Atul Limited

October 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	117.50 (Reduced from 145.00)	CARE AA+; Stable	Reaffirmed
Short-term bank facilities	445.00 (Enhanced from 417.50)	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Atul Limited (Atul) continue to derive strength from its established track record and strong market position in the chemical industry, supported by a diversified product portfolio. Ratings also factor in its presence across wide end-user industries, diversified clientele, leadership in certain high-value specialty products, and a strong research and development (R&D) setup. Ratings further consider vast experience of its promoters and competent management, healthy profitability, low leverage, comfortable debt coverage indicators, and strong liquidity.

However, these strengths are partially offset by exposure to raw material price volatility, foreign exchange movement, and its dependence for key intermediates, competition from China for certain finished products, presence in a competitive and cyclical chemical industry and exposure to stringent environmental compliance norms.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Greater geographical diversification of manufacturing operations compared to very high dependence on one location currently.
- Increase in scale of operations while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 20% on a sustained basis through greater focus on value-added products, fructification of envisaged benefits of capex plans, and greater retail presence, thereby largely insulating profitability from raw material price volatility.

Negative factors

- Large debt-funded capex or acquisition leading to deterioration in Total Debt/PBILDT beyond 1x on a sustained basis.
- Change in prevailing pollution control or environmental norms and/or regulatory ban on production and sales of certain products, significantly impacting business and profitability.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has adopted a consolidated approach for Atul, considering its strong operational and financial linkages with subsidiaries/associates/joint ventures and common management. Entities consolidated are listed under Annexure-6.

Outlook: Stable

The 'Stable' outlook on the rating reflects CareEdge Ratings' expectation that Atul will continue to remain a dominant player in the chemical industry with integrated operations. CareEdge Ratings also expects Atul to maintain a comfortable financial risk profile supported by healthy cash accruals and absence of large debt-funded capex plans in the near term.

Detailed description of key rating drivers:

Key strengths

Diversified product portfolio with wide end-user industry application and geographically diversified clientele

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, contribution of POC in net sales stood at 70% in FY25 (FY refers to April 01 to March 31), where polymers, bulk chemicals and colours were the major contributors, while LSC contributed 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 Atul to offset adverse performance in a few product lines through better performance in others. Atul also benefits from a geographically

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

diversified clientele across Asia, Europe, North America, South America and Africa, serving ~4,000 customers across 88 countries through its marketing subsidiaries. The 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.

Presence in research-oriented specialty chemicals leading to healthy profitability

Atul was earlier one of the largest dyestuff manufacturers in India. Through strong research and development (R&D) initiatives, joint ventures with multinational companies and acquisitions, Atul has significantly expanded its product portfolio in aromatics, crop protection, polymers and pharmaceutical intermediates, which are specialty chemicals compared to conventional dyestuff products. This shift in product mix has led to improved profitability, which has shown greater resilience compared to a decade ago.

In FY25, LSC segment sales increased by 19%, while POC segment sales increased by 18% on a year-on-year basis, leading to an 18% growth in consolidated total operating income (TOI) to ₹5,584 crore (FY24: ₹4,728 crore), largely due to revival in demand in crop protection and polymer segments, which faced headwinds in FY24. Sales growth was also supported by healthy growth in aromatics, pharmaceuticals, colours and sulphone. In Q1FY26, revenue increased by ~12% year-on-year to ₹1,478 crore (Q1FY25: ₹1,322 crore), primarily driven by steady demand in domestic crop protection and polymer segments. PBILDT margin improved to 16.45% in FY25 compared to 13.57% in FY24, supported by increased scale of operations and lower raw material prices due to decline in crude oil prices. In Q1FY26, PBILDT margin declined slightly to 15.93% (Q1FY25: 16.89%) due to lower export market demand, which typically commands higher margins.

Comfortable leverage with strong debt coverage indicators

On a standalone basis, Atul had only cash credit limits on its books as on March 31, 2025. On a consolidated basis, overall gearing remained below 0.06x for seven years ended FY25 and is expected to remain at similar levels in the medium term. Debt coverage indicators remained strong, marked by interest coverage of 38.31x and total debt/PBILDT of 0.35x in FY25. Supported by healthy operating cash flow generation and funding of routine capex through strong liquidity, CareEdge Ratings expects overall gearing and total debt/PBILDT to remain comfortable in the near-to-medium term.

Vast experience of promoters in chemical industry and competent management

Atul is headed by Sunil Lalbhai, Chairman and Managing Director, a third-generation entrepreneur and technocrat, supported by a well-qualified and experienced senior management team. The Board comprises 10 directors, including six independent directors, with expertise in chemicals, petrochemicals, banking and finance, taxation and law. Board committees such as Audit, Risk Management, Remuneration and Corporate Social Responsibility (CSR) are chaired by independent directors. As part of its CSR initiatives, Atul spent ₹13.59 crore towards 44 social welfare programmes in FY25. Atul continues to focus on R&D-led growth in the chemical sector.

