



Rebuilding

GARNERING THE ENDURING SPIRIT



Forward Looking Statements

In this Annual Report, we have shared information and made forward looking statements to enable investors to know our product portfolio, business logic and direction and comprehend our prospects. Such and other statements - written and oral - that we may periodically make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'intend', 'plan', 'project' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realized although we believe we have been prudent in our assumptions. The achievement of results is subject to uncertainties, risks and even inaccurate assumptions. If uncertainties or known or unknown risks materialize or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, estimated, intended, planned or projected. Readers may please bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

Logo

The logo portrays a diya whose constituents are an earthen pot, ghee, a wick and a flame. Our actions (symbolized by the ghee) will remain within the boundary of ethics (symbolized by the earthen pot) and we will through hard work (symbolized by the wick) achieve our purpose (symbolized by the flame).

Contents

02 Purpose and Values

04 Overview by the Chairman

05 Letter from the Managing Director

06 Directors' Report

09 Management Discussion and Analysis

11 Report on Corporate Governance

25 **Notice**

35 Financial Statements

Powered by Purpose



We are a company committed to significantly enhancing value for all our stakeholders by:

- ⦿ fostering a spirit of continuous learning and innovation,
- ⦿ using science and technology in a responsible way,
- ⦿ providing high quality products and services, and becoming the most preferred partner,
- ⦿ having people who practice values and high standards of behaviour,
- ⦿ seeking sustained, dynamic growth and securing long term success,
- ⦿ taking responsible care of the surrounding environment, and
- ⦿ improving the quality of life of the communities we operate in.



Driven by Values



In an environment where change is a way of life, continuity of Values is fundamental to us. We have therefore formalised key Values and are committed to institutionalise them:

Integrity

The foundation of every relationship is trust, and trust is based on Integrity. Integrity means working with honesty, following the highest standards of professionalism. Integrity is when our decisions and actions remain consistent with our thoughts and words, written or spoken.

Understanding

How well one works with others depends on his (her) ways to connect, and this in turn is based on his (her) level of Understanding of human relationships. Understanding does not mean accepting poor

performance, but it means doing it the right way. Understanding is not only an external manifestation, but also an internal realisation.

Unity

Living in a state of oneness brings Unity. Unity means working together and taking advantage of synergy while harnessing unique abilities of each individual to achieve a larger goal. Unity is the realisation that though we may work in different areas, we are finally interconnected and that interdependence is a higher order of living than independence; though we may be many, we share a common destiny.

Responsibility

Responsibility implies doing whatever it takes to deliver value and taking ownership of our actions. Responsibility must also give rise to the realisation that what is good for the business must be in the overall good; in other words, working in the spirit of trusteeship not only for the shareholders, but also for other stakeholders such that ultimately what comes from the society goes back to it many times over.

Excellence

Excellence is a drive that is more from inside than outside; it is about one seeking to continuously improve and better performance. Excellence means endeavouring to achieve the highest possible standards in our day to day work; it means to develop an inspiring and substantial vision and realise it. In many ways, Excellence is also a journey, not simply a destination in itself.

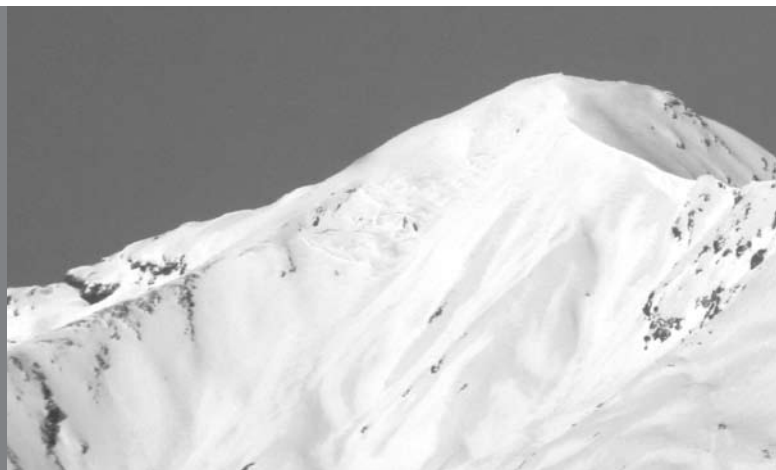
We will seek to create an environment wherein the aforementioned Values are consistently practised and nurtured and ensure that they are not compromised to realise short term gains.

