

Management Discussion and Analysis

Key performance ratios	UoM	Standalone			Consolidated		
		2024-25	2023-24	Inc (Dec)	2024-25	2023-24	Inc (Dec)
Debtors turnover	times	5.33	4.94	8%	5.37	5.27	2%
Inventory turnover	times	8.21	7.10	16%	7.79	6.35	23%
Interest coverage	%	140.38	348.00	(60%)	42.62	62.71	(32%)
Current ratio	times	2.24	2.15	4%	2.45	2.14	15%
Debt equity ratio	times	-	-	-	0.03	0.04	(21%)
Operating profit margin	%	16.84	16.18	4%	18.55	14.89	25%
Net profit margin	%	9.12	8.94	2%	9.05	6.94	30%
Return on net worth	%	8.59	7.96	8%	9.22	6.56	41%

Return on net worth improved in the financial year 2024-25 on account of improved profitability arising from increase in sales volume and contribution margin. There were no significant changes (25% or more as compared to the financial year 2023-24) in the key financial ratios, except for the interest coverage ratio, which is not considered material, as the Company is effectively operating with zero debt.

Atul Ltd identified two reporting segments, namely, Life Science Chemicals and Performance and Other Chemicals.

Life Science Chemicals segment

	2024-25	2023-24	change
Sales (₹ cr)	1,692	1,427	265
Share in total sales (%)	30%	30%	-

Life Science Chemicals segment consists of four sub-segments, namely, Crop Protection - Bulk Actives, Crop Protection - Retail, Pharmaceuticals and Intermediates and Aromatics - I.

Crop Protection – Bulk Actives

Product groups: herbicides, insecticides, fungicides, others



The products falling under these product groups are used by customers belonging to the Agriculture and Crop Protection Chemicals industries. The product groups comprise 34 products and 43 formulations. 2,4-D, Indoxacarb and Sulfonylurea herbicides are some of the key products.

During 2024-25, sales increased by 28% from ₹ 491 cr to ₹ 627 cr. Sales in India increased by 47% from ₹ 160 cr to ₹ 235 cr. Sales outside India increased by 18% from ₹ 331 cr to ₹ 392 cr. Increase on account of volume was 23% and 5% on account of pricing. The Company completed one project and started its commercialisation. Additionally, it defended an anti-dumping case

against one of its products and is now awaiting the decision on the rates.

The world market for Agrochemicals used in both crop and non-crop segments at the manufacturer level



decreased by 6.4% from US\$ 83 bn in 2023 to US\$ 77 bn in 2024. The size of the world Crop Protection Chemicals industry also decreased by 3.4% in 2024 compared to 2023. The world Crop Protection Chemicals market is projected to grow at a CAGR of 4.2% from 2024 to 2032.

The Agrochemical market in India is expected to grow at a CAGR higher than the world average, increasing by

6% - 6.5% and is projected to reach US\$ 9.8 bn by 2027-28. The Company will participate in this growth by — i) focusing on actions to improve capacity utilisation and expanding capacities for key products in existing plants, ii) enhancing value-added products and improving efficiencies, iii) expanding the regulatory approval footprint and iv) developing the portfolio.

Competition from China may impact sales realisations as well as market share. Geopolitical developments leading to supply chain disruptions, increased tariffs, adverse climatic conditions, volatility in commodity prices and high freight costs may affect the profitability of the business. Given that some of these chemicals can be hazardous, due care must be taken in their manufacture and use.

Crop Protection – Retail

Product groups: herbicides, insecticides, fungicides, others



The products within these product groups cater to the growing needs of food, feed and fibre. The product groups comprise 58 brands, including Zura, Salix, Cyno, Rymix, Amsac, Lepto and Sindica, covering 71 formulations — 29 herbicides, 24 insecticides, 10 fungicides and eight biostimulants and adjuvants.

During 2024-25, sales increased by 25% from ₹ 205 cr to ₹ 256 cr. Increase on account of volume was 39%. The Company launched 10 new products.

The size of the Indian Crop Protection formulations market grew by about 20% in volume in 2024. In anticipation of a normal monsoon in 2025, based on current forecasts, the Indian Crop Protection formulations market is expected to grow by 5% to 7% in value.

The Company will continue to grow by — i) pursuing organic growth of the existing portfolio through market development activities, ii) widening

the portfolio through enhanced cooperations, iii) strengthening the distribution channel networks and expanding into new geographies and iv) continuing to develop patented novel formulations.

Besides the climate-related factors, competitive commercial practices and the launch of novel products by competitors may have material impact on growth plans.



