



ATUL LTD

**Annual General Meeting
2013**

Speech
of
Sunil Siddharth Lalbhai
Chairman and Managing Director

July 26, 2013
Ahmedabad, Gujarat, India

Ladies and Gentlemen,

On behalf of our distinguished Independent Directors and every member of Atul family, I am delighted to **welcome** you to this Annual General Meeting. I trust you have found the Annual Report satisfactory both in content and style.

When we met here last, I had mentioned to you that **these times** are marked by extreme turbulence, described by the acronym VUCA, meaning Volatility, Unpredictability, Complexity and Ambiguity. The year under review once again reflected such an environment.

Barring the USA, the **GDP of key economies** by and large has shown a declining trend and the demand from several industries remained generally subdued, impacting price and volume and consequently having a cascading effect on the entire supply chain.

India is being perceived, at least for now, an economic miracle that never quite happened. The initial optimism about the spectacular rise of 'New India' has given way to a more nuanced understanding of the internal challenges which we must overcome.

Even as many observers worldwide have begun to recalibrate their expectations of India and its future, we at Atul have redefined our expectations from ourselves so as to grow **our Company** and thus contribute even if in a very small way, in the development of India.

Sales increased by ₹218 cr to ₹1,964 cr. Profit before tax increased by ₹70 cr to ₹192 cr. Gross working capital decreased by 5 days to 141. RoCE increased by 4 percentage points to 21%. The best is yet to come as we see a **huge potential** in the industries we serve.

The **subsidiary companies**, Atul Bioscience and DPD and the joint venture company, Rudolf Atul Chemicals have further increased sales and profit. The **associate company**, Amal, is expected to improve its performance though it has a significant carried forward loss.

During the year, we undertook 25 **projects** related to environment protection and 35 projects to grow sales of existing products and introduce new products. In all, the capex for these projects was ₹133 cr; while some have been completed, the others are under completion.

We commenced putting in place **Standard Operating Procedures** in almost all areas of our operations. This is helping us capture the improvements happening over time and manage our growing businesses by empowering our people and enhancing accountability.

Atul Foundation implemented 38 Key Initiatives in the areas of education, empowerment and health. During the current year, our Company along with its employees will contribute ₹25 lacs for supporting the people affected by floods in Uttarakhand.

Our Company published the **results of the 1st Quarter** of the current year on July 24. Sales and profit before tax have increased by ₹17 cr and ₹28 cr as compared to the 4th Quarter and ₹13 cr and ₹5 cr respectively as compared with the 1st Quarter of 2012-13.

Despite the fact that sales during the 1st Quarter have almost been stagnant, we expect to do better in the **2nd Quarter and beyond**. The impact of projects completed in 2012-13 is still to be realised, and we are expecting further improvements in the near term.

Though we have come some way, there is a lot to be done, at the workplace or the marketplace. We are finding **several possibilities to improve** process efficiencies and people productivity. We will continue to witness their impact on performance.

The wholly owned subsidiary companies in Brazil, China, the UK and the USA have the mandate not only to promote the products produced by Atul, but also leverage the expanding sales network to boost **trading business**.

During the current year, we are planning to finalise proposals for **new projects** to refurbish old capacities, expand capacities of existing products and introduce new products; we now see possibilities to achieve sales of ₹3,000 cr in 2015-16.

We, at Atul, are looking forward to the future with **anticipation and optimism** and following the ancient command of 'Looking Within' so as to bring out the best in us and ignite the true engine of growth of our Company.

In this pursuit, I **thank** our customers for giving us an opportunity to grow and serve, our employees for working with dedication and determination and our suppliers, contractors and lenders for meeting our business needs.

The guidance and encouragement of our Independent Directors help us in our pursuits; at the same time, they also ensure that our ambitions are driven by a sound grasp of reality: I recognise and value their involvement and engagement.

Finally, I thank you for your constructive support. My colleagues and I value your trust: we will continue to work with rigour and endeavour to grow better and faster so as to enhance Shareholder value and **serve India**.



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