



Presentation to Analysts

May 7, 2013

**No of main slides: 85
Time: 30 minutes**





Contents



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Lalbhai Group



- **Commenced manufacturing activities in 1908**
- **Textiles, Chemicals, Engineering**
- **Group sales US\$1.5 billion**
- **Health, Education, Culture**







Founder Chairman, Indian Institute of Technology, Mumbai



Founder Board Member Indian Institute of Management, Ahmedabad



Founder Director, ICICI



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





Purpose



We are a conglomerate committed to significantly enhance value for all our stakeholders by

- **fostering a spirit of continuous learning and innovation**
- **using science and technology in a responsible way**
- **providing high quality products and services and becoming the most preferred supplier**
- **seeking sustained and dynamic growth and securing long-term success**
- **having people who practice values and high standards of behaviour**
- **taking care of the surrounding environment and**
- **improving the quality of life in the communities we operate in**



Eventful 2012-13



Transforming economy and ecology of arid region



Inauguration of ARDP facility by Hon'ble Chief Minister of Rajasthan, Shri Ashok Gehlot



Eventful 2012-13

Atul
touching lives...

Protecting environment



Inauguration of AR p-C plant by Hon'ble Chief Minister of Gujarat, Shri Narendra Modi



Eventful 2012-13



Building partnership



Inauguration of Rudolf Atul Chemicals Ltd by Padma Vibhushan Dr M.M. Sharma



Eventful 2012-13



Fostering innovation



Inauguration of PI R&D by Padma Vibhushan Dr M.M. Sharma



Eventful 2012-13



Commissioning of Anisole plant – phase 1	Jun 12
Commissioning of 2,4-DCP plant	Jun 12
Commissioning of 3,3'-DDS plant	Sep 12
Commissioning of BLR plant	Sep 12
Completion of labour settlement-Valsad site (4.5 years)	Sep 12
Completion of labour settlement-Ankleshwar site (6 years)	Oct 12



Eventful 2012-13



Enhancing capability



Information Week Silver EDGE



IDG CIO 100



Eventful 2012-13



Institutionalising processes



**Shram Ratna Award
Government of Gujarat**



**HR Leadership Award
World HR Congress**



Eventful 2012-13



KIs	No	Impact
Yield	32	8
RMC	49	7
Solvent Reduction	36	2
Quality	13	0
Utilities	46	4
Products from EEW	2	1
Effluent Reduction	19	1
Time cycle	26	6
Batch size	14	1
Productivity	11	1
Total	248	31



Revenues



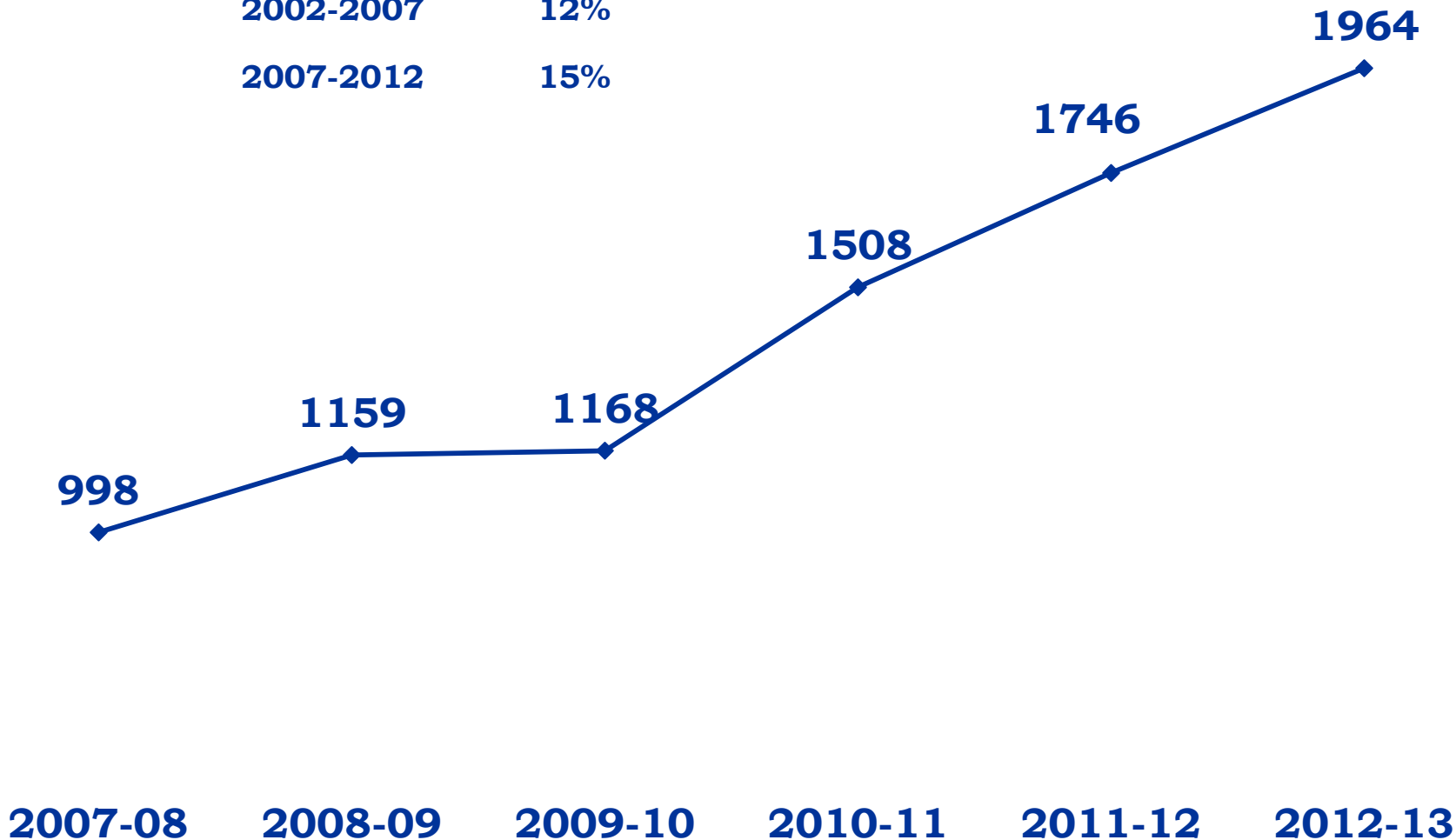
Period	CAGR
1997-2002	9%
2002-2007	12%
2007-2012	15%

