

Analyst Meet 2018

Welcome

Atul

Miles to go ...

Parnera hillock, Atul village

Disclaimer



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. We cannot guarantee that these forward looking statements will realise although we believe we have been prudent in our assumptions. The actual results may be affected because of uncertainties, risks and even inaccurate assumptions. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise. The information about market size, CAGR and market share shown in this presentation pertains to products | product groups the Company is operating in.

Agenda



- Future in perspective 01 - 21
- Financials 2017-18 22 - 29
- Sub-segment overview 30 - 74

Legacy



(1894 –1980)

Kasturbhai Lalbhai

Ethics
Perseverance
Envisioning
Attention to detail
Larger purpose

Atul stands for ...



Integrity

Decisions and actions remain consistent with thoughts and words



Understanding

External manifestation of internal realisation



Unity

Though we may be many, we share a common purpose



Responsibility

Delivering values and taking ownership of actions



Excellence

Excelling in everything we do and not giving up



Atul Bioscience



Amal



Atul Brazil Quimicas



Atul China



Atul Europe



Atul Middle-East



Atul USA



Atul Foundation



Atul Institute of Vocational Excellence



Atul Club

1st

private sector company
inaugurated by the first
Prime Minister of India

1st

company to produce
several speciality
chemicals first time in
India

3,000+
employees

65

manufacturing plants

70

years of incorporation

900+

products

400+

formulations

85+

countries

6,000+

customers

Serving diverse customers



Serving diverse customers



The miracles of science™



Grow a better tomorrow.

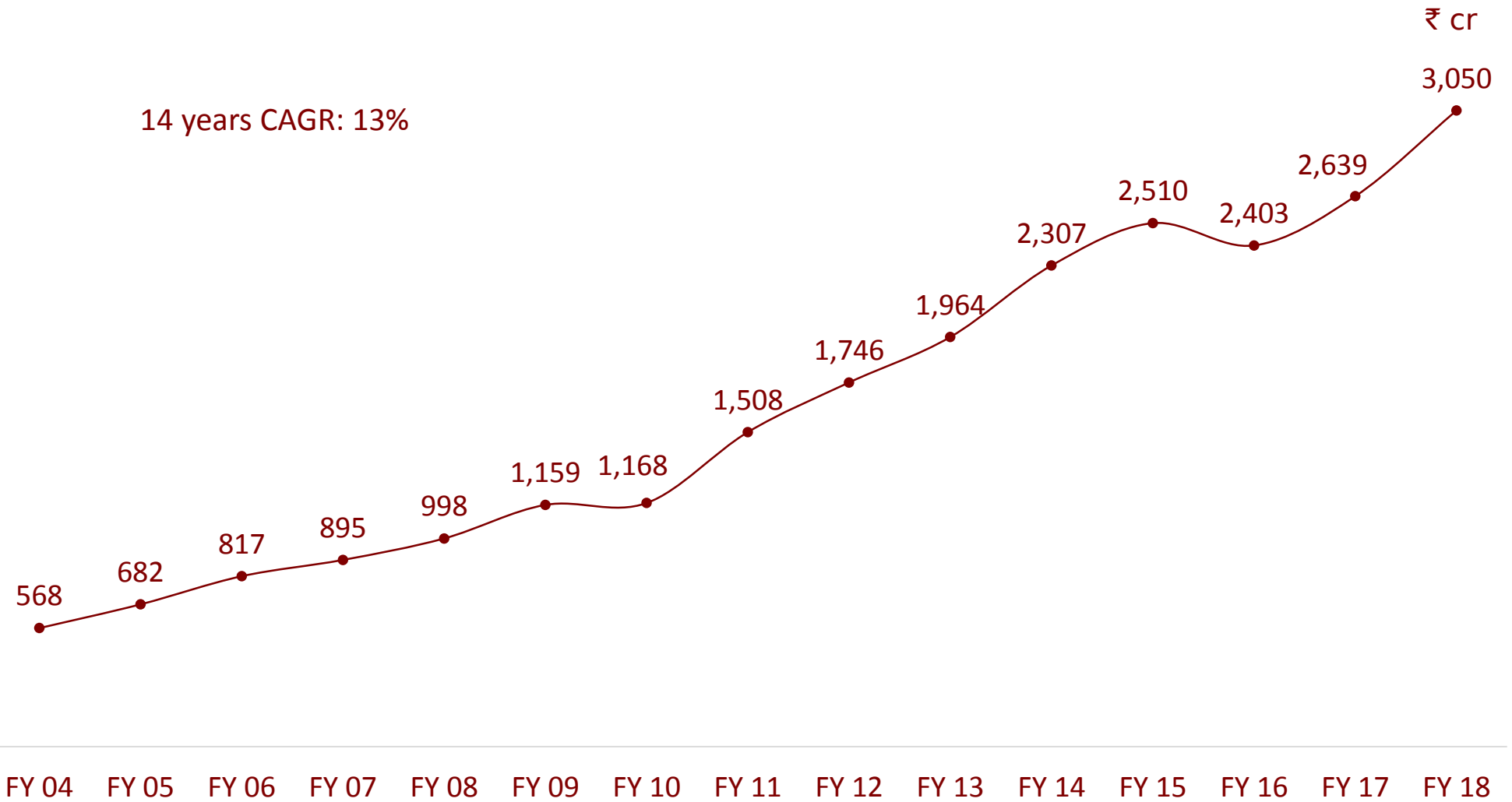


An Employee-Owned Company

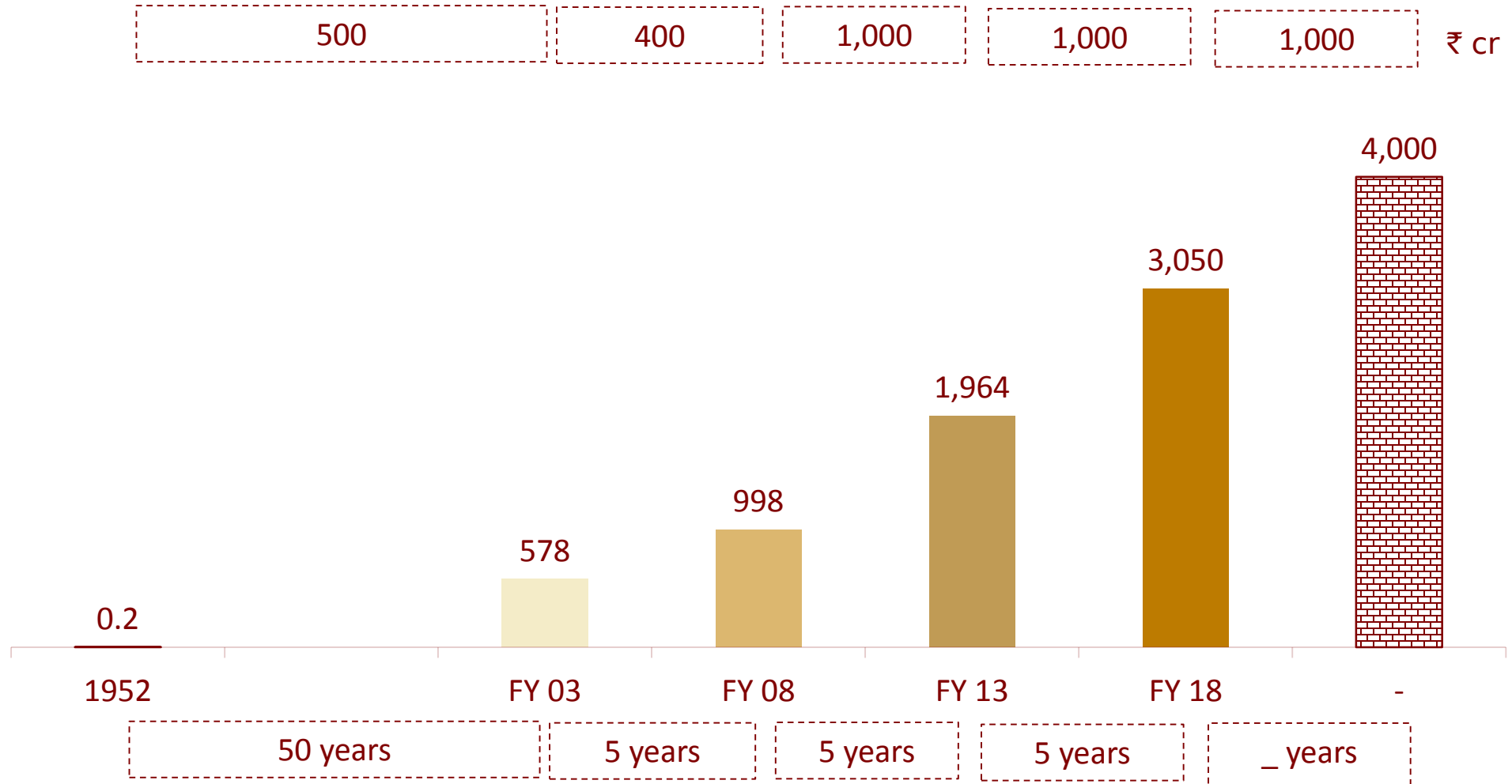


Performance

Sales trend



Sales growth

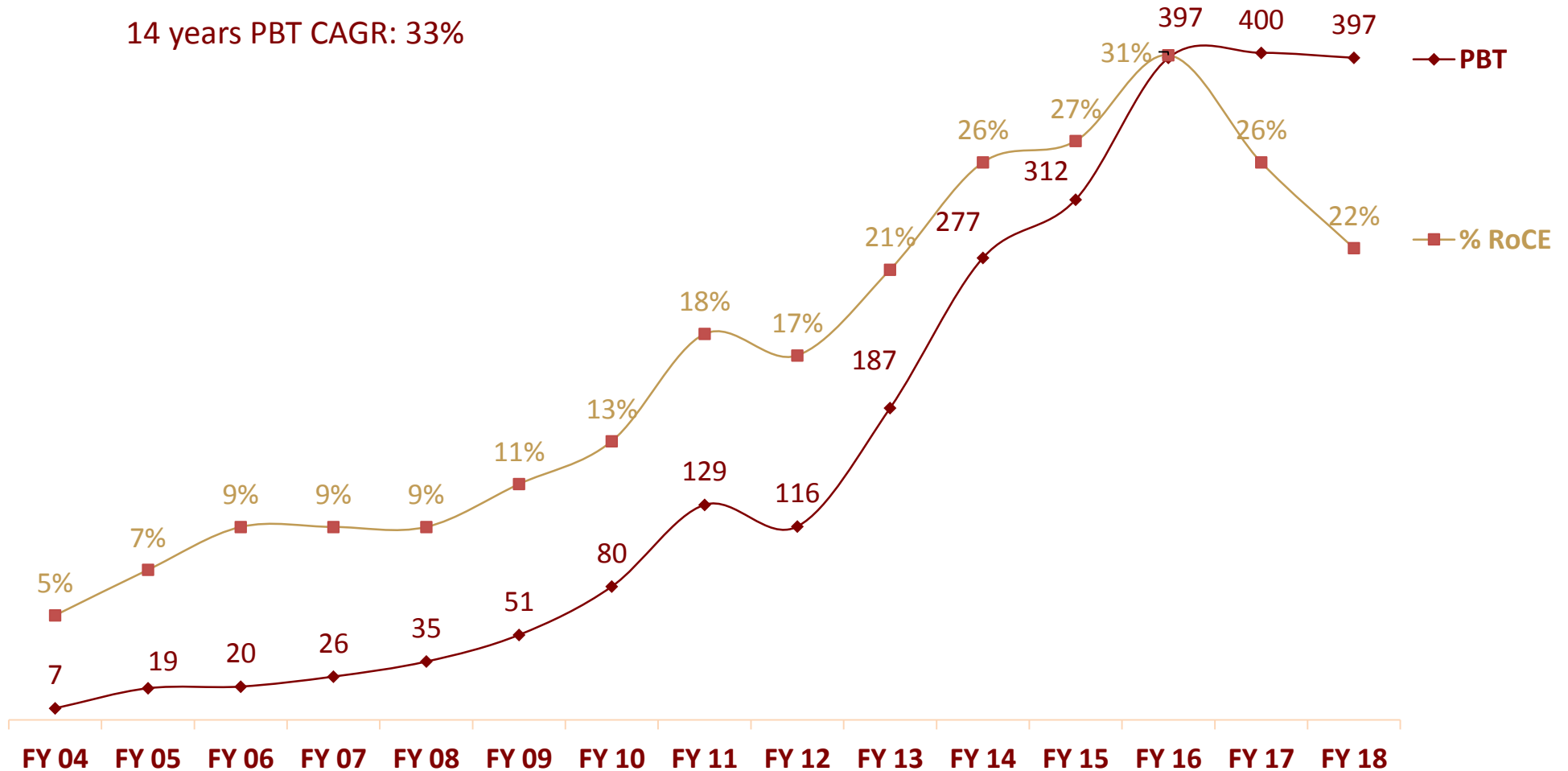


Profit and RoCE trends



₹ cr

14 years PBT CAGR: 33%



- Achieved volume growth
 - Enhanced market share of key products
 - Repaid all debt
 - Implemented softwares to improve efficiency of sales team
 - Enhanced capacity by debottlenecking plants of key products
 - Developed 34 new products | formulations and scaled up 28 thereof
 - Improved process of succession planning
-
- Atul Board selected amongst the 50 best Boards of India (Korn Ferry | Hay Group, 2016)
 - Awarded Silver Shield for excellence in financial reporting (ICAI, 2016-17)

