



ATUL LTD

Annual General Meeting 2012

Speech
of
Sunil Siddharth Lalbhai
Chairman & Managing Director

July 27, 2012
Ahmedabad, Gujarat, India

Ladies and Gentlemen,

In this momentous year, wherein Atul completed 60 years of operations, I am delighted to **welcome** each of you on behalf of the Board of Directors and every employee of our Company.

It was on March 17, 1952 when over 50,000 people stood under the sun to witness our first Prime Minister, Pandit Jawaharlal Nehru, lay the foundation stone of our Company on, what was then, a completely barren land.

We have since come a long way, and on this occasion, we pay tribute to the contributions of our people whose vision, values, commitment and perseverance have built strong foundations for long-term progress.

The limited luxury of riding on the glory or achievements of the past generations is not available in the **world of today**. Each generation must create its own history in its own times and thus determine its own destiny.

These times are marked by extreme turbulence and described by an acronym VUCA, meaning Volatility, Unpredictability, Complexity and Ambiguity. The fiscal under review was no exception.

To sustain and grow responsibly amidst such external vagaries is our **mandate**. We are endeavouring to do this firstly, by consistently improving our manufacturing, particularly ensuring that it is compatible with ecology;

Secondly, by working in the marketplace, meeting the needs of our customers on the one hand and identifying, developing new products on the other by strengthening R&D where innovation remains the corner stone;

And thirdly, while seeking growth, by concomitantly putting in place processes that will enable us to manage our operations better and, more importantly, prepare our Company for the decades ahead.

I trust you received the Annual Report for the **fiscal under review** on time. Sales @ ₹1,761 cr grew by 17%, but profit from operations @ ₹88 cr came down by 2%, in fact for the first time in last 7 years.

We identified and completed several Key Initiatives (KIs) to improve our performance. However, mainly due to the sharp decline in profitability of our Polymer Business, we were unable to maintain the improvement trend.

Despite lower profit, looking at the potential of our Company to perform, the Board of Directors has recommended maintaining the dividend of 45%; I trust you will approve this unanimously.

We undertook 12 key projects to improve ecology, sales and profit. Amongst the significant ones were i) *p*-Cr, ii) 2,4'-DCP, iii) DDS, iv) BLRs and v) SERs, besides those in Atul Bioscience and Rudolf Atul Chemicals.

While 4 of these projects are completed, the remaining will be over during this fiscal. These projects will help achieve sales of ₹2,500 cr in Atul and about ₹100 cr in Atul Bioscience and Rudolf Atul Chemicals together.

Our Company acquired a company in the UK engaged in the production of tissue cultured date palms. It formed two joint venture (JV) companies in India to manufacture textile chemicals and stone care chemicals.

Over the years we have established new **subsidiary** companies to enhance focus **and JV companies** to leverage on combined strengths; though small now, we expect these companies to grow in the years ahead.

Atul Bioscience Ltd, a 100% subsidiary company, is manufacturing API intermediates and thus meeting the needs of the customers belonging to Pharmaceutical industry.

DPD Ltd, based in the UK, held 88% by our Company, is engaged in tissue culture of date palms and is meeting the needs of the customers belonging to Agriculture industry.

Atul Rajasthan Date Palms Ltd, held 74% by our Company, is also engaged in tissue culture of date palms, and its new facility was inaugurated by the Honourable Chief Minister of Rajasthan on April 6 this year.



More than 100,000 plants have already got planted in deserts of Rajasthan and Gujarat, and our Company is a part of this pioneering effort to help transform the ecology and economy of the arid regions.

Atul Elkay Polymers Ltd, a 51(Atul) - 49 (Elkay) JV company, has been established to market stone care chemicals, to be manufactured by Atul based on the know-how from Elkay Group of Turkey.

Rudolf Atul Chemicals Ltd, a 50-50 JV company, is engaged in the manufacture of textile chemicals and fits very well with our Colors Business. Rudolf Group is a global leader in these products.

M. Dohmen S.A., with manufacturing facility in South Korea and formulations facilities in Germany and Switzerland, is a 50-50 JV company engaged in the manufacture of dyes for synthetic fibres.

Our Company has commenced sales in India of dyes manufactured by M. Dohmen. Also, our Company is promoting its dyes in selected markets using the marketing network of M. Dohmen.

Amal Ltd, held 37% by our Company, is manufacturing H_2SO_4 , Oleums, SO_3 and SO_2 . The Company is incurring losses and is registered with BIFR. The challenge is to 'turn it around', and we hope to make it happen.

Atul USA Inc, Atul Europe Ltd, Atul China Ltd and Atul Brasil Quimicos Ltda are wholly owned by our Company, and their mandate is to grow sales. We are also considering establishing one more such company.

You may have seen the Q1 results of our Company **this fiscal** announced the day before yesterday. Sales have increased by 10% to ₹496 cr and profit after tax from ₹28 cr to ₹37 cr, both as compared to Q4 of last fiscal.

Barring unforeseen circumstances, sales in this fiscal are expected to cross ₹2,000 cr, but more importantly, we hope to lay new foundations so as to improve the quality of profit as we pursue new opportunities to grow.

During this fiscal, we are planning to undertake new projects with an investment outlay of ₹130 cr; once completed in 2013-14, these projects are expected to help us achieve sales of ₹3,000 cr.

Such milestones demand continuous renewal of our thoughts, our views and our efforts, and the team Atul is entrenched in this process so as to reach our highest potential, reflected on the cover page.

As we grow in India and around the world, we need to delegate more and consequently stand by the decisions made by our **people** at different levels. This is only possible when there is an alignment in the Values.

We are therefore working to institutionalise Values and good practices related to professional development. Though this agenda is big and long, we believe it is the only way we will build a lasting company.

In essence, the mandate for all of us in leadership positions is to bring out the best, first in us and then in others, so as to leverage the collective strengths for the benefit of all the Stakeholders of our Company.

The path of our lives is determined daily by the choices we make, and we as the people of Atul will do well if we will go beyond our self interest and work for the **larger good**.

To institutionalise this theme and to nurture the legacy of our Founder, Shri Kasturbhai Lalbhai, who lived his life with a larger purpose, we converted our first office into an Inspiring Centre that depicts his life and times.

We took KIs to serve the society in the fiscal under review. Atul Institute of Vocational Excellence, a joint project with the Government to train over 7,500 tribal students in 7 years, will be fully operational next fiscal.

I **thank you** for participating in the meeting today; we value your faith which has been a great driving force for the Management. You have our commitment that we will continuously endeavour to create more value.

I am grateful to our customers and business partners. They are helping us grow and also become a global company; in this process, they are giving us an opportunity to promote the true spirit of India.

Our employees like to work with Atul and are proud to be a part of an enriching legacy and fulfilling work environment. I thank them for their dedication and hardwork.

I am grateful to our distinguished Independent Directors for their critical analysis, active participation, mature guidance and unstinted encouragement, thus helping us to be a part of this great journey into the future.



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Lalbhai Group