Management Discussion and Analysis

Key performance ratios	UoM	Standalone			Consolidated		
		2025-26	2024-25	Inc | (Dec)	2025-26	2024-25	Inc | (Dec)
Debtors turnover	times	5.05	5.41	(7%)	5.23	5.44	(4%)
Inventory turnover	times	8.05	8.33	(3%)	8.12	8.29	(2%)
Interest coverage	%	272.85	133.55	104%	70.78	42.62	66%
Current ratio	times	1.98	2.24	(12%)	2.18	2.45	(11%)
Debt equity ratio	times	-	-	-	-	-	-
Operating profit margin	%	17.61	16.61	6%	19.66	18.30	7%
Net profit margin	%	10.70	8.99	19%	10.99	8.93	23%
Return on net worth	%	10.26	8.59	19%	11.53	9.22	25%

Return on net worth improved in the financial year 2025-26 on account of improved profitability arising from an increase in sales volume and contribution margin. There were no significant changes (25% or more as compared to the financial year 2024-25) 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 has identified two reporting segments, namely, Life Science Chemicals and Performance and Other Chemicals.

Life Science Chemicals segment

	2025-26	2024-25	Change Inc | (Dec)
Revenue (₹ cr)	1,805	1,692	113
Share in total revenue (%)	29%	30%	(1%)

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 36 products and 46 formulations. 2,4-D, Indoxacarb and Sulfonylurea herbicides are some of the key products.

During 2025-26, sales increased by 16% from ₹ 627 cr to ₹ 725 cr. Sales in India decreased by 8% from ₹ 235 cr to ₹ 217 cr, mainly due to lower volumes arising from the impact of unpredictable weather patterns experienced during the year. Sales outside India increased by 30% from ₹ 392 cr to ₹ 508 cr. Increase on account of volume was 8% and 7% on account of pricing.

The world Crop Protection Chemicals industry is projected to grow steadily from about US$ 71.5 bn in 2025 to about US$ 80 bn by 2029, reflecting a CAGR of about 2.1%. Growth is expected to be supported by rising food demand, increasing pressure on arable land and the need to enhance crop yields and quality through greater adoption of fertilisers and crop protection solutions. The market growth is also driven by the increasing need for effective pest, weed and disease management solutions, rising pest resistance, rapid growth in markets such as South and South-East Asia, the Middle East and Africa and increasing focus on seed treatment chemicals.[1]

The Indian Crop Protection Chemicals industry is estimated at US$ 2.59 bn in 2025 and is expected to reach US$ 3.21 bn by 2030, growing at a CAGR of 4.35% during the forecast period (2025-2030).[2] The pesticides market is driven by the increasing incidence of pests and diseases. The Indian Crop Protection Chemicals industry has experienced consistent growth over the years, driven by factors such as increasing population, rising food

[1] AgbioInvestor – PMFAI: ICSCE 2026 Dubai

[2] https://www.researchandmarkets.com/report/india-crop-protection-chemical-market

demand and the need to protect crops from pests, diseases and weeds. The Company will participate in this growth by: i) focusing on actions to improve capacity utilisation and debottlenecking capacities for key products in existing plants, ii) launching new products in the Indian market, iii) expanding the regulatory approval footprint and iv) leveraging on some of its core strengths in chemistry.

Oversupply of pesticides 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 59 brands including Zura, Sindica, Salix, Rymix, Prabhavi, Lepto, Juba Gold, Cyno and Amsac, covering 71 formulations — 28 herbicides, 25 insecticides, nine fungicides and nine bio-stimulants and adjuvants.

During 2025-26, sales increased by 9% from ₹ 256 cr to ₹ 280 cr. Increase on account of volume was 13%. The Company launched four new products.

The size of the Indian Crop Protection Formulations industry grew by about 5% in volume in 2025. The Indian crop protection formulations market is expected to grow by 6% to 7% in value in 2026.

The Company will continue to grow by: i) launching in-house developed novel products, ii) pursuing organic growth of the existing portfolio through demand generation activities, iii) widening the portfolio through enhanced collaborations and iv) strengthening the distribution channel networks while expanding into new geographies.

