

Estimate change



TP change



Rating change



Bloomberg	ATLP IN
Equity Shares (m)	29
M.Cap.(INRb)/(USD\$)	192.8 / 2.2
52-Week Range (INR)	8180 / 5175
1, 6, 12 Rel. Per (%)	-5/-5/-6
12M Avg Val (INR M)	456
Free float (%)	54.8

Financials and Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	55.2	61.8	68.6
EBITDA	9.1	10.8	12.5
PAT	4.8	6.2	7.4
EPS (INR)	164.2	210.6	251.8
EPS Gr. (%)	49.2	28.3	19.6
BV/Sh. (INR)	1,870	2,043	2,249

Ratios

Net D:E	0.1	0.0	-0.0
RoE (%)	9.1	10.8	11.7
RoCE (%)	8.3	9.8	11.0
Payout (%)	18.2	18.2	18.2

Valuations

P/E (x)	40.0	31.1	26.1
P/BV (x)	3.5	3.2	2.9
EV/EBITDA (x)	21.5	18.0	15.3
Div. Yield (%)	0.5	0.6	0.7
FCF Yield (%)	-0.3	1.6	2.2

Shareholding pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	45.2	45.2	45.1
DII	22.8	24.5	26.1
FII	11.2	9.7	8.1
Others	20.8	20.6	20.8

FII Includes depository receipts

CMP: INR6,547
TP: INR8,455 (+29%)
Buy

The Life Science segment continues its stellar performance

- Atul (ATLP) reported revenue 7% above our expectation in 3QFY25. Revenue in the Life Science Chemicals segment increased 23% YoY, while it rose 24% YoY in the Performance & Other Chemicals segment. **Gross margin came in at 50.5% (+340bp YoY), while EBITDAM expanded 250bp YoY to 15.8%**. EBITDA increased 48% YoY to INR2.2b, and PAT jumped 63% YoY to INR1.2b.
- The Life Science segment continued its stellar run both in terms of revenue and margin for the fourth consecutive quarter. EBIT margin for the segment improved 10.4pp YoY, while the same improved 250bp QoQ. The Performance segment continued to do well in terms of revenue, but its margin was a bit subdued in 3Q both YoY and QoQ. We remain bullish on both segments.
- The Life Science Chemicals' contribution to EBIT increased to 55% (from 39% in 3QFY24), whereas the contribution of Performance & Other Chemicals to overall EBIT declined to 43% (from 61% in 3QFY24). Amal Ltd. (part of the Atul group) reported stellar earnings last week, and we believe that the performance of the other subsidiaries/associates will also keep on improving in the future.
- We broadly maintain our estimates for FY26/FY27 as of now, while we raise our FY25 EBITDA/PAT estimates by 5%/7%. We estimate a revenue/EBITDA/PAT CAGR of 13%/25%/32% during FY24-27. EBITDAM is estimated to improve 480bp in FY27 vs. FY24 level. We believe that ATLP is ready to make a comeback in the next 2-3 years, and 9MFY25 earnings support our view.
- Investments are set to be supported by a gradual recovery in ATLP's sub-segments and management's efforts to expand its capacities for key products and for debottlenecking the existing ones. The stock is trading at ~31x FY26E EPS of INR210.6 and ~18x FY26E EV/EBITDA. We value the stock at 35x Dec'26E EPS to arrive at our TP of INR8,455. **We reiterate our BUY rating on the stock.**

EBITDA in line; margin expands YoY

- Revenue came in at INR14.2b (+25% YoY). Life Science Chemicals' revenue was INR4.2b (+23% YoY). Performance Chemicals revenue was INR10.4b (+24% YoY).
- The gross margin was 50.5% (+340bp YoY), while the EBITDA margin was 15.8% (+250bp YoY). EBIT margin expanded for Life Science Chemicals but contracted for the Performance Chemicals on a YoY basis. Life Science Chemicals' margin was 23% (+10.4pp YoY), while EBIT stood at INR956m. Performance Chemicals' margin came in at 7.2% (-60bp YoY); EBIT stood at IN752m.

