

Atul Limited

October 07, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term bank facilities	RBI	117.50	CARE AA+; Stable	Reaffirmed
Short-term bank facilities	RBI	445.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of 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 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

- 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, and greater retail presence, largely insulating profitability from raw material price volatility.
- Greater geographical diversification of manufacturing operations compared to very high dependence on one location currently.

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 and common management. Entities consolidated are listed under Annexure-5.

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 71% in FY26, where polymers, aromatics and colours were major contributors, while LSC contributed 29%, with crop protection being the key contributor. Over the years, Atul emerged

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

as a prominent player in 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 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 FY26.

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, the company 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.

Atul's operating performance improved in FY26, supported by volume-led growth, higher capacity utilisation and contribution from commissioned projects. Consolidated revenue increased by 13.1% to ₹6,317 crore from ₹5,584 crore in FY25, driven by a 10% increase in volumes and 2% improvement in realisations. Growth was broad-based across geographies, with domestic sales increasing by 12% and exports by 6%. Growth was witnessed across key segments. The LSC segment recorded 7% growth, driven by higher sales of in the crop protection segment, while POC segment reported stronger growth of 15%, supported by higher sales in the polymer segment. PBILDT increased by 17.2% to ₹1,077 crore in FY26 from ₹919 crore in FY25. Consolidated PBILDT margin improved to 17.1% from 16.5%, supported by margin improvement in caustic soda business and API and API intermediates business, which are operated by its subsidiaries.

Strong momentum continued in Q1FY27, with revenue increasing by 25.0% y-o-y to ₹1,848 crore from ₹1,478 crore in Q1FY26, led by 34% growth in the POC while LSC segment reported a growth of 4%. Operating profitability improved sharply, with PBILDT increasing by 67.3% y-o-y to ₹394 crore and margin expanding to 21.3% in Q1FY27 from 15.9% in Q1FY26 supported by sharp improvement in the realisation and inventory led gains. Profitability margin though is expected to normalise in the near term.

Comfortable leverage with strong debt coverage indicators

Consolidated overall gearing (including acceptances) stood at 0.05x as on March 31, 2026 (March 31, 2025: 0.06x). Debt coverage indicators remained strong, marked by interest coverage of 61.82x in FY26 (FY25: 38.31x) and total debt/PBILDT of 0.29x in FY26 (FY25: 0.35x). The company plans to incur a capex of ₹167 crore for setting up manufacturing capacities of 1,000 TPA of Mecoprop p (MCP-p) and 750 TPA of MCPA, aimed at strengthening its crop protection portfolio and expanding its presence in the phenoxy herbicides segment. The project is expected to be completed in FY28. The entire capex is expected to be funded through internal accruals. CareEdge Ratings expects overall gearing and total debt/PBILDT to remain comfortable in the medium term supported by healthy operating cash flow generation and absence of debt funded capex.

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 ₹12.14 crore towards 25 CSR projects implemented in FY26. Atul continues to focus on R&D-led growth in the chemical sector.

Key weaknesses

Exposure to volatility in 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 FY26, ~29% of total raw material requirement, amounting to ~₹876 crore, was imported. The chemical industry is highly competitive and susceptible to cyclical demand, which depends on domestic and global factors. 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 15.3% in FY23 and further to 13.6% in FY24. While there has been an improvement in profitability margin in the last two years, the margin continues to remain lower than higher historical margins. The company's ROCE, while improved in FY26 to 14.6% from 13.4% in FY25 (FY24:13.7%), continues to remain lower than average returns of over ~20% in the past. In recent months, there has been a sharp increase and high volatility in input prices, which exposes the company to volatility in profitability margin.

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, the company has not encountered fire incidents at its plants except for an accidental fire in April 2022 at one of its pharmaceutical intermediate plants while under maintenance. Tightening regulatory norms could lead to increased operational costs and potential disruptions.

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. Ban on additional products will remain a key monitorable.

