



# 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

**General Overview** **1-13**

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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**



**Atul**  
touching lives...



**Director, Reserve Bank of India**



**Founder Chairman, Indian Institute of Technology, Mumbai**



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**Founder Board Member, Indian Institute of Management, Ahmedabad**



**Atul**  
*touching lives...*



**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

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# 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
<b>Total</b>	<b>793</b>	<b>Total</b>	<b>1,010</b>

**Total number of initiatives**

**1,803**



# Eventful 2013-14

## (Environment)

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₹ cr

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	<ul style="list-style-type: none"><li>Achieved zero discharge at Ankleshwar Site</li><li>Added 10 new geographies</li><li>Commenced laying of cable for 66 KVA power supply</li></ul>
BI	<ul style="list-style-type: none"><li>Developed 2 large customers for Reso derivative I</li><li>Completed key Reso derivative II project</li></ul>
CO	<ul style="list-style-type: none"><li>Increased prices across all the product groups</li><li>Upgraded and stabilized ETP operations</li><li>Achieved zero discharge in one of the plants</li></ul>
CP	<ul style="list-style-type: none"><li>Debottlenecked Herbicide I plant</li><li>Achieved significant reduction in water consumption</li></ul>
PI	<ul style="list-style-type: none"><li>Increased prices of two key products</li><li>Commercialized first CRAMS project</li></ul>
PO	<ul style="list-style-type: none"><li>Stabilized operations of new Epoxy plant</li><li>Commissioned MEE to recover a by-product</li></ul>



# Eventful 2013-14

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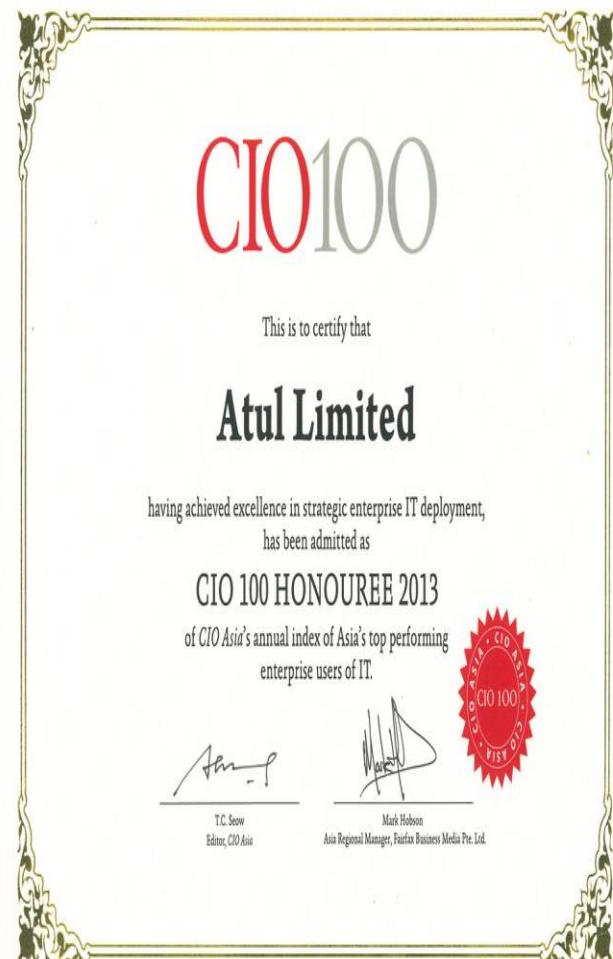


**Coordinator – CSR receiving Global Sustainability Leadership Award 2014:  
Best Project - Collaboration award**



# Eventful 2013-14

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



# Eventful 2013-14

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**President – IT receiving the ‘Silver EDGE 2013’ award**



# Eventful 2013-14

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



# Eventful 2013-14

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**Best Practices By  
Leading Chief  
Audit Executives**

**Making a Difference**

Deepjee Singhal  
FCA, CIA | Manish Pipalia  
FCA, CIA, CISA

**Highlighting:**

- Best Practices
- Value Addition
- Cost Optimisation
- Governance, Risk and Compliance

CCH  
a Wolters Kluwer business

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



# Eventful 2013-14

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**Inauguration of Common Manufacturing Office**



# Eventful 2013-14

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**Inauguration of Environment Research Laboratory**



# Eventful 2013-14

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**Inauguration of Incinerator**



# Eventful 2013-14

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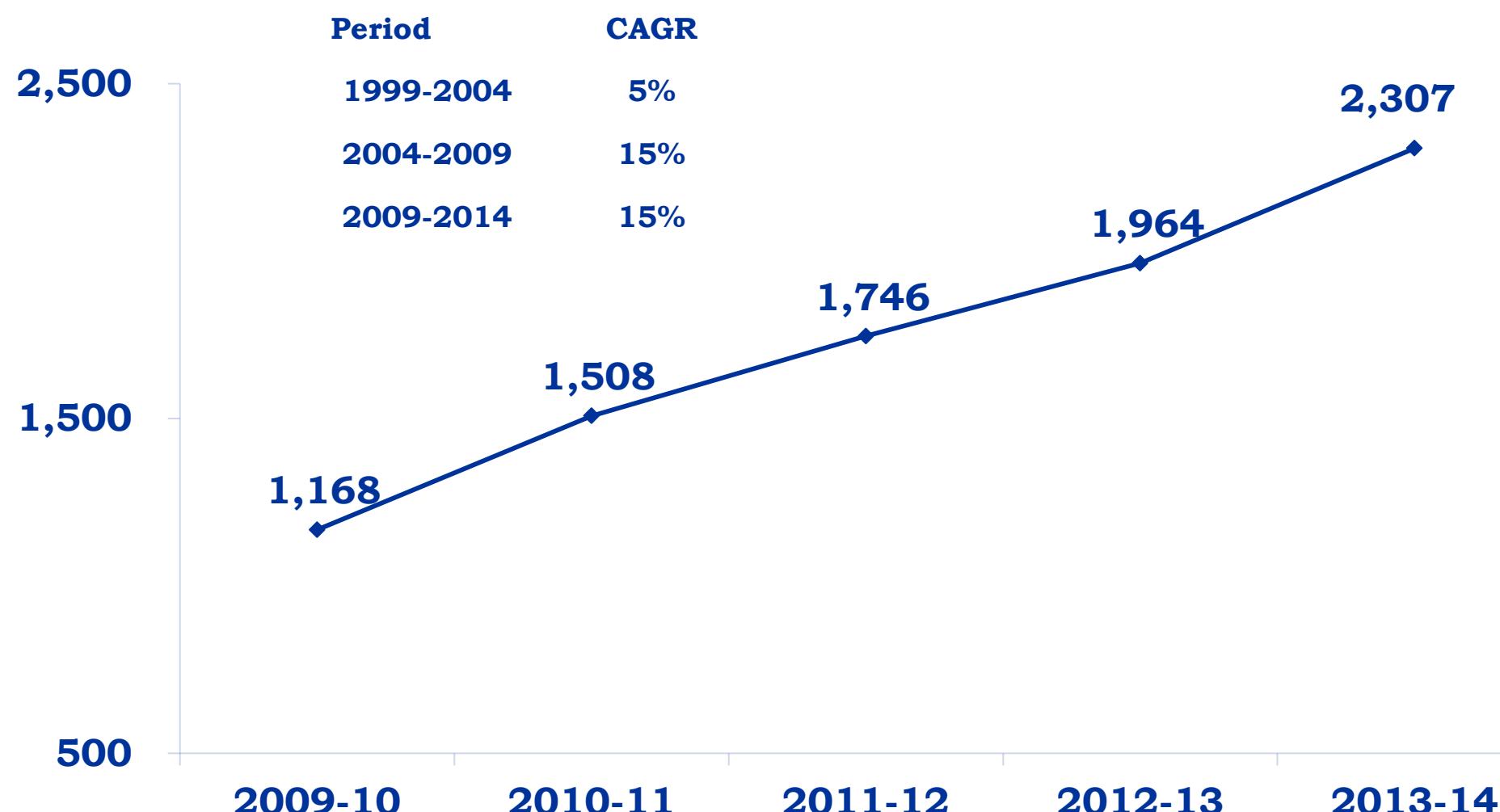
**Inauguration of R&D Laboratory, AR**



# Sales

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₹ cr



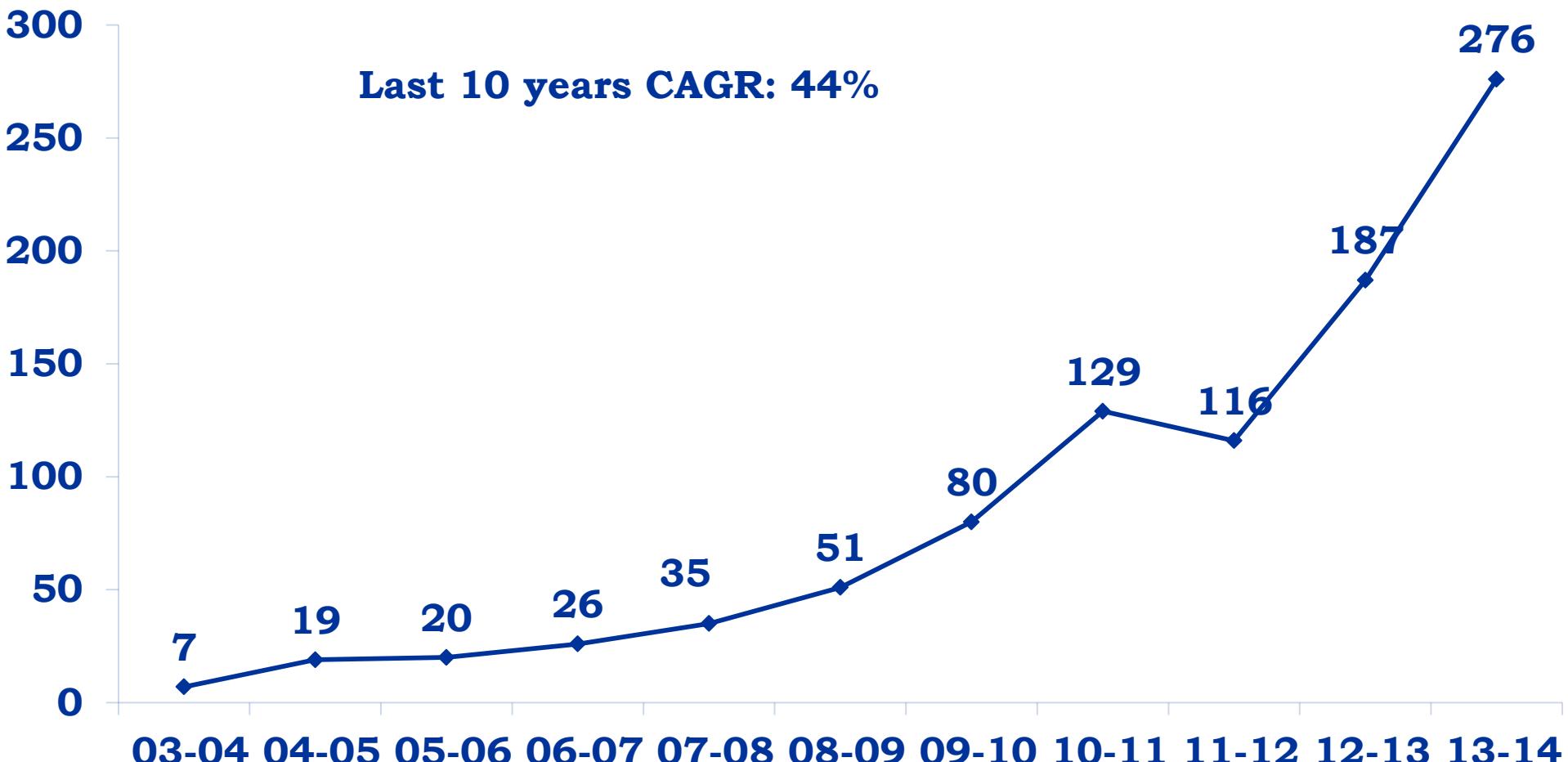


# Profit Before Tax

(from operations)

