# Analysts Meet 2016

**April 29, 2016**

Main slides: 48

Total time: 30 minutes

# **Welcome**

# 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 this forward looking statements will realize 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


- **General overview** 01-13
- **Financial overview** 14-19
- **Industry overview** 20-48

# Atul Conglomerate



Atul

Atul Rajasthan Date Palm

DPD

Atul Bioscience

Rudolf Atul Chemicals

Amal

Brazil

China

UK

UAE

USA

# Pioneering efforts

## First company of India to produce

- *p*-Cresol
- *p*-Anisic Aldehyde
- Resorcinol
- Dyes and dye-intermediates on a large scale
- Phosgene
- 2,4-D Acid and its derivatives
- Sulphonyl ureas
- Dapsone
- Epoxy hardeners and resins
- Tissue cultured date palms
  (in collaboration with the Government of Rajasthan)

# A bit of Atul in...

Aeroplane

Epoxy Resins | Hardeners

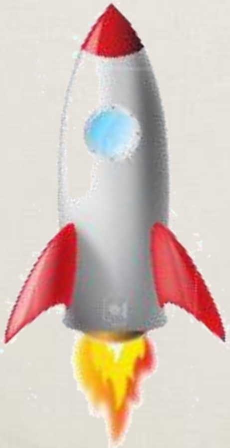
Food grains

Fungicides | Herbicides

# A bit of Atul in...

Cosmetics

Perfumery



Missile

Epoxy Hardeners

# A bit of Atul in…

Fragrances

Intermediates


Dates

Agri biotech

# A bit of Atul in...

touching lives...

Footwear


Adhesives

Paints

Epoxy Resins | Hardeners

# A bit of Atul in...

House

Epoxy Resins | Hardeners

Medicines

APIs | API intermediates

# A bit of Atul in...

Clothing

Textile dyes

Tyres

Adhesion promoters

# Opportunities

touching lives...

Agriculture

| World | India |
|---|---|
| US$ 51 bn | ₹ 12,750 cr |
| CAGR 5% | CAGR 4% |

*Source: Phillip McDougall*

Textile

| World | India |
|---|---|
| US$ 7 bn | ₹ 3,000 cr |
| CAGR 3% | CAGR 4% |

*Source: WTP, DMAI*

Construction

| World | India |
|---|---|
| US$ 33 bn | ₹ 81,000 cr |
| CAGR 6% | CAGR 8% |

*Source: : www.makeinindia.com*

# Opportunities

Tyre

**World**

US$ 211 bn

CAGR 7%

**India**

₹ 53,000 cr

CAGR 8%

***Source: ICRA***

Fragrance

**World**

US$ 51 bn

CAGR 5%

**India**

₹ 12,750 cr

CAGR 4%

***Source: Internal Market Intelligence***

Pharmaceutical

**World**

US$ 7 bn

CAGR 3%

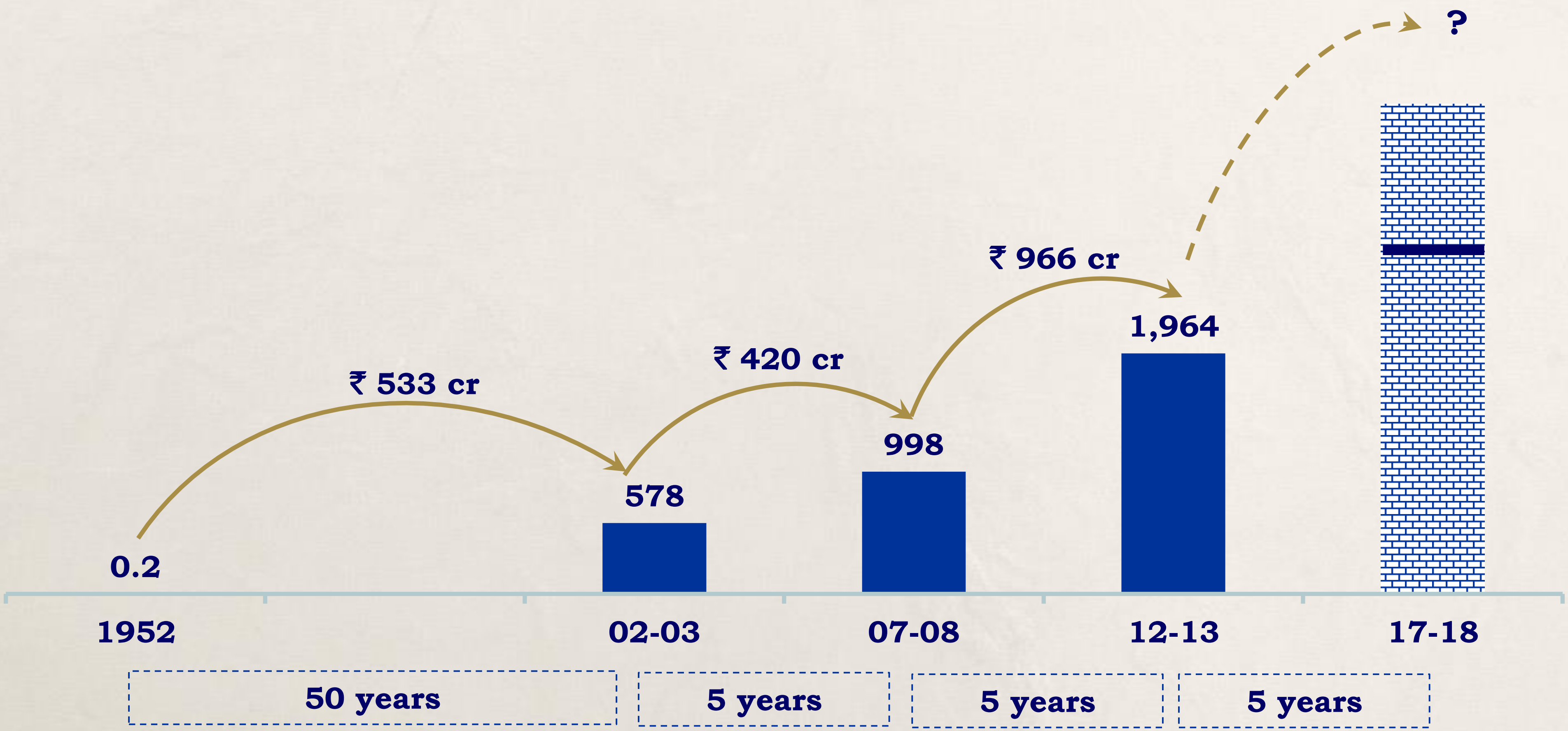
**India**

₹ 3,000 cr

CAGR 4%

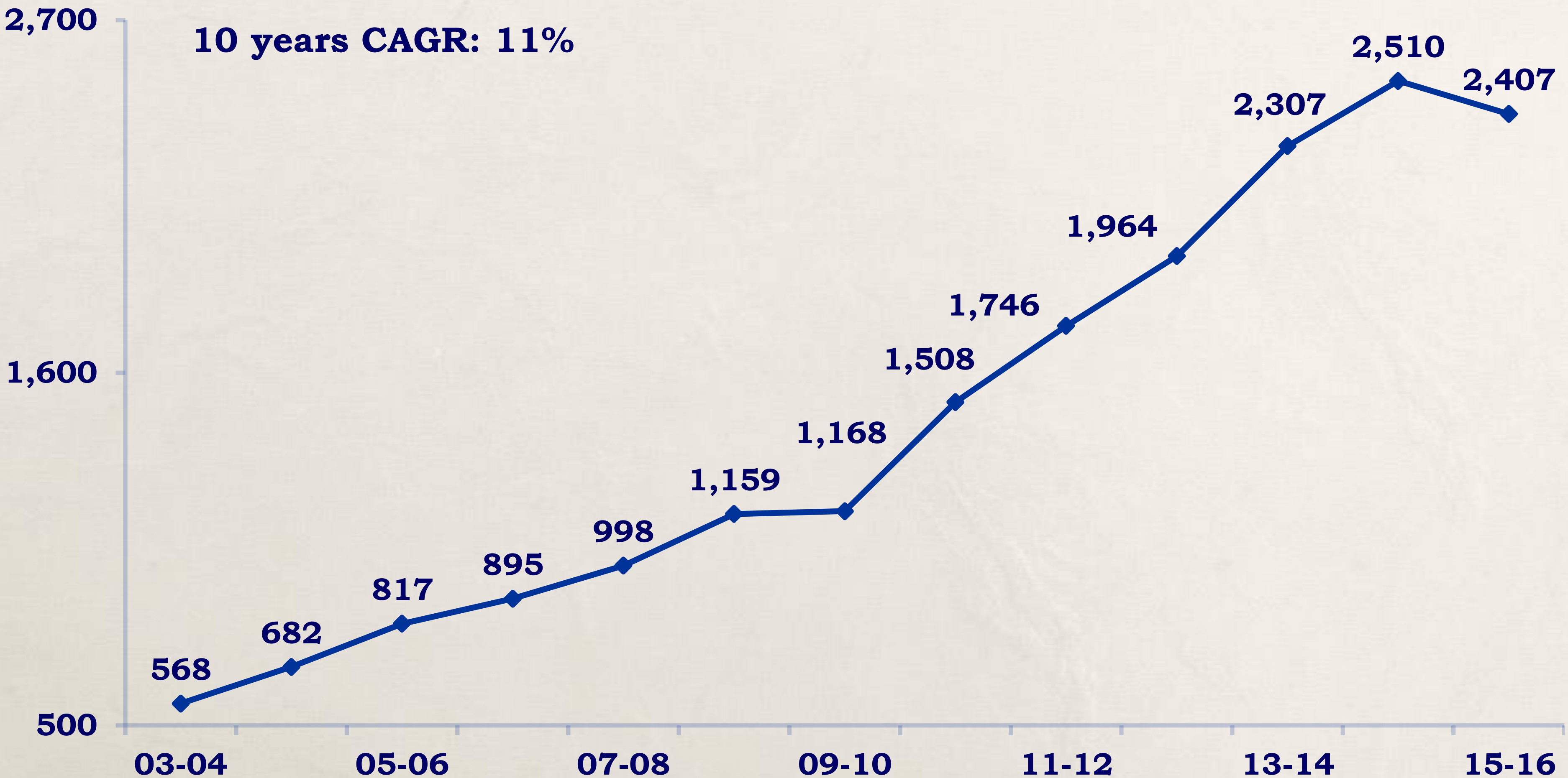
***Source: Internal Market Intelligence***