Liquidity: Strong

Liquidity profile of Atul is strong, marked by healthy cash accruals against negligible term debt repayment obligations. The company had significant liquidity of ~₹878 crore in the form of cash and investments in liquid and arbitrage mutual funds, and ~₹878 crore in investments in quoted equity shares and bonds as on March 31, 2025. Utilisation of fund-based working capital limits remained at ~1% for 12 months ended June 2025. Accordingly, unutilised bank lines are adequate to meet incremental working capital needs in the next one year. The company has been regularly generating healthy cash flow from operations. Its current ratio stood strong at 2.96x as on March 31, 2025. The company is expected to fund its entire capex requirement from internal accruals and available liquidity. With low gearing, the company has sufficient headroom to raise additional debt to meet funding requirements.

Key weaknesses

Exposure to volatile crude oil-based raw material prices and presence in a competitive and cyclical chemical industry

As most of Atul's raw materials are crude oil derivatives, their prices fluctuate with international crude oil prices. For products where Atul has a large market share, it can largely pass on the increase in raw material prices to customers, although with a time lag. However, profitability remains susceptible to fluctuations in crude oil prices across several product segments.

Atul also depends on China for certain key intermediates required in its crop protection and dyestuff sub-segments. In FY25, ~29% of total raw material requirement, amounting to ~₹817 crore, was imported. In FY23 and FY24, operating profitability was impacted due to higher crude prices, increased freight costs and reduction in finished goods prices, resulting in decline in PBILDT margin to 15.33% in FY23 and further to 13.57% in FY24. Margins improved to 16.45% in FY25 due to reduction in crude prices.

The chemical industry is highly competitive and susceptible to cyclicality in demand, which depends on various domestic and global factors.

Exposure to foreign exchange rate fluctuations
Atul's geographically diversified sales include ~41% exports in TOI, exposing it to foreign exchange rate fluctuations. However, it benefits from partial natural hedge through imports, which account for ~29% of raw material requirement. Net exports are hedged using forward contracts and foreign currency option contracts. Management has adopted a dynamic hedging approach based on market conditions and risk management guidelines laid down in the company's risk management policy, mitigating foreign exchange rate fluctuation risk to a large extent. As on March 31, 2025, net unhedged foreign exchange exposure stood at ~₹316 crore on a consolidated basis.

Compliance with stringent pollution control and fire safety norms, and susceptibility to regulatory risks
Being in the chemical industry, Atul's operations are subject to stringent environmental regulatory compliances. Pollution control norms in India are evolving, and continuous adherence is mandatory for seamless operations. The company regularly incurs large-size capex to comply with pollution control norms and has not received adverse observations or closure notices from pollution control departments for a long period. In the last 15 years, Atul has not encountered any fire incidents at its plants except for an accidental fire in April 2022, at one of its pharmaceutical intermediate plants while under maintenance. In May 2020, the Ministry of Agriculture and Farmers Welfare, Government of India, issued a draft gazette notification proposing to ban 27 insecticides after 90 days. After nearly three years, the Ministry, through Gazette Notification dated September 29, 2023 (published on October 06, 2023), banned only four insecticides from the original list: dicofol, methomyl, dinocap and monocrotophos. An updated list of banned pesticides was released as on March 31, 2024. Further ban on additional products will remain a key monitorable.

Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by the company
Environmental	The company installed additional multiple-effect evaporators (MEE), scrubbers and effluent treatment plants, and introduced steam condensate and energy recovery systems. Upgraded fire alarm sensors and fire alarm systems. Zero liquid discharge (ZLD) has been fully implemented at the company's Ankleshwar and Tarapur manufacturing sites and in one area of the Atul site. The company has in-house facilities to recycle its waste. Atul was awarded the 'Sustainability Impact Initiatives Award' for a decade of sustainable ZLD operations at its Ankleshwar site, which is the only ZLD para-Cresol plant in the world, and the 'Sustainability Leader of the Year Award' for notable contributions to sustainability initiatives. The company conducted demonstration sessions on sewage treatment plants and natural resource management awareness for students of Kalyani Shala and EMRS Pardi, highlighting the importance of water and conservation measures.
Social	The company provided sports and music kits to 100 schools, education kits to children, supported Lalbhai Dalpatbhai Institute of Indology and offered scholarships to needy and meritorious students.
Governance	Around 60% of Atul's board comprises independent directors. The company has a dedicated investor grievance redressal mechanism and maintains healthy disclosures.

