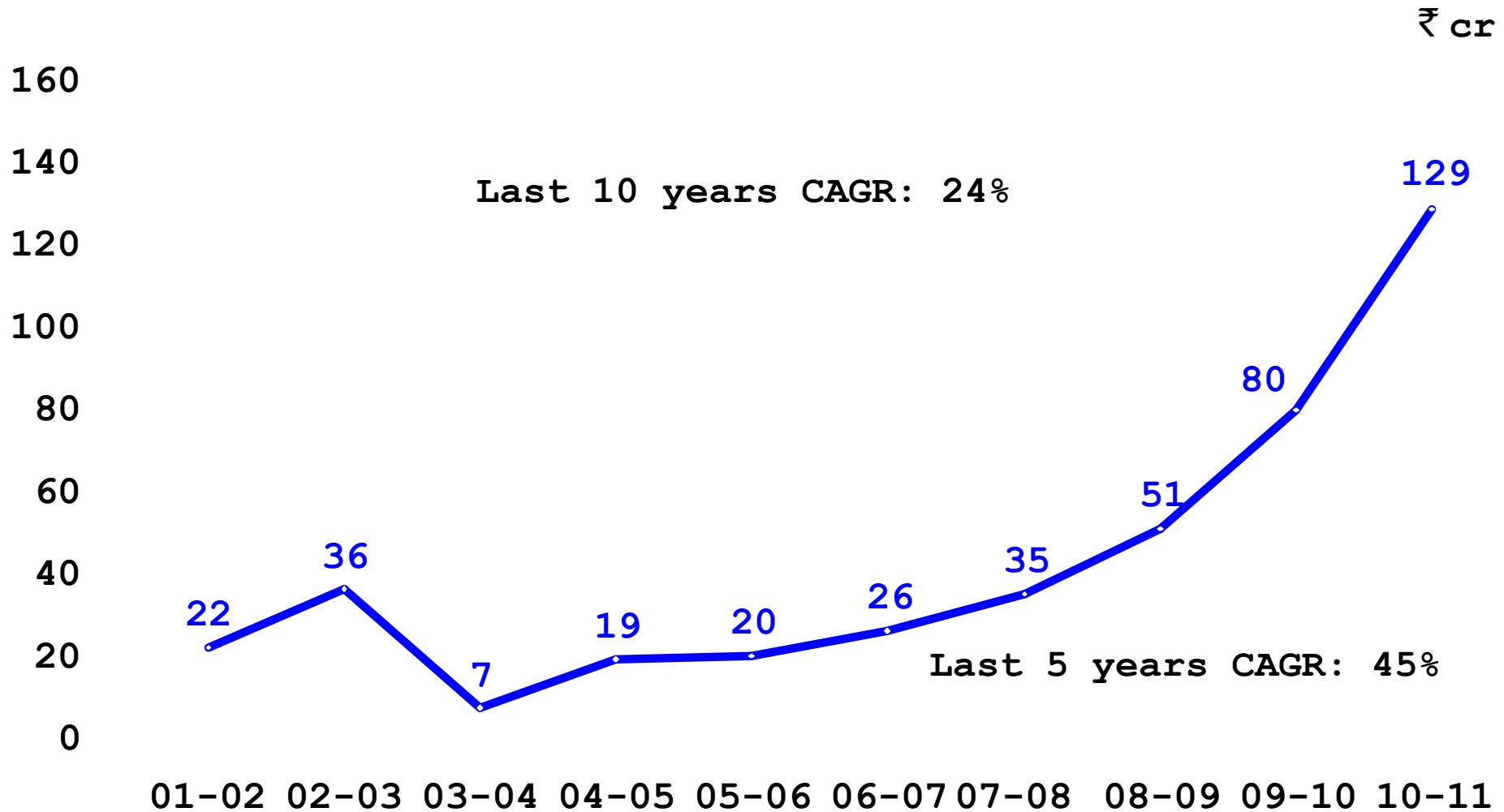
# Revenues

₹ cr



# Profit Before Tax

(from operations)