# Sales growth



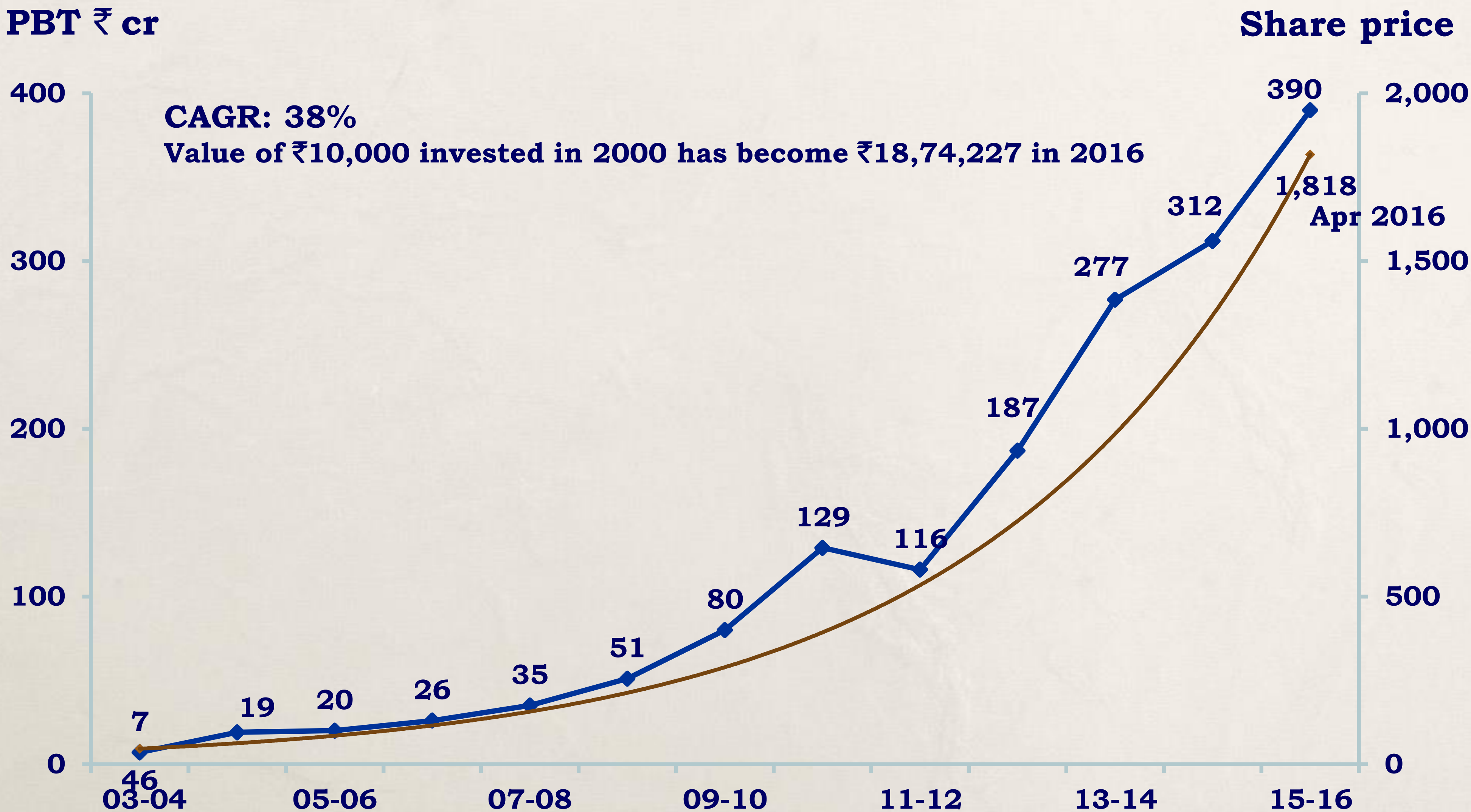
# Sales

₹ cr

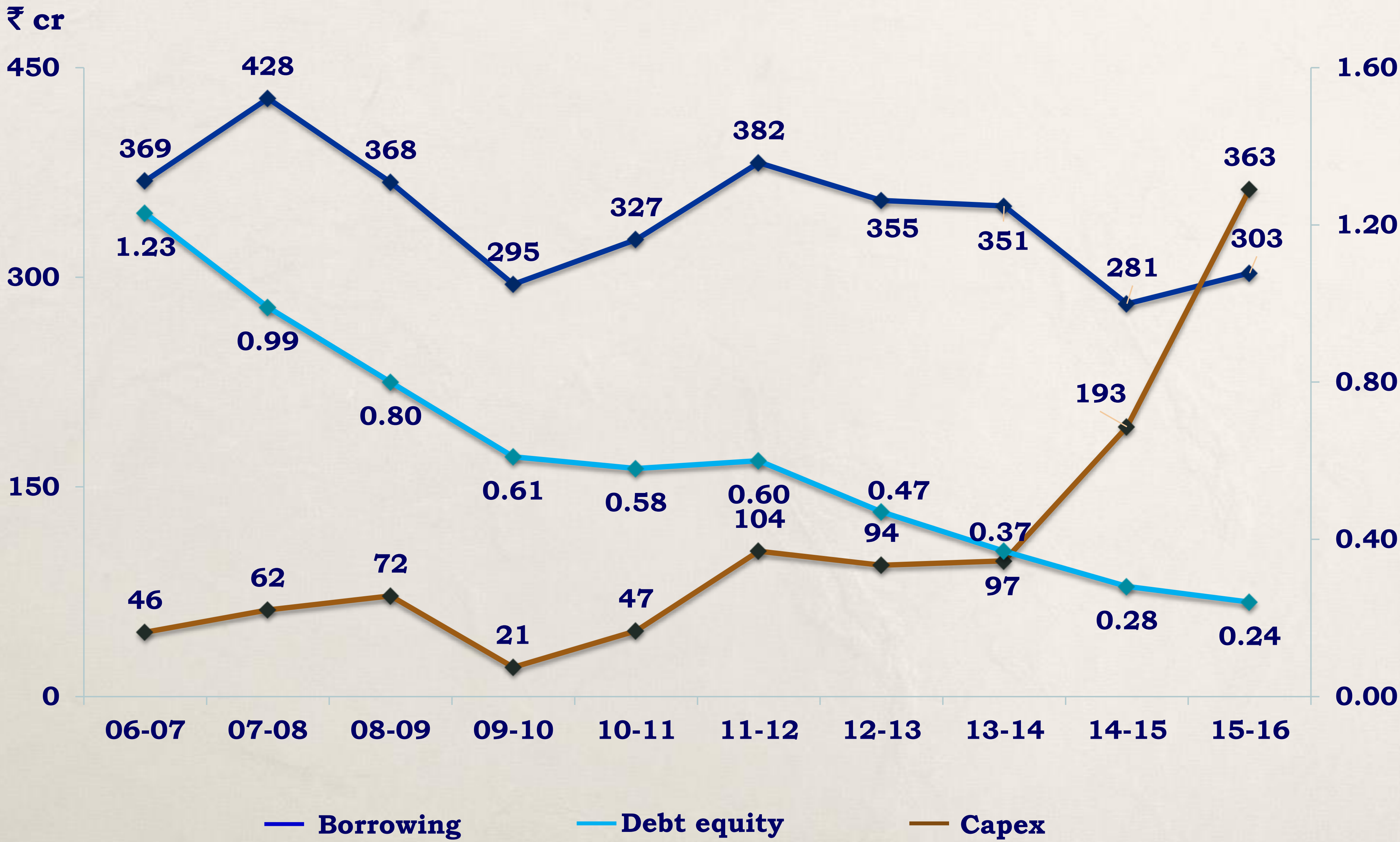


2,700
1,600
500
10 years CAGR: 11%
568
682
817
895
998
1,159
1,168
1,508
1,746
1,964
2,307
2,510
2,407
03-04
05-06
07-08
09-10
11-12
13-14
15-16