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- **EBITDA came in at INR2.2b (est. of INR2.2b, +48% YoY). Adj. EBITDA stood at INR2.4b (+58% YoY)** as other expenses include INR160m incurred towards application fees, cess, premium, conversion charges, customary penal charges, non-agricultural assessment charges, differential stamp duty, etc. for converting part of the agricultural land to industrial use.
- PAT stood at INR1.8b (est. of INR1.8b, +63% YoY), **resulting in EPS of INR39.7. Contribution from the subsidiaries/JVs was positive** (profit at INR244m in 3QFY25, vs. PAT of INR108m in 2QFY25, and net loss of INR377m in 3QFY24).
- **For 9MFY25**, revenue was at INR41.3b (+18% YoY), EBITDA was at INR6.9b (+41% YoY), with PAT at INR3.7b (+39% YoY). EBITDAM for 9MFY25 stood at 16.7% (+280bp YoY).

Valuation and view

- The end-user market demand has picked up in 9MFY25, and we believe that overall demand will also accelerate going forward. The company is undertaking various projects and initiatives aimed at improving plant efficiencies, expanding its capacities for key products, debottlenecking its existing capacities, capturing a higher market share, and expanding its international presence.
- ATLP has already commissioned its liquid epoxy resins plant of 50ktpa capacity in Oct'24 (revenue potential of INR8b). Its caustic soda plant (300tpd) also faced teething issues in Dec'23, which were largely resolved in 1HFY25. Anaven (monochloroacetic acid) is also likely to ramp up its plant for optimum utilization due to better offtake in FY25.
- The stock is trading at ~31x FY26E EPS of INR210.6 and ~18x FY26E EV/EBITDA. We value the stock at 35x Dec'26E EPS to arrive at our TP of INR8,455. **We reiterate our BUY rating.** The upside risk could be a faster-than-expected ramp-up of new projects and products. Downside risks include weaker-than-expected revenue growth and margin compression amid further delays in the commissioning of new projects.

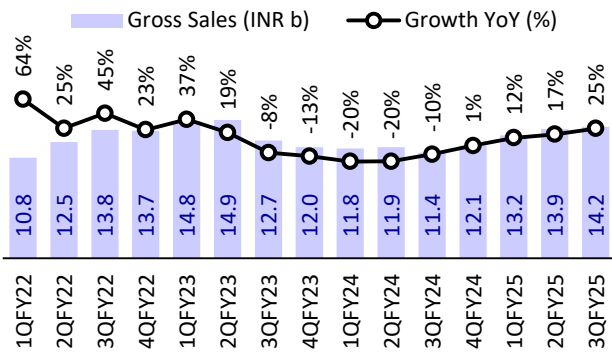
Consolidated - Quarterly Snapshot**(INR m)**

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Gross Sales	11,820	11,937	11,378	12,122	13,221	13,928	14,168	13,898	47,257	55,215	13,233	7%
YoY Change (%)	-20.0	-19.7	-10.3	1.4	11.8	16.7	24.5	14.7	-12.9	16.8	16.3	
Gross Margin (%)	46.5%	44.1%	47.1%	49.7%	50.0%	53.1%	50.5%	48.3%	46.9%	50.5%	53.4%	-2.9%
EBITDA	1,823	1,552	1,517	1,476	2,232	2,427	2,241	2,241	6,367	9,141	2,221	1%
Margin (%)	15.4	13.0	13.3	12.2	16.9	17.4	15.8	16.1	13.5	16.6	16.8	-1.0
Depreciation	519	540	612	758	766	775	810	837	2,429	3,188	789	
Interest	20	19	21	51	54	89	43	75	111	261	91	
Other Income	82	221	150	129	130	315	158	170	582	773	204	
PBT before EO expense	1,365	1,215	1,034	796	1,543	1,878	1,546	1,499	4,409	6,466	1,544	0%
PBT	1,365	1,215	1,034	796	1,543	1,878	1,546	1,499	4,409	6,466	1,544	0%
Tax	364	325	334	242	455	514	407	378	1,265	1,755	390	
Rate (%)	26.7	26.7	32.3	30.4	29.5	27.4	26.4	25.2	28.7	27.2	25.3	
Minority Interest and Profit/Loss of Asso. Cos.	20	22	21	34	33	31	33	29	97	126	24	
Reported PAT	1,021	912	721	588	1,121	1,395	1,171	1,149	3,241	4,836	1,178	-1%
Adj PAT	1,021	912	721	588	1,121	1,395	1,171	1,149	3,241	4,836	1,178	-1%
YoY change (%)	-37.6	-38.4	-30.0	-36.2	9.8	52.9	62.5	95.5	-36.0	49.2	63.5	
Margin (%)	8.6	7.6	6.3	4.9	8.5	10.0	8.3	8.3	6.9	8.8	8.9	-0.6
Segmental Revenue (INR mn)												
Life Science Chemicals	3,502	3,620	3,378	3,767	4,236	4,078	4,164	4,580	14,267	17,057	4,581	-9%
Performance & Other chemicals	8,745	8,684	8,406	8,696	9,386	10,237	10,412	9,695	34,531	39,731	9,209	13%
Others	117	165	109	241	194	186	187	160	633	727	157	19%
Segmental EBIT (INR mn)												
Life Science Chemicals	522	417	424	667	710	836	956		2,031			
Performance & Other chemicals	890	722	657	129	852	990	752		2,398			
Others	18	41	-3	0	50	27	34		57			
Segmental EBIT Margin (%)												
Life Science Chemicals	14.9%	11.5%	12.6%	17.7%	16.8%	20.5%	23.0%		14.2%			
Performance & Other chemicals	10.2%	8.3%	7.8%	1.5%	9.1%	9.7%	7.2%		6.9%			
Others	15.5%	25.0%	-2.6%	0.0%	25.9%	14.3%	18.1%		9.0%			