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

Pharmaceuticals and Aromatics – I

Product groups: active pharmaceutical ingredients and their 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, anti-viral, antiretroviral and cardiovascular. The product groups comprise about 90 products. Acyclovir, Chlorobutanol, Dapsone, Desvenlafaxine, Fluconazole, Metoprolol, 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 2025-26, sales decreased by 6% from ₹ 633 cr to ₹ 595 cr. Sales in India increased by 3% from ₹ 346 cr to ₹ 356 cr. Sales outside India decreased by 17% from ₹ 287 cr to ₹ 239 cr and formed 40% of the total sales. Growth on account of volume decreased by about 7%. Sales of Atul Bioscience Ltd (ABL), a 100% subsidiary company, increased by 9% from ₹ 136 cr to ₹ 148 cr. Sales in India increased by 9% from ₹ 116 cr to ₹ 126 cr. Sales outside India increased by 10% from ₹ 20 cr to ₹ 22 cr and formed 15% of the total sales. 11 Drug Master Files were filed during the period, taking the total number of active regulatory filings to 48 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[3] is expected to grow strongly, rising from about US$ 1.77 tn in 2025 to over US$ 3.03 tn by 2034. The world API industry[4], valued at US$ 239 bn in 2025, is estimated to reach US$ 365 bn by 2032. The plant-based API industry[5] is expected to grow from about US$ 4.2 bn in 2026 to nearly US$ 7.8 bn by 2036.

The Indian Pharmaceuticals industry[6] valued at US$ 68 bn in 2025, is expected to reach about US$ 120 bn by 2030, with further growth projected to US$ 174 bn by 2034, reflecting a CAGR of 11% 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, iv) vertically (backward and forward, as the case may be) integrating, wherever possible and introducing new products or entering new business verticals.

Fluctuations in foreign exchange may affect input prices and sales realisation. Stringent regulatory requirements and other trends, including geopolitical shifts, tariff uncertainties, supply chain disruptions, rising inflation and evolving ESG expectations, will significantly influence growth.

Performance and Other Chemicals segment

	2025-26	2024-25	Change
Revenue (₹ cr)	4,388	3,818	570
Share in total revenue (%)	71%	70%	1%

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

Aromatics – II

Product groups: intermediates, perfumery, others

The products falling under these product groups mainly cater to the Chemical Additives, Personal Care and Pharmaceutical industries. The product groups comprise 45 products with *para* Anisic Aldehyde, *para* Cresidine and *para* Cresol being the key products. Two new projects were taken for implementation in 2025-26 and they are expected to be operationalised in 2026-27.

During 2025-26, sales decreased by 3% from ₹ 837 cr to ₹ 810 cr. Sales in India increased by 2% from ₹ 339 cr to ₹ 346 cr. Sales outside India decreased from ₹ 498 cr to ₹ 464 cr primarily due to the introduction of additional tariffs in the USA and global uncertainties. The decline on account of volume was 4%.

The world *para* Cresol market is expected to grow at a CAGR of about 3.5% to reach nearly US$ 225 mn by 2031, driven by demand from antioxidants, polymer stabilisers, specialty chemicals and fragrance applications. The world Perfume industry is projected to expand at about 5.8% CAGR to reach around US$ 106.7 bn by 2035, supported by intensifying consumer focus on personal grooming, premiumisation and

[3]https://www.precedenceresearch.com/pharmaceutical-market

[4]https://www.precedenceresearch.com/active-pharmaceutical-ingredient-market

[5]https://www.futuremarketinsights.com/reports/plant-based-api-market

[6]https://www.imarcgroup.com/india-pharmaceutical-market

the rapid growth of online distribution channels. The world Personal Care industry is projected to grow at a CAGR of approximately 6.1% to reach about US$ 815 bn by 2033, driven by rising consumer expenditure on health, hygiene and grooming products, urbanisation and increasing e-commerce penetration.[7]

The major end-user industries in India are experiencing a slightly higher growth than the world market. The Company will participate in this growth by: i) improving capacity utilisation, ii) introducing new products through integration, iii) broadening market reach and iv) eliminating plant inefficiencies.

Geopolitical disturbances, supply chain disruptions and 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. 1,3–Cyclohexanedione, Resorcinol and Resorcinol–formaldehyde resin are some of the key products.

During 2025-26, sales increased by 8% from ₹ 252 cr to ₹ 272 cr. Sales in India increased from ₹ 136 cr to ₹ 206 cr, while sales outside India decreased from ₹ 116 cr to ₹ 66 cr and formed 24% of the total. Sales of Atul Products Ltd increased by 35% from ₹ 352 cr to ₹ 474 cr, achieving the highest sales since the commencement of operations during 2025–26.