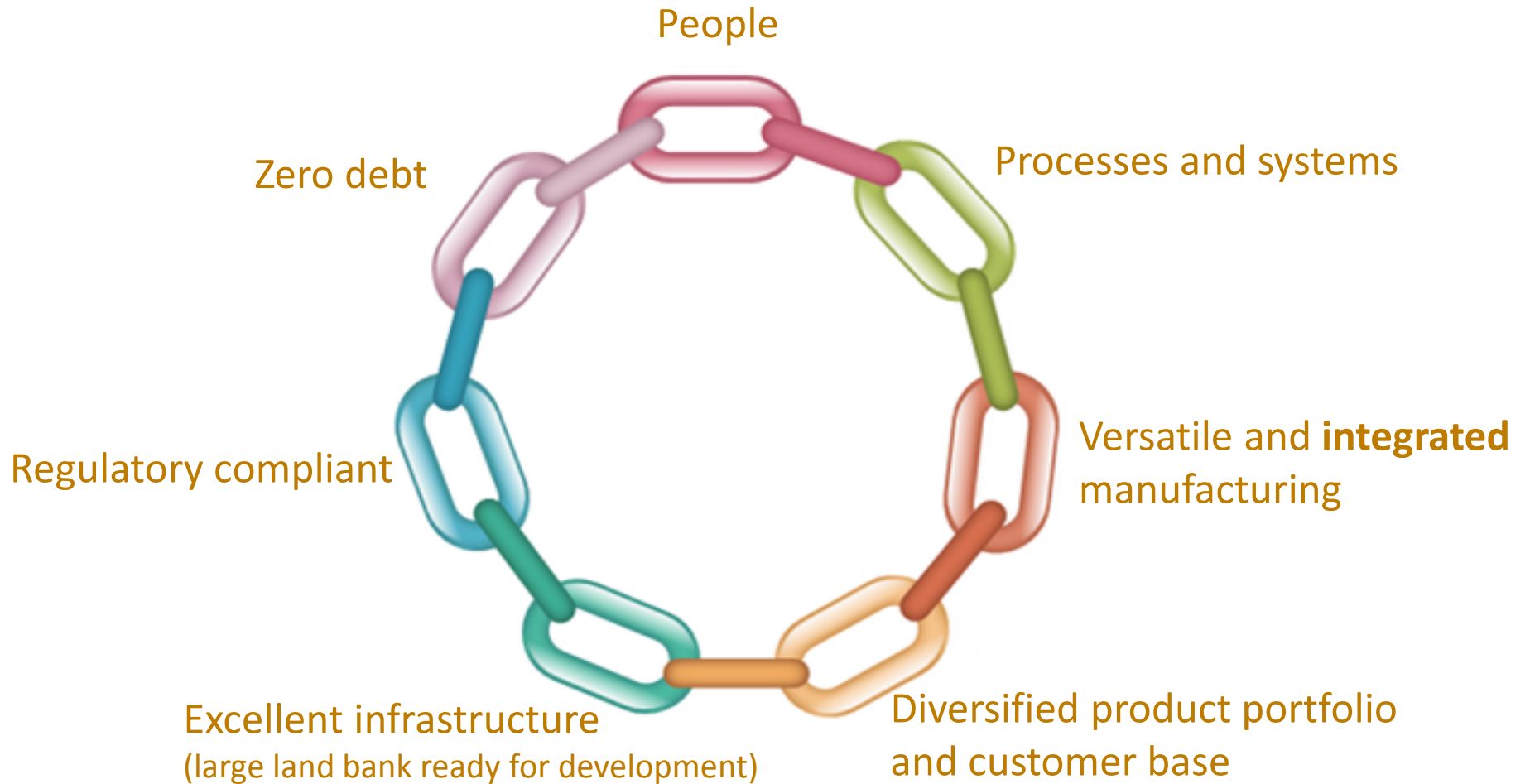
Industry and Atul

Chemical industry

Chemical industry holds a significant position in the Indian economy.



Serving industries	Global size US\$ bn	Growth %
Additives	3	2%
Fragrance	12	4%
Personal care	20	4%
Tyre	220	4%
Textile	872	3%
HP pigments	5	4%
Food colors	2	6%
Crop protection	57	2%
Pharmaceutical	150	7%
Paint and coating	158	5%



Way forward

Ability to compete – specific to products



Product Product group	Backward integration	Forward integration	Existing infra	Economy of scale	Market reach	Product synergy	Existing customer	Purchase economy
F & F – 1	+	+	+	+	+	+	+	=
F & F – 2	=	+	+	+	+	+	+	=
F & F – 3	+	=	+	+	+	+	+	=
Pharma intermediate	+	=	=	+	+	+	+	=
F & F – 4	+	=	+	+	+	+	+	=
F & F – 5	=	=	+	+	+	+	+	=
Performance chemical -1	-	+	-	+	+	+	+	=
Performance chemical -2	+	=	=	+	+	+	+	=

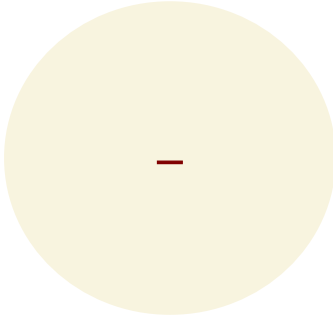
Market attractiveness

Product	Market size		CAGR
	Volume (MT)	Value (₹ cr)	
F & F – 1	2,500	163	4%
Pharma intermediate	22,600	608	21%
Performance chemical -1	4,000	250	26%

Growth plan



New products



₹640 cr

Existing products



₹2140 cr

Debottlenecking | higher capacity utilisation

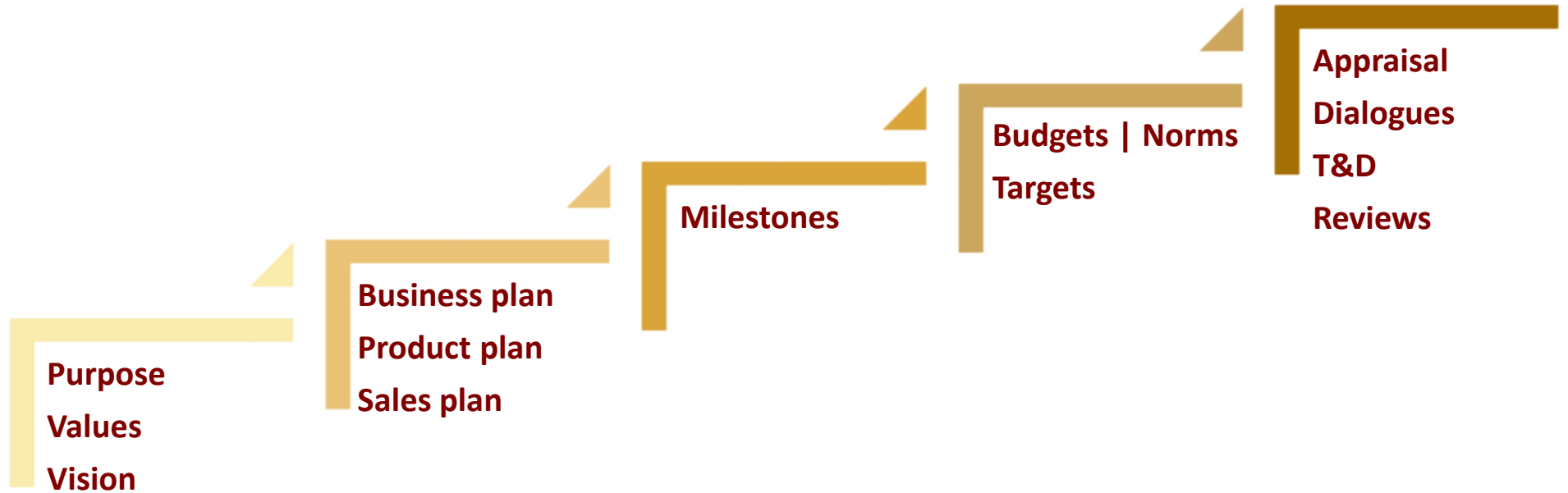
Brownfield | green field projects

Incremental sales potential**

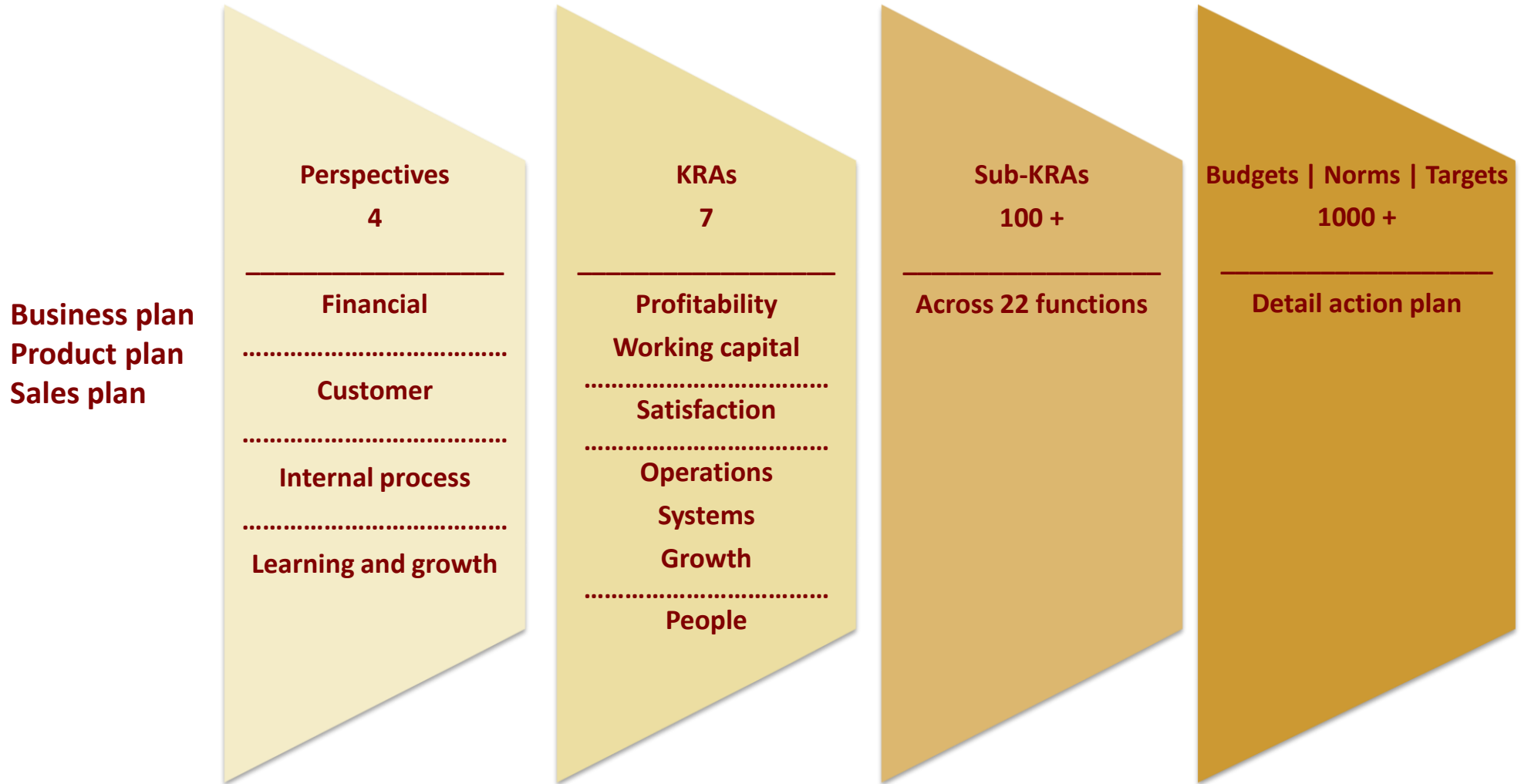
* Projects with potential of ₹150 cr will be commissioned in Q2 FY19.

** growth plan for subsidiary | JV companies are not considered.





Alignment



Responsibility towards society



education

- ✓ Kalyani Shala, Ashramshalas
- ✓ Books on Indian culture | ecology | philosophy
- ✓ Conservation of manuscripts
- ✓ research at Institute of Chemical Technology



relief

- ✓ Prevention of exploitation of women
- ✓ Blood units to thalassemia patients
- ✓ Protection and prevention from sex trafficking
- ✓ Advance treatment to cancer patients



empowerment

- ✓ Skill development at Atul Institute of Vocational Excellence
- ✓ Urmi stri sansthan
- ✓ Training to women to become skilled elementary school teachers (*Adhyapika*)



infrastructure

- ✓ Rural development
- ✓ Enhancement of rural infrastructure in nearby villages
- ✓ Enhancement of infrastructure in schools and other institutions



health

- ✓ Quality health care facilities (Atul Medical Diagnostic and Research Centre)
- ✓ Medical camps, Food and nutrition workshops
- ✓ Improvement of hygiene by providing toilets



conservation

- ✓ Afforestation
- ✓ Gas-based crematorium facility in Atul
- ✓ Projects specified by Government | PPP | seed money for incubating innovative ideas | upgradation of skills