E: MOFSL Estimates

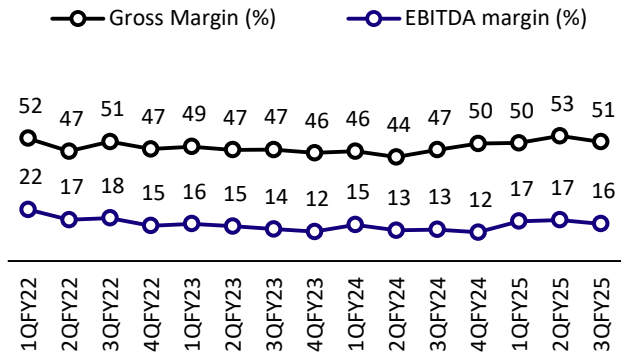
ATLP's 3QFY25 in charts

Exhibit 1: Sales increased 25% YoY



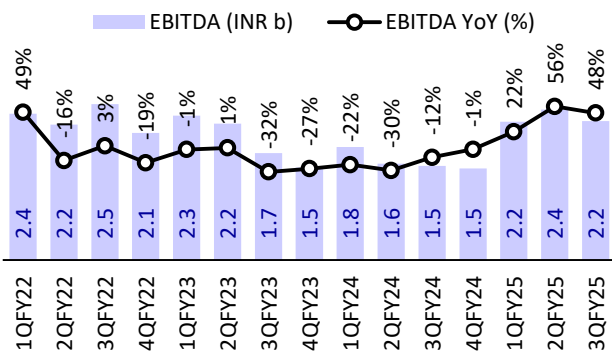
Source: Company, MOFSL

Exhibit 2: Margins expanded YoY



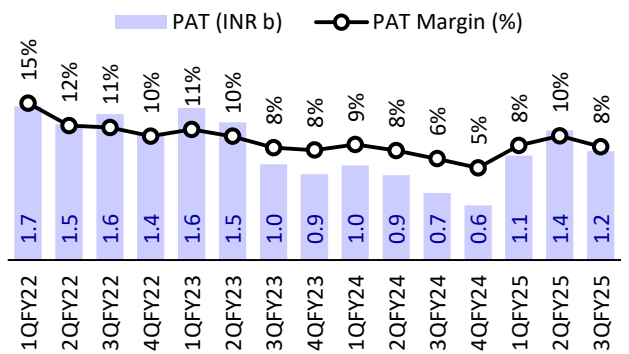
Source: Company, MOFSL

Exhibit 3: EBITDA increased 48% YoY...