The world market for Resorcinol is projected to grow from US$ 440 mn[8] in 2025 at a CAGR of 4.58%. The world Tyre industry is expected to expand from approximately US$ 181 bn in 2025 to about US$ 273 bn by 2034, growing at a CAGR of around 4.33%. The growth is expected to be driven by increasing vehicle production, infrastructure development and rising adoption of advanced and environmentally sustainable tyre technologies.[9] The size of the world Chlor-alkali industry is estimated at US$ 76 bn and is expected to grow at a CAGR of 4.15%.[10]

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 realisation.

[7]Perfume: Perfume Market Size Worth USD 101.47 Billion by 2034, p-cresol: Attached, Personal Care: Personal Care Products Market - Price, Size, Share & Growth

[8]https://www.chemanalyst.com/industry-report/resorcinol-market-608

[9]https://www.imarcgroup.com/global-tire-market

[10]https://www.imarcgroup.com/chlor-alkali-market

Colors

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

The product groups comprise about 525 products. These products cater to customers across key end-user industries such as Textiles, Paint and Coatings and Paper. Key product segments include textile dyes and high-performance pigments.

During 2025–26, sales increased by 9% from ₹ 630 cr to ₹ 687 cr. The increase in sales was primarily driven by higher volumes and improved price realisations, supported by the addition of new customers. Rudolf Atul Chemicals Ltd (RACL), a joint venture established in 2011–12, continues to offer a comprehensive range of textile chemicals in the Indian market. RACL reported sales of ₹ 162 cr during 2025–26, broadly in line with ₹ 165 cr in the previous year.

The world Textile Dyestuff industry is projected to grow from around US$ 7.4 bn in 2025 to about US$ 11 bn by 2030.[11] The organic high-performance pigments market is also expected to witness steady growth, increasing from about US$ 4.2 bn in 2025 to about US$ 4.7 bn by 2031, at a CAGR of around 1.9%.[12]

The key end-user industries are expected to continue to benefit from long-term structural drivers such as population growth and rising discretionary income. The business, along with RACL, intends to participate in this growth by: i) enhancing capacity utilisation and strengthening cash flow management, ii) expanding geographical presence to drive market penetration, iii) developing and introducing sustainable solutions for textile and non-textile applications through product innovation, iv) exploring new applications for existing products and enhancing product portfolio.

Heightened geopolitical tensions, particularly in the Middle East, along with increasing trade fragmentation between major economies, have led to volatility in energy prices and disruptions in supply chains. Additionally, volatility in foreign exchange rates and uncertainties in raw material availability may impact sales realisations and margins. Environmental compliance costs are expected to remain elevated, given the inherently high effluent treatment requirements in the Dyes and Pigments industry.

Polymers – Performance Materials

Product groups: epoxy resins, curing agents, reactive diluents, accelerators and catalysts 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, Medical Device Components, Paint and Coatings, Sport and Leisure, Transport and Wind Energy industries. The product groups comprise about 49 synthetic products and 202 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 2025-26, sales increased by 18% from ₹ 1,445 cr to ₹ 1,710 cr. Sales in India increased by 22% from ₹ 860 cr to ₹ 1,052 cr. Sales outside India increased by 13% from ₹ 585 cr to ₹ 658 cr and formed 38% of the total.

The world epoxy resin market is estimated at US$ 12.3 bn and is expected to grow at a CAGR of 5.58%, while the world epoxy curing agent market is estimated at US$ 3.9 bn and is expected to grow at a CAGR of 3.4%. The world market for sulfones is estimated at US$ 0.24 bn and is growing at about 5%.

The end-user industries are growing particularly well in India. The Company will participate in this growth

[11] https://www.marketsandmarkets.com/Market-Reports/synthetic-dyes-market-184747754.html

[12] https://www.spglobal.com/content/dam/spglobal/ci/en/documents/products/pdf/CI_1025_ceh-pigments-organic-color-abstract=TOC.pdf

by: i) driving higher capacity utilisation, 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.