₹ cr

2000

1250

500





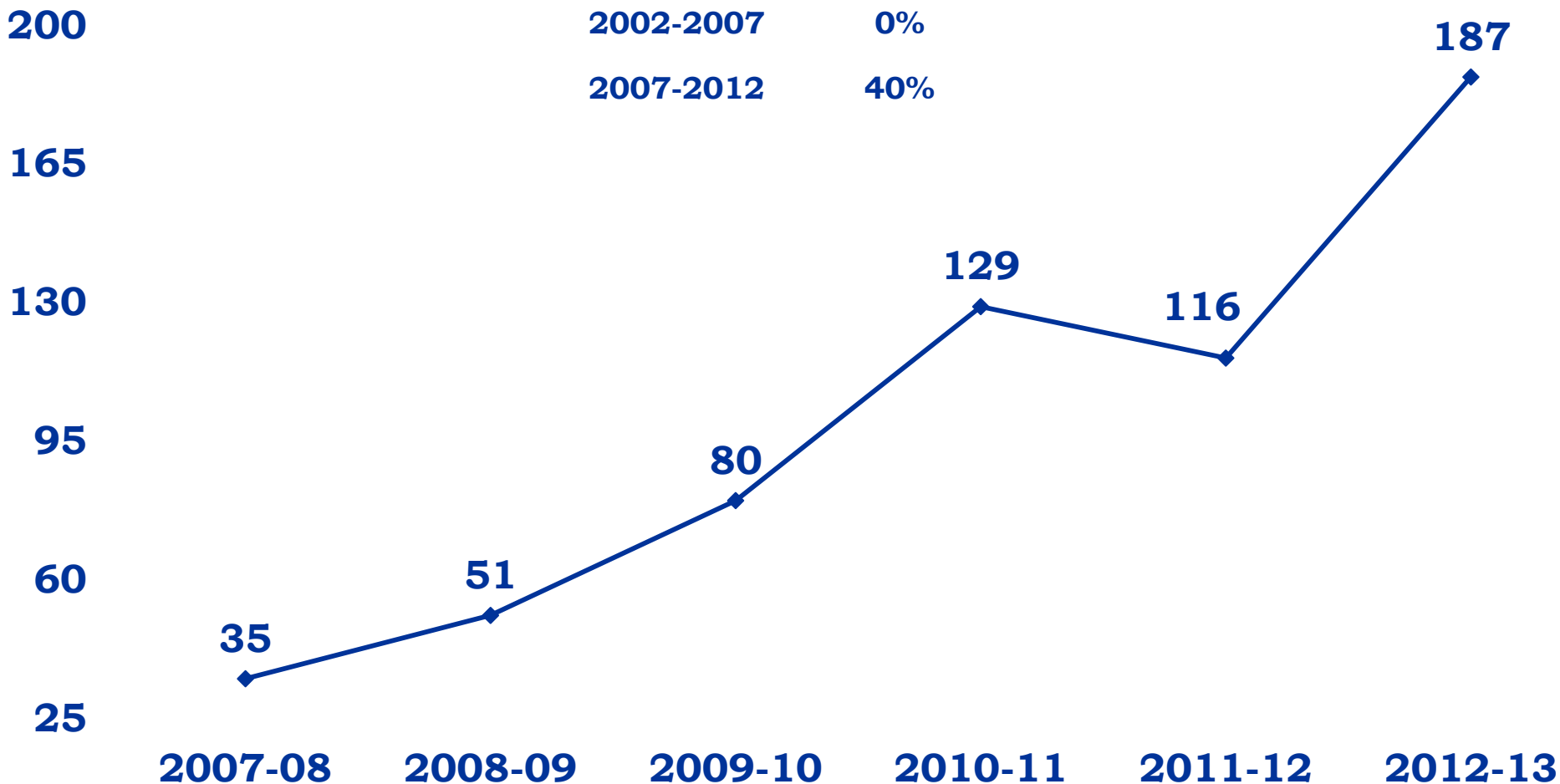
Profit before tax

(from operations)



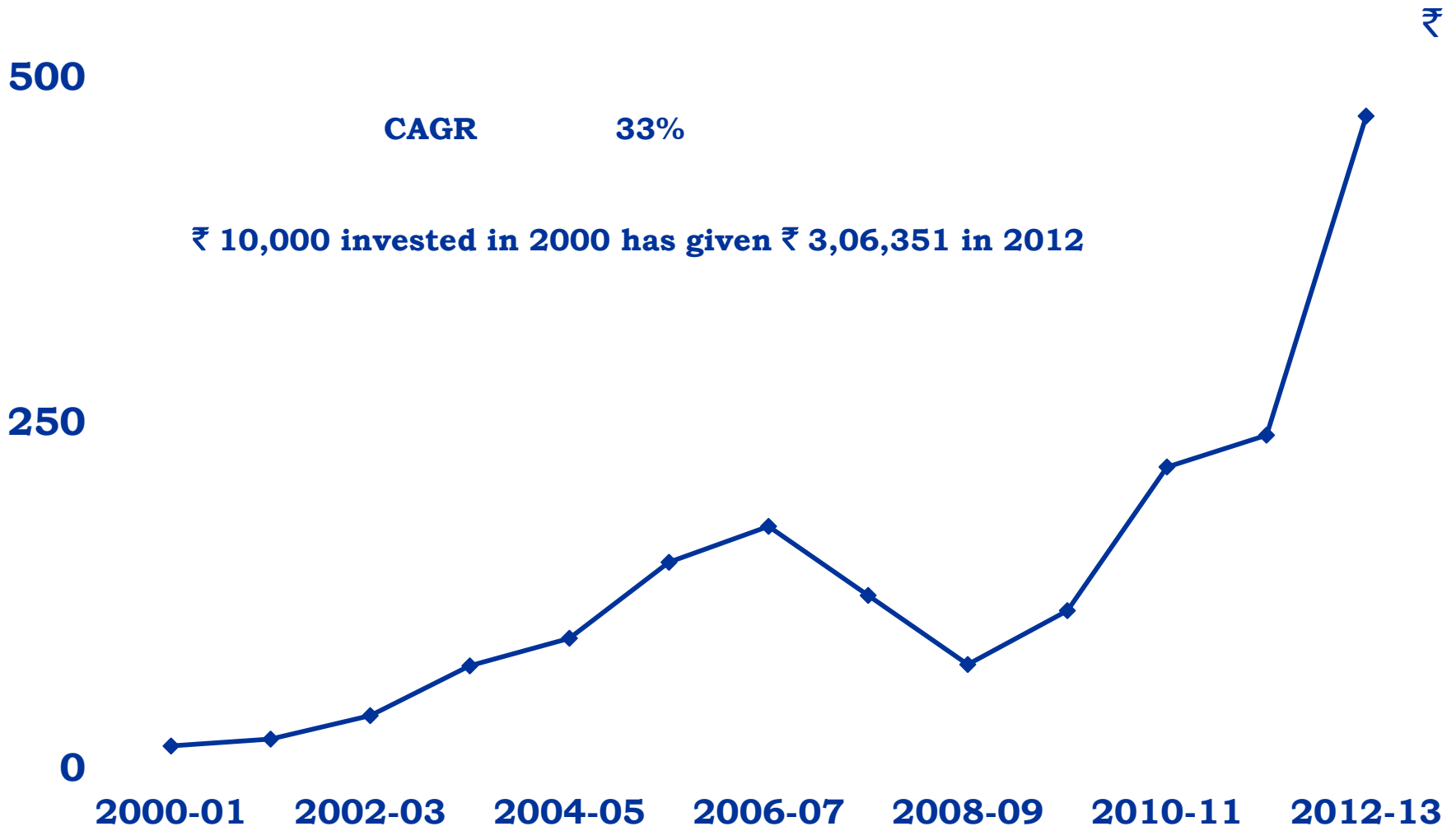
Period	CAGR
1997-2002	15%
2002-2007	0%
2007-2012	40%

₹ cr





Share price movement



Source : Capitaline



Industries Served



Aerospace



Agriculture



Automobile



Construction



Flavour & Fragrance



Paint & Coatings



Personal Care



Pharmaceutical



Textile



Financial Performance



Financials 2012-13



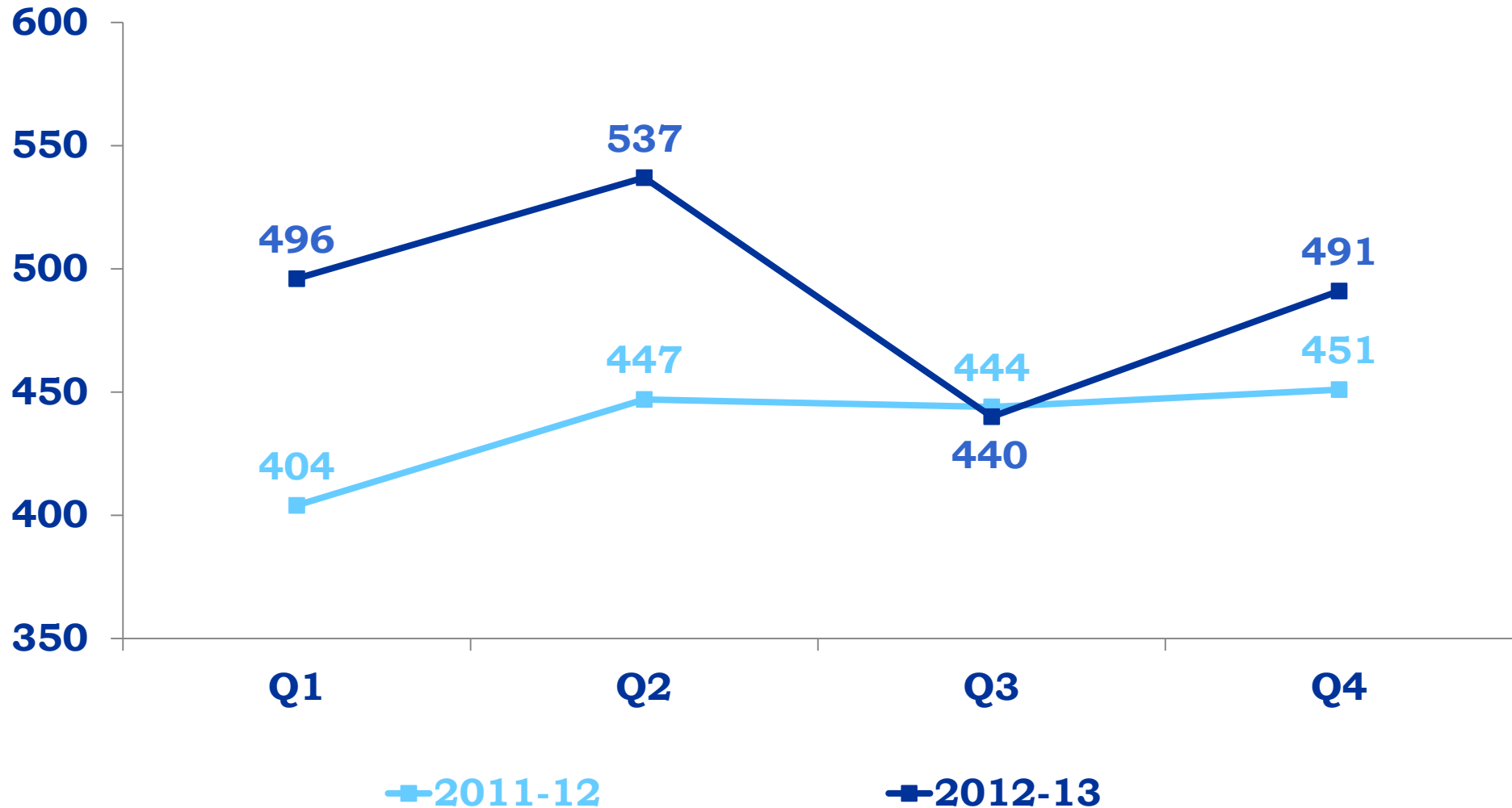
	12-13 A	11-12 A	Inc (dec) % CY vs PY
Sales	1964	1746	12
<u>Operating & other income</u>	56	46	22
Total revenue	2020	1792	13
Material consumed	1143	1060	8
Employee benefit expenses	128	117	9
<u>Other expenses</u>	483	400	21
Exchange (gain) loss	3	(12)	-
EBIDTA	269	203	33
<i>EBIDTA %</i>	14	12	-
Interest	29	31	6
Interest AS-16	4	12	-
PBDT	233	172	35
Depreciation	49	44	11
PBT before exceptional income	184	128	43
Exceptional income	5	6	(29)
P B T	192	122	57
P A T	136	88	55
RoCE %	21	17	-



