# Analysts Meet 2017

**May 05, 2017**

Main slides: 64

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 realise although we believe we have been prudent in our assumptions. The actual results may be affected because of uncertainties, risks and even inaccurate assumptions. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise. The information about market size, CAGR and market share shown in this presentation pertains to products | product groups the Company is operating in.

# Agenda

# Atul Conglomerate

touching lives...

Atul

Atul Rajasthan Date Palms

DPD

Atul Bioscience

Rudolf Atul Chemicals

Amal

Brazil

China

UK

UAE

USA

# Pioneering efforts

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## 1st 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)

# ANAVEN

## JV between Akzo Nobel and Atul

Acetic acid → Chlorination → Hydrogenation → Distillation →

- High purity MCA
- No air pollution
- No mother liquor generation

$Cl_2$
Own production

$H_2$
Own production

# A bit of Atul in...

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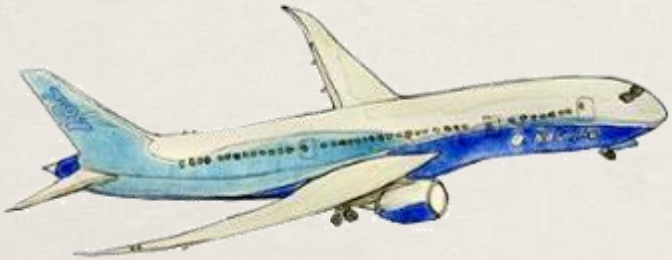
touching lives...



Aeroplanes

Epoxy Resins | Hardeners

Food grains


Fungicides | Herbicides

# A bit of Atul in...

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Cosmetics

Perfumery

Missiles

Epoxy Hardeners

# A bit of Atul in...

Fragrances

Intermediates

Dates

Agri biotech

# A bit of Atul in...

touching lives...

Footwears


Adhesives

Paints


Epoxy Resins | Hardeners

# A bit of Atul in...

Houses


Epoxy Resins | Hardeners

Medicines

APIs | API intermediates

# A bit of Atul in…

Clothing

Textile dyes

Tyres

Adhesion promoters

# Opportunities
## industries

**Agriculture**

**World** | **India**
---|---
US$56 bn | ₹15,000 cr
CAGR 4% | CAGR 7%

*Source: Phillip McDougall*

**Textile**

**World** | **India**
---|---
US$6 bn | ₹3,000 cr
CAGR 4% | CAGR 4%

*Source: WTP, DMAI*

**Construction**

**World** | **India**
---|---
US$34 bn | ₹81,000 cr
CAGR 8% | CAGR 8%

*Source: : www.makeinindia.com*

# Opportunities

## industries

**Tyre**

| World | India |
|---|---|
| US$211 bn | ₹53,000 cr |
| CAGR 7% | CAGR 8% |

***Source: ICRA***

**Fragrance**

| World | India |
|---|---|
| US$11 bn | ₹3,000 cr |
| CAGR 4% | CAGR 5% |

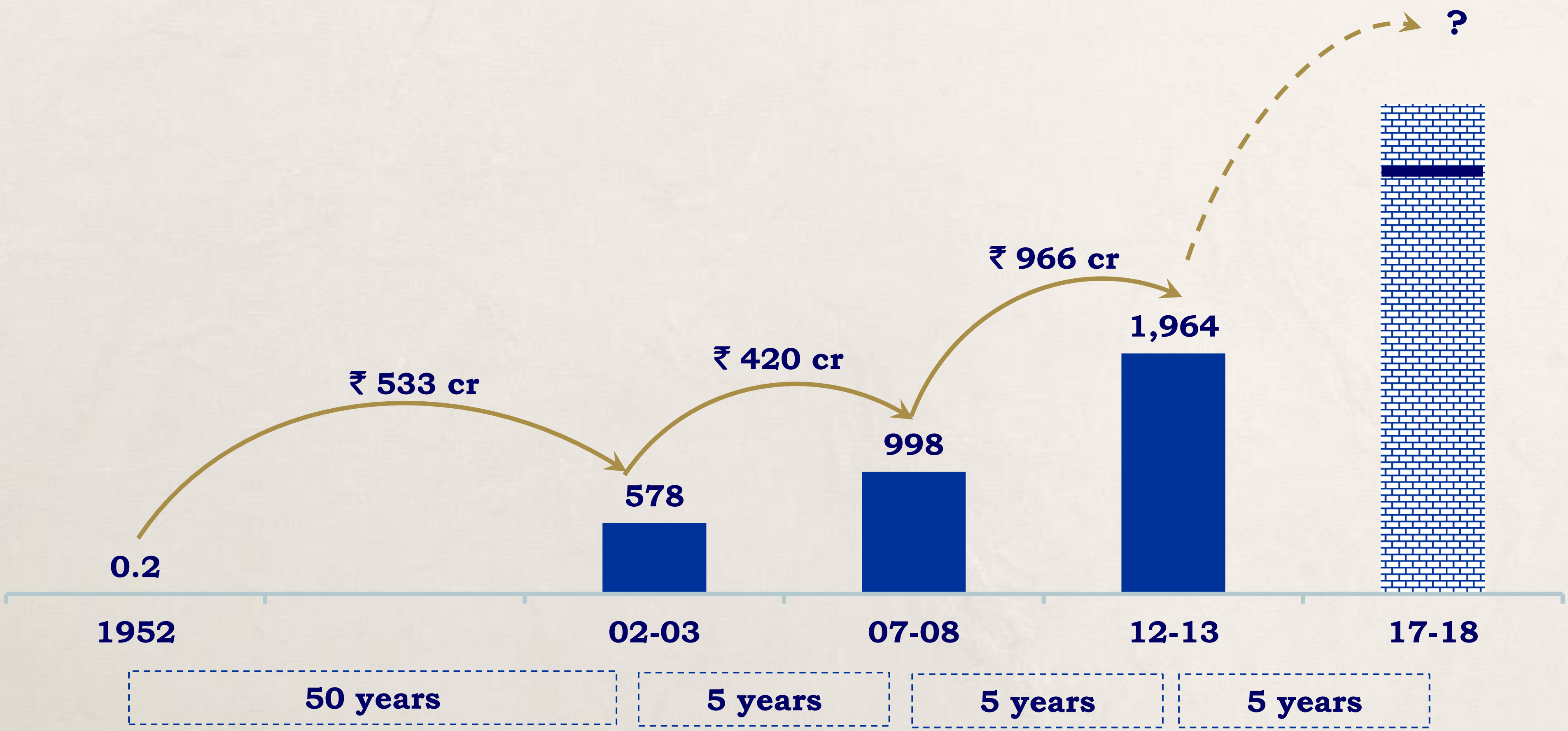
***Source: Internal Market Intelligence***

**Pharmaceutical**

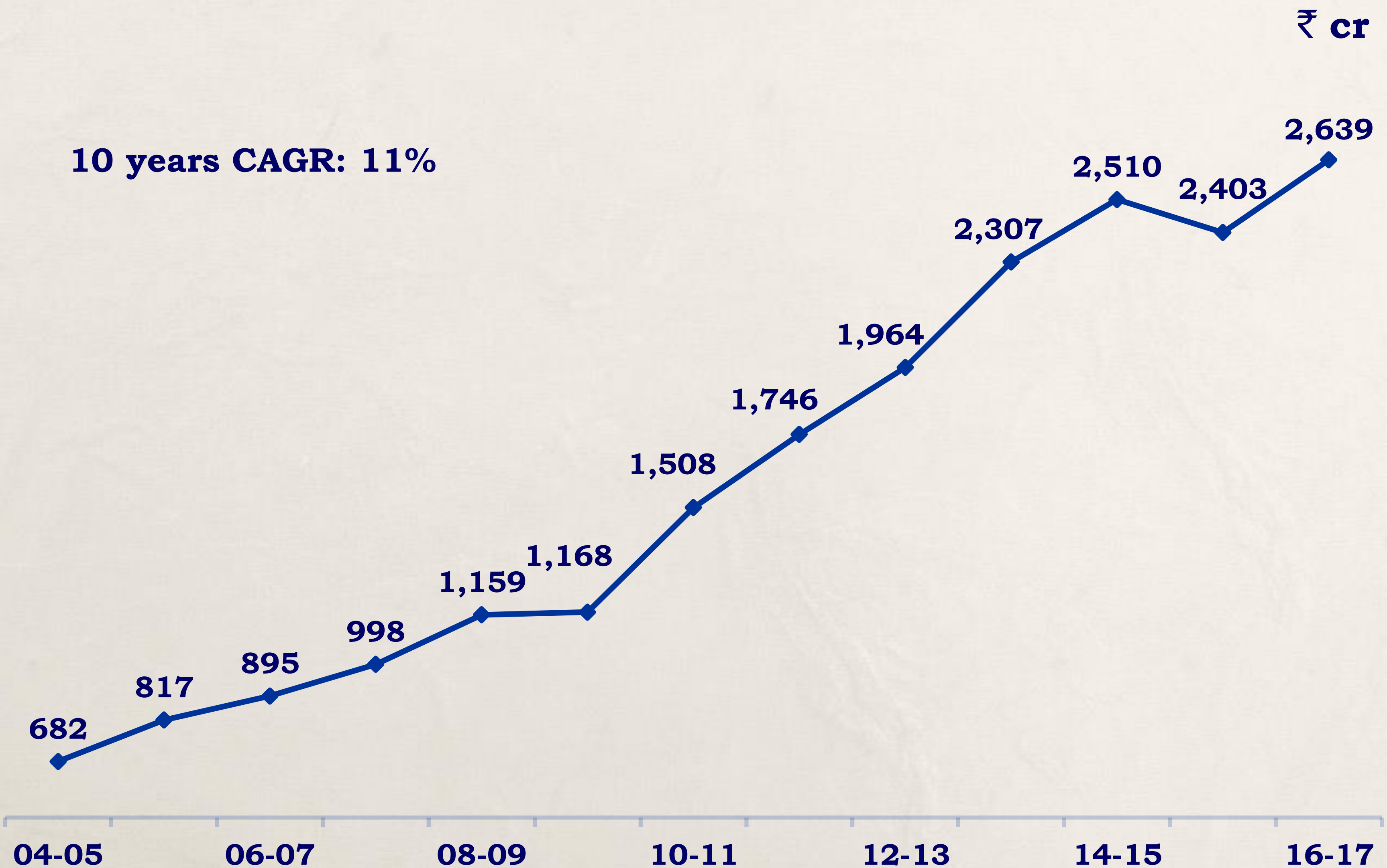
| World | India |
|---|---|
| US$1.2 tn | ₹10,000 cr |
| CAGR 8% | CAGR 4% |