Applicable criteria

[Consolidation](#)
[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & petrochemicals	Specialty chemicals

Atul was originally promoted by Padma Bhushan late Kasturbhai Lalbhai in 1947 as Atul Products Limited and was renamed Atul Limited in 1996. It operates one of the largest integrated chemical complexes in India with a diversified product portfolio comprising ~900 products and 400 formulations. It has manufacturing facilities in Ankleshwar and Valsad in Gujarat and Tarapur in Maharashtra, with its main site spread across 1,250 acres. Atul has marketing offices through its subsidiaries in the United States, the United Kingdom, Germany, the United Arab Emirates, China and Brazil.

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	4,727.92	5,584.11	1,478.00
PBILDT	641.52	918.66	235.50
PAT	324.12	498.83	132.36
Overall gearing (times)	0.06	0.06	NA
Interest coverage (times)	57.90	38.31	51.87

A: Audited; UA: Unaudited; NA: Not available; Note: these are latest available financial results
Financials are reclassified per CareEdge Standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	117.50	CARE AA+; Stable
Non-fund-based - ST-BG/LC	-	-	-	-	445.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	117.50	CARE AA+; Stable	-	1)CARE AA+; Stable (10-Oct-24)	1)CARE AA+; Stable (24-Aug-23)	1)CARE AA+; Stable (03-Aug-22)
2	Non-fund-based - ST-BG/LC	ST	445.00	CARE A1+	-	1)CARE A1+ (10-Oct-24)	1)CARE A1+ (24-Aug-23)	1)CARE A1+ (03-Aug-22)
3	Commercial Paper-Commercial Paper (Standalone)	ST	-	-	-	-	-	1)Withdrawn (03-Aug-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Aaranyak Urmi Ltd	Full	Subsidiary
2	Aasthan Dates Ltd	Full	Subsidiary
3	Amal Ltd	Full	Subsidiary
4	Amal Speciality Chemicals Limited	Full	Subsidiary
5	Atul Aarogya Ltd	Full	Subsidiary
6	Atul Adhesives Pvt Ltd	Full	Subsidiary
7	Atul Ayurveda Ltd	Full	Subsidiary
8	Atul Bioscience Ltd	Full	Subsidiary
9	Atul Bio space Ltd	Full	Subsidiary
10	Atul Brasil Qumicos Ltda	Full	Subsidiary
11	Atul China Ltd	Full	Subsidiary
12	Atul Clean Energy Ltd	Full	Subsidiary
13	Atul Consumer Products Ltd	Full	Subsidiary
14	Atul Crop Care Ltd	Full	Subsidiary
15	Atul Deutschland GmbH	Full	Subsidiary
16	Atul Entertainment Ltd	Full	Subsidiary
17	Atul Europe Ltd	Full	Subsidiary
18	Atul Fin Resources Ltd	Full	Subsidiary
19	Atul Finserv Ltd	Full	Subsidiary
20	Atul Healthcare Ltd	Full	Subsidiary
21	Atul Hospitality Ltd	Full	Subsidiary
22	Atul Infotech Private Ltd	Full	Subsidiary
23	Atul Ireland Ltd	Full	Subsidiary
24	Atul Lifescience Ltd	Full	Subsidiary
25	Atul Middle East FZ-LLC	Full	Subsidiary
26	Atul Natural Dyes Limited	Full	Subsidiary
27	Atul Natural Foods Limited	Full	Subsidiary
28	Atul Nivesh Ltd	Full	Subsidiary
29	Atul Paints Ltd	Full	Subsidiary
30	Atul Polymers Products Ltd	Full	Subsidiary
31	Atul Products Ltd	Full	Subsidiary
32	Atul Rajasthan Date Palms Ltd	Full	Subsidiary
33	Atul Renewable Energy Ltd	Full	Subsidiary
34	Atul (Retail) Brands Ltd	Full	Subsidiary
35	Atul Seeds Ltd	Full	Subsidiary
36	Atul USA Inc	Full	Subsidiary
37	Biyaban Agri Ltd	Full	Subsidiary
38	DPD Ltd	Full	Subsidiary
39	Jayati Infrastructure Ltd	Full	Subsidiary
40	Osia Dairy Ltd	Full	Subsidiary
41	Osia Infrastructure Ltd	Full	Subsidiary
42	Raja Dates Ltd	Full	Subsidiary
43	Sehat Foods Ltd	Full	Subsidiary
44	Valsad Institute of Medical Sciences Ltd	Moderate	Associate
45	Anaven LLP	Moderate	Joint Venture
46	Rudolf Atul Chemicals Ltd	Moderate	Joint Venture

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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