



Presentation to Analysts

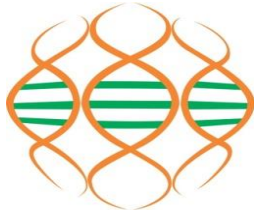
May 2, 2014

**No of main slides: 68
Time: 30 minutes**



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.





Contents



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Lalbhai Group



- **Commenced manufacturing activities in 1896**
- **Textiles, Chemicals, Engineering, Realty**
- **Group sales US\$1.5 billion**
- **Education, Empowerment, Health, Relief, Infrastructure, Conservation**



Atul
touching lives...



Shri Kasturbhai Lalbhai



Director, Reserve Bank of India



Founder Chairman, Indian Institute of Technology, Mumbai



Atul
touching lives...



Founder Board Member, Indian Institute of Management, Ahmedabad



Founder Director, ICICI Bank



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

Atul
touching lives...





Purpose



We are committed to significantly enhance value for all our Stakeholders by

- **Fostering a spirit of continuous learning and innovation,**
- **Adopting the developments in science and technology,**
- **Providing high quality products and services, thus becoming the most preferred partner,**
- **Having people who practise Values and high standard of behaviour,**
- **Seeking sustained, dynamic growth and securing long-term success,**
- **Taking responsible care of the surrounding environment and**
- **Improving the quality of life of the communities we operate in.**



Key Initiatives 2013-14



Business	Number	Function	Number
AR	36	COM	49
BI	42	FI	97
CO	110	HR	90
CP	298	IN	33
FL	25	IT	20
PI	156	RE	213
PO	126	TE	508
Total	793	Total	1,010
Total number of initiatives		1,803	



Eventful 2013-14

(Environment)



Event	Business	Inv
Upgradation of ETP	CO	15
RO + MEE for by-product recovery	AR	11
MEE for by-product recovery	PO	10
MEE for by-product recovery	AR	8
Recovery of solvent and by-product	PI	5
Solid cum liquid waste incinerator	IN	3
Recovery of phenolics and phenoxies	CP	3



Eventful 2013-14

(Business)



Business

Event

AR

- **Achieved zero discharge at Ankleshwar Site**
- **Added 10 new geographies**
- **Commenced laying of cable for 66 KVA power supply**

BI

- **Developed 2 large customers for Reso derivative I**
- **Completed key Reso derivative II project**

CO

- **Increased prices across all the product groups**
- **Upgraded and stabilized ETP operations**
- **Achieved zero discharge in one of the plants**

CP

- **Debottlenecked Herbicide I plant**
- **Achieved significant reduction in water consumption**

PI

- **Increased prices of two key products**
- **Commercialized first CRAMS project**

PO

- **Stabilized operations of new Epoxy plant**
- **Commissioned MEE to recover a by-product**



Eventful 2013-14



**Coordinator – CSR receiving Global Sustainability Leadership Award 2014:
Best Project - Collaboration award**



Eventful 2013-14



President – IT receiving the ‘CIO100 Honouree 2013’ award from Mr Arnab Goswami, Editor-in-Chief, Times NOW



Eventful 2013-14



President – IT receiving the ‘Silver EDGE 2013’ award



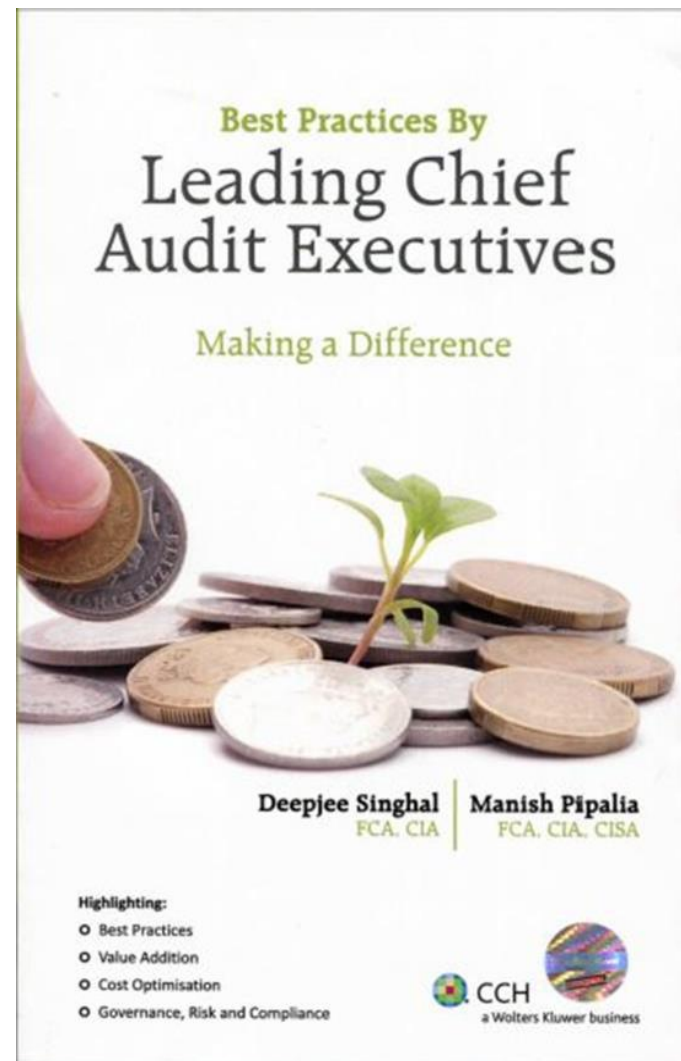
Eventful 2013-14



**L&D team receiving
'L&D Team of the year' award in 'Silver' category**



Eventful 2013-14



Corporate Assurance practices of Atul published in a book titled ‘Best Practices by Leading Chief Audit Executives – Making a Difference’



Eventful 2013-14



Inauguration of Common Manufacturing Office



Eventful 2013-14



Inauguration of Environment Research Laboratory



Eventful 2013-14



Inauguration of Incinerator



Eventful 2013-14

Atul
touching lives...



Inauguration of R&D Laboratory, AR



Sales



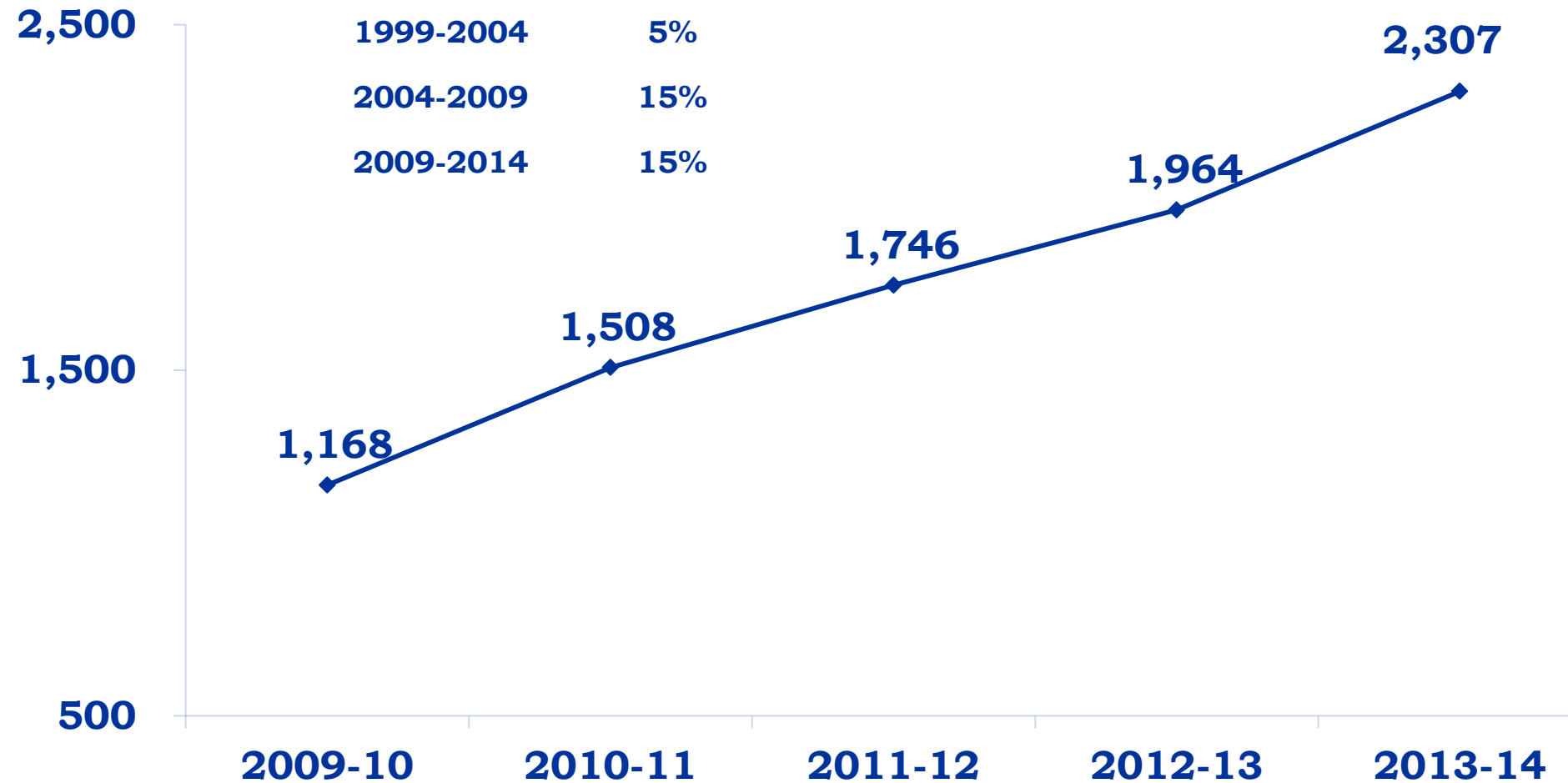
₹ cr

Period	CAGR
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1999-2004	5%
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2004-2009	15%
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2009-2014	15%
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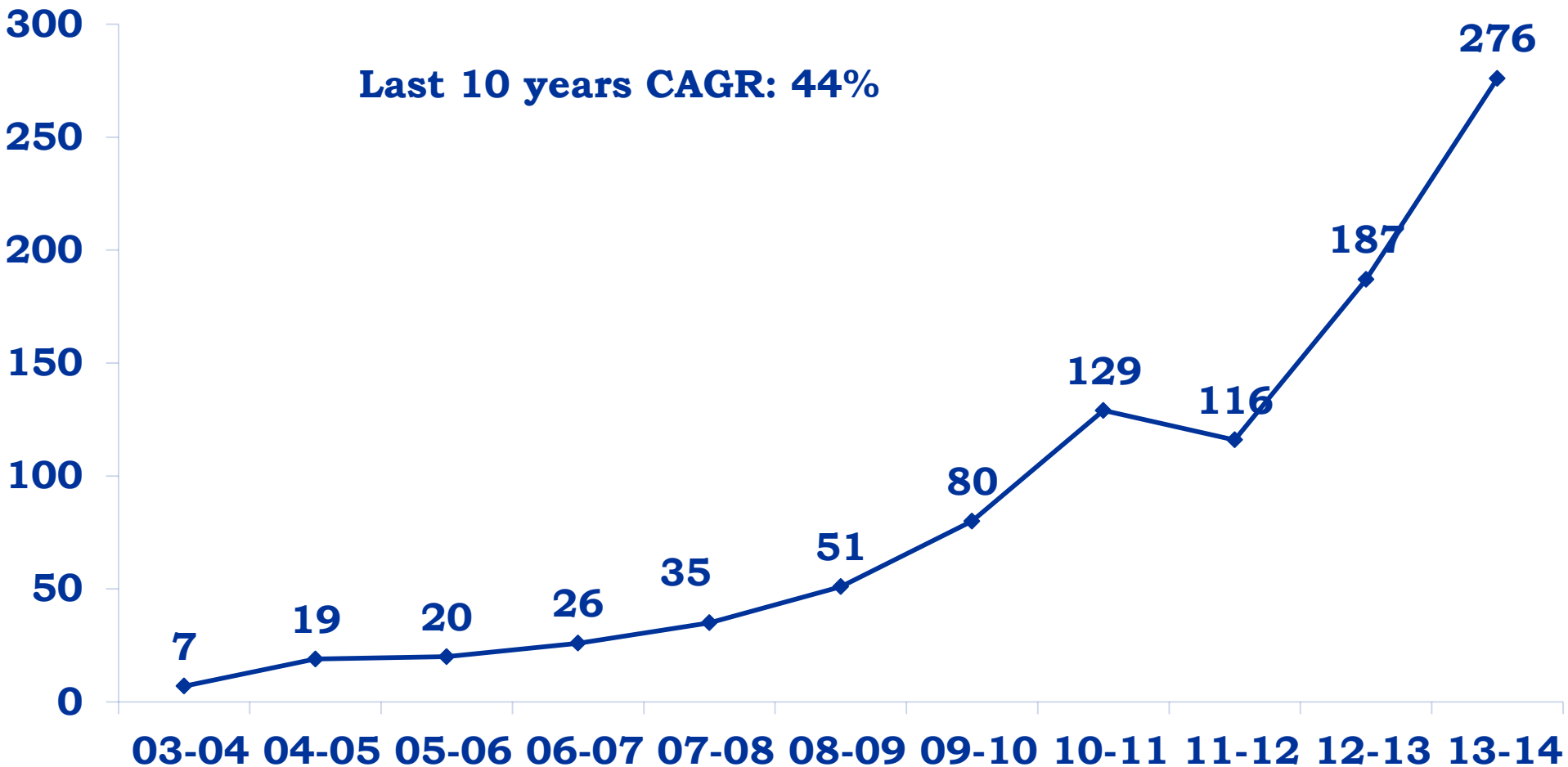