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₹ cr



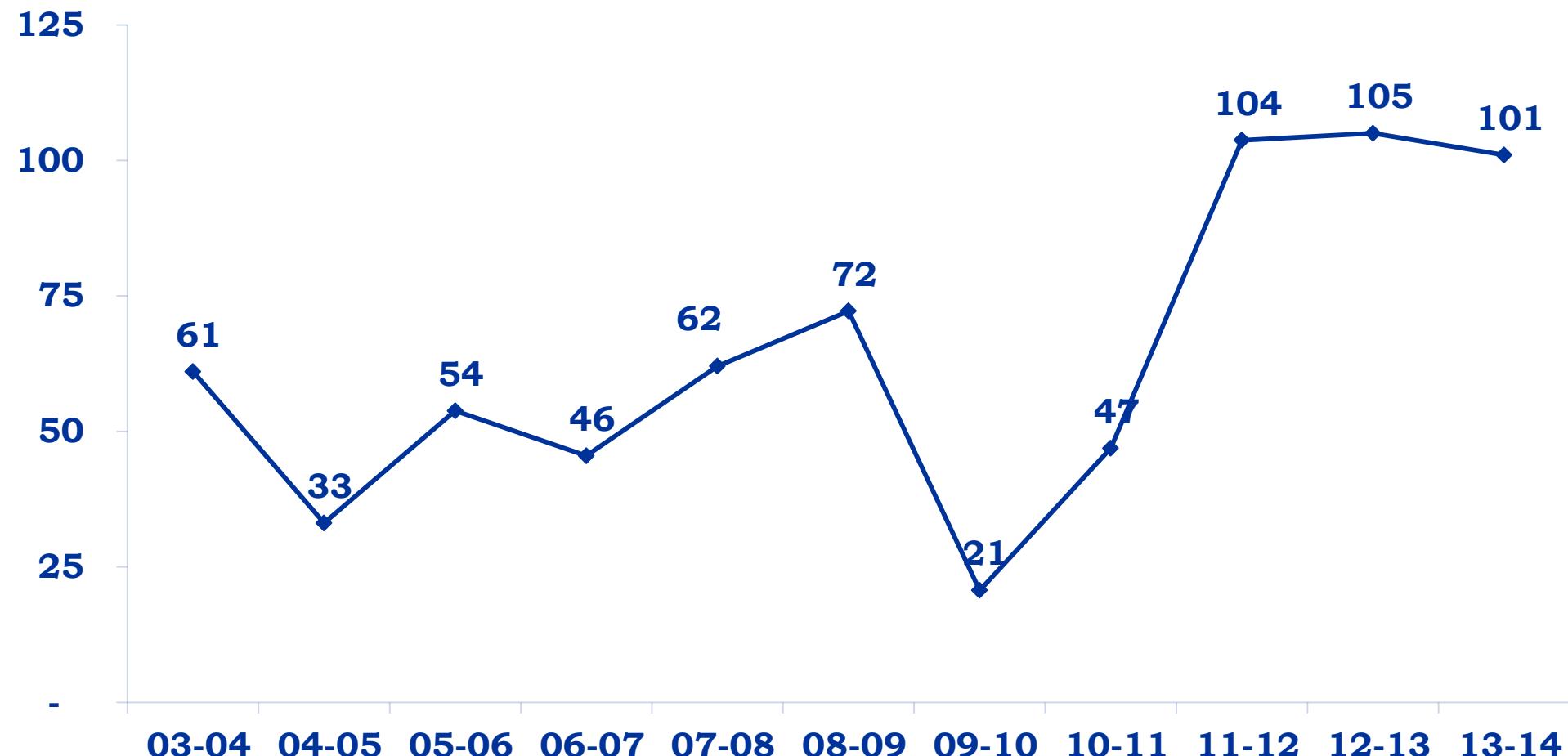


# Capex

(amount spent)

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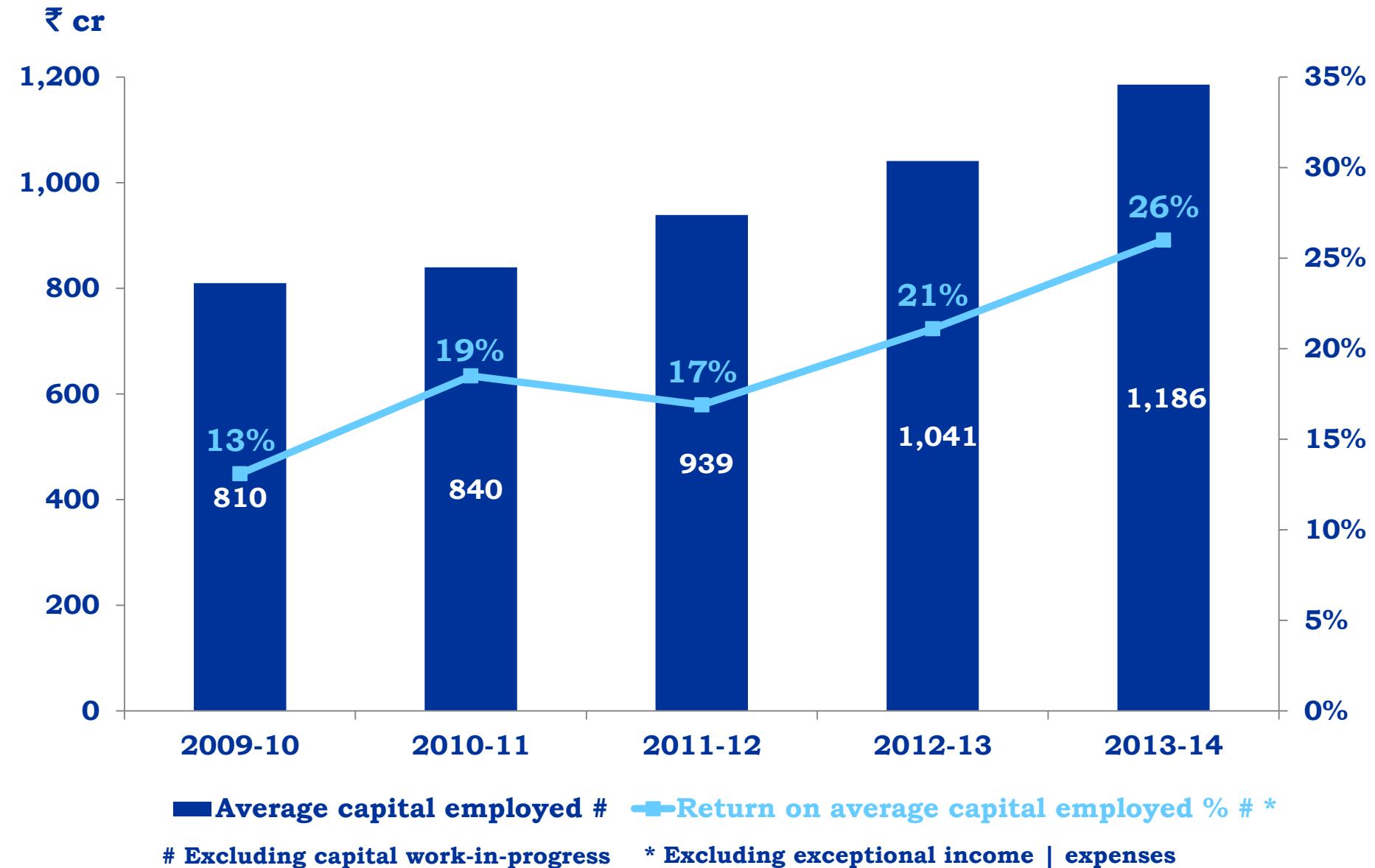
₹ cr





