



AMAL PRODUCTS LIMITED

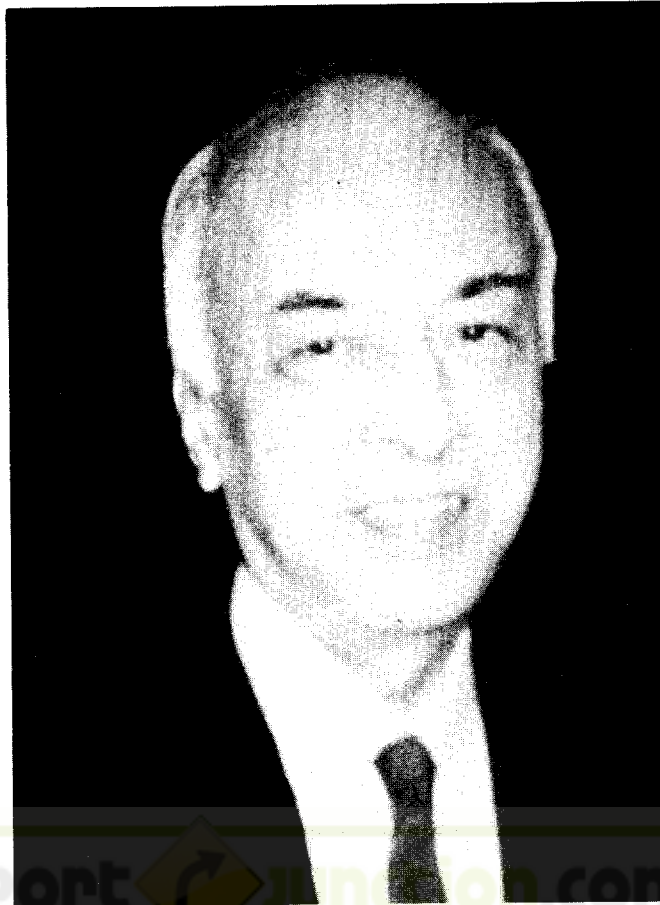
A MEMBER OF LALBHAI GROUP

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Amal

Annual Report
1998-99

AMAL PRODUCTS LIMITED



Shri Siddharth K. Lalbhai
(1923-1998)

The principles Shri Siddharth K. Lalbhai upheld of ethics in business and trusteeship in governance, the personal qualities he lived by of uncompromising integrity, simplicity and determined low profile, the single minded devotion he gave to the tasks on hand and the sustained commitment he had of taking the right steps, in the right direction, with the right motives will continue to remain a guiding force.



AMAL PRODUCTS LIMITED

BOARD OF DIRECTORS

Mr. Siddharth K. Lalbhai
(Chairman upto September 12, 1998)

Mr. Sunil S. Lalbhai
(Chairman)

Dr. Rana D. Vishnoi
(Vice Chairman)

Mr. Chandulal P. Shah

Mr. Sumant J. Patel

Dr. Lalit S. Kanodia

Mr. Chetan J. Parikh

Mr. Arunkumar R. Gandhi

Mr. Abhijit M. Mukherjee
(Director in whole time employment)

COMPANY SECRETARY

Mr. Ashish A. Shah

EXECUTIVES

Mr. Vishnuprasad R. Pandya

Mr. Chittranjan R. Shah

Mr. Ajit S. Arya

BANKERS

Union Bank of India

State Bank of India

AUDITORS

C. C. Chokshi & Co.
Chartered Accountants

SOLICITORS

Crawford Bayley & Co.

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REGISTERED OFFICE

Contractor Building

R. Kamani Marg

Mumbai 400 001, Maharashtra

HEAD OFFICE

Atul 396 020, Gujarat

WORKS

(i) 136/137, GIDC Industrial Area,
Ankleshwar 393 002, Gujarat

(ii) Atul 396 020, Gujarat

AMAL PRODUCTS LIMITED**NOTICE**

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of Amal Products Limited will be held at M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Mumbai 400 001, on Monday, August 30, 1999 at 11.00 A.M. to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 1999 and Profit & Loss Account for the year ended on that date and report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sunil S. Lalbhai who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Dr. Rana D. Vishnoi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Chandulal P. Shah who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT C. C. Chokshi & Company, Chartered Accountants, Mumbai be and are hereby appointed as auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting of the Company on a remuneration of Rs 70,000/- plus reimbursement of out of pocket expenses incurred by them for the purpose of audit".