Soft export market demand may lead to heightened competition in domestic market in the near term, with margins remaining 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 cater to a wide range of industries including Automobiles, Construction Chemicals, Flooring, Foam and Furnishings, Footwear, Furniture, Handicrafts, HVAC, Stone Processing and Sport. The product groups comprise 236 products, with key categories such as synthetic rubber adhesives (both brushable and sprayable), polyurethane adhesives, natural rubber adhesives, epoxy adhesives, cyanoacrylate adhesives, epoxy sealants, multi-purpose sprays and protective paints, primarily catering to the domestic market.

During 2025-26, sales increased from ₹ 245 cr to ₹ 304 cr. Growth on account of volume was 25%.

The Indian adhesives and sealants market is valued at approximately US$ 3.3 bn and is expected to grow at a CAGR of 6.9%, reaching around US$ 4.6 bn by 2031.[13]

Growth is driven by strong performance in industries such as Footwear, Foam and Furnishings, Construction, Furniture and HVAC. The Company will participate in this growth by: i) enhancing manufacturing and working capital efficiency, ii) removing capacity constraints and expanding production, iii) launching new products and iv) expanding its presence into new geographies.

The market remains highly competitive due to price sensitivity, volatile raw material costs and the entry of new players. Additionally, fluctuations in foreign exchange rates may impact profitability.

Internal Control Systems

The Company has established internal control systems that are commensurate with the nature, size and complexity of its operations. These systems provide reasonable assurance regarding operational effectiveness and efficiency, reliability of financial reporting and compliance with the applicable laws and regulations.

The internal control systems are periodically tested and upgraded for both design and operational effectiveness by the Senior Management and are subjected to audit by Internal and Statutory Auditors.

Internal Audit

The Company has an in-house Internal Audit function comprising professionals from finance, internal controls, information technology and engineering disciplines. It also engages with reputed firms specialising in internal audit. Together, these teams identify control gaps, drive automation and implement best practices across the Company, its subsidiaries, joint ventures, associate entities, Atul Foundation and the entities under its oversight.

Internal audits are conducted in accordance with a risk-based audit plan approved by the Audit Committee.

[13]India Adhesives Market Size & Share Outlook to 2031

The scope includes review of key process risks, compliance with standard operating procedures and adherence to statutory requirements.

The progress of the audit plan, key findings and status of corrective actions are reviewed monthly by the Senior Management and quarterly by the Audit Committee.

Enterprise risk management

The Company recognises that risk is inherent in business operations and focuses on systematic identification, assessment and mitigation of risks. Enterprise risk management (ERM) is embedded in operations through a structured framework encompassing risk identification, evaluation, prioritisation, mitigation, monitoring and reporting.

The Company follows a combined bottom-up and top-down approach. Businesses and cross-functional teams identify and assess risks, while the Senior Management oversees the framework, evaluates the effectiveness of mitigation measures and reviews long-term and macro-level risks. This ensures comprehensive coverage of internal and external risks, grouped into key themes to prioritise mitigation efforts. ERM is overseen by the Board through the Risk Management Committee, supported by an ERM Council comprising the Senior Management.

Human Resources

People are at the core of the enduring competitive advantage of the Company. Team members are not merely contributors to business performance; they embody values, shape culture and translate purpose into sustained, long-term impact. The Company believes that a motivated, skilled and engaged workforce is fundamental for achieving sustainable growth.

During 2025–26, the Company advanced five key people initiatives to strengthen performance, capability and internal mobility. These included: i) implementation of a revised performance management system with sharper goal alignment and continuous feedback, ii) development of a structured approach to individual development plans aimed at building future-ready capabilities, iii) enhancement of focus on internal talent mobility, with a higher proportion of mid- and senior-level roles filled internally, iv) reinforcement of career progression and leadership continuity and v) digitisation of core HR processes, leading to an improvement in efficiency, transparency and data-driven decision-making.

Team member relations remained cordial across all locations during the year. The total number of team members decreased from 3,782 to 3,767, including team members across its four subsidiary entities, namely, Atul Consumer Products, Atul Crop Care, Atul Infotech and Atul Finserv (excluding associates, joint ventures and other subsidiary entities).

The Company continues to invest in building a people-centric organisation through enhanced learning infrastructure, well-being initiatives and inclusive policies. Looking ahead, the Company intends to focus on institutionalising business and function-wise Talent Councils to strengthen its talent management framework. Succession planning for all critical roles, along with the adoption of new-age technologies to further enhance HR processes will remain its key focus areas.