# Return on Capital Employed

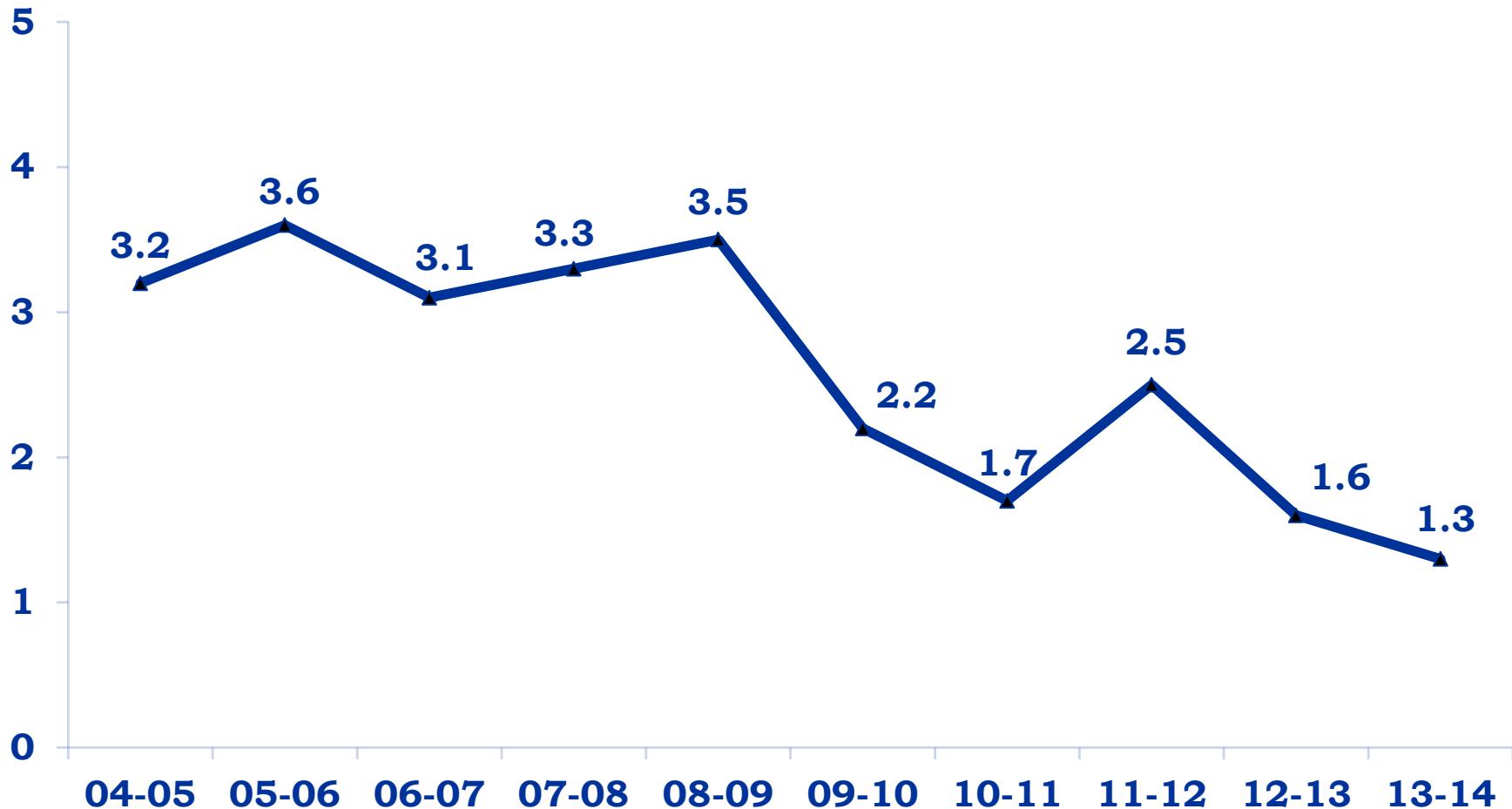
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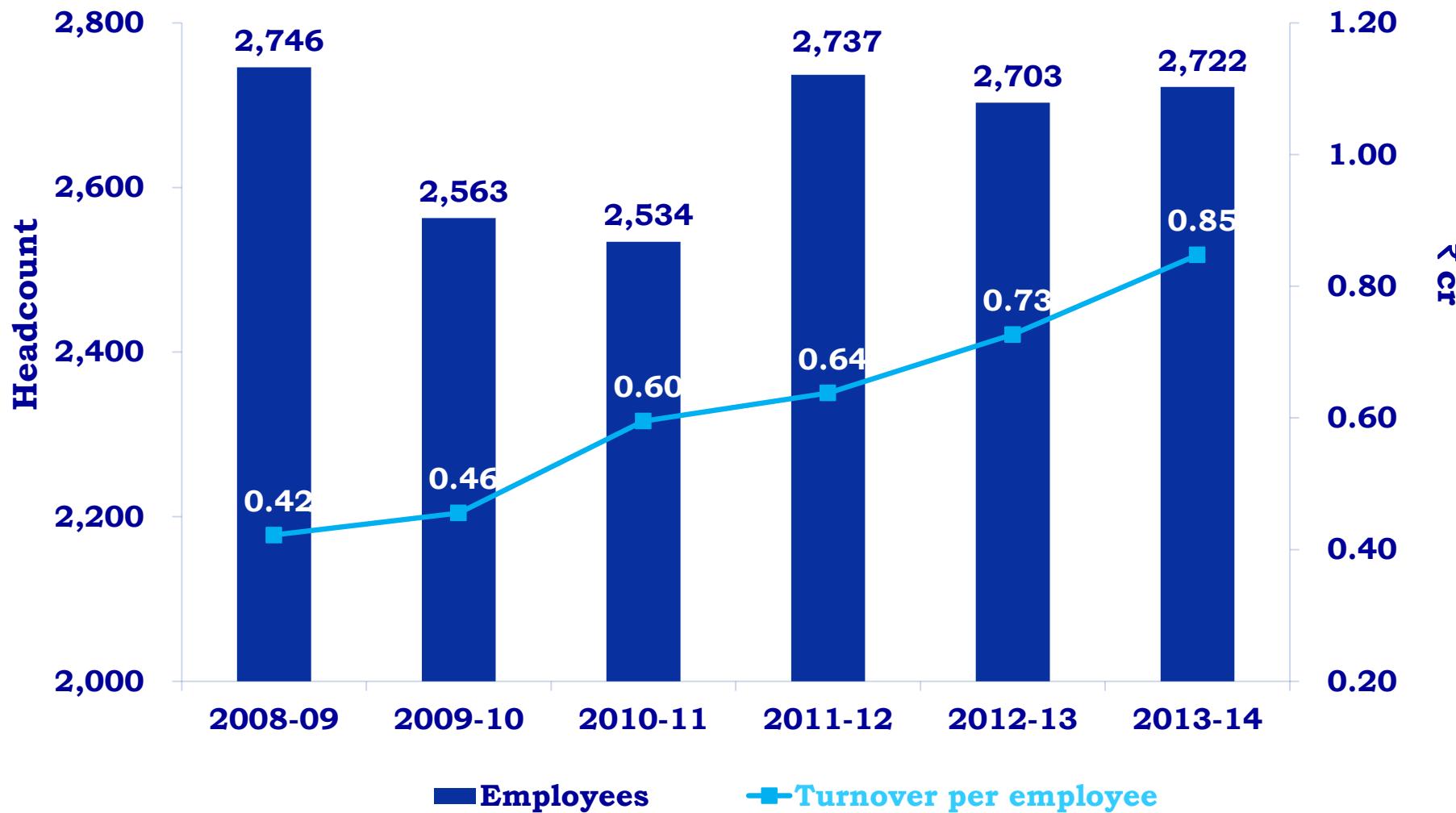
# Interest to Sales

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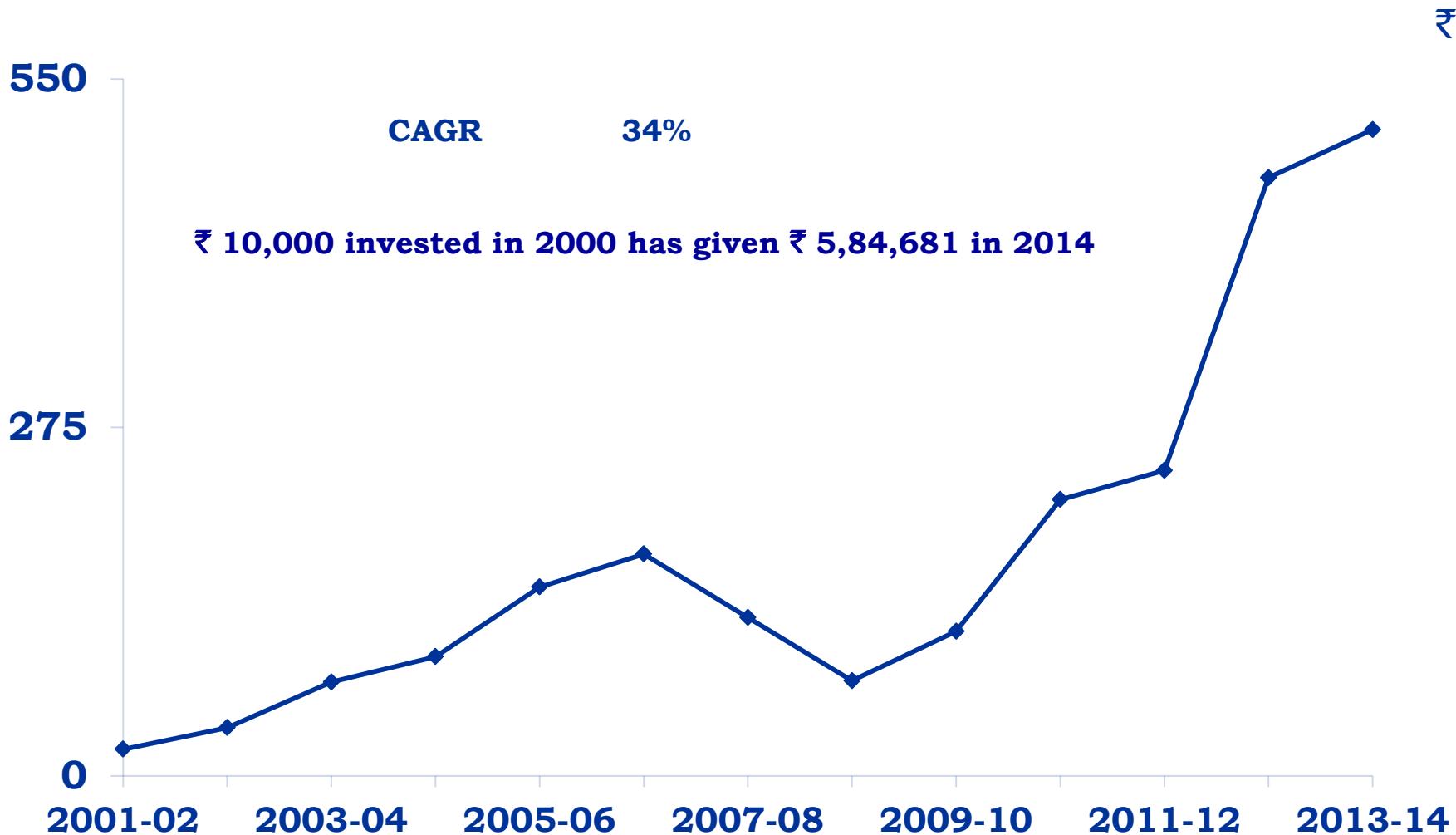
# Turnover per Employee





# Share Price Movement

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



# Industries Served

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**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

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₹ cr

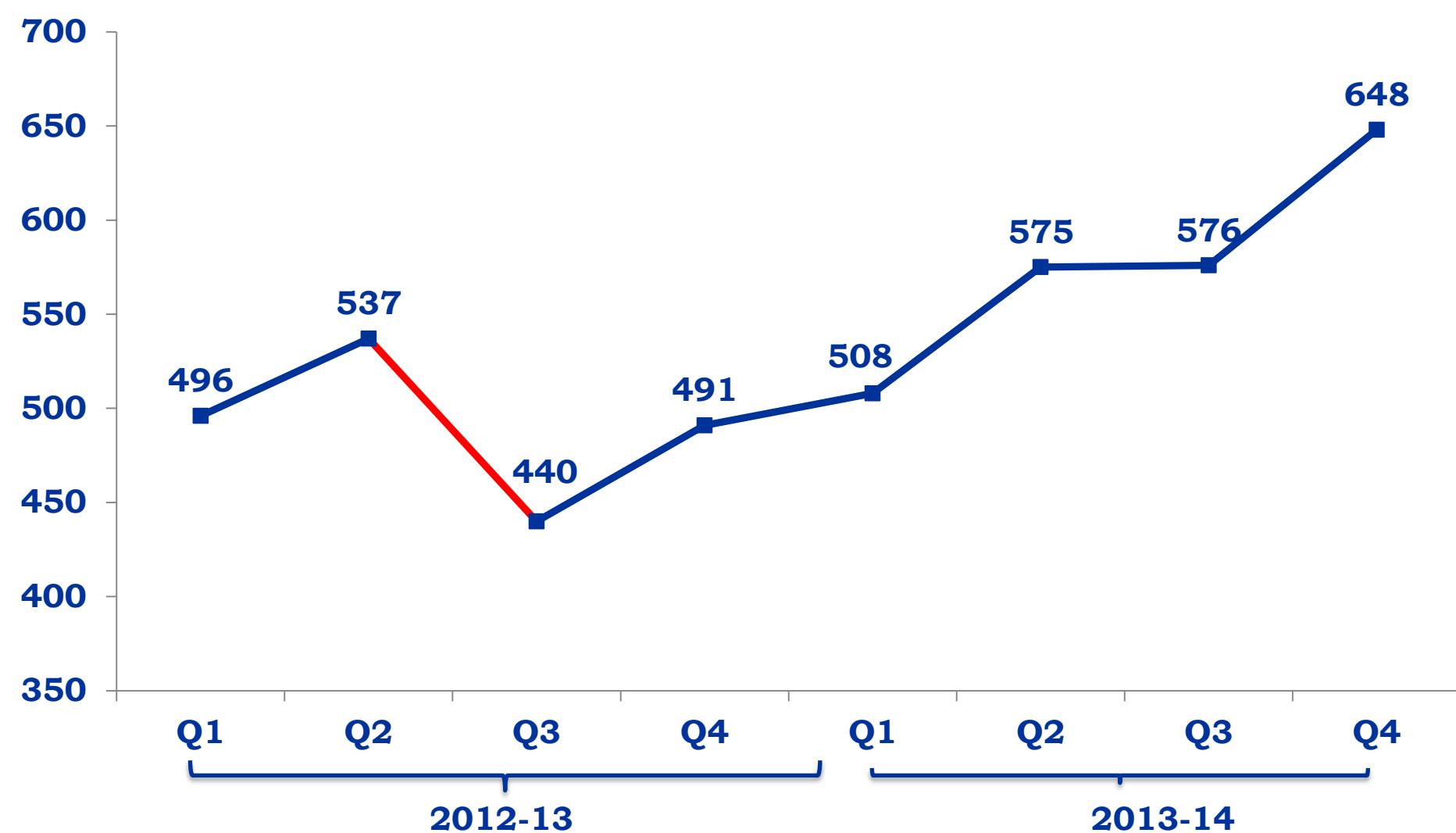
	13-14 A	12-13 A	Inc   (dec) % CY vs PY
Sales	2,307	1,964	17
<u>Operating and other income</u>	78	58	34
Total revenue	2,385	2,022	18
Material consumed	1,282	1,143	12
Employee benefit expenses	140	128	9
<u>Other expenses</u>	601	483	24
EBIDTA	362	267	36
<u>EBIDTA %</u>	16	14	-
Interest	30	29	3
Interest 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