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, approval of the Company be and is hereby given to the reappointment of Mr. Abhijit M. Mukherjee as a Director in whole time employment of the Company, not liable to retire

by rotation, for a further period of five years w. e. f. September 1, 1999 to August 31, 2004 on the terms and conditions as set out in the Agreement dtd. October 2, 1997 and supplemental draft Agreement dtd. July 16, 1999 enter into between the Company and Mr. Abhijit M. Mukherjee, a copy whereof initialled by the Chairman for the purpose of the identification is placed before this meeting, with such modifications as may be required by any applicable law and as may be agreed to by the Board of Directors of the Company and Mr. Abhijit M. Mukherjee".

"FURTHER RESOLVED THAT pursuant to provision of Sections 198, 309 and other applicable provisions of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to alter, vary, increase or revise from time to time remuneration payable to Mr. Abhijit M. Mukherjee, Director in whole time employment of the Company within the limits of Schedule of XIII of the Companies Act, 1956 so that the total amount payable to him does not exceed Rs 24.00 lacs per annum or Rs 2.00 lacs per month, (inclusive of monetary value of perquisites) in accordance with the Income Tax Act and rules thereunder.

By Order of the Board
For **AMAL PRODUCTS LIMITED**

ASHISH A. SHAH
Company Secretary

Registered Office:

Contractor Building,
R. Kamani Marg,
Mumbai 400 001
July 19, 1999

Notes :

1. The explanatory statement pursuant to Section 173 of the Companies Act, 1956, is annexed to this notice.
2. Printed copies of Balance Sheet, Profit and Loss Account, the Directors Report, the Auditors Report and every other document required by



law to be annexed or attached to the Balance Sheet for the financial year ended March 31, 1999 are enclosed herewith.

3. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
4. The Register of members and share transfer books of the Company will remain closed from August 16, 1999 to August 30, 1999 (both days inclusive).
5. Members are hereby informed that all unclaimed dividends up to the accounting year 1987-88 have been transferred to the General Revenue Account of the Central Government pursuant to Section 205A (5) of the Companies Act, 1956. Members are requested to claim the same from Registrar of Companies, Maharashtra, Mumbai.
6. Members desirous of any information about the accounts and operations of the company are requested to write to the Company atleast 10 days before the date of the meeting so that the required information can be made available at the meeting.
7. Members/Proxies are requested to bring the enclosed attendance slip with them duly filled in for attending the meeting.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 :

Mr. Abhijit M. Mukherjee was appointed as Director in whole time employment of the Company at the meeting of the Board of Director held on February 19, 1997 and was also approved at the 23rd Annual General Meeting, held on September 26, 1997, for the period from February 19, 1997 to August 31, 1999 on the terms and conditions contained in an agreement dtd. October 2, 1997. The appointment expires on August 31, 1999.

The Directors have at their meeting held on July 16, 1999 reappointed Mr. Abhijit M. Mukherjee as a Director in whole time employment of the Company for a further period of five year w. e. f. September 1, 1999 to August 31, 2004 on the terms and conditions set out in the draft agreement, subject to the approval of the shareholders and such other sanctions as may be necessary. The reappointment of Mr. Abhijit M. Mukherjee is in accordance with the conditions specified in section 269 read with Schedule XIII as amended from time to time and hence the approval of the Central Government is not require.

Mr. Abhijit M. Mukherjee is a B. Tech in Chemical Engineering from IIT, Kharapur. With his

considerable experience and insight of the Chemical Industries, he is a valuable asset for the Company's prosperity. The Directors consider that the continued excellent service of Mr. Abhijit M. Mukherjee is require to this Company and that it would be in the interest of the Company to reappoint Mr. Abhijit M. Mukherjee as Director in whole time employment of the Company for a further period of five years and also to increase the ceiling limit of his remuneration from Rs 12.00 lacs to 24.00 lacs. Accordingly, the said resolution is recommended for your approval.

