



Amal Ltd

Annual Report 2020-21

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

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Growth is the only evidence of life.
~ John Henry

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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 statements that we make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘believe’, ‘estimate’, ‘intend’, ‘plan’, ‘project’ or words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised although we believe we have been prudent in our assumptions. The actual results may be affected because of uncertainties, risks and even inaccurate assumptions. If uncertainties or known or unknown risks materialise or if underlying assumptions prove inaccurate, actual results can vary materially from those anticipated, believed, 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.



Amal Ltd is engaged in manufacturing and marketing of bulk chemicals such as sulphuric acid and oleum and their downstream products such as sulphur dioxide and sulphur trioxide. The plant is located in Ankleshwar, Gujarat, India.

Amal Ltd was promoted by Piramal Group in 1974-75; the controlling interest of the Company was sold to Atul Ltd in 1985-86.

Purpose

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



fostering a spirit of continuous learning and innovation



adopting developments in science and technology



providing high quality product and services, thus becoming the most preferred partner



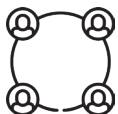
having people who practice Values and exemplify a high standard of behaviour



seeking sustained, dynamic growth and securing long-term success



taking responsible care of the surrounding environment



improving the quality of life of the communities we operate in



In an environment where change is a way of life, continuity of Values provides stability and is fundamental to us. We have therefore formalised key Values and are committed to institutionalising them. We will seek to create an environment wherein these Values are consistently practised and nurtured and ensured that they are not compromised.



INTEGRITY

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 we work with others depends on our ways to connect and this in turn is based on our level of Understanding of human relationships. This certainly does not mean that we accept poor performance, but that we do it the right way. Understanding is the external manifestation of internal realisation.



UNITY

Working together and taking advantage of synergy while harnessing unique abilities of each of us 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 purpose.



RESPONSIBILITY

Delivering value and taking ownership of actions. Responsibility must also give us the realisation that what is good for the business must be in the overall good. In essence, we must work with a spirit of trusteeship for the shareholders and other stakeholders. What comes to us must be returned many times over.



EXCELLENCE

A drive that is more from inside than outside; it is about us seeking to continuously improve and develop an eye for innovation even in day to day work. Excellence is about excelling in everything we do and not giving up. Excellence is also a journey, not simply a destination in itself.

Letter to the shareholders

Fellow Shareholders,

The start of a new decade typically brings hope, but confronted by compounding crises caused by the COVID-19 pandemic, we instead saw the world come to a near standstill. 2020-21 and even 2021-22 so far have been reminders of the exceptional times India is in; amid this, it is easy to fall prey to pessimism, but team Amal has moved forward with **hope and hard work**, remaining true to our Company purpose.

In **2020-21**, our Company delivered, in spite of closure and disruption of operations during the first quarter, revenue of ₹ 31.66 cr (₹ 34.34 cr), EBITDA of 41% (48%), profit before tax of ₹ 10.86 cr (₹ 12.69 cr) and RoCE of 37% (49%). During the last quarter of 2020-21, it almost wiped out the remaining carried forward loss (which at peak was ₹ 56 cr). This loss is expected to be wiped out in 2021-22.

During 2020-21, our Company took up two expansion **projects** (one of debottlenecking existing capacity and the other of setting up a new plant in Amal Speciality Chemicals Ltd, a 100% newly formed subsidiary) with an investment of ₹ 81 cr; once completed, at 90% capacity and prevailing prices, consolidated sales are expected to reach about ₹ 117 cr with better overall performance.

Atul Foundation, to which our Company contributed ₹ 26.65 lakhs towards fulfilling its obligation to the society, undertook projects of national importance. You may like to go through the link (at the end of this letter) of the video clip of Ankur project, one of the initiatives of Atul Foundation and also its website. Growing is considered incomplete without caring and sharing, and our Company is reinforcing this concept of **inclusiveness** as it moves in to the future.

Team Amal has **five everlasting mandates**. One, boost people productivity and remain lean in fixed costs; two, drive efficiency in manufacturing and other processes; three, pervade 'R&D' in every function; four, become financially resilient and five, work with customers on ideas with high potential. In essence, team Amal is

working to bring multifarious improvements and thus create value for all its stakeholders.

