



**ATUL LTD**

Atul 396020, Gujarat, India  
[www.atul.co.in](http://www.atul.co.in)

## **Annual General Meeting 2015**

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Speech  
of  
Sunil Siddharth Lalbhai  
Chairman and Managing Director

August 4, 2015  
Ahmedabad, Gujarat, India

## Ladies and Gentlemen,

On behalf of our distinguished Directors and every member of Atul family, I **welcome** you to this Annual General Meeting of our Company. I trust you have received the Annual Report well on time and found it comprehensive in terms of the contents; if you have any suggestion(s) of improving it, please send an e-mail (sec@atul.co.in) to the office of our Company Secretary, Mr Lalit Patni.

We are fifteen years into this new century. This period has seen vicious recession spread across the world. It was believed that the subdued **economic activity** in the developed countries will be compensated by the faster growth in the developing countries, but 2014-15 showed that this may not necessarily be true. The GDP of several developing countries such as Brazil, China and Russia revealed a slow-down in their economies.

The demand and prices of many of our products were better in the first half of 2014-15; the second half however witnessed a reverse trend and the situation changed significantly in a short time. In order to face uncertainties, we are putting **focus** on i) looking within – to seek continuous improvements and ii) looking outside – to identify new customers and markets and evaluate new products and businesses. We do see many opportunities to grow our Company.

For more than a decade, our Company has been able to achieve consistent improvement in its **performance**: sales have grown at CAGR of 14%, EBITDA has increased from 10% to 16%, PBT from operations has moved up from ` 7 cr to ` 312 cr and RoCE has increased from 5% to 27%. Borrowing has come down from a high of ` 428 cr in 2007-08 to ` 281 cr in 2014-15 despite the increase in sales by 152% in this period. Debt equity ratio of 0.28 is at its lowest.

In **2014-15**, sales and PBT from operations moved up by 9% and 13% to ` 2,510 cr and ` 312 cr respectively. EBITDA at 16% remained unchanged because of increase in fixed cost, being incurred mainly for future growth. Though we maintained the improvement trend, the figures were much below our expectation. The Board has recommended the highest (so far) dividend of 85%, and I look forward to your unanimous approval.

During 2014-15, we completed 4 growth related projects, with an investment of ` 33 cr and commenced implementation of 6 growth related projects with an **investment** of ` 231 cr. At full capacity utilisation, these projects are expected to increase sales by ` 700 cr. In addition, we are investing to augment our additional requirements of electricity and steam at an investment of ` 90 cr; the new boiler and turbine will be in operation by early 2016-17.

The **subsidiary, joint venture and associate companies** engaged in manufacturing are growing steadily, enhancing the intrinsic value of our Company. You may have seen in the Annual Report that Atul Bioscience, DPD and Rudolf Atul Chemicals have continued their trend of increasing sales and profit. The Board of Directors of our Company has approved the merger of Amal Ltd, an associate company. The merger, once completed, will enhance synergy.

Atul Middle East was incorporated during 2014-15 to enhance our presence in the chosen markets of Africa and Asia. Atul USA, Atul Europe and Atul China are helping our Company grow across the world and have started exploring options to increase sales through trading. Incorporated in 2010-11, Atul Brasil Quimicos will contribute in growing sales in the large marketplace of South America.

You must have seen the results for the **first quarter** of 2015-16 declared on July 24, 2015. Sales at ` 576 cr were down by 9% both because of price and volume erosion; PBT at ` 87 cr was similar also because of dividend of ` 5 cr received from Atul Europe. EBITDA at 17% was marginally higher and RoCE at 28% was marginally lower. Despite the sub-optimal performance in the first quarter, we are persevering and are optimistic about the next three.

In particular, we are seeking **growth** by developing a deeper insight of different countries and their markets. Simultaneously, we are expanding existing capacities, introducing downstream and related products and seeding new businesses. At our manufacturing sites, we are enhancing **efficiencies** and further improving our **environment performance** which has always been a big strength of our Company and without which no future growth is possible.

Our future is going to depend on the quality and passion of our people, and we are putting in sincere efforts to enhance key **HR processes**, particularly recruitment, training and development and performance management while also improving people engagement. You will be pleased to know that the Unions and the Management are working as one team to improve productivity and overall performance.

Our Company has been actively engaged in **servicing society** ever since it commenced its operations more than 6 decades ago. Six Programs, namely, Education, Empowerment, Infrastructure, Conservation, Health and Relief have been identified in step with national priorities; we are taking up projects and activities mainly under these Programs. Atul Foundation (Trust) will soon have its own website.

The main facilities of **Atul Institute of Vocational Excellence**, built in cooperation with the Government of Gujarat, to impart knowledge and skill particularly to those from marginalised sections of society are almost ready. It is our endeavour to make it amongst the best vocational centres in India. **Atul Medical Diagnostic Centre** which will, amongst others, provide support to those 'below poverty line', will be built in 2015-16.

I wish to recognise the performance being delivered by the people of Atul who are now based in 126 villages, towns and cities in India and in 4 other countries; it is my privilege to be a part of them. I value the insight and guidance of the Non-executive Directors on the Board. I thank you for your time and for participating in the AGM today; your faith, positive approach and support will only bring out the best in us to face the future and create Shareholder value.

The debt crisis in Greece, also known as Greek depression, Iran nuclear deal, the stock market meltdown in China, etc reveal that we live and work in a turbulent and an **unpredictable world**. **Social businesses**, which fight poverty and at the same time become sources of new business ideas, offer radical value propositions as they involve high level of collaboration and as they put the constrained customer, not the product, at the centre of action.

Those of us who will work through such and more uncertainties, ride the explosion of knowledge and the accompanying opportunities will survive and grow. The only constant are **Values** such as Discipline, Integrity, Passion to perform, Solidarity and Trust. With this realisation, the team Atul will persevere with a steady resolve to grow our Company and thereby meet its commitment to all its Stakeholders.

## Atul Institute of Vocational Excellence



### Genesis

AIVE, created based on public private partnership model, has its facilities in Dharampur 396051, Gujarat, India, built at an investment of ` 12 cr. It is expected to be inaugurated in 2015-16.

### Purpose

AIVE will endeavour to be amongst the best institutes anywhere for uplifting the lives of young girls and boys, particularly those coming from lower income groups, by imparting vocational skills and other required attributes.



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Lalbhai Group