# PBT from operations and Share price



# Borrowing, Debt equity and Capex



# PBT from operations and Dividend

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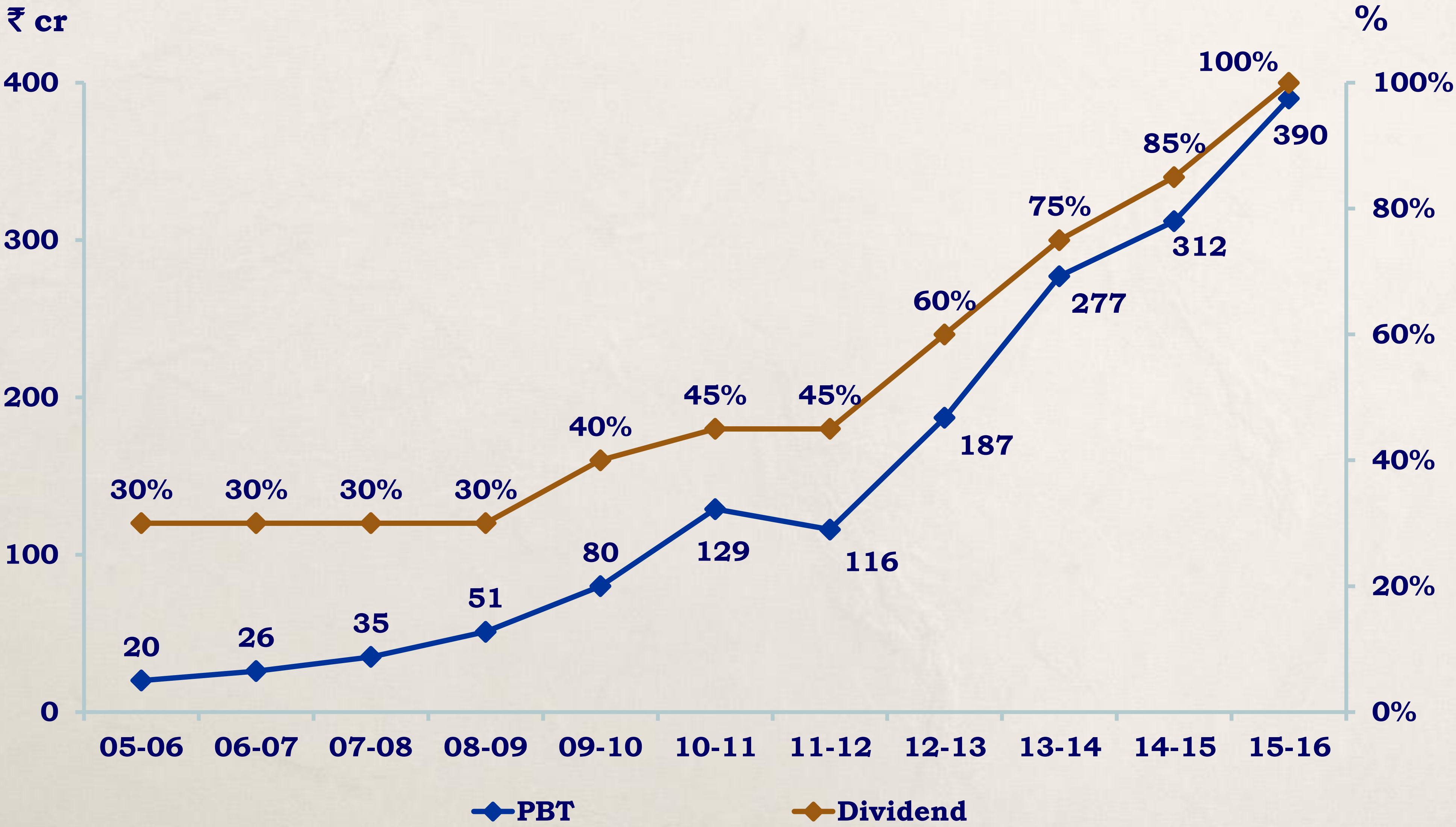
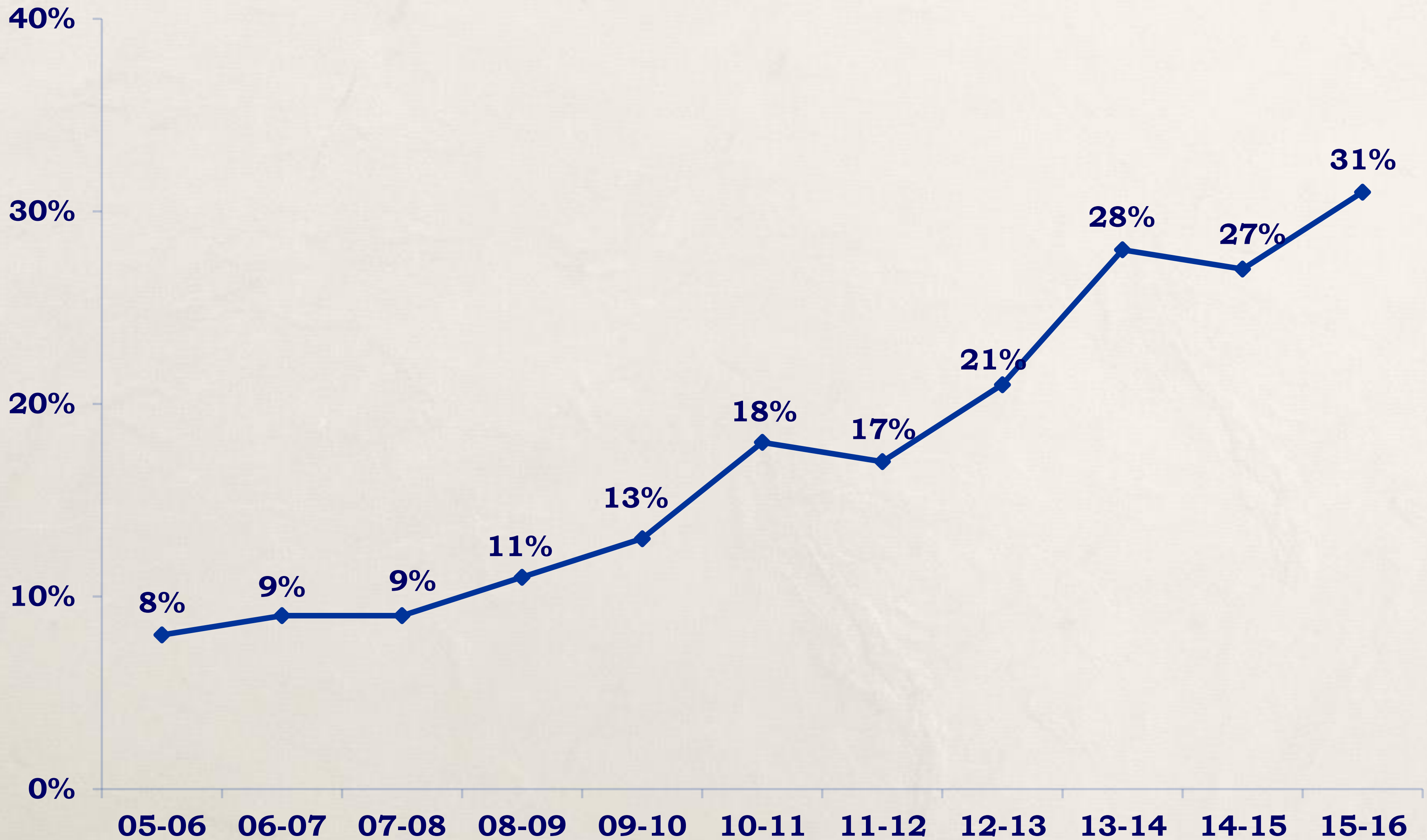
touching lives...



# RoCE%



40%
30%
20%
10%
0%
8%
9%
9%
11%
13%
18%
17%
21%
28%
27%
31%
05-06
06-07
07-08
08-09
09-10
10-11
11-12
12-13
13-14
14-15
15-16

# Tapping potential

## Internal and external

# People and processes

- **Cross-functional teams | Projects | Job rotations**
- **Training programs**
- **Recruitment**
- **Empowerment**

# Values

- **Excellence**
- **Integrity**
- **Responsibility**
- **Understanding**
- **Unity**


Atul
miles to go...

# Financial performance

# Financials 2015-16

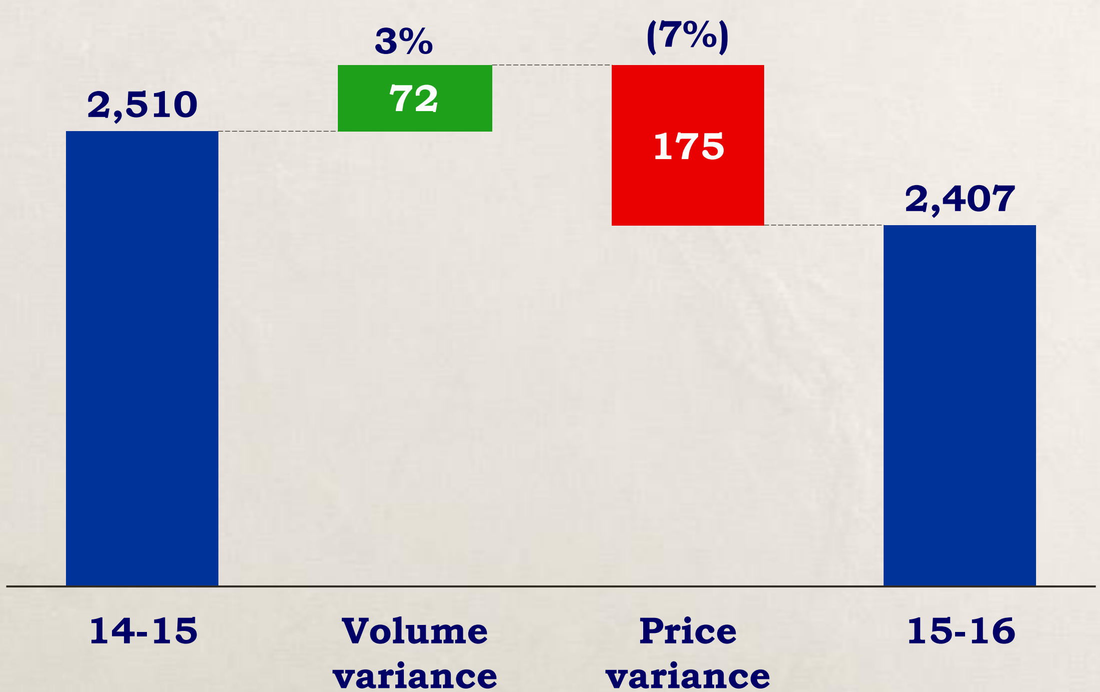
₹ cr

| | 15-16 A | 14-15 A | Inc \| (dec) % CY vs PY |
|---|---|---|---|
| Sales | 2,407 | 2,510 | (4) |
| Other operating income | 52 | 45 | 16 |
| Other income | 46 | 16 | 207 |
| Total revenue | 2,505 | 2,571 | (3) |
| Material consumed | 1,226 | 1,377 | (11) |
| Employee benefit expenses | 172 | 154 | 12 |
| Other expenses | 629 | 649 | (3) |
| EBIDTA | 478 | 391 | 22 |
| *EBIDTA %* | *20* | *16* | - |
| Interest | 26 | 24 | 8 |
| PBDT | 452 | 367 | 23 |
| Depreciation | 62 | 55 | 13 |
| PBT before non recurring income | 390 | 312 | 25 |
| Non recurring income | 3 | - | - |
| P B T | 393 | 312 | 26 |
| P A T | 268 | 217 | 24 |
| RoCE % | 31 | 27 | - |
| Average capital employed | 1,344 | 1,256 | - |

