



**2007-2008
Annual Report**

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AMAL LIMITED

Atul - 396 020, Gujarat, India
www.amal.co.in



A MEMBER OF LALBHAI GROUP

AMAL LIMITED**BOARD OF DIRECTORS**

Dr Rana Vishnoi - Chairman

Mr Mriganka S Dutta

Mr Ghanshyam R Parekh

CHIEF OPERATING OFFICER

Dr Naresh K Chourishi

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REGISTERED OFFICE

310B, Veer Savarkar Marg (Caddel Road)
Opp India United Mills (Dye Works),
Near Prabhadevi Telephone Exchange,
Dadar (West)
Mumbai 400 028, Maharashtra
Phone No.: (022) 39876000
Telefax: (022) 39876061, 39876065

HEAD OFFICE

Atul 396 020, Dist. Valsad, Gujarat
Phone No.: (91-2632) 233663, 234330
Telefax: (91-2632) 233402

AUDITORS

V R Parekh & Co.
Chartered Accountants

COST AUDITOR

H R Kapadia
Cost Accountant

WORKS

- (i) 136/137, GIDC Industrial Area
Ankleshwar 393 002, Gujarat
Phone No.: (91-2646) 251066
251271
Telefax: (91-2646) 251982
- (ii) Atul 396 020,
Dist. Valsad, Gujarat
Phone No.: (91-2632) 233227

AMAL LIMITED**NOTICE**

NOTICE is hereby given that the Thirty-Fourth Annual General Meeting of the Members of Amal Limited will be held at Kilachand Conference Room, 2nd Floor, LNM - IMC Building, IMC Marg, Opp. Churchgate Railway Station, Churchgate, Mumbai 400 020, on Friday, September 26, 2008 at 4:00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 and Profit and 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 Mriganka S Dutta, who retires by rotation and being eligible offers himself for reappointment.
3. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s V R Parekh & Co., Chartered Accountants, Valsad be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting of the Company, on a remuneration of Rs 20,000/- (Rupees Twenty Thousand Only) plus applicable service tax and the reimbursement of expenses incurred by them for attending to the audit work of the Company."

By Order of the Board
For Amal Limited

Rana Vishnoi
Chairman
June 26, 2008

Registered Office :
310B, Veer Savarkar Marg (Caddell Road),
Opp India United Mills (Dye Works),
Near Prabhadevi Telephone Exchange,
Dadar (West)
Mumbai 400 028

Notes:

1. 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, 2008 are enclosed herewith:
2. AMEMBER 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.
3. The Register of members and share transfer books of the Company will remain closed from Monday, September 22, 2008 to Friday, September 26, 2008 (both days inclusive).
4. Members desirous of any information about the accounts and operations of the Company are requested to write to the Company at least 10 days before the date of the meeting so that the required information can be made available at the meeting.
5. Members/Proxies are requested to bring the enclosed attendance slip with them duly filled in for attending the meeting.
6. Reappointment of Director: At the ensuing Annual General Meeting, Mr Mriganka S Dutta retires by rotation and being eligible offers himself for reappointment. The information or details to be provided for the aforesaid Director under the Code of Corporate Governance are as under:

Mr Dutta is a B.Sc., MIE India. He is also a Chartered Engineer. He was a Scientific Officer in Bhabha Atomic Research Centre (BARC), Bombay. He carries with him wide technical knowledge and about 47 years of experience in the technical field. He is on the Board of AgriMore Limited, Anubhav Market Research and Development Private Limited and Osia Realty Private Limited. He is not holding any equity shares of the Company.



DIRECTORS' REPORT

Your Directors present the Thirty Fourth Annual Report and Audited accounts for the year ended March 31, 2008.

(Rs in thousands)

1. Financial Results 2007-08 2006-07

Profit/(Loss)		
before taxation	(174:2.74)	(17584.62)
Add/(Less) Deferred		
tax/Provision for tax	3059.20	(101.67)

Profit / (Loss)		
after taxation	(14353.54)	(17686.29)
Interest Waiver	--	4367.06
Received		
Loss after Tax	(14353.54)	(13319.23)
Brought forward	(542549.39)	(529230.16)
Disposable	(556902.93)	(542549.39)

surplus/(Deficit)

Appropriation

Balance carried		
forward	(556902.93)	(542549.39)
	(556902.93)	(542549.39)

2. Dividend

As the Company has made a net loss after tax for the year, your directors regret their inability to recommend any dividend.