Education



Over 7,200 young minds, nurtured through education

Empowerment



Empowered 11,000+ students through vocational training courses



Over 1,30,000 beneficiaries

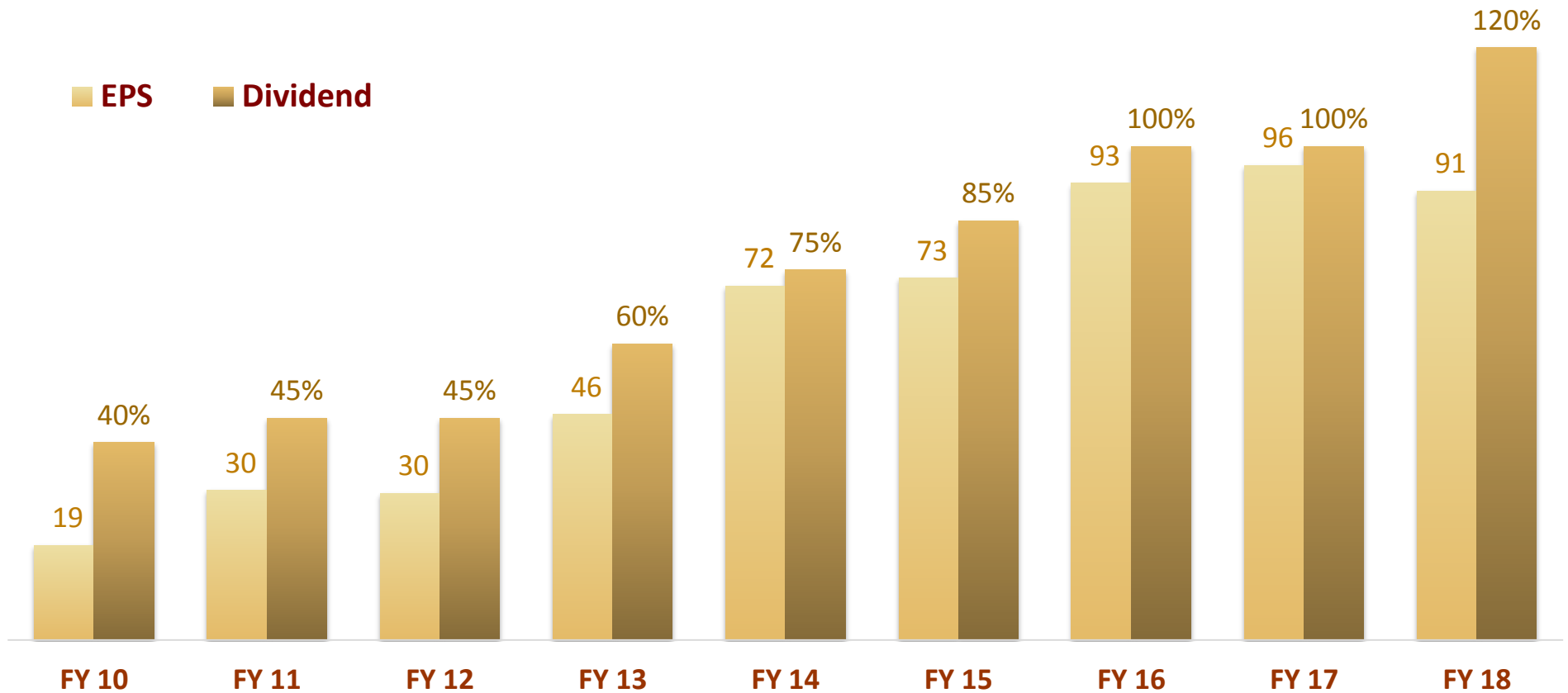


3,500 toilets built and 1,500 underway

Shareholders

Return on share

₹ cr

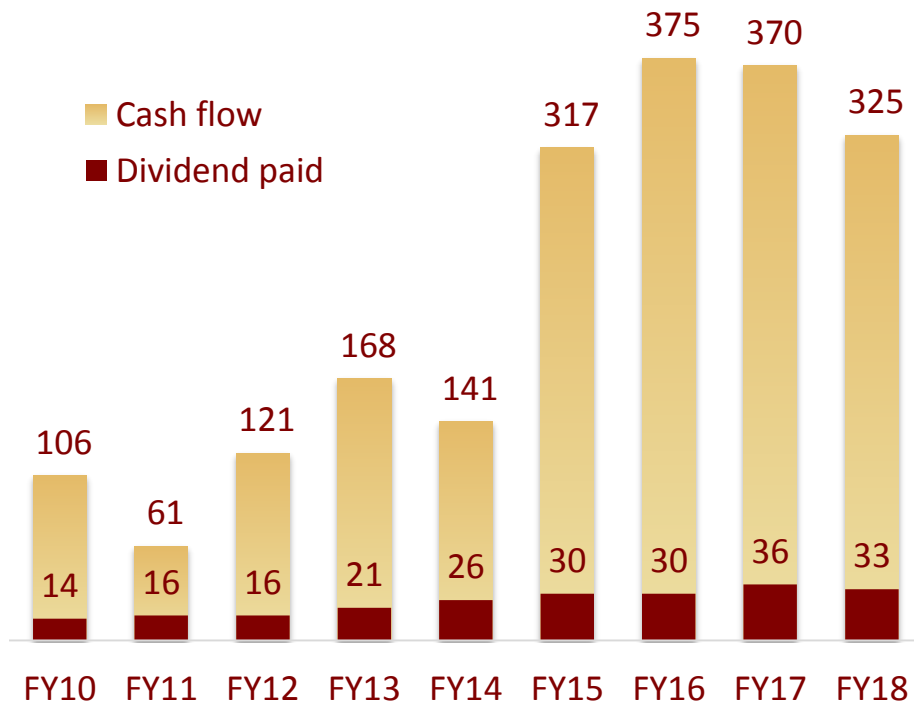


Capital expenditure

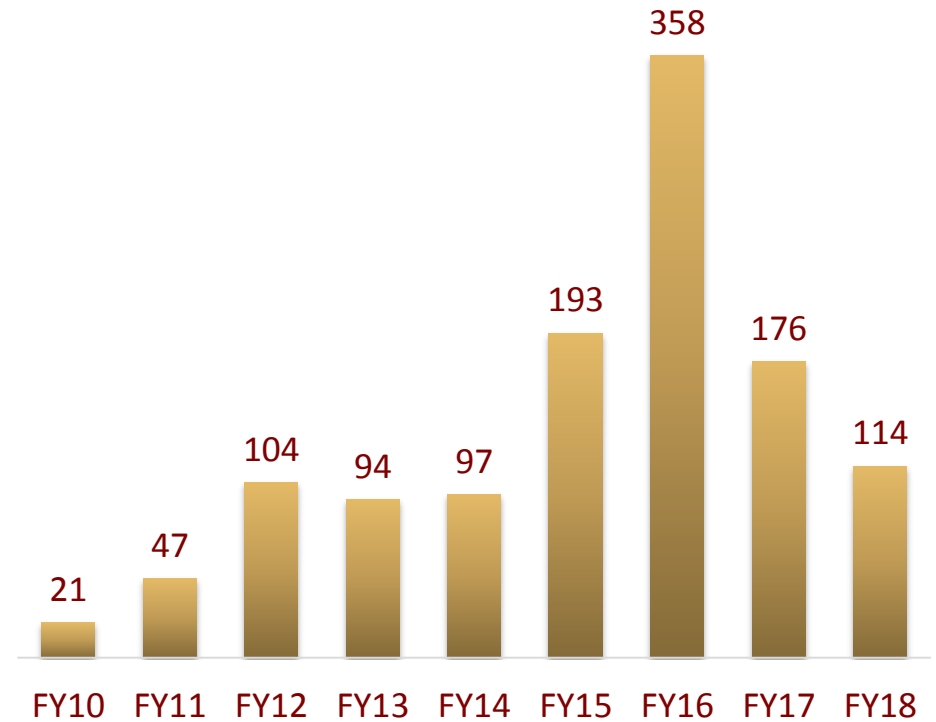


₹ cr

Cash flow from operations



Capital expenditure

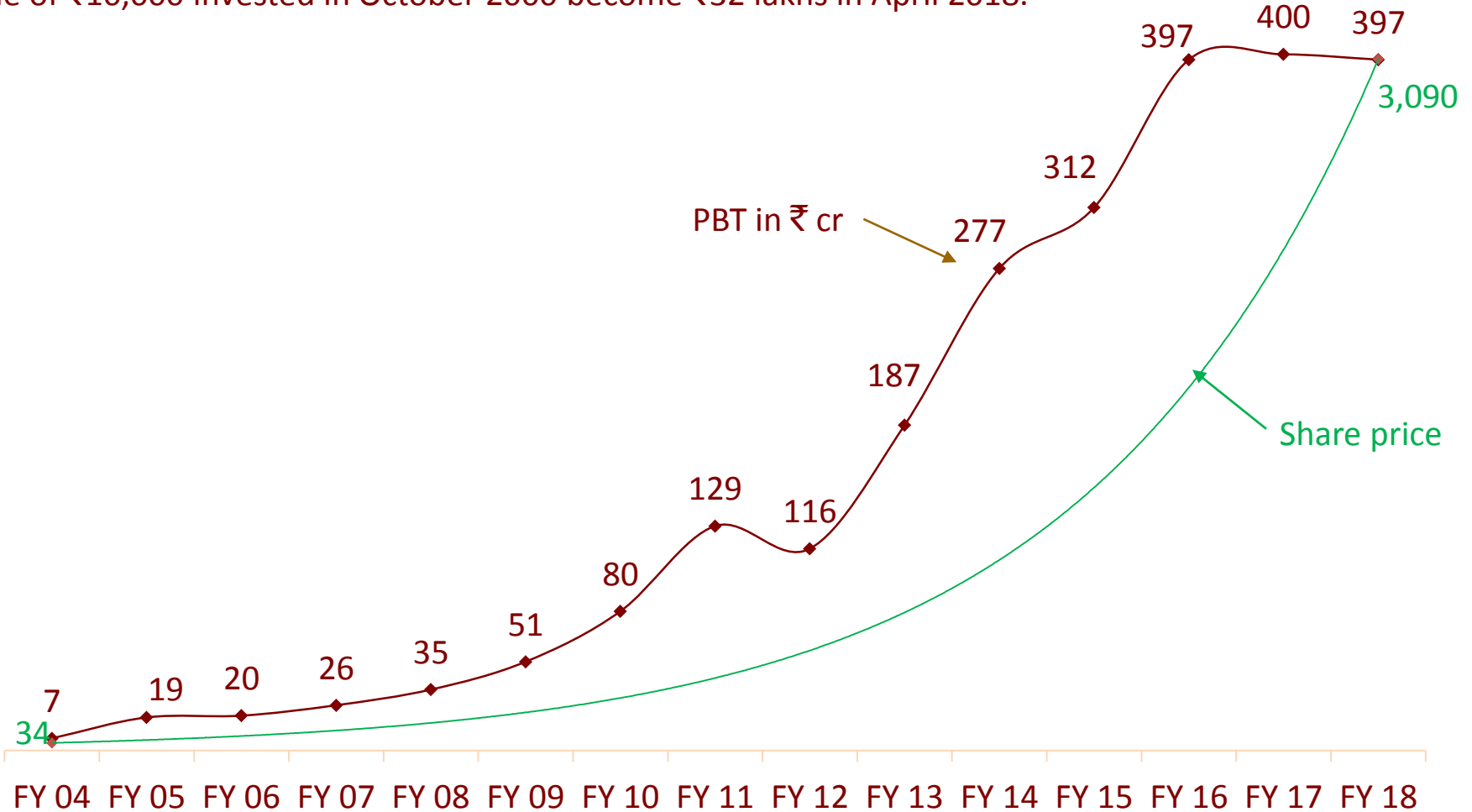


Shareholder value



14 year share price CAGR: 38%

Value of ₹10,000 invested in October 2000 become ₹32 lakhs in April 2018.



Financials 2017-18

Profit and loss



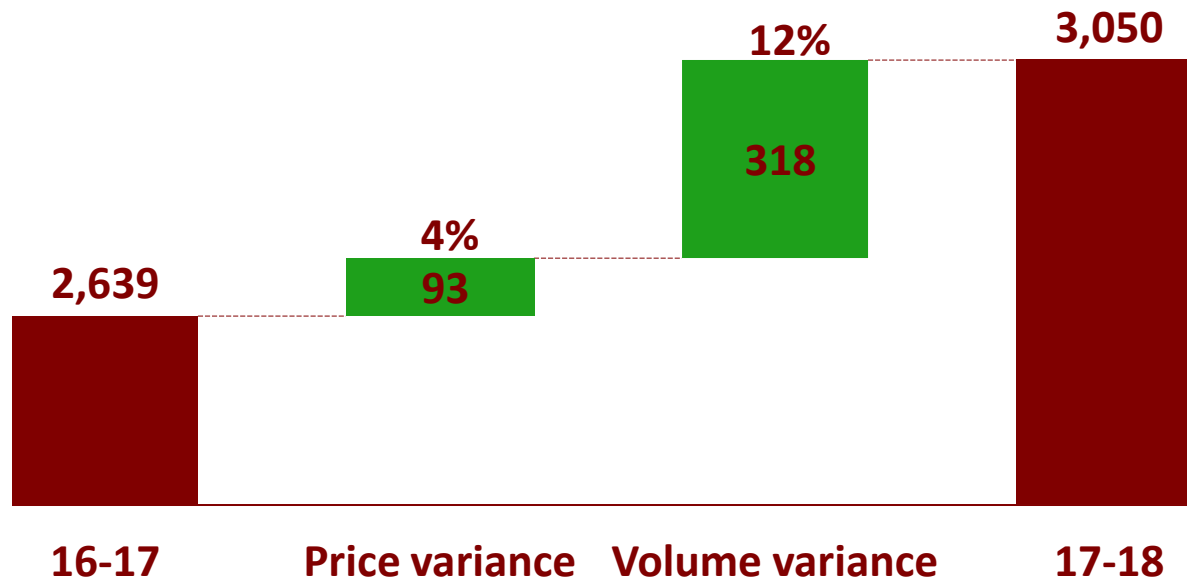
Particular	FY 18	FY 17	% Δ
Net sales	3,050	2,639	16%
Expenditure	2,559	2,141	
Other income	20	14	
EBIDTA	511	512	0%
EBIDTA %	16%	19%	
Interest	9	21	
Depreciation	105	91	
P B T	397	400	-1%
Tax	127	115	
P A T	270	285	-5%
RoCE %	22%	26%	
Average capital employed	1,814	1,638	

Sales analysis



₹ cr

Sales	FY 18	FY 17	Inc (dec)	
			₹ cr	%
National	1,536	1,239	297	24
International	1,514	1,400	114	8
Sales (net)	3,050	2,639	411	16



Segment results



₹ cr

Particulars	Life Science Chemicals		Performance and Other Chemicals		Total	
	FY 18	FY 17	FY 18	FY 17	FY 18	FY 17
Net revenues from operations	1,061	865	2,087	1,983	3,148	2,848
Profit before interest and tax	120	130	281	290	401	420
Segment assets	696	603	1,523	1,393	2,219	1,996
Total assets					2,919	2,620
Total liabilities					721	699
Capital employed	535	494	1,128	1,091	2,198	1,921

Working capital



₹ cr

Particulars	Mar 18	Mar 17	Inc dec over Mar 17
Inventories	379	368	11
Debtors	718	507	211
Other current assets	184	159	25
Gross working capital	1,281	1,034	247
Current liabilities	556	403	153
Net working capital	725	631	94

Break up of working of capital



Particulars	Mar 18 A	Mar 17 A	Inc dec over Mar 17
NWC	725	631	94
Less: Non-operational items			
Tax related assets	51	38	13
Cash and bank balances	22	7	15
Operating working capital	652	586	66