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₹ cr





# Leverage Ratios



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

\* On gross block



# Working Capital Management



# Working Capital

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**NoDs**

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



# Working Capital

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₹ cr

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



# Cash Flow and Borrowings



# Cash Flow from Operations

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₹ cr

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

\* before WC changes



# Fund Flow

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₹ cr

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



# Fund Flow

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₹ cr

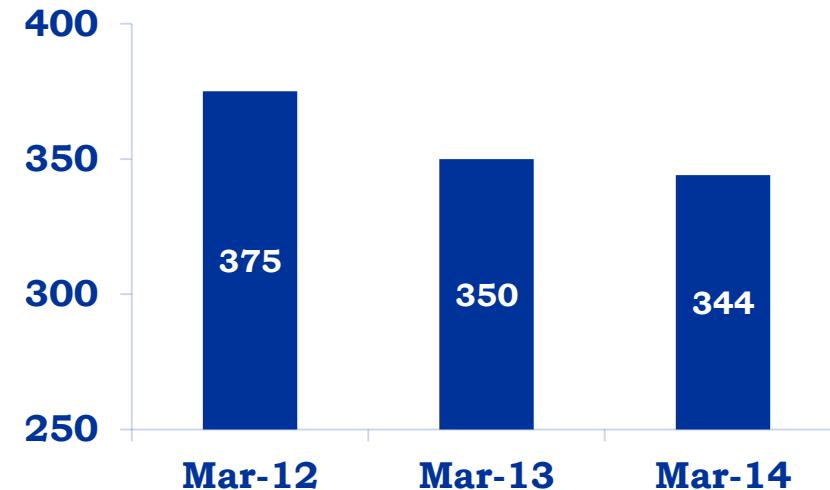
Uses	2013-14 A	2012-13 A
<b>Interest and finance charges (net)</b>	<b>31</b>	<b>32</b>
<b>Purchase of fixed assets and capital advances</b>	<b>101</b>	<b>105</b>
<b>Working capital increase</b>	<b>121</b>	<b>32</b>
<b>Dividend paid</b>	<b>21</b>	<b>16</b>
<b>Direct taxes</b>	<b>84</b>	<b>57</b>
<b>Loans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



# Position of Borrowings

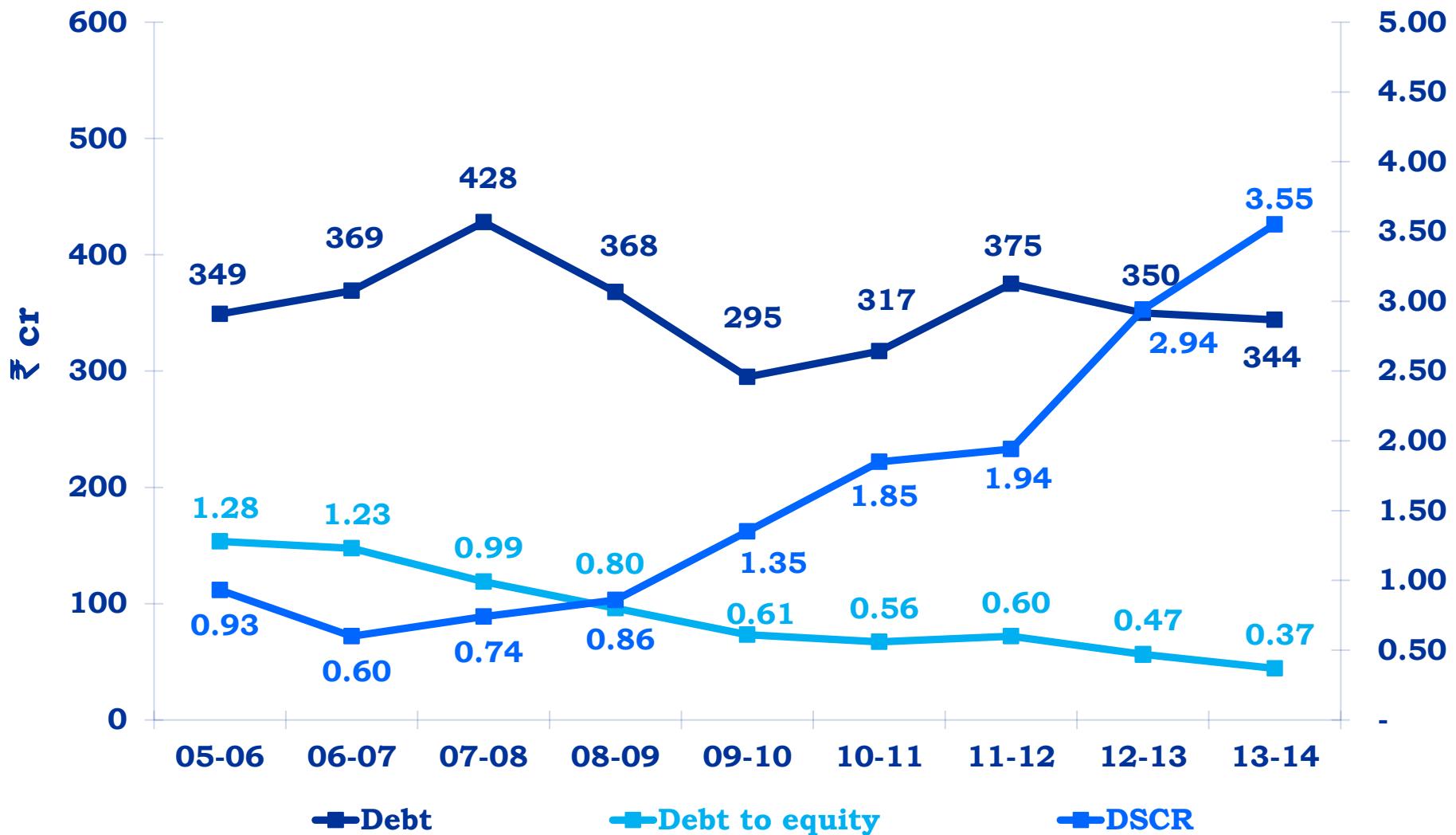
₹ cr

	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

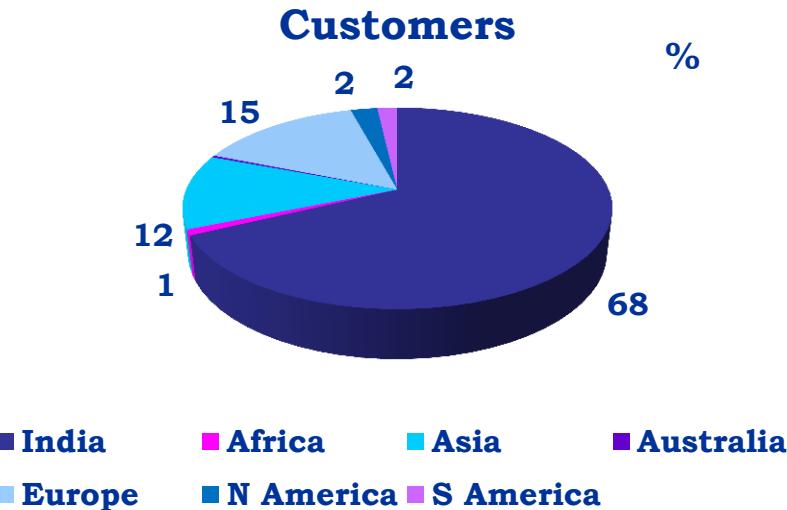
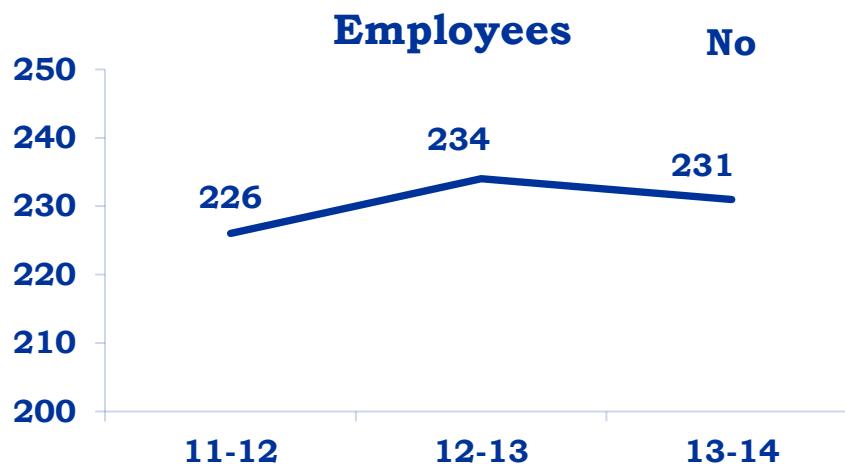
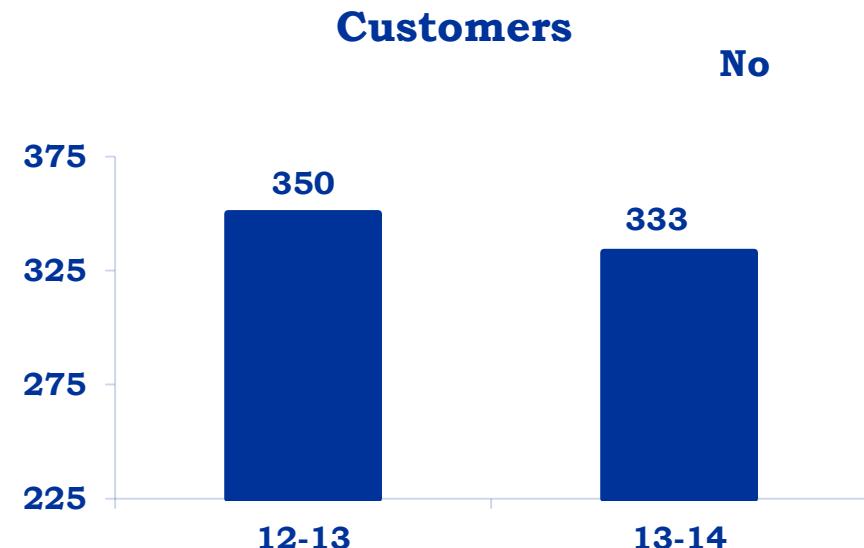