Purpose and Values Management Discussion and Analysis	Overview by the Chairman Report on Corporate Governance	Letter from the Managing Director Notice	Directors' Report Financial Statements

Overview by the Chairman

The lessons from the past will only bring out the best in us and help us to recover such that Amal will emerge stronger than ever before.

Sunil S Lalbhai



Dear Friends,

Even as the performance of Amal has been dismal more often than not and the confidence of the stakeholders may have got shaken and though we are living through difficult and uncertain times, the Management of the Company is committed to rebuild the business and actively shape its future.

Once the Board of Industrial Finance and Restructuring (BIFR) approved the revival scheme on July 17, 2009, the Company took initiatives to build the foundation for the future. Some quick actions have been completed, but a lot more will have to be done to grow in a sustainable way.

Two projects have already been identified: one, to debottleneck the capacity of the existing plant and two, to introduce a new product in which the Company will be able to effectively compete worldwide. The challenge is to undertake these projects without too much leveraging the Balance Sheet.

The Company has also developed a new logo as explained in the inner cover page; the objective is to work with a renewed mindset. Furthermore, being a company promoted by Atul Ltd, the Company has adopted and is pursuing common Purpose and Values and will stand by them in conducting its business.

Mr Naresh Singhal, former Vice Chairman and Managing Director of Shipping Credit and Investment Corporation of India Ltd and Mr Bharat Trivedi, former President of Information Technology of Atul Ltd have joined the Board of the Company as Independent Non-executive Directors.

Mr Vasudev Koppaka, President of Aromatics Division of Atul, has been appointed as the Managing Director of

the Company; Mr Gopi Kannan Thirukonda, President, Finance of Atul Ltd and I have also joined the Board as Non-executive Directors.

The Audit Committee has decided to assign the internal audit function to Ernst & Young. Furthermore, the Board has recommended appointment of Haribhakti & Co as the new Statutory Auditors of the Company. Both Ernst & Young and Haribhakti & Co are reputed firms in the two respective functions.

I am looking forward to the future wherein the Company will grow faster and fulfill its obligation of serving all its stakeholders in many ways. This will happen as the people of Amal will face without fear the challenges and garner that enduring human Spirit that does not quit.

I seek your support on the path to the future.

