



ATUL LTD

**Annual General Meeting
2016**

Speech
of
Sunil Siddharth Lalbhai
Chairman and Managing Director

July 29, 2016
Ahmedabad, Gujarat
India

Ladies and Gentlemen,

On behalf of the distinguished Non-executive Directors and every member of Atul family, I **welcome** you to the Annual General Meeting of our Company. This 'once in a year' meeting is an occasion for the Board and the Management to listen to your analysis, comments and suggestions, and I thank you for your participation. I trust you found the Annual Report good both in terms of content and style.

At 3.1%, the **world economy** grew slower in 2015. The world used to witness on an average 14 episodes of major social upheavals per year during the last decade; this number has now increased to 22! Such episodes obviously affect political and economic calm at macro and micro levels and require us to sense danger in stillness and opportunity in turmoil. Indeed, we need even more agility, depth in thinking and excellence in execution to sustain and grow.

The size (US\$103 bn) and share (2%) of **Indian chemical industry** (of which our Company is a part) in the world chemical industry is very small, but the industry has the potential to grow and play a larger role. 90% of all goods produced in the world are enabled by chemistry – our Company is serving customers belonging to growing industries (such as automobile, construction, personal care), and we will work to realise the opportunities of our times.

The price of crude oil, the input from which many of the raw materials used by our Company are derived, came down, on an average, by 45% in 2015-16 (over 2014-15); this had an adverse impact on the selling prices of many of the products. **Sales** value was also negatively impacted by lower sales in Colors Business. Sales value, which came down after 13 years, decreased by about ₹103 cr though sales volume increased (marginally) by 3%.

Our Company was nonetheless able to sustain the **improvement trend** in other parameters of performance, specifically EBITDA %, PBT, RoCE% and debt-equity, achieved during the last 12 years: EBITDA % has increased from 10% to 20%, PBT from operations from ₹7 cr to ₹390 cr and RoCE from 5% to 31%. Debt-equity ratio improved from 1.81 to 0.24. Borrowing at ₹303 cr was almost same as in 2003-04. Dividend has increased from 15% to 100%.

During 2015-16, our Company completed 5 expansion **projects** with an investment of ₹213 cr and undertook 3 more projects with an investment of ₹98 cr - these will be completed in 2016-17. We will articulate new investments for strengthening and growing our Company further. It will be our endeavour to i) seek growth while being financially prudent, particularly in borrowing and ii) become more resilient to unforeseen changes.

The **subsidiary companies** are a part of the overall business strategy - the companies in Brazil, China, the UAE, the UK and the USA will support our Company to work closely with the customers to improve our understanding of the markets further. The present and potential **joint venture companies** will augment strengths of the respective partners and bring in world-class offerings particularly in manufacturing, marketing and business processes.

Our Company, through **Atul Foundation**, continued serving the society in its own small way. During 2015-16, 624 toilets were built in selected villages around *Atul* for families who had none; this project has been very well received, and we will enlarge this initiative. Pending formal inauguration, Atul Institute of Vocational Excellence shifted to its new location; the institute trains tribal students in different vocations and places them in neighbouring companies.

In case you wish to join in enhancing the standard of living of those living in extreme poverty and are looking for an organisation that will channelise 100% of your contribution, Atul Rural Development Fund (ARDF) may be a good option. For the first time, we have added a page '**Make a difference**' in the Annual Report of 2015-16 which gives some idea of the projects on hand. During 2015-16, ARDF spent ₹4.3 cr on different initiatives to serve the society.

You must have seen the results for the **first quarter** of 2016-17 announced on July 22, 2016. Compared to the same period in 2015-16, sales at ₹623 cr were higher by 9%, 19% because of volume; PBT from operations at ₹95 cr was higher by 14%; EBITDA at 19% (17%) was higher. RoCE at 27% (30%) was lower. We have an untapped potential both at the workplace and in the marketplace; I am as such optimistic about the future.

There can be no greater asset than the willingness of determined **people** so that we can face all problems and difficulties candidly and fearlessly. I wish to recognise the efforts of every member of the team Atul, and I am privileged to be a part of it. It is a known principle that what we know or can know is limited by what we are - we are therefore endeavouring to enhance our individual and collective abilities. Our Company will remain a learning organisation.

On behalf of the Shareholders and the Management, I am **grateful** to the Non-executive Directors of our Company for bringing their experience I insight and providing direction I guidance – I value their active participation for it makes the Management think deeper and act wiser. I thank you for your faith in and support to the Management – they put more onus on us to perform. Indeed, we have 'miles to go'.



Kalyani Shala, *Atul*
started by Atul in 1953



Atul Vidyalaya, *Atul*
started by Atul in 1991



Atul Vidyamandir, *Pardi*
a Public Private partnership initiative started in 2009



Atul 396020, Gujarat
India
www.atul.co.in



Lalbhai Group