Product	Market Share (2013-14)	Competition
<i>p</i> -Cresol	<b>24% (World)</b>	<b>China (6), USA (1)</b>
<i>p</i> -AA	<b>70% (World)</b>	<b>Europe (1), India (2), China (1)</b>
<i>p</i> -AA1	<b>90% (World)</b>	<b>China (2)</b>
<i>p</i> -Cd	<b>5% (World)</b>	<b>China (3), India (1)</b>



# Dimensions

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# 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

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



# Environment

## (zero discharge)

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# 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



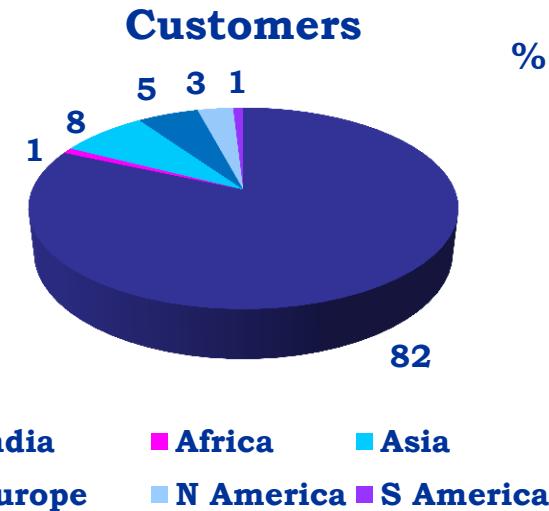
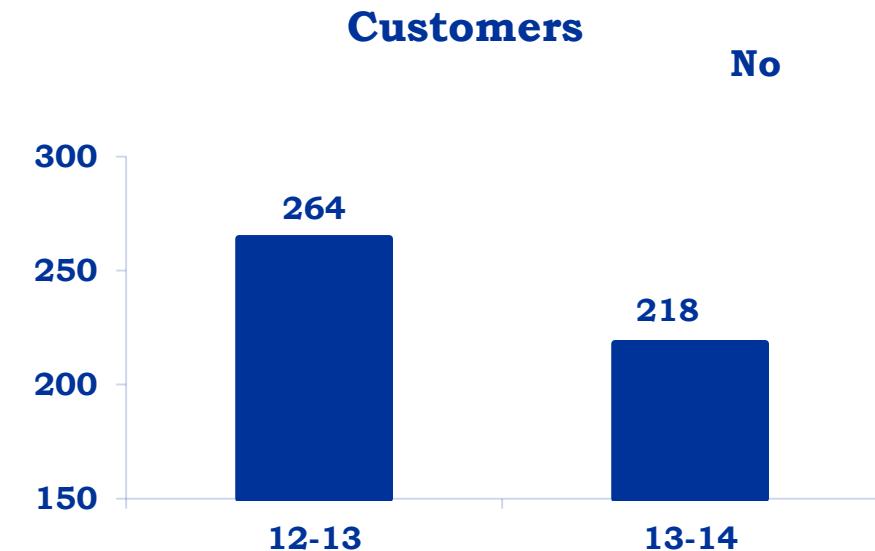
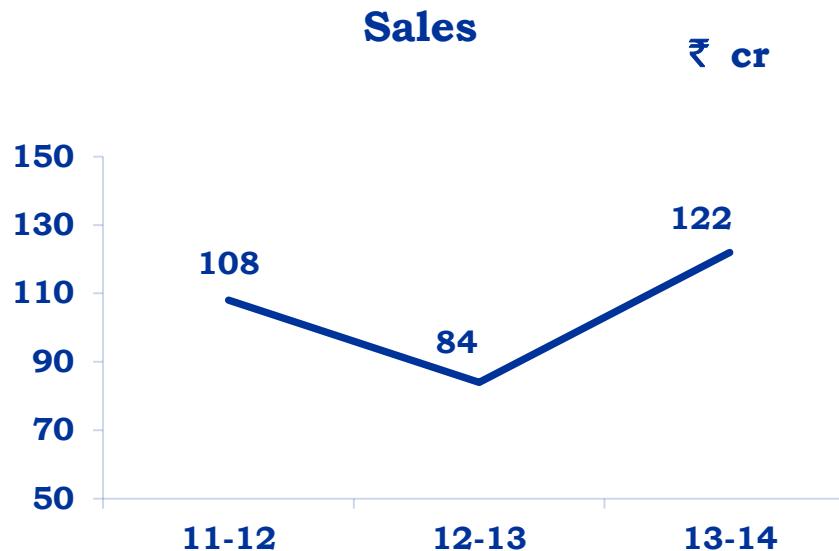
# Key Products

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%, SO <sub>3</sub> , Caustic Soda	Captive	



# Dimensions

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# 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

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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

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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)

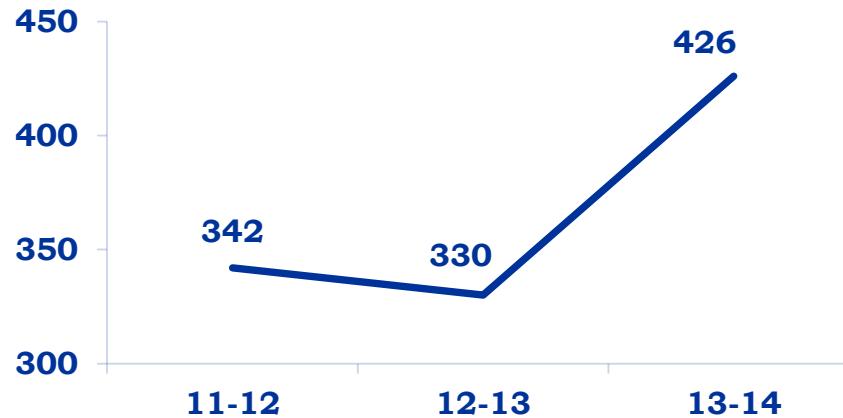


# Dimensions

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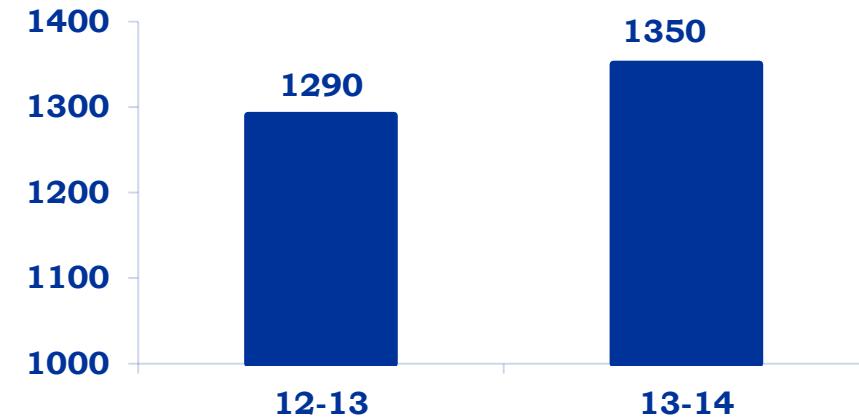
## Sales

