



# PERSEVERANCE

Quest for Recovery



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).

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Failure is not falling down  
but refusing to get up

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## 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 thereby 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. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.



# 2010-11 in Retrospect

## **Initiatives taken to improve performance**

- Supplying excess steam to a neighbouring plant in Ankleshwar
- Raising the overall capacity of Sulphuric Acid plant
- Increasing volume of Sulphur Trioxide, a value added product

## **Appointments effected to strengthen the Board**

- Mr Naresh Singhal as the Chairman of Audit Committee
- Mr Sujal Shah as a Member of the Board and Audit Committee
- Mr Abhay Jadeja as a Member of the Board and Audit Committee

## **Initiatives underway to improve performance**

- Become significantly self-sufficient in electricity
- Extract additional waste heat
- Recover and use steam condensate

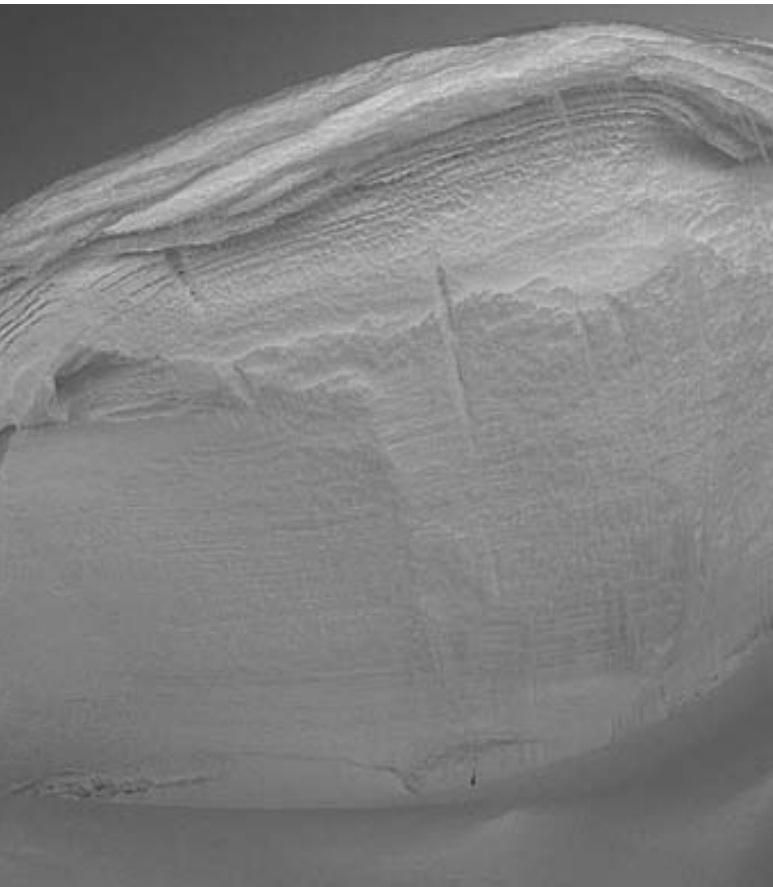
# Energised by Purpose



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.

# Propelled 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.

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

## **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 realization 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 vision and realise it. In many ways, Excellence is also a journey, not simply a destination in itself.

# Overview by the Chairman and the Managing Director

Dear Shareholders,

In our letter last year, we had reaffirmed our commitment to turn around Amal. We had shared with you some of the initiatives we will take to create long-term value, and we are happy that we have remained on course against odds, and as we write this letter, we have completed implementation of the 3 initiatives as mentioned on page 1 of this Annual Report. We trust these and further initiatives will show their impact in the months ahead and help in our endeavour to accomplish a decisive turnaround in a difficult situation.

Our Company manufactures and markets in all 5 products, namely Sulphuric Acid 98%, Oleum 65%, Oleum 25%, Sulphur Trioxide and Sulphur Dioxide. Barring Sulphur Dioxide and to some extent Sulphur Trioxide, both of which have low demand, the other products are commodity in nature whose prices and contributions fluctuate significantly. The price of key raw material, Sulphur, also varies from month to month. In essence, the way to succeed in these products is to ensure full deployment of steam (a byproduct), excellent conversion efficiency and high capacity utilization.

It may not be out of place to mention that as we write this letter, the price of Sulphur is at a high and the prices of the aforementioned products have not kept pace with it. Consequently, the

contribution margins of the products have touched their lowest and the business is unlikely to generate the anticipated profit in Quarter 2. We are nonetheless pursuing the other initiatives which are in the long-term interest of the Company even if the recovery may take more time than earlier envisaged.

During 2011-12, in addition to taking the aforementioned 3 initiatives, we have already identified and taken up implementation of 3 more initiatives, as mentioned on page 1, which will require marginal investments. Once completed, these initiatives will help in further improving manufacturing efficiency and competitiveness. In essence, at this time, we are making investments to first obtain value so far unrealized from the existing investments. These initiatives form Phase 1 of our strategy.

At the same time, we are exploring and evaluating new value added products in our chosen areas with relatively low investments so that we do not become highly leveraged. We had considered manufacturing a chemical intermediate used in the Pharmaceutical industry, as mentioned in our letters to you in the last Annual Report. We have not gone ahead with the project as we are revalidating its long-term viability in view of changed circumstances. We will have more clarity about such investments, which form Phase 2 of our strategy, during 2011-12.