With best wishes,

Sincerely,

Sunil S Lalbhai

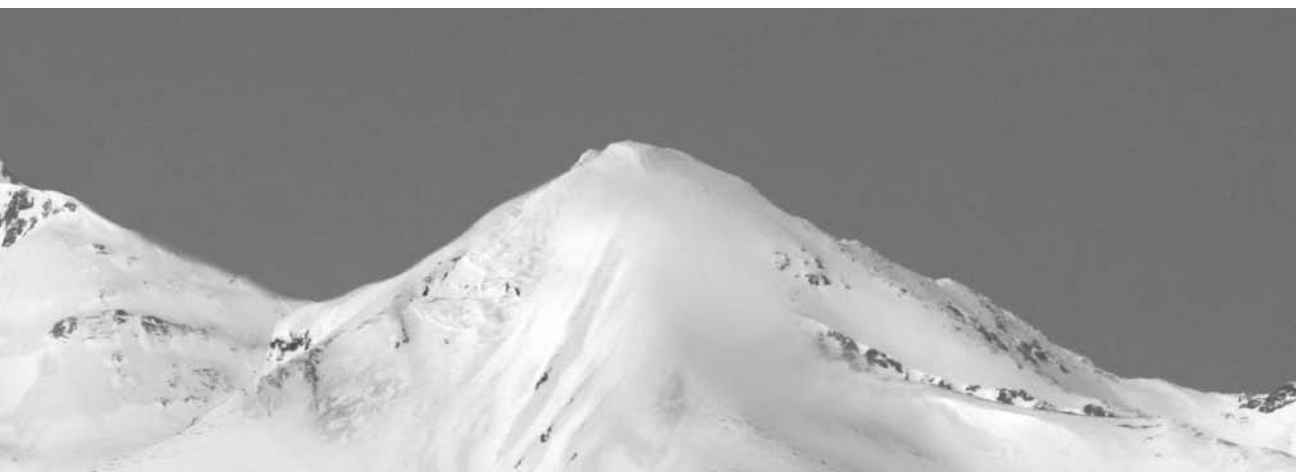
Chairman

Valsad

July 22, 2010



Letter from the Managing Director



Dear Friends,

I am delighted to write to you my first letter as the Managing Director of Amal, the position I am privileged to hold since July 22, 2010. The business environment is volatile and the task on hand of reviving our Company may not be easy, but the test of leadership and Management is to perform 'in all seasons', and I want to assure you that my colleagues and I are committed to do all that is required to significantly enhance the performance.

Sales remained low at Rs 525 lacs and loss from operations was Rs 93 lacs. As a consequence of receiving the approval from the Board for Industrial Finance and Restructuring to the revival scheme, waivers from creditors were credited to the Profit and Loss Account resulting in a net profit of Rs 378 lacs.

We signed an agreement on June 01, 2010 to supply excess steam coming from Sulfuric Acid plant to a neighbouring company. We are now in the process of further debottlenecking Sulfuric Acid plant to 140 tonnes per day (tpd); the same will be completed during this fiscal. We are also actively pursuing a project to manufacture a chemical intermediate used in the pharmaceutical industry and will shortly decide the way forward. Both these projects are sanctioned by the BIFR.

During the first quarter of the current fiscal, sales have reached Rs 449 lacs from Rs 1.84 lacs and profit from operations was Rs 60.39 lacs as against a loss of Rs 37.98 lacs. Barring unforeseen circumstances, we will improve the performance of our Company during the current fiscal. We are also working and have already improved the manufacturing site at

Ankleshwar as you will be able to notice from the photographs on page 9.

The Company has an accumulated loss of Rs 3884 lacs and we will work to wipe out the loss as well as the consequent negative net worth as soon as possible. In addition, we are exploring other projects which are in sync with our existing operations and beyond. Finally, we are in the process of revaluing our assets so as to correctly reflect their market value and on that basis the net worth of our Company. This exercise will be completed during 2010-11.

I want to take this opportunity to thank the employees for standing by the Company in difficult times and showing their long term commitment and dedication. I also wish to thank the Directors on the Board of the Company for their advice and guidance. We are in the process of approaching the banks for providing the working capital facilities as well as the long term loans which will be required for executing the above projects.

In this journey of rebuilding our Company, I look forward to your support.

With best wishes,

Sincerely,

Vasudev Koppaka

Managing Director

Valsad
July 22, 2010

Directors' Report

Financial Statements

Letter from the Managing Director

Notice

Overview by the Chairman

Report on Corporate Governance

Purpose and Values

Management Discussion and Analysis

Directors' Report



Dear Members,

The Board of Directors of Amal Ltd present the Annual Report of the Company together with the audited statement of accounts for the year ended March 31, 2010.

Financial Results

	(₹ thousands)	
	2009-10	2008-09
Net sales	49,947.33	-
Other income	2,530.89	3,038.74
Total income	52,478.22	3,038.74
Profit (Loss) from operation before tax	(9248.31)	(20,760.30)
Add (Less) tax expenses	301.57	(338.75)
Profit (Loss) After Tax (before exceptional transactions)	(8,946.74)	(21,099.05)
Add: Waiver from unsecured creditors	46,701.64	21,857.13
Profit (Loss) After Tax	37,754.90	758.08
Balance in Profit and Loss Account brought forward	(556,144.83)	(556,902.91)
Balance in Profit and Loss carried forward	(518,389.93)	(556,144.83)
Adjustments:		
Less: Waiver from secured loan	59,155.99	-
Less: Restructure of reserves and surplus	70,808.59	-
Accumulated loss after adjustment of general reserve	(388,425.35)	(556,144.83)



Dividend

The Directors regret their inability to recommend any dividend considering the loss from operations for the year and also the accumulated loss of ₹ 3884 lacs as on March 31, 2010.

