

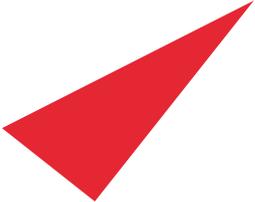


Quarterly Result Pick

Atul Ltd.



November 20, 2025



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Chemicals	Rs 6068	Buy in Rs 6050-6113 band and add on dips in Rs 5510-5561 band	Rs 6530	Rs 6938	2-3 quarters

HDFC Scrip Code	ATULTDEQNR
BSE Code	500027
NSE Code	ATUL
Bloomberg	ATLP IN
CMP Nov 20, 2025	6068
Equity Capital (Rs Cr)	29.46
Face Value (Rs)	10
Equity Share O/S (Cr)	2.946
Market Cap (Rs Cr)	17,870
Book Value (Rs)	2010
Avg. 52 Wk Volumes	75,250
52 Week High	7788
52 Week Low	4752

Share holding Pattern % (Sept, 2025)	
Promoters	45.2
Institutions	33.3
Non Institutions	21.5
Total	100



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Our Take:

With 10+ products launched in crop protection (retail), four patented agro products under registration and six pharma molecules in scale-up (including two backward-integrated APIs), product development remains core. Atul Bioscience has filed 28 regulatory dossiers, while colour and polymer segments are expanding into high-margin end-uses like HPP and thermoplastics.

Backward integration in agrochemicals, pharma APIs, and colour intermediates ensure cost-efficiency and supply-chain control. Simultaneously, focusing on value-added epoxy applications (wind blades, coatings, electronics), downstream aromatics and sulfuric acid derivatives position the company for margin-accretive growth.

The company sees unrealized sales potential of Rs 700-800 crore, with multiple growth levers in place. Key drivers include: (a) ramping up utilization of the newly added epoxy capacity over the next 2 years, given that Indian exports now enjoy the lowest tariff access to the US, offering a significant advantage to the company for its epoxy exports; (b) capacity ramp-up in specialty sulfones, (c) gaining share in wind blade applications, (d) expanding market presence across new geographies, including the Middle East, Africa, Latin America, Australia and New Zealand; and (e) diversifying into new chemistries beyond sulfones and epoxies, with thermoplastics slated for launch in the medium term.

Diversified product portfolio with wide end-user industry applications

Atul's operations in the chemical sector are classified into two broad segments: Performance and Other Chemicals (POC) and Life Science Chemicals (LSC), catering to diversified industries such as textile, paints and coatings, adhesives, dyestuff, agriculture, fragrance and flavours, cosmetics, personal care, tyres, paper, plastics, pharmaceuticals, aerospace, composites, construction, and glass. Of the two segments, revenue contribution of POC was at 70% in FY25, where polymers, bulk chemicals and colours were the major contributors, while LSC contributed to 30%, with crop protection being the key contributor. Over the years, Atul has emerged as a prominent player in various products such as Para-Cresol, Para Anisic Aldehyde and Resorcinol. It also has a strong clientele, including global chemical majors. Its well-diversified product range enables to offset adverse performance in a few product lines through better performance in others. Atul also benefits from a geographically diversified clientele across Asia, Europe, North America, South America and Africa, serving ~4,000 customers across 88 countries through its marketing subsidiaries. Management has been making efforts to increase retail sales, which offer comparatively better profitability margins; however, retail sales contributed only 9% to net sales in FY25.

Q2FY26 Result Update

Atul Ltd. reported revenue of Rs 1552 crore (+11.4% YoY) in Q2FY26. EBITDA was up 10.2% YoY to Rs 267.5 crore. Net profit increased 31% YoY to Rs 179 crore.

Life Science Chemicals' revenue stood grew 8% YoY at Rs 440 crore, while Performance Chemicals' revenue was up 12% YoY at Rs 1145 crore during the quarter.

Gross margin stood at 46.6% vs. 53.1% in Q2FY25. EBITDA margin contracted 20bps YoY to 17.2%. EBIT margin contracted for Performance and Other Chemicals but expanded for Life Science Chemicals on a YoY basis. Life Science Chemicals EBIT margin stood at 22.9% (+240bps YoY). Performance Chemicals' EBIT margin was at 9.1% (-60bps YoY).

In H1FY26, consolidated revenue/EBITDA/PAT grew ~12%/8%/25% to Rs 3030 crore/Rs 503 crore and Rs 307 crore.

Life Science segment recorded revenue/EBIT growth of ~7%/10% YoY to Rs 889 crore/Rs 169 crore. Performance segment registered revenue/EBIT growth of ~13%/11% YoY to Rs 2212 crore/Rs 204 crore.

Valuation & Recommendation:

Atul Ltd. invested ~Rs 2000 crore over the last three years in setting up capacity (capex matching the cumulative investment over the last decade). In its analyst meet, management highlighted unrealized sales potential of over Rs 2500 crore from recently concluded capex and from previously unutilized capacity. With technical issues resolved and regulatory clearances in progress, these assets are set to scale up. We are positive on the company's growth trajectory and believe that ramp-up of recently commercialized plants with demand recovery would drive business and profitability in the medium term. We estimate a CAGR of 10.5%/12.5%/18% in Revenue/EBITDA/PAT over FY25-28E. At CMP, the stock trades at 22.3x FY28E EPS and ~12.8x FY28E EV/EBITDA. We recommend to buy the stock in the range of Rs 6050-6113 and add more on dips to Rs 5510-5561 for base case fair value of Rs 6530 (24x FY28E EPS) and bull case fair value of Rs 6938 (25.5x FY28E EPS) over the next 2-3 quarters.

Key Risks:

a) Export dependency and trade policy risks, b) slower ramp-up of recently commercialized units, c) pricing risk in non-US markets, d) Foreign exchange risk, e) Exposure to volatile crude oil-based raw material prices and cyclical chemical industry.

Financial Summary:

Particulars (Rs cr)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	1552	1392.8	11.4	1478.0	5.0	4,726	5,583	6,218	6,858	7,544
EBITDA	267.5	242.8	10.2	235.6	13.6	637	913	997	1134	1301
Depreciation	81	77.6	4.4	82	-1.3	243	317	336	358	388
Other Income	49	31.5	54.0	26.3	84.8	58	109	148	168	187
Interest Cost	5	8.9	-44.9	4.5	8.9	11	24	20	25	27
Tax	49	51.4	-4.9	44.7	9.4	127	194	205	238	271
PAT	179	136.8	31.0	127.8	40.3	323	484	583	681	802
EPS (Rs)	60.88	46.47	31.0	43.4	40.3	109.5	164.4	198.0	231.2	272.2
RoE (%)						6.4	8.5	9.3	10.4	11.5
P/E (x)						55.5	37.0	30.7	26.3	22.3
EV/EBITDA (x)						27.2	18.9	17.4	15.1	12.8

(Source: Company, HDFCsec)

One Year Price Chart



(Source: Company, HDFCsec)

HDFC Sec Prime Research Rating Description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions.

These stocks

have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicalities of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

Disclosure:

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