

7th August 2026

Quarterly Result Update

Atul Ltd.



Research Analyst

Kushal Rughani

Reco**BUY**

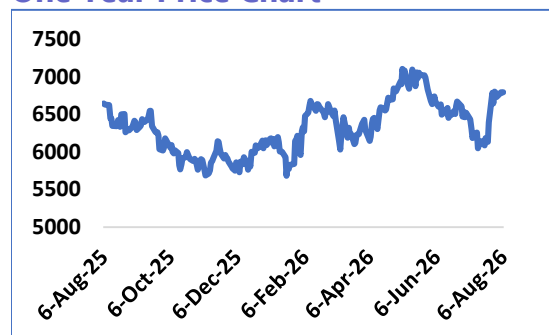
Industry	Chemicals
LTP (Aug 06, 2026)	6796.5
Entry Range	Rs 6765-6840
Add on Dips	Rs 6145-6180
Base case target	7341
Bull case target	7784
Time Horizon	4 Quarters

Stock Info

HDFC Scrip Code	ATULTDEQNR
BSE Code	500027
NSE Code	ATUL
Bloomberg	ATLP: IN
Equity Capital (Rs Cr)	29.46
Face Value (Rs)	10
Equity Share O/S (Cr)	2.946
Market Cap (Rs Cr)	20,019
Book Value (Rs)	2113
Avg. 52 Wk Volumes	77,330
52 Week High	7180
52 Week Low	5561

Share Holding Pattern (%) (Jun'26)

Promoters	45.3
Institutions	33.3
Non-Institutions	21.4
Total	100.0

One Year Price Chart**Fundamental Research Analyst****Kushal Rughani**kushal.rughani@hdfcsec.com**Robust quarter; normalization likely ahead**

Atul Ltd. reported robust quarterly performance with 25% revenue growth and a 67% increase in operating profit, driven by better pricing, inventory gains and cost control measures. Net profit was up 92% YoY at Rs 245 crore. We note that the company had reported steady performance during FY26 as well (12% revenue growth and 13% increase in EBITDA). Revenue growth had largely come from volume while prices were stable. Significant growth came from the bulk chemicals and polymers segments. EBITDA margin remained stable at 16.4% for FY26. Atul will continue to focus on growing from unrealised revenue of about Rs 1800-2000 crore, and capex intensity is likely to remain low in FY27. Company would continue to invest to enhance capacities and de-bottleneck to improve throughput. The company's immediate focus is to drive utilisation in existing plants; and any large capex shall follow later.

Backward integration in agrochemicals, pharma APIs, and colour intermediates ensures cost-efficiency and supply-chain control. Simultaneously, focusing on value-added epoxy applications (wind blades, coatings, electronics), downstream aromatics and sulfuric acid derivatives position the company for margin-accretive growth.

Key drivers include: (a) ramping up utilization of the newly added epoxy capacity over the next 2 years, given that Indian exports now enjoy the lowest tariff access to the US, offering a significant advantage to the company for its epoxy exports; (b) capacity ramp-up in specialty sulfones, (c) expanding market presence across new geographies, including the Middle East, Africa, Latin America, Australia and New Zealand; and (d) diversifying into new chemistries beyond sulfones and epoxies, with thermoplastics slated for launch in the medium term.

We estimate a CAGR of 10%/17%/14.3% in Revenue/EBITDA/PAT over FY26-28E. Earlier in Nov-2025, we had recommended buy on Atul Ltd for base case target of Rs 6530 and bull case target of Rs 6938. The stock had achieved our targets within five months. Given strong numbers in Q1FY27 and positive outlook for the company in the medium term, we recommend buy on the stock in the band of Rs 6765-6840 and add more on dips to Rs 6145-6180 (20.5x FY28E EPS) for base case fair value of Rs 7341 (24.5x FY28E EPS) and bull case fair value of Rs 7784 (26x FY28E EPS) over the next 4 quarters.

Diversified product portfolio with wide end-user industry

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, POC contributed 72% to revenue in FY26, with polymers, bulk chemicals, and colours as the major contributors, while LSC contributed 28%. LSC segment EBIT surged 20% YoY at Rs 417 crore, while POC EBIT was up 21% YoY at Rs 417 crore for FY26. 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 it 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 80+ countries through its marketing subsidiaries. Management has been making efforts to increase retail sales, which offer comparatively better profitability margins.

Q1FY27 result update

Overall performance was strong in the quarter. Revenue for the quarter grew 25% YoY at Rs 1848 crore as compared to the expectation of Rs 1734 crore. EBITDA was up 67% YoY at Rs 394 crore. Operating margin improved 540bps YoY at 21.3% as against the estimate of 18.3%. Net profit surged 92% YoY at Rs 245.3 crore. Other Income was up 27% YoY at Rs 33.3 crore.

Other expenses were up 6% YoY at Rs 191.5 crore. Power & Fuel expenses remained flat YoY at Rs 183.6 crore.

Atul announced a capex of Rs 167 crore for a 1,000 TPA capacity of MCP-P (mecoprop P) and 750 TPA of MCPA (2-methyl-4-chlorophenoxyacetic acid). Both of them are herbicide actives and are expected to strengthen the 2,4-D family, within which Atul is one of the leaders in the market.

EPS for the quarter stood at Rs 83.3, and it was at Rs 230.3 for FY26.

Valuation & Recommendation

Robust performance in Q1FY27 reinforces our positive view, with FY27 growth likely to be supported by favourable pricing and margin recovery, while FY28 growth should be driven by improving capacity utilisation, debottlenecking initiatives and product additions. We estimate a CAGR of 10%/17%/14.3% in Revenue/EBITDA/PAT over FY26-28E. Earlier in Nov-2025, we had recommended buy on Atul Ltd for base case target of Rs 6530 and bull case target of Rs 6938 ([link](#)). The stock had achieved our targets within five months. Given strong numbers in Q1FY27 and positive outlook for the company in the medium term, we recommend buy on the stock in the band of Rs 6765-6840 and add more on dips to Rs 6145-6180 (20.5x FY28E EPS) for base case fair value of Rs 7341 (24.5x FY28E EPS) and bull case fair value of Rs 7784 (26x FY28E EPS) over the next 3-4 quarters.

Key Risks

a) Export dependency and trade policy risks, b) slower ramp-up of recently commercialised units, c) pricing risk, d) Foreign exchange fluctuations, e) Exposure to volatile crude oil-based raw material prices and cyclical chemical industry.

Financial Summary

Particulars (Rs Cr)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	FY24	FY25	FY26	FY27E	FY28E
Total Operating Income	1848	1478	25.0	1670	10.7	4,726	5,583	6,274	6,869	7,577
EBITDA	394	235.5	67.1	280.7	40.2	637	913	1031	1271	1417
PAT	245	127.8	91.9	210.2	16.7	323	484	678	801	884
Diluted EPS (Rs)	83.3	43.4	91.9	71.4	16.7	109.5	164.4	230.3	271.8	300.3
RoE (%)						6.4	8.8	11.2	13.3	13.0
P/E (x)						61.9	41.2	29.5	24.9	22.6
EV/EBITDA (x)						29.5	20.8	18	14.2	12.5

(Source: Company, HDFC sec)

Rating Criteria

Buy - > 15%+ return potential
 Add - +5% to +15% return potential
 Reduce - -10% to +5% return potential
 Sell - >10% downside return potential

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Disclosure:

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 Any holding in stock – **No**

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