



**ATUL LTD**

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

## **Annual General Meeting 2014**

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Speech  
of  
Sunil Siddharth Lalbhai  
Chairman and Managing Director

July 25, 2014  
Ahmedabad, Gujarat, India

Dear fellow shareholders, ladies and gentlemen,

On behalf of our distinguished Non-executive Directors and every member of Atul family, I am delighted to **welcome** you to this AGM of our Company.

Lalbhai Group lost its senior most member, **Mr Shrenik Kasturbhai**, on June 19 who emulated and nurtured the legacy of our Founder, Shri Kasturbhai Lalbhai, and was an invaluable link between the two generations. He throughout remained keenly interested in Atul.

I have at a personal level lost the one who filled the void after the demise of my father. We will carry forward business with social intent – this will be the best way to pay him our **tribute**.

I trust you received the **Annual Report** well on time and found it good, both in terms of the content and presentation. We will be pleased to receive your suggestions for further improving the quality of the Report – you may please send us the feedback form.

Though 2013-14 began on a pessimistic note, **economic activity** during the latter part of the fiscal showed improvement, and therefore it closed with an optimistic tone.

Our **focus** remained on taking diverse initiatives so as to consistently improve in all that we undertake in business and beyond. We worked with ~2,050 key initiatives to better the near-term performance related to existing operations and also secure the long-term future.

You must have had a close look at the **financial performance** of our Company during 2013-14 and also the results of the Q1 of 2014-15 announced the day before yesterday.

**Sales** and **PBT\*** at ₹2,307 cr and ₹277 cr achieved in 2013-14 showed a rise of 17% and 48% respectively. More importantly, over the last decade, our Company was able to consistently increase EBITDA\* from 10% to 15%, PBT\* from ₹7 cr to ₹277 cr and RoCE\* from 5% to 26%.

With the restructuring of American Cyanamid, ICI and Ciba-Geigy, our erstwhile long-standing joint venture companies do not exist, but our desire to establish **new ventures** remain strong.

Rudolf Atul Chemicals, DPD and Atul Bioscience further improved their sales and profit. Atul Rajasthan Date Palms will commence sales from 2015-16 as planned. While sales of Amal were marginally lower, it made profit from operations for the first time after 10 years.

The Board has recommended **dividend** of 75% keeping in focus the performance of our Company, balancing also the need to prudently invest for the future.

Sales and PBT at ₹636 cr and ₹86 cr in **Q1 of 2014-15** have increased by 25% and 44% if compared with the same period last fiscal though I must mention that our focus is to do all that is required to secure long-term future and is not directed towards short-term quarterly gains.

During the last fiscal, our Company undertook **projects** with an outlay of ₹356 cr and is taking up projects with an outlay of ₹164 cr during the current fiscal, in addition to the routine capexes.

These projects mainly relate to environment protection, modernisation and expansion while some have been completed, the rest are expected to be completed between now and March 31, 2016. Of course, we are diligently working to identify new opportunities to sustain and grow.

After the aforementioned investments have taken place, our Company will have the **near-term potential** to generate sales of ₹3,500 cr that we will endeavour to achieve in 2016-17.

More importantly, these projects will further strengthen the **foundations** of our Company in terms of technology, product portfolio and market reach and diversity. It will thus be possible for our Company to introduce new value added downstream products.

Our Company serves industries which are growing and have very good potential to grow further. We are therefore strengthening our presence in the world marketplace.

Indian Chemical Industry with revenues of US\$108 b ranks sixth after that of South Korea with revenues of US\$163 b. China with revenues of US\$1.3 t ranks the first, followed by the USA, Japan and Germany. This clearly reflects the **untapped potential** we in India must discover.

The future performance (of our Company) will depend on how well we, the people of Atul, are able to work, individually and collectively, so as to foster the required changes.

We are consistently improving our **HR processes**, particularly those related to people development and performance management. The endeavour is to have people in leadership positions at different levels take up these critical HR processes and institutionalise them in the best possible way.

The test of our HR processes is whether we are able to develop and prepare people from within for higher positions and strike a balance with recruitment from outside.

In his book, Five Minds for the Future, Mr Howard Gardner, has studied and concluded the need for a person to have a Disciplined, Synthesising, Creative, Respectful and an Ethical Mind to succeed in the world of today. The **Ethical Mind** reflects the ability to see 'beyond self'.

We set initiatives beyond financial performance and undertook 22 key initiatives during the fiscal to **serve the society** and remained in step with the enriched legacy of our legendary Founder.

**Atul Institute of Vocational Excellence (AIVE)**, a project based on Public Private Partnership Model, will impart training to ~1,000 tribal students per year. AIVE has commenced its operations though its new 78,000 sq ft building in Dharampur will be ready only later in this fiscal.

In essence our Company is focusing on 6 areas related to social work, in step with **national priorities**, namely, education, empowerment, health, relief, conservation and infrastructure.

We live in a highly interconnected world; the best way to work is by unleashing individual creativity and with collective solidarity. I value the readiness and willingness of the **people of Atul** at all levels to learn and relearn and take actions so as to deliver sustained performance.

I acknowledge the contribution of our **customers** not only for giving us an opportunity to serve and grow, but also for their criticism which help us improve and internally become stronger.

I am grateful to our **Non-executive Directors** for their active participation, critical analysis, mature guidance and unstinted encouragement. Their association enriches me and my senior colleagues and is helping us to be a part of this great journey into the future.

On behalf of the team Atul, I want to assure all our **shareholders** that we will ceaselessly endeavour to create more value and thus meet in full measure the faith reposed in us.

Finally, the decisive mandate given by our country to an illustrious son of Gujarat to serve as its Prime Minister, with the agenda of reforms, will start a new era in its history. Indeed, we look forward with optimism to the two themes of **good governance and growth**, which must drive India.

\* excluding exceptional dividend income of ₹20 cr



Atul Inspiring Centre  
Inauguration by Mr Shrenik Kasturbhai

*Atul*  
*touching lives...*

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Lalbhai Group