We are thankful to our **customers** for giving us the opportunity to serve and grow our Company – their expectations help us achieve higher standards. We recognise and appreciate the perseverance of every member of **team Amal** even in times like these. We are indebted to the **Non-executive Directors** for their involvement, analysis and direction. And finally, we value your trust as a **shareholder** – it is a source of continuous motivation.

Even amid disruption caused by the COVID-19 pandemic, what remains so clear is that the **basics of long-term success**, namely, integrity, perseverance (not to give up), teamwork (learn from failures) and larger purpose, remain just the same, and we will stay true to them. Once the investments underway deliver value, we will like to see more bold moves ahead of us than behind us – For this, we are optimistic.

Sincerely,

(Rajeev Kumar)
Managing Director

(Sunil Lalbhai)
Chairman

<https://youtu.be/WDhe202OKyU>

Directors' Report



Dear Members,

The Board of Directors (Board) presents the annual report of Amal Ltd together with the audited Financial Statements for the year ended March 31, 2021.

01. Financial results

(₹ lakhs)

	2020-21	2019-20
Sales and other income	3,166	3,434
Profit before tax	1,086	1,269
Provision for tax	202	350
Profit for the year	885	919
Other comprehensive income (net of tax)	(1)	0
Profit after tax	884	919
Balance brought forward	(913)	(1,832)
Balance carried forward	(29)	(913)

02. Performance

During 2020-21, sales and other income decreased by 8% (reduction in selling prices by 5% and sales volume of 3%) from ₹ 3,434 lakhs to ₹ 3,166 lakhs. The Company reported a profit before tax of ₹ 1,086 lakhs in 2020-21 against a profit before tax of ₹ 1,269 lakhs in 2019-20.

03. Dividend

Under the extant laws, the Company shall not declare a dividend in view of its carried forward losses of ₹ 29 lakhs.

04. Conservation of energy, technology absorption, foreign exchange earnings and outgo

Information required under Section 134(3) (m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, as amended from time to time, forms a part of this Report, which is given at page number 12.

05. Insurance

The Company has taken adequate insurance to cover the risks to its employees, property (land and buildings), plant, equipment, other assets and third parties.

06. Risk management

Risk management is an integral part of business practices of the Company. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. With the help of a reputed international consultancy firm, the Company has developed and implemented a comprehensive risk management system to ensure that risks to the continued existence of the Company as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised risk management system, leading standards and practices have been considered. The risk management system is relevant to business reality, pragmatic and simple and involves the following:

- Risk identification and definition - Focuses on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- Risk classification - Focuses on

understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes, generating the root causes and a clear understanding of risk inter-relationships.

- iii) Risk assessment and prioritisation - Focuses on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and the existing mitigation controls.
- iv) Risk mitigation - Focuses on addressing critical risks to restrict their impact(s) to an acceptable level (within the defined risk appetite). This involves a clear definition of actions, responsibilities and milestones.
- v) Risk reporting and monitoring - Focuses on providing to the Audit Committee and the Board periodic information on risk profile evolution and mitigation plans.

Roles and responsibilities

Governance

The Board has approved the Risk Management Policy of the Company. The Company has laid down procedures to inform the Board on i) to iv) above. The Audit Committee periodically reviews the risk management system and gives its recommendations, if any, to the Board.

The Board reviews and guides the Risk Management Policy.

Implementation

Implementation of the Risk Management Policy is the responsibility of the Management. It ensures functioning of the risk management system as per the guidance of the Audit Committee. The Company has a risk management oversight structure and a Chief Risk and Compliance Officer.

The Management at various levels takes accountability for risk identification, appropriateness of risk analysis, and timeliness as well as adequacy of risk mitigation decisions at both individual and aggregate levels. It is also responsible for the implementation, tracking and reporting of defined mitigation plans, including periodic reporting to the Audit Committee and the Board.

07. Internal financial controls

The internal financial controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements. These include those policies and procedures that:

- i) pertain to the maintenance of records, which in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company,
- ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Financial Statements in accordance with Generally Accepted Accounting Principles and that receipts and expenditures are being made only in accordance with authorisations of the Management and the Directors of the Company,
- iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the assets that can have a material effect on the Financial Statements. A reputed international consultancy firm has reviewed the adequacy of the internal financial controls with respect to the Financial Statements.

The Management assessed the effectiveness of the internal financial controls over financial



reporting as of March 31, 2021, and the Board believes that the controls are adequate.