# Sales analysis

₹ cr

| Sales | 15-16 | 14-15 | Inc \| (dec) ₹ cr | % |
|---|---|---|---|---|
| Domestic | 1,202 | 1,283 | (81) | (6) |
| Export | 1,205 | 1,227 | (22) | (2) |
| **Total** | **2,407** | **2,510** | **(103)** | **(4)** |



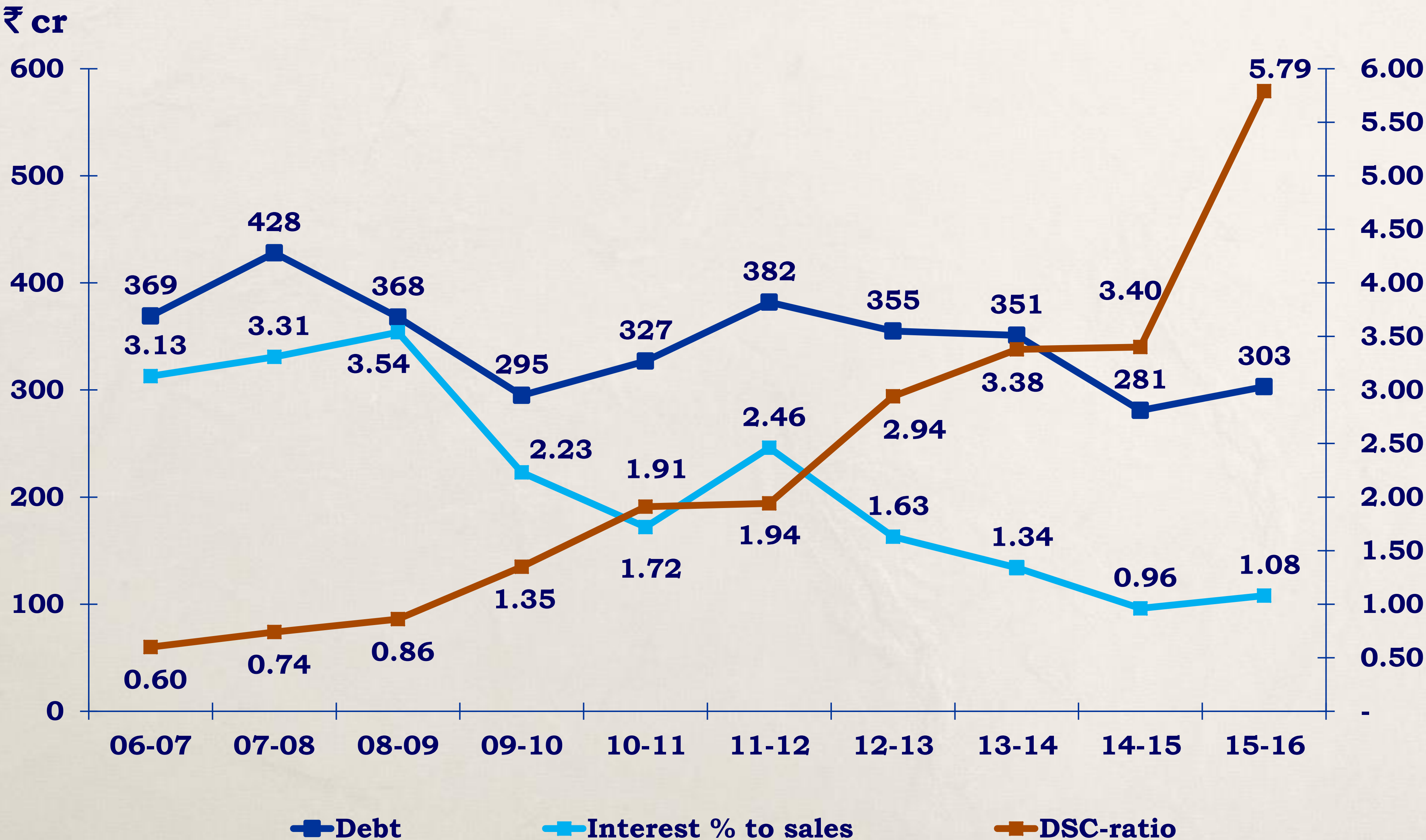
# Segment result

₹ cr

| Particulars | Life Science Chemicals | | Performance and Other Chemicals | | Total | |
|---|---|---|---|---|---|---|
| | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| **Net revenues from operations** | **748** | **676** | **1,659** | **1,834** | **2,407** | **2,510** |
| Profit before interest and tax | 173 | 119 | 242 | 242 | 415 | 361 |
| Segment assets | 515 | 429 | 1,179 | 1,039 | 1,694 | 1,468 |
| **Total assets** | | | | | **2,084** | **1,762** |
| **Total liabilities** | | | | | **494** | **465** |
| **Capital employed** | **411** | **341** | **886** | **768** | **1,590** | **1,297** |

# Borrowings

touching lives...



# Working Capital

₹ cr

| Particulars | Mar 16 A | Mar 15 A | Inc\|dec over Mar 15 |
|---|---|---|---|
| Inventories | 374 | 350 | 24 |
| Debtors | 420 | 439 | 19 |
| OCA | 163 | 147 | 16 |
| GWC | 957 | 936 | 21 |
| CL | 421 | 385 | 36 |
| NWC | 536 | 551 | 15 |

CL: Current liabilities

# Fund flow

₹ cr

| Particulars | 2015-16 | 2014-15 |
|---|---|---|
| **Sources** | | |
| EBIDTA | 478 | 391 |
| Loans taken | 22 | - |
| Working capital decrease | 15 | 5 |
| Changes in non-current assets | 32 | 16 |
| Non recurring income | 3 | - |
| **Total** | **550** | **412** |
| **Uses** | | |
| Interest and finance charges (net) | 26 | 24 |
| Purchase of fixed assets and capital advances | 363 | 193 |
| Loans repaid | - | 70 |
| Proposed dividend | 36 | 30 |
| Direct taxes | 125 | 95 |
| **Total** | **550** | **412** |

# Performance and Other Chemicals

## Product groups: Intermediates, Perfumery

**Serving**
**customers belonging to Fragrance and Personal Care industries**

| Product | Market share (2015-16) | Competition |
|---|---|---|
| *p*-Cresol | 35% | Asia (6) |
| *p*-AAl | 87% | Asia (3) |
| *p*-Cd | 8% | Asia (3) |

**Number of products: 27**

# Opportunity landscape

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*touching lives...*

## A differentiating competitive advantage

Downstream
new products

**Additives**

US$ 3.1 bn
2%

**Fragrances**


US$ 24.7 bn
4%

Diverse
product portfolio

**Personal Care**

US$ 20.0 bn
4%

Global Market size in US$ bn
% Growth rate

*Source: Internal Market Intelligence*

# Forward path

- **Debottleneck capacities of existing products (2)**
- **Introduce downstream product (1)**
- **Expand product portfolio in Personal Care (3) and Aroma ingredients (2)**
- **Establish state-of-the-art kilo lab facility for product development and scale-up**

**(Seek some of above growth through acquisitions)**

# Risks

- **Competition from China**
- **Volatility in input prices**
- **Fluctuations in Forex**

# Performance and Other Chemicals

## Product groups: Bulk chemicals, Adhesion promoters

**Serving**
**customers belonging to Cosmetics, Dyestuff and Tyre industries**

| Product | Market share (2015-16) | Competition |
|---|---|---|
| Resorcinol | Significant (India)<br>Insignificant (World) | Asia, North America |
| Resorcinol Formaldehyde resins | Insignificant (new launch) | North America, India |
| CSA | Significant (India) | India |