***Source: Internal Market Intelligence***

# Sales growth



# Sales

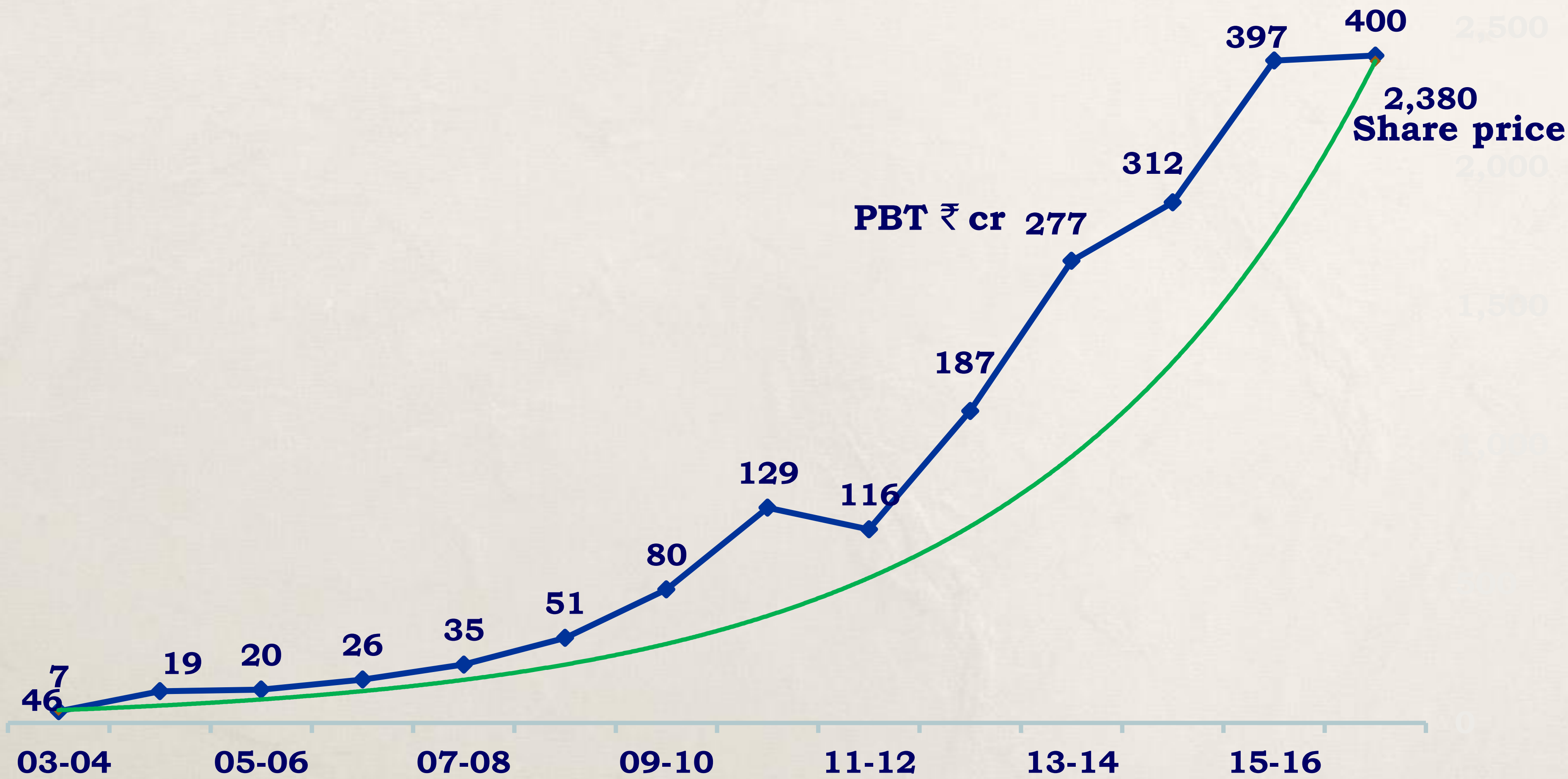


₹ cr
10 years CAGR: 11%
682
817
895
998
1,159
1,168
1,508
1,746
1,964
2,307
2,510
2,403
2,639
04-05
06-07
08-09
10-11
12-13
14-15
16-17

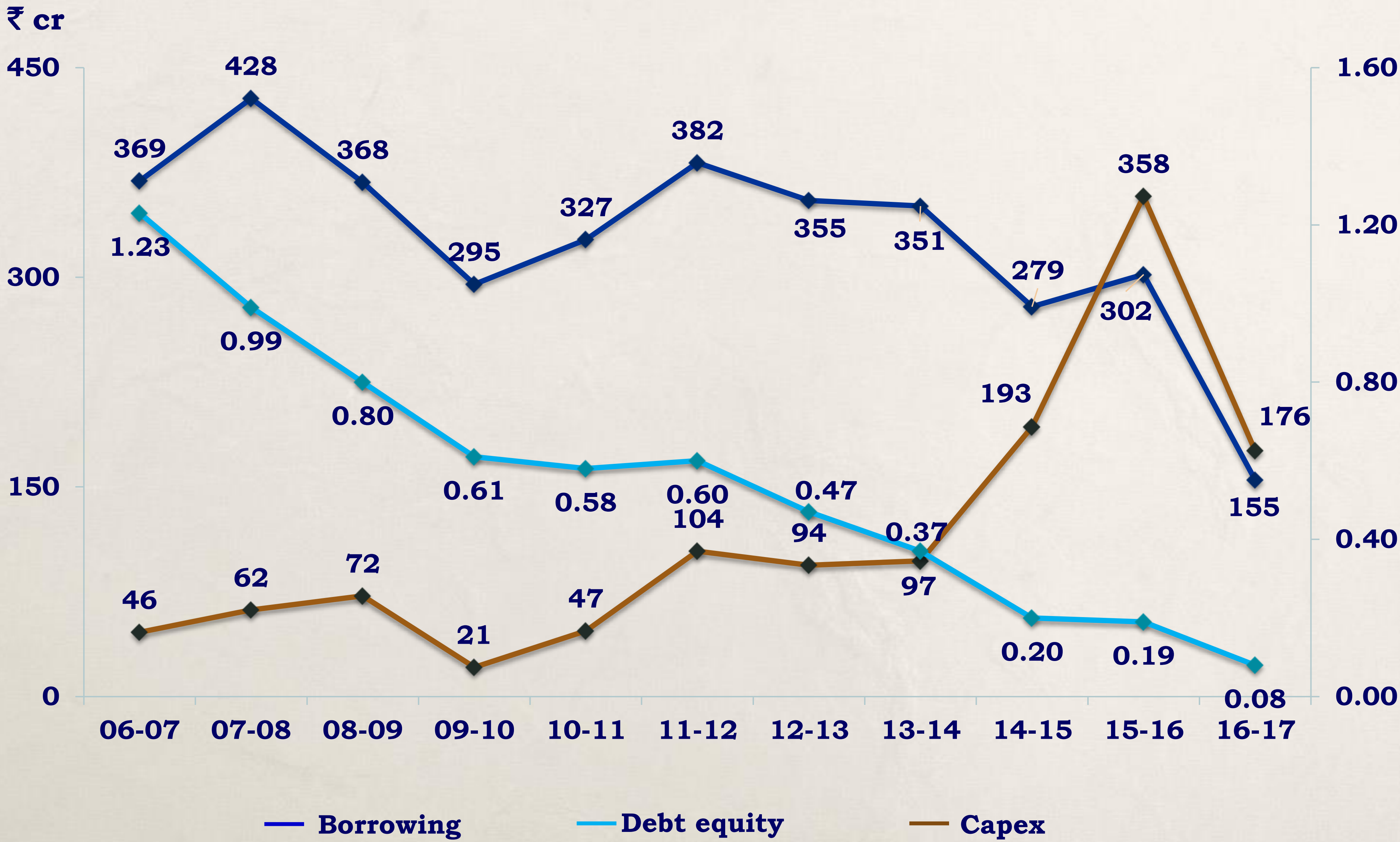
# PBT from operations and Share price

CAGR: 38%

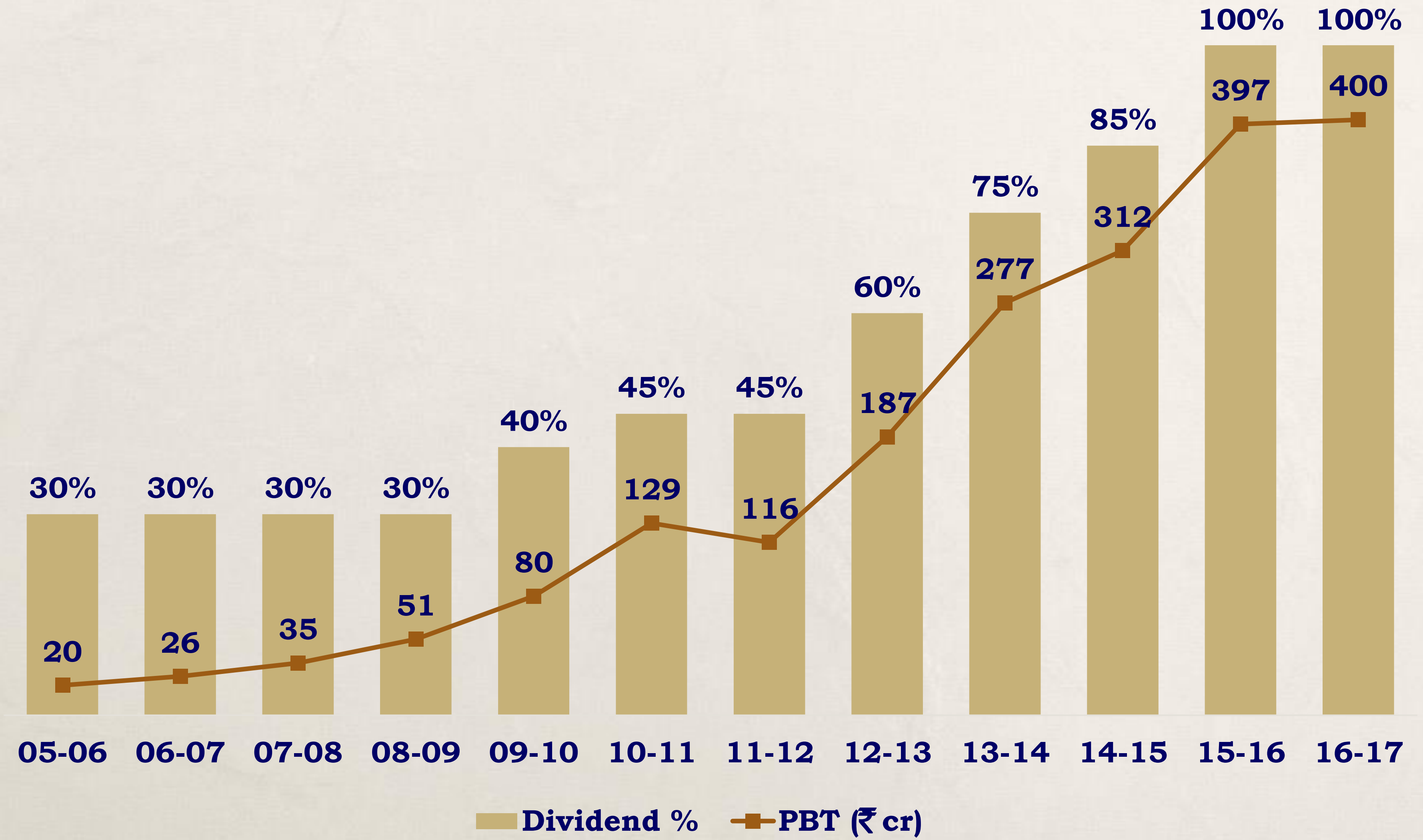
Value of ₹10,000 invested in October 2000 has become ₹24 lakhs in March 2017



# Borrowing, Debt equity and Capex



# PBT from operations and Dividend



# Unrealised capex

₹ cr

| Business | Product | Availability month | 2016-17 | | Incremental potential |
|---|---|---|---|---|---|
| | | | Sales | CU % | Sales |
| AR | Additive 1 | 6 | 51 | 85% | 100 |
| BI | Bulk chemical 1 | 9 | 56 | 100% | 11 |
| | Specialty 1 | 12 | 1 | 3% | 30 |
| CP Bulk | MPP | 12 | 6 | 8% | 82 |
| PH | Specialty 2 | - | - | - | 90 |
| PO PM | Intermediate 1 | 12 | 108 | 80% | 30 |
| | Specialty 3 | 9 | 17 | 60% | 18 |
| | Specialty 4 | 9 | 11 | 73% | 4 |
| SL | Specialty 5 | 12 | 50 | 79% | 60 |
| U&S | Turbine and boiler | 12 | - | 25% | - |
| Total | | | 300 | | 425 |