Interest of Directors :

Except Mr. Abhijit M. Mukherjee, non of the other Directors of the Company is in any way concerned or interested in the resolution.

By Order of the Board
For **AMAL PRODUCTS LIMITED**

ASHISH A. SHAH
Company Secretary

Registered Office :

Contractor Building,
R. Kamani Marg,
Mumbai 400 001.

July 19, 1999

AMAL PRODUCTS LIMITED**DIRECTORS' REPORT**

The Directors submit their Twenty Fifth Annual Report together with the audited statement of accounts of the Company for the year ended March 31, 1999.

	(Rs in Lacs)	
	1998-99	1997-98
1. Financial Results		
Profit / (Loss) before taxation	(443.14)	480.09
Taxation	0.28	50.43
Profit / (Loss) after taxation	(443.42)	429.66
Brought forward	520.64	175.27
Disposable surplus	77.22	604.93
Appropriation		
Proposed dividend	—	70.25
Tax on dividend	—	14.04
Balance carried forward	77.22	520.64
	77.22	604.93

2. Dividend

In view of the losses incurred by the Company during the year, your Directors regret their inability to recommend any dividend.

3. Operations**3.1 Production**

Production of dye intermediates for the year was 1968 MT (2182 MT) and that of Sulphuric Acid/Oleums was 29464 MT (28612 MT). Dye intermediates production had to be curtailed due to lower off take and stock build-up.

3.2 Sales

Sales for the year was Rs3490 lacs (Rs4320 lacs) comprising of Rs3250 lacs (Rs4025 lacs) in dye intermediates and Rs240 lacs (Rs295 lacs) in Sulphuric Acid/Oleums. In dye intermediates, domestic sales was Rs690 lacs (Rs901 lacs) and export sales was Rs2560 lacs (Rs3124 lacs) which constitute 73 per cent of total sales.

The world wide industrial recession in the Textile & Leather markets affected export sales of the Company resulting in lower

export sales by 18 per cent over the previous year.

3.3. Profitability

After 5 years of steady growth in the net profit and reaching the highest ever net profit of Rs429.66 lacs in 1997-98, during the year under review, the Company has posted a net loss of Rs443.42 lacs. 1998-99 was not a satisfactory year for the Company. Cut throat competition in H-acid, the main product of the Company, compelled the management to drastically reduce its selling price both in export as well as domestic market. The Company did not operate its plant at full capacity mainly due to high inventory.

4. Finance

During the year the Company has received sanction of Rs500.00 lacs, Corporate Loan from Industrial Development Bank of India to meet the long term working capital requirement and Rs75 lacs, Term Loan from Union Bank of India, Industrial Finance Branch, Mumbai to part finance the Company's normal capital expenditure. The Company's Working Capital Limits from the Bank are continued.

5. Current year and Future Prospects

The market situation of dye intermediates continues to be depressed. Selling prices are under pressure whereas cost of raw material, power, fuel and other inputs has increased. The management is working hard to overcome these difficulties by choosing the most profitable product mix and to launch some new products. The quantity off take as well as prices of dye intermediates, during past few months are showing upward trend which is expected to continue in the coming months. The prices of Sulfuric Acid and Oleums have become buoyant and expected to be so in the coming period. The sales are expected to increase in the first quarter of the current year with better price realisation. With the current favourable trend the management expects better results during the current year as compared to 1998-99.



6. Directors

The Directors are deeply grieved by the sad demise of Mr. Siddharth K. Lalbhai who passed away on September 13, 1998. He was the Chairman since 1985 when the Company was acquired by Lalbhai Group. Under his leadership, the Company grew manifold. Sales grew from Rs379 lacs in 1985-86 to Rs4,828 lacs in 1997-98, the last full year under his Chairmanship. During the same period, the Company improved its profitability from a loss of Rs75 lacs to a net profit of Rs429 lacs. In his death, the Company has lost a leader who skillfully directed the business, with unruffled equanimity and sincerity. The Board places on record its highest appreciation and gratitude for the guidance provided by Mr. Lalbhai and pays respectful homage to its former Chairman.