Profit Before Tax

(from operations)



₹ cr

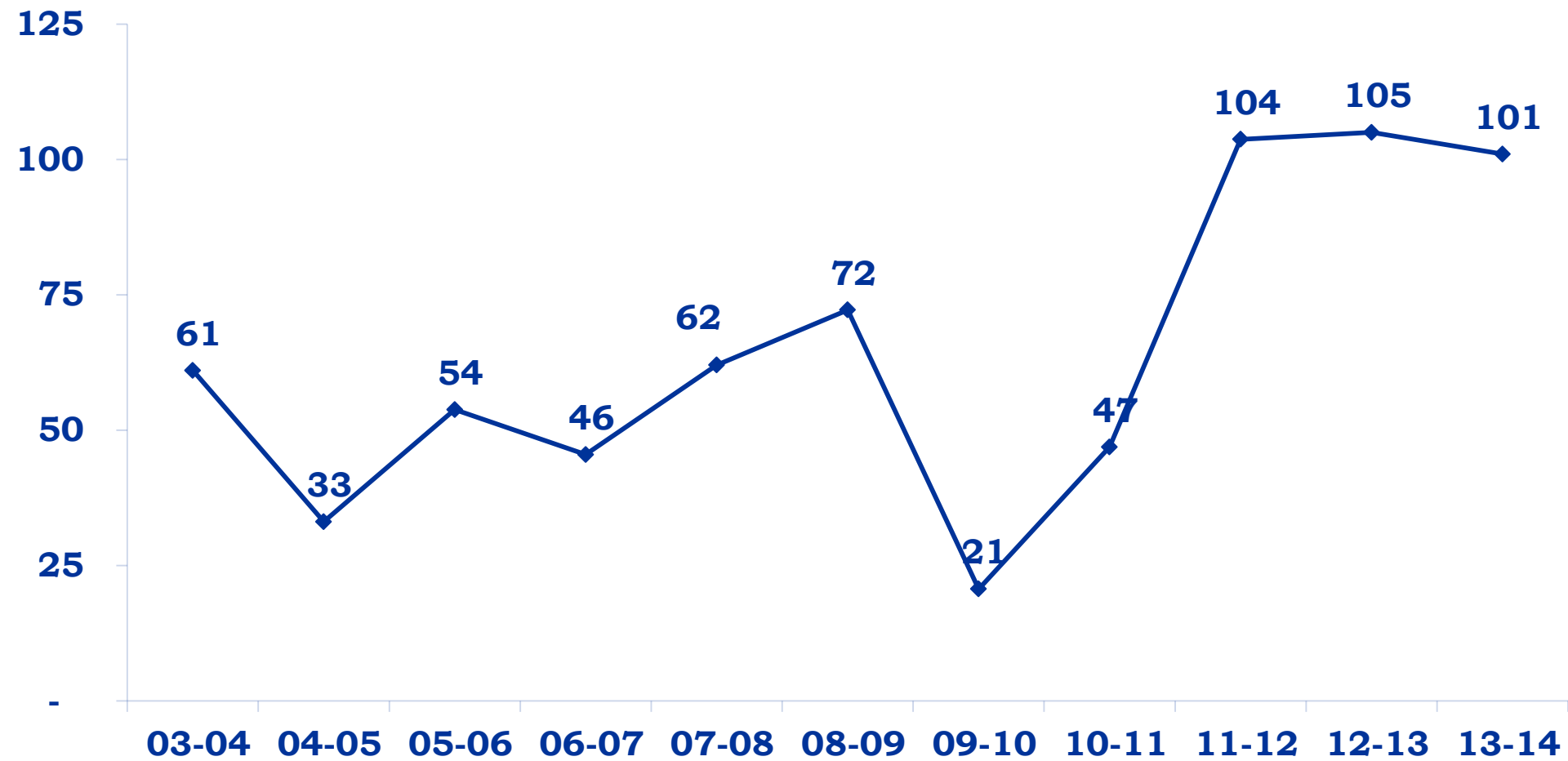




Capex (amount spent)



₹ cr

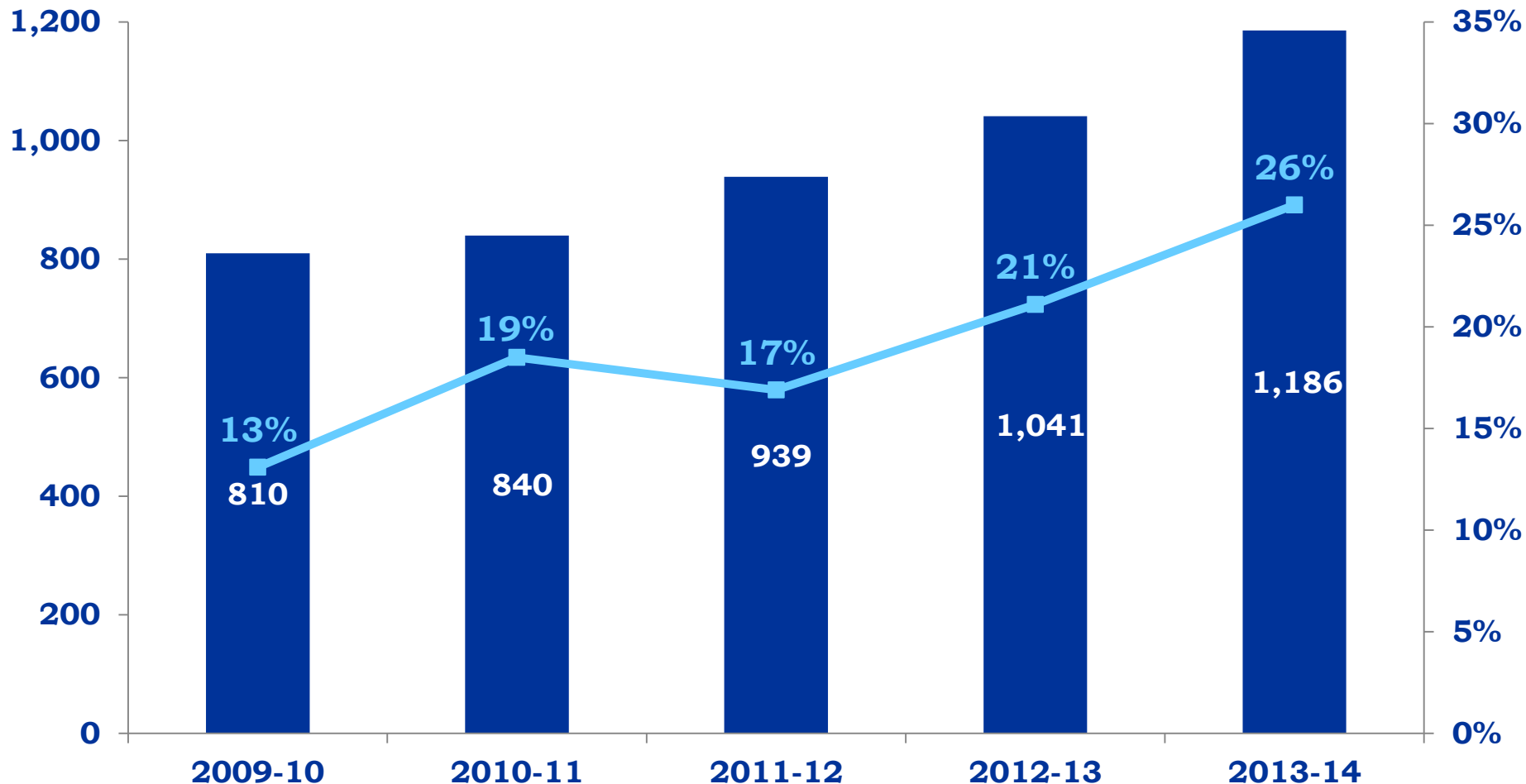




Return on Capital Employed



₹ cr



■ Average capital employed #

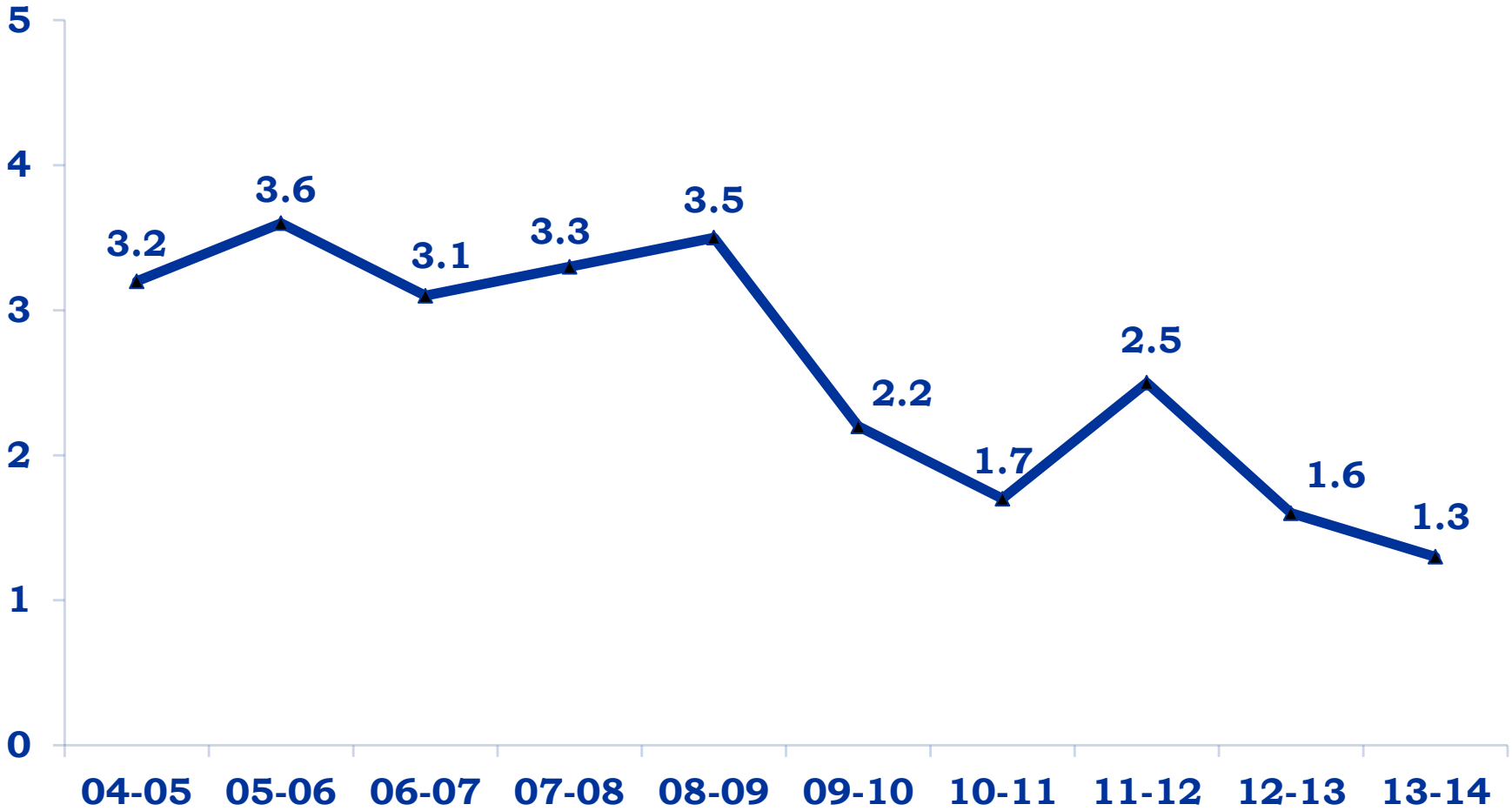
—■ Return on average capital employed % # *