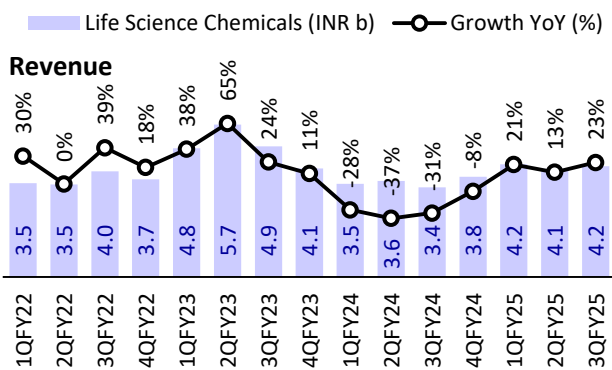
Source: Company, MOFSL

Exhibit 4: ...and PAT was up 63% YoY



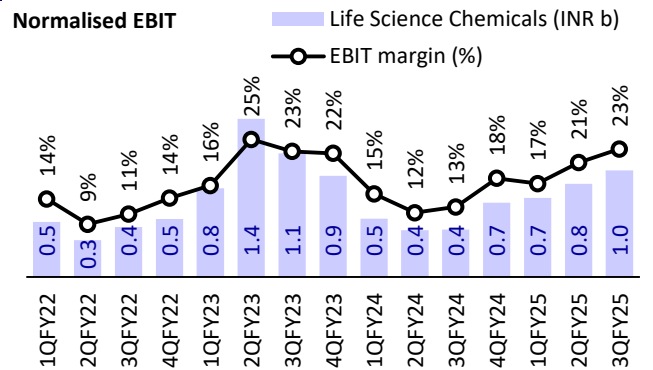
Source: Company, MOFSL

Exhibit 5: Life Science's revenue increased 23% YoY...



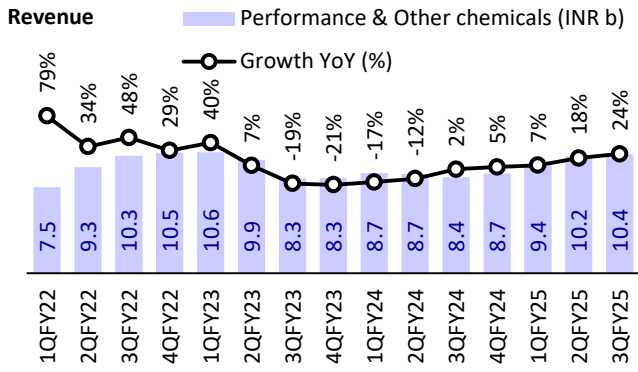
Source: Company, MOFSL

Exhibit 6: ...and EBIT margin expanded 10.4pp YoY



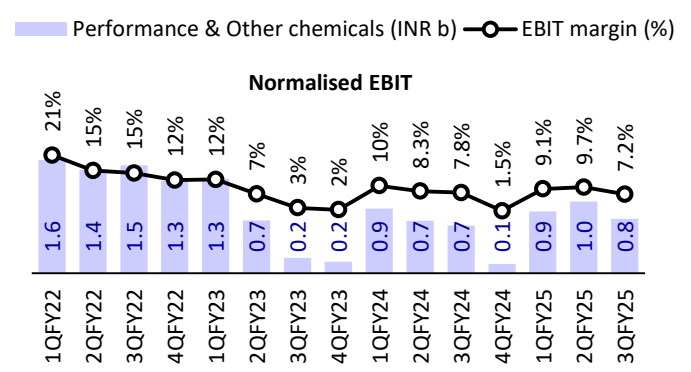
Source: Company, MOFSL

Exhibit 7: Performance segment's revenue rose 24% YoY...