3. Operations

3.1 Production

Manufacturing Plants of Ankleshwar & Atul Sites are not operated since February 2004 except Sulphuric Acid/Oleum plant, for which your Company has undertaken job work activity. Plants are not operated as they need large capital investment and working capital to restart and looking to the uncertain demand position it is not prudent to invest such large sums.

3.2 Sales/Income

Since the operations of both the plants are stopped, total income of Rs4589.13 thousands (previous year Rs10341.83 thousands) consists

of Sales of Traded products and other income.

3.3 Profitability

The Company has incurred total losses of Rs 14353.54 thousands (previous year Rs13319.23 thousands).

4. Finance

Due to huge losses suffered by the Company, your Company caused to be settled the entire dues of all Bankers and Financial Institutions through One Time Settlement Scheme.

5. Status regarding BIFR

The Company was declared Sick by BIFR w.e.f. July 20, 2006; on reference filed by the company. The Company is evaluating various options for revival.

6. Directors

Mr. Mriganka S Dutta, Director of the Company is retiring by rotation at the ensuing Annual General Meeting. Mr. Mriganka S Dutta, being eligible, offers himself for reappointment.

7. Ecology & Safety

The Company is taking necessary steps for safe disposal of effluent generated from the Sulphuric Acid Plant, which is running at present. Although Dye Intermediates Plants are not functioning, steps are taken, to protect any water contamination problems during monsoon.

8. Insurance

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

9. Employees

All the workmen and management staff at Ankleshwar & Atul plants were relieved. Company is having few officers at its Head Office for day-to-day work of the Company. There are no employees of the Company falling under the provisions of Section 217(2A) of the Companies Act, 1956.

AMAL LIMITED**10. Corporate Governance**

A report on Corporate Governance along with a Report from the Auditors of the Company regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreement is annexed.

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

Information required under 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 as amended from time to time, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv), the report and accounts are being sent to all the shareholders of the Company excluding the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo. Any shareholder interested in obtaining such information/particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary for a copy.

12. Auditor and Auditor's Report

M/s V R Parekh & 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 appointed. The members are requested to re-appoint 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. Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the directors confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.

- (ii) Such accounting policies have been selected and applied consistently and such judgments and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2008 and of the loss of the Company for the year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- (iv) Since the Company has suspended its operations for quite a long time, it has also relieved all its employees of Ankleshwar and Atul Plants. In such circumstances, it could not be considered as a going concern. However, all potential losses and expenses have been booked or provided for.

14. Acknowledgement

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

Rana Vishnoi
Chairman

Atul
June 26, 2008



Management Discussion and Analysis

Business at a Glance

Manufacturing Plants of Ankleshwar & Atul Sites are not operated since February 2004 except Sulphuric Acid/Oleum plant, for which your Company has undertaken job work activity. Plants need large capital investments and working capital to restart and looking to the uncertainty of demand it is not considered advisable to make further large investments.

Since the operations of both the plants are stopped, total income of Rs4589.13 thousands (previous year Rs10341.83 thousands) consists of sale of traded products and other income.

The Company has incurred a loss of Rs14353.54 thousands (previous year Rs13319.23 thousands). The Company was declared Sick by BIFR w.e.f. July 20, 2006.

All the workmen and management staff at Ankleshwar & Atul plants were relieved. Company is having a few officers at its Head Office for day-to-day work of the Company.

The Company caused to be settled the outstanding dues of Bankers and Financial Institutions through the One Time Settlement (OTS) route.

We have prepared a management discussion and analysis for different product group under each segment as follows:

1. H-acid

a. Industry Structure and Developments

During the year under review, there were no manufacturing operations. Plant needs large capital investments and working capital to restart and looking to the uncertainty of demands, it is not considered advisable to make further large investments.

b. Financial Performance

There were no manufacturing operations during the year, hence no income was generated from sales of manufactured products. Impairment of all the plant assets was booked in the year 2004-05.

c. Opportunity and Threats & Outlook

Although H-acid prices have improved significantly in the market place, we are not in a position to re-start the plant mainly due to very high re-start cost and other labour and pollution related problems.