Quarterly sales



₹ cr

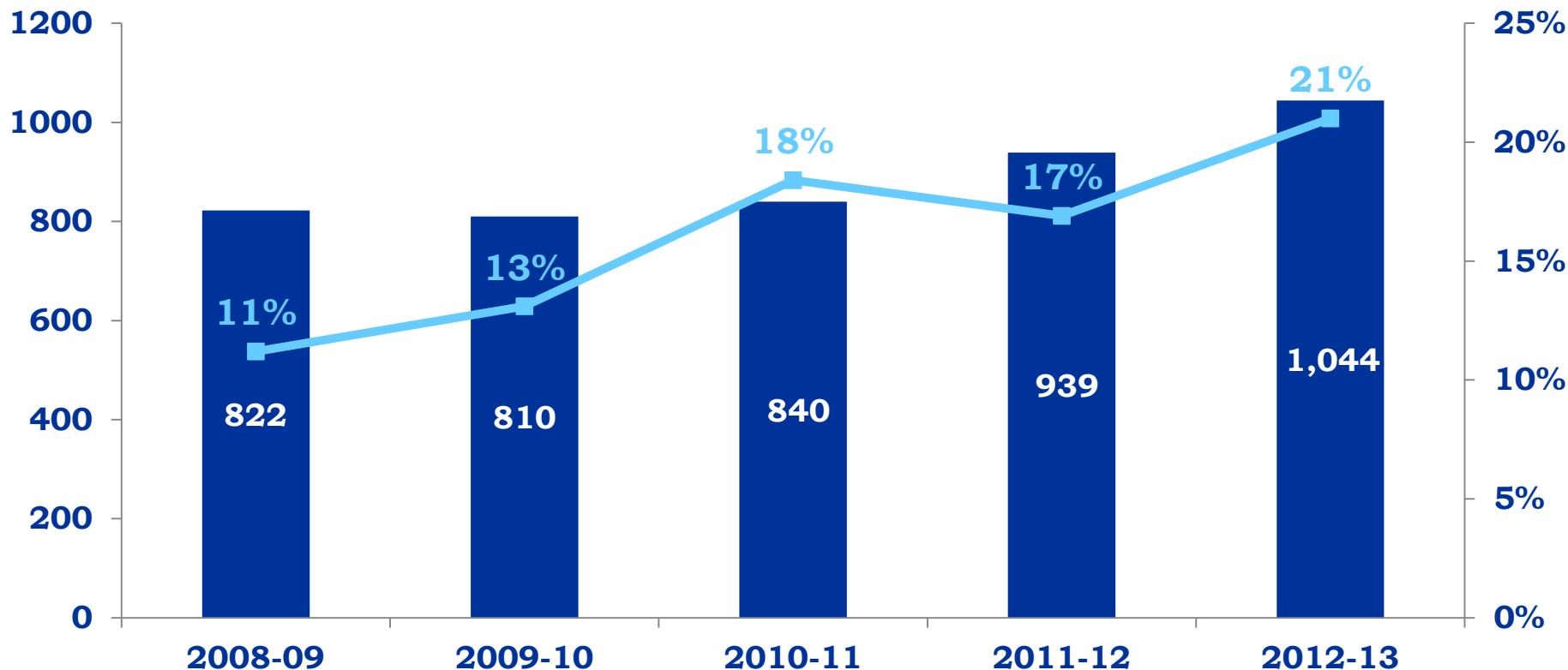




Return on capital employed



₹ cr



■ Average capital employed #

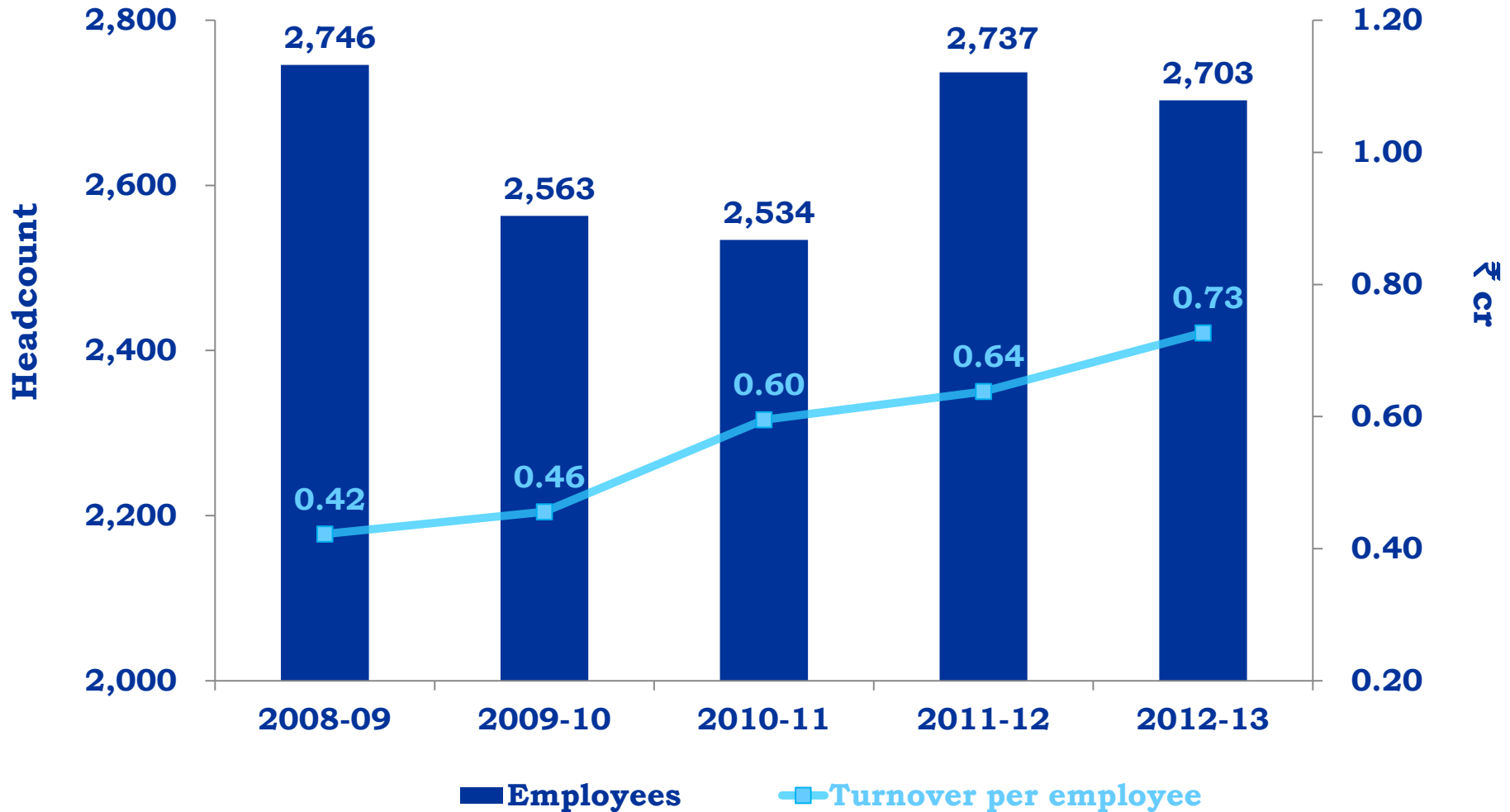
—■ Return on average capital employed % # *