Liquidity: Strong

The company's liquidity position continues to remain strong, marked by significant cash and cash equivalents, and healthy cash accruals against negligible term debt repayment obligations. The company has significant liquidity of ₹2,633 crore in the form of cash and equivalents including ₹869 crore in the form of investments in quoted equity shares as on March 31, 2026. Utilisation of fund-based working capital limits remained at below ~2% for 12 months ended June 2026, providing sufficient cushion. Its current ratio was also very strong at 3.26x as on March 31, 2026. Planned capex and incremental working capital requirement is expected to be funded from internal accruals. With low gearing, the company has sufficient headroom to raise need-based debt.

Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by the company
Environmental	Atul continues to strengthen sustainability initiatives through five Zero Liquid Discharge (ZLD) sites, water recycling, condensate recovery, effluent treatment, waste minimization, green chemistry practices, resource recovery, and decarbonization efforts. The company is pursuing SBTi-aligned climate targets and improving energy efficiency. Key achievements include planting over 1.78 lakh trees, achieving an annual CO ₂ reduction of 4,000 MT through steam recovery, reducing SO _x emissions by ~25% year-on-year, lowering freshwater consumption by 37% at the Ankleshwar site, and increasing the renewable power share at Ankleshwar to ~54%. Through initiatives such as energy efficiency, sustainable resource adoption and water conservation, Atul is working to build long-term ecological resilience while creating a positive environmental impact.
Social	Atul spent ₹12.14 crore on CSR in FY26 and continued supporting education, community development, rural development, healthcare, skill enhancement, and stakeholder engagement programs. The company had 4,330 employees, invested significantly in training and safety programs, and maintained strong employee welfare initiatives.
Governance	Atul maintains a robust governance framework with majority non-executive directors and a strong independent-director presence. The company continues its investor grievance redressal mechanism, board oversight of risks and ESG matters, transparent disclosures, and compliance processes. The company's board of directors comprise 12 directors, of which eight are independent directors.

Applicable criteria

[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](#)

[Consolidation](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals and 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, at Valsad and Ankleshwar in Gujarat and Tarapur in Maharashtra, with its main site at Valsad, spread across 1,250 acres. Atul's has presence across 88 countries with exports accounting for 40% of its total sales. It has marketing offices through its subsidiaries in the US, the UK, Germany, the UAE, China, and Brazil.

Brief Consolidated Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	5,584	6,317	1,848
PBILDT*	919	1,077	394
Profit after tax (PAT)	499	689	254
Overall gearing (x)	0.06	0.05	NA
Interest coverage (x)	38.31	61.82	97.90

A: Audited; UA: Unaudited; NA: Not available; Note: these are latest available financial results

PBILDT: Profit before interest, lease rentals, depreciation and tax

Financials are reclassified per CareEdge Ratings' 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:

A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

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

NA: Not applicable

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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	117.50	CARE AA+; Stable	-	1)CARE AA+; Stable (01-Oct-25)	1)CARE AA+; Stable (10-Oct-24)	1)CARE AA+; Stable (24-Aug-23)
2	Non-fund-based - ST-BG/LC	ST	445.00	CARE A1+	-	1)CARE A1+ (01-Oct-25)	1)CARE A1+ (10-Oct-24)	1)CARE A1+ (24-Aug-23)

LT: Long-term; ST: Short-term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**To view lender-wise details of bank facilities please [click here](#)**Annexure-5: 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
47	Atul-Buckman Specialties Private Limited	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.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Ranjan Sharma Senior Director CARE Ratings Limited Phone: 022- 6754 3453 E-mail: Ranjan.Sharma@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Hitesh Avachat Director CARE Ratings Limited Phone: +91-22-6754 3510 E-mail: hitesh.avachat@careedge.in
	Rabin Bihani Associate Director CARE Ratings Limited Phone: +91-22-6754-3592 E-mail: Rabin.bihani@careedge.in

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