Excluding capital work-in-progress

* Excluding exceptional income | expenses

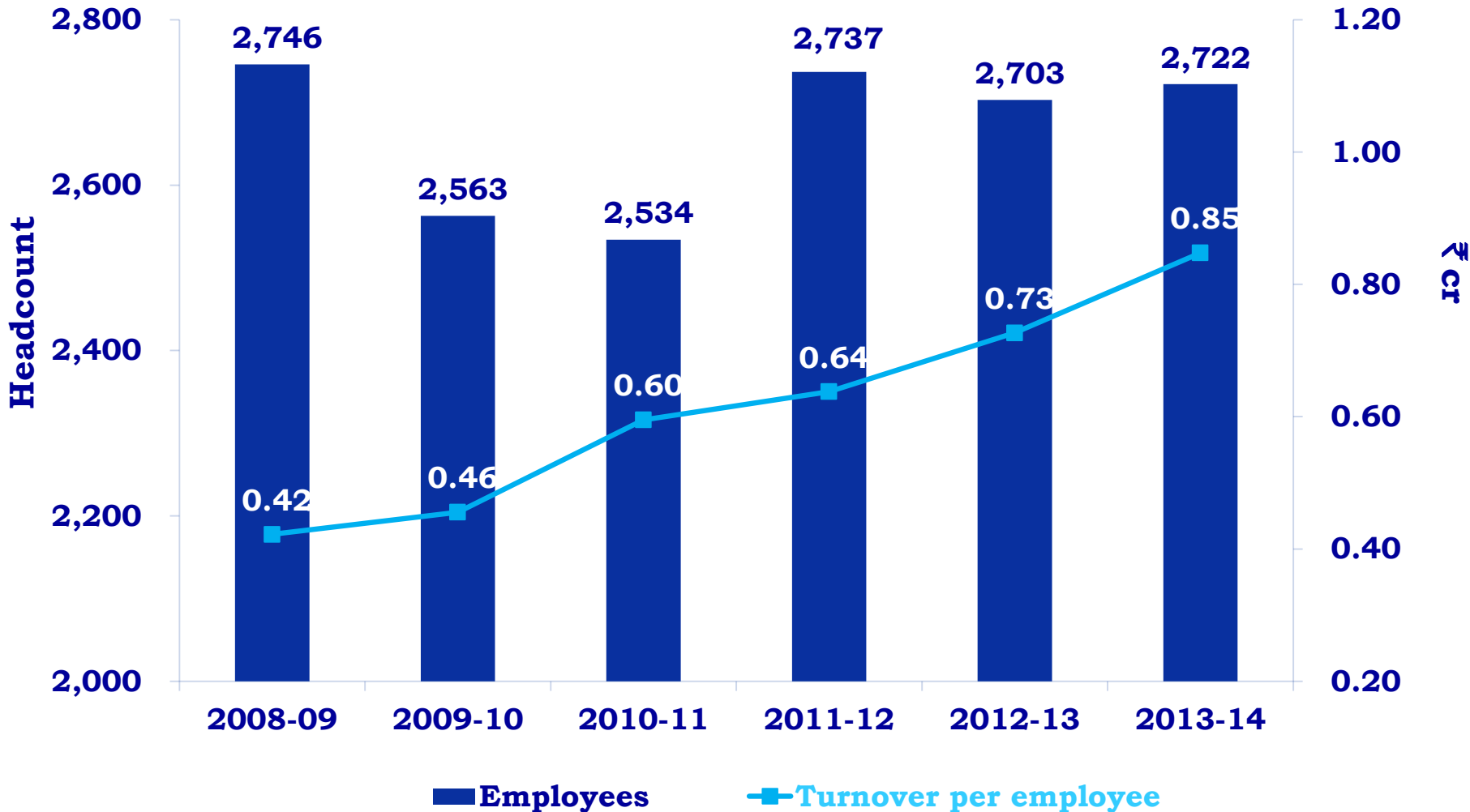


Interest to Sales



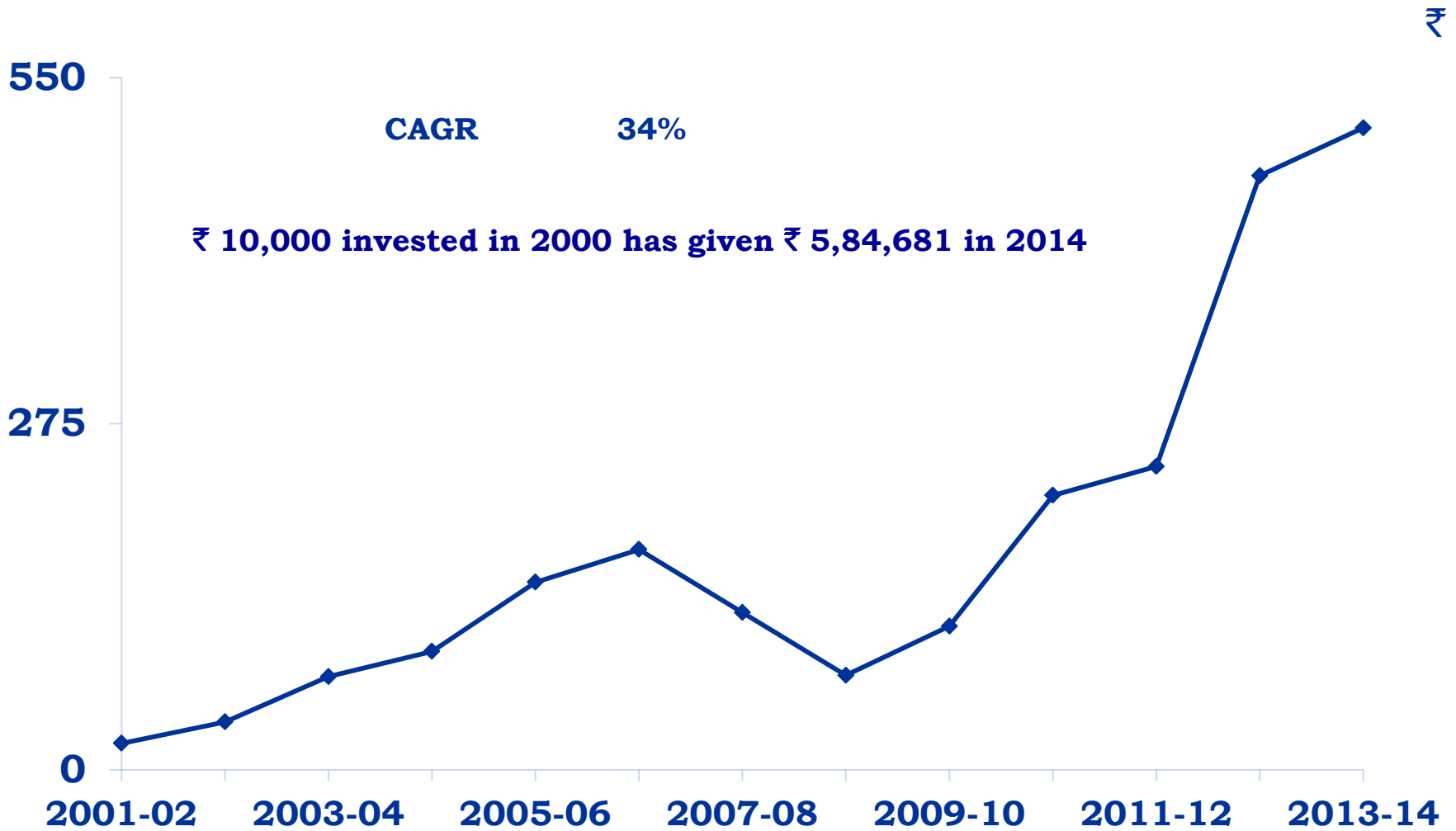


Turnover per Employee





Share Price Movement



Atul share price has grown by 5,747% over past 14 years



Industries Served



Agriculture



Automobile



Electrical and Electronics



Flavour and Fragrance



Paper



Paint and Coatings



Personal Care



Pharmaceutical



Textile



Financial Performance



Highlights



- **Sales grew by 17% (₹343 cr) to ₹ 2307 cr**
 - **Due to price by 8% (₹164 cr)**
 - **Due to volume by 9% (₹179 cr)**
- **PBT increased by 55% (₹105 cr)**
- **PAT increased by 57% (₹77 cr)**
- **EPS increased by 57% (₹ 26 per share)**
- **Raw material prices increased by 3% (₹ 42 cr)**
- **Power and fuel prices increased by 11% (₹ 27 cr)**
- **Working capital increased by ₹ 121 cr and NoDs decreased by 3 days**



Financials 2013-14



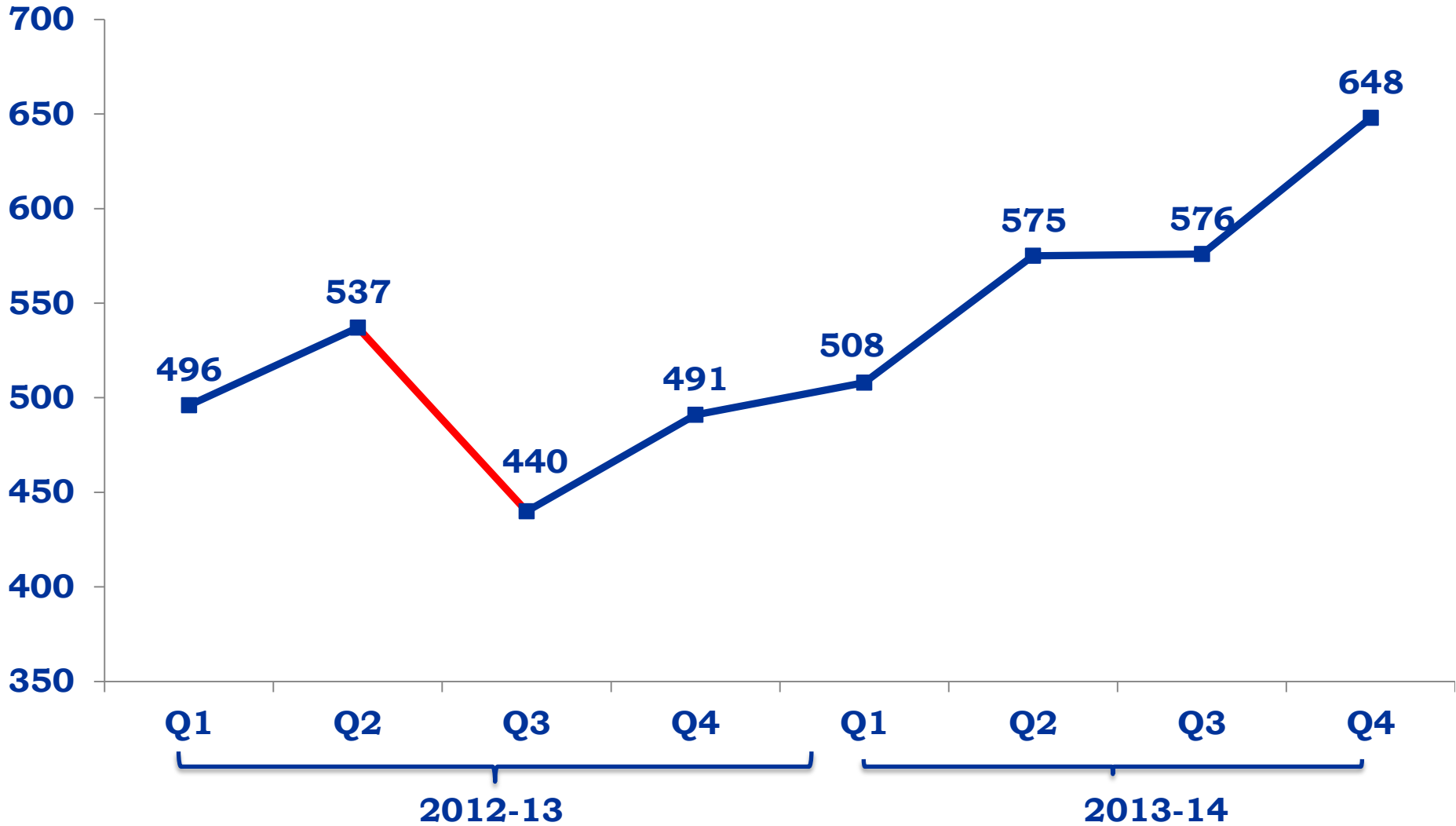
	13-14	12-13	Inc (dec) %
	A	A	CY vs PY
Sales	2,307	1,964	17
<u>Operating and other income</u>	78	58	34
Total revenue	2,385	2,022	18
Material consumed	1,282	1,143	12
Employee benefit expenses	140	128	9
<u>Other expenses</u>	601	483	24
EBIDTA	362	267	36
<i>EBIDTA %</i>	16	14	-
Interest	30	29	3
Interest AS-16	1	2	(50)
PBDT	331	236	40
Depreciation	54	49	10
PBT before exceptional income	277	187	48
Exceptional income	20	5	-
P B T	297	192	55
P A T	213	136	57
RoCE %	26	21	-



Quarterly Sales Trend



₹ cr





Leverage Ratios



Particulars	Mar 14	Mar 13
Debt equity	0.37	0.47
Interest coverage	11.68	8.38
DSC	3.55	2.94
Current	1.44	1.36
Fixed asset turnover*	1.80	1.64
Turnover to Capital employed	1.95	1.80

* On gross block



Working Capital Management



Working Capital



NoDs

Particulars	Mar 14	Mar 13	Inc (dec)
Inventories	52	56	(4)
Debtors	58	62	(4)
Other current assets	20	22	(2)
Gross Working Capital	133	145	(12)
Current liabilities	57	66	(9)
Net Working Capital	76	79	(3)



Working Capital



₹ cr

Particulars	Mar 14	Mar 13	Inc (Dec)
Inventories	376	308	68
Debtors	447	362	85
Other current assets	141	121	20
Gross Working Capital	964	791	173
Current liabilities	414	362	52
Net Working Capital	550	429	121



Cash Flow and Borrowings



Cash Flow from Operations



	2013-14	2012-13
Operating profit *	360	260
Inventories	(68)	(13)
Trade and other receivables	(133)	(22)
Creditors and other payables	54	(5)
Cash generation from operations	213	220
Tax payments	72	53
Net cash flow from operating activities	141	167

* before WC changes



Fund Flow



₹ cr

Sources	2013-14	2012-13
EBIDTA	362	267
Exceptional income	20	5
Total	382	272



Fund Flow



₹ cr

Uses	2013-14	2012-13
	A	A
Interest and finance charges (net)	31	32
Purchase of fixed assets and capital advances	101	105
Working capital increase	121	32
Dividend paid	21	16
Direct taxes	84	57
Loans repaid (net)	6	25
Changes in non-current assets	18	5
Total	382	272