# Comparative Profitability



₹ cr

Particulars	2007-08	2008-09	2009-10	2010-11
	A	A	A	A
Sales	998	1159	1168	1508
EBIDTA from operations before exchange difference	80	167	152	202
Non recurring income   (expense)	10	(5)	-	10
EBIDTA before exchange difference	90	162	152	212
EBIDTA before exchange difference %	9	14	13	14
EBIDTA after exchange difference	100	118	143	203
EBIDTA after exchange difference %	10	10	12	13
Exchange difference	10	(44)	(9)	(9)
PBT after exchange difference	38	46	80	139
PAT	35	36	53	96
RoCE %	11	11	13	16

# Factors Affecting Profitability

	Sales	PBIDT Before exchange	₹ cr
2009-10	1168	152	
2010-11	1508	212	
Increase	340	60	
<b>Positive factors</b>			
Sales volume	190	57	
Selling price	176	176	
Non operating income		10	
Others		5	
<b>Total positive factors</b>	<b>366</b>	<b>248</b>	
<b>Negative factors</b>			
Raw material price		145	
Rupee appreciation	26	26	
Repairs & maintenance		14	
Salaries		3	
<b>Total negative factors</b>	<b>26</b>	<b>188</b>	

# Fixed Cost

₹ cr

Particulars	2010-11	2009-10	Inc   (Dec)
Salaries and wages	106	103	3
Repairs and maintenance	64	50	14
Interest	25	26	(1)
Depreciation	39	37	2
Others	65	56	9
<b>Total</b>	<b>299</b>	<b>272</b>	<b>27</b>
% to sales	20%	23%	

# Ratios

Particulars	2010-11	2009-10
Debt equity	0.57	0.56
Interest coverage	8.12	5.50
DSC	1.84	1.35
Current	1.93	1.69
EPS (Rs)	30.34	19.15

# Working Capital Management

# Working Capital

NoDs

Particulars	Mar-11	Mar-10	Mar-09
Inventories	60	59	74
Debtors	69	75	83
Other current assets	34	30	33
<b>Gross Working Capital</b>	<b>163</b>	<b>164</b>	<b>190</b>
Current liabilities	72	83	77
<b>Net Working Capital</b>	<b>91</b>	<b>81</b>	<b>113</b>

# Working Capital

₹ cr

Particulars	Mar 11	Mar 10	Inc   (Dec)
Inventories	261	211	50
Debtors	302	271	31
Other current assets	147	114	33
<b>Gross Working Capital</b>	<b>710</b>	<b>596</b>	<b>114</b>
Current liabilities	290	269	21
<b>Net Working Capital</b>	<b>420</b>	<b>327</b>	<b>93</b>

# Cash Flow and Borrowings

# Cash Flow from Operations



₹ cr

	2010-11	2009-10
Operating profit *	185	133
Inventories	(51)	(16)
Trade & other receivables	(58)	(67)
Creditors and other payables	30	78
Cash generation from operations	106	127
Tax payments	(45)	(21)
Net cash flow from operating activities	61	106

\* before WC changes and exchange difference on FCL

# Funds Flow

₹ cr

Sources	2010-11	2009-10
EBIDTA	203	143
Increase in loans	33	
Decrease in working capital		2
Sale of assets	3	
Total	239	145

# Funds Flow

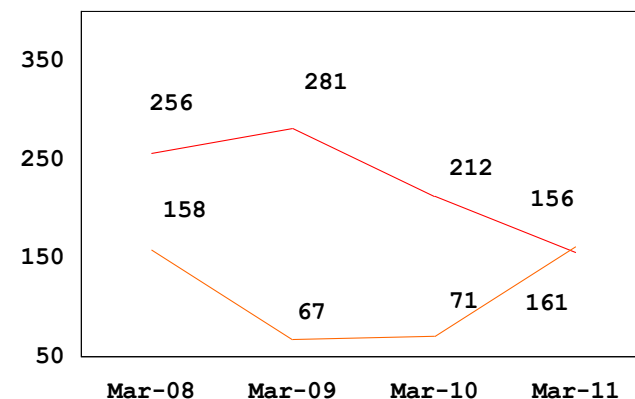
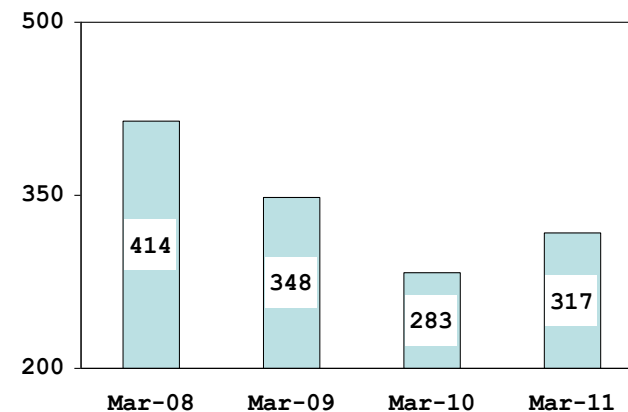
₹ cr

