



AMAL PRODUCTS LIMITED

A MEMBER OF LALBHAI GROUP

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Amal

**Annual Report
2000-2001**

AMAL PRODUCTS LIMITED**BOARD OF DIRECTORS**

Mr. Sunil S. Lalbhai
(Chairman)

Dr. Rana Vishnoi
(Vice Chairman)

Mr. Chandulal P. Shah

Mr. Sumant J. Patel

Dr. Lalit S. Kanodia

Mr. Arunkumar R. Gandhi

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

CONTENTS**Page No.**

Notice	2
Directors' Report	3 - 7
Auditors' Report	8 - 9
Balance Sheet	10
Profit & Loss Account	11
Schedules	12 - 26
Cash Flow Statement	27 - 28
Statement U/S 212	29
Subsidiary	
Amber Krushi Rasayan Ltd.	30-34
Selected Financial Data	35

COMPANY SECRETARY

Mr. Pawan Bhootra

REGISTERED OFFICE

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

EXECUTIVES

Mr. Vishnuprasad R. Pandya

Mr. Chitranjan R. Shah

Mr. Ajit S. Arya

BANKERS

Union Bank of India

State Bank of India

HEAD OFFICE

Atul 396 020, Gujarat

AUDITORS

C. C. Chokshi & Co.
Chartered Accountants

WORKS

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

SOLICITORS

Crawford Bayley & Co.

(ii) Atul 396 020, Gujarat

AMAL PRODUCTS LIMITED**NOTICE**

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the Members of Amal Products Limited will be held at M.C. Gia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20, K. Dubhash Marg, Mumbai 400 001, on Friday, August 24, 2001 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, 2001 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 Dr. Lalit S. Kanodia who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Chandulal P. Shah who retires by rotation and being eligible, offers himself for reappointment.
4. To consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. 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. Mr. A. Mukherjee, Executive Director of the Company is authorised to fix up the remuneration of auditors".

By Order of the Board
For Amal Products Limited

PAWAN BHOOTRA
Company Secretary

Registered Office :
Contractor Building,
R. Kamani Marg,
Ballard Estate,
Mumbai 400 001

May 25, 2001

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, 2001 are enclosed herewith.
2. 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.
3. The Register of members and share transfer books of the Company will remain closed from August 09, 2001 to August 24, 2001 (both days inclusive).
4. 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.
5. 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.
6. Members / Proxies are requested to bring the enclosed attendance slip with them duly filled in for attending the meeting.

DIRECTORS' REPORT

The Directors submit their Twenty Seventh Annual Report together with the audited statement of accounts of the Company for the year ended March 31, 2001.

(Rs in Lacs)

1. Financial Results	2000-01	1999-00
Profit / (Loss) before taxation	(109.40)	(352.30)
Taxation	0.17	0.17
Profit / (Loss) after taxation	(109.57)	(352.47)
Brought forward	(275.13)	77.22
	(384.70)	(275.25)
Tax adjustment of earlier year (Wealth tax)	1.58	0.12
Disposable surplus	(383.12)	(275.13)
Appropriation		
Proposed dividend	—	—
Tax on dividend	—	—
Balance carried forward	(383.12)	(275.13)
	(383.12)	(275.13)

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

The production of dye intermediates at Ankleshwar and Atul for the year was 518 MT (556 MT) and 2119 MT (1775 MT) respectively and that of Sulphuric Acid/Oleums was 32264 MT (32573 MT). Dye intermediates production at Ankleshwar was lower due to change in product mix.

3.2 Sales

Sales for the year was Rs3832 lacs (Rs4143 lacs) comprising of Rs 3504 lacs (Rs3684 lacs) in dye intermediates and Rs328 lacs (Rs459 lacs) in Sulphuric Acid