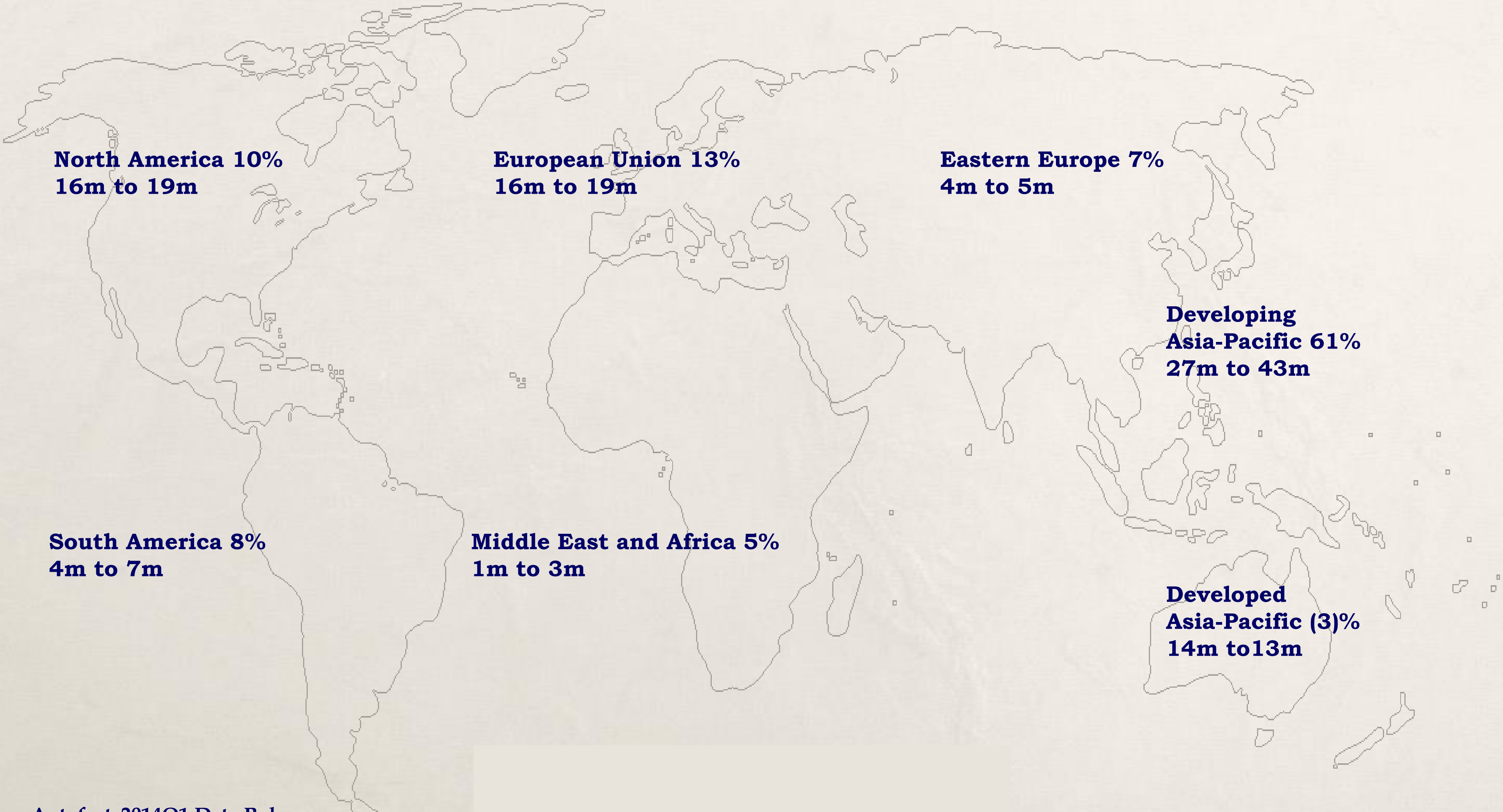
**Number of products: 24**

# Opportunity landscape

touching lives...

**Automobile industry**
**(regional contribution to growth 2013-2020)**

**m units**




Source: Autofacts2014Q1 Data Release

**Developing market, particularly those in Asia-Pacific region, expected to drive volume as both local market demand and export opportunities increase**

# Forward path

- Increase market share for RF resins
- Attain full capacity utilisation for new Caustic | Chlorine plant
- Add Chlorine downstream product*
- Introduce new products (2)

* directly or through a joint venture

# Risks

- Price and margin sensitive commodity products
- Long gestation period for product qualification

# Performance and Other Chemicals

**Product groups: Textile dyes, Pigments**

**Serving**
**customers belonging to Textile, Paint and Coatings and Paper industries**

| Product group | Market share (2015-16) | Competition |
|---|---|---|
| Textile dyes | Insignificant (World) | Asia, Europe |
| HP pigments | Insignificant (World) | Asia, Europe |

**Number of products: 550**

# Opportunity landscape












| | Textile dyes \| chemicals | HP pigments | Speciality intermediates | Food colors | Solvent colors |
|---|---|---|---|---|---|
| **World, $ bn** | 6.5-7.0 \| 8.0-8.5 | 1.6-1.7 | 1.2-1.4 | 1.4-1.5 | 0.3-0.4 |
| **CAGR** | 3% \| 4% | 4% | 3% | 6% | 5% |
| **India, $ mn** | 430-450\|300-320 | 120-130 | 150-160 | 95-100 | 30-32 |
| **CAGR** | 4% \| 6% | 5% | 3% | 10% | 6% |

***Source: Technopak, WTO, DMAI, Markets and Market reports, Persistence Market Research reports, future market insights***

# Forward path

- **Increase market share in Vat (12% → 16%), Sulphur (8% → 12%), and Reactive (1.2% → 2.0%) dyes**

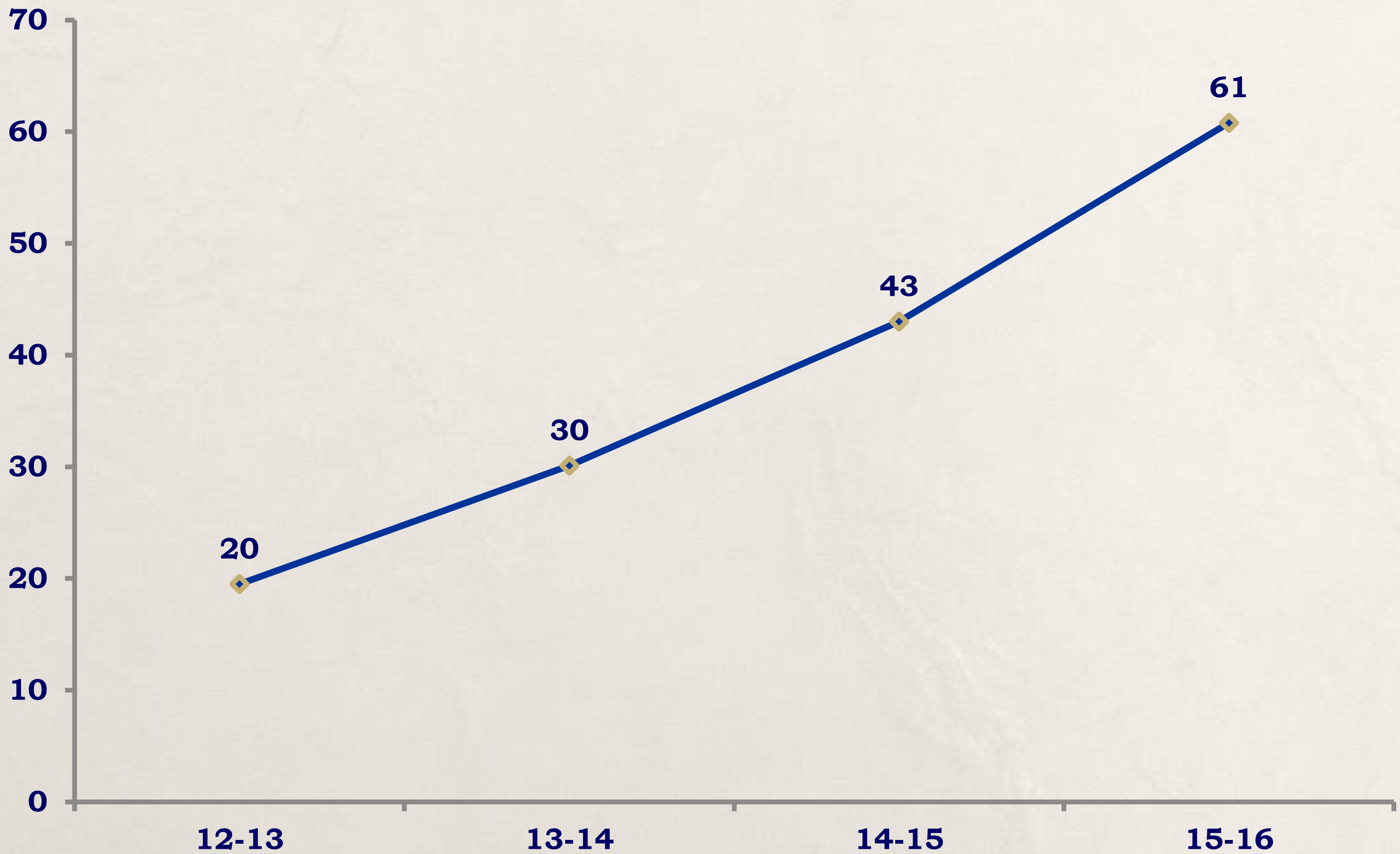
- **Re-introduce AQ Disperse dyes (8)**

- **Expand range of High Performance pigments (6)**

- **Grow in Textile chemicals through Rudolf Atul Chemicals in India**

# Sales

₹ cr




**Atul shareholding: 50%**

**JV partner: Rudolf GmbH, Germany**

# Risks

- Fluctuation in demand of Vat dyes in work-wear segment
- Dependence on China for key dye intermediates
- Limited product portfolio in High Performance pigments

# Life Science Chemicals

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touching lives...