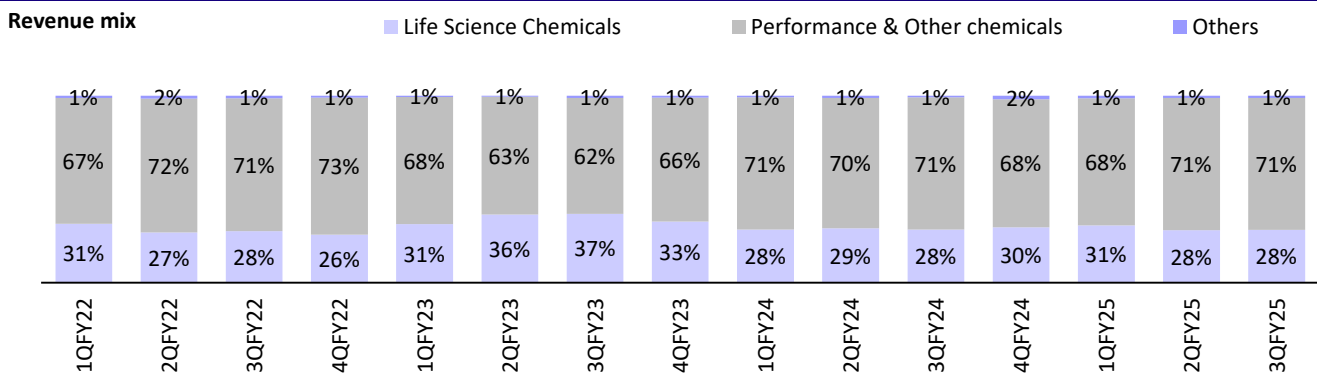
Source: Company, MOFSL

Exhibit 8: ...while EBIT margin contracted 60bp YoY



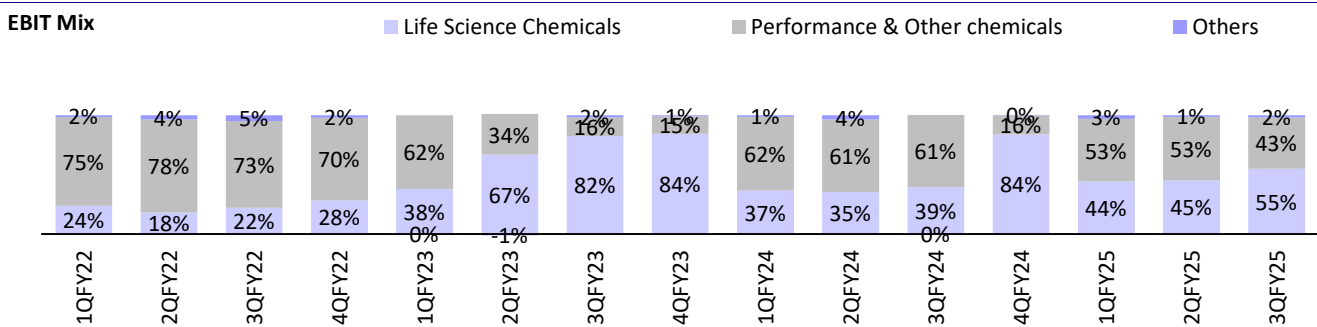
Source: Company, MOFSL

Exhibit 9: Performance and Other Chemicals' contribution to the overall revenue mix stood at 71%, while it was 28% for the Life Science Chemicals segment



Source: Company, MOFSL

Exhibit 10: EBIT mix for the Performance & Other Chemicals segment stood at 43%, while the same stood at 55% for the Life Science Chemicals segment



Source: Company, MOFSL

Financial story in charts

Exhibit 11: Expect ~13% revenue CAGR over FY24-27...

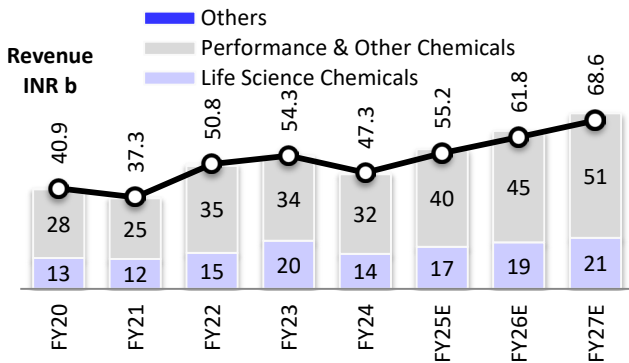


Exhibit 12: ...with exports increasing to ~48%

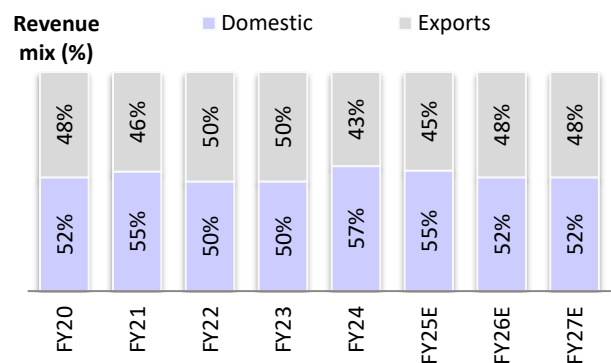


Exhibit 13: Expect EBITDAM to recover to 18.2% in FY27...