₹ cr



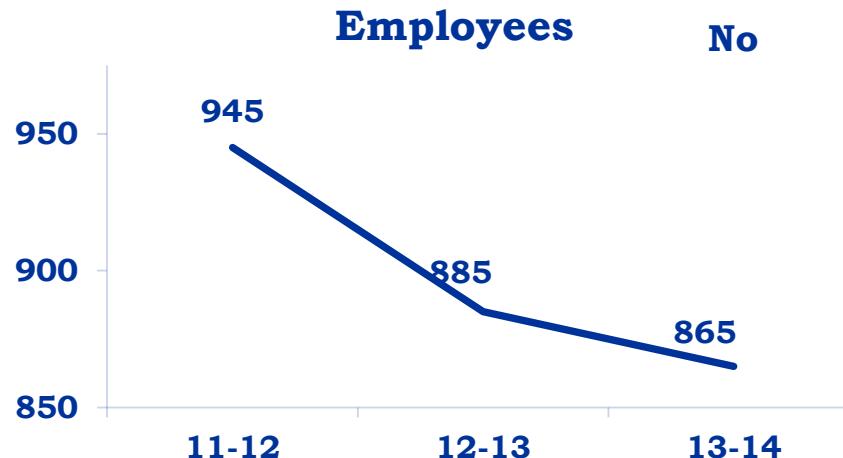
## Customers

No



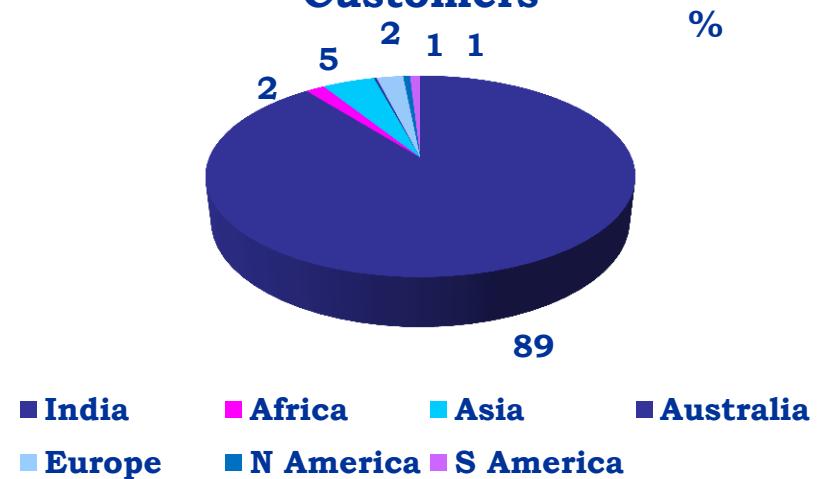
## Employees

No



## Customers

%

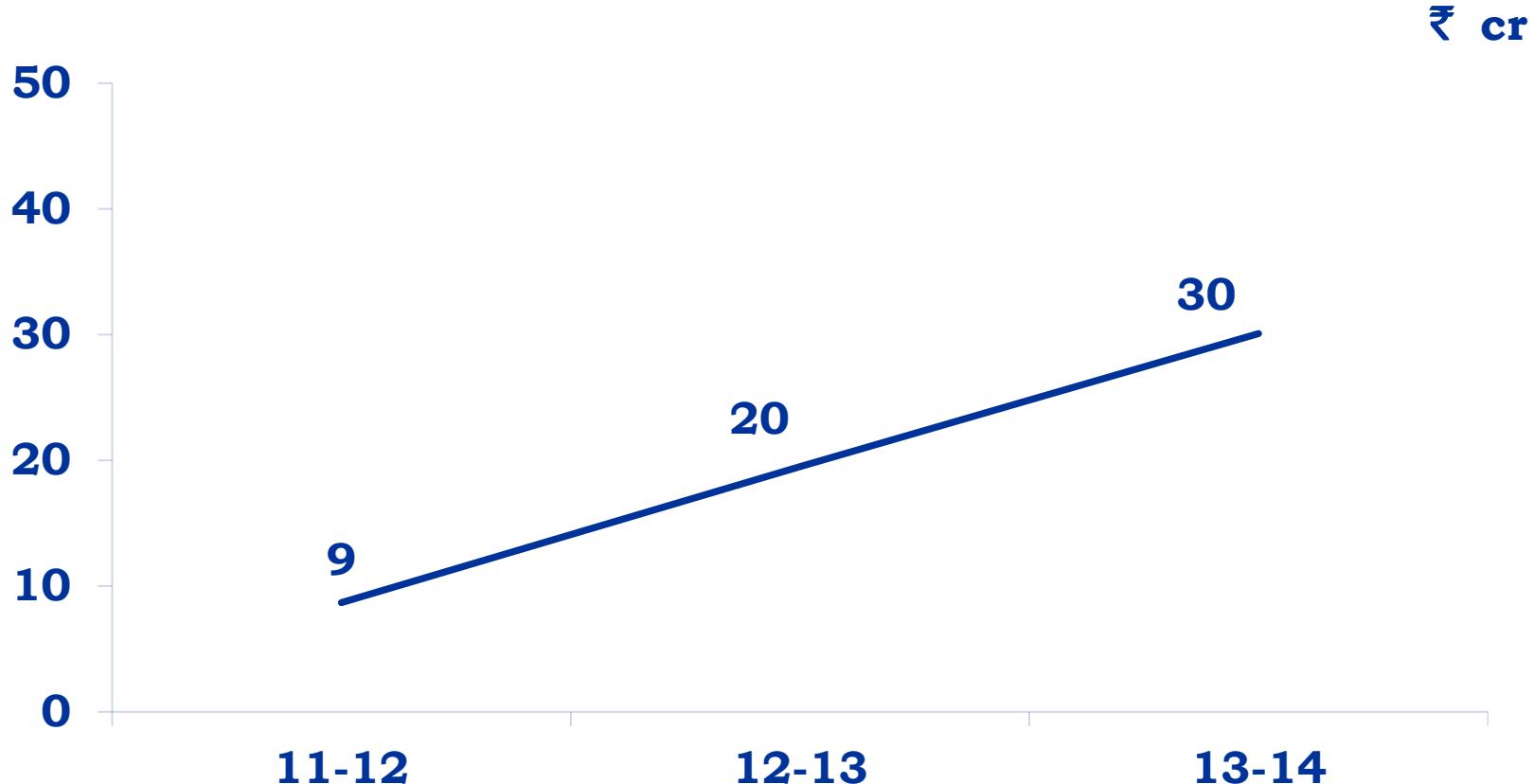




# Way Forward



- **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**



**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

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**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

**Fungicides**

**Herbicides**

**Insecticides**

## User Industries

**Agriculture**

**No of products: 61**

**CP brands are available across > 30,000 retail outlets**



# Key Products

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

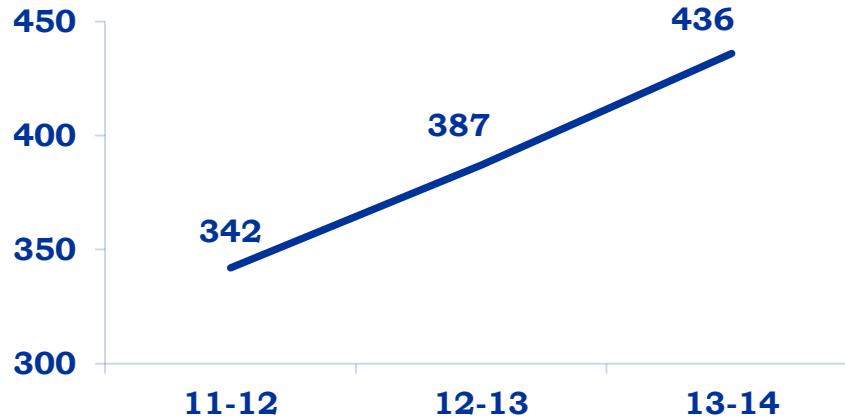


# Dimensions

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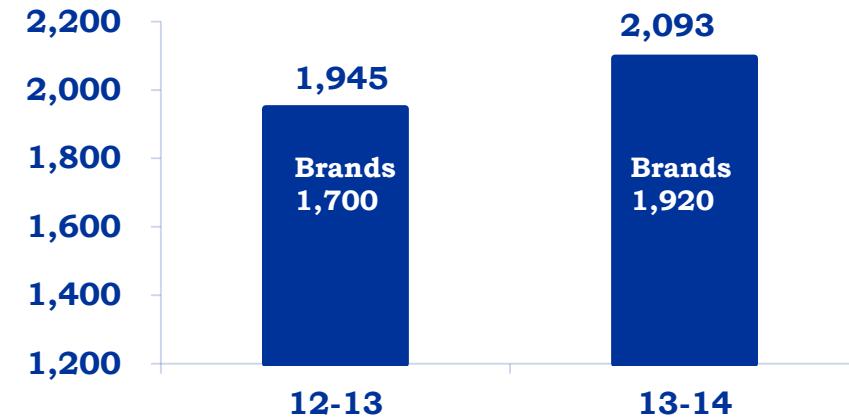
**Sales**

₹ cr



**Customers**

No



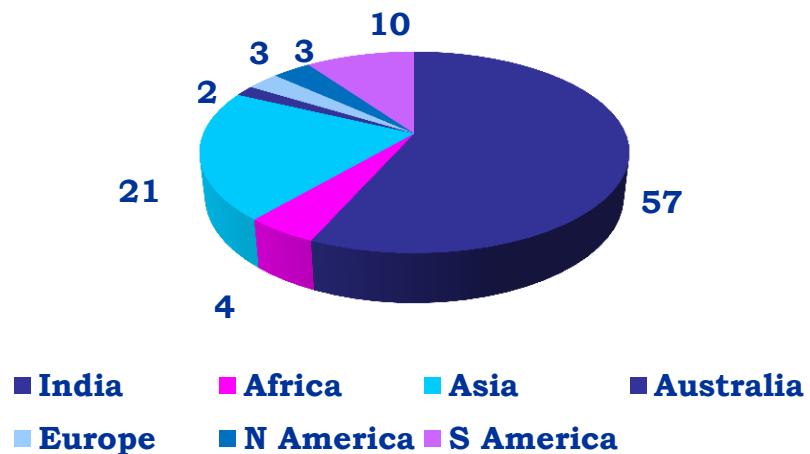
**Employees**

No



**Customers - Bulk**

%





# Environment

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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

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# अतुल जहाँ खुशहाली वहाँ



*Atul*  
Herbicides



*Atul*  
Fungicides



*Atul*  
Bio Products



*Atul*  
Insecticides



लालभाई ग्रूप के सदर्य



# Recognition

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



# Recognition

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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

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## 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

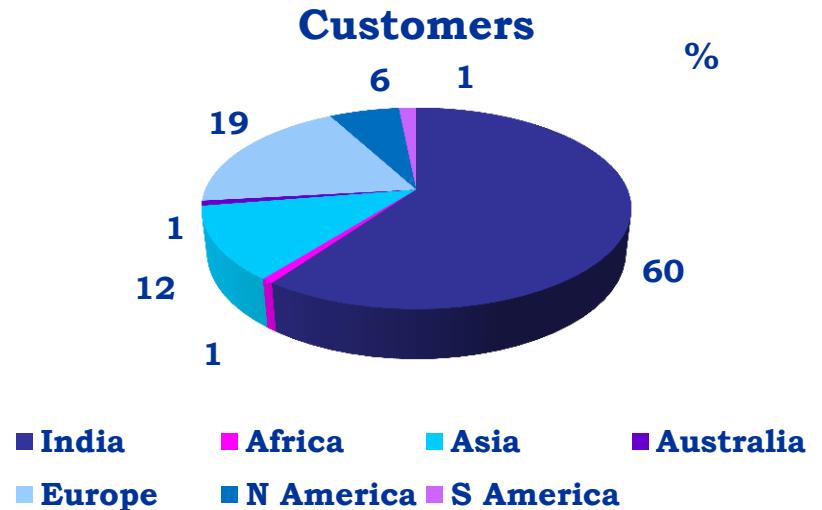
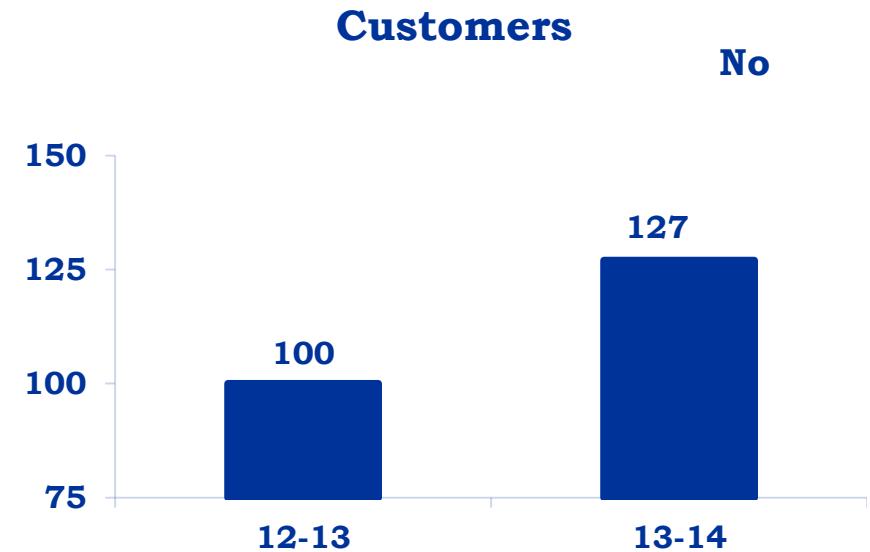
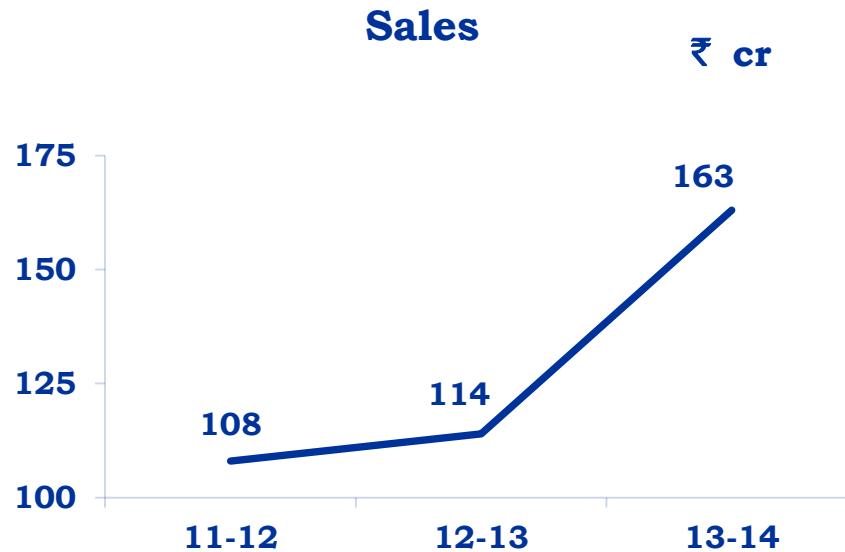
**Atul**  
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Product Group	Market Share (2013-14)	Competition
Pharmaceutical intermediates	<1% (World)	USA, Japan, Europe, India, China
APIs		
Phosgenated chemicals	<1% (World)	China (5), Europe (4), Japan (3), USA (2), India (1)
Sulphones	45% (World)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