Excluding capital work-in-progress

* Excluding exceptional income | expenses



Turnover per employee





Revenues



₹ cr

2000

1250

500

1964

1746

1508

1168

1159

998

895

817

682

568

578

Last 10 years CAGR: 13%

Last 5 years CAGR: 15%

2002-03

2003-04

2004-05

2005-06

2006-07

2007-08

2008-09

2009-10

2010-11

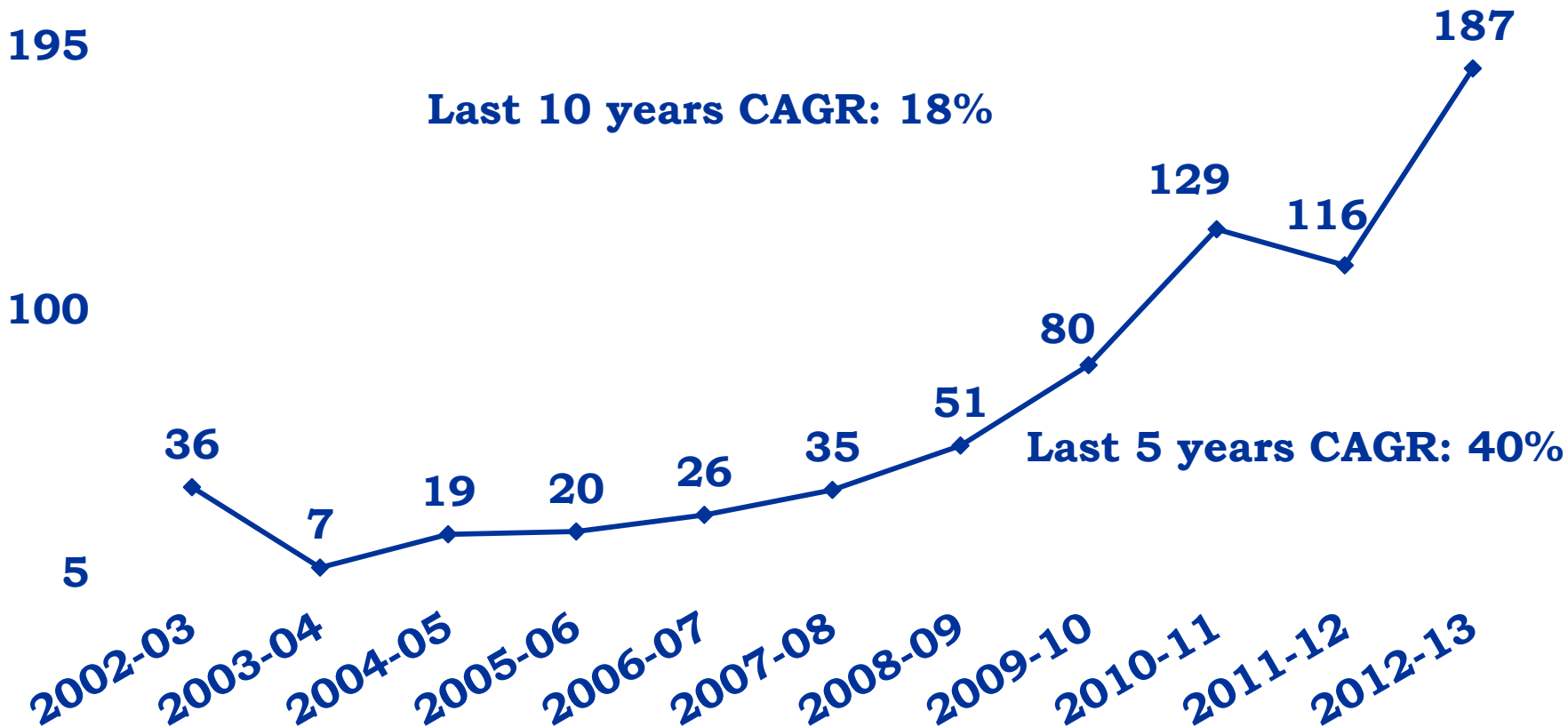
2011-12

2012-13



Profit Before Tax

(from operations)





Comparative Profitability



₹ cr

Particulars	09-10	10-11	11-12	12-13
	A	A	A	A
Sales	1168	1508	1746	1964
EBIDTA from operations before exchange diff	152	203	215	266
<i>EBIDTA from operations before exchange diff</i>	<i>13%</i>	<i>13%</i>	<i>12%</i>	<i>14%</i>
Exchange difference	(9)	(9)	(12)	3
EBIDTA after exchange diff	142	194	203	269
<i>EBIDTA from operations before exchange diff</i>	<i>12%</i>	<i>13%</i>	<i>12%</i>	<i>14%</i>
Non recurring income (expense)	-	10	6	5
PBT	80	139	122	192
PAT	53	96	88	136
RoCE %	13	18	17	21



Ratios



Particulars	2012-13	2011-12
Debt equity	0.47	0.60
Interest coverage	8.13	4.70
DSC	2.92	1.94
Current	1.4%	1.3%
EPS	₹45.69	₹29.70



Working Capital Management



Working Capital



NoDs

Particulars	Mar 13	Mar 12	Inc (dec)
Inventories	56	58	(2)
Debtors	62	68	(6)
Other current assets	23	20	3
Gross Working Capital	141	146	(5)
Current liabilities	67	74	(7)
Net Working Capital	74	72	2



Working Capital



₹ cr

Particulars	Mar 13	Mar 12	Inc (Dec)
Inventories	308	295	13
Debtors	361	368	(7)
Other current assets	123	104	19
Gross Working Capital	792	767	25
Current liabilities	363	375	(12)
Net Working Capital	429	392	37



Cash Flow and Borrowings



Cash Flow from Operations



₹ cr

	2012-13	2011-12
Operating profit *	262	194
Inventories	(13)	(31)
Trade & other receivables	(22)	(80)
Creditors and other payables	(6)	76
Cash generation from operations	221	159
Tax payments	53	38
Net cash flow from operating activities	168	121

* before WC changes and exchange difference on FCL



Fund Flow



₹ cr

Sources	2012-13	2011-12
EBIDTA	266	215
Increase (decrease) in borrowing	(25)	60
Exchange rate difference	3	(12)
Exceptional income	5	7
Total	249	270



Fund Flow



₹ cr

Uses	2012-13	2011-12
	A	A
Interest and finance charges (net)	33	43
Purchase of fixed assets and capital advances	104	107
Working capital increase	37	18
Dividend payments	16	16
Direct taxes	56	34
Investment in group companies	4	42
Changes in non-current assets	(1)	19
Total	249	270

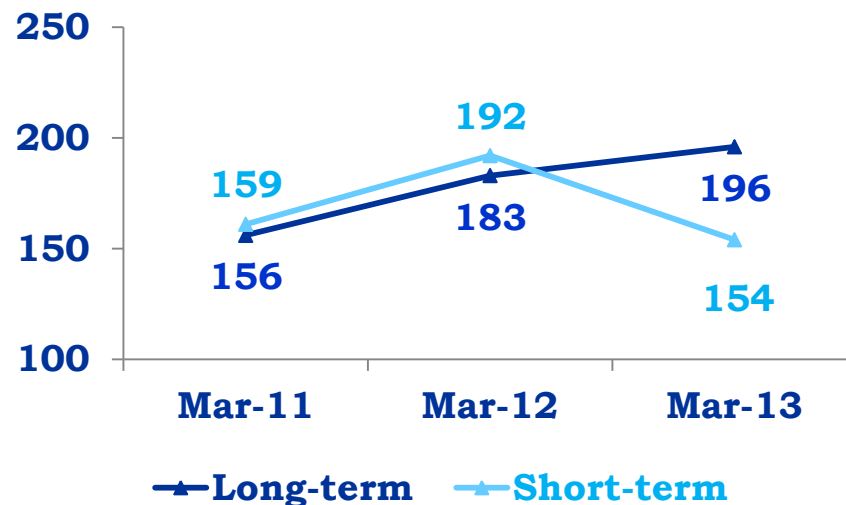
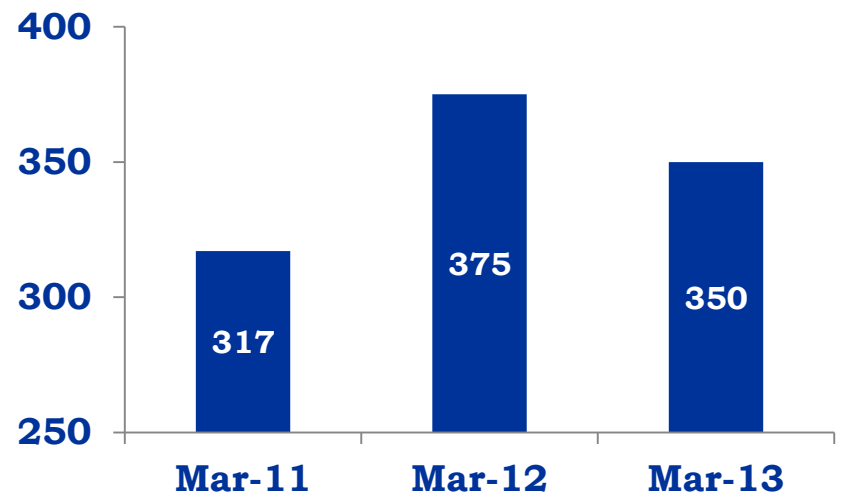