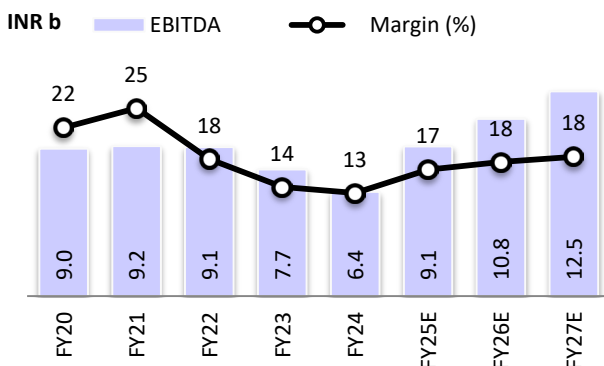


Exhibit 14: ...with PAT margin improving to 10.8%

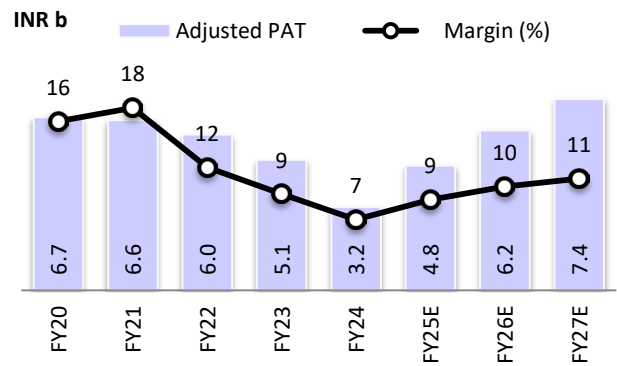


Exhibit 15: One-year forward P/E trades at 35.4x...

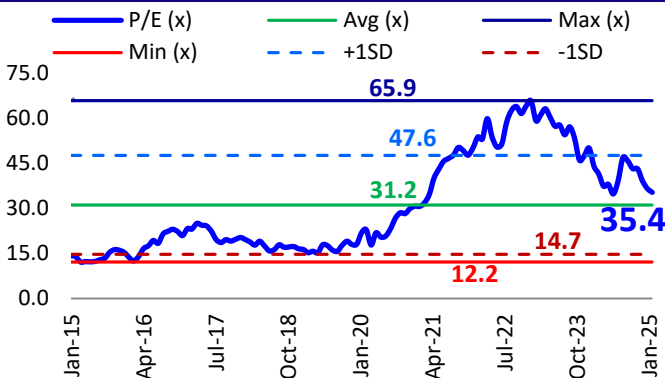


Exhibit 16: ...with return ratios at 11-12%

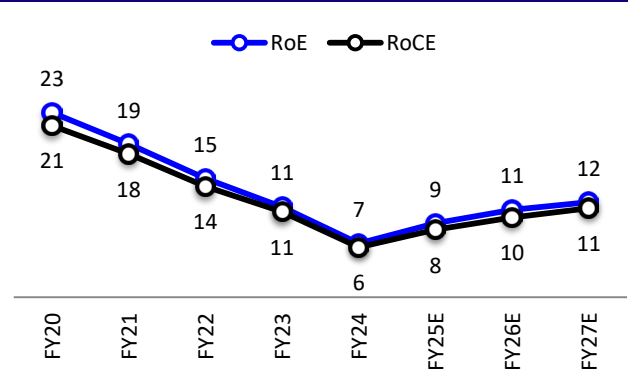


Exhibit 17: Capex for FY25-27E at ~INR17b

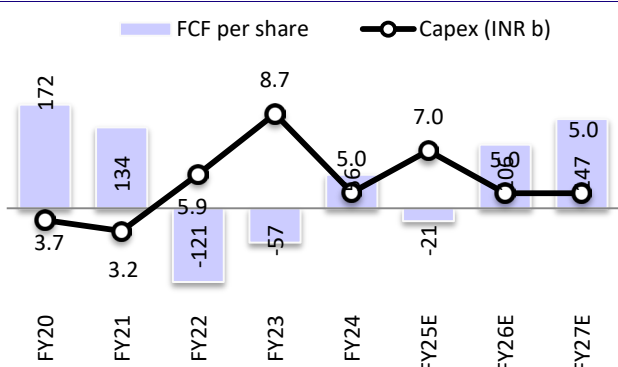
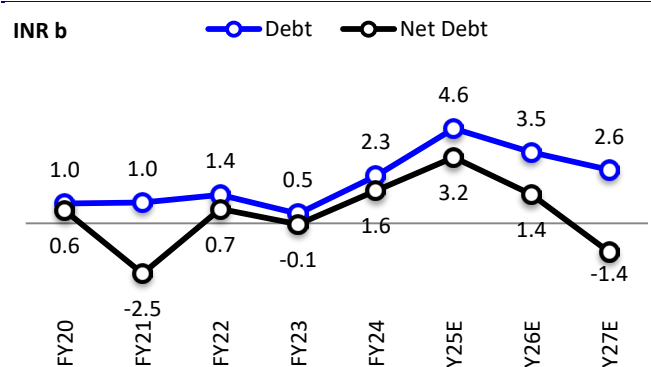


