



## **Chairman's Speech**

### **9th AGM dated December 21, 2015**

Good afternoon ladies and gentlemen,

A warm welcome to the 9th Annual General Meeting of Jubilant Industries Ltd.

#### **FY 2015 Performance**

FY 2015 was a volatile year for commodity prices, led by multi-year low levels in crude oil prices. Some of our key raw materials like Vinyl Acetate Monomer (VAM), Butadiene and Sulphur also witnessed wide swings. VAM prices were very high during the start of the year due to temporary supply constraints which severely impacted margins of our Performance Polymer business in FY 2015. Similarly, Sulphur prices increased substantially during the second half of the year, thereby impacting profits of our Agri-business.

The Consolidated Revenue of the company has dropped by around 8% to reach Rs. 858 crore. Its Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) stood at Rs (26) crore in FY 2015. The drop in revenue was mainly on account of lower realization in Performance Polymer business and reduced volume in Agribusiness.

#### **Business-wise performance**

Performance Polymers witnessed pressure on volume on account of declining sales of chewing Gum in North America and high prices of VAM. Our Food Polymers as well as Consumer Products businesses were also impacted by high input prices of VAM.



Our Agribusiness has performed much better than previous year. Efficient procurement of raw materials and better cost management has helped the business to perform better than its peers.

After couple of years of struggle, Indian commercial vehicle industry finished the year on a positive note, which had a positive impact on domestic volumes of VP latex. However, our export volumes of VP Latex continue to face pressure due to tough market conditions in the European Automobile industry

Exchange Rate volatility also impacted our margins in Performance polymers. Both our VP Latex and Food Polymer business were negatively impacted due to Euro depreciation.

### **Divestment of Retail business**

In May 2015, to focus on its core businesses of manufacturing chemicals and fertilizers, Jubilant Agri & Consumer Products Limited (JACPL), a material subsidiary of the Company, has decided to exit its retail hypermarket business chain 'Total'. The transfer of the retail hypermarket business was completed with effect from opening of business hours on August 12, 2015 on a going concern basis, by means of a slump sale.

### **Capital Reduction**

To rationalize the balance sheet and to depict the true and fair position of its assets and liabilities, the Board of Directors of JACPL has approved the setting off of accumulated losses amounting to Rs. 204 Crores (Rupees Two Hundred Four Crores) incurred by the JACPL till March 31, 2015 against the amount standing in its Securities Premium Account as on that date. This does not have any financial impact on the results / financial position of the Company.

The Hon'ble Allahabad High Court has confirmed its petition for reduction in the Securities Premium Account vide its order dated October 01, 2015. Accordingly, Financial Statements of JACPL have been re-drawn after giving effect to the said reduction as on March 31, 2015.



## Dividend

Keeping in view the losses for the year under review, the Board of Directors have not recommended any dividend for the financial year 2014-15.

## H1 FY 2016 Performance

For the first half of current financial year FY 2016, we are pleased to report good performance across segments. Consolidated Revenues stood at Rs. 358 crore for the six months with the EBITDA of Rs. 17 Crore. Agribusiness contributed Rs. 74 crore to the revenue mix, Performance Polymers Rs. 189 crore and Retail contributed balance Rs. 95 Crore. Our performance in the first half benefited due to improved volumes in Performance Polymers as well as lower input prices across businesses.

During FY2016, we expect the existing businesses of the Company to grow at a good pace. I take this opportunity to thank all our employees, customers, vendors, bankers and shareholders for their continued support. We are hopeful that they will remain with us as we venture into the future which holds unbounded promise.

Thank You!