Position of borrowings



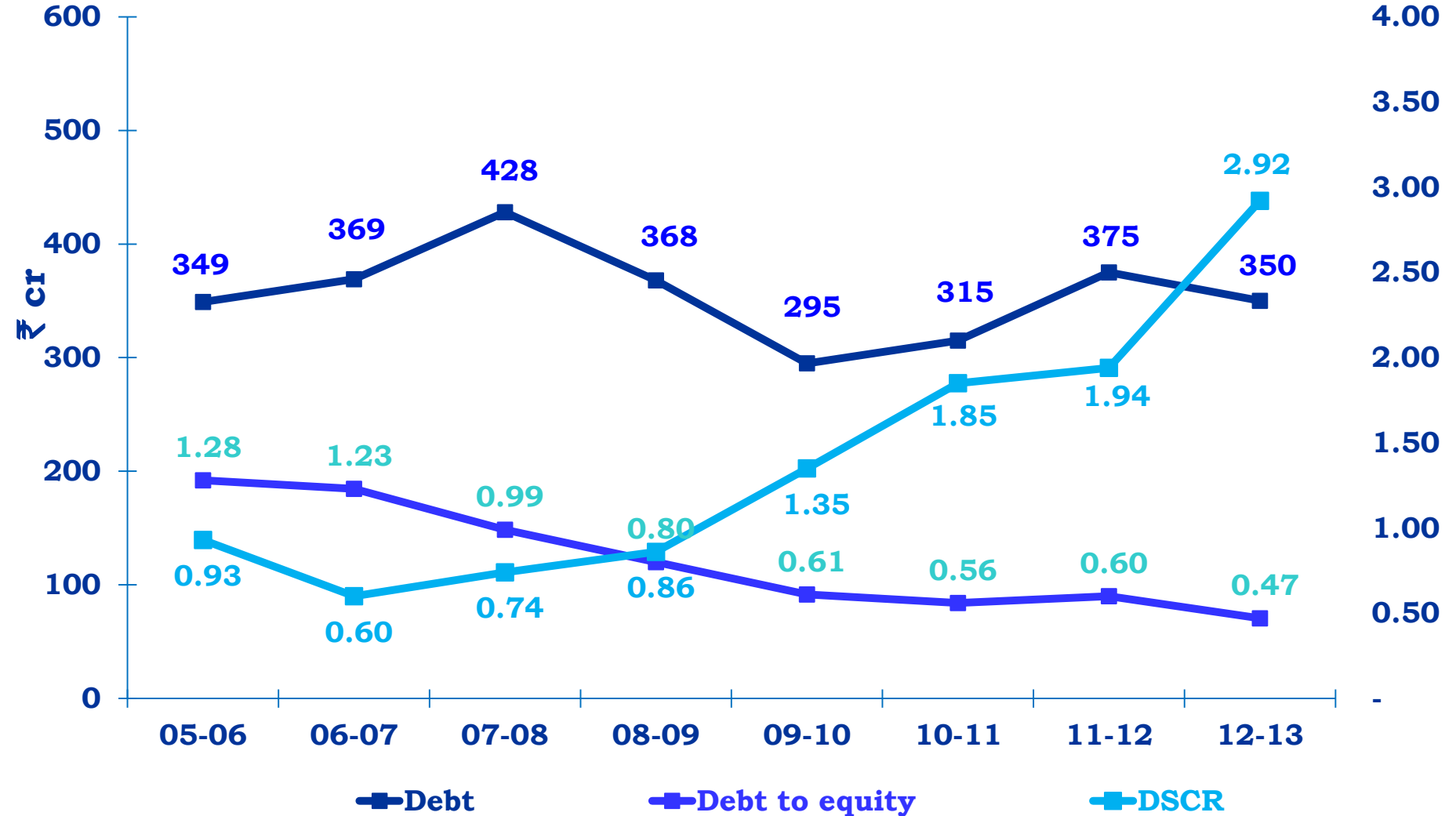
₹ cr

	Mar 11	Mar 12	Mar 13
Rupee	202	233	262
Foreign Currency	113	142	88
Total	315	375	350
Long-term	156	183	196
Short-term	159	192	154
Total	315	375	350



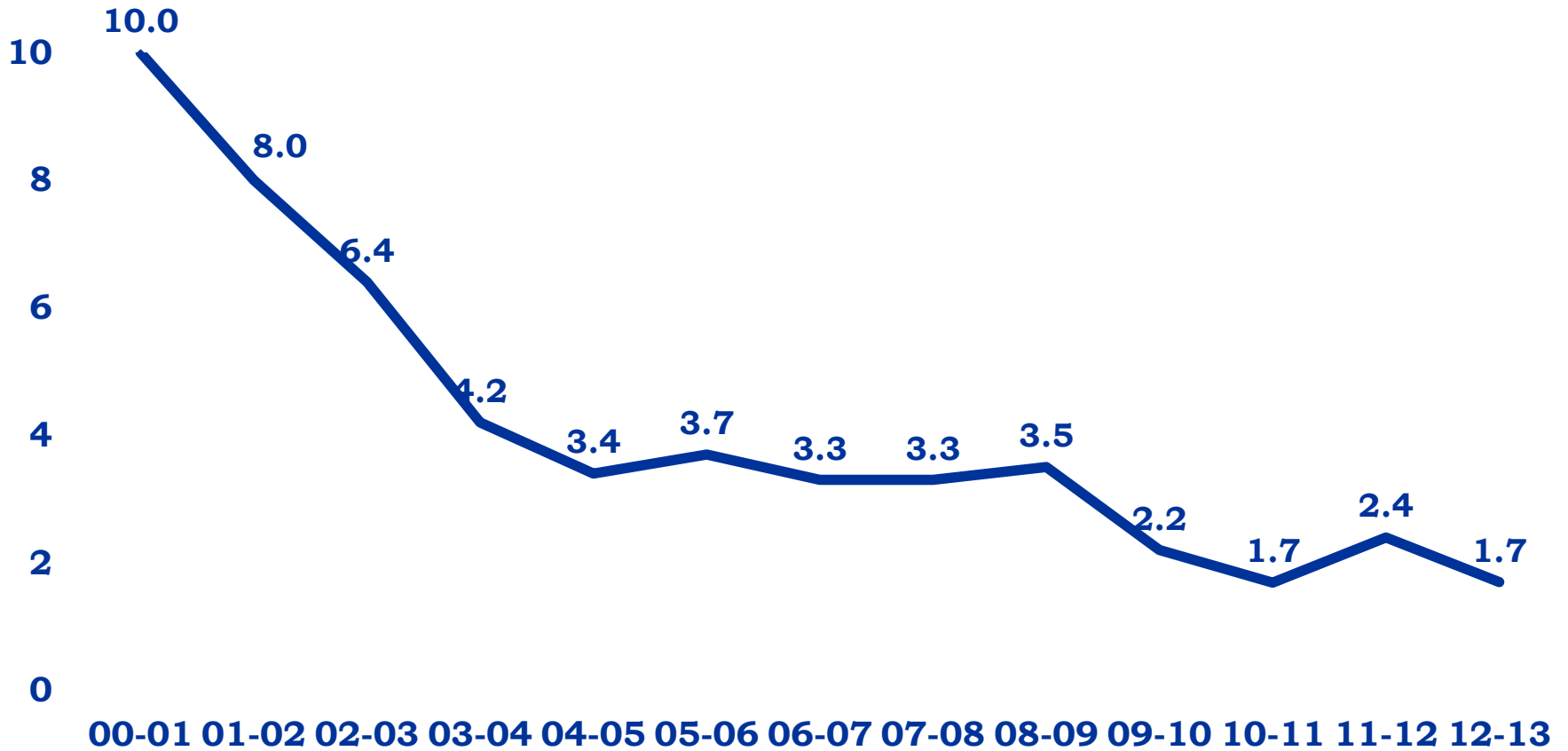


Borrowings





Interest to Sales





Performance and Other Chemicals

Aromatics



Purpose



AR Division will be 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



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

No of Customers

~350



Key Products



Product Group

**Market Share
(2012-13)**

Competition

p-Cresol

24%

China (6)

p-AA

51%

Europe (1), India (1)

p-AA1

65%

India (2)

p-Cd

39%

China (1)