Exhibit 18: Debt profile of ATPL



Source: Company, MOFSL

Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Income from Operations	40,931	37,315	50,809	54,275	47,257	55,215	61,779	68,596
Change (%)	1.4	-8.8	36.2	6.8	-12.9	16.8	11.9	11.0
Gross Margin (%)	51.9	54.6	49.1	47.2	46.9	50.5	50.7	50.9
EBITDA	9,020	9,171	9,114	7,749	6,367	9,141	10,829	12,506
Margin (%)	22.0	24.6	17.9	14.3	13.5	16.6	17.5	18.2
Depreciation	1,302	1,363	1,767	1,978	2,429	3,188	3,209	3,262
EBIT	7,718	7,808	7,348	5,770	3,938	5,953	7,620	9,244
Int. and Finance Charges	94	94	92	79	111	261	284	304
Other Income	780	1,030	760	1,149	582	773	788	806
PBT bef. EO Exp.	8,404	8,744	8,016	6,840	4,409	6,466	8,124	9,745
PBT after EO Exp.	8,404	8,744	8,016	6,840	4,409	6,466	8,124	9,745
Total Tax	1,745	2,217	2,050	1,812	1,265	1,755	2,045	2,453
Tax Rate (%)	20.8	25.3	25.6	26.5	28.7	27.2	25.2	25.2
Minority Interest	50	73	82	38	97	126	126	126
Reported PAT	6,709	6,600	6,047	5,066	3,241	4,836	6,205	7,418
Adjusted PAT	6,709	6,600	6,047	5,066	3,241	4,836	6,205	7,418
Change (%)	53.9	-1.6	-8.4	-16.2	-36.0	49.2	28.3	19.6
Margin (%)	16.4	17.7	11.9	9.3	6.9	8.8	10.0	10.8

Consolidated - Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	297	296	296	295	295	295	295	295
Total Reserves	31,252	37,969	43,994	46,419	50,849	54,806	59,883	65,953
Net Worth	31,549	38,265	44,290	46,714	51,143	55,100	60,177	66,247
Total Loans	970	1,017	1,384	470	2,319	4,637	3,478	2,608
Deferred Tax Liabilities	1,148	1,351	1,436	1,338	1,742	1,742	1,742	1,742
Capital Employed	33,666	40,940	47,418	49,002	55,694	61,969	65,887	71,088
Gross Block	17,868	19,874	23,835	27,228	39,871	46,871	51,871	56,871
Less: Accum. Deprn.	4,946	6,309	8,076	10,054	12,483	15,670	18,879	22,142
Net Fixed Assets	12,922	13,566	15,760	17,174	27,388	31,200	32,991	34,729
Goodwill on Consolidation	291	291	291	291	291	291	291	291
Capital WIP	3,681	2,497	4,205	10,329	2,808	2,808	2,808	2,808
Total Investments	11,373	13,643	13,419	8,842	13,953	13,953	13,953	13,953
Curr. Assets, Loans, and Adv.	13,236	19,375	23,389	21,045	20,322	24,313	27,699	32,470
Inventory	5,165	5,941	8,641	7,894	6,183	7,224	8,083	8,974
Account Receivables	7,197	7,332	9,890	8,446	9,270	10,832	12,119	13,457
Cash and Bank Balance	354	3,482	689	520	723	1,413	2,077	4,021
Cash	262	469	577	381	603	1,293	1,957	3,901
Bank Balance	92	3,013	112	140	120	120	120	120
Loans and Advances	520	2,619	4,169	4,185	4,146	4,844	5,420	6,018
Curr. Liability and Prov.	7,838	8,432	9,645	8,678	9,069	10,596	11,855	13,163
Account Payables	4,776	5,631	6,347	5,385	5,793	6,769	7,573	8,409
Other Current Liabilities	2,485	2,170	2,538	2,760	2,754	3,218	3,600	3,997
Provisions	577	631	760	533	522	609	682	757
Net Current Assets	5,398	10,943	13,744	12,367	11,254	13,717	15,844	19,307
Appl. of Funds	33,666	40,939	47,419	49,002	55,694	61,969	65,887	71,088