Fund flow

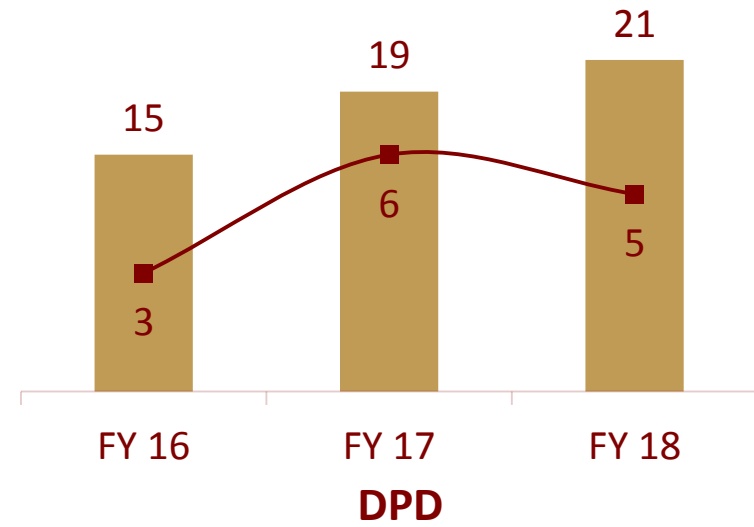
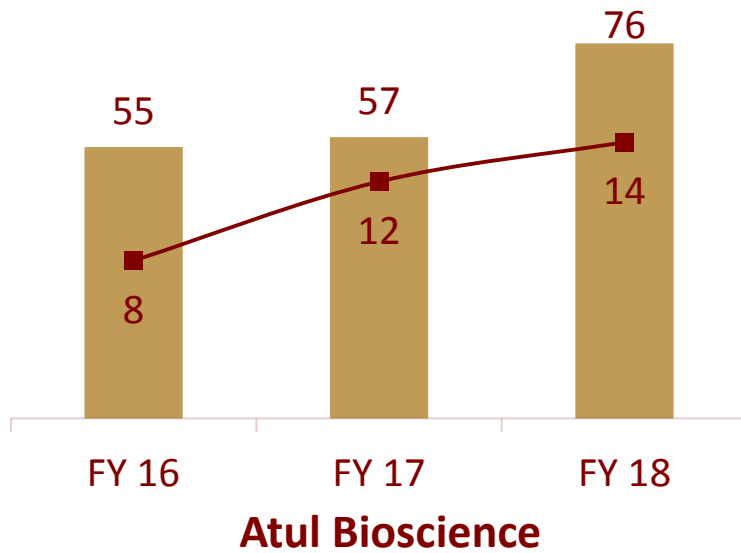


₹ cr

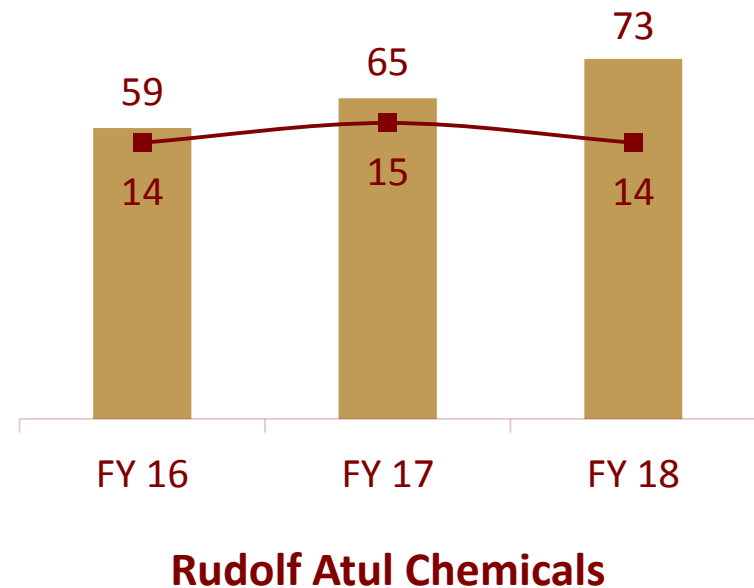
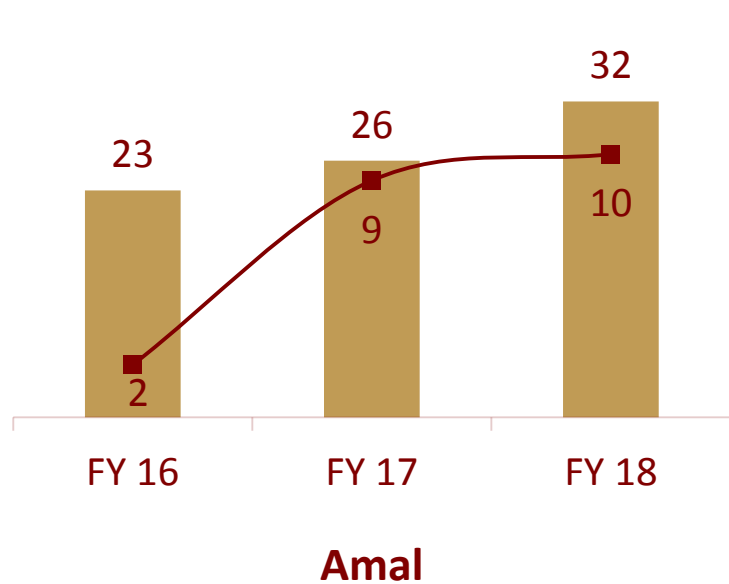
Particulars	2017-18	2016-17
Sources		
EBIDTA	511	512
Changes in non-current assets (net)	21	44
Total	532	556
Applications		
Interest and finance charges	9	21
Purchase of fixed assets and capital advances	114	176
Working capital increase	94	61
Loans repaid	155	147
Dividend paid	33	36
Direct taxes	127	115
Total	532	556

Subsidiary and associate companies

₹ cr



■ Sales — PBT



Key ratios



Particulars	FY 18	FY 17
Earning per share	91.2	96.2
Price Equity ratio (times)	28.9	24.9
Book value per share	740.8	647.5
Price Book value (times)	3.5	3.7
Enterprise value EBIDTA (times)	15.1	14.1
Debt Equity	-	0.1
Fixed assets turnover*	2.6	2.4
Turnover to average capital employed	1.7	1.6
Current ratio	2.3	2.6
Quick ratio	1.3	1.3
Enterprise value (₹ cr)	7,730	7,243

Industry overview

Performance and Other Chemicals

Life Science Chemicals



Sub segment: Aromatics

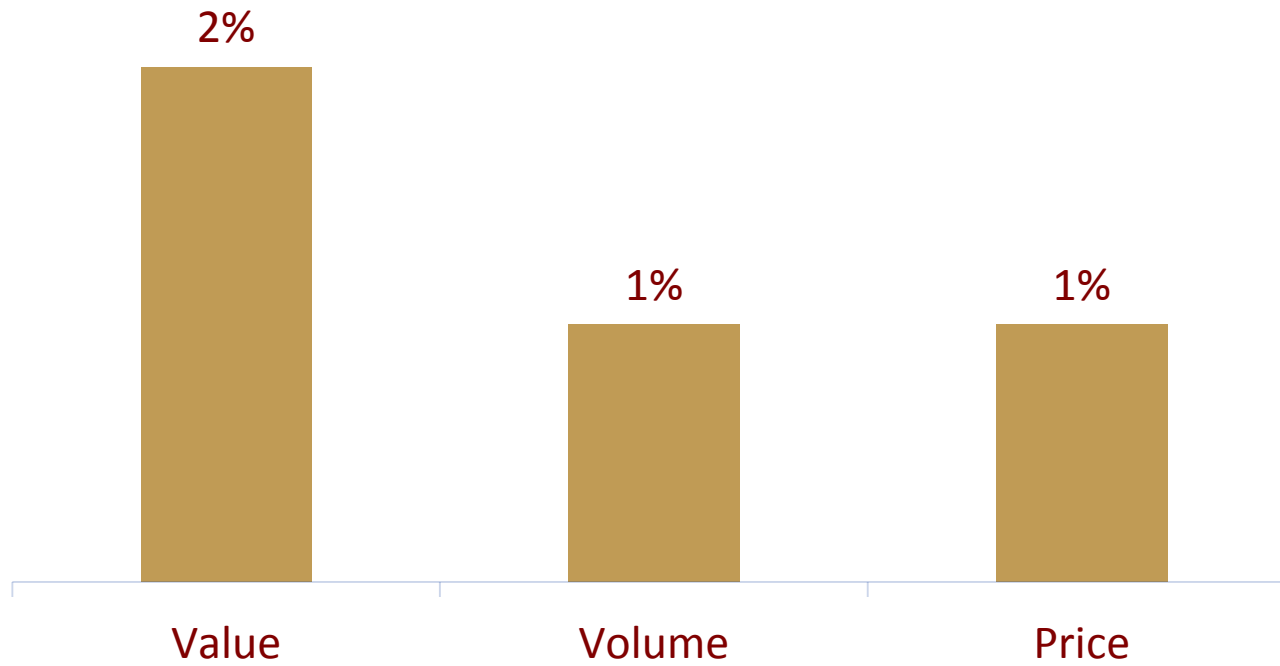
Product groups: Intermediates and API intermediates

Serving: Chemical additives, Fragrance, Personal care and Pharmaceutical industries

Product	Market share (2017-18)	Competition
<i>p</i> -Cresol (P&OC)	42%	Asia (4) North America (1)
<i>p</i> -Cd (P&OC)	20%	Asia (3)
<i>p</i> -AA (LSC)	75%	India (2) Asia (1) Europe (1)
<i>p</i> -AAI (LSC)	95%	India (2)

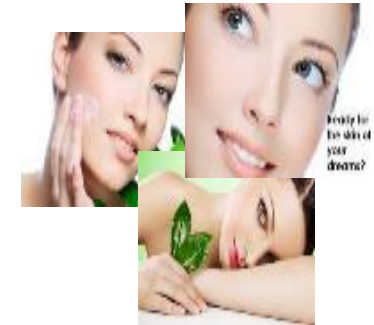
Number of products: 38 Number of customers: 336

₹842 cr



Opportunity landscape

	Additives	Fragrance	Personal care
World, \$ bn	3.1	11	20
CAGR	2%	4%	4%
India, \$ mn	25	460	540
CAGR	3%	5%	5%



Unrealised capex



Unrealised sales potential: ₹140 cr

- Debottlenecking (₹44 cr)*

* sales

- Implement project to manufacture a fragrance intermediate (1)
- Develop and establish capacity for Cosmetic ingredient (1)
- Commercialise new products developed in Kilo lab (8)

Risks	Mitigation
<ul style="list-style-type: none">▪ Competition from China	<ul style="list-style-type: none">▪ Significant efficiency improvements (product yield throughput)
<ul style="list-style-type: none">▪ Volatility in input prices	<ul style="list-style-type: none">▪ Secure rates through short medium term contracts
<ul style="list-style-type: none">▪ Fluctuations in Forex	<ul style="list-style-type: none">▪ Hedge receivables

Performance and Other Chemicals

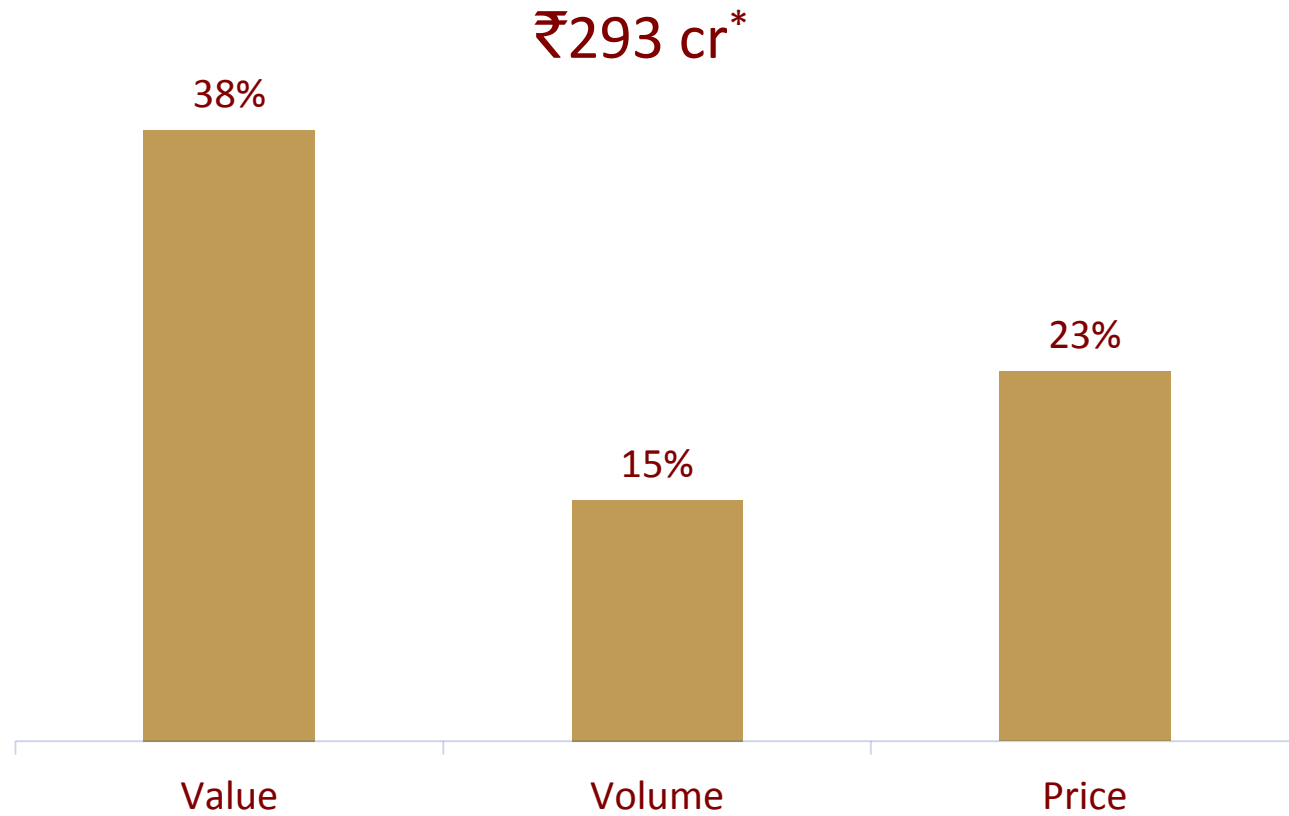
Sub segment: Bulk Chemicals and Intermediates