Mr. Sunil S. Lalbhai, director, was elected as Chairman of the Board of Directors on May 28, 1999.

Mr. Sunil S. Lalbhai, Dr. Rana D. Vishnoi and Mr. Chandulal P. Shah are retiring by rotation at the Annual General Meeting and being eligible, offer themselves for reappointment.

7. Year 2000 Compliance (Y2K)

The Company has taken appropriate and effective steps to ensure that its EDP systems, equipments and machineries are Y2K compatible by September 30, 1999. The Company has initiated prudent steps to take care of the compliance and is also developing contingent plan to meet any foreseeable adverse situation. The expense to ensure Y2K compliance is estimated to be Rs2.5 lacs and is not expected to have any material financial impact.

8. Ecology & Safety

The Company has established regular consumers for the spent acids generated which has resulted in substantial reduction of effluent load. Strict compliance with effluent treatment norms was ensured.

9. Insurance

The assets of the Company as well as its liability to employees are adequately covered by proper insurance based on risk study. The company has taken public liability insurance policy and has also contributed to the environmental relief fund as per the statutory requirement.

10. Industrial Relations

Industrial relations continued to be harmonious. Better coordination and work culture improved operational efficiency.

11. Conservation of Energy, Research & Development, Technology Absorption and Foreign Exchange Earnings and Outgo.

The information required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 for the year ended March 31, 1999 is given in Annexure I and forms part of this report.

The information required under section 217(I) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in Report of the Board of Directors) Rules 1988 is given in Annexure II and forms part of this report.

12. Auditors and Auditors' Report

C. C. Chokshi & Co, the Auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting. They have given their consent to continue to act as Auditors of the Company for the current year, if reappointed. Members are requested to reappoint them and fix their remuneration. The relevant notes forming part of the accounts are self-explanatory and give full information and explanation in respect of the observations made by the Auditors in their Report.

13. Subsidiary Company

The annual report of the subsidiary company, Amber Krushi Rasayan Limited, for the year ended March 31, 1999 is annexed to this report.

14. Acknowledgments

The Directors acknowledge the co-operation and support given by the shareholders, the Company's bankers, financial institutions and various government authorities during the year. The Directors sincerely appreciate the contribution made by the employees at all levels.

For and on behalf of the Board of Directors

Sunil S. Lalbhai
Chairman

Mumbai
May 28, 1999

AMAL PRODUCTS LIMITED**ANNEXURE - I****ANNEXURE TO DIRECTOR'S REPORT**

Particulars to employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules 1975 for the year ended March 31, 1999.

- a) Employed throughout the financial year under review and were in respect of remuneration for the financial year in the aggregate of not less than Rs 6,00,000/-

Name	Age (yrs)	Designation/ Nature of Duties	Remuneration Received Rs.	Qualifi- cation	Experience No. of Years	Date of Commence- ment of Employment	Last Employment held
Mr. A. Mukherjee	41	Director in whole time Employment	8,15,260	B. Tech	20	May 3, 1993	Hindustan Leaver Limited

- b) Employed for the part of the financial year under review and were in respect of remuneration for any part of the year at a rate not lesser than Rs 50,000/- per month.

Name	Age (yrs)	Designation/ Nature of Duties	Remuneration Received Rs.	Qualifi- cation	Experience No. of Years	Date of Commence- ment of Employment	Last Employment held
—	—	—	—	—	—	—	—

Notes :

1. The nature of employment of Mr. Abhijit M. Mukherjee is contractual. He is the Wholtime employee of the company. He is not related to any director of the Company.
2. Other terms and conditions are as per the Service Rules and Regulations of the Company.
3. Remuneration received includes salary, allowances, leave travel assistance, medical expenses, company's contribution to provident, superannuation and gratuity funds, and monetary value of other perquisites as per Income tax Rules, 1962.