Pharmaceuticals and Aromatics – I

Product groups: active pharmaceutical ingredients and its intermediates, others



The products falling under these product groups are used by customers belonging to the Pharmaceuticals industry for various therapeutic categories such as antidepressant, antidiabetic, anti-infective, antifungal, antiretroviral

and cardiovascular. The product groups comprise about 90 products. Acyclovir, Dapsone, Desvenlafaxine, Fluconazole, Valacyclovir and Venlafaxine are some of the active pharmaceutical ingredients (APIs) while carbonates and chloroformates

are some of the key product groups of intermediates.

During 2024-25, sales increased by 14% from ₹ 556 cr to ₹ 633 cr. Sales in India increased by 4% from ₹ 332 cr to ₹ 346 cr. Sales outside India increased by 28% from ₹ 224 cr to ₹ 287 cr and

formed 45% of the total sales. Growth on account of volume was about 16%. Sales of Atul Bioscience Ltd (ABL), a 100% subsidiary company, increased by 4% from ₹ 131 cr to ₹ 136 cr. Sales in India increased by 13% from ₹ 103 cr to ₹ 116 cr. Sales outside India decreased by 29% from ₹ 28 cr to ₹ 20 cr and formed 15% of the total sales. Seven Drug Master Files were filed during the period, taking the total number of regulatory filings to 37 across the regulated markets. All the three sites (including two sites of ABL) have successfully cleared USFDA inspections with zero US-483 observations.

The world Pharmaceuticals industry grew marginally from US\$ 1.56 tn in 2023 to US\$ 1.61 tn in 2024 and is expected to reach US\$ 1.7 tn by 2025. The API industry, valued at US\$ 210 bn in 2024, is estimated to reach US\$ 359 bn by 2032.

The Indian Pharmaceuticals industry valued at US\$ 65 bn in 2024, is



expected to reach about US\$ 107 bn by 2030, with further growth projected to US\$ 174 bn by 2033 — reflecting a CAGR of 11.32% between 2025 and 2033. The Company, along with ABL, will participate in this growth by —
i) leveraging the regulatory clearances obtained for all its facilities,
ii) increasing manufacturing

efficiencies, iii) debottlenecking and adding capacities and iv) introducing new products.

Fluctuations in foreign exchange may impact sales. Key trends such as tariff-related uncertainties, supply chain disruptions, rising inflation and evolving ESG expectations may influence growth.

Performance and Other Chemicals segment

	2024-25	2023-24	change
Sales (₹ cr)	3,818	3,236	582
Share in total sales (%)	70%	70%	-

Performance and Other Chemicals segment consists of five sub-segments, namely, Aromatics-II, Bulk Chemicals and Intermediates, Colors, Polymers - Performance Materials and Polymers - Retail.

Aromatics – II

Product groups: intermediates, perfumery, others

The products falling under these product groups are mainly used by customers belonging to the Fragrance and Personal Care industries. The product groups comprise about 42 products. para Cresol, para Anisic aldehyde and para Cresidine are some of the key products.

During 2024-25, sales increased by 14% from ₹ 736 cr to ₹ 837 cr. Sales in

India increased by 17% from ₹ 290 cr to ₹ 339 cr. Sales outside India increased from ₹ 446 cr to ₹ 498 cr and formed 59% of the total sales. Growth on account of volume was 16%. The Company completed one project during the year.

The world market for para Cresol was valued at US\$ 6.25 bn in 2024 and is growing at about 4.5%.

While the product was previously manufactured in the UK and the USA, China and India are now its major suppliers. The size of the world Fragrance industry is estimated at US\$ 18 bn in 2025 and is growing at about 5%. The size of the world Personal Care industry is estimated at US\$ 293 bn in 2025, of which the personal care ingredients segment is US\$ 15.48 bn and is growing at about 5%.

The main user industries are growing well due to improved standards of living. The Company will participate in this growth by — i) broadening its market reach, ii) increasing its manufacturing efficiencies iii) introducing new products and applications and iv) adding downstream value to co-products.

Fluctuations in foreign exchange may impact sales realisations.



Bulk Chemicals and Intermediates

Product groups: bulk chemicals, adhesion promoters, others



The products falling under these product groups are used mainly for internal consumption and by customers belonging to Cosmetics, Dyestuff, Pharmaceuticals and Tyre industries. The product groups comprise 23 products. Resorcinol, Resorcinol-formaldehyde resin and 1,3-Cyclohexanedione are some of the key products.