Financials



₹ cr

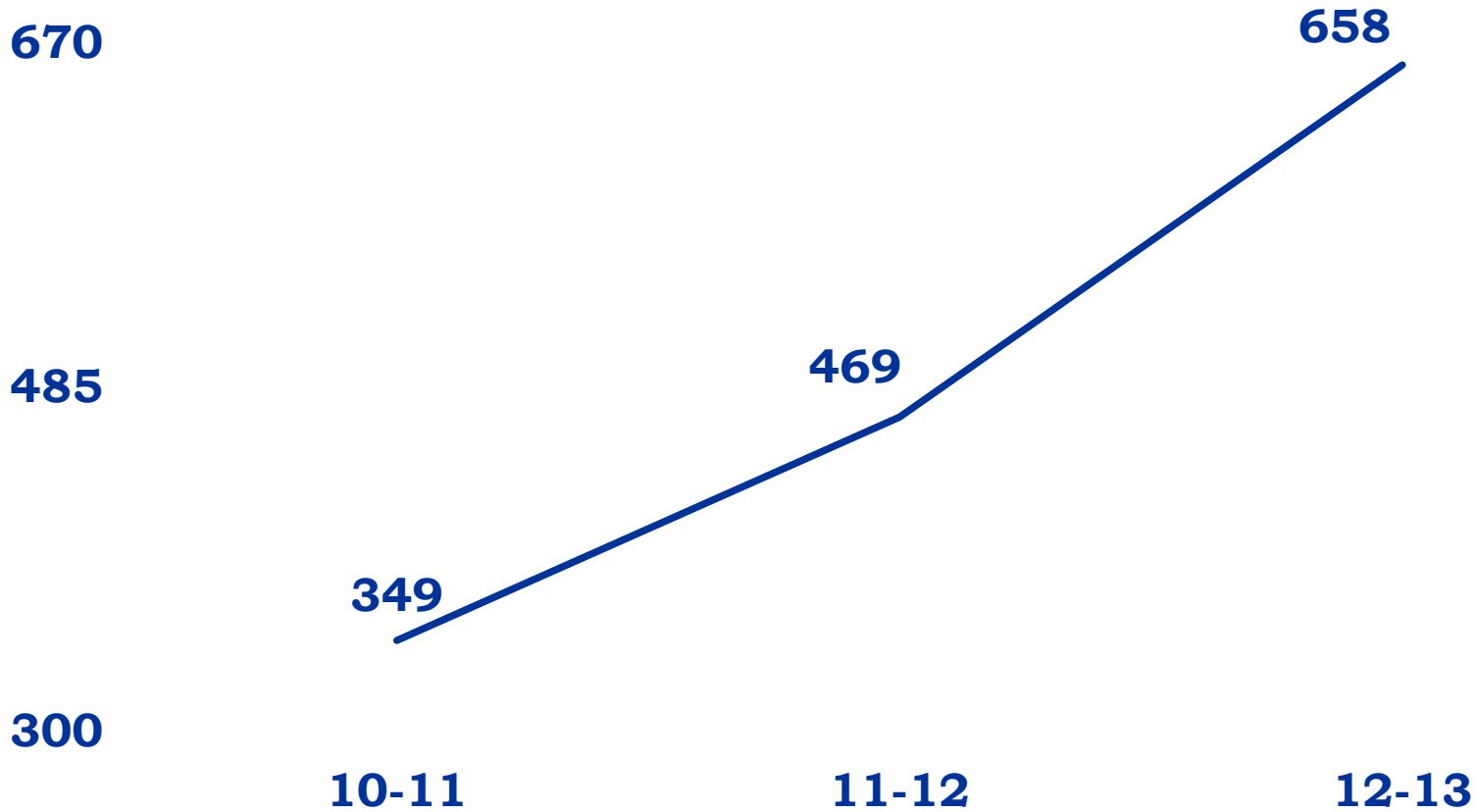
Particulars	2010-11 A	2011-12 A	2012-13 A
Sales	349	469	658
No of people	197	226	234



Sales



₹ cr



40% growth over previous year



Way forward - Key Actions



- **Maintain cost and volume leadership in existing products**
- **Enter into value added downstream products**
- **Explore related opportunities in Personal Care and F&F**



Risks



- **Chinese competition mainly in p-C and p-AA**
- **Non compliance to REACH regulations**



Performance and Other Chemicals Bulk Intermediates



Purpose



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



User Industries



- **Tyre and Rubber**
- **Dyestuff**
- **Paper**
- **Pharmaceutical**

No of Customers

264



Key Products



Product Group	Market Share (2012-13)	Competition
Resorcinol	32% domestic	Japan (2), USA (1), China (8)
	2% global	
CSA	14% domestic	India (6)
Oleum 65%, SO₃, Caustic Soda	Captive consumption	



Financials



₹ cr

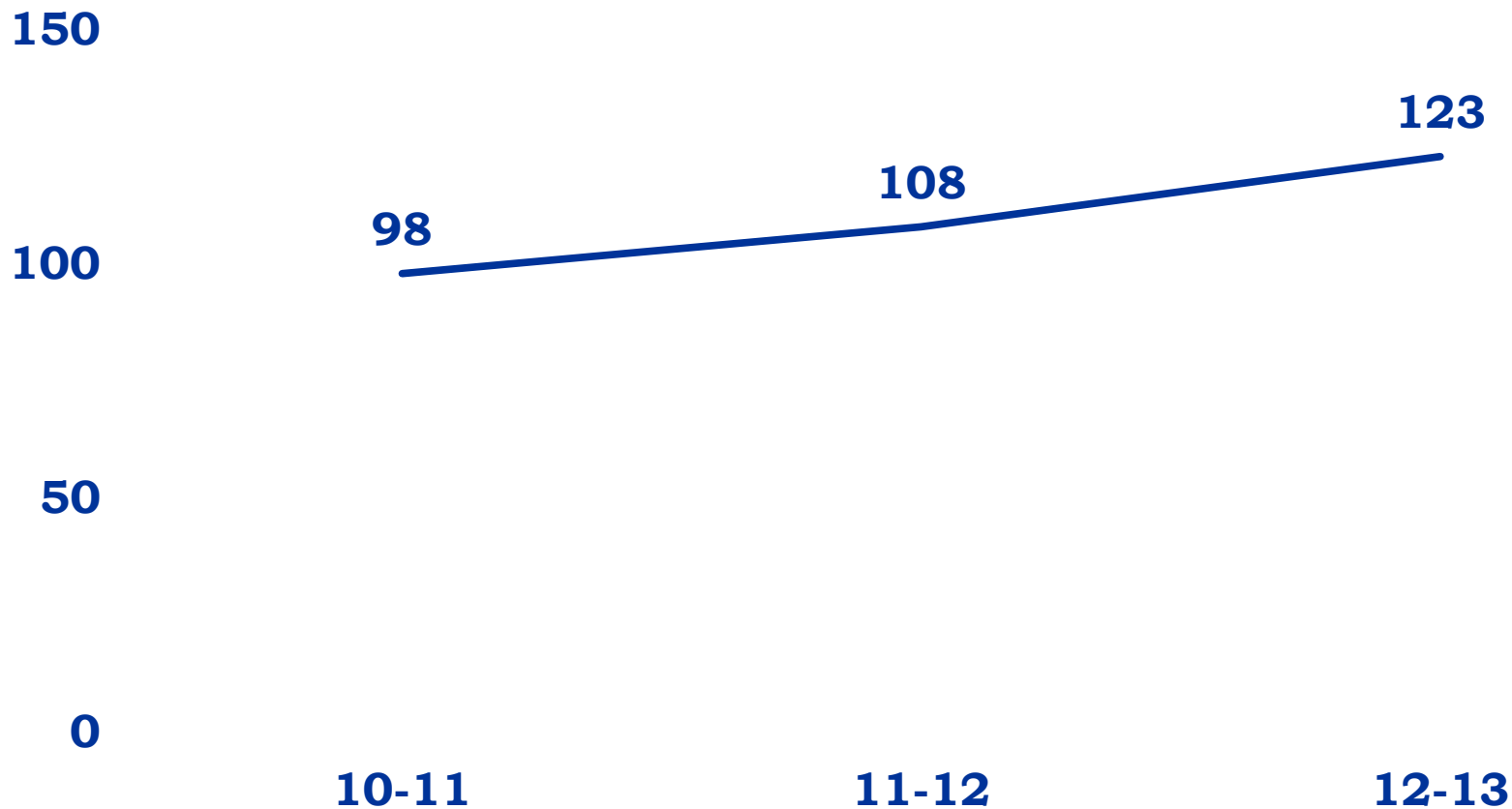
Particulars	2010-11 A	2011-12 A	2012-13 A
Sales	98	108	123
No of people	258	254	241



Sales



₹ cr



15% growth over previous year



Way forward - Key Actions



- **Expand Resorcinol capacity**
- **Enter into new intermediates – 3**
- **Introduce products based on Hydrogen**



Risks



- **60% of the Division's business is commodity based and driven by highly uncertain trends**
- **Too many new players making business unviable**
- **Increasing Chinese imports**



Performance and Other Chemicals Colors



Purpose

CO Division aims to be a reliable global supplier of colorants required for different facets of human life. Its products will find applications in industries such as textile, pharmaceutical, personal care, paper, paint and coatings, packaging, foods and electronics.

