

July 16, 2015

CARE REAFFIRMS THE RATING ASSIGNED TO THE COMMERCIAL PAPER ISSUE OF ATUL LIMITED

Ratings

Instruments	Amount (Rs. crore)	Ratings ¹	Remarks
Commercial Paper (CP)	150.00 (enhanced from 100.00)	CARE A1+ (A One Plus)	Reaffirmed
Total Instruments	150.00		

Rating Rationale

The rating continues to draw strength from the wide experience of the promoters and competent management of Atul Ltd. (Atul), its established track record and strong position in the chemical industry with diversified product portfolio, its leadership position in some of the high-value products, strong R&D setup and established customer base. The rating also factors in sustained improvement in business and financial risk profile of Atul during FY15 (Prov.) (refers to the period from April 1 to March 31) aided by gradual shift in its product mix over last few years largely insulating its performance even with the changes in external factors.

The rating is, however, constrained by its exposure to raw material price volatility (which are linked to international crude oil prices), foreign exchange rate fluctuations and its operations in an increasingly stringent pollution control environment.

Atul's ability to improve its performance even amidst the adverse business environment, insulate its profitability against raw material price-risk and exchange rate movements while improving its capital structure and ensuring continuous adherence to the prevailing pollution control norms are the key rating sensitivities.

Background

Atul was originally promoted by Late Shri Kasturbhai Lalbhai in 1947 as Atul Products Ltd. as a step towards backward integration of their cotton textile business and was later renamed to Atul Ltd. in 1996. It has one of the biggest integrated chemical complexes in Asia with a well diversified product portfolio of around 900 products and 450 formulations divided into two segments viz. Life Science Chemicals (LSC) and Performance & Other Chemicals (POC) catering to the requirement of diversified industries like textile, paints, agriculture, fragrance & flavours, tyre, paper, pharmaceutical, aerospace, construction, etc. It has manufacturing facilities located at Ankleshwar and Valsad in Gujarat & Tarapur in Maharashtra.

During FY14 (refers to the period April 1 to March 31), Atul has reported a total operating income of Rs.2372.79 crore (FY13: Rs. 2009.00 crore) with a PAT of Rs.212.79 crore (FY13: Rs. 135.52 crore). As per the provisional results for FY15, Atul has reported a total operating income of Rs.2555.65 crore with a PAT of Rs.217.42 crore.

Analyst Contact

Name: Hardik Shah

Tel # 079-40265620

Email: hardik.shah@careratings.com

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

CONTACT**Head Office Mumbai****Mr. D.R. Dogra**

Managing Director
Mobile: +91-98204 16002
E-mail: dr.dogra@careratings.com

Ms. Meenal Sikchi

Vice President - Bank Loan & Instrument Rating
Mobile: +91-9819009839
E-mail: meenal.sikchi@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director
Mobile: +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Vice President - Bank Loan & Financial Services
Mobile: +91-9819698985
E-mail: ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LIMITED

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

Other Office:

503, Kaledonia, Sahar Road, Near Andheri Railway Station, Andheri (E), Mumbai - 400 069
Tel: +91-22-6144 3456 | Fax: +91-22-6144 3556

AHMEDABAD**Mr. Mehul Pandya**

32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-98242 56265
Tel: +91-79-4026 5656
E-mail: mehul.pandya@careratings.com

BENGALURU**Mr. Dinesh Sharma**

Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91-99000 41975
Tel: +91-80-4115 0445, 4165 4529
E-mail: dinesh.sharma@careratings.com

CHANDIGARH**Mr. Sajan Goyal**

2nd Floor, S.C.O. 196-197, Sector 34-A,
Chandigarh - 160 022.
Cell: +91 99888 05650
Tel: +91-172-5171 100 / 09
Email: sajan.goyal@careratings.com

CHENNAI**Mr. V Pradeep Kumar**

Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

HYDERABAD**Mr. Saikat Roy**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Tel: +91-40-4010 2030
E-mail: saikat.roy@careratings.com

JAIPUR**Mr. Harsh Raj Sankhla**

304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 93149 21496
Tel: +91-141-402 0213 / 14
E-mail: harshraj.sankhla@careratings.com

KOLKATA**Ms. Priti Agarwal**

3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI**Ms. Swati Agrawal**

13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE**Mr. Rahul Patni**

9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-78754 33355
Tel: +91-20- 4000 9000
E-mail: rahul.patni@careratings.com

CIN - L67190MH1993PLC071691