**Majority projects successfully commissioned and running smoothly**

# Volume and PBT growth

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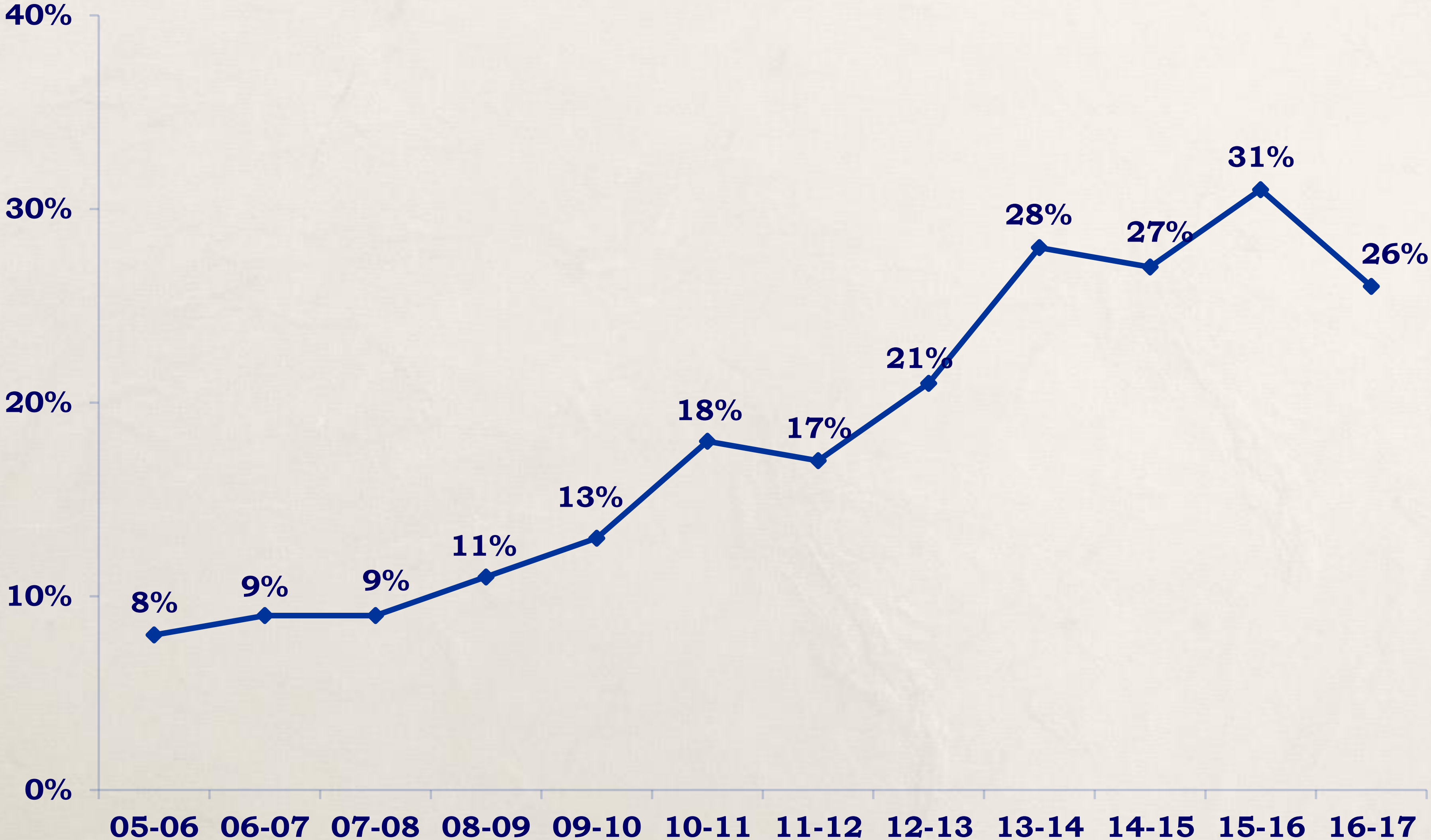
₹ cr

| | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 | 14-15 | 15-16 | 16-17 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Volume growth** | | | | | | | | | | |
| ₹ cr | 55 | 80 | 217 | 190 | 53 | 55 | 179 | 108 | 62 | 383 |
| % | 6 | 8 | 19 | 16 | 4 | 3 | 9 | 5 | 2 | 16 |
| **PBT** | | | | | | | | | | |
| ₹ cr | 35 | 51 | 80 | 129 | 116 | 187 | 277 | 312 | 397 | 400 |
| % growth | 35 | 46 | 57 | 61 | (10) | 61 | 48 | 13 | 27 | 1 |

# RoCE%


40%
30%
20%
10%
0%
8%
9%
9%
11%
13%
18%
17%
21%
28%
27%
31%
26%
05-06
06-07
07-08
08-09
09-10
10-11
11-12
12-13
13-14
14-15
15-16
16-17

# Tapping potential

**Internal and external**

# People and processes

- **Assignments | Projects | Job rotations**
- **Functional teams | Cross-functional teams**
- **Courses**
- **Recruitment**
- **Empowerment**

# Values

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


miles to go...

# Financial performance

# Financials 2016-17

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₹ cr

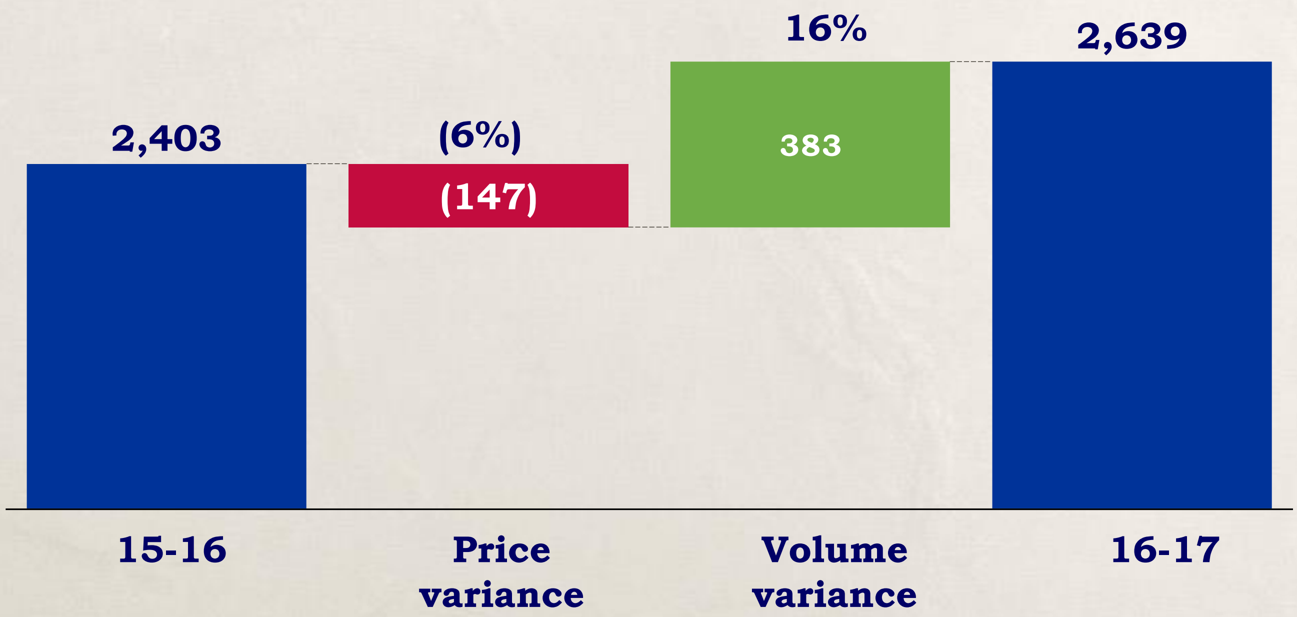
| | 16-17 A | 15-16 A | Inc \| (dec) % CY vs PY |
|---|---|---|---|
| Sales (net) | 2,639 | 2,403 | 10 |
| Excise duty | 154 | 154 | - |
| Other operating income | 56 | 52 | 8 |
| Other income | 42 | 43 | (2) |
| Total revenue | 2,891 | 2,652 | 9 |
| Material consumed | 1,360 | 1,226 | 11 |
| Employee benefit expenses | 173 | 168 | 3 |
| Other expenses | 846 | 773 | 9 |
| EBIDTA | 512 | 485 | 6 |
| *EBIDTA %* | *18%* | *18%* | - |
| Interest | 21 | 26 | (19) |
| PBDT | 491 | 459 | 7 |
| Depreciation | 91 | 62 | 47 |
| PBT before non recurring income | 400 | 397 | 1 |
| Non recurring income | 0 | 3 | - |
| P B T | 400 | 400 | - |
| P A T | 285 | 274 | 4 |
| RoCE % | 26 | 31 | - |
| Average capital employed* | 1,637 | 1,388 | - |

*Excluding revaluation reserve of investment and capital work-in-process

# Sales analysis

₹ cr

| Sales | 16-17 | 15-16 | Inc \| (dec) ₹ cr | % |
|---|---|---|---|---|
| Domestic | 1,239 | 1,198 | 41 | 3 |
| Export | 1,400 | 1,205 | 195 | 16 |
| **Sales (net)** | **2,639** | **2,403** | **236** | **10** |



# Segment result

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₹ cr

| Particulars | Life Science Chemicals | | Performance and Other Chemicals | | Total | |
|---|---|---|---|---|---|---|
| | 16-17 | 15-16 | 16-17 | 15-16 | 16-17 | 15-16 |
| **Net revenues from operations** | **865** | **800** | **1983** | **1,809** | **2,848** | **2,609** |
| Profit before interest and tax | 130 | 161 | 290 | 249 | 420 | 410 |
| Segment assets | 603 | 506 | 1393 | 1355 | 1,996 | 1,861 |
| **Total assets** | | | | | **2,620** | **2,384** |
| **Total liabilities** | | | | | **544** | **490** |
| **Capital employed** | **494** | **410** | **1,091** | **1,058** | **2,076** | **1,894** |

# Working Capital

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₹ cr

| Particulars | Mar 17 A | Mar 16 A | Inc\|dec over Mar 16 |
|---|---|---|---|
| Inventories | 368 | 374 | (6) |
| Debtors | 507 | 420 | 87 |
| OCA | 159 | 164 | (5) |
| GWC | 1,034 | 958 | 76 |
| CL | 402 | 387 | 15 |
| NWC | 632 | 571 | 61 |