# Dimensions

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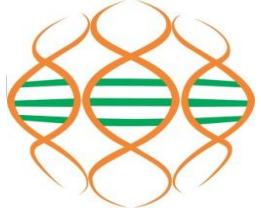




# Way Forward



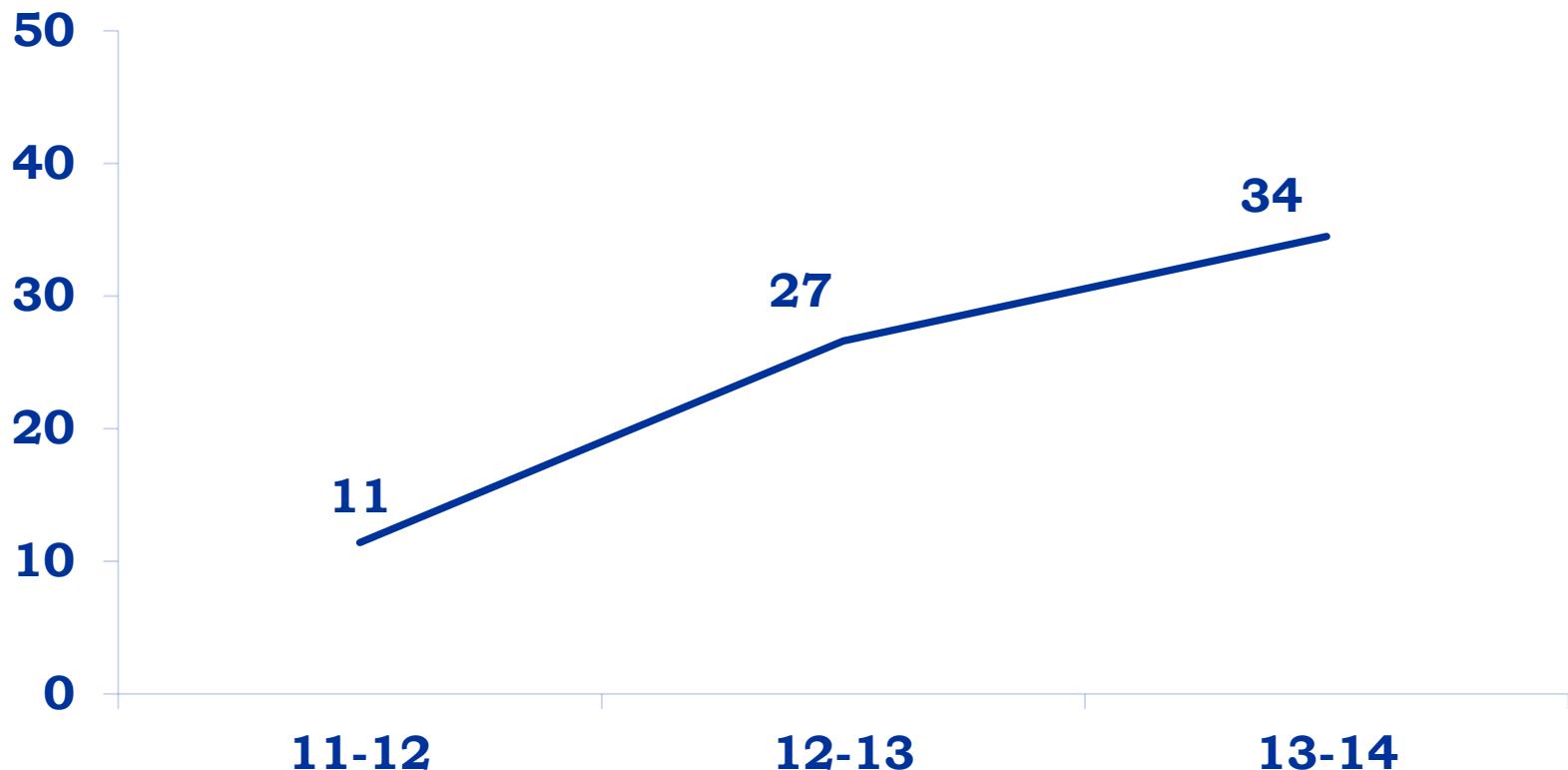
- **Improve process efficiencies and people productivity**
- **Debottleneck and expand capacities**
- **Grow sales in Japan and selected countries in Europe**
- **Increase CRAMS business**
- **Grow via acquisition**



# Sales

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₹ 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)

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## Product Group

**Epoxy resins**

**Epoxy hardeners**

## User Industries

**Automobile**

**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	22% (India)	USA   Europe (2)
Epoxy hardeners		Far East (3)
Polyurethane primers		Middle East (2)
PU hardeners	7% (India)	India (2)
Rubber formulations		India (7)

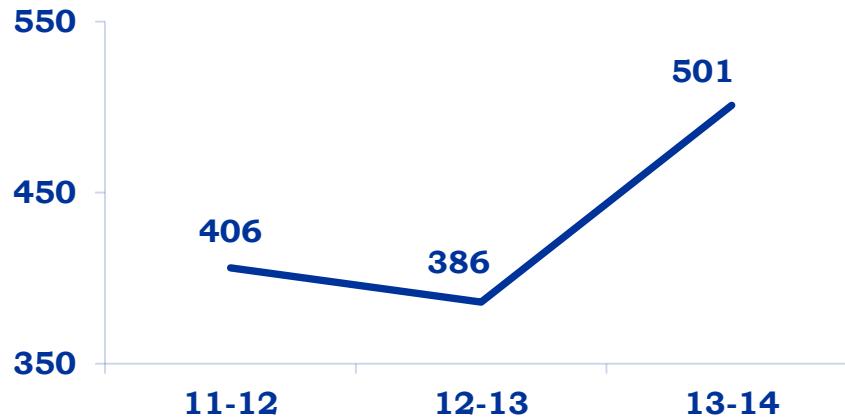


# Dimensions

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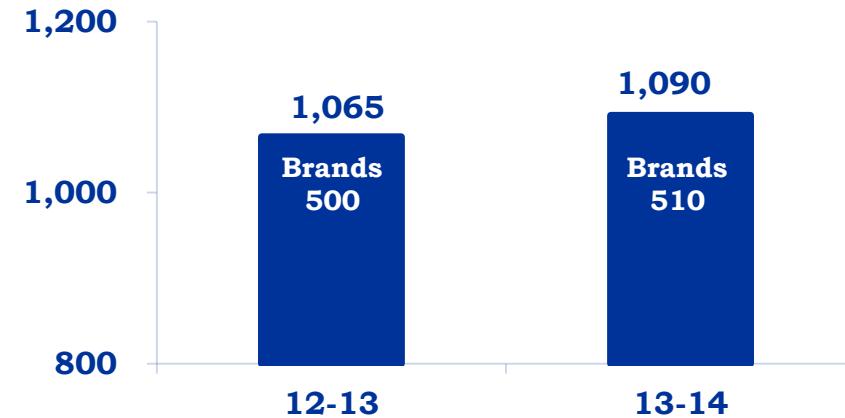
## Sales

₹ cr



## Customers

No



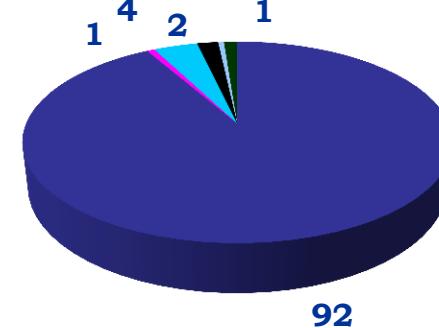
## Employees

No



## Customers – Bulk

%



■ India

■ Africa

■ Asia

■ Europe

■ N America

■ S America



# 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

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Epoxy Systems  
**LAPOX**  
जोड बेजोड





# Polygrip

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# WD-40

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# Floras

Serving

**Life Science Chemicals Segment**



# Floras Green Initiatives

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# Greening the Deserts

a journey ...

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**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**

CO<sub>2</sub>  
GLOBAL





# Growth Stages

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In lab

Hardening in greenhouses & shade nets

In field

In-vitro

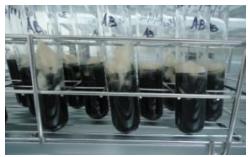
Acclimatization

Primary  
hardening

Secondary  
hardening

Field  
Plantation

Fruiting



Initiation



Multiplication



Elongation



Rooting

Stages 1-4

Stage 5

Stage 6

Stage 7

Stage 8

Stage 9

64 | 68





# Demonstration Farms

(Jaisalmer and Bikaner)

Atul



**Plantation**



**2.5 years old**



**Flowering**



**Fruiting**



# Hardening Nursery

(Jodhpur and Atul)

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# Technology Transfer Agreement *atul* with the UAE University





# Date Palm Tissue Culture Laboratory

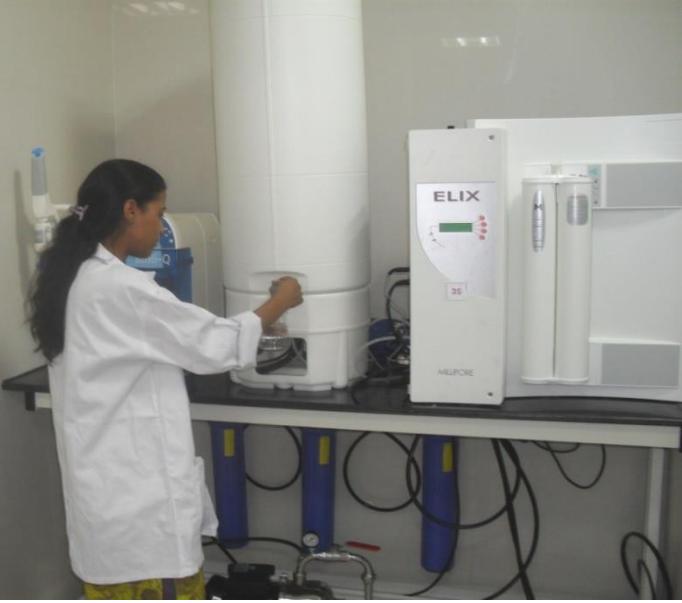
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# ARDP TC Lab