Uses	2010-11 A	2009-10 A
Interest and finance charges (net)	25	26
Purchase of fixed assets and capital advances	43	21
Working capital increase	93	
Reduction in debt		65
Dividend payments	14	10
Direct taxes	45	21
VRS/ Others		2
Investment in subsidiaries	18	
Total	239	145

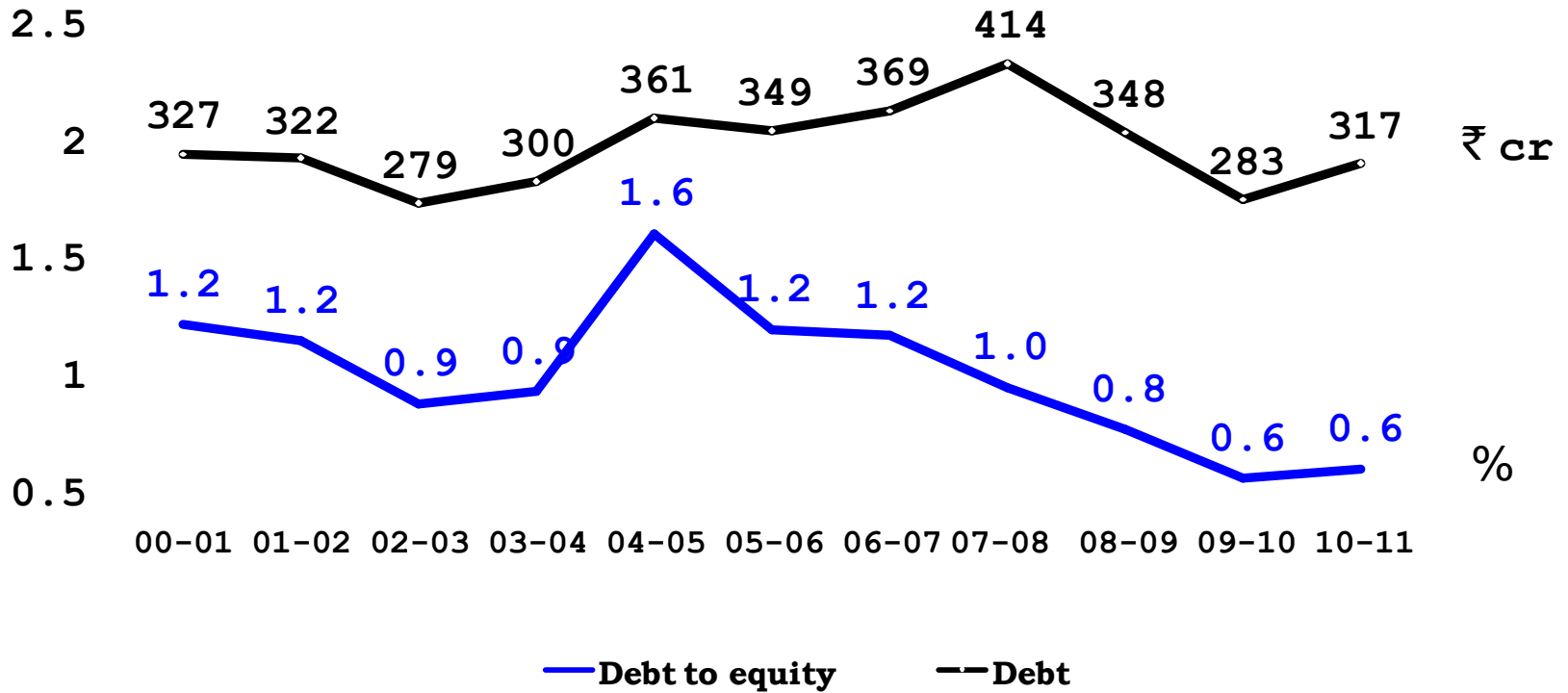