Product groups: Bulk chemicals, Adhesion promoters, Intermediates

Industries served: Cosmetics, Chemical, Dyestuff and Tyre

Product	Market share (2017-18)	Competition
Resorcinol	Significant (India) Insignificant (World)	Asia (4)
Resorcinol Formaldehyde Resins	Insignificant (under qualification at major customers)	India (2), Asia (5)
CSA	Significant (India)	India (1)

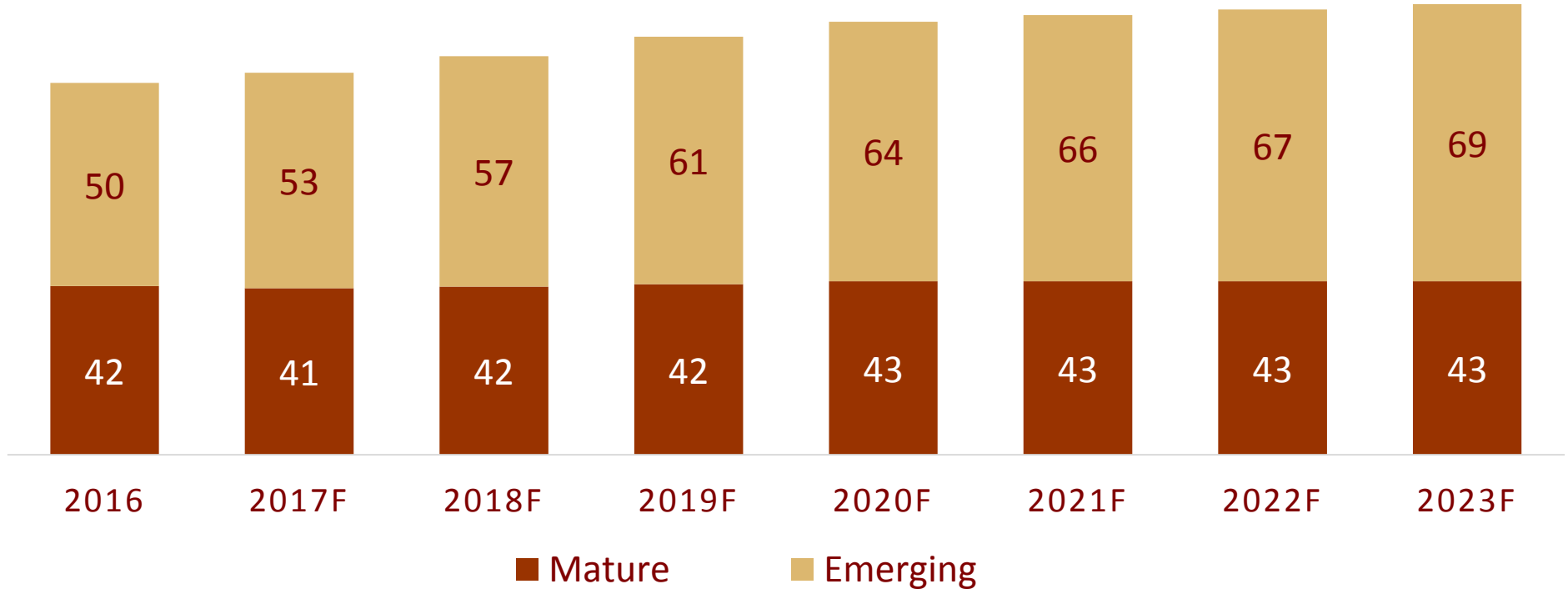
Number of products: 24 Number of customers: 207



* Includes internal sales

Opportunity landscape

Automobile industry: Global Light vehicle assembly



CAGR (mature): 0.4%

CAGR (emerging): 4.5%

Emerging market share (2017): 57%

Emerging market share (2023): 62%

Relevant products: Resorcinol and RF Resins

Unrealised capex



Unrealised sales potential: ₹8 cr



Unrealised sales potential: ₹31 cr

Projects under implementation



- Bulk chemicals (₹24 cr)*
- Intermediate (₹30 cr)*

* sales

- Enhance market share of Resins (3)
- Expand capacity of bulk chemicals (1) and intermediate (1)
- Explore Chlorine downstream products (4)
- Explore introduction of new products (3)

Risks	Mitigation
-------	------------

- | | |
|--|--|
| <ul style="list-style-type: none">▪ Price and margin sensitive commodity products▪ Long gestation period for qualification of performance chemicals | <ul style="list-style-type: none">▪ Improve operational efficiencies▪ Improve qualification period through data generation with in-house facilities |
|--|--|

Performance and Other Chemicals

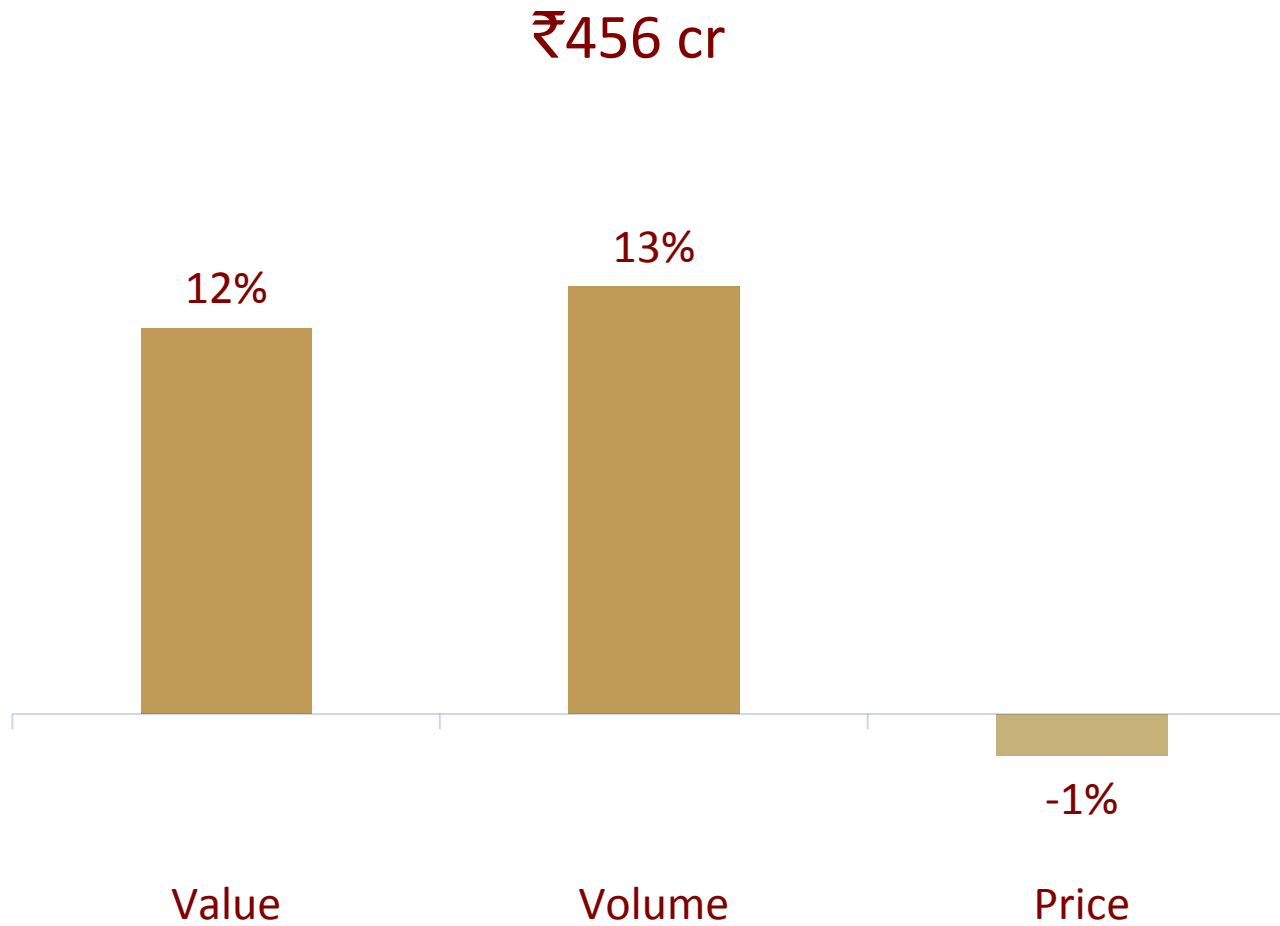
Sub segment: Colors

Product groups: Textile dyes, Pigments

Industries served: Textile, Paint and Coatings and Paper

Product group	Market share (2017-18)	Competition
Textile dyes	Significant (India) Insignificant (World)	India (>100), Asia, Europe
HP pigments	Insignificant (World)	India (5), Asia, Europe

Number of products: 603 Number of customers: 320



Opportunity landscape

	Textile dyes chemicals	HP pigments	Speciality intermediates	Food colors	Solvent colors
World, \$ bn	6 7	5	1	1	0.5
CAGR	3% 4%	4%	3%	6%	5%
India, \$ mn	450 320	150	100	100	30
CAGR	4% 6%	5%	3%	10%	6%



Unutilised capacity



Unrealised sales potential: ₹110 cr

- Sulphur black (₹10 cr)*
- Vat dyes and its intermediates (₹25 cr)*

* sales

Forward path

- Increase market share in Vat, Sulphur and High Performance Pigments
- Expand Vat dyes (3) and their intermediates (2) and Sulphur black capacities
- Strengthen Reactive range in warm dyeing and printing (11)
- Commercialise new High Performance Pigments (5)
- Enhance product portfolio and grow in textile chemicals through Rudolf Atul Chemicals in India (identify inorganic growth opportunities)

Risks and mitigation

Risks	Mitigation
-------	------------

- | | |
|--|--|
| <ul style="list-style-type: none">▪ Fluctuations in demand of Vat dyes in work-wear segment (fabric construction change) | <ul style="list-style-type: none">▪ Focus on yarn and woven segments |
| <ul style="list-style-type: none">▪ Dependence on China for key dye intermediates | <ul style="list-style-type: none">▪ Start in-house manufacture |
| <ul style="list-style-type: none">▪ Limited product portfolio in High Performance Pigments | <ul style="list-style-type: none">▪ Increase the product range |

Life Science Chemicals

Sub segment: Crop Protection

Product groups: Fungicides, Herbicides and Insecticides

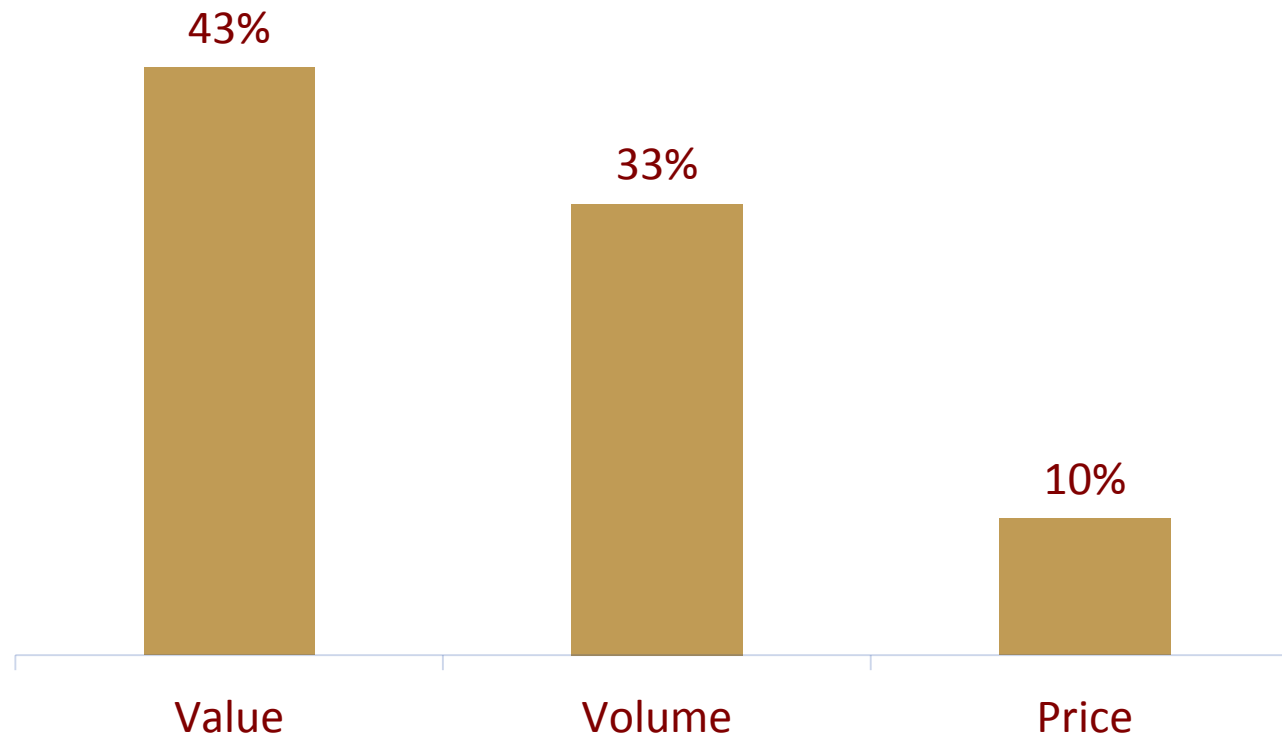
Industries served: Crop Protection Chemicals and Agriculture

Product	Market share (2017-18)	Competition
2,4-D and downstream products	16% (World)	India (5), Asia (7), Australia (1), Europe (1), North America (1), South America (2)
Indoxacarb	7% (World)	India (1), Asia (3)

Number of products: Technicals (20), Formulations (40)

