

Letter to the shareholders



Fellow Shareholders,

Consolidated sales of our Company in 2023-24, that also comprised sales of its only wholly-owned subsidiary, Amal Speciality Chemicals Ltd (ASC), at ₹ 86 cr increased by 40% (though standalone sales at ₹ 31 cr were lower by 20%) compared with those in 2022-23. Its consolidated profit before tax (PBT) was ₹ 3 cr against loss of ₹ 16 cr (and its standalone PBT at ₹ 3 cr was higher compared to ₹ 1 cr) in 2022-23.

Our Company had wiped out its carried forward loss of ₹ 56 cr in 2021-22, but because its subsidiary, ASC, incurred loss of ₹ 17 cr in 2022-23 (due to the start-up problems in its new project – see paragraph 4 below), it has to still wipe out loss of ₹ 14 cr as on March 31, 2024. We are working to fully wipe out this loss in 2025-26.

We are pleased to share some of the operational highlights of 2023-24 related to performance improvement: i) overall sales volume increased by 8%, ii) sales volume of Sulphur dioxide increased by 43%, iii) direct sales increased by 2%, iv) steam generation increased by 20%, v) electricity generation per day from the turbine increased by 197% (ASC) and vi) working capital decreased by one day.

The plant of ASC operated at 92% capacity utilisation as against 70%. The plant was commissioned in 2022-23 at an investment of ₹ 81 cr, but it had faced start-up problems – they were largely overcome only in the second half of 2023-24. We are confident that the performance of ASC will further improve.

In the 1st quarter of 2024-25, consolidated sales of our Company at ₹ 21 cr were higher than ₹ 17 cr (and similarly standalone sales at ₹ 7 cr were higher than ₹ 4 cr) in the same period of 2023-24. Consolidated PBT was at ₹ 16 lakh against loss of ₹ 3 cr in the same period of 2023-24. The numbers for the 2nd quarter are expected to be better.

Our Company profitability, at standalone and consolidated level is lower (compared to what it used to be) because of the adverse prices of raw materials and finished products. So our endeavour is to i) improve our Company performance related to efficiency and productivity and ii) grow sales of value added products.

Current consolidated sales potential of our Company (based on the prevailing market prices – which are lower by 36% than the average of the last five years of the finished products) is ₹ 100 cr. We are working on a couple of projects to seek a reasonable rise in sales and profitability – we will make the announcement at an appropriate time.

Consolidated borrowing of our Company, which at peak was ₹ 68 cr, came down to ₹ 35 cr as on March 31, 2023 because of the rights issue. As of June 30, 2024, the borrowing stood at ₹ 19 cr with debt equity of 0.27. We hope to further bring down the borrowing in 2024-25 to make the business more resilient to market swings.

Our Company contributed ₹ 12 lakh in 2023-24 towards fulfilling its obligation to society; the funds were mostly used for taking up, in all, eight projects under two programs, namely, health and infrastructure, both of which are in step with the national priorities. The projects which were implemented through Atul Foundation included two blood donation camps, five eye camps and repair of one anganwadi.

Mr Abhay Jadeja, Mr Sujal Shah and Ms Mahalakshmi Subramanian, Independent Directors (IDs), retired from the Board after completing their tenure. We are grateful to them for their critical yet constructive and valuable inputs. Ms Drushti Desai, Ms Dipali Sheth and Mr Venkatraman Srinivasan joined the Board as IDs.

We thank our team members for their commitment and dedication and take this opportunity to thank all other stakeholders of our Company, namely, customers, suppliers, government and society for their consistent support. Last, but not the least, we thank you for your support and trust which puts onus on team Amal to perform. We are looking forward to grow, serve and share.

Sincerely,

(Rajeev Kumar)
Managing Director

(Sunil Lalbhai)
Chairman