CL: Current liabilities

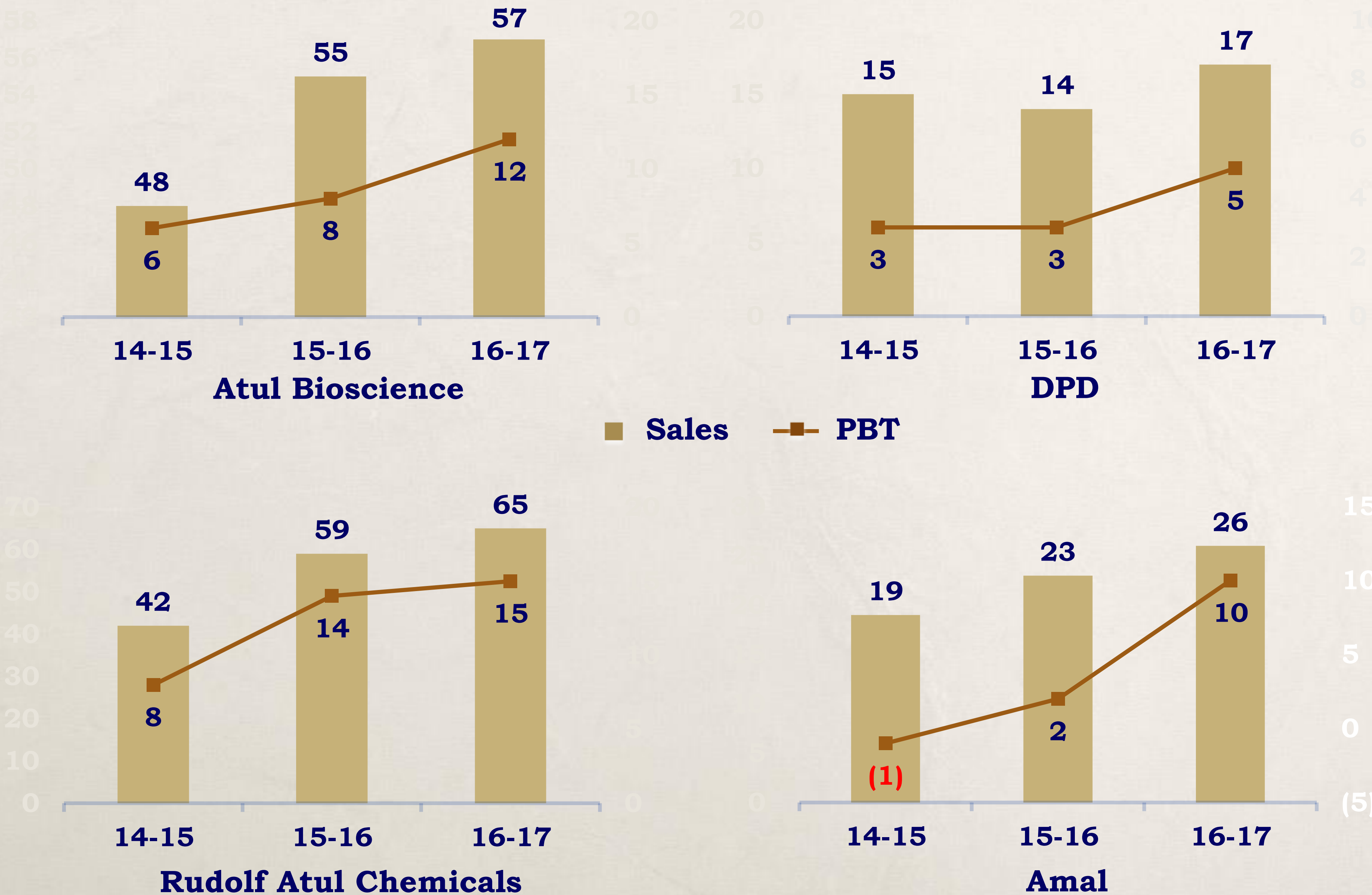
# Fund flow

₹ cr

| Particulars | 2016-17 | 2015-16 |
|---|---|---|
| **Sources** | | |
| EBIDTA | 512 | 485 |
| Loans taken | - | 23 |
| Working capital decrease | - | 9 |
| Changes in non-current assets | 44 | 20 |
| Non recurring income | - | 3 |
| **Total** | **556** | **540** |
| **Uses** | | |
| Interest and finance charges (net) | 21 | 26 |
| Purchase of fixed assets and capital advances | 176 | 358 |
| Working capital increase | 61 | - |
| Loans repaid | 147 | - |
| Dividend paid | 36 | 30 |
| Direct taxes | 115 | 126 |
| **Total** | **556** | **540** |

# Subsidiary and associate companies

₹ cr



# Performance and Other Chemicals
# Life Science Chemicals

Sub segment: Aromatics

**Product groups: Intermediates and API intermediates**

**Serving**

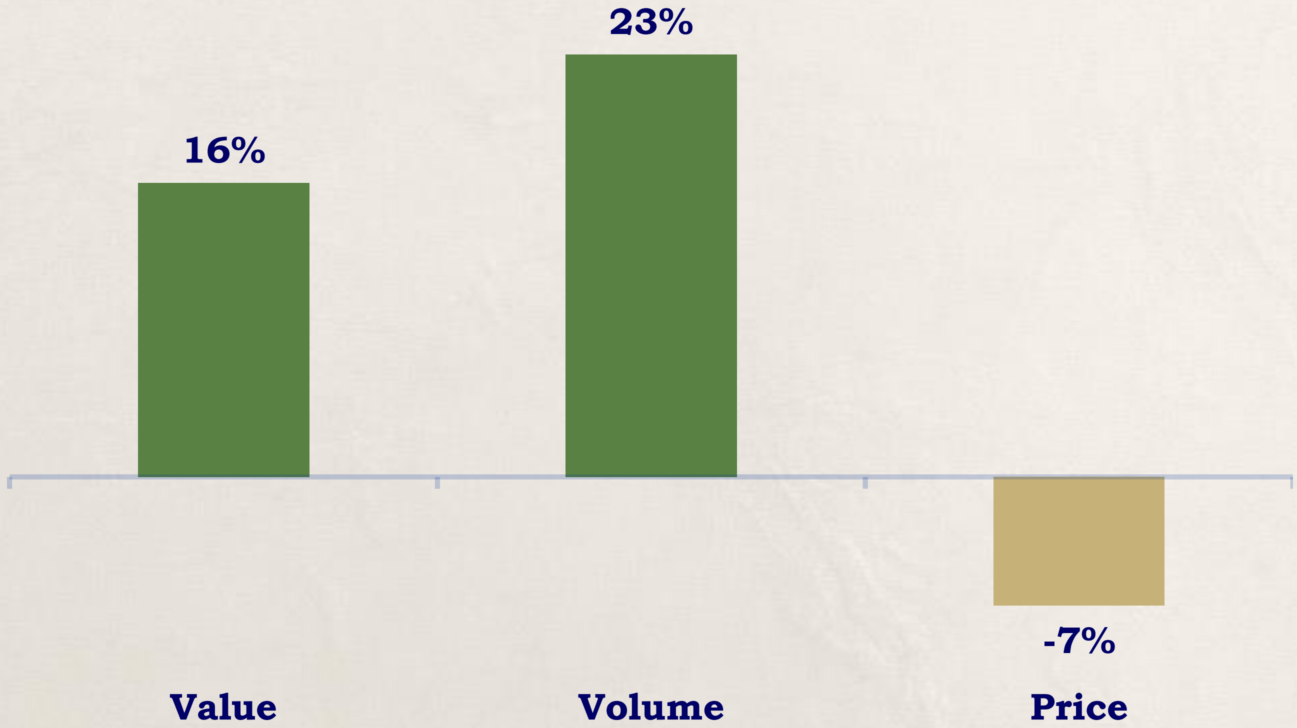
**customers belonging to Chemical additives, Fragrance, Personal care and Pharmaceutical industries**

| Product | Market share (2016-17) | Competition |
|---|---|---|
| *p*-Cresol (P&OC) | 42% | Asia (4) \| US (1) |
| *p*-Cd (P&OC) | 10% | Asia (3) |
| *p*-AA (LSC) | 75% | Asia (3) |
| *p*-AA1 (LSC) | 90% | Asia (3) |

**Number of products: 27**

# Sales

**₹823 cr**



# Opportunity landscape

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## A differentiating competitive advantage

**Additives**

**US$3.1 bn**
**2%**

**Downstream new products**

**Fragrances**


**US$11 bn**
**4%**

**Diverse product portfolio**

**Personal Care**

**US$20 bn**
**4%**

**World market size is US$34 bn**
**4% Growth rate**

*Source: Internal Market Intelligence*

**Indian market size is ₹8,000 cr**
**5% Growth rate**

# Unrealised capex

**Unrealised sales potential: ₹90 cr**

# Way forward

- Scale up new products through newly set up Kilo lab
- Establish capacity for Fragrance intermediate and down stream (1)
- Evaluate own manufacturing for select Sunscreen actives (6)

# Risks

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

# Performance and Other Chemicals

Sub segment: Bulk Intermediates

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**Product groups: Bulk chemicals, Adhesion promoters**

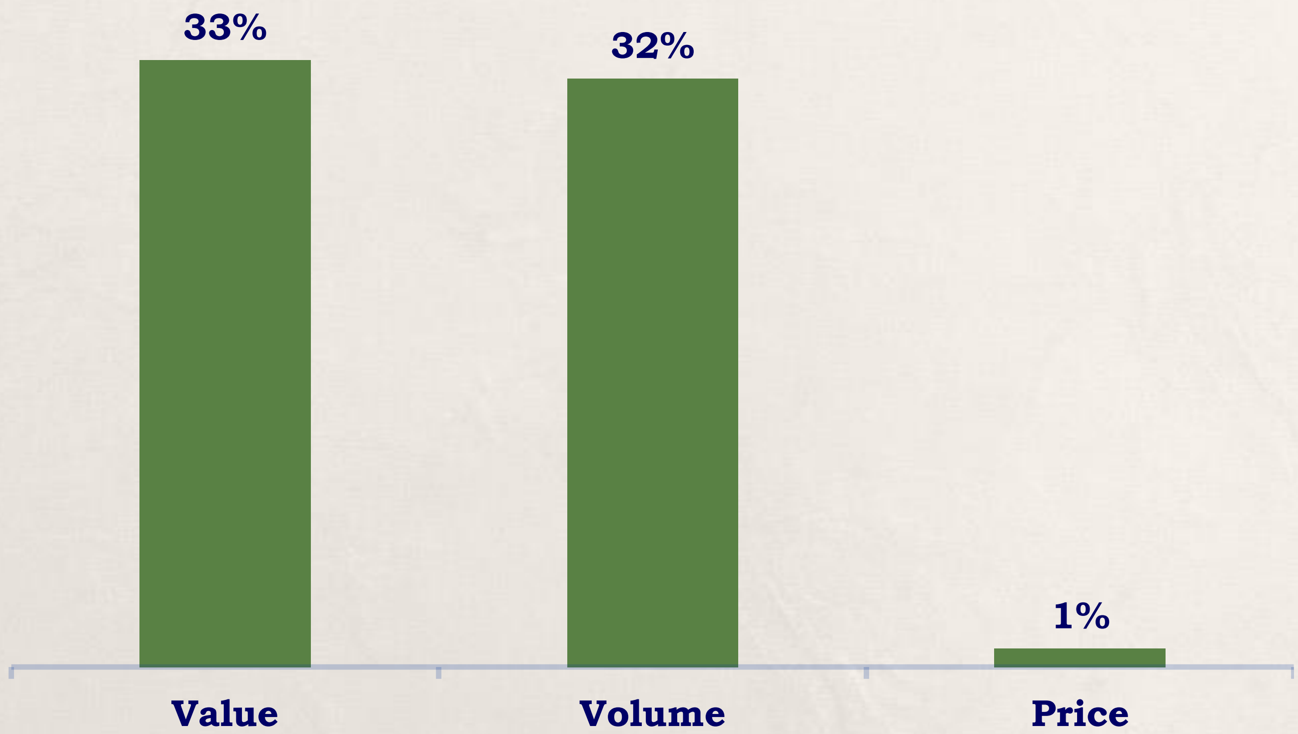
**Serving**
**customers belonging to Cosmetics, Dyestuff and Tyre industries**

| Product | Market share (2016-17) | 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**