2. Dye Intermediates at Ankleshwar Plant:

a. Industry Structure and Developments

The present capacity of the dye intermediates plant of the Company is 1000 MT per annum. The Company was manufacturing a wide range of dye intermediates at its Ankleshwar Plant, which mainly consists of N P J acid, C acid, Sulfo J acid, Sulfo C acid, Epsilon & Violet acid. The products at Ankleshwar are of high contribution products in general but the volumes are small and unpredictable. We have stopped the production of dye intermediates due to high fixed cost, particularly the manpower cost.

AMAL LIMITED**b. Financial Performance**

There were no manufacturing operations during the year, hence no income was generated from sales of manufactured products. Impairment of all the plant assets was booked in the year 2004-05.

c. Opportunity, Threats and Outlook

The uncertainty of economically viable demands has made the further large investments in project unjustifiable, the Company's Ankleshwar site remained closed during the year.

3. Bulk Chemicals:**a. Industry Structure and Developments**

The sulphuric/oleum capacities are higher than the demand existing in the market and hence the price realization will be under pressure.

The continuous increase in prices of raw materials namely; Sulphur, has pushed up the cost of manufacturing, which is the major concern. Further, the in the absence of buyer of steam, being generated as bye-product in the process the plant is facing the economic difficulty. We are trying to make use of bye-product steam.

b. Financial Performance:

There were no manufacturing operations during the year by the Company, hence no income was generated from sales of manufactured products.

All the plant assets were impaired in the year 2004-05. The Company has entered into a job-work agreement for use of equipments of

Sulphuric/Oleum plant.

c. Opportunity, Threats and Outlook

The Sulphuric/Oleum plant is situated at Ankleshwar site. The yield and efficiency of the plant is one of the best in the industry. The Company is doing job work for entire production for Atul Ltd. Copper and Zinc metal producers who get Sulphuric acid as a bye-product are major threat for the business. The lack of buyer for bye-product steam takes away the competitive edge of the company.

4. Internal Control System and their adequacy

The Company has developed over the years and put in place a reasonable internal control system for safeguarding the assets of the Company to prevent and detect fraud of any other irregularity.

5. Human Resources / Industrial Relations

All the workmen and management staff at Ankleshwar & Atul plants were relieved. Company is having few officers at its Head Office for day-to-day work of the Company.



REPORT ON CORPORATE GOVERNANCE

1) **A brief statement on Company's Philosophy on code of governance:**

The Company's policy on code of governance is the maximization of wealth of its shareholders and a fair shares to lenders, creditors and customers and of course its employees. The Company believes that the corporate governance is all about establishing a discipline in management of Company to make a full disclosure of material facts and total transparency subject to the adverse impact on the Company of the transparency.

2) **Board of Directors:**

Composition and category of Directors at the end of the year

Promoters	0
Executive	0
Non-executive	3
Nominees	0

(i) Attendance of each Director at the Board of Directors' Meetings and the last Annual General Meeting:

Sr. No.	Name of Director	Board Meeting 2007-08		Annual General Meeting on Dt. 27.09.2007
		Total	Attended	
1.	Dr. Rana Vishnoi	5	5	Present
2.	Mr. Mriganka S Dutta	5	4	Present
3.	Mr. Ghanshyam R Parekh	5	5	Present

(ii) Number of other Board of Directors or Board Committees he is a member or Chairperson of:

Sr. No.	Name of the Directors	Category	Number of other Directorships held *	Number of other membership /Chairmanship on the Committees of the Board
1.	Dr. Rana Vishnoi	I.N.E.D	3	---
2.	Mr. Mriganka S Dutta	I.N.E.D	3	---
3.	Mr. Ghanshyam R Parekh	I.N.E.D	1	---

I.N.E.D - Independent Non Executive Director

*This includes directorships in both public limited as well as private limited companies.

(iii) Number of Board of Directors meetings held, dates on which held..