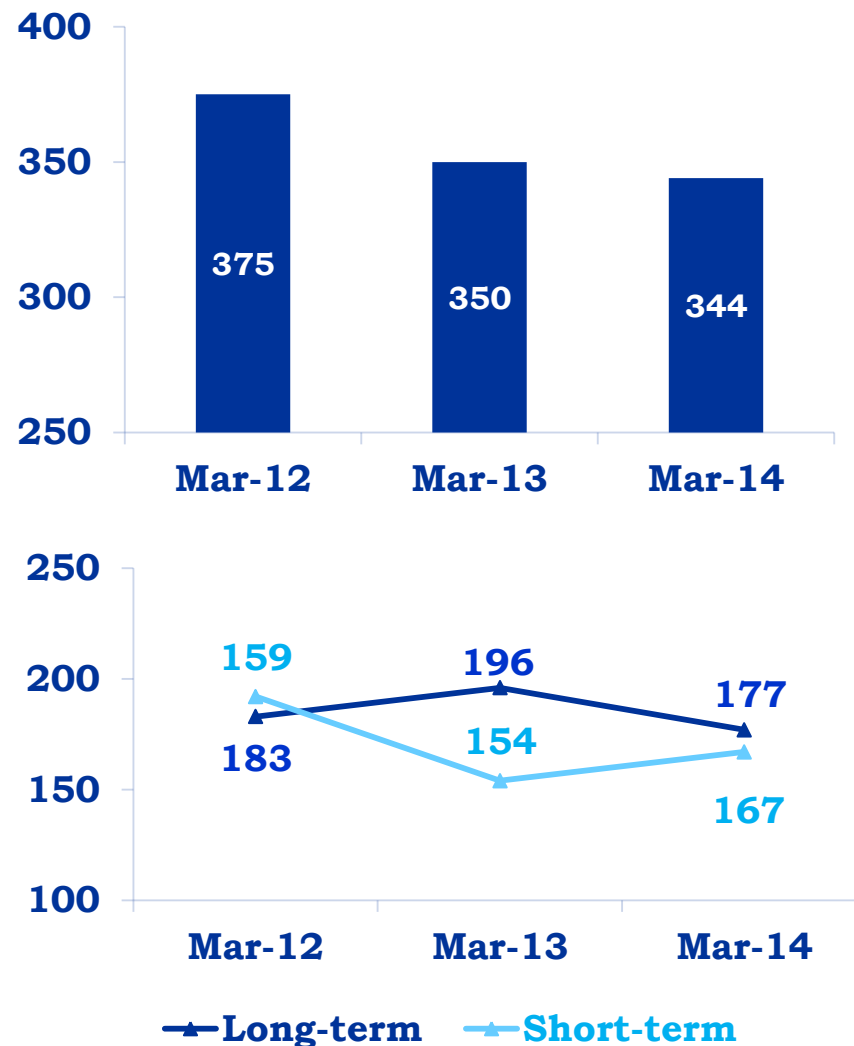


Position of Borrowings



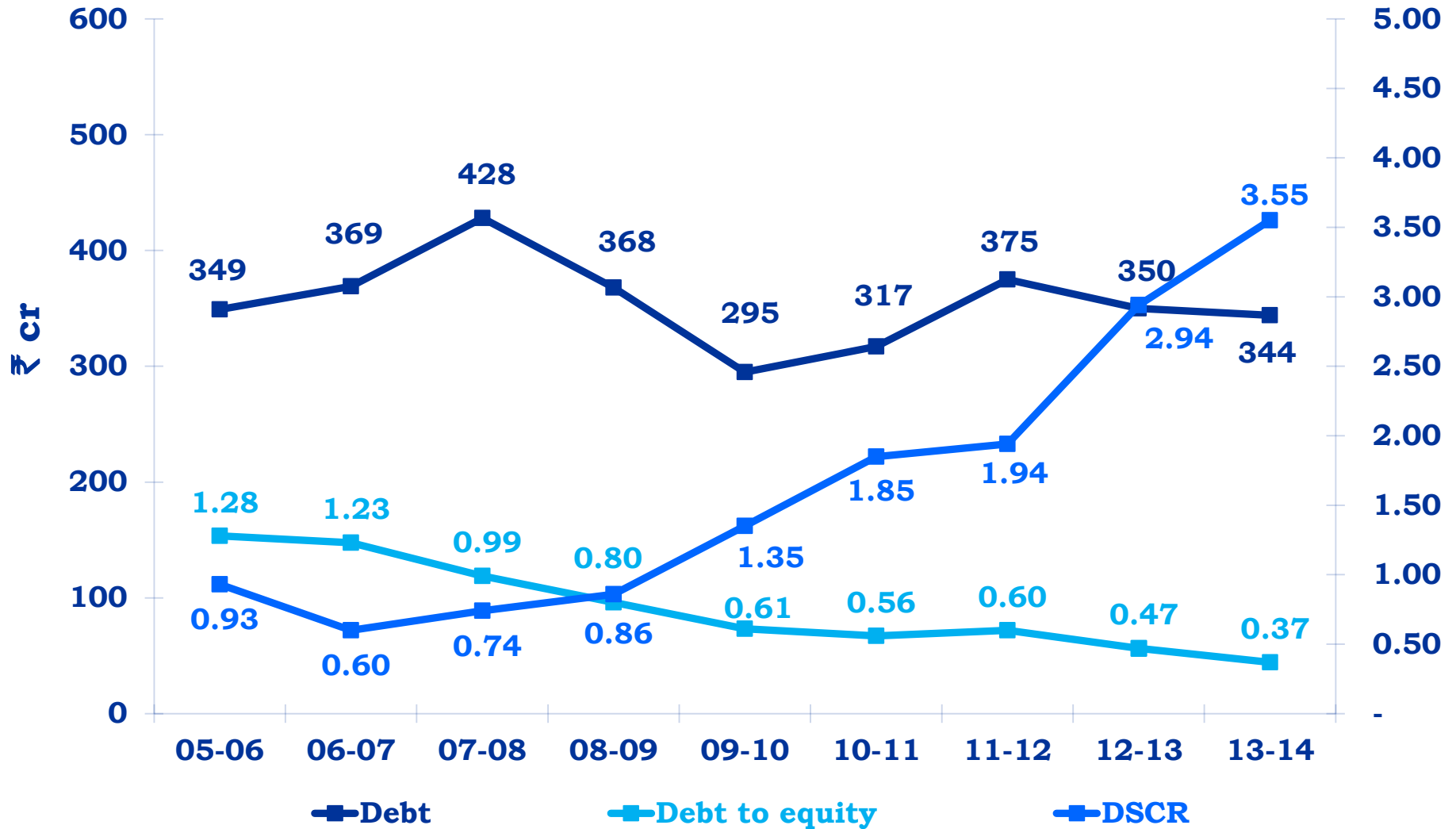
₹ cr

	Mar 12	Mar 13	Mar 14
Rupee	233	262	280
Foreign Currency	142	88	64
Total	375	350	344
Long-term	183	196	177
Short-term	192	154	167
Total	375	350	344





Borrowings





Aromatics

Serving

Performance and Other Chemicals Segment

Life Science Chemicals Segment



Purpose



AR aims to become a world-class business, offering its customers in Personal Care and other chosen industries high quality products and services in a cost effective manner.



User Industries



- **Dyestuff**
- **Flavors and Fragrance (F&F)**
- **Paper**
- **Personal Care**
- **Pharmaceutical**

No of Products : 29



Key Products



Product	Market Share (2013-14)	Competition
<i>p</i>-Cresol	24% (World)	China (6), USA (1)
<i>p</i>-AA	70% (World)	Europe (1), India (2), China (1)
<i>p</i>-AA1	90% (World)	China (2)
<i>p</i>-Cd	5% (World)	China (3), India (1)

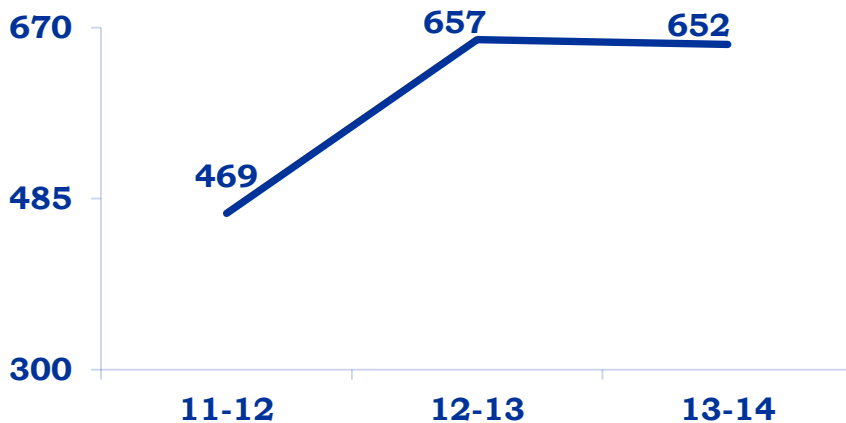


Dimensions



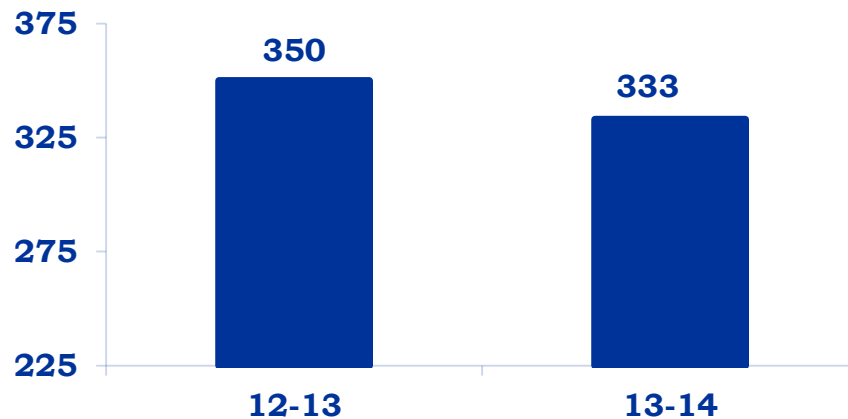
Sales

₹ cr



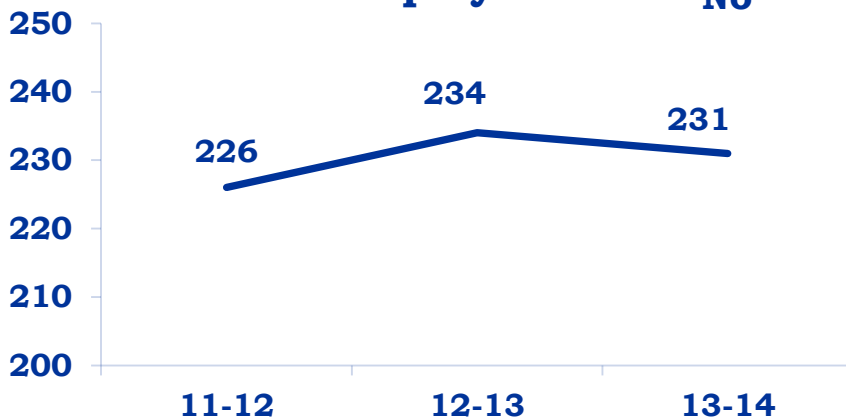
Customers

No



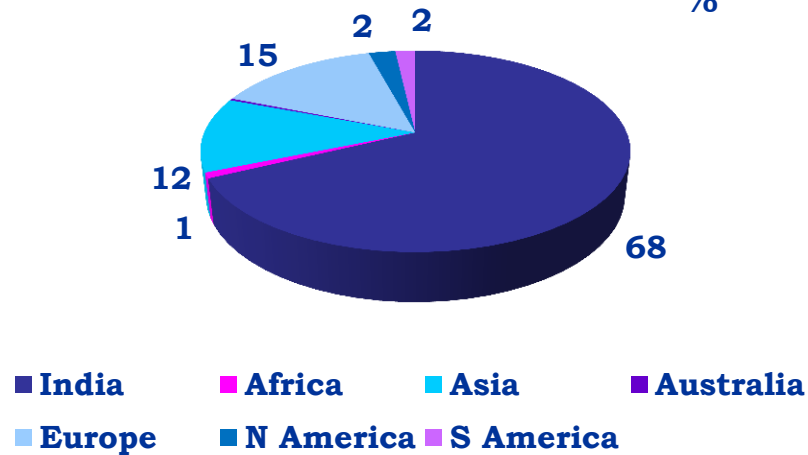
Employees

No



Customers

%





Way Forward



- **Maintain cost and volume leadership in existing products**
- **Introduce value added downstream products**
- **Expand portfolio of products used by Personal Care and F&F industries**



Risks



- **Chinese competition mainly in *p*-C and *p*-AA**



Recognition



**AR receiving Global Sustainability Leadership Award 2014:
Best Business Eco Efficiency Award**



Environment

(zero discharge)



RO Plant



RO Plant

An Overview of ATUL(AR) RO plant



Quality of effluent



Quality of effluent





Bulk Chemicals and Intermediates

Serving

Performance and Other Chemicals Segment



Purpose



BI aims to supply bulk chemicals to other Divisions in a cost effective manner and grow in speciality chemicals and intermediates.