For and on behalf of the Board of Directors

Mumbai
May 28, 1999

Sunil S. Lalbhai
Chairman



ANNEXURE - II

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.
I. CONSERVATION OF ENERGY

(a) Effective utilization of by-product steam from sulphuric acid plant continues to give savings on coal consumption.

(b) Total energy consumption and energy consumption per unit of production.

A. Power and Fuel consumption		1998-99	1997-98			
1. Electricity						
(a) Purchased						
Unit (kwh) (in lacs)		81.91	86.05			
Total amount (Rs in lacs)		332.50	356.13			
Rate/Unit		4.06	4.14			
(b) Own Generator (only fuel cost has been considered here)						
Through Diesel Generator						
Unit(kwh)(in lacs)		1.94	6.75			
Unit per Ltr. of Diesel oil		3.14	3.11			
Cost/unit		3.65	3.48			
2. Coal						
Quality B Grade						
Use in Boiler to generate steam						
Quantity (MT)		53.60	742.64			
Total cost (Rs in lacs)		1.18	15.97			
Average Rate (Rs/MT)		2200.00	2150.06			
3. Furnace Oil						
Quantity (KL)		26.45	85.50			
Total Amounts (Rs in lacs)		2.43	7.87			
Average Rate (Rs/MT)		9200.00	9200.00			
4. Steam		1998-99	1997-98			
	Steam Generation MT	Quantity of Fuel used	Steam to Fuel Ratio	Steam Generation MT	Quantity of Fuel used	Steam to Fuel Ratio
From Coal	206	53.60	3.83:1	3000	742.64	4.03:1
From Furnace oil	—	—	—	—	—	—
From Gas (Kg : Cu.M.)	3494	283269 Cu.M.	12.34:1	6356	432807 Cu.M.	14.68:1
From Sulphuric Acid Plant	32410	NIL	NII	31463	NIL	NIL
5. Steam cost		1998-99	1997-98			
Steam Generation from fuel (tonnes)		3670	9356			
Cost of fuel (Rs in lacs)		17.57	39.30			
Fuel cost for generating per MT of steam (Rs)		478.88	420.00			

AMAL PRODUCTS LIMITED

Consumption per unit of production		UNIT	STANDARDS IF ANY	1998-99	1997-98
Production	DI	MT	—	1968	2182
	H ₂ SO ₄ (Converted)	MT	—	29464	28612
Electricity	DI	Kwh/MT	—	5804.72	3805.41
	H ₂ SO ₄ (Converted)	Kwh/MT	—	37.61	38.95
Coal (DI)		MT/MT	—	0.03	0.34
Gas (DI)		MT/MT	—	209	254

II. TECHNOLOGY ABSORPTION**1. RESEARCH & DEVELOPMENT (R & D)****(a) Specific Areas in which R&D carried out by the company.**

New speciality intermediates developed by R&D were introduced in the product range of the company during the year.

(b) Benefits derived as a result of the above R&D

Improved product mix.

(c) Future Plan of Action

Development of new cost effective processes for our existing products is being explored.

(d) Expenditure on R&D

(a) Capital	—
(b) Recurring	5.20 lacs
(c) Total	5.20 lacs
(d) Total R&D Expenditures as a percentage of total turnover	0.15%

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**(a) Efforts in brief, towards technology absorption, adaptation and innovation.**

Efforts continued to improve quality of Dye intermediates.

(b) Benefits derived as a result of above i.e. product improvements, cost reduction, product development, import substitution etc.

Improved quality of the product and cost reduction. Better competitiveness and improved environment.

(c) Imported technology

The company did not import any technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

We continue to be an export oriented company with exports of Rs 2560 lacs during the year which is 73% of our total sales.

Foreign Exchange earned : Rs 2484.15 lacs

Foreign Exchange used : Rs 716.02 lacs

For and on behalf of the Board of Directors

Mumbai,
May 28, 1999

Sunil S. Lalbhai
Chairman