# Sales

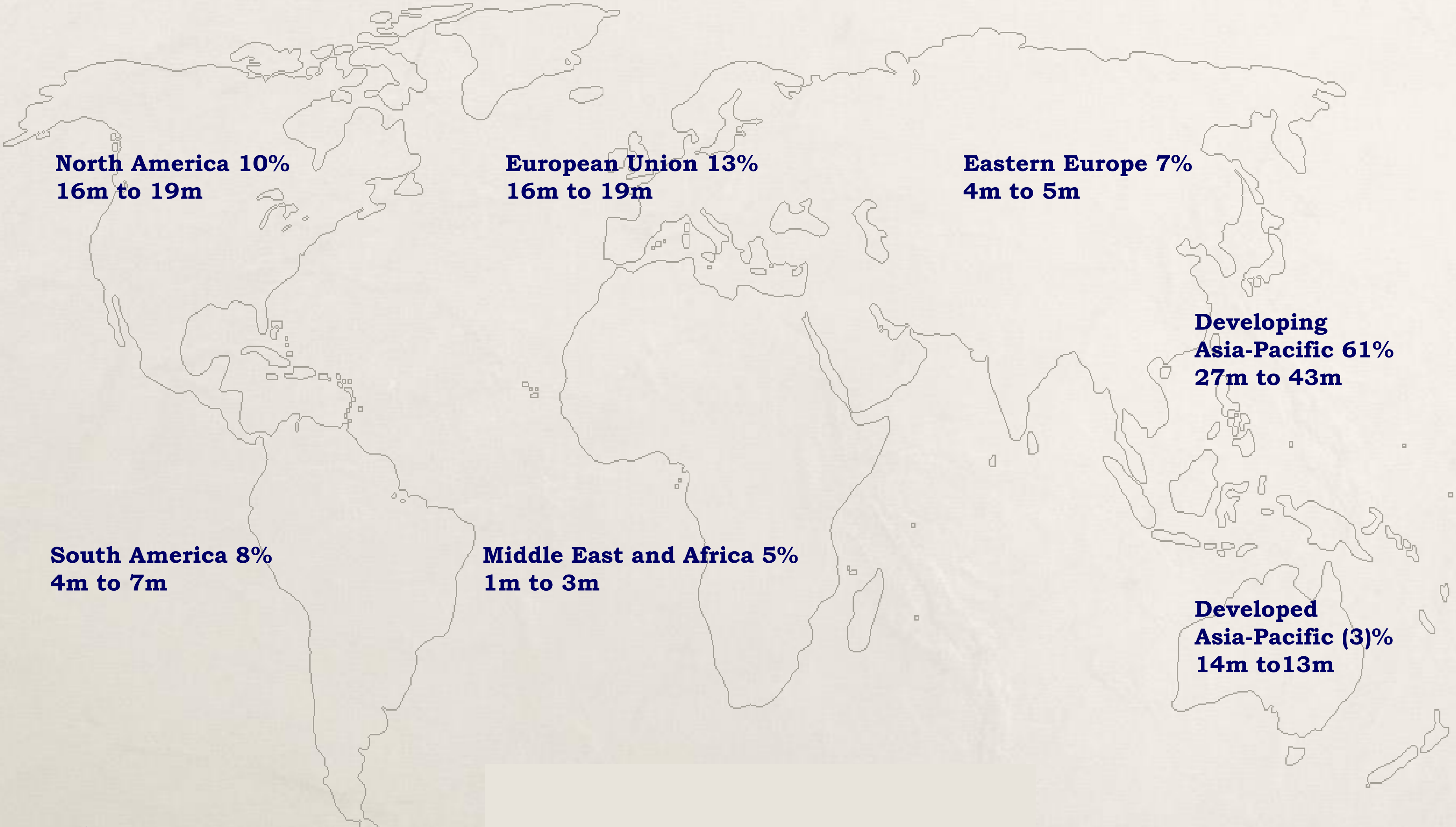
₹138 cr



# Opportunity landscape

**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**

# Unrealised capex

Unrealised sales potential: ₹25 cr

Unrealised sales potential: ₹28 cr

# Forward path

- Enhance market share of RF Resin
- Increase capacity by debottlenecking and attain full capacity utilisation for new Caustic | Chlorine plant
- Add Chlorine derivative products
- Introduce new products (2)

# Risks

- Price and margin sensitive commodity products
- Long gestation period for performance chemicals product qualification
- Capacity constraint of Resorcinol

# Performance and Other Chemicals

Sub segment: Colors

**Product groups: Textile dyes, Pigments**

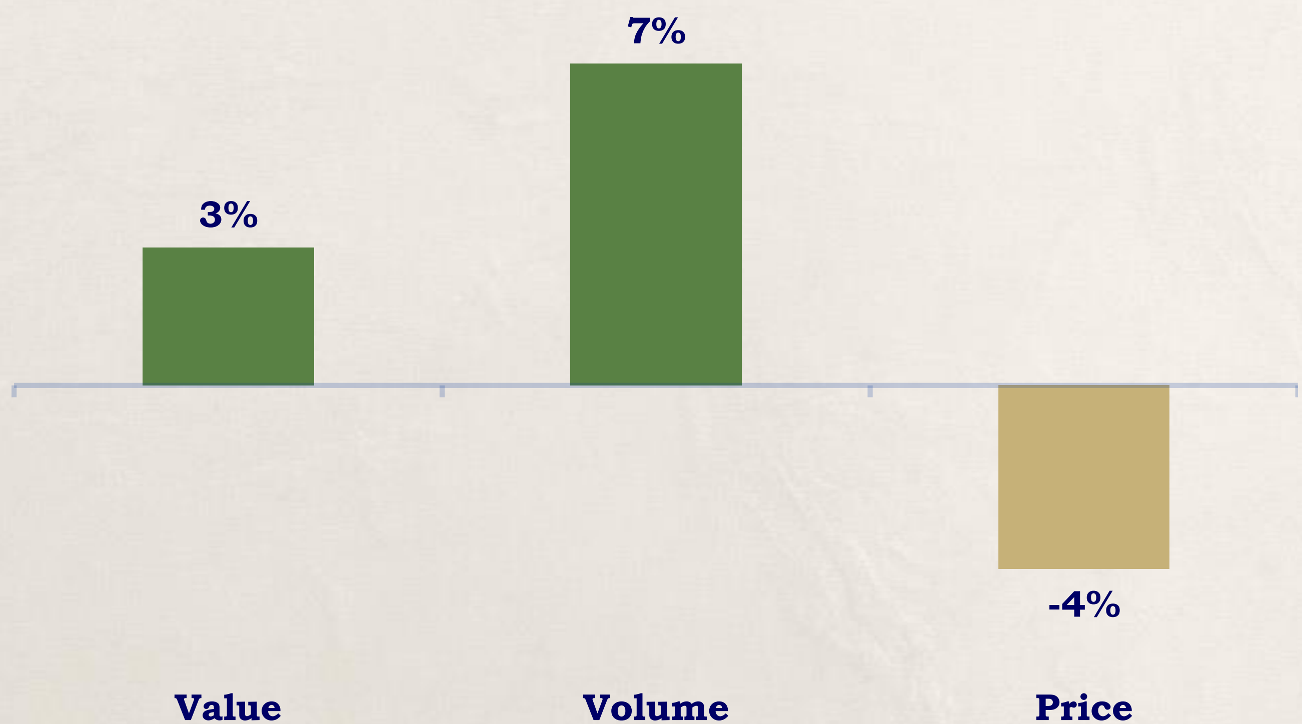
**Serving**
**customers belonging to Textile, Paint and Coatings and Paper industries**

| Product group | Market share (2016-17) | Competition |
|---|---|---|
| Textile dyes | Significant (India)<br>Insignificant (World) | Asia, Europe |
| HP pigments | Insignificant (World) | Asia, Europe |

**Number of products: 571**

# Sales

**₹407 cr**



# Opportunity landscape












| | Textile dyes \| chemicals | HP pigments | Speciality intermediates | Food colors | Solvent colors |
|---|---|---|---|---|---|
| World, $ bn | 5.6-6.0 \| 7.0-7.5 | 4.5-4.7 | 1.2-1.4 | 1.4-1.5 | 0.3-0.4 |
| CAGR | 3.5% \| 4% | 3.8% | 3% | 6% | 5% |
| India, $ mn | 430-450\|300-320 | 140-150 | 110-120 | 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*

# Unrealised capex

**Unrealised sales potential: ₹30 cr**

# Forward path

- **Increase market share in Vat (14% → 18%), Sulphur (10% → 15%) and Reactive (1.2% → 2.0%) dyes**
- **Debottleneck Sulphur black capacity**
- **Improve market penetration of AQ Disperse dyes (5) and related AQ intermediates (3)**
- **Commercialise new High Performance Pigments (5)**
- **Enhance product portfolio and grow in Textile chemicals through Rudolf Atul Chemicals in India**

# 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

## Sub segment: Crop Protection

touching lives...

**Product groups: Fungicides, Herbicides and Insecticides**

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

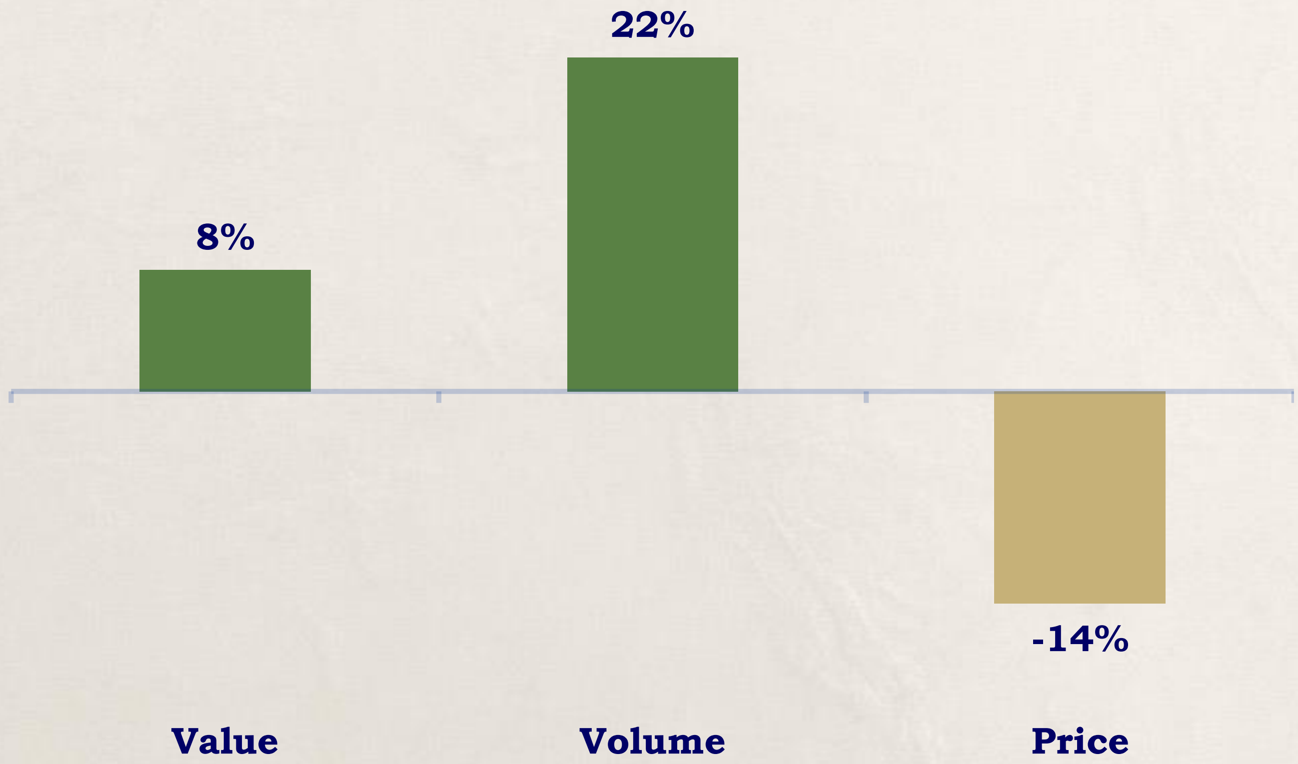
| Product | Market share (2016-17) | Competition |
|---|---|---|
| 2,4-D and downstream products | 12% (World) | Asia, Australia, North America, South America, Europe |
| Indoxacarb | 8% (World) | Asia, Latin America |