**Product groups: Fungicides, Herbicides, Weedicides**

**Serving**
**customers belonging to Crop Protection Chemicals and Agriculture industries**

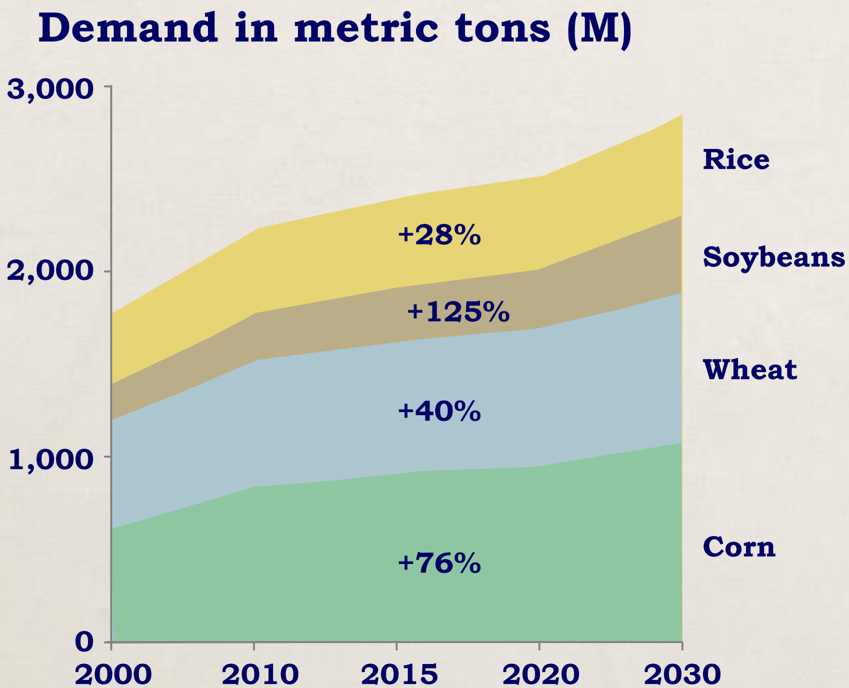
| Product | Market share (2015-16) | Competition |
|---|---|---|
| 2,4-D and downstream products | 9% (World) | Asia, Australia, North America, South America, Europe |
| Indoxacarb | 6% (World) | Asia, Latin America |

**Number of products: Technicals: 20, Formulations: 40**

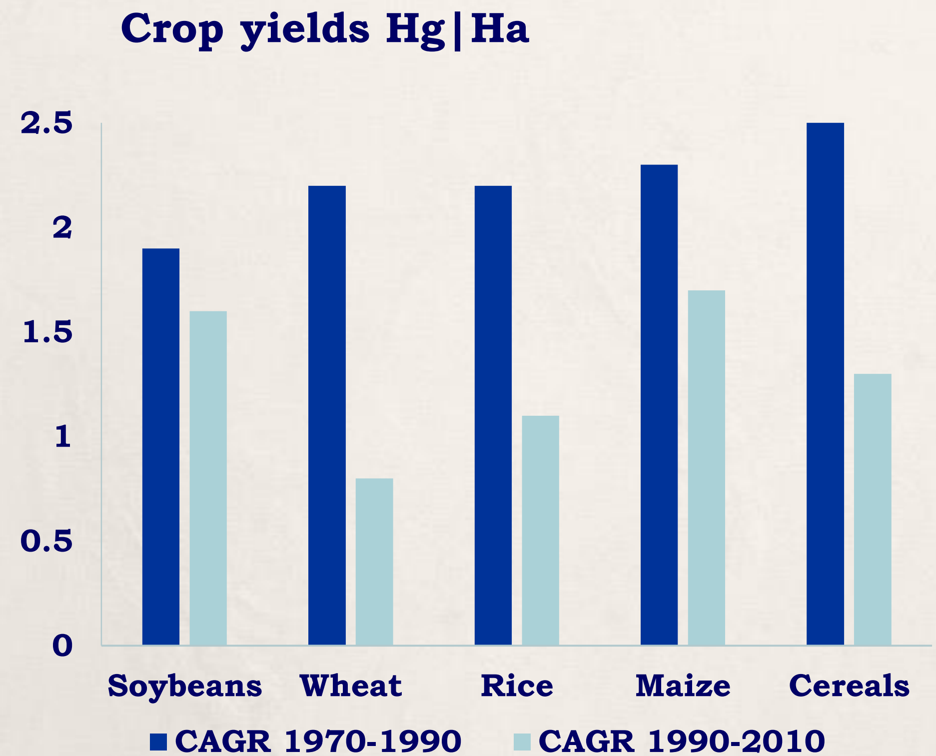
**Brands available across India**

# Opportunity landscape

### Population growth and rising incomes drive growth in major crops




### Growth in yields in major crops is rapidly slowing down




- **Global crop protection market size: US$ 58 bn, declined by ~ 8% in 2015**
- **Indian crop protection market size: US$ 3 bn, declined by ~ 3% in 2015**

Source: IHS Global Insights, Agriculture Division; FAO EC

# Forward path

touching lives...

- Expand brand business across India
- Introduce new products (7) going off-patent
- Develop new formulation mixtures (6) which can be patented
- Increase business through CRAMS

# Risks

- Business dependent on weather and pest attack
- Dependence on Herbicides product group
- Dependence on China for key intermediates
- Increased usage of GM crops
- Low price competition from China and India

# Brands


अतुल जहाँ खुशहाली वहाँ
खरपतवारनाशक
फफूंदनाशक
Coneo 71
Lugo
Salix
Plast
Melina
Coneo
Loxo
Cyno
Zura
Convo
Vinia
Convo
Villo
Riper
Pollen
Albu
Mydo
M-45
लालभाई ग्रूप के सदस्य

# Life Science Chemicals

touching lives...

**Product groups: APIs and API intermediates**

**Serving**
**customers belonging to Pharmaceutical industry**

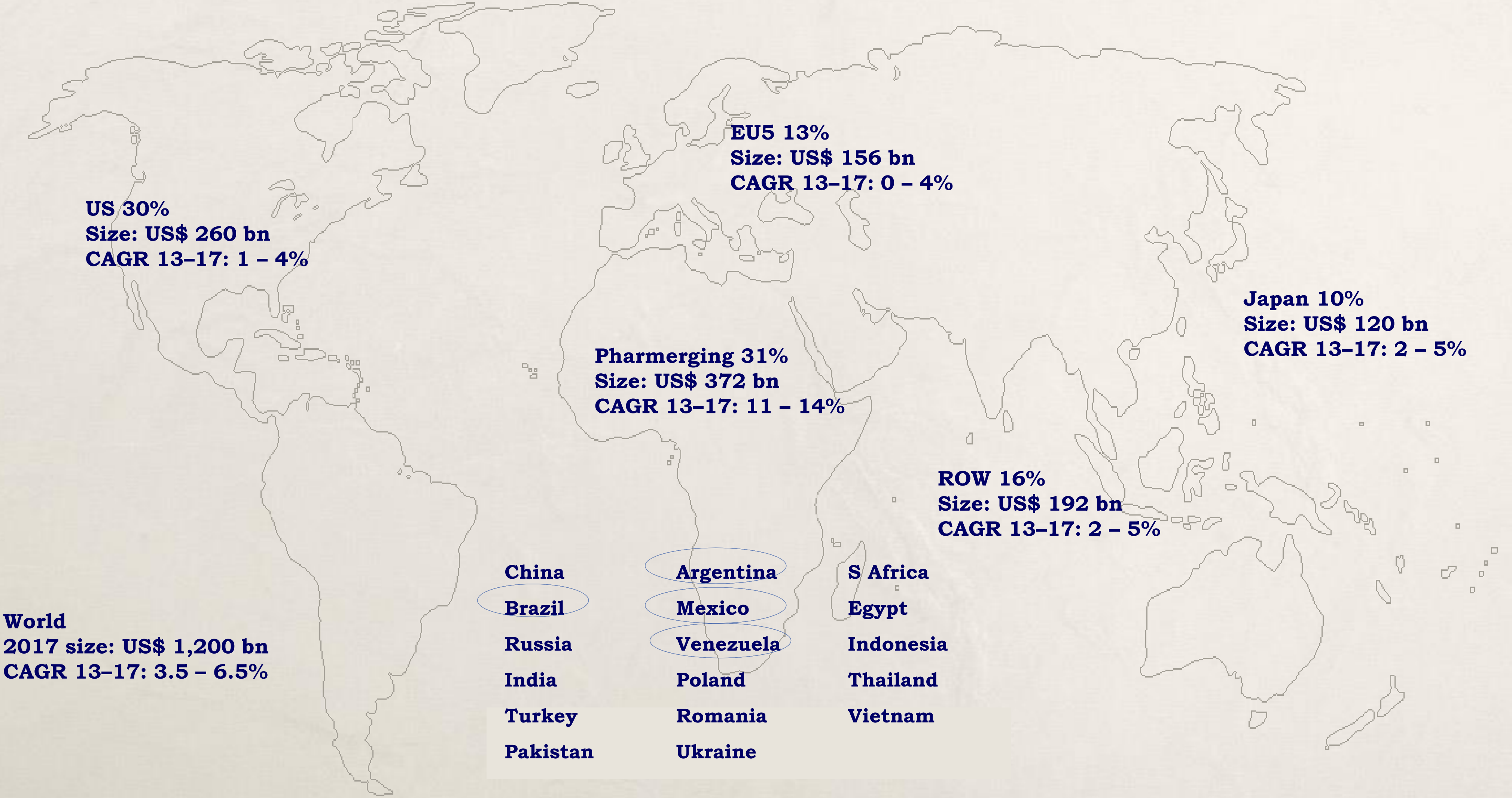
| Product group | Market share (2015-16) | Competition |
|---|---|---|
| APIs and API intermediates | Insignificant (World) | Asia, Europe, North America |
| Phosgenated chemicals | Insignificant (World) | Asia, Europe, North America |

**Number of products: 50**

# Opportunity landscape

touching lives...