Profitability

The Company incurred loss from operations of ₹ 93 lacs though after adjusting for the waiver received on one time settlement with unsecured creditors, it showed Profit After Tax of ₹ 378 lacs. It may not be out of place to mention here that the Company made profit from operations of ₹ 38 lacs from its bulk chemicals business. However, after providing for depreciation for its erstwhile manufacturing facilities in Valsad, now closed, the Company incurred the aforementioned loss.

Finance

The Company has started its operations without any borrowing from the banks or financial institutions. It will obtain loans for working capital and even for executing new projects after obtaining requisite approvals.

Safety, Health and Environment

The Company accords high priority to safety, health and environment protection. The Company has its own effluent treatment plant at Ankleshwar designed to fully comply with the norms stipulated by the Gujarat Pollution Control Board. The treated water is discharged into Bharuch Eco Aqua Infrastructure Ltd.

BIFR Status

The Sulfuric Acid plant at Ankleshwar is currently operating at 100 tpd. A proposal was submitted to BIFR on April 22, 2010 requesting for further expansion of Sulfuric Acid plant to 140 tpd and diversification into pMPA, a pharma intermediate. The approval of BIFR has been received on June 18, 2010 and effective steps are being taken to implement this expansion.

Insurance

The Company has taken adequate insurance to cover the risks to its people, plant and machinery, buildings and other assets, profit and third parties.

Directors

The status of the Board of Directors since the last Annual Report till the date of this Report is as under:

- 1) Mr M S Dutta resigned on July 22, 2010. The Directors place on record their appreciation for his valuable contribution and guidance.
- 2) Mr S S Lalbhai who is the Chairman and Managing Director of Atul Ltd and Mr T R Gopi Kannan who is the President, Finance and Company Secretary of Atul Ltd, joined on January 21, 2010. Mr Lalbhai has been elected the Chairman with effect from May 25, 2010.
- 3) Mr B M Trivedi, a chemical engineer from Indian Institute of Technology joined on July 22, 2010. He was the President of Information Technology Unit with Atul Ltd and is now a consultant.
- 4) Mr N C Singhal joined the Board on July 22, 2010 and was appointed the Chairman of the Audit Committee on that date. Mr Singhal was the Vice Chairman and Managing Director of erstwhile SCICI Ltd.

Management Committee

The day-to-day management affairs of the Company are vested with the Management Committee which is headed by Mr Vasudev Koppaka as the Managing Director and has other functional heads as its members.

Corporate Governance

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

Purpose and Values	Overview by the Chairman	Letter from the Managing Director	Directors' Report
Management Discussion and Analysis	Report on Corporate Governance	Notice	Financial Statements

Information regarding conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earnings and Outgo

During the year there were no employees in the Company drawing remuneration exceeding the limits prescribed under Section 217(2A). Information required under Section 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 Chief Operating Officer for a copy.

Responsibility Statement

Pursuant to Section 217 (2AA) of The Companies Act, 1956, the Directors confirm that to the best of their knowledge and belief

- (i) In the preparation of the annual accounts, the applicable accounting standards were followed.
- (ii) Such accounting policies were selected and applied consistently and such judgments and estimates were made that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2010 and of the profit of the Company for the year ended on that date.

Valsad
July 22, 2010

- (iii) Proper and sufficient care was 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.
- (iv) The Company has restarted its manufacturing operations at Ankleshwar site and intends to expand and diversify its operations as per the proposal submitted to BIFR. As such, it is considered as a going concern and the attached annual accounts for the year ended March 31, 2010 were prepared on a going concern basis.

Auditors and Auditors' Report

V R Parekh & Co, the Auditors of the Company are not desirous of being reappointed. The Company had approached Haribhakti & Co, Chartered Accountants, who have consented to act as Auditors, if appointed. The Members are requested to 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.

Acknowledgements

The Board of Directors expresses its sincere thanks to all the customers, employees, investors, lenders and suppliers for their continuing support.

For and on behalf of the Board of Directors

Sunil S Lalbhai
Chairman