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

**Brands available across India**

# Sales

**₹455 cr**

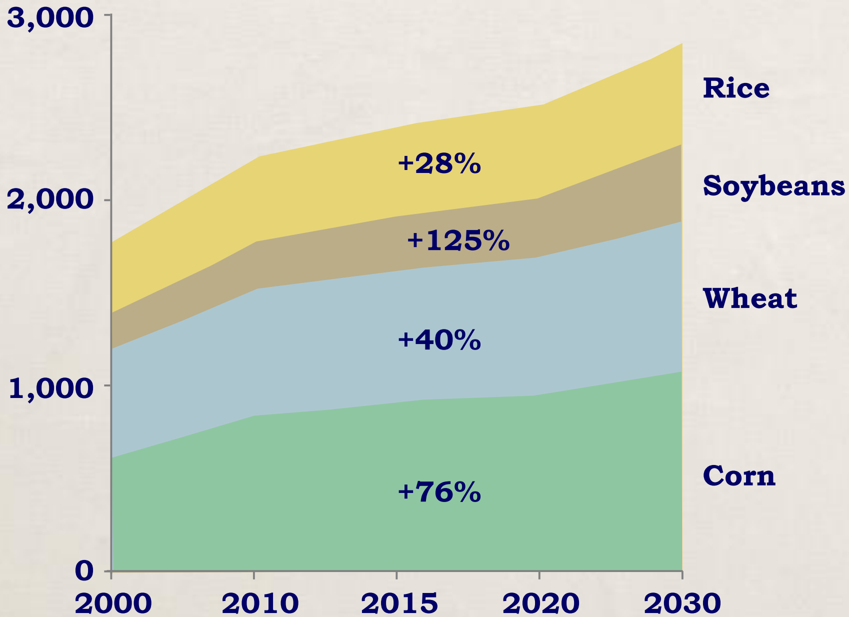


# Opportunity landscape

touching lives...

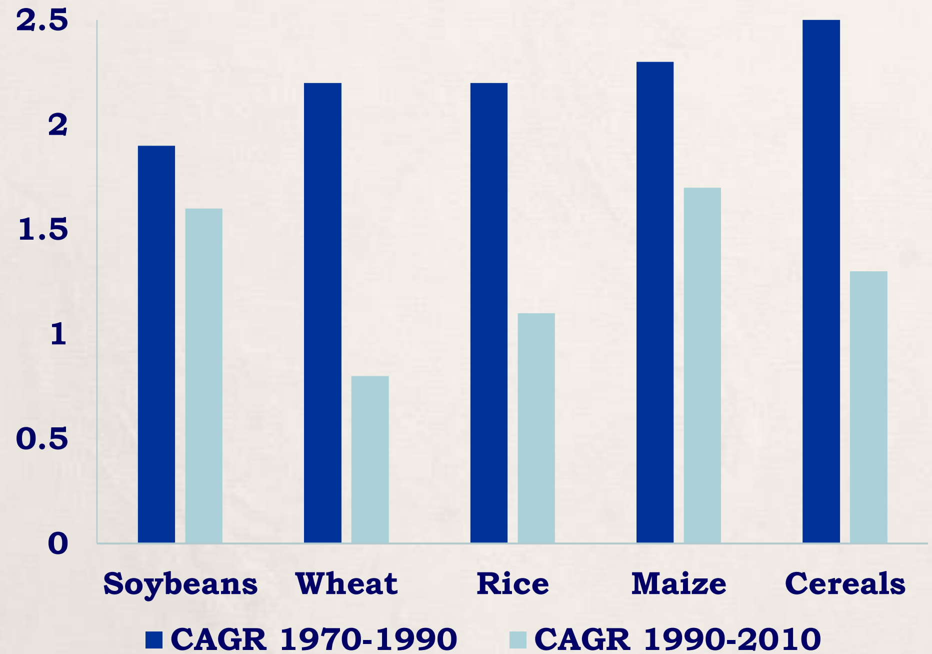
### Population growth and rising incomes drive growth in major crops

**Demand in metric tons**




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

**Crop yields Mt|Ha**




- **Global crop protection market size: US$56 bn, CAGR ~ 4% (2021)**
- **Indian crop protection market size: US$2 bn, CAGR ~ 7% (2020)**

Source: IHS Global Insights, Agriculture Division; FAO EC, AgriFutura Phillips McDougall, FICCI

# Unrealised capex

**Unrealised sales potential: ₹18 cr**

**Unrealised sales potential: ₹80 cr**

# Forward path

- Expand brand business across India
- Introduce new 14 products
- Expand secondary sales
- Develop new formulation mixtures (6)
- Increase business through CRAMS
- Expand geographical reach through new registrations

# Risks

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

# Brands

अतुल जहाँ खुशहाली वहाँ
खरपतवारनाशक
फफूंदनाशक
Lugo
CONEO 71
Salix
Plasto
MELINA
Coneo
Loxo
ZURA
CONVO
VINIA
Riper
VILLO
POLLEN
Albu
MYDO
M-45
लालभाई ग्रूप के सदस्य

# Life Science Chemicals

## Sub segment: Pharmaceuticals

### Product groups: APIs and API intermediates

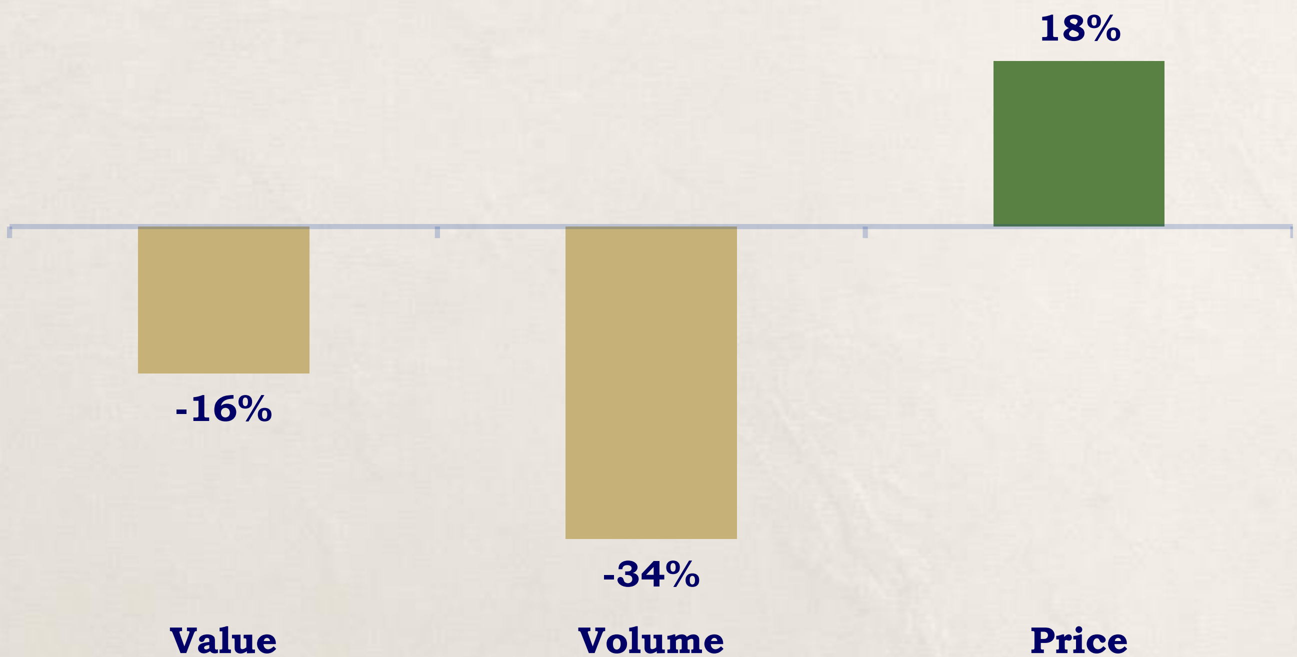
**Serving customers belonging to Pharmaceutical industry**

| Product group | Market share (2016-17) | Competition |
|---|---|---|
| APIs and API intermediates | Insignificant (World) | Asia, Europe, North America |
| Phosgenated chemicals | Insignificant (World) | Asia, Europe, North America |

**Number of products: 65**

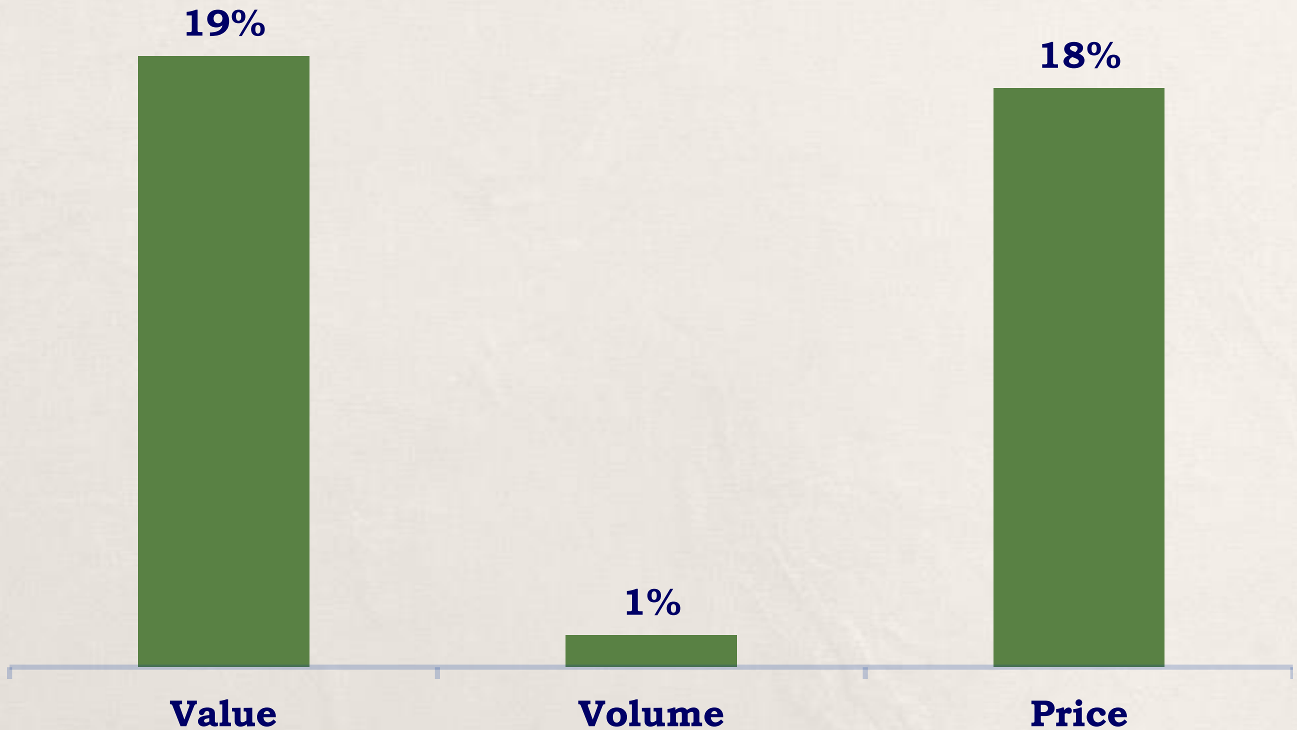
# Sales

₹56 cr



# Sales

**₹56 cr**




**excluding one exclusive synthesis for a customer (one-time opportunity)**

# Opportunity landscape

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


Source: Qunitiles IMS global outlook December 2016

# Unrealised capex

**Unrealised sales potential: ₹84 cr**

# Way forward

- Debottleneck (3) and expand capacities (4)
- Grow sales in the USA, Japan and EU5
- Increase CRAMS business with strategic customers
- Expansion of pilot plant for introduction of new products
- Introduce new products for which qualification already underway
- Seek some of above growth through acquisitions