## Global pharma market expanding to US$ 1.2 tn and now lead by Pharmerging markets




Source: IMS Health Market Prognosis

# Forward path

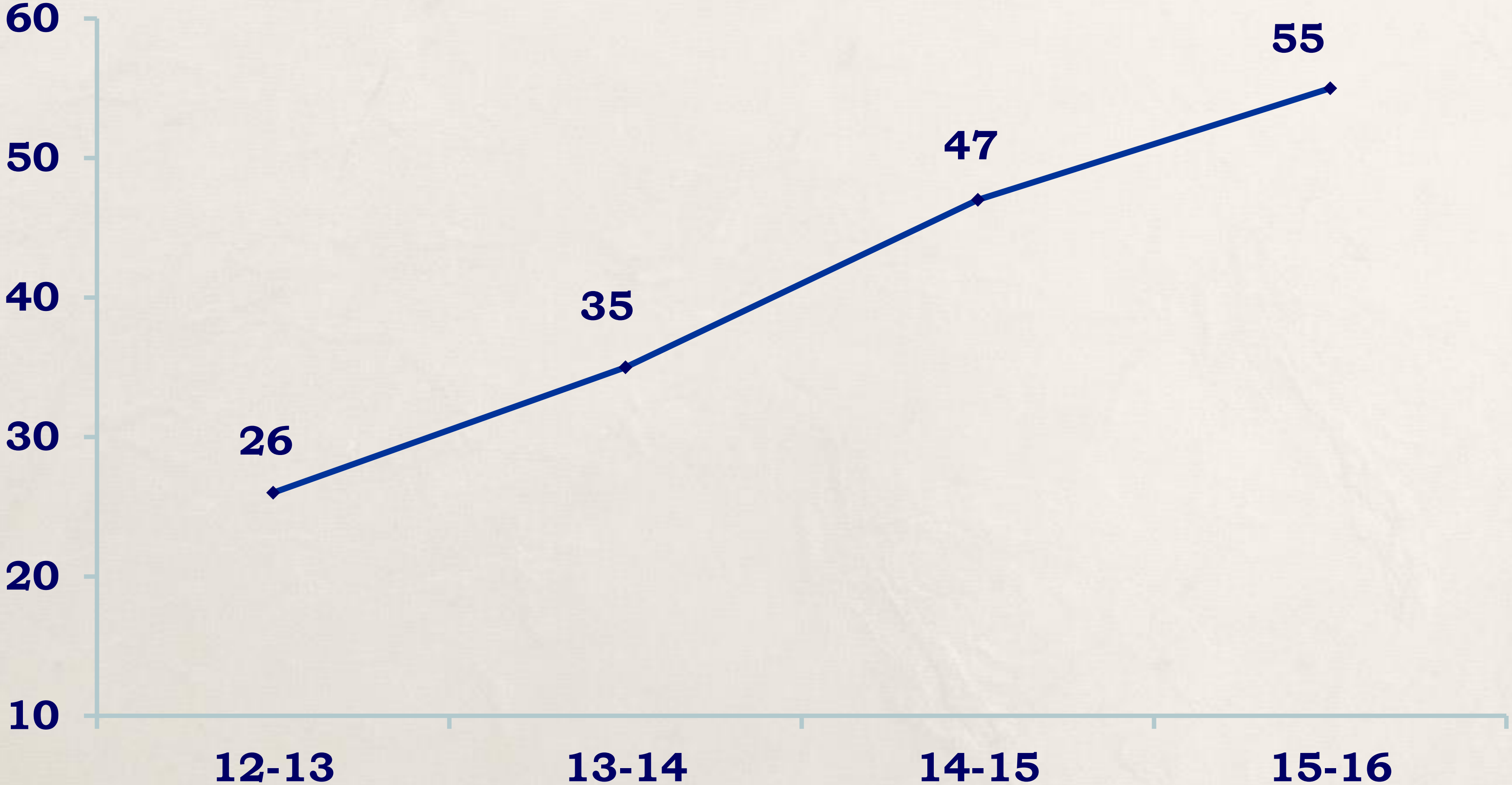
- Obtained first USFDA approval for Dapsone API plant in January 2015
- Second USFDA inspection in February 2016 without any observations

- Debottleneck (2) and expand capacities (3)
- Grow sales in the USA, Japan and EU5
- Increase CRAMS business with strategic customers
- Expansion of kilo lab and pilot plant for introduction of new products

(Seek some of above growth through acquisitions)

# Sales

₹ cr




**Atul shareholding: 100%**

# Risks

- **Fluctuation in Forex**
- **Changes in regulatory requirements**

# Performance and Other Chemicals

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**Product groups: Epoxy Resins, Hardeners,**
**Reactive diluents, Sulphones, Rubber and Polyurethane based adhesives**

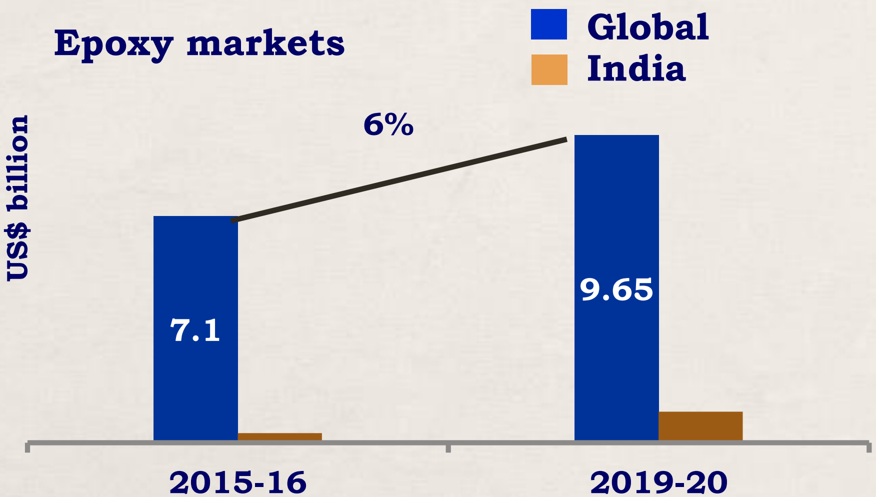
**Serving**
**customers belonging to Aerospace, Automobile, Composites, Construction, Electrical and Electronics, Footwear, Paint and Coatings, Wind Energy industries**

| Product group | Market share (2015-16) | Competition |
|---|---|---|
| Epoxy Resins \| Hardeners | Significant (India) | India, Asia, Europe, North America |
| Sulphones | Significant (World) | India, Asia, Europe, North America |
| Epoxy formulations<br>Polyurethane formulations<br>Rubber formulations | Significant (India) | India |

**Number of products: 82, Number of formulations: 290**

# Opportunity landscape

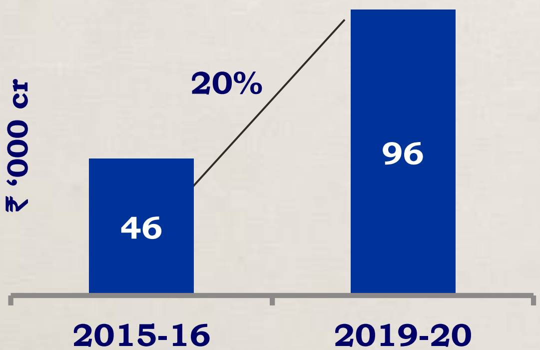
## Epoxy markets




(Source: Transparency Market Research)

- India is 4% of global epoxy market, expected to grow to ~ 10% by 2020
- Paint and Coatings account for ~ 40% of epoxy applications
- Growth drivers (India), emerging segments such as defense, wind and recreation

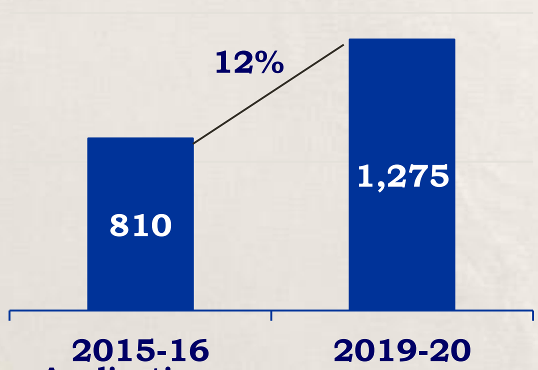
## Paints and Coatings




Applications
Protective coatings
Can and coil coatings
Powder coatings
Pipe coatings

(Source: ASSOCHAM, Business Standard)

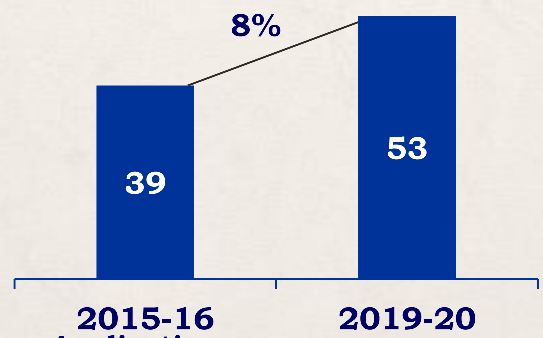
## Civil and Construction




Applications
Grouting
Flooring and self-leveling
Screed and mortar
Crack filling and repair

(Source: www.makeinindia.com)

## Adhesives




Applications
Tile joints
Foundry
Auto ancillaries
Stone bonding

(Source: Economic Times, Business Standard)

# Forward path

- Reach full utilisation of BLR, Solids and RDL capacities
- Commission new RDL facility
- Increase sale of high margin products (41)
- Expansion plans
  - Specialty resins (27)
  - Intermediates for Sulphones