During 2024-25, sales decreased by 6% from ₹ 268 cr to ₹ 252 cr. Sales in India decreased from ₹ 158 cr to ₹ 136 cr, while sales outside India increased from ₹ 110 cr to ₹ 116 cr and formed 46% of the total. Atul Products Ltd, which commenced operations in the previous year, streamlined its processes during the year and recorded sales of ₹ 352 cr.

The world market for Resorcinol (a key product) is estimated at US\$ 378 mn and is growing at about 3.9%. The size of the world Tyre industry is estimated

at US\$ 303 bn and is growing at about 8%. The size of the world Chlor-alkali industry is estimated at US\$ 75 bn and is growing at about 4.3%.

The Tyre industry is expected to grow further because of increasing population on the one hand and improved standards of living on the other. The captive consumption of bulk chemicals is expected to grow as the Company expands the manufacturing capacities for

various products. It will participate in this growth by — i) increasing its manufacturing efficiencies, ii) debottlenecking and adding capacities, iii) introducing downstream products and iv) widening its market reach.

The demand and price of bulk chemicals are cyclical in nature. Fluctuations in foreign exchange may impact sales realisations.



Colors

Product groups: dyestuffs, pigments, dye intermediates, textile chemicals, others



The product groups comprise about 488 products. The products are used by customers belonging to the Textile, Paint and Coatings and Paper industries. Vat green 1, Sulphur black 1

and Pigment red 168 are some of the key products.

During 2024-25, sales increased by 15% from ₹ 546 cr to ₹ 630 cr. The increase in sales was driven by volume

growth, owing to the addition of new customers and a recovery in demand. Rudolf Atul Chemicals Ltd (RACL), a joint venture company established in 2011-12, offers a complete range of textile chemicals in the Indian market;

it increased its sales by 20% from ₹ 138 cr to ₹ 165 cr, primarily because of volume.

The world Textile Dyestuff industry is estimated at US\$ 6.6 bn and is growing at about 3%. China remains the largest producer of dyes, followed by India. The world market for high-performance pigments is estimated at US\$ 5.9 bn and is growing at about 4%.

The main user industries will continue to grow because of growing population and increase in discretionary spending. The Company, along with RACL, will participate in this growth by — i) focusing strategically on capacity utilisation and optimising cash flow management, ii) broadening geographical reach to drive market expansion, iii) introducing sustainable solutions for both textile and



non-textile applications through new product innovations and iv) developing new applications for existing products.

Current economic uncertainties, driven by uncertain tariff policies and potential geopolitical conflicts, may influence sales. Fluctuations in foreign exchange

and availability of raw materials may impact sales realisations. Treatment costs are expected to remain high, given that the manufacture of dyes and pigments generates significant pollutants.

Polymers – Performance Materials

Product groups: epoxy resins, curing agents, reactive diluents, accelerators and sulfones



The products falling under these product groups are used by customers belonging to the Adhesives, Aerospace and Defence, Automotive, Composites, Construction, Electrical and Electronics, Food and Beverage packaging, Marine, Paint and Coatings, Sport and Leisure, Transport and Wind Energy industries. The product groups comprise about 50 synthetic products and 276 formulations. Liquid epoxy resins, solid epoxy resins, solvent cut resins, cycloaliphatic resins, epoxy phenol novolac, multifunctional resins, aromatic amines and their adducts, 4,4'-Diaminodiphenyl sulfone, 3,3'-Diaminodiphenyl sulfone and 4,4'-Dichlorodiphenyl sulfone are some of the key products.

During 2024-25, sales increased by 21% from ₹ 1,194 cr to ₹ 1,445 cr. Sales in India increased by 21% from ₹ 712 cr to ₹ 860 cr. Sales outside India increased by 21% from ₹ 482 cr to ₹ 585 cr and formed 40% of the total.

The world market for epoxy resins and curing agents is estimated at US\$ 12.8 bn and is growing at about 4%, while the Indian market is estimated at US\$ 445 mn and is growing at about 8%. The world market for sulfones (curing agents) is estimated at US\$ 440 mn and is growing at about 5%.

The user industries are growing particularly well in India. The Company will participate in this growth by —

i) expanding the capacity of liquid epoxy resins, ii) improving manufacturing and working capital efficiencies, iii) debottlenecking capacities for key products and introducing new products and iv) expanding market reach to new geographies.

Lower demand in export markets is expected to keep the market competitive in the near term and may keep margins under pressure.