# Risks

- **Fluctuation in Forex**
- **Changes in regulatory requirements**
- **Long qualification process**

# Performance and Other Chemicals

## Sub segment: Polymers

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

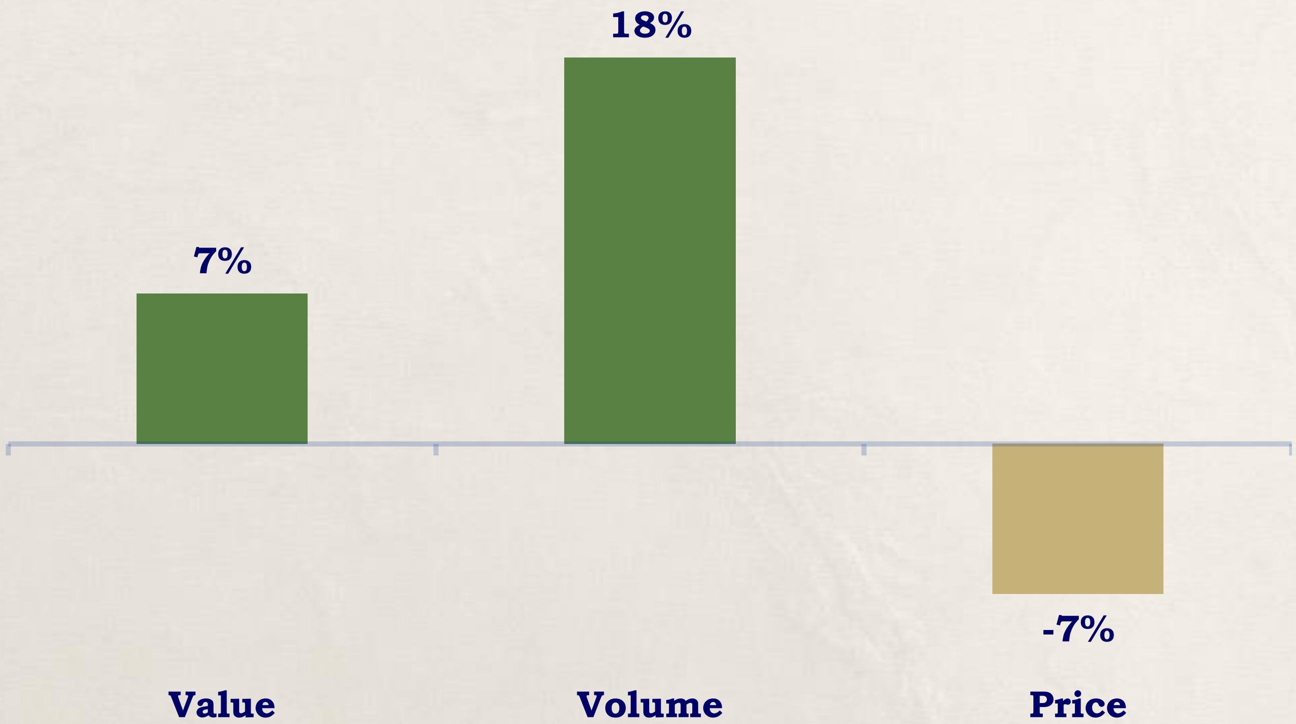
**Serving**
**customers belonging to Aerospace, Automobile, Composites, Construction, Electrical and Electronics, Footwear, Paint and Coatings, Wind Energy industries**

| Product group | Market share (2016-17) | 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: 96, Number of formulations: 300**

# Sales

**₹750 cr**



# Opportunity landscape

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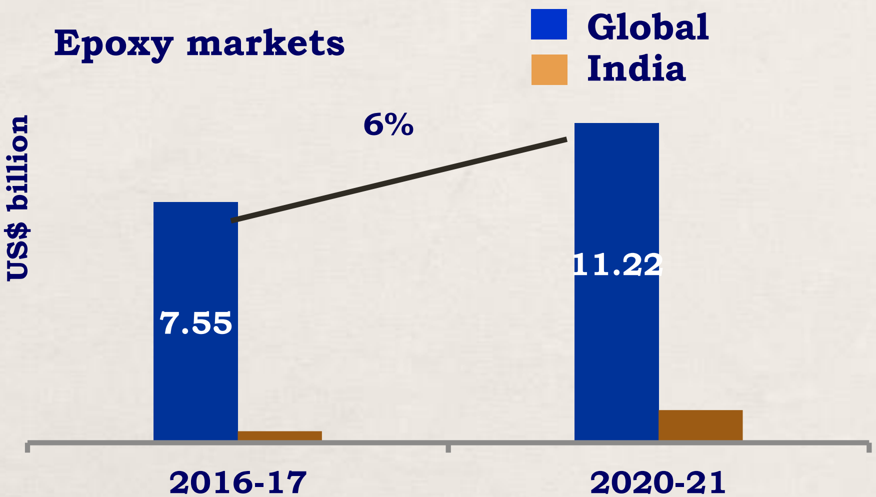
*touching lives...*

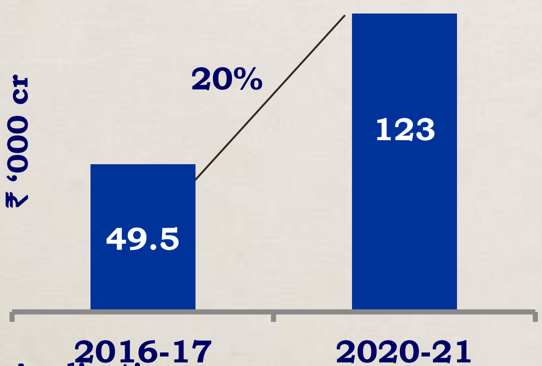
### Epoxy markets




(Source: Transparency Market Research)

- India is 4.7% of global epoxy market, expected to grow to ~ 10% by 2021.
- Paint and Coatings account for ~ 40% of epoxy applications
- Growth drivers (India), emerging segments such as defense, wind and recreation

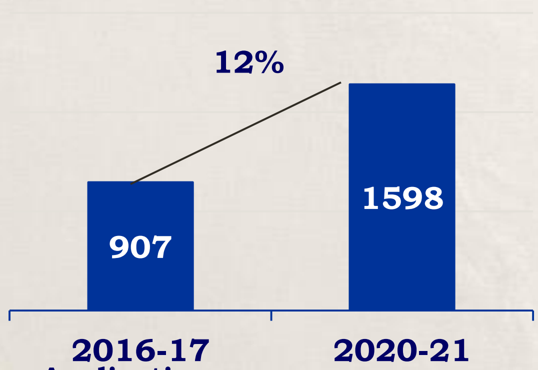
### Paints and Coatings




**Applications**
Protective coatings
Can and coil coatings
Powder coatings
Pipe coatings

(Source: ASSOCHAM, Business Standard)

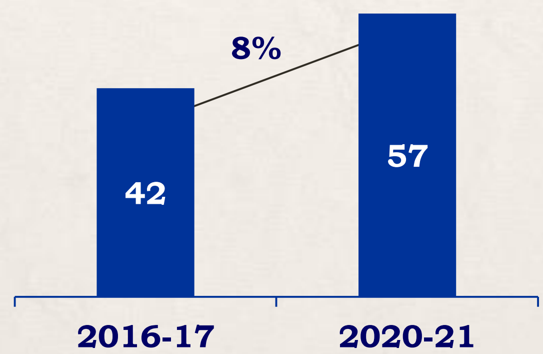
### Civil and Construction




**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)

# Unrealised capex

**Unrealised sales potential: ₹120 cr**

**Unrealised sales potential: ₹30 cr**

**Unrealised sales potential: ₹25 cr**

# Forward path

- **Reach full utilisation**
- **Partial conversion of commodity capacity to specialty**
- **Increase sale of high margin products (35)**
- **Expansion plans**
  - **Specialty resins (27)**
  - **Intermediates for Sulphones**
  - **Upstream | Downstream products (5)**

# Risks

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

# Brands

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# Brands

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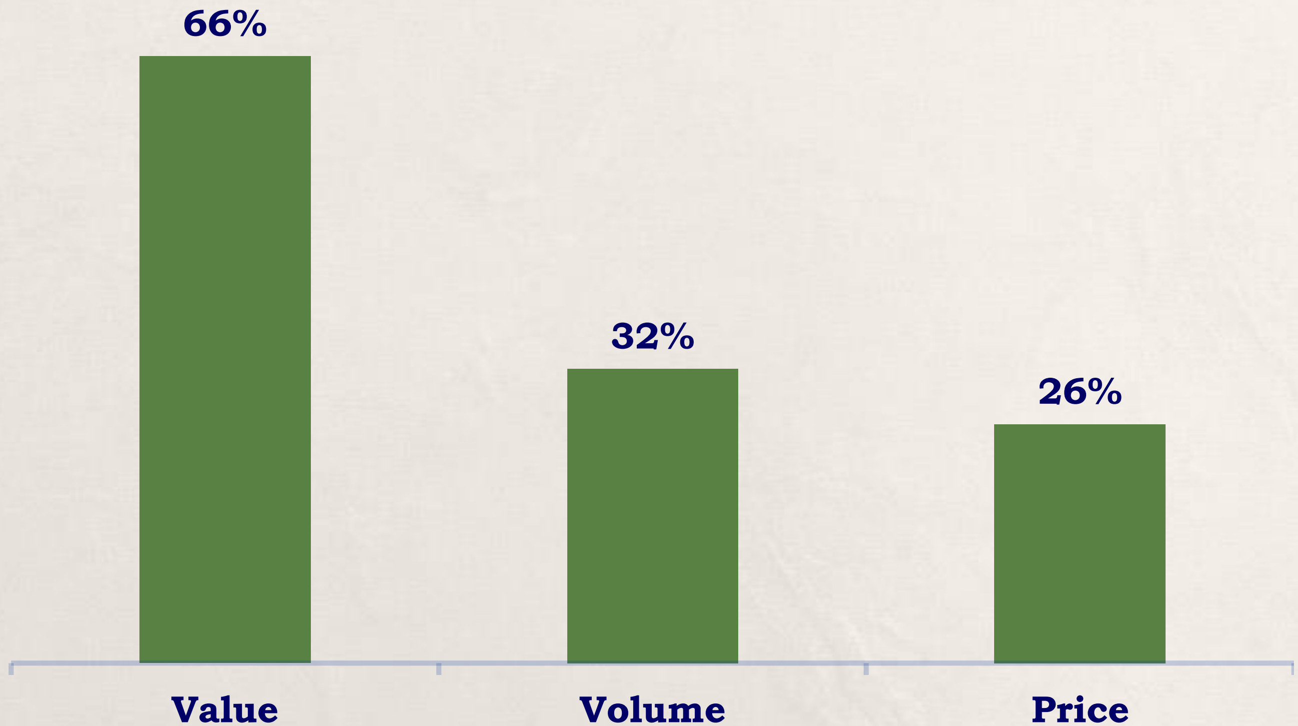
# Life Science Chemicals