# Risks

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

# Brands

LAPOX
MULTIGRIP
RESIN
LAPOX
MULTIGRIP
HARDENER
LAPOX
POWERGRIP
HIGH STRENGTH EPOXY
RESIN
LAPOX
POWERGRIP
HIGH STRENGTH EPOXY
HARDENER
LAPOX
ULTRA
ULTIMATE STRENGTH EPOXY
RESIN
LAPOX
ULTRA
ULTIMATE STRENGTH EPOXY
HARDENER
BOND STRENGTH
SETTING TIME
LAPOX
ULTRA
ULTIMATE STRENGTH EPOXY

# Polygrip

LAPOX
atul
polygrip
Synthetic Rubber Adhesive
S 709
PLUS 909
PU 1000
Polyurethane Adhesive
809

# WD-40

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WD-40®
MULTI-USE PRODUCT

# Life Science Chemicals

**Serving**
**customers belonging to Food and Nutrition industry**

# Agriculture scenario

- Global food and agribusiness: 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
- 2010-20 declared as UN decade for deserts and fight against desertification
- India: 16.8% of world's population with only 4.2% of water and 2.3% of land
- Unprecedented degradation of land (107 mn hectare) in India
- Date sector has capacity to push back the desert

Sources: FAO, McKinsey, Bloomberg, United Nations, ICAR, AgriBazaar, Handbook of Bioenergy crops

# Global Date Palm plantation - 2013

| Country | Area harvested (hectares) |
|---|---|
| Saudi Arabia | 1,60,000 |
| Algeria | 1,63,985 |
| Iran | 1,56,000 |
| Iraq | 1,24,000 |
| Pakistan | 89,600 |
| Morocco | 57,035 |
| Tunisia | 52,500 |
| United Arab Emirates | 50,000 |
| Egypt | 42,500 |
| Libya | 32,000 |
| Others | 1,29,724 |
| **World total** | **10,57,344** |

Source: Food and Agricultural Organization of the United Nations (FAO)

# Greening 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

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United Arab Emirates


सत्यमेव जयते

# Growth stages

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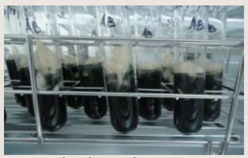
| In lab | Hardening in greenhouses and shade nets | | | In field | |
|---|---|---|---|---|---|
| In-vitro | Acclimatization | Primary hardening | Secondary hardening | Field plantation | Fruiting |



Initiation

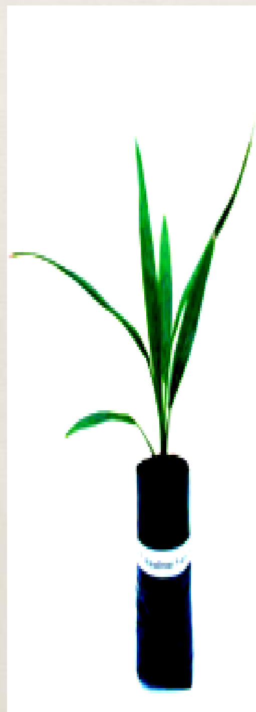
Multiplication

Elongation

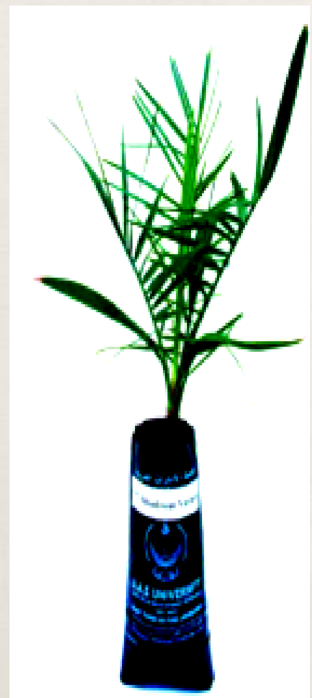
Rooting

Stages 1-4

Stage 5



Stage 6



Stage 7

Stage 8

Stage 9

# Demonstration farms
# (Jaisalmer and Bikaner)

**Plantation**

**5 years old**

**Flowering**

**Fruiting**

# Date Palm Tissue Culture Laboratory

# ARDP TC Laboratory

touching lives...


# Production

## Bud proliferation

## Multi-cultures in growth room

## Shooting

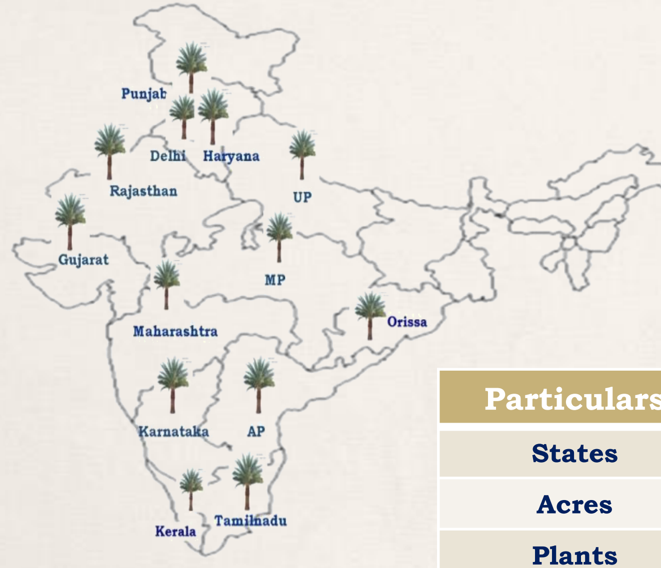
## Rooting

# DPD Ltd, UK

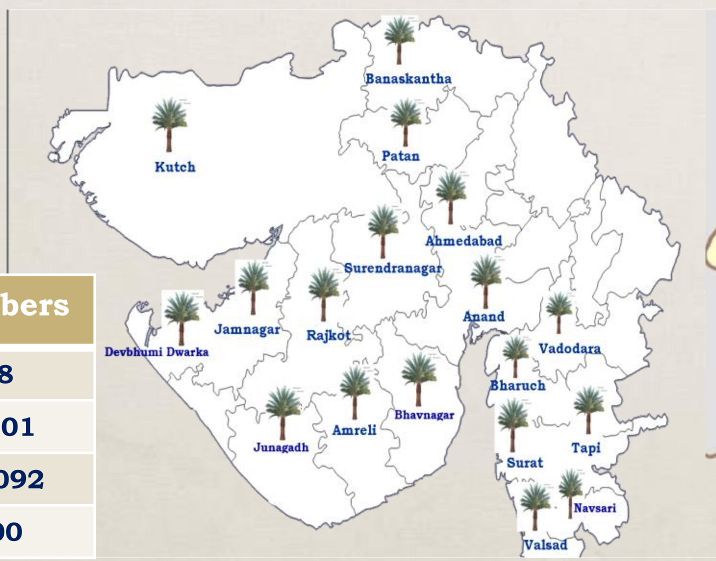
*touching lives...*

# Reach

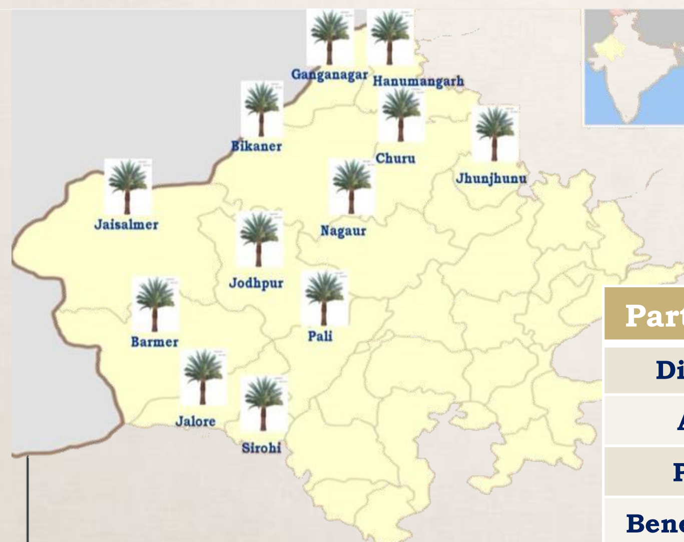
| Particulars | Numbers |
|---|---|
| Countries | 37 |
| Acres | > 40,000 |
| Plants | > 2 million |
| Beneficiaries | 170 |




| Particulars | Numbers |
|---|---|
| States | 13 |
| Acres | 4,018 |
| Plants | 2,36,186 |
| Beneficiaries | 838 |




| Particulars | Numbers |
|---|---|
| Districts | 18 |
| Acres | 1,501 |
| Plants | 75,092 |
| Beneficiaries | 400 |

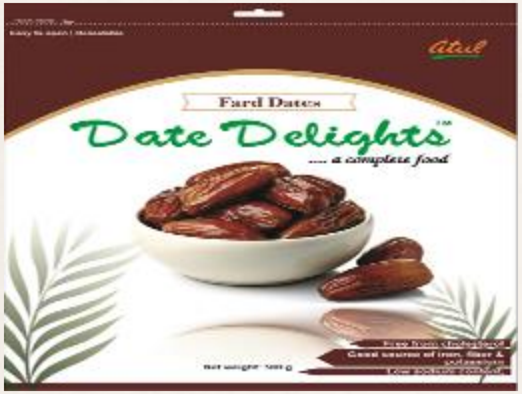



| Particulars | Numbers |
|---|---|
| Districts | 12 |
| Acres | 2,022 |
| Plants | 1,26,172 |
| Beneficiaries | 331 |

# Date delights

touching lives...







# Thank you