# Position of Borrowings

₹ cr

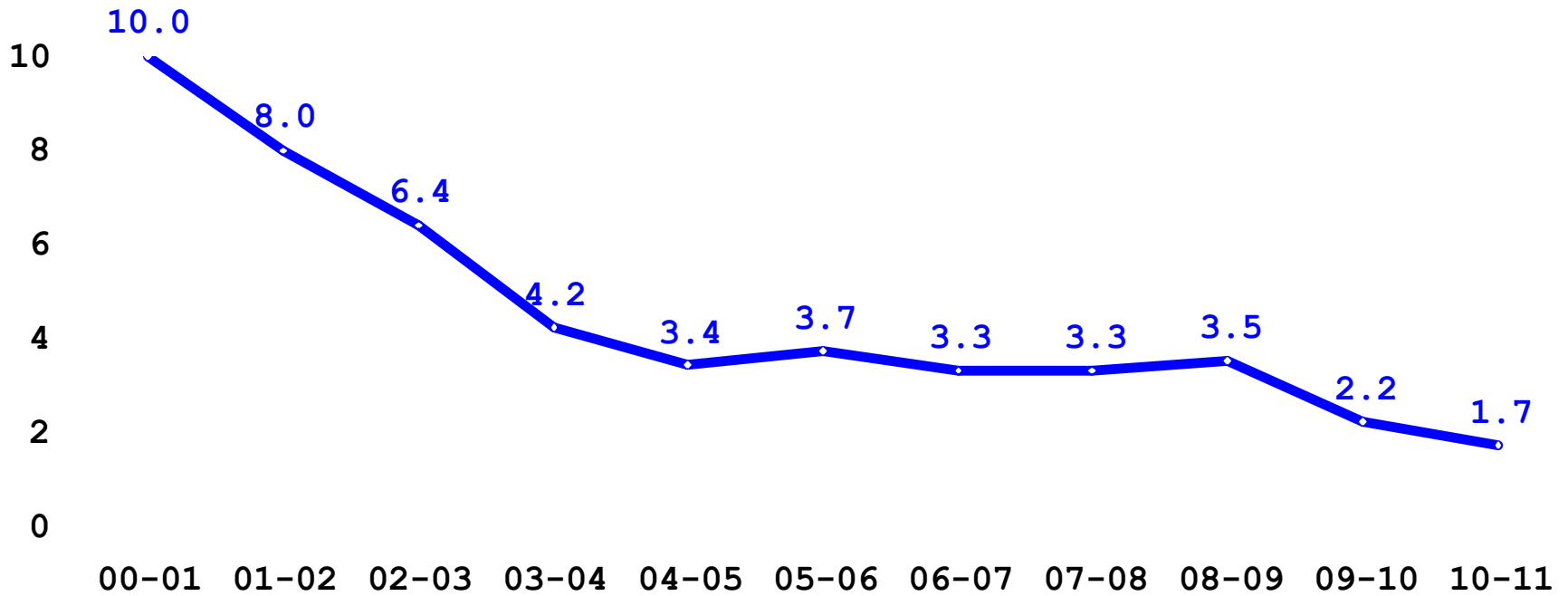
	Mar 08	Mar 09	Mar 10	Mar 11
INR	195	255	210	204
FC	219	93	73	113
<b>Total</b>	<b>414</b>	<b>348</b>	<b>283</b>	<b>317</b>
LT	256	281	212	156
WC	158	67	71	161
<b>Total</b>	<b>414</b>	<b>348</b>	<b>283</b>	<b>317</b>



# Borrowings



# Interest to Sales



**Thank You**