User Industries



- **Crop Protection**
- **Dyestuff**
- **Paper**
- **Pharmaceutical**
- **Rubber**
- **Tyre**

No of Products: 26



Key Products



Product	Market Share (2013-14)	Competition
Resorcinol	25% (India) 2% (World)	Japan (1), USA (1), China (3)
CSA	14% (India)	India (7)
1,3 CHD	13% (India)	India (1), UK (1), China (2)
Anisole	22% (India)	India (3), China (3)
Oleum 65%, SO₃, Caustic Soda	Captive	

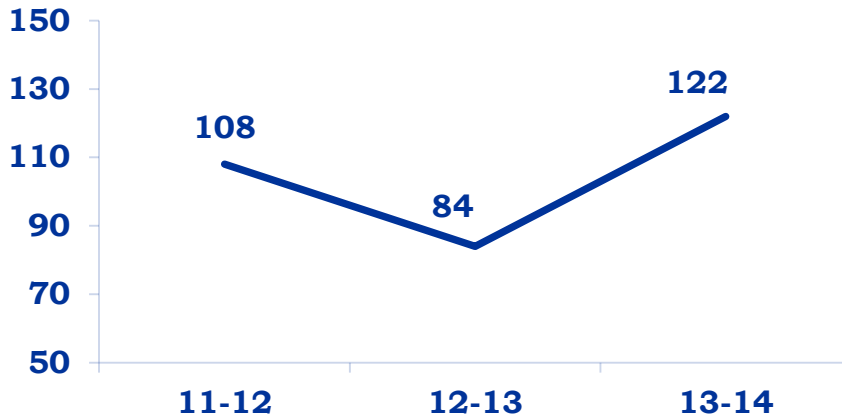


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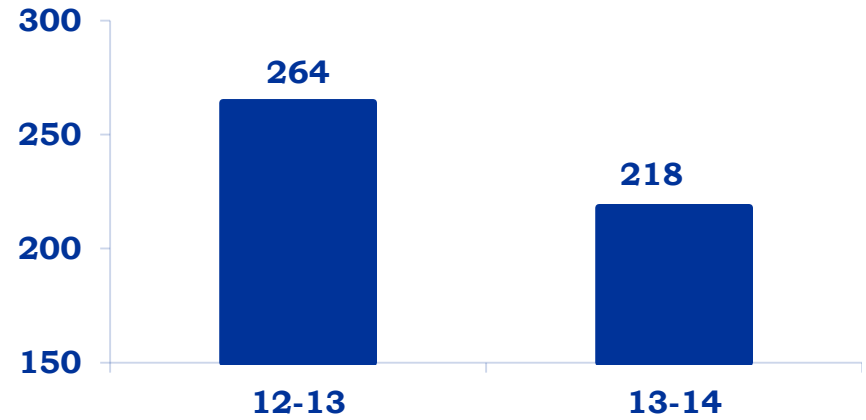
Sales

₹ cr



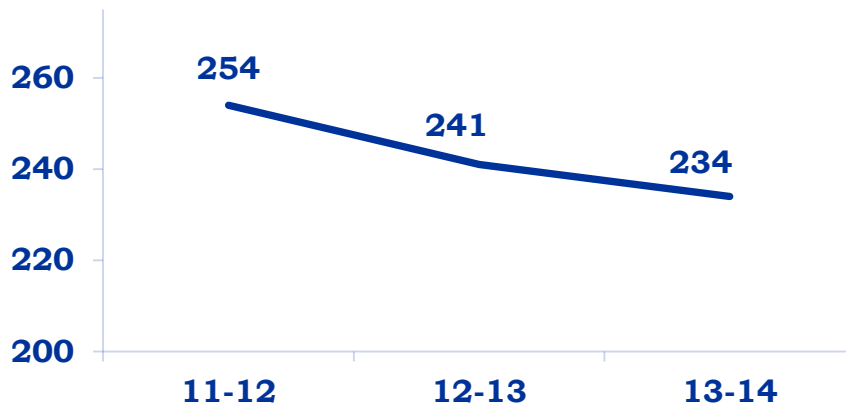
Customers

No



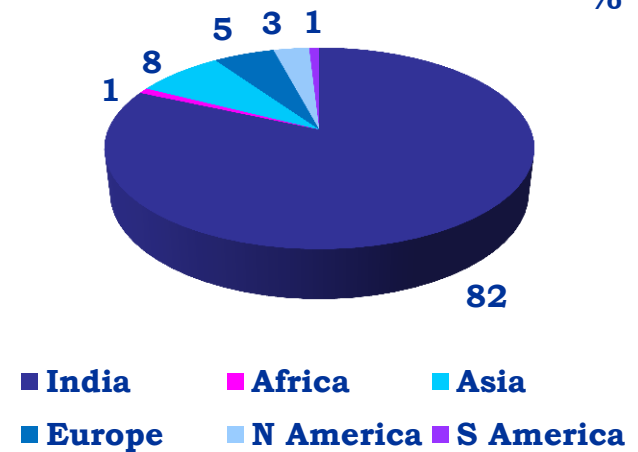
Employees

No



Customers

%





Way Forward



- **Commercialize Resorcinol Formaldehyde Resins - 3**
- **Commence Caustic | Chlorine modernization and expansion**
- **Introduce new intermediates**



Risks



- **60% of the business is commodity based and driven by highly uncertain trends**
- **Many new manufacturers**



Recognition



**QC
RESSOLVE**

QC CAUSUL



Quality Circle awards



Colors

Serving

Performance and Other Chemicals Segment



Purpose

CO aims to be a reliable global supplier of colorants required for different facets of human life. Its products find applications in Textile, Pharmaceutical, Personal Care, Paper, Paint and Coatings, Packaging, Food and Electrical and Electronics industries.

It will manufacture in a responsible way and compete in the market place on the basis of quality, service and cost and continuously improve processes so as to deliver better value.



User Industries



Product Group	User Industries
Textile dyes	Textile
Paper dyes	Paper
HP pigments	Paint and Coatings

No of Products: 550



Key Product Groups



Product Group	Market Share (2013-14)	Competition
Vat dyes	15% (World)	Europe (1), China (4), India (1)
Reactive dyes	1.2% (World)	Europe (2), India (8)
Sulphur Black	7% (World)	Europe(1), China (17) , India(1)
HP pigments	2.4% (World)	Europe (3)

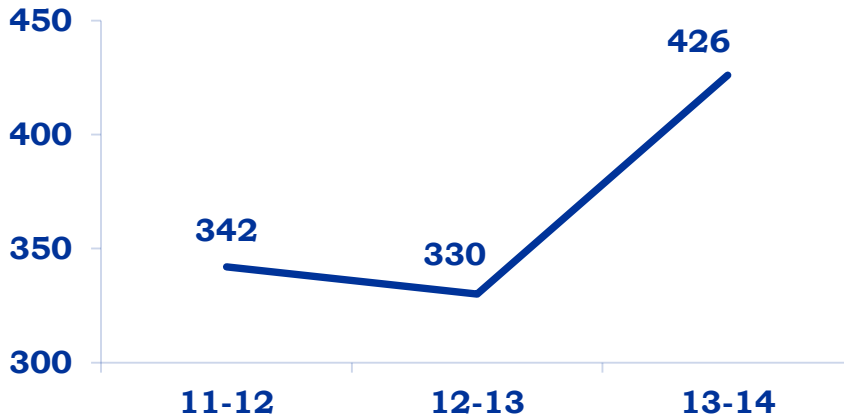


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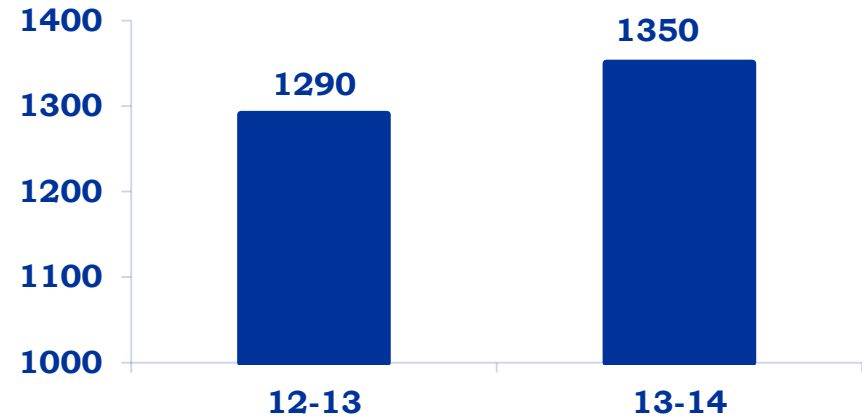
Sales

₹ cr



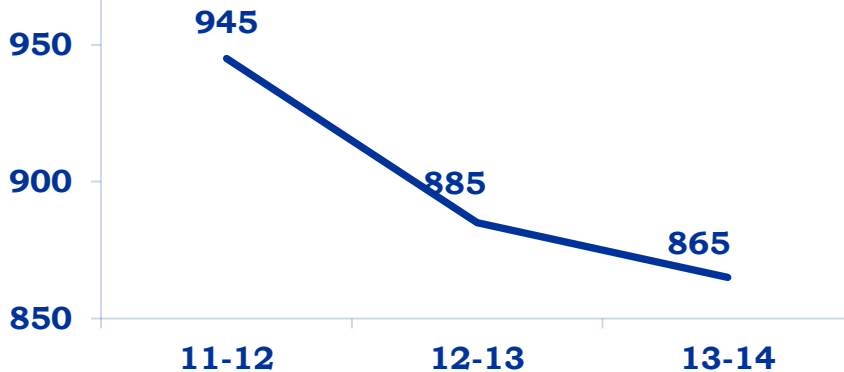
Customers

No



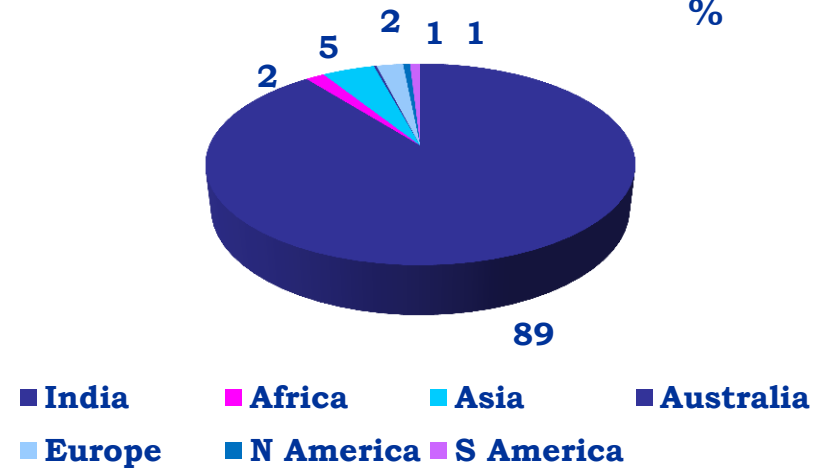
Employees

No



Customers

%



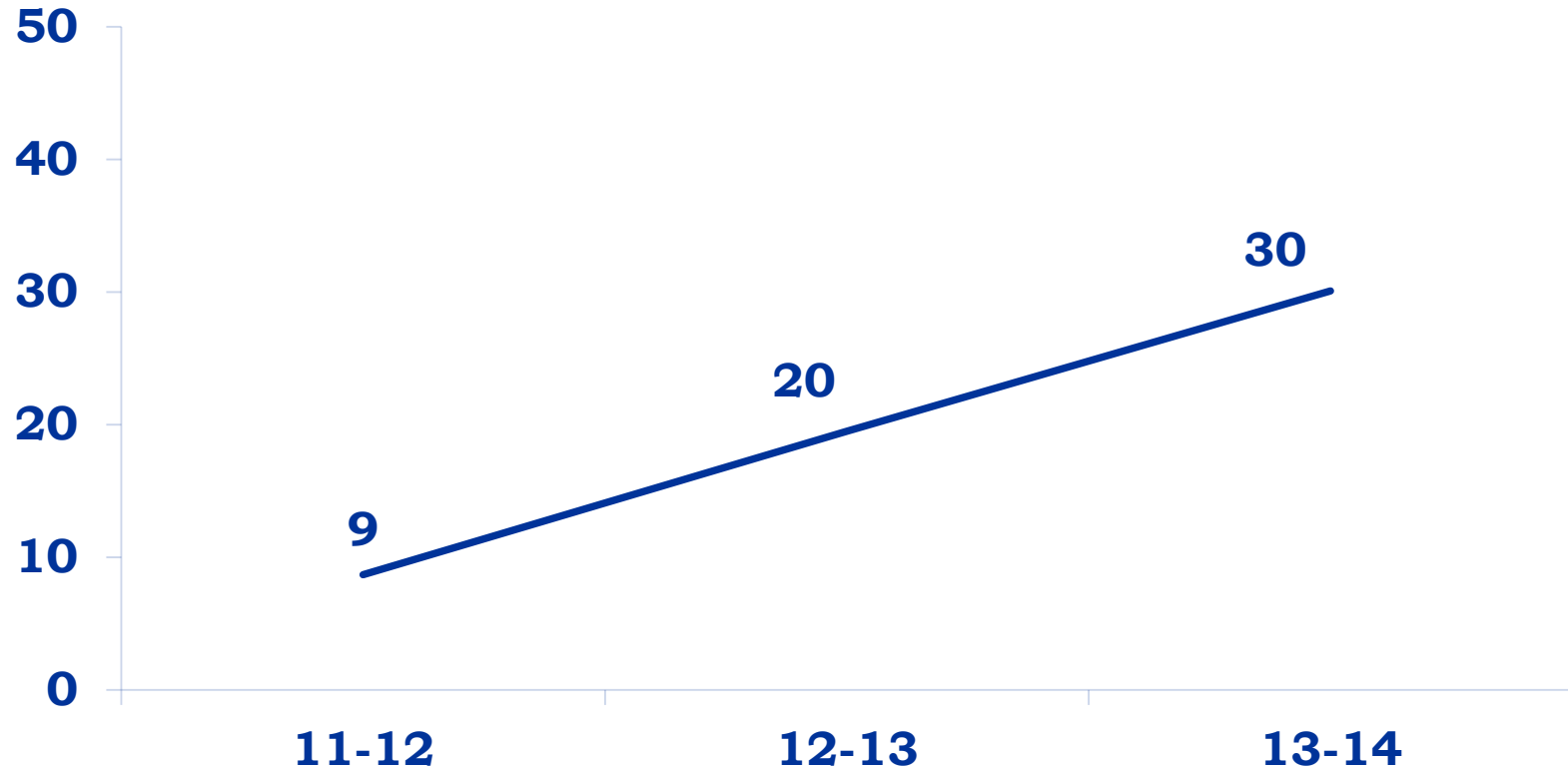


Way Forward



- **Increase market share in Vat, Sulphur and Reactive dyes**
- **Debottleneck capacities of Vat dyes and AQ intermediates**
- **Grow in High Performance Pigments and Digital Printing Inks**
- **Grow in Textile Chemicals through Rudolf Atul Chemicals Ltd**