We are currently taking initiatives to ensure that we make our operations most efficient and optimum with minimum investments. This will then give us the foundation to build further and secure sustainable growth.



We have during the year made further changes in the Board of our Company. We have appointed Mr Sujal Shah, a reputed Chartered Accountant, and Mr Abhay Jadeja, a reputed Solicitor, as two additional Independent Directors. Along with Mr Naresh Singhal (as the Chairman), they form the Audit Committee of our Company. During the year, Mr Mrighank Dutta, Dr Rana Vishnoi, Mr Ghanshyam Parekh and Mr Bharat Trivedi resigned from the Board, and we wish to thank them for their valuable contribution.

We wish to take this opportunity to thank the Independent Directors for their significant involvement and guidance not only for improving the performance of our Company, but also

to establish and institutionalize processes to enhance Corporate Governance. On behalf of all our colleagues on the Board, we wish to thank the customers for their support and employees for their commitment and dedication and for identifying and executing several improvement measures.

We look forward to your understanding in our quest for recovery.

With best wishes,  
Sincerely,

**(Vasudev Koppaka)**  
*Managing Director*

**(Sunil Lalbhai)**  
*Chairman*

# 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, 2011.

## Financial Results

(₹ thousands)

	2010-11	2009-10
Net Sales	1,31,882.00	49,947.33
Other income	108.00	2,530.89
<b>Total income</b>	<b>1,31,990.00</b>	<b>52,478.22</b>
Profit   (Loss) from operations before tax	-37,377.00	-9,267.26
Add: Write back of balances and prior period provisions not required	3,483.00	-
Less: Write off of balances and short provisions of prior period	3,256.00	-
Add   (Less) tax expenses	-	320.52
Add: Write back on settlement with unsecured creditors	-	46,701.64
Profit   (Loss) after tax	-37,150.00	37,754.90
Balance in Profit and Loss Account brought forward	-388,425.35	-556,144.83
Balance in Profit and Loss carried forward	-425,575.35	-518,389.93
<b>Adjustments</b>		
Less: Waiver from secured loan	-	59,155.99
Less: Restructure of reserves and surplus	-	70,808.59
<b>Accumulated loss after adjustment of general reserve</b>	<b>-425,575.35</b>	<b>-388,425.35</b>





## Dividend

The Company incurred loss from operations of ₹ 373.77 lacs. The Board regrets its inability to recommend any dividend considering the loss from operations for the year and also the accumulated loss of ₹ 4,255.75 lacs as on March 31, 2011.

## Finance

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

## Safety, Health and Environment (SH&E)

The Company accords high priority to SH&E. 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 common effluent discharge pipeline of Narmada Clean Tech Ltd.

## BIFR Status

The BIFR vide its order dated July 16, 2009 had sanctioned a revival scheme for the Company, and the same was modified vide order dated June 18, 2010. As per the sanctioned scheme, the following steps were taken:

- Settled majority of unsecured creditors at 30% of the Principal dues
- Issued Redeemable Preference Shares of ₹ 10 crores to Atul Ltd
- Enhanced capacity of Sulphuric Acid plant to 120 mt per day

Subsequently, the Appellate Authority of Industrial and Financial Reconstruction (AAIFR) vide its order dated March 22, 2011 allowed the Appeal filed with it and remanded the case back to the BIFR for considering a revival scheme through an Operating Agency. Accordingly, a new Draft Rehabilitation Scheme was submitted by the Company to BIFR in June 2011 for its review and approval.

## Insurance

The Company has taken adequate insurance to cover the risks to its people and plant & machinery, buildings and other assets 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:

During the year Mr Mriganka Dutta, Dr Rana Vishnoi, Mr Ghanshyam Parekh and Mr Bharat Trivedi resigned. The Board places its appreciation of the contribution made by them during their tenure.

Mr Naresh Singhal, Mr Sujal Shah and Mr Abhay Jadeja joined the Board of the Company as Non-executive Independent Directors.

Appointment of Mr Singhal as Director was approved by the Members in the last Annual General Meeting (AGM) held on September 24, 2010.

The term of Mr Shah and Mr Jadeja as Additional Directors ceases in the ensuing AGM. Accordingly, their reappointment as Directors is proposed in the AGM Notice.

According to Article 134 of the Articles of Association of the Company, Mr T R Gopi Kannan retires by rotation and being eligible offers himself for reappointment at the forthcoming AGM scheduled on August 09, 2011.

## Management Committee

The day-to-day management of the Company is vested with the Management Committee which is headed by Mr Vasudev Koppaka as the Managing Director with functional heads as its Members.

## Corporate Governance

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

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

During the year, there were no employees drawing remuneration exceeding the limits been 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 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.

### **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 judgements 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, 2011 and of the loss of the Company for the year ended on that date.
- (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 the BIFR. As such, it is considered as a going concern and the attached annual accounts for the year ended March 31, 2011 were prepared on a going concern basis.

### **Auditors**

Haribhakti & Co, the Statutory Auditors will retire at the conclusion of the ensuing AGM. They have given their consent to continue to act as the Statutory Auditors for 2011-12, if appointed.

### **Acknowledgements**

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

For and on behalf of the Board of Directors

Atul  
May 14, 2011

**Sunil Lalbhai**  
*Chairman*