Polymers – Retail

Product groups: adhesives based on epoxy, synthetic rubber, polyurethane, cyanoacrylate, PVC, PVA and epoxy sealants, tapes and protective paints



The products falling under these product groups are used by customers belonging to the Automobiles, Construction Chemicals, Flooring, Foam and Furnishing, Footwear, Furniture, Handicraft, HVAC, Stone Processing and Sports Goods industries. The product groups comprise 236 products. Synthetic rubber adhesives (brushable and sprayable), polyurethane adhesives, natural rubber adhesives, epoxy adhesives, cyanoacrylate adhesives, epoxy sealants, multi-purpose spray and protective paints are some of the key product groups predominantly targeted towards the domestic market.

During 2024-25, sales marginally increased from ₹ 243 cr to ₹ 245 cr. Growth on account of volume was 4%, which was negated by price erosion.

The Indian market for adhesives and sealants is estimated at US\$ 2.2 bn and

is projected to grow at a CAGR of 5.1% to reach US\$ 3.1 billion by 2030.

Footwear, Foam and Furnishing, Construction, Furniture and HVAC industries are growing well. The Company will participate in this growth by — i) improving manufacturing and working capital efficiencies, ii) debottlenecking and adding capacities, iii) introducing new products

and iv) widening market reach to new geographies.

Price sensitivity, fluctuating raw material prices and new entrants in the market will keep the market competitive and may keep margins under pressure. Since the two main raw materials, namely chloroprene rubber and thermoplastic polyurethane are imported, fluctuations in foreign exchange may impact margins.



Internal Control Systems



The Company has comprehensive internal control systems which are commensurate with the nature of its business, its size and the complexity of its operations. They provide reasonable assurance on the effectiveness and efficiency of its operations, reliability of financial reporting and compliance with the applicable laws and regulations.

The internal control systems are routinely tested and upgraded for both design and operational effectiveness by the Management and are audited by both the Internal and Statutory Auditors.

Internal Audit

The Company has an in-house Internal Audit department which includes professionals from finance,



IT and engineering disciplines and is also working with reputed audit firms, specialising in internal audits. Together, they have the responsibility to identify areas requiring control

enhancements, automation and implementation of leading practices for the Company, its subsidiary, joint ventures, associate entities, and Atul Foundation and the entities overseen by it.

Audits are conducted in accordance with a risk-based internal audit plan which is duly approved by the Audit Committee. The scope and coverage of internal audit plan includes reviewing and reporting key process risks, adherence to operating guidelines and statutory compliances. Progress of the internal audit plans, significant audit observations and the status of agreed actions are reviewed by the Management on a monthly basis and by the Audit Committee on a quarterly basis.

Enterprise Risk Management

The Company believes that risks are inevitable in any business and

its approach is to identify, track and mitigate instead of avoiding them. Enterprise risk management (ERM) is an integral part of a business and its framework includes the identification, classification, assessment, prioritisation, mitigation, monitoring and reporting of key risks.

The Company has adopted a bottom-up and top-down approach to drive ERM. The bottom-up approach includes the identification and regular assessment of risks by respective businesses and cross-functional teams, along with a plan for mitigating such risks in a structured manner. This is complemented by a top-down approach where the

Senior Management ensures the comprehensiveness of the framework and effectiveness of mitigation measures and assesses long-term and macro risks. This helps in ensuring coverage of both internal and external risks in the risk registers. Risks are consolidated under major risk themes to create focus areas and prioritise mitigation plans.

The Company has constituted an ERM council comprising Senior Management to ensure the adoption of a comprehensive framework and the effectiveness of mitigation measures. ERM is driven by the Board of Directors through the Risk Management Committee of the Board.

Human Resources



The Company recognises that a motivated, united and skilled team is essential for achieving operational excellence and growth.

During 2024-25, the Company undertook the following key initiatives: i) digitalisation of HR processes and streamlining of onboarding and administrative workflows to enhance efficiency, ii) structured role rotations for broadening the capability of team members and preparing them for higher responsibilities and improving performance, iii) taking executive trainees, management trainees and first-line managers to develop internal talent pipeline and maximise internal appointments for middle and senior positions and iv) upgrading workplace infrastructure (office spaces at manufacturing facilities and cafeterias), to support the well-being and productivity of team members.

Employee relations at all locations remained cordial. The number of team members in the Company increased from 3,597 to 3,782. This number comprises its team members as well as those working in its four subsidiary entities, namely Atul Consumer Products, Atul Crop Care, Atul Infotech and Atul Finserv. The number excludes team members in associate, joint venture and other subsidiary entities.

The Company remains committed to investing in human capital, ensuring a future-ready team equipped to foster operational excellence and growth. It remains committed to building a professional and inclusive work environment that enables team members to reach their full potential while contributing to its long-term objectives and purpose.