## Sub segment: Floras

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

# Sales

₹10 cr



# Agriculture scenario

- Global food and agribusiness industry: US$5 tn, India: US$160 bn
- Global food production growth rate: 2% CAGR, India: 3.5% CAGR
- By 2050, planet Earth will need to double the food supply
- 2010-20 declared as UN decade for deserts and fight against desertification
- 2015 declared by UN as the International Year of Soils to promote more sustainable use of soils for food security and poverty alleviation
- 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

# Date Palm – fight against desertification

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- Almost one third of the planet's surface is classed as desert and a quarter of all agricultural soils have been lost
- Fertile soils are ruined, deserts expanding, and carbon that has been stored in the soil for millennia is released into the atmosphere as greenhouse gases
- The topsoil is depleting and could vanish within 60 years
- In India, over one-fourth of India's geographical area is undergoing the process of desertification
- Cultivation of Date Palm can help in creating fertile soil in the desert, fighting erosion, desertification and ensuring food security

Source: FAO, Handbook of Bioenergy crops

# Global Date Palm plantation - 2014

| Country | Area harvested (hectares) |
|---|---|
| Iraq | 2,42,632 |
| Algeria | 1,65,378 |
| Iran (Islamic Republic of) | 1,50,207 |
| Saudi Arabia | 1,07,281 |
| Pakistan | 91,145 |
| Morocco | 57,744 |
| Tunisia | 48,700 |
| Egypt | 44,037 |
| Sudan | 36,600 |
| Oman | 36,255 |
| Others | 1,60,188 |
| World, Total | 11,40,167 |

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

# Greening the deserts

## a journey …

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

# Technology transfer agreement with the UAE University

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United Arab Emirates


सत्यमेव जयते

# Growth stages

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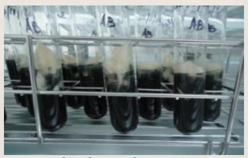
| In lab | Hardening in greenhouses and shade nets | | | In field | |
|---|---|---|---|---|---|
| In-vitro | Acclimatization | Primary hardening | Secondary hardening | Field plantation | Fruiting |



Initiation

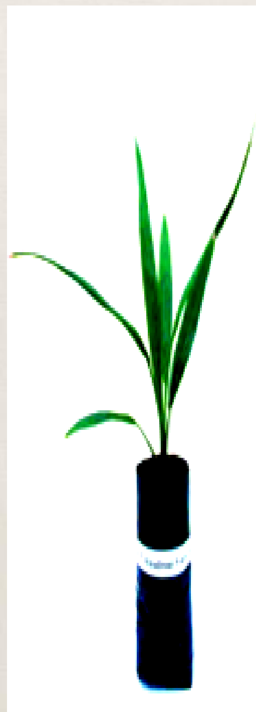
Multiplication

Elongation

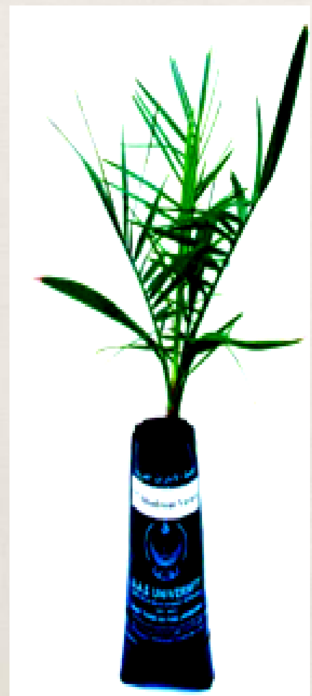
Rooting

Stages 1-4

Stage 5



Stage 6



Stage 7

Stage 8

Stage 9

# Demonstration farms
## (Jaisalmer and Bikaner)

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Plantation

5 years old

Flowering

Fruiting

# ARDP Ltd, Jodhpur

# Production

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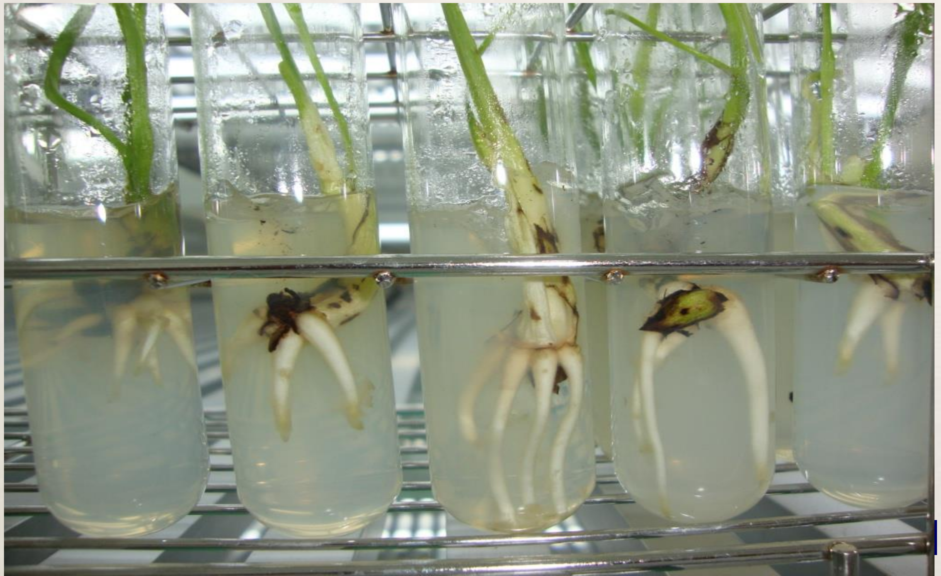
# In-vitro

### Bud proliferation

### Multi-cultures in growth room

### Shooting

### Rooting



# DPD Ltd, UK

# Reach

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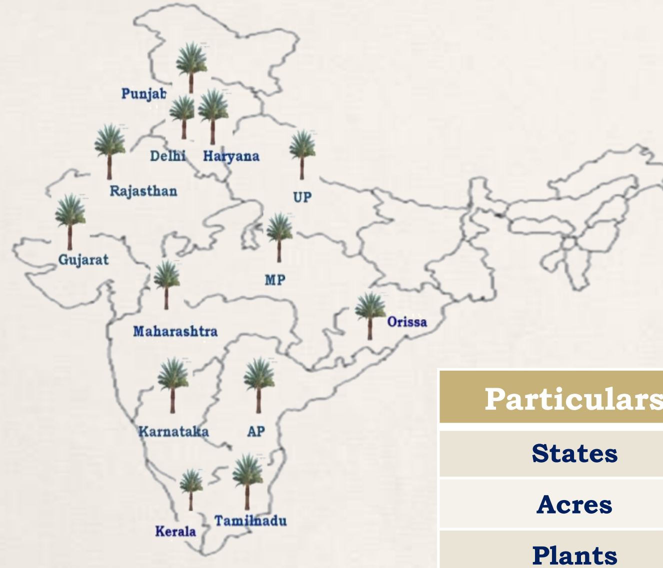
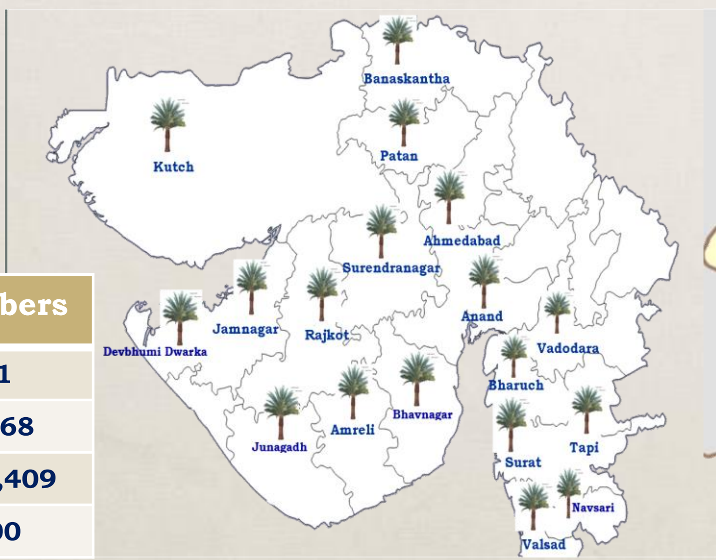
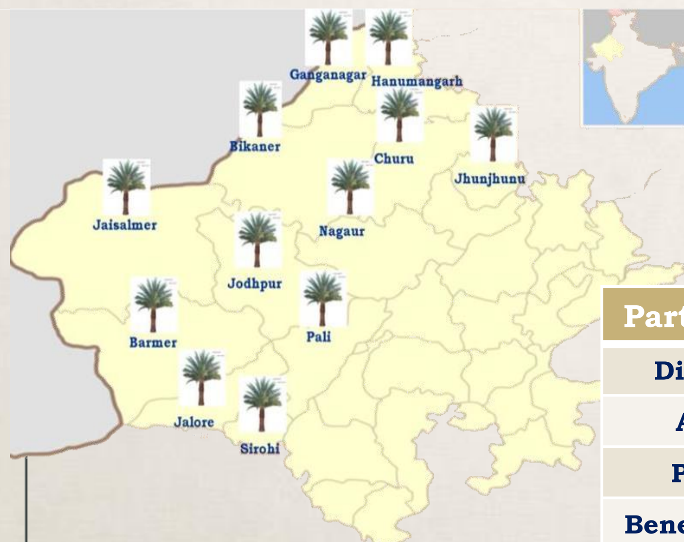
| Particulars | Numbers |
|---|---|
| Countries | 37 |
| Acres | > 40,000 |
| Plants | > 2 million |
| Beneficiaries | 200 |




| Particulars | Numbers |
|---|---|
| States | 15 |
| Acres | 4,798 |
| Plants | 2,75,379 |
| Beneficiaries | 1248 |




| Particulars | Numbers |
|---|---|
| Districts | 21 |
| Acres | 2,268 |
| Plants | 1,13,409 |
| Beneficiaries | 400 |




| Particulars | Numbers |
|---|---|
| Districts | 19 |
| Acres | 2,426 |
| Plants | 1,55,294 |
| Beneficiaries | 402 |

# Date Delights

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# Launch of Date Delights


**Launched Date Delights product range in GRAM (Global Rajasthan Agritech Meet) at Jaipur on November 09, 2016 by Mr Parshottam Rupala, Hon'ble union Minister of State for Agriculture and farmer Welfare, Government of India**

# Expansion


**Purchase of land at DPD, UK on February 20, 2017**

# Thank you