08. Fixed deposits

During 2020-21, the Company did not accept any fixed deposits.

09. Loans, guarantees, investments and security

Particulars of loans, guarantees, investments and security provided are given at page numbers 78.

10. Subsidiary, associate and joint venture entities

During 2020-21, Amal Speciality Chemicals Ltd was incorporated as a wholly-owned subsidiary company of the Company.

11. Related party transactions

All the transactions entered into with the related parties were in ordinary course of business and on arm's length basis. Details of such transactions are given at page number 89. No transactions were entered into by the Company that required disclosure in Form AOC-2.

12. Corporate Social Responsibility

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at page number 12.

13. Annual return

Annual return for 2020-21, is available on the website of the Company at www.amal.co.in/investors/information-for-stakeholders/annual-general-meeting

14. Auditors

Statutory Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants were appointed as the Statutory Auditors of the Company at the 43rd Annual General Meeting (AGM) held on June 30, 2017, until the conclusion of the 48th AGM.

The relevant Notes forming part of the Financial

Statements are self-explanatory and give full information and explanation in respect to the observations made by the Auditors in their report.

Secretarial Auditors

Nirali Solanki & Co was appointed as the Secretarial Auditor by the Board of Directors in the meeting held on October 17, 2019 and its report is given at page number 15.

15. Directors' responsibility statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that, to the best of their knowledge and belief:

- 15.1 In preparation of the annual accounts for the financial year ended March 31, 2021, the applicable accounting standards have been followed and there are no material departures.
- 15.2 The accounting policies were selected and applied consistently and 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 at the end of the financial year and of the profit and loss of the Company for that period.
- 15.3 Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 15.4 The attached annual accounts for the year ended March 31, 2021, were prepared on a going concern basis.
- 15.5 Adequate internal financial controls to be followed by the Company were laid down and they were adequate and operating effectively.
- 15.6 Proper systems were devised to ensure compliance with the provisions of all applicable laws and the same were adequate and operating effectively.

16. Directors

16.1 Appointments | Reappointments | Cessations

16.1.1 According to the Articles of Association of the Company, Mr Gopi Kannan Thirukonda retires by rotation and being eligible, offers himself for reappointment at the AGM scheduled on September 24, 2021.

16.2 Policies on appointment and remuneration

16.2.1 Appointment

While recommending appointment of the Directors, the Nomination and Remuneration Committee considers the following factors:

- i) Qualification: well-educated and experienced in senior leadership positions in industry | profession
- ii) Traits: positive attributes and qualities
- iii) Independence: criteria prescribed in Section 149(6) of the Companies Act, 2013 for the Independent Directors, including no pecuniary interest and conflict of interest

16.2.2 Remuneration of the Non-executive Directors
Sitting fees: ₹ 20,000 for attending a Board meeting and Audit Committee meeting, and ₹ 10,000 for attending any other Committee meeting

16.3 Criteria and method of annual evaluation

16.3.1 The criteria for evaluation of performance of

- i) the Non-independent Directors (Executive),
- ii) the Non-independent Directors Non-executive,
- iii) the Independent Directors, iv) the Chairman,
- v) the Committees of the Board and vi) the Board as a whole are summarised in the table at the end of the Directors' Report at page number 10.

16.3.2 The Independent Directors have carried out annual:

- i) review of performance of the Non-independent Directors - Executive,

- ii) review of performance of the Non-independent Directors - Non-executive,

- iii) review of performance of the Chairman, assessment of quality, quantity and timeliness of the flow of information to the Board and

- iv) review of performance of the Board as a whole.

16.3.3 The Board has carried out annual evaluation of performance of:

- i) its committees namely Audit, Corporate Social Responsibility, Nomination and Remuneration, Stakeholders Relationship
- ii) the Independent Directors

The templates for the above purpose were circulated in advance for feedback of the Directors.

16.4 Familiarisation programs for the Independent Directors

The Company has familiarisation programs for its Independent Directors. It comprises, amongst others, presentations by and discussions with the Senior Management on the nature of the industries in which it operates, its vision and strategy, its organisation structure and relevant regulatory changes.

17. Key Managerial Personnel and other employees

17.1 Appointments and cessations of the Key Managerial Personnel

There were no appointments | cessations of the Key Managerial Personnel during 2020-21.

17.2 Remuneration

The Remuneration Policy of the Key Managerial