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# DPD Ltd, UK

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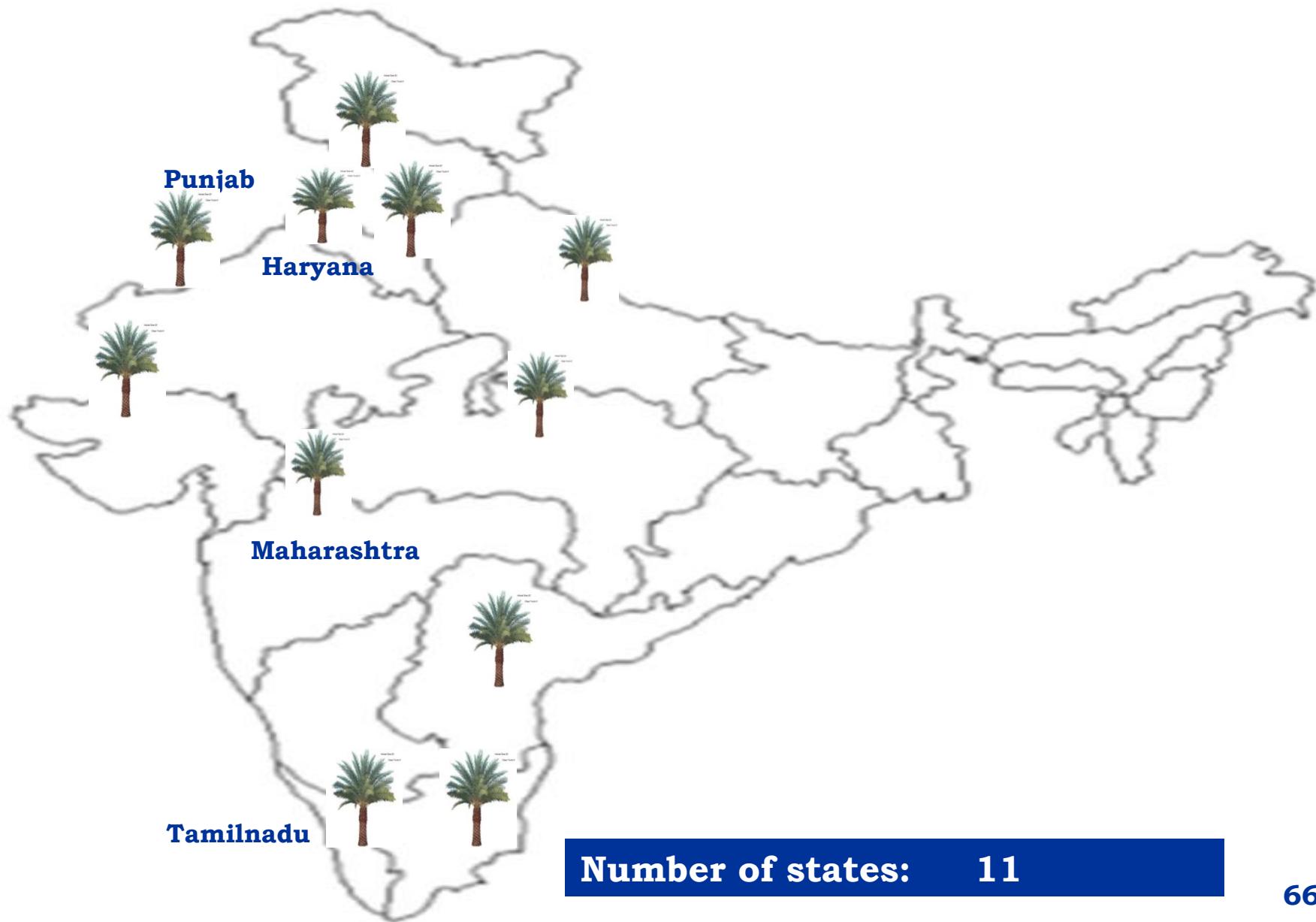


**Number of countries: 33**



# Plantation by Atul in India

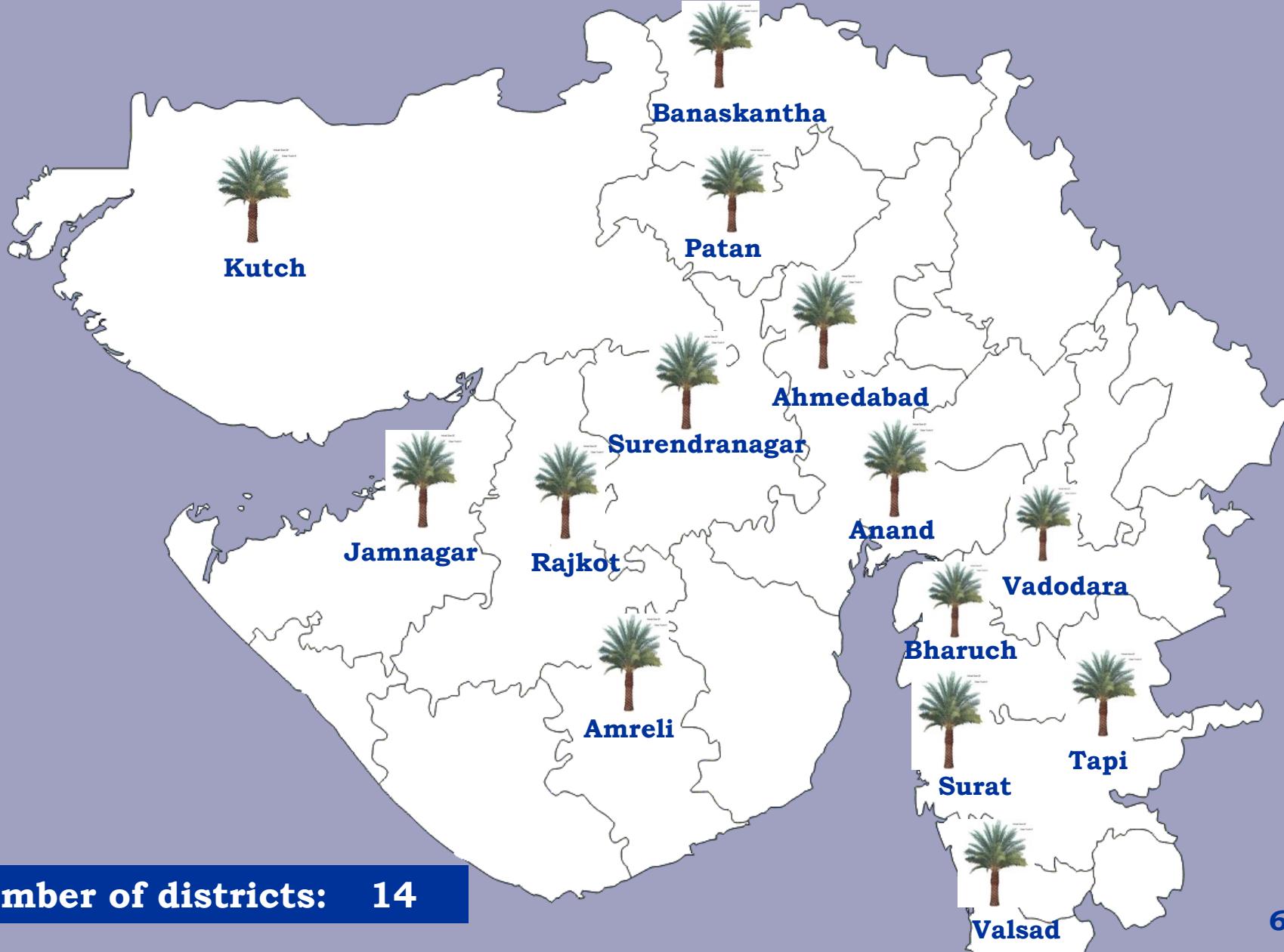
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# Plantation by Atul in Gujarat

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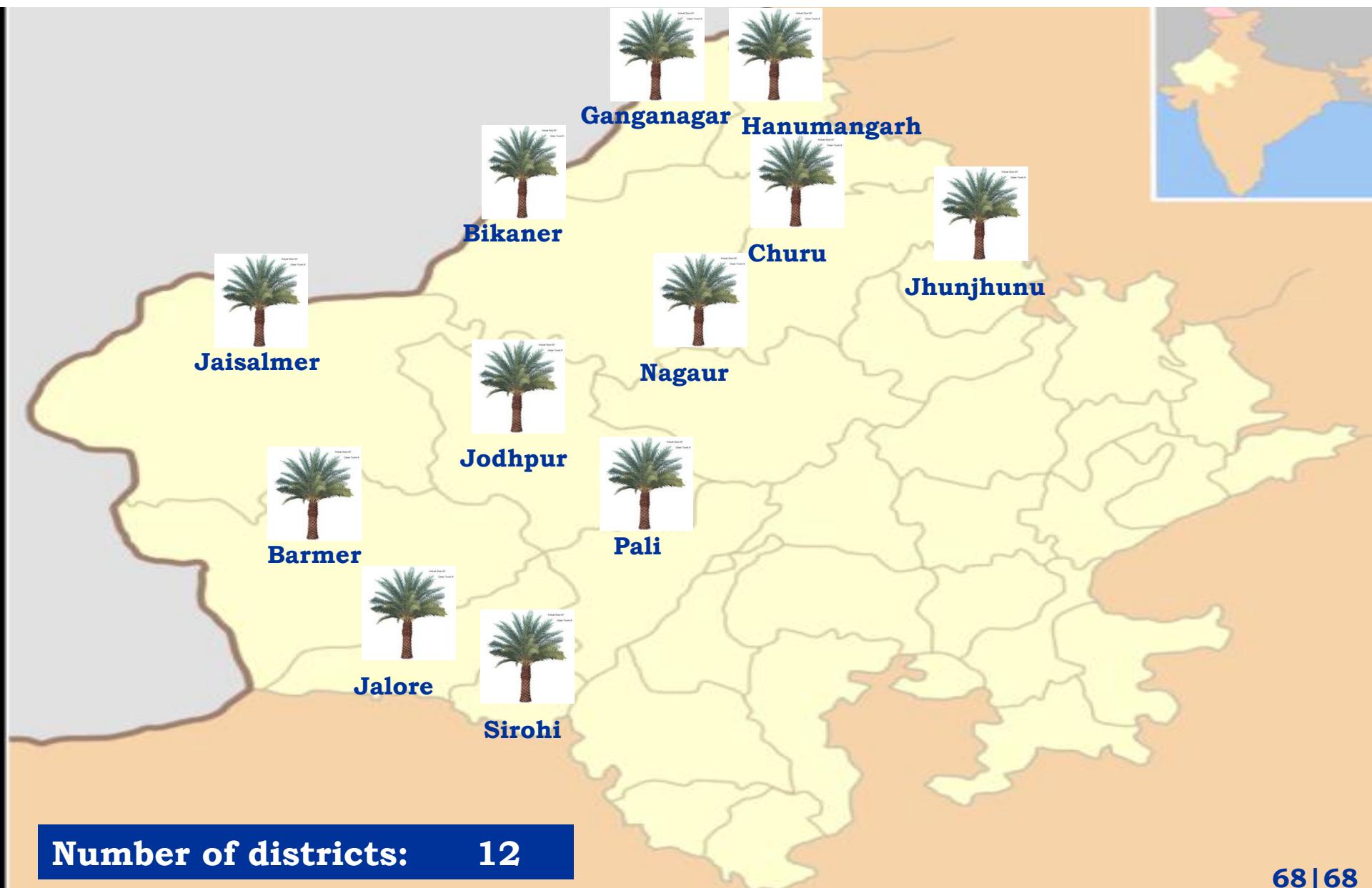


Number of districts: 14



# Plantation by Atul in Rajasthan

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# Thank You