₹ cr



JV Partner: Rudolf GmbH, Germany

Atul Shareholding: 50%



Risks



- **Reduced demand for niche Vat dyes**
- **Unusual increase in prices and non-availability of intermediates**
- **Limited product portfolio in High Performance Pigments**



Recognition



Mr Dharmesh Patel, Shed H plant receiving the *Shram Ratna* award



Crop Protection

Serving

Life Science Chemicals Segment



Purpose



CP is in the business of servicing the growing needs of food and fiber.

It leverages its competency in chemistry and provides farm solutions to enhance crop yields.

It strives for building relationship with farmers around the world.



User Industries



Product Group	User Industries
----------------------	------------------------

Fungicides

Herbicides

Insecticides

Agriculture

No of products: 61
CP brands are available across > 30,000 retail outlets



Key Products



Product	Market Share (2013-14)	Competition
2,4 D and downstream products	12% (World)	USA (1), Australia (1), South America (1), Europe (1), China (5), India (6)
Indoxacarb	7% (World)	USA (1), India (1)

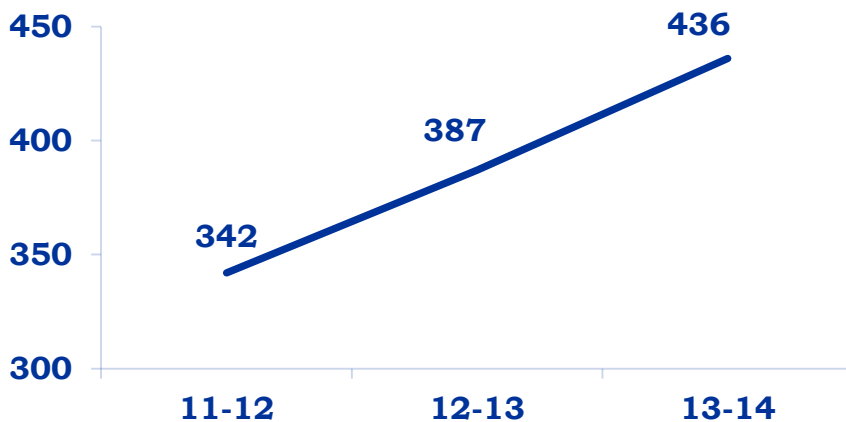


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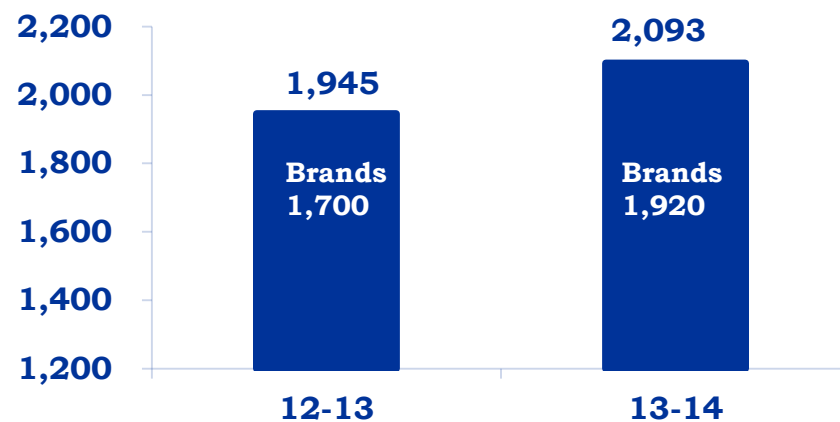
Sales

₹ cr



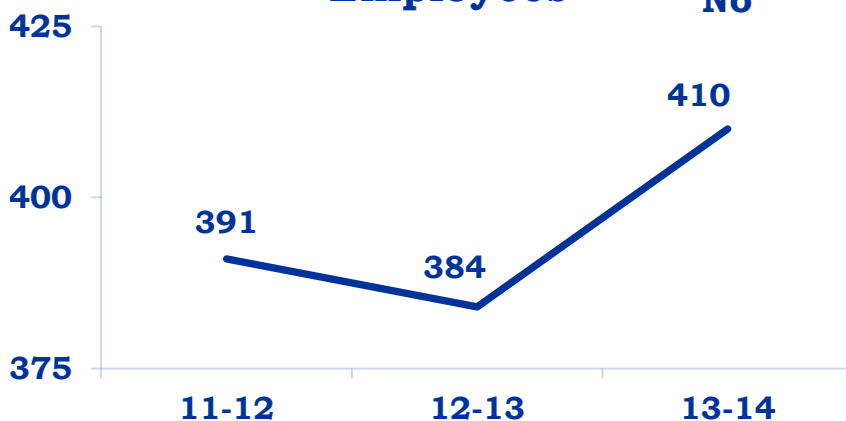
Customers

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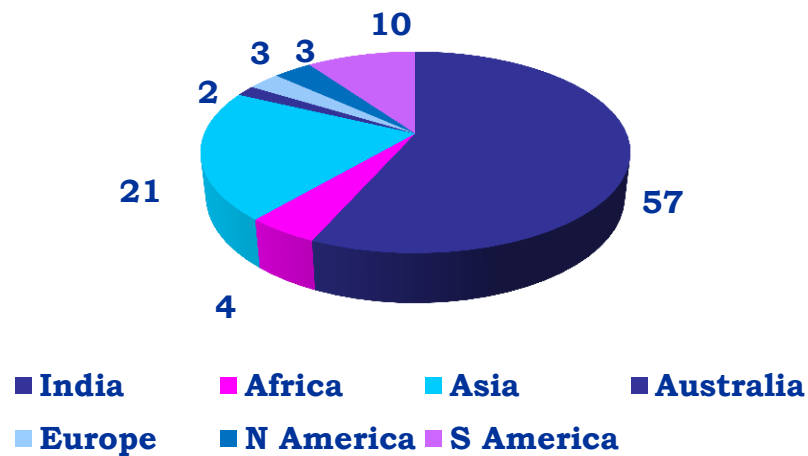
Employees

No



Customers - Bulk

%





Environment



Distillation column



Way Forward



- **Become cost leader in key products**
- **Expand brand business**
- **Introduce new products coming off patent**



Risks



- **Business dependent on weather and pest attack**
- **Low price competition from China and India**
- **Patent and data protection – India now signatory to IPR**
- **Entry of international generics companies in India**
- **Increased usage of GM crops**



Brands

Atul
touching lives...

अतुल जहाँ खुशहाली वहाँ



लालभाई ग्रुप के सदस्य



Recognition



Mr Gulab Patel, Diuron plant receiving the *Shram Bhushan* award



Recognition



QC DHYEYA

**QC CROP
GUARD**



Quality Circle awards



Pharmaceuticals and Intermediates

Serving

Performance and Other Chemicals Segment

Life Science Chemicals Segment



Purpose



PI aims to cater to the growing needs of Pharmaceutical and Composites Industry.

It will supply Pharmaceutical intermediates, APIs and Sulphones in a cost effective manner.



User Industries



Product Group

User Industries

**Pharmaceutical intermediates
APIs**

Pharmaceutical

Phosgenated chemicals

Pharmaceutical

Polymer

Crop Protection

Sulphones

Composites

Electrical and Electronics

Paper

Pharmaceutical

Polymer

No of products: 40



Key Products



Product Group	Market Share (2013-14)	Competition
Pharmaceutical intermediates APIs	<1% (World)	USA, Japan, Europe, India, China
Phosgenated chemicals	<1% (World)	China (5), Europe (4), Japan (3), USA (2), India (1)
Sulphones	45% (World)	China (5), India (3), Europe (1), Japan (2)

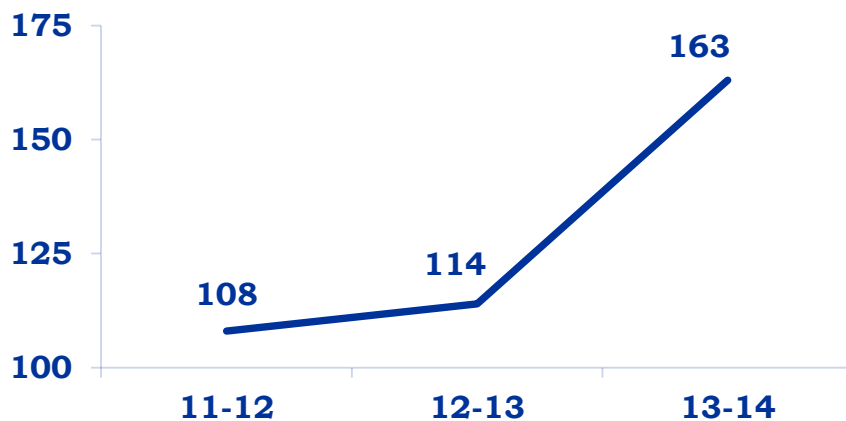


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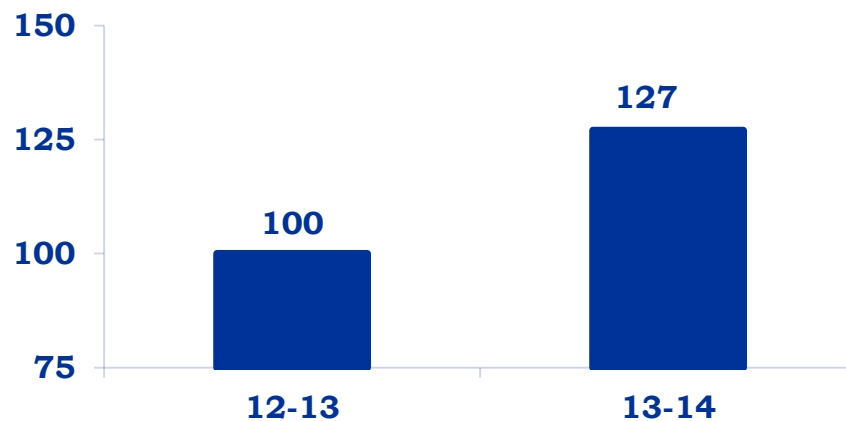
Sales

₹ cr



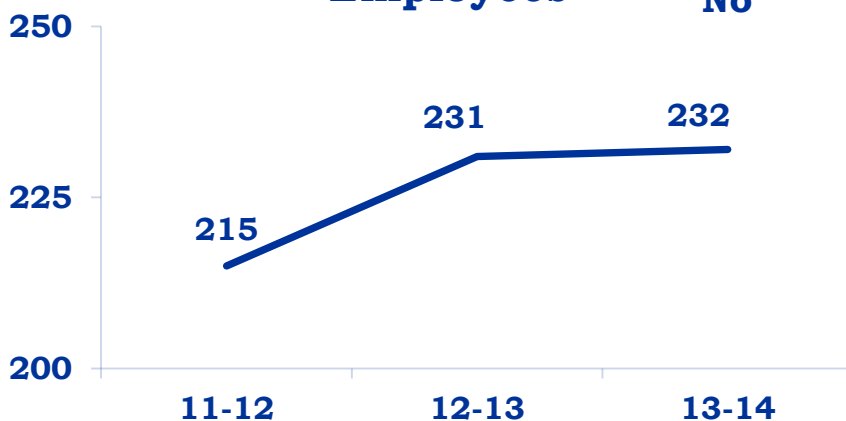
Customers

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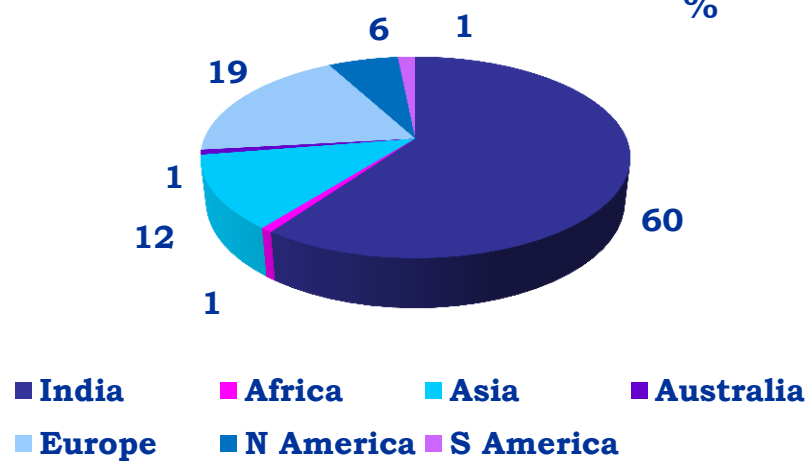
Employees