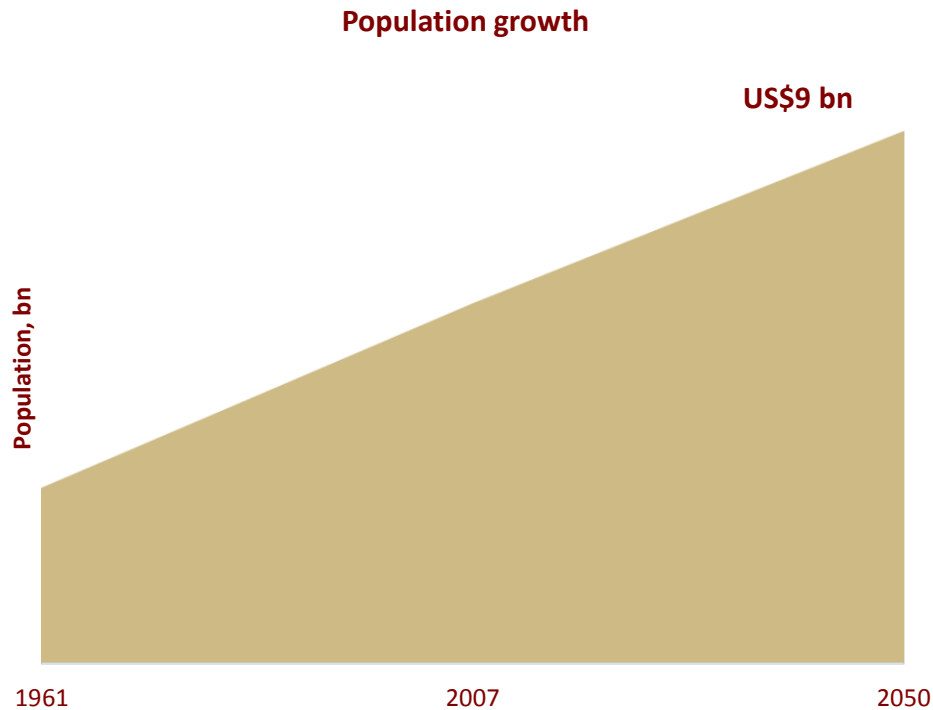
Number of customers: 200 + 2,500

₹651 cr

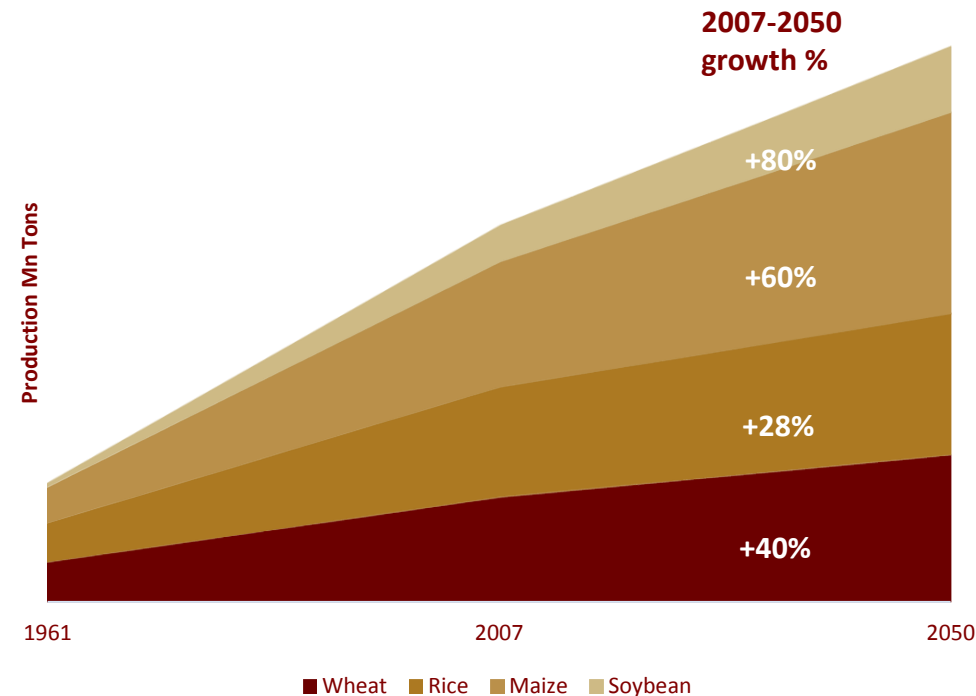


Opportunity landscape

Population growth and rising incomes drive growth in consumption of major food grains.



To feed the growing population in 2050, demand for agrochemicals, fertilisers, nutrients, etc will continue to grow.



- Global crop protection market size: US\$56 bn, CAGR ~ 2% (2021)
- Indian crop protection market size: US\$2 bn, CAGR ~ 7% (2020)

Unrealised capex



Unrealised sales potential: ₹72 cr

Projects under implementation



- Herbicide (₹30 cr)*

* sales

Forward path

- Bulk actives:
 - Expand capacities for existing products (2)
 - Expand geographical reach through new registrations (25)
 - Develop new products (2) with backward integration
- Retail:
 - Expand retail business across India
 - Develop new formulation mixtures (11)

Risks	Mitigation
-------	------------

- | | |
|---|---|
| <ul style="list-style-type: none">▪ Business dependent on weather and pest attack▪ High dependence on Herbicides product group▪ Dependence on China for key intermediates | <ul style="list-style-type: none">▪ Increase geographical presence▪ Develop other product groups▪ Start in-house manufacture of key intermediates and develop local vendors |
|---|---|

‘अतुल’ जहाँ सुशहाली वहाँ



Life Science Chemicals

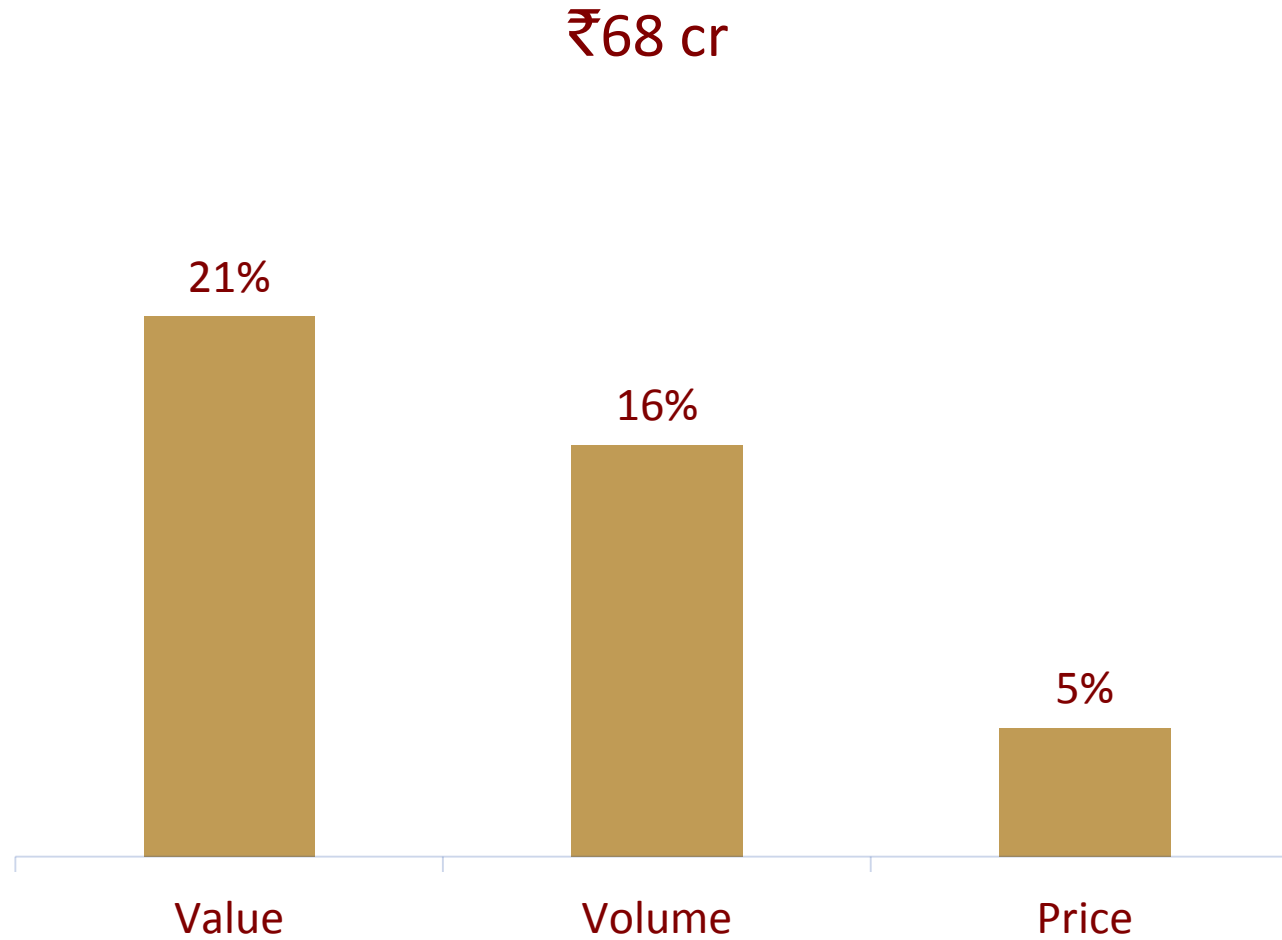
Sub segment: Pharmaceuticals

Product groups: APIs and API intermediates

Industries served: Pharmaceutical

Product group	Market share (2017-18)	Competition
APIs and API intermediates	Insignificant (World)	India, Asia, Europe, North America
Dapsone	50%	India (1), Europe (1)
Phosgene chemicals	Insignificant (World)	Asia, Europe, North America

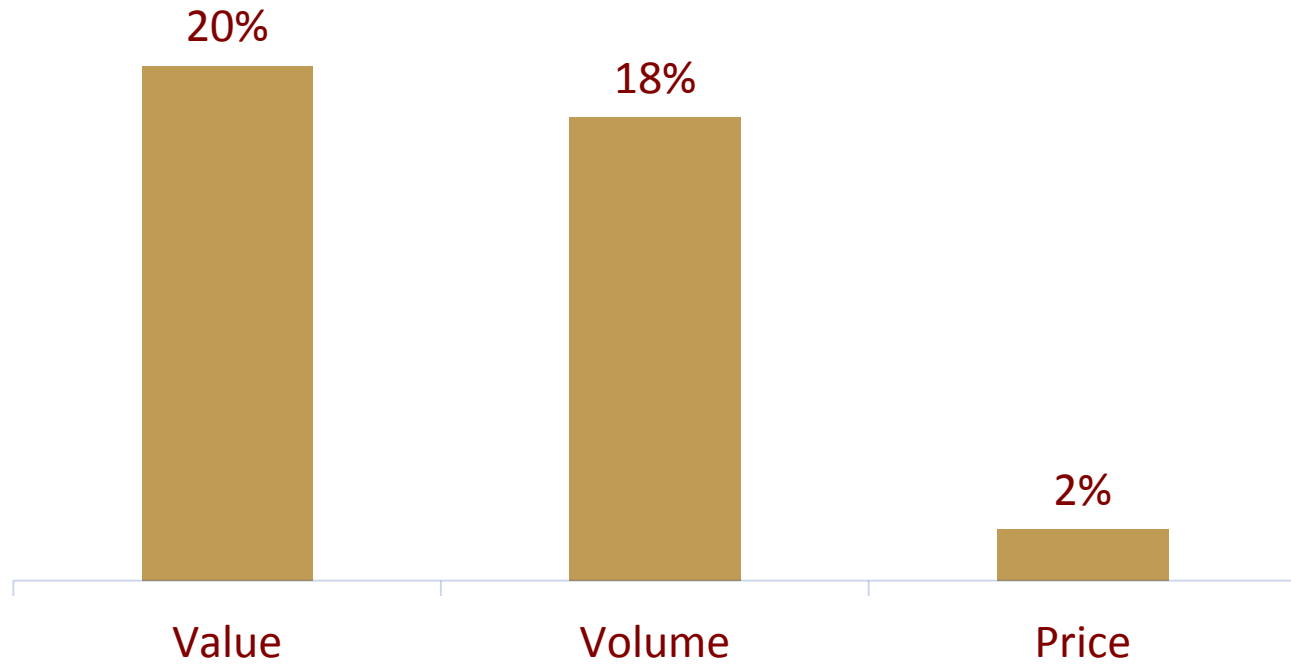
Number of products: 75 Number of customers: 145



Sales (PH+ABL)