Five Board of Directors meetings held on

- | | |
|----------------|----------------|
| (1) 26.05.2007 | (4) 31.10.2007 |
| (2) 29.06.2007 | (5) 31.01.2008 |
| (3) 30.07.2007 | |

(iv) **Code of Conduct:**

At the Board Meeting held on June 29, 2007, the Board of Directors had approved the Code of Conduct applicable to Directors and Senior Management personnel. All the Board Members and Senior Management Personnel have affirmed their compliance with the Code of Conduct. A declaration to this effect signed by the Manager of the Company forms part of this report.

AMAL LIMITED**3) Audit Committee:****(A) Following are the powers of the Audit Committee.**

- (i) to investigate any activity within its terms of reference.
- (ii) to seek information from any employee.
- (iii) to obtain outside legal or other professional advice.
- (iv) to secure attendance of outsiders with relevant expertise, if it considers necessary.

(B) Following are the roles of the Audit Committee.

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (ii) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- (iii) Reviewing with the management the annual financial statements before submission to the board, focusing primarily on:
 - a) Any changes in accounting policies and practices
 - b) Major accounting entries based on exercise of judgement by management.
 - c) Qualifications in draft audit report.
 - d) Significant adjustments arising out of audit.
 - e) The going concern assumption.
 - f) Compliance with accounting standards.
 - g) Compliance with stock exchange and legal requirements concerning financial statements.
 - h) Any related party transactions i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large
- (iv) Reviewing with the management; external and internal auditors, the adequacy of internal control systems.
- (v) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (vi) Discussion with internal auditors any significant findings and follow up thereon.
- (vii) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (viii) Discussions with external auditors before the audit commences, nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- (ix) Reviewing the Company's financial and risk management policies.
- (x) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (xi) To ensure the control of internal control systems.
- (xii) To discuss with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board.
- (xiii) The Audit Committee shall have authority to investigate into any matter in relation to the items specified in this section or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary

(C) Composition, name of members and Chairperson:

Chairperson : Dr. Rana Vishnoi

Other Members: Mr. Ghanshyam R Parekh and Mr. Mriganka S Dutta

(D) Meetings and attendance during the year:

Audit committee was formed in February 2003 and during the current year four meetings were held on the following dates:

29.06.2007

30.07.2007

31.10.2007 and

31.01.2008

Attendance of the Meeting

Sr. No.	Name of Director	Audit Committee	
		Total	Attended
1.	Dr. Rana Vishnoi	4	4
2.	Mr. Mriganka S Dutta	4	3
3.	Mr. Ghanshyam R Parekh	4	4

4) Remuneration Committee:

The Remuneration Committee was formed on September 09, 2002

- (i) Brief description of terms of reference, Composition, name of members and Chairperson, Attendance during the year, Remuneration Policy:

(A) The remuneration committee shall determine on behalf of the Board and on behalf of the shareholders policy of the Company on specific remuneration packages for executive directors including pension rights and any compensation payment. The Committee shall also determine the remuneration packages of the executive directors.

(B) Chairman: Mr. Mriganka S Dutta

Name of Members: Dr. Rana Vishnoi & Mr. Ghanshyam R Parekh

(C) No meeting has been held during this year since no matter was to be discussed and resolved.

- (ii) Details of remuneration to all the directors as per prescribed format:

Sr. No.	Name of the Directors	Sitting Fees (Board Meeting) (Rs.)	Sitting Fees (Audit Committee Meeting) (Rs)	Remuneration for 2007-08		
				Salary & other benefits (Rs.)	Commission & Bonus (Rs.)	Total (Rs.)
1.	Dr. Rana Vishnoi	2,500/-	--	--	--	2,500/-
2.	Mr. Mriganka S Dutta	2,000/-	--	--	--	2,000/-
3.	Mr. Ghanshyam R Parekh	2,500/-	--	--	--	2,500/-
	Total	7,000/-	--	--	--	7,000/-

5) Share Transfer and shareholder/ Investor grievance Committee:

- (i) Name of non-executive directors heading the Committee :
Mr. Ghanshyam R Parekh
- (ii) Name of members :
Dr. Rana Vishnoi and Mr. Mriganka S Dutta
- (iii) Name and designation of Compliance Officer :
Dr Naresh K Chourishi - Chief Operating Officer