No



Customers

%





Way Forward

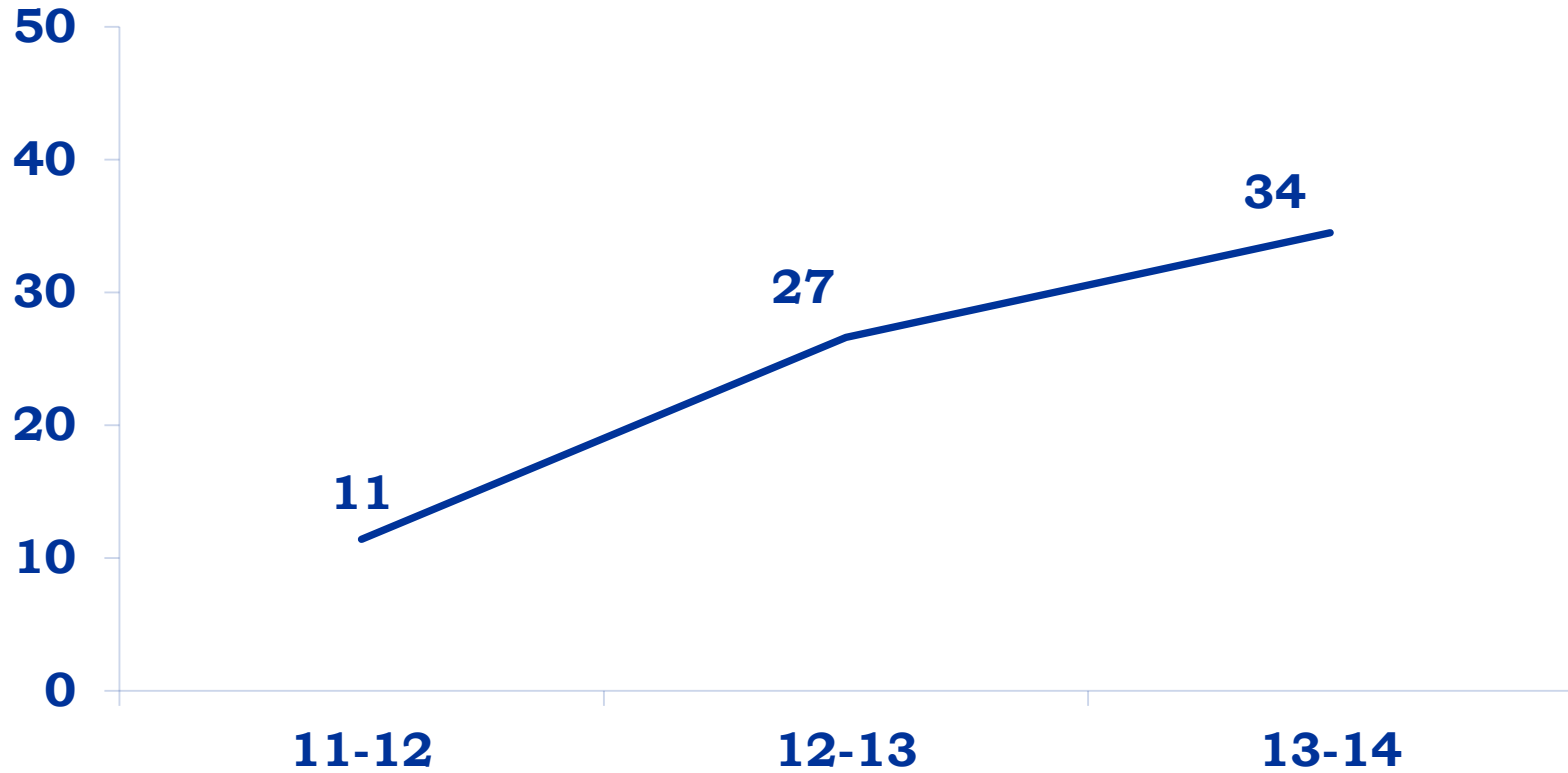


- **Improve process efficiencies and people productivity**
- **Debottleneck and expand capacities**
- **Grow sales in Japan and selected countries in Europe**
- **Increase CRAMS business**
- **Grow via acquisition**



Sales

₹ cr



Atul Shareholding: 100%



Risks



- **Fluctuations in forex**
- **New regulatory requirements in Europe | North America**



Polymers

Serving

Performance and Other Chemicals Segment



Purpose

PO aims to offer best in class products and services to Automobile, Composites, Footwear, Furniture, Paint and Coatings, Construction, Electrical and Electronics industries across the world with bonding and coating solutions in a cost effective manner.



User Industries

(Bulk business)



Product Group

User Industries

Epoxy resins

Automobile

Epoxy hardeners

Composites

Construction

Defence

Electrical and Electronics

Paint and Coatings

No of Products : 300



User Industries

(Brands)



Product Group	User Industries
Polyurethanes	Automobile
Primers	Construction
PU hardeners	Footwear
Rubber formulations	Furniture
	Handicrafts
	Jewelry

No of Products: 100



Key Products



Product Group	Market Share (2013-14) Domestic	Competition
Epoxy resins Epoxy hardeners	22% (India)	USA Europe (2) Far East (3) Middle East (2) India (2)
Polyurethane primers PU hardeners Rubber formulations	7% (India)	India (7)

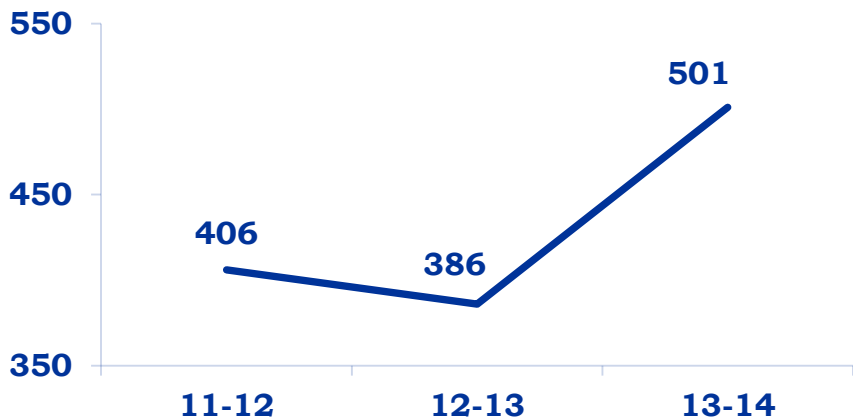


Dimensions



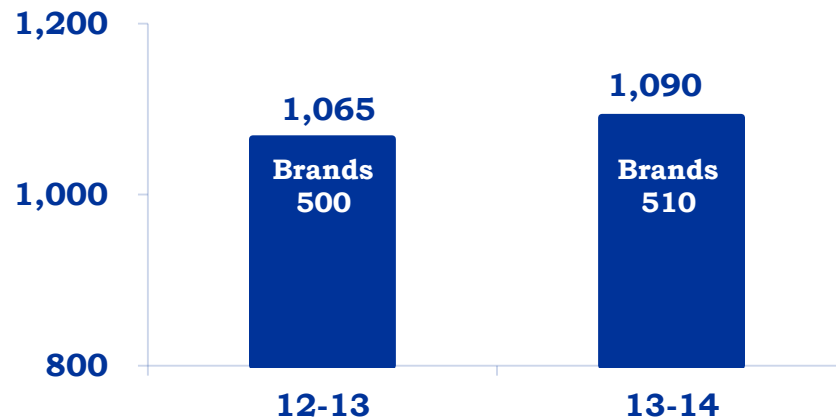
Sales

₹ cr



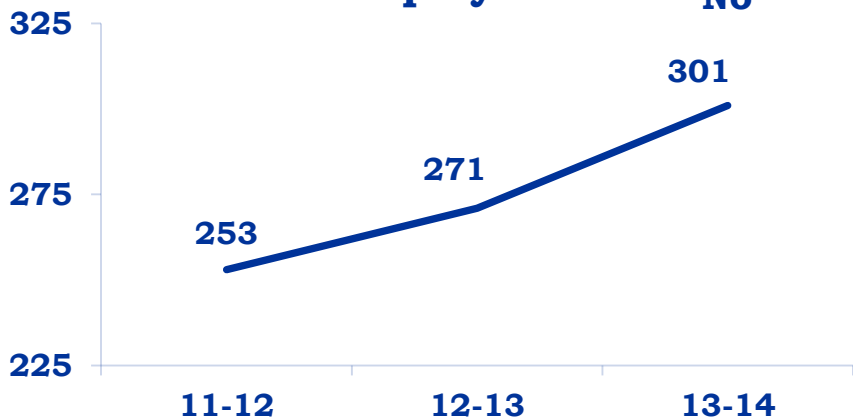
Customers

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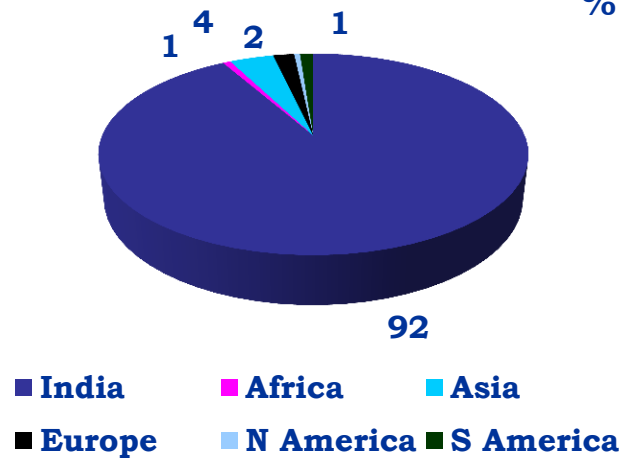
Employees

No



Customers – Bulk

%





Way Forward



- **Increase sales of high margin products**
- **Collapse working capital in brand business**
- **Debottleneck and expand capacities in bulk business**
- **Expand brand business**
- **Add new business verticals of strategic importance**



Risks



- **Price and margin sensitive business**
- **Growth depends on infrastructure development**



Brands



Epoxy Systems
LAPOX[®]
जोड बेजोड





Polygrip

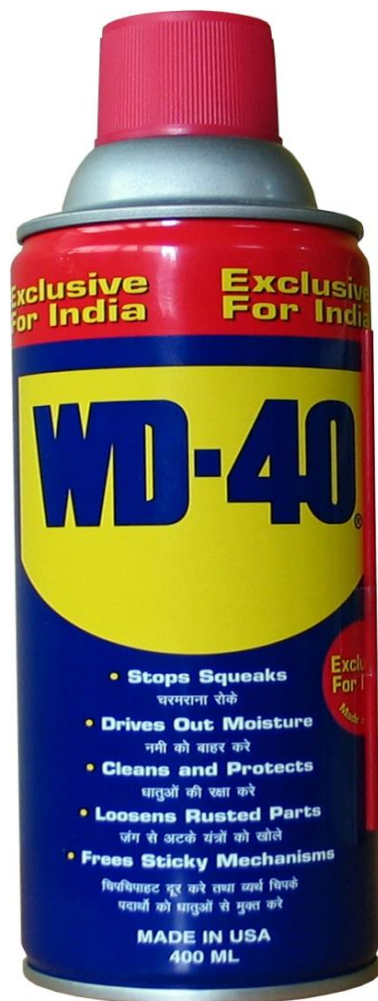
Atul
touching lives...



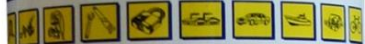


WD-40

Atul
touching lives...



ब्रांड नाम Towards Mark. बाण निशान की तरफ करे



DIRECTIONS FOR USE: Shake the can well. Saturate area to be treated with product. Allow to soak. For best protection, do not wipe off.

इस उत्पाद को खोलने से पहले कैन को अच्छी तरह हिलाने। जिस जगह को ठीक करना है, उसे इस उत्पाद से अच्छी तरह सताने और कुछ मिनटों तक भीगने देना। जंग से अच्छी सुरक्षा के लिए इसे खोलने के बाद न पोंछें।

CAUTION: Flammable. Contains petroleum distillates. Harmful or toxic if inhaled. DO NOT induce vomiting if swallowed. Immediately call a physician. Contents under pressure. Protect from sunlight. Do not pierce, burn or bum even when empty. Do not expose to temperatures above 120°F (50°C). Keep away from children. Replace red cap after use.