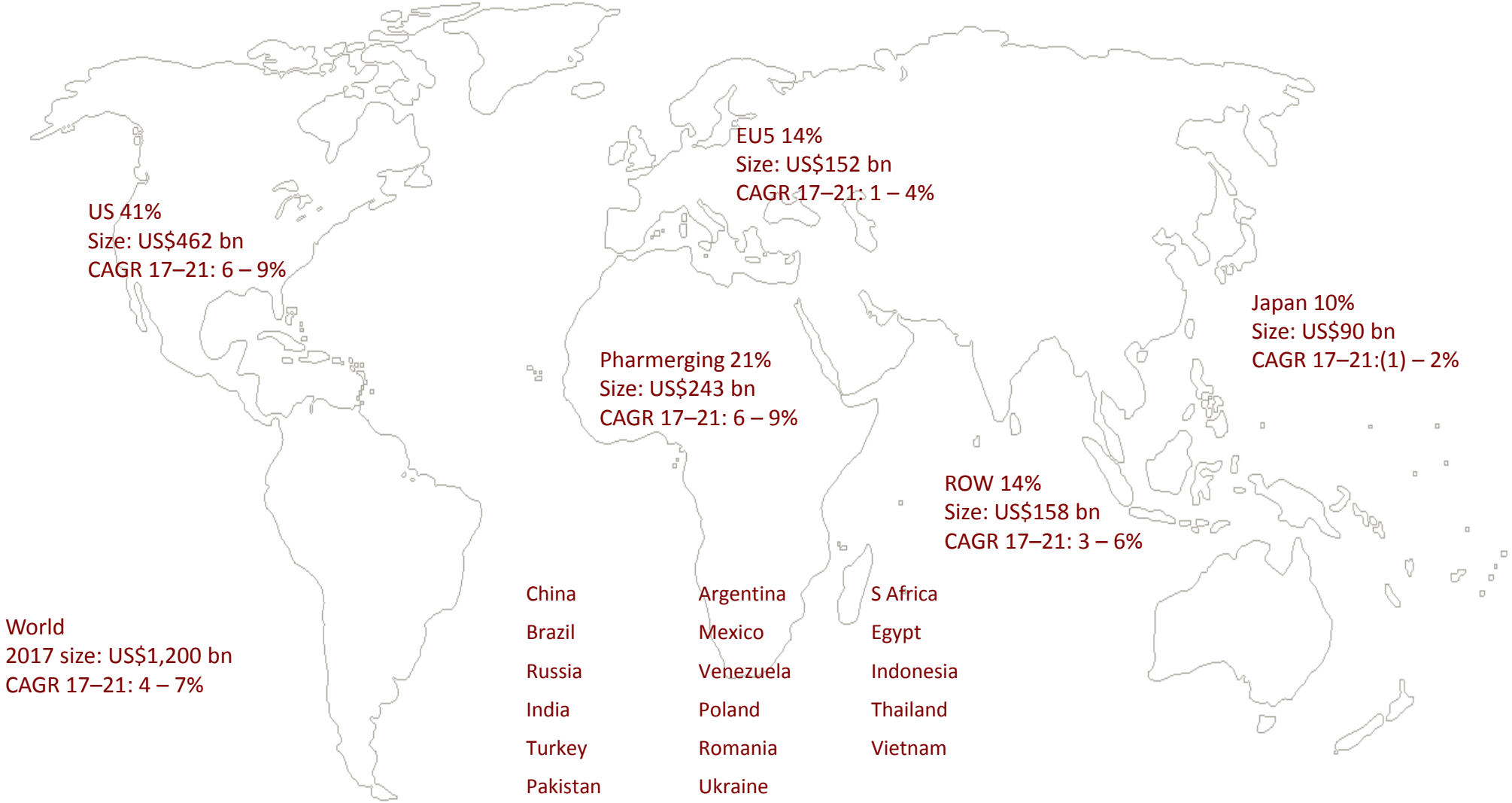


₹127 cr



Opportunity landscape

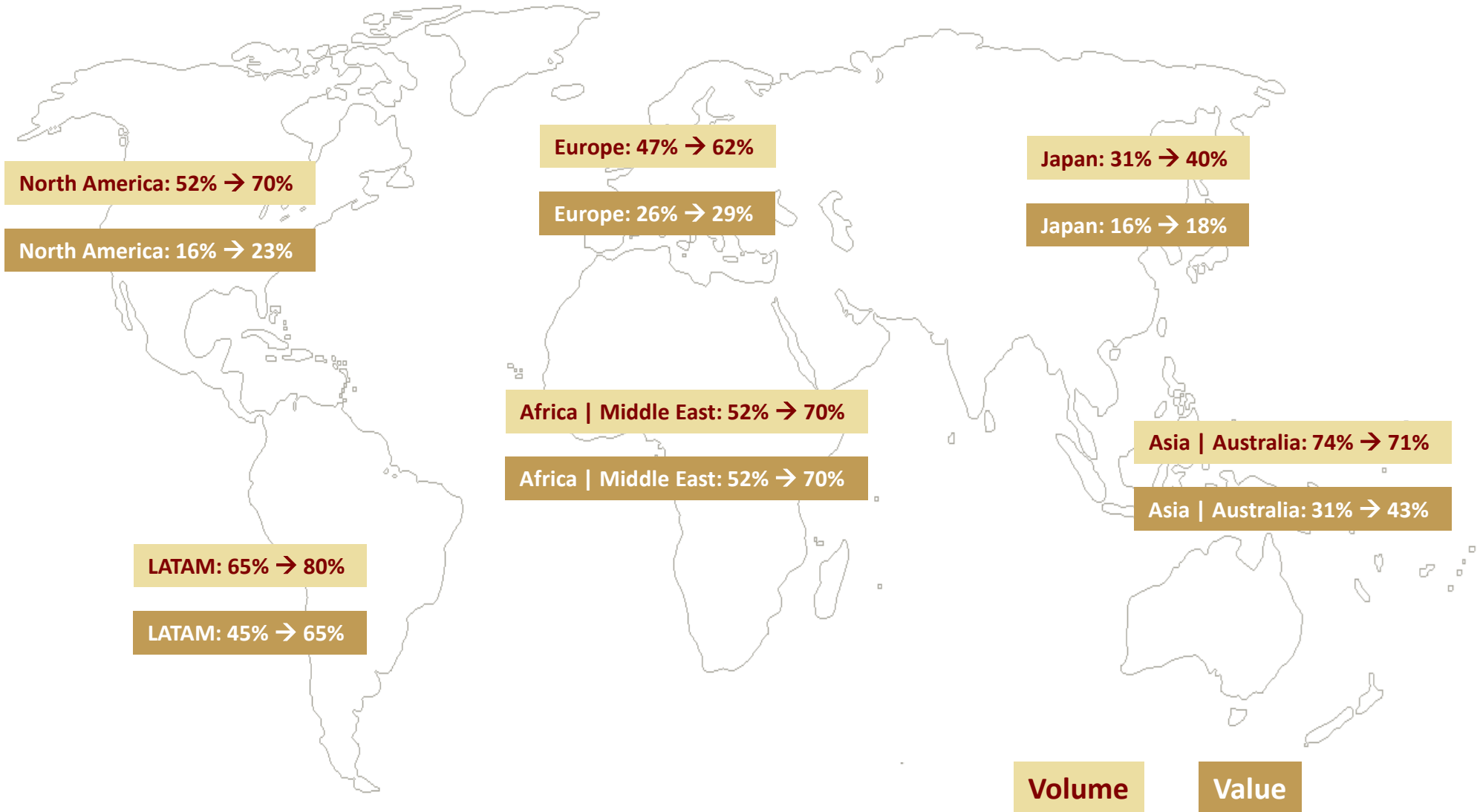
Global pharma market expanding to US\$1.5 tn by 2021, led by Pharmerging markets



Source: Qunitiles IMS global outlook December 2016

Opportunity landscape

Generics are taking an increased market share globally





Unrealised sales potential: ₹84 cr

- Debottleneck product capacities (2)
- Grow sales in the USA, Japan and EU5
- Increase CRAMS business with strategic customers
- Refurbish and debottleneck pilot plant to scale up new products
- Qualify new products (7)

Risks	Mitigation
-------	------------

- Fluctuations in Forex
- Changes in regulatory requirements
- Long qualification process

- Hedge receivables
- Track the changes and train people
- Initiate qualification process early

Performance and Other Chemicals

Sub segment: Polymers

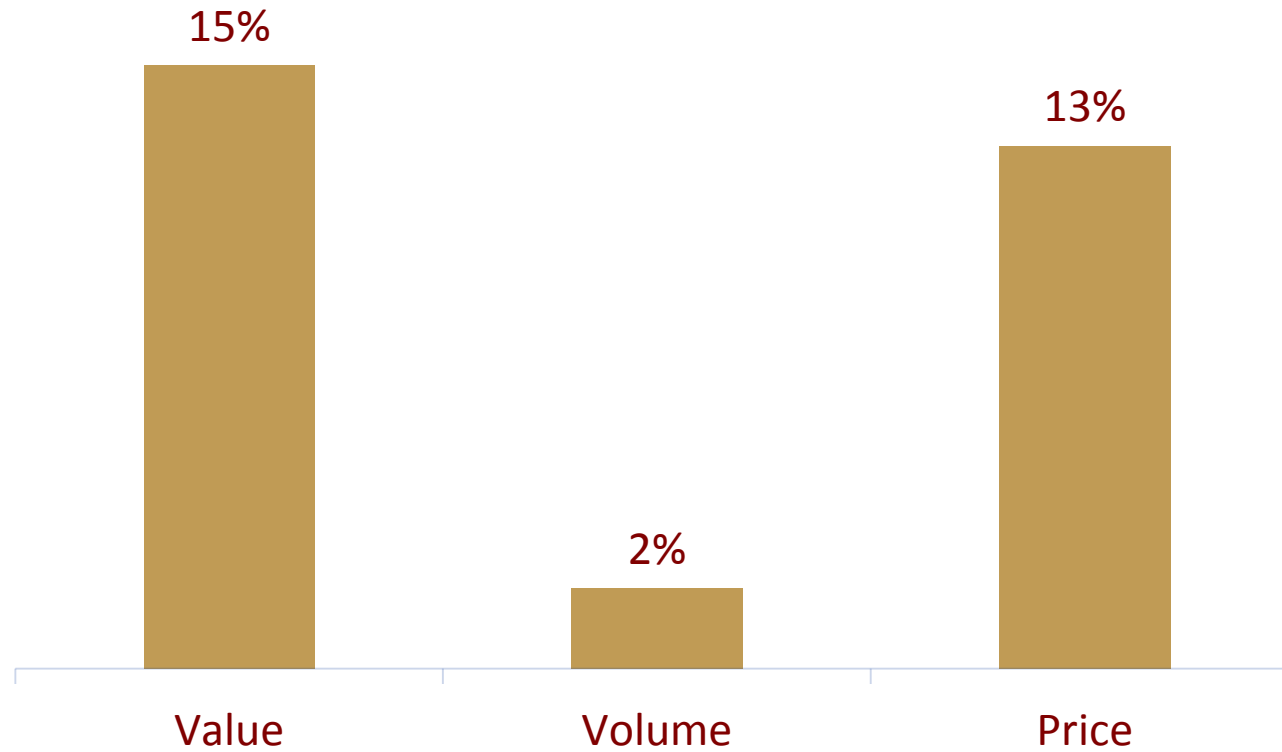
Product groups: Curing agents, Epoxy Resins, Reactive diluents, Rubber and Polyurethane based adhesives, Sulfones

Industries served: Aerospace, Adhesives, Automobile, Composites, Construction, Electrical and Electronics, Footwear, Paint and Coatings, Wind Energy

Product group	Market share (2017-18)	Competition
Epoxy Resins Curing agents	Significant (India)	India (1), Asia, Europe, North America
Sulfones	Significant (World)	India (2), Asia, Europe, North America
Epoxy formulations	Significant (India)	India (~100)
Polyurethane formulations		
Rubber formulations		

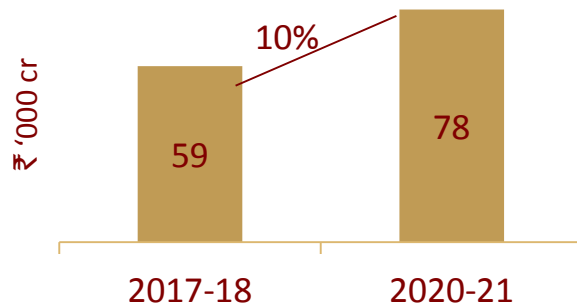
Number of products: 96 Number of formulations: 300
 Number of customers: 490 + 620

₹870 cr



Opportunity landscape

Paint and Coatings

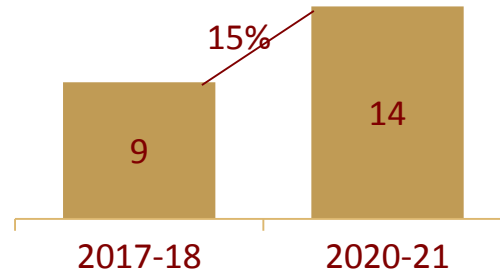


Applications

- Protective coatings
- Can and coil coatings
- Powder coatings
- Pipe coatings

(Source: www.coatingsworld.com)

Construction

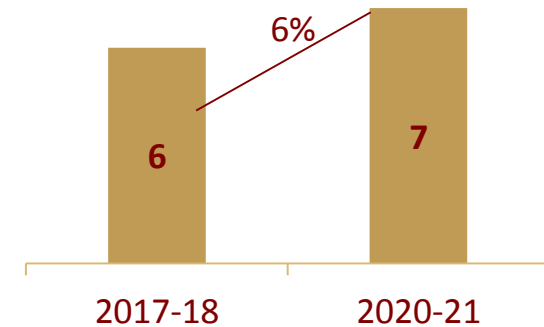


Applications

- Admixtures
- Flooring chemicals
- Water proofing compound
- Repair and rehabilitation
- Adhesive and sealant

(Source: www.futuremarketinsights.com)

Adhesives



Applications

- Tile joints
- Foundry
- Auto ancillaries
- Stone bonding

(Source: www.businesswire.com)

Unrealised capex



Unrealised sales potential: ₹26 cr



Unrealised sales potential: ₹32 cr

- Expand resins and formulations (3) and specialty intermediates (3)

Risks	Mitigation
-------	------------

- Price and margin sensitive business
- Fluctuations in Forex
- Lengthy product approval process

- Optimise product and customer portfolio
- Increase exports
- Improve coordination with customers