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	226.6	222.9	204.2	171.6	110.0	164.2	210.6	251.8
EPS Growth (%)	53.9	-1.6	-8.4	-16.0	-35.9	49.2	28.3	19.6
Cash EPS	270.6	268.9	263.9	238.6	192.5	272.4	319.6	362.5
BV/Share	1,065	1,292	1,496	1,582	1,736	1,870	2,043	2,249
DPS	37.8	19.9	24.9	24.9	20.0	29.8	38.3	45.8
Payout (%)	16.7	8.9	12.2	14.5	18.2	18.2	18.2	18.2
Valuation (x)								
P/E	29.0	29.4	32.1	38.2	59.6	40.0	31.1	26.1
Cash P/E	24.2	24.4	24.9	27.5	34.1	24.1	20.5	18.1
P/BV	6.2	5.1	4.4	4.1	3.8	3.5	3.2	2.9
EV/Sales	4.8	5.1	3.8	3.6	4.1	3.6	3.2	2.8
EV/EBITDA	21.6	20.9	21.4	25.0	30.6	21.5	18.0	15.3
Dividend Yield (%)	0.6	0.3	0.4	0.4	0.3	0.5	0.6	0.7
FCF per share	171.6	133.9	-121.3	-56.6	55.7	-20.9	105.5	147.3
Return Ratios (%)								
RoE	22.8	18.9	14.7	11.1	6.6	9.1	10.8	11.7
RoCE	21.2	17.7	13.7	10.5	6.2	8.3	9.8	11.0
RoIC	31.9	29.5	21.7	14.5	8.3	10.6	12.6	14.2
Working Capital Ratios								
Fixed Asset Turnover (x)	3.5	2.8	3.5	3.3	2.1	1.9	1.9	2.0
Asset Turnover (x)	1.2	0.9	1.1	1.1	0.8	0.9	0.9	1.0
Inventory (Days)	46	58	62	53	48	48	48	48
Debtor (Days)	64	72	71	57	72	72	72	72
Creditor (Days)	43	55	46	36	45	45	45	45
Leverage Ratio (x)								
Current Ratio	1.7	2.3	2.4	2.4	2.2	2.3	2.3	2.5
Net Debt/Equity ratio	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	0.0

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	8,454	8,817	8,097	6,878	4,506	6,466	8,124	9,745
Depreciation	1,302	1,363	1,767	1,978	2,429	3,188	3,209	3,262
Interest Expenses	94	94	92	79	111	261	284	304
Others	-536	-826	-580	-206	-408	0	0	0
Direct Taxes Paid	-2,168	-2,023	-2,017	-1,934	-1,073	-1,755	-2,045	-2,453
(Inc.)/Dec. in WC	1,667	-245	-5,046	271	1,110	-1,773	-1,463	-1,519
CF from Operations	8,813	7,180	2,314	7,067	6,675	6,385	8,109	9,340
(Inc.)/Dec. in FA	-3,733	-3,215	-5,905	-8,739	-5,035	-7,000	-5,000	-5,000
Free Cash Flow	5,080	3,964	-3,591	-1,672	1,640	-615	3,109	4,340
Change in Investments	-4,344	-3,899	4,136	3,572	-2,000	0	0	0
Others	250	651	93	474	203	0	0	0
CF from Investments	-7,827	-6,464	-1,676	-4,694	-6,832	-7,000	-5,000	-5,000
Inc./(Dec.) in Debt	537	182	117	-914	1,849	2,319	-1,159	-869
Interest Paid	-94	-87	-99	-79	-116	-261	-284	-304
Dividend Paid	-1,515	-617	-590	-1,828	-1,356	-879	-1,128	-1,349
Others	-33	0	-3	246	-1	126	126	126
CF from Fin. Activity	-1,106	-522	-575	-2,575	375	1,305	-2,445	-2,396
Inc./Dec. in Cash	-120	194	63	-202	219	690	664	1,944
Opening Balance	377	261	469	577	380	603	1,293	1,957
Closing Balance	261	469	577	380	603	1,293	1,957	3,901

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SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
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