सावधानी: ज्वलनशील। इसमें पेट्रोलिएम डिस्टिलेट्स हैं। श्वसन से हानिकारक है। खाने में आना न चाहिए और किसी डॉक्टर को दिखायें। गरमी के प्रभाव से कैन फट सकता है। खोलने के बाद लाल ढक्कन जरूर बदलना। बच्चों से दूर रखें।

Safety Precautions: सुरक्षा प्रबंध :
• Use in well ventilated area. • खुली जगह में प्रयोग करें।
• Keep away from any source of ignition including cigarettes. • आग या जलती वस्तुओं से दूर रखें।

FLAMMABLE ज्वलनशील	SILICONE FREE रिजिनिक मुक्त	PROPELLANT CO. प्रोपेलेंट: CO ₂
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Floras

Serving

Life Science Chemicals Segment



Floras Green Initiatives





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



Purpose



- **Creation of wealth in desert areas**
- **Development of sustainable green ecology in arid regions**
- **Empowerment of rural marginalized farmer, particularly women**
- **Generation of rural employment**
- **Development of downstream fruit processing industry**
- **Restricting advancement of deserts**
- **Improvement of soil health through root & microbial actions**
- **Saving of foreign exchange through import substitution**
- **Creation of food and nutrition security**

CO₂
GLOBAL

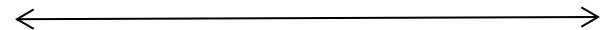
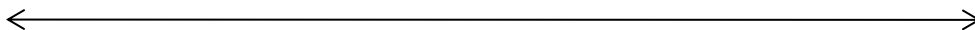




Growth Stages



In lab **Hardening in greenhouses & shade nets** **In field**



In-vitro

Acclimatization

**Primary
hardening**

**Secondary
hardening**

**Field
Plantation**

Fruiting



Initiation



Multiplication



Elongation



Rooting



Stage 5



Stage 6



Stage 7



Stage 8



Stage 9

Stages 1-4



Demonstration Farms



(Jaisalmer and Bikaner)



Plantation



2.5 years old



Flowering



Fruiting



Hardening Nursery

(Jodhpur and Atul)





Technology Transfer Agreement with the UAE University



United Arab Emirates





Date Palm Tissue Culture Laboratory

Atul
touching lives...





ARDP TC Lab





DPD Ltd, UK

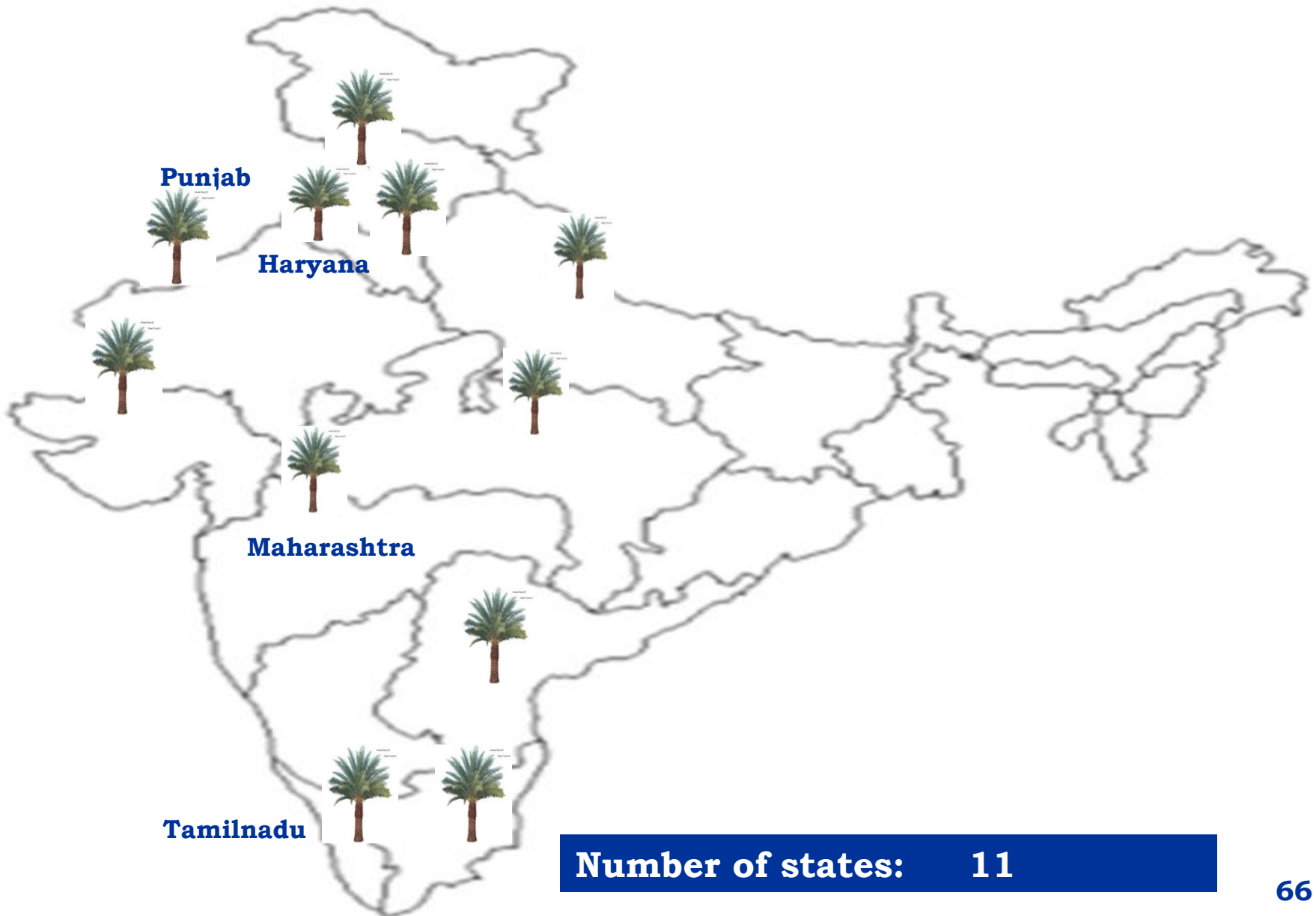




Number of countries: 33



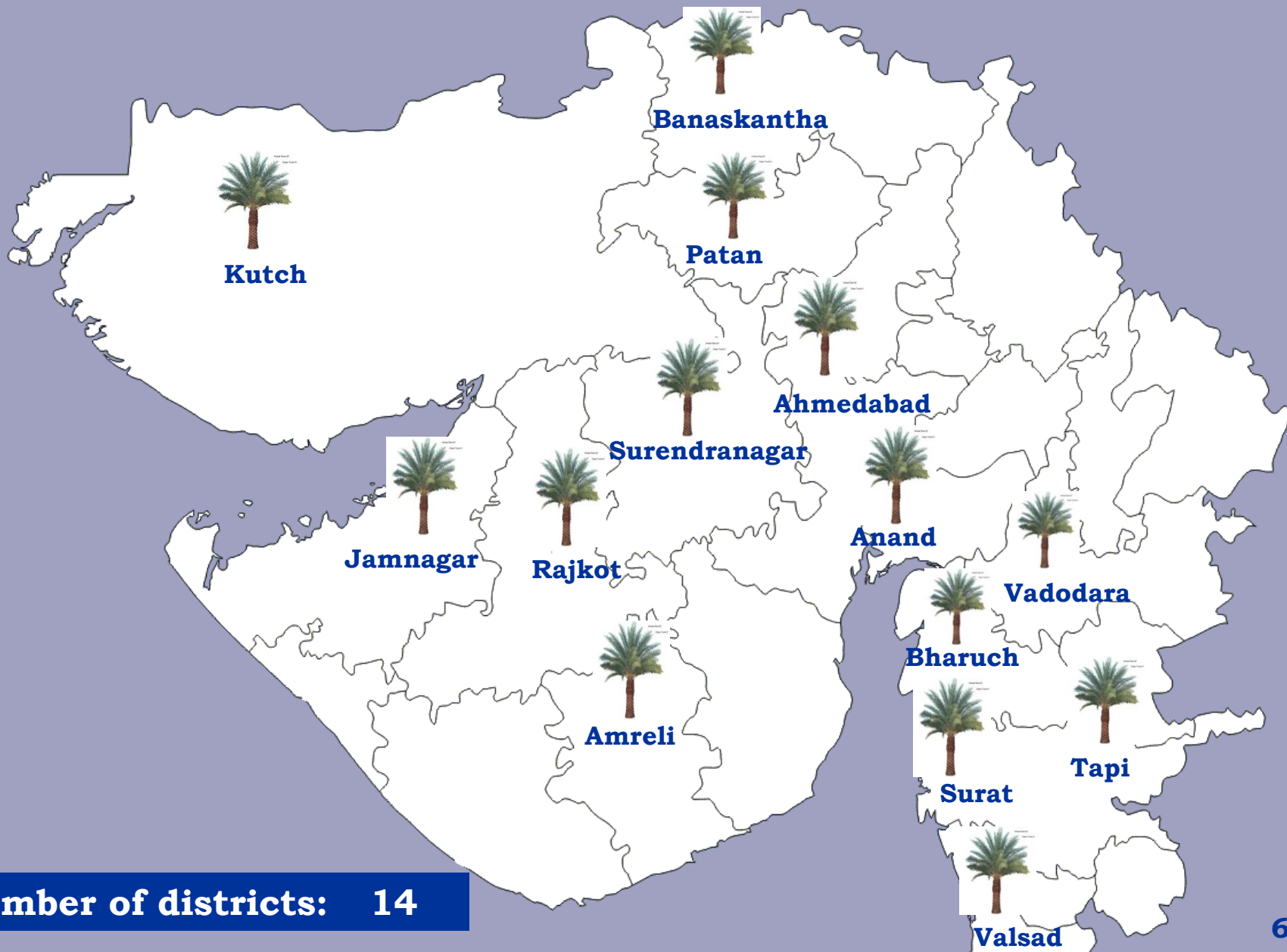
Plantation by Atul in India



Number of states: 11



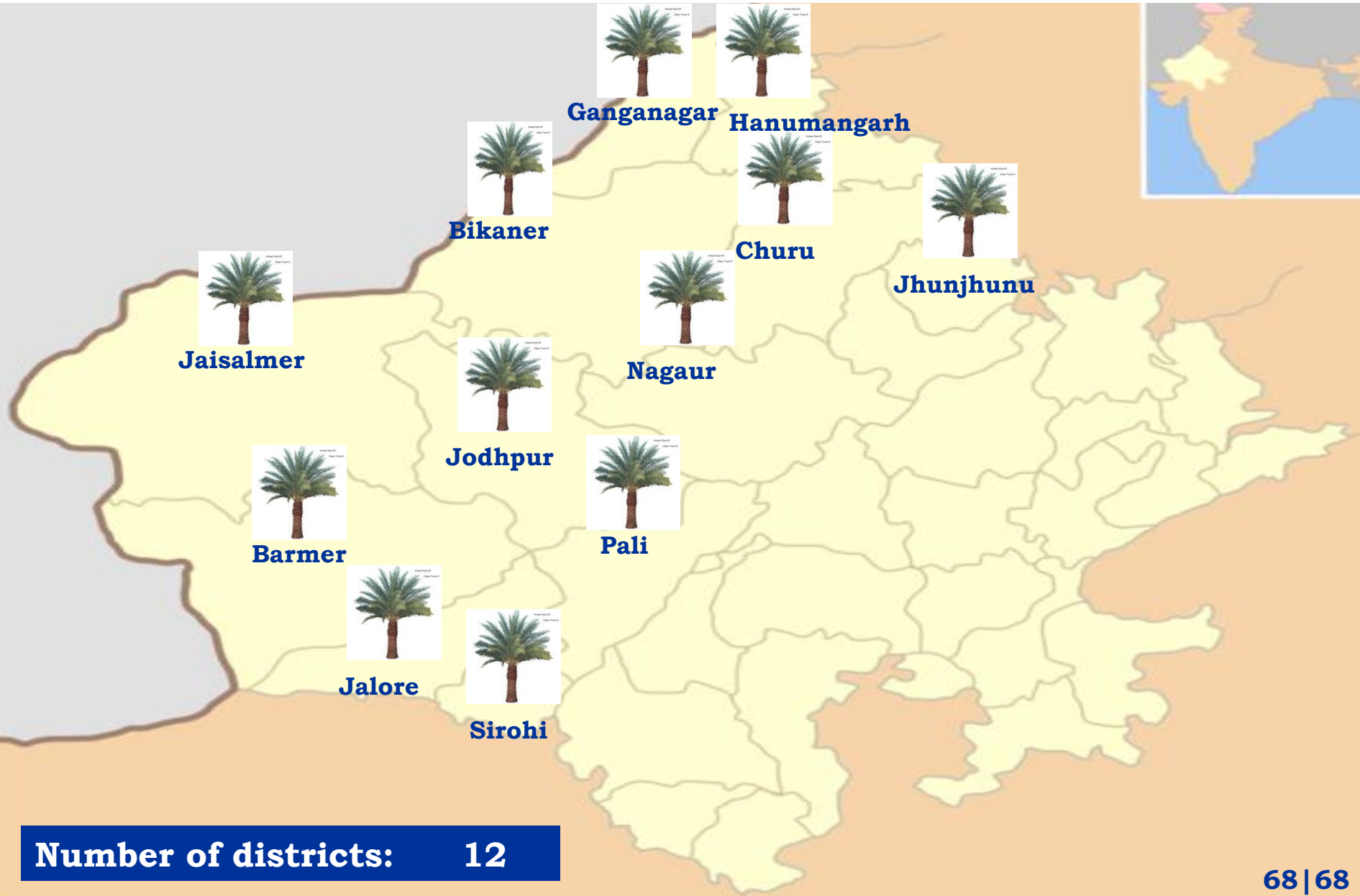
Plantation by Atul in Gujarat



Number of districts: 14



Plantation by Atul in Rajasthan



Number of districts: 12



Thank You