Brands



Brands



Brands

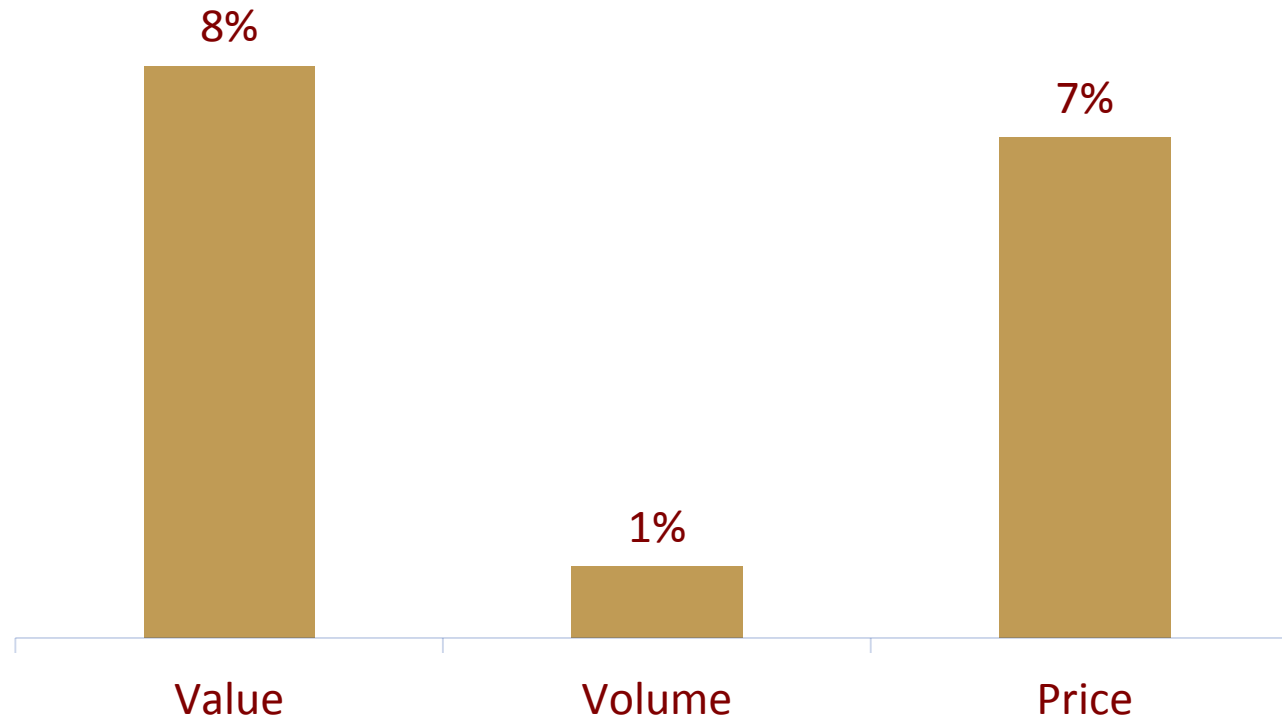


Life Science Chemicals

Sub segment: Floras

Industries served: Food and Nutrition

₹30 cr



Agriculture scenario

- Global food and agribusiness industry: US\$5 tn, India: US\$160 bn
- Global food production growth rate: 2% CAGR, India: 3.5% CAGR
- By 2050, planet Earth will need to double the food supply, caloric demand will increase by 70% but 40 % of water requirements unlikely to be met by 2030
- 2010-20 declared by UN as decade for deserts and combat against desertification
- Agribusinesses constitute 25% of the nation's GDP
- India: 16.8% of world's population with only 4.2% of water and 2.3% of land
- >100 million in India expected to migrate to urbanisation
- Date sector has capacity to push back the desert

Global Date Palm plantation



(‘000 hectares)

Country	2014	2015	2016	Increase 2015 vs 2016	% increase 2015 vs 2016
Iraq	235	254	310	56	22.2
Iran	183	183	193	10	5.7
Algeria	165	167	167	0.5	0.2
Saudi Arabia	107	135	146	10	7.7
Pakistan	91	97	96	-1	-1.3
UAE	46	85	94	8	10.0
Morocco	58	58	58	0.5	0.5
Tunisia	49	49	61	12	12.3
Egypt	44	49	48	0.5	-0.9
Sudan	37	37	37	0.5	0.3
World, Total	1,173	1,264	1,366	102	8.0

Greening the deserts, a journey ...



A journey that began in 2008 endeavours to improve the economy and ecology of the arid regions of the world which started with India

Technology transfer agreement (with the UAE University)

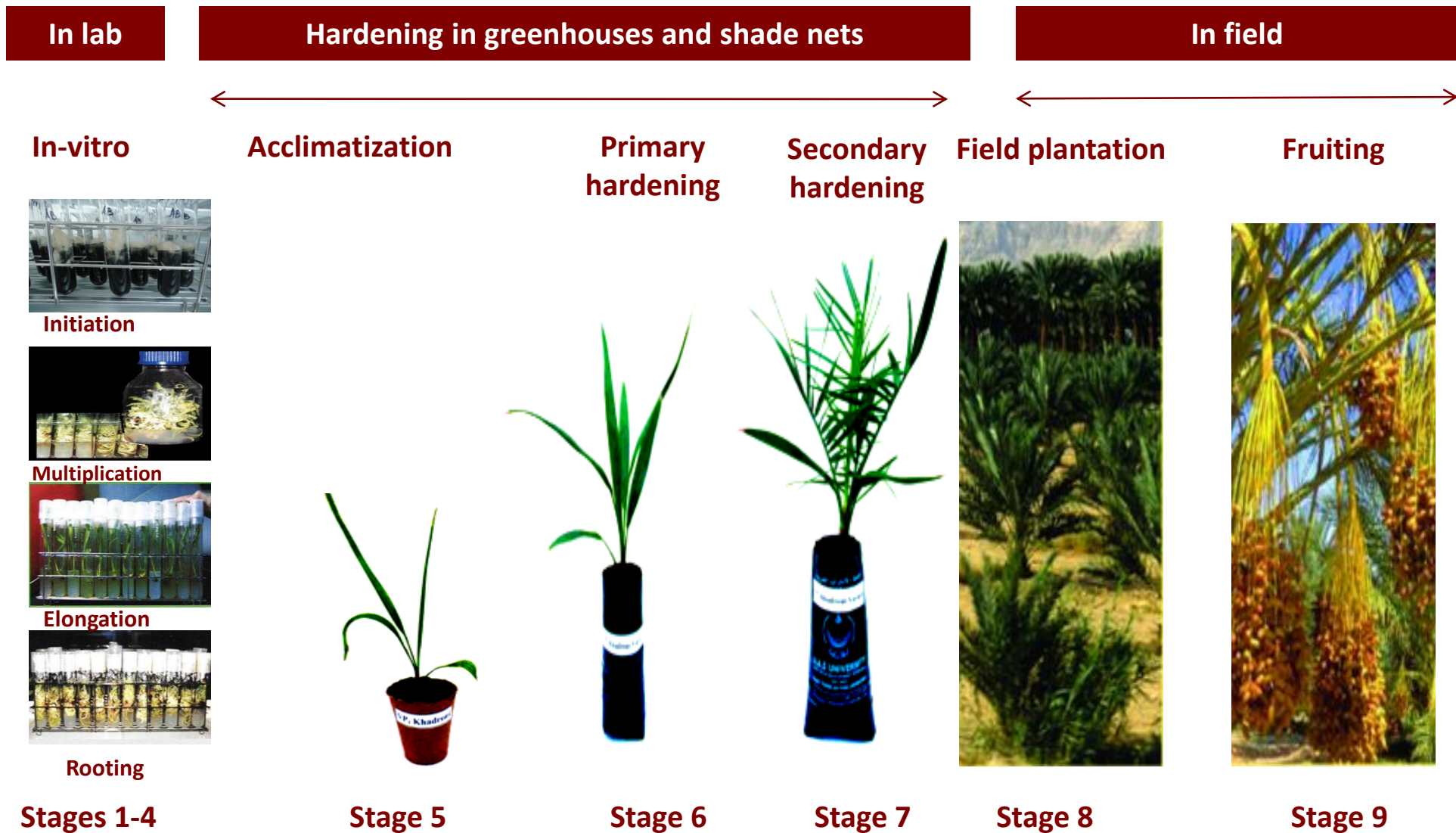


United Arab Emirates



सत्यमेव जयते

Growth stages



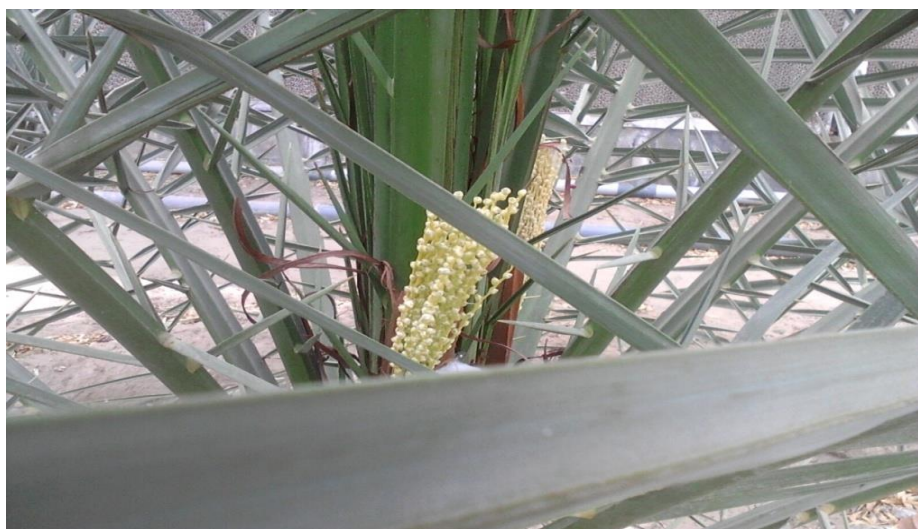
Demonstration farms (Jaisalmer and Bikaner)



Plantation



5 years old



Flowering



Fruiting



Jodhpur

Production



Bud proliferation



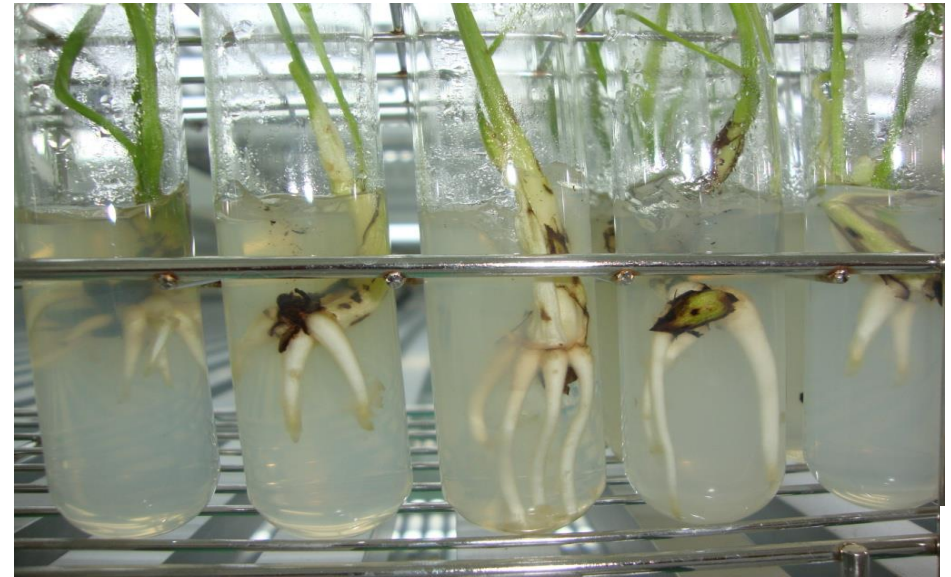
Multi-cultures in growth room



Shooting



Rooting





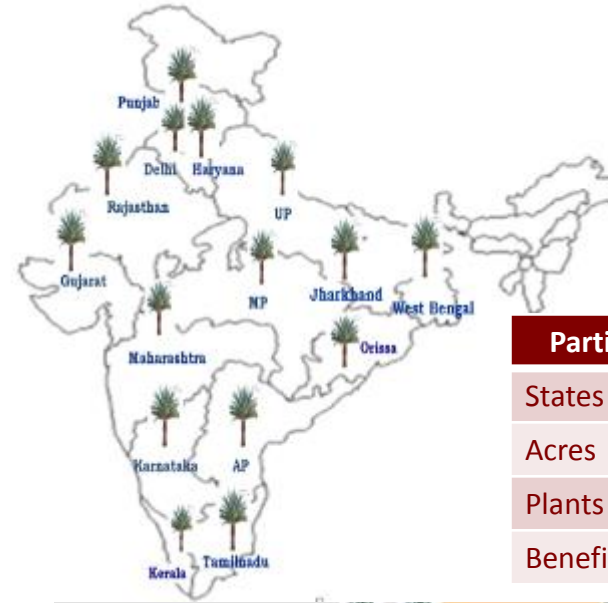
Reach

Global



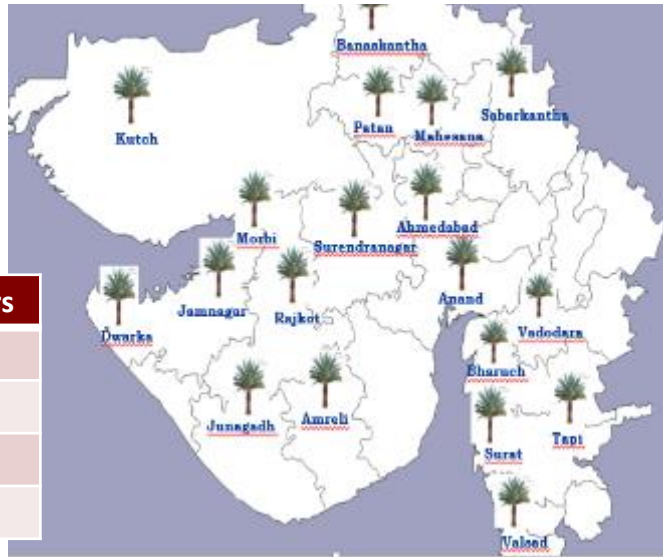
Particulars	Numbers
Countries	35
Acres	> 40,000
Plants	> 2 million
Beneficiaries	>200

India



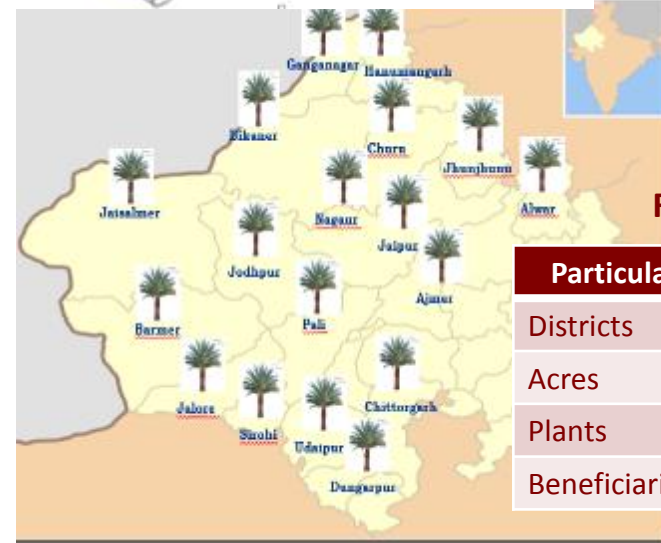
Particulars	Numbers
States	16
Acres	5,560
Plants	3,21,696
Beneficiaries	1551

Gujarat



Particulars	Numbers
Districts	21
Acres	2,937
Plants	1,46,814
Beneficiaries	910

Rajasthan



Particulars	Numbers
Districts	24
Acres	2,577
Plants	1,64,922
Beneficiaries	542

Date Delights





Purchase of land at DPD, UK for capacity expansion

Thank you
