



Atul

Atul Ltd

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August 24, 2017

The Manager
Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

SCRIP CODE: 500027
BSE Listing portal

The Manager
Listing Department
National Stock Exchange of India Limited
“Exchange Plaza” C – 1, Block G,
Bandra Kurla Complex,
Bandra (East)
Mumbai – 400 051

SYMBOL: ATUL
NEAPS portal


Dear Sirs:

Sub: Chairman’s Speech at 40th Annual General Meeting of the Company

The Chairman’s Speech delivered at the 40th Annual General Meeting of the Company and circulated to the Members of the Company is enclosed herewith for the information of the Exchange.

Thank you,

Yours faithfully,
FOR ATUL LTD


Lalit Patni
Company Secretary and
Chief Compliance Officer

Encl: as above



Registered office: Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India
CIN: L99999GJ1975PLC002859



Lalbhair Group

Atul



Annual General Meeting 2017

**Speech
of
(Sunil Siddharth Lalbhai)
Chairman and Managing Director**

**July 28, 2017
Ahmedabad, Gujarat
India**



Ladies and Gentlemen,

On behalf of our eminent Non-executive Directors and every member of Atul family, I am delighted to **welcome** each of you to this Annual General Meeting of our Company. I thank you for your time to participate in this meeting and for going through the accounts to make perceptive enquiries and offer constructive suggestions.

Incorporated on September 15, 1947, our Company will complete 70 eventful years month after next. I wish to place on record our **gratitude** to all those who worked with their head and heart, envisioning the future, rising always to the occasion and building strong foundations on which we are now growing.

In this relentlessly changing world, our reflective Founder, Shri Kasturbhai Lalbhai, left a legacy of timeless **Values**. He foresaw what are now termed as the 3 pillars of sustainability – economic, environmental and social – and institutionalised them in the companies he founded, and we are privileged to carry forward this profound legacy.

India lives in 6,38,000 villages; 22% of its 1.2 bn population lives below the poverty-line of which 80% in villages. The intent and commitment of the Government to upgrade these villages and uplift such population will propel economic activity and give our Company an opportunity to **grow further** as well as **serve India**.

Chemical industry was, is and will remain an integral constituent of the economy. The industries which our Company serves through its 1,500 quality products and formulations – such as Wind Energy, Personal Care, Construction, Automobile, etc – are developing well; this will help our Company **grow further**.

In the last decade, CP and PO businesses started retail marketing which in 2016-17 generated sales of ₹155 cr, but with no profit – this situation is expected to change for the better; retail space offers abundant opportunities to **grow** – it will, we believe, require lower long-term capital and make our Company less vulnerable to business cycles.

In 2016-17, our Company was able to increase the **volume** of products sold by 16% and EBIDTA by 6%, but **profit before tax** remained stagnant at ₹400 cr because of decrease in selling prices by 6%. Due to lower income tax liability, **profit after tax** at ₹285 cr was (marginally) higher by 4%. The Board has recommended 100% dividend.

The **borrowing** came down from ₹302 cr to ₹155 cr despite payment of ₹175 cr towards capex. The debt equity ratio improved further from 0.19 to 0.08. Our focus is not on making our Company debt-free, but we will like this to be the outcome of our efforts to enhance working capital efficiency where, incidentally, there is a good scope.

Our Company completed 3 expansion **projects** in 2016-17 with an investment of ₹117 cr. As I speak, all key projects taken up during the last 2 years have been completed though 4 projects are still under stabilisation. I expect higher impact of these projects from the third and fourth quarters of 2017-18.

I had mentioned in my last letter to the Shareholders that our Company will try and achieve sales of ₹4,000 cr in 2017-18; this seems a much taller order now given the decrease in selling prices since then and the delay in some of the projects to deliver expected sales volumes. I realise more than ever the value of remaining **understated**.

So I must **apologise** for this lapse of judgement, but I wish to assure you that the direction (of growing the business) we have taken and the investments we have made will help achieve sustainable growth and generate new sales – there is a delay, but we will see impact of the investments in the months ahead.

Barring Atul Brasil Quimicos Ltda, which is just commencing its activities, the operating **subsidiary, joint venture (JV) and associate companies**, 15 in all, further improved their performance. Our Company received a total dividend of ₹19 cr from 3 of these companies. The proposal to merge Amal Ltd with our Company is withdrawn.

Our Company formed a **JV, ANAVEN LLP**, with AkzoNobel to manufacture MCA. The JV will put up the biggest facility of MCA in India; it is also expected to be the best facility in the world in terms of efficiency. The key raw materials will be supplied by our Company which also happens to be the largest consumer of MCA in India.

We continued with the blessed legacy left behind by our founding fathers of conducting business with a **social intent**. We have organised this endeavour under 6 verticals, namely, Education, Empowerment, Health, Relief, Conservation and Infrastructure, and I trust you have read about the projects undertaken by our Company.

Profit before tax for the **first quarter** of 2017-18 at ₹52 cr was the lowest in the last 12 quarters. The main reason was the sharp decline in the profitability of some of the businesses – this, I believe, will not last long and will change for the better. 3 quarters of 2017-18 are left and we will work to overcome this aberration.

Essentially, our focus is on putting in place **processes** to i) achieve higher sales, ii) bring down excessive working capital tied up, iii) create multi-dimensional growth and iv) strengthen team Atul and thereby create value for all its Stakeholders. We have made progress over the years, but we still have 'miles to go'.

There will be challenges as we move forward, but I remind myself that on the other side of the resistance is the flow, and the struggle we may face today is only for a better tomorrow. Team Atul is persevering, with commitment and dedication – I am therefore **optimistic about the future** that is yet to unfold.

I **appreciate** the contribution of every member of Atul family. I respect the analysis, judgement, encouragement and guidance of our distinguished Non-executive Directors. I value your support, but even more your faith in the Management – it is this that makes these moments and the journey worthwhile.



**Visit of Shri Vijay Rupani, Honourable Chief Minister of Gujarat,
to Atul Institute of Vocational Excellence**



**Visit of Shrimati Arundhati Bhattacharya,
Chairperson of SBI, to Atul Vidyalaya**



**One of the 2,000 toilets built
by Atul Foundation in 15 villages**



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India

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