

Research Report

MMM — YYYY

Sell / Rationalize (only if you hold)

COMPANY
Atul Ltd

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Atul Ltd (Atul)

Atul is an integrated chemicals company operating in Life sciences (crop protection - fungicides, herbicides and pharmaceutical ingredients - API's), performance and other chemicals segments (adhesion promoters, epoxy resins, hardeners, perfumery and textile dyes).

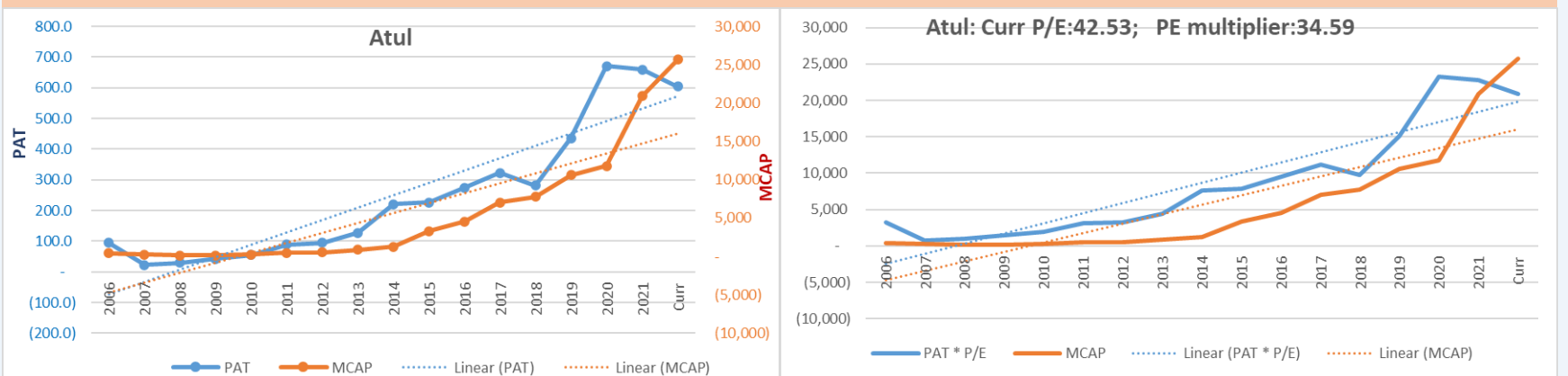
43	PvM: 0.5-1	A-3A	Atul Ltd										Chemicals				
Data as on 29-Jul-22	Stk Perf	Stk v Ind scr	Wrt Ind MJP	Cons Prc	NW/Mcap	P/B Co/Ind	CshAdj P/E	Pmtr Hldg	Pldg Shrs	Cash + Inv	D/EBDITA	Dyes And Pigments - Large					
CMP = 8,886.95	0.60	0.41	3.6% 2.9%	#N/A	0.13	5.95 10.36	39.93	45.1	1.5	6.1%	0.13	Upside					
3 yr mtly Beta = 0.85	Sales/WC	Div Yld %	Mcap	P/E	EV/EBIDT	D/E	PBIDTM	APATM	ROCE	RONW	MSD 12/21	1 yr	3 yr	5 yr	Ind	Curr	
Company	4.09	0.3	25,701	42.53	25.95	0.03	27.53	17.69	24.43	18.91	P/E	#N/A	-9%	-26%	16%	#N/A	
Industry	4.89	0.56	7,17,358	55.79	34.61	0.30	23.66	13.07	22.60	18.72	EV/EBIDTA	-169%	-47%	-139%	4%	#N/A	
Piotroski F score	4	G score	4	A BSD Scr	0.57	Moat Scr	0.66	EVA Scr	0.62	QoQ scr	0.30	D/E scr	0.75	D/PBDIT sc	0.78	Z score	
IW Score	0.59	Sale Gr Scr	0.29	OPM Scr	0.53	FF Scr	0.80	E Gr Scr	0.24	E M'tm Scr	0.11	Return Scr	0.68	PO Rto Scr	0.56	6.4	
ABS Score	4	BMT ABS	2	Int Cover	0.81	CF/NI	0.51	Δ NW	0.70	Div Yld	0.33	CROIC Scr	0.63	Div g	0.53	#2 05/21	
Magic formula rank	Scorecard of adjusted prices (Monthly SIP perf vs NIFTY)										Depth Scorecard (period perf vs NIFTY)						
462	3M	6M	12M	18M	3 YR	5YR	10 YR	15 YR	2022	2021	2020	2019	2018	2016-17	2012-15	2000-11	
45 of 128	3.2%	-1.8%	-1.6%	0.3%	20.3%	69.5%	552.5%	3712.0%	3.0%	14.9%	34.8%	5.9%	18.2%	31.5%	230.4%	136.3%	
Industry	1.8%	1.6%	3.6%	13.1%	47.2%	62.0%	196.3%	465.1%	7.6%	60.9%	29.3%	-3.1%	0.2%	49.5%	80.3%	217.9%	
Company Avg P/E	40.00	42.92	43.56	41.94	34.59	32.84	24.71	18.49	43.36	40.12	26.82	28.60	32.63	21.63	9.85	4.17	
Ind Avg P/E	61.96	67.08	70.82	66.82	57.64	50.03	50.66	44.82	68.17	65.17	48.93	43.79	37.79	33.30	31.06	12.66	
Abs MMTM	-3.4%	-7.2%	-11.9%	9.6%	53.2%	117.8%	857.0%	2929.8%	1.7%	13.8%	35.0%	3.9%	17.8%	29.0%	628.4%	48.4%	
DS RTN	3.2%	-0.1%	0.3%	1.5%	21.2%	70.1%	589.4%	4303.3%	-7.2%	17.2%	37.0%	-9.2%	18.1%	9.5%	88.9%	16.9%	
US RTN	#DIV/0!	-10.7%	-3.6%	-0.6%	19.6%	69.0%	527.1%	3239.0%	10.2%	-2.3%	-2.3%	15.1%	0.0%	21.9%	141.5%	119.3%	

Positives:

- Return parameters with RoCE of 24.43 and RoNW of 18.91 are decent.
- Good operating profit margins and no debt

Negatives:

- Revenue & profit growth has been below our expectations.
- Needs regular infusion of capital this is a drag on cash flows.



Purchase / Performance History

Our most recent research call to buy Atul was in May-21 and the rationale was "Chemicals industry is doing well as China is not encouraging investments in this segment. With global supply chains looking for alternatives, India has decent engineering talent available at a reasonable cost this can augur well for the industry. Increasing competition and pressure on margins due to down turn are key risks. Atul has been a well run company and this investment is a bet on the industry as well as Atul continuing to grow its business in a profitable manner." Atul hasn't had the growth we were expecting - we are revising our research call to sell Atul to release capital for other opportunities. Atul has a decent potential we will continue to monitor it and will review as we get more data.

Year	Month	Stock Return %	NIFTY Return %	Diff (Stock - NIFTY)
2020	Sep	41.39%	43.07%	-1.68%
2021	May	8.26%	16.92%	-8.66%
Total		20.42%	26.52%	-6.10%

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