It will manufacture in a responsible way and compete in the market place on the basis of service, quality 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

No of Customers 1350



Key Products



Product Group	Market Share (2012-13)	Competition
Vat dyes	12%	Europe (1), China (4), India (1)
Reactive dyes	1.2%	Europe (2), India (8-10)
Sulphur Black	8%	Europe(1), China (3)
HP pigments	2.4%	Europe (3)



Financials

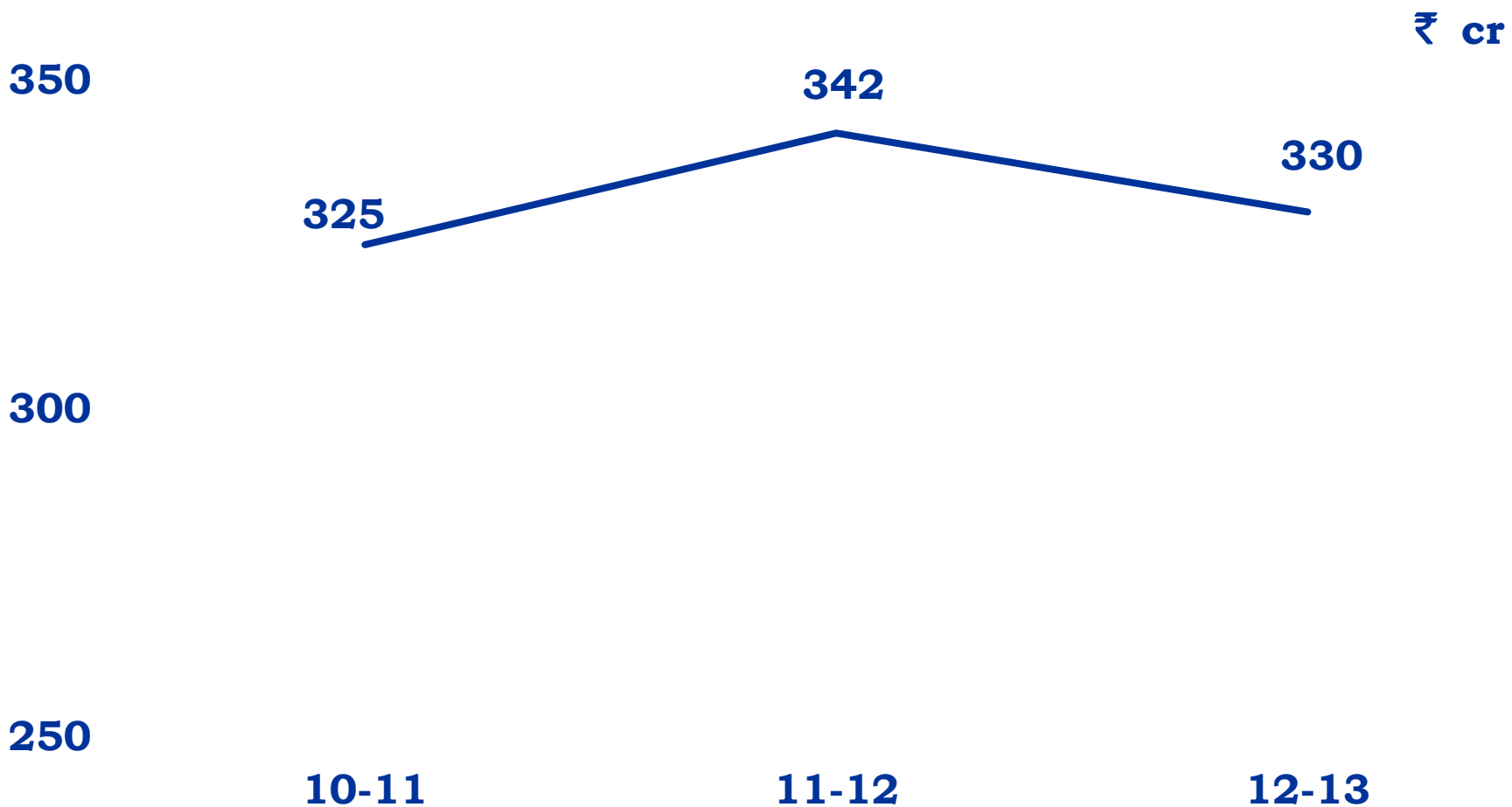


₹ cr

Particulars	2010-11 A	2011-12 A	2012-13 A
Sales	325	342	330
No of people	950	941	885



Sales





Way forward - Key Actions



- **Increase Vat dyes global market share through M Dohmen - Atul group**
- **Capacity expansion of key Vat dyes**
- **Increase Reactive dyes market share with specialities**
- **Business growth through new High Performance Pigments and Digital Printing Inks**
- **Multiply business in Sulphur Black and grow in Denim segment**
- **Expand synergistic business – Textile Chemicals through Rudolf Atul**
- **Reduce fixed cost through restructuring**



Risks



- **Reduced demand for niche products**
- **Increased presence of SMEs in specialties on a global level**
- **Limited product portfolio in High Performance Pigments**
- **Minimal exposure to new synergistic business segments**



Life Science Chemicals

Crop Protection



Purpose



- **We, Crop Protection Division, are in the business of servicing the growing needs of food and fiber**
- **We leverage our competency in chemistry and provide farm solutions to create lush yields**
- **We strive for building relationship with farmers across the globe**



User Industries



User Industry	Agriculture
No of products	59
No of customers	1945
Exports	150
Brand	1700
Bulk	95

CP brands are available across > 25000 retail outlets



Key Products



Product Group	Market Share (2012-13)	Competition
----------------------	-----------------------------------	--------------------

2,4 D group

12%

USA (1), Australia (1), South America (1), Europe (1), China (3), India (7)

Indoxacarb

7%

USA (1), India (1)



Financials



₹ cr

Particulars	2010-11 A	2011-12 A	2012-13 A
Sales	306	342	387
No of people	364	391	381



Sales



₹ cr

400

387

342

306

325

10-11

11-12

12-13

250

13% growth over previous year



Brands

Atul
touching lives...

अतुल जहाँ खुशहाली वहाँ



लालभाई ग्रुप के सदस्य



Way forward - Key Actions



- **Introduce new products coming off patent**
- **Expand herbicide capacity**
- **Expand brand business**



Risks



- **Business is dependent on monsoon | weather and pest attack**
- **Low price competitors from China**
- **Competition from new entrants and low priced suppliers in domestic herbicide business**
- **Patent and data protection – India now is a signatory to IPR**
- **Entry of international generics companies in India**
- **Increased usage of GM crops**



Life Science Chemicals Pharmaceuticals and Intermediates



Purpose



PI Division will contribute to the wellness of mankind by catering to the growing needs of Pharmaceutical Industry. It will supply pharma intermediates and APIs in a cost effective manner using novel technologies.



User Industries



Product Group

User Industries

**Pharmaceutical
Intermediate and APIs**

Pharma

Phosgenated Chemicals

**Pharma, Polymers, Crop
Protection**

Sulfones

**Pharma, Aerospace, Electronics,
Polymers, Paper**

No of Products

40

No of Customers

100



Key Products



Product Group	Market Share (2012-13)	Competition
Pharmaceutical Intermediates and APIs	<1%	USA, Japan, Europe, India, China (several companies)
Phosgenated intermediates	<1%	China (5), Europe (4), Japan (3), USA (1), India (1)
Sulfones (DDS)	45%	China (5), India (3), Europe (1), Japan (2)



Financials



₹ cr

Particulars	2010-11 A	2011-12 A	2012-13 A
Sales	95	106	114
No of people	207	215	231

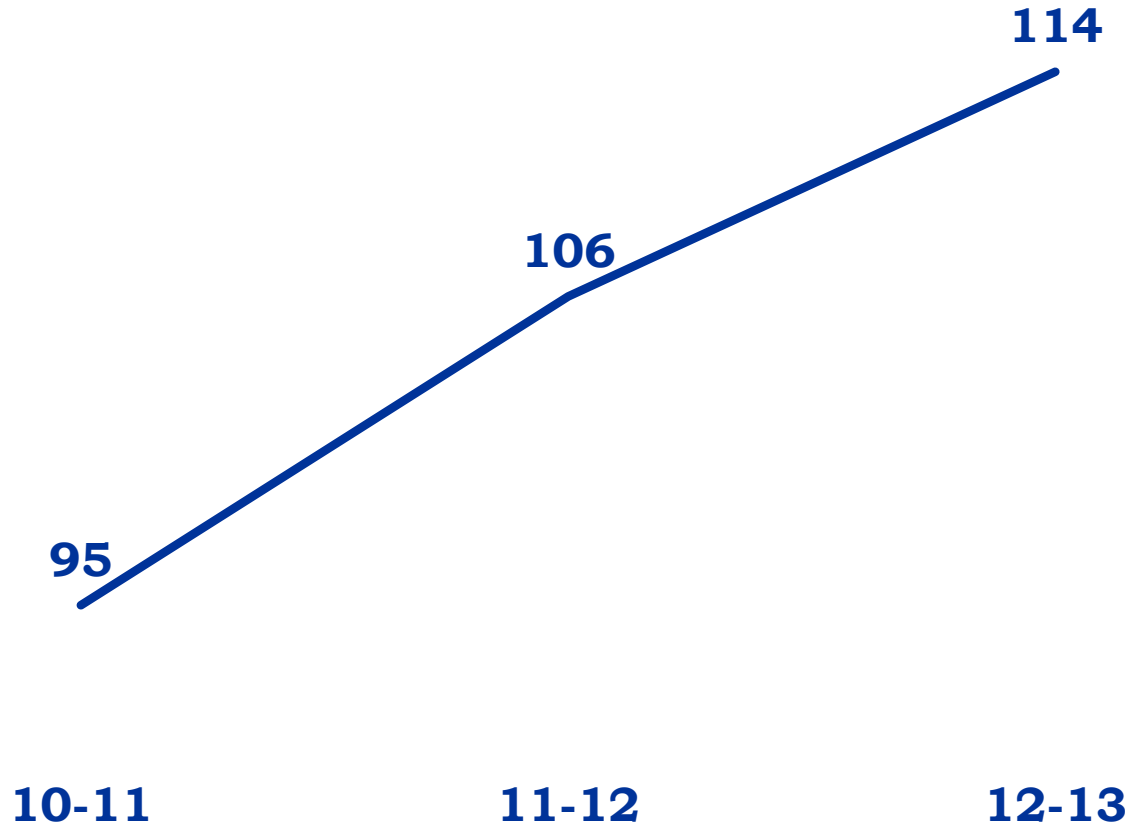


Sales



₹ cr

120



10% growth over previous year



Way forward - Key Actions



- **Sustainable Development approach**
- **Expand capacity- Sulfones, Phosgene, Phosgenated & Pharmaceutical intermediates**
- **Improve production- Debottlenecking & Process Intensification.**
- **Push sales in Japan & Europe**
- **Growth through custom synthesis and contract manufacturing**
- **Inorganic growth- acquisition**



Risks



- **Forex fluctuation (70% exports)**

- **New regulatory requirements in USA (GDUFPA) and Europe**



Performance and Other Chemicals Polymers



Purpose

PO Division will offer best in class products and services to Automotive, Composites, Footwear, Furniture, Paint and Coatings and Civil industries across the world with bonding and coating solutions in a cost effective manner.



User Industries



Product Group

Epoxy

User Industries

Paint & Coatings

Civil

Power Transmission

Wind energy

Defence

Automotive

Aerospace

No of Products

300

No of Direct Customers

500



User Industries



Product Group

Brands

User Industries

Footwear

Handicrafts

Civil

Jewelry

Automotives

Furniture

Engineering

Art and Craft

No of Brands

24

No of Distributors

565



Key Products



Product Group	Market Share (2012-13) Domestic	Competition
Epoxy	18%	USA (1), China (2), Fareast (3), India (1)
Brands	10%	India (7)



Financials



₹ cr

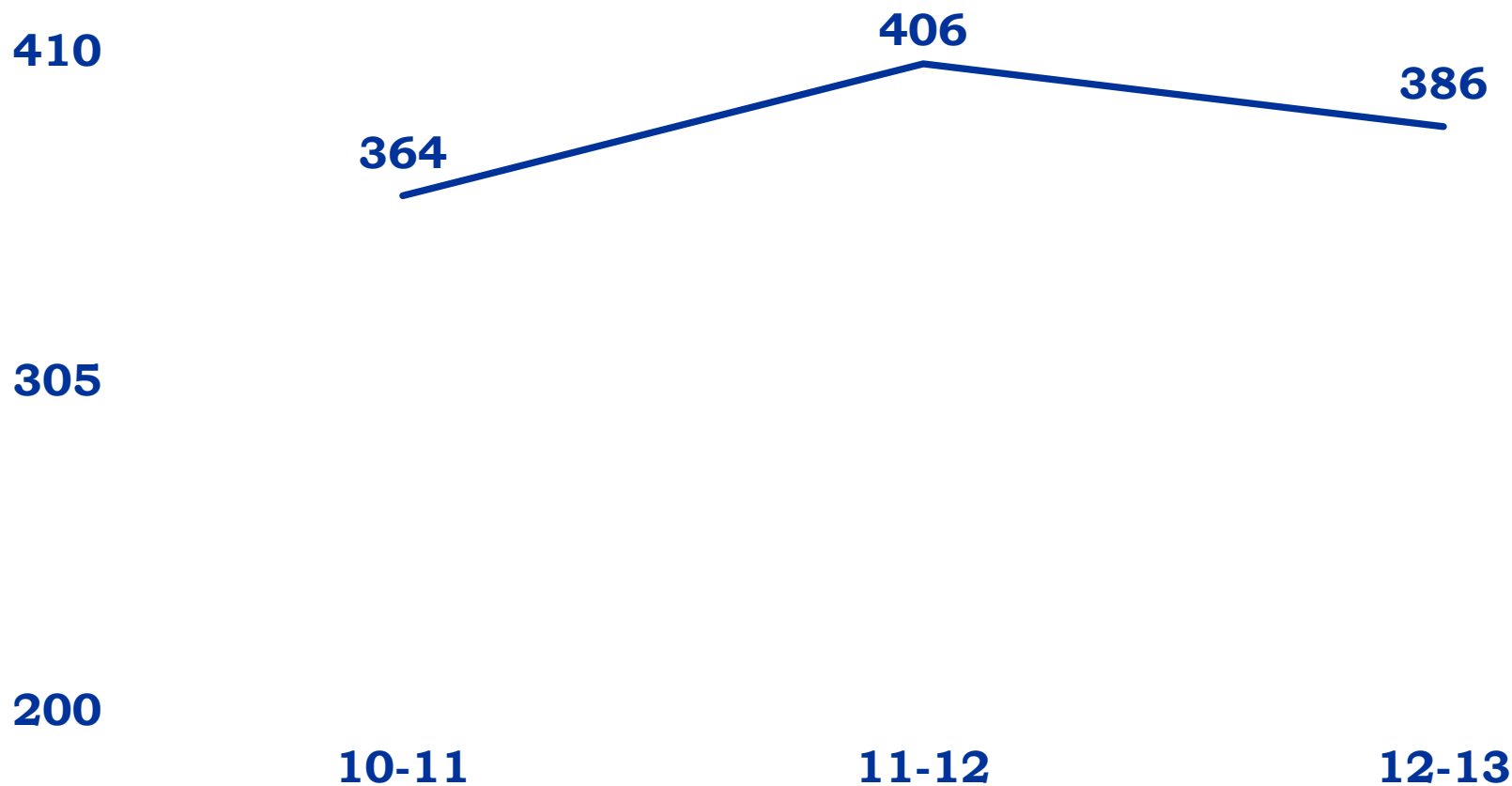
Particulars	2010-11 A	2011-12 A	2012-13 A
Sales	364	406	386
No of people	245	253	271



Sales



₹ cr





Brands



Epoxy Systems
LAPOX[®]
जोड बेजोड

Lapox Range of Products





Polygrip

Atul
touching lives...





WD-40





Atul-Elkay

Atul
touching lives...





Way forward – Key Actions



- **Increase sale of high margin products**
- **Diversify and expand product portfolio**
- **Add new business verticals of strategic importance**
- **Expand brand business**
- **Reduce cost and improve working capital cycle**
- **Grow through Inorganic and Organic route**



Risks



- **Price and margin sensitive business**
- **Growth depends on Infrastructure development**
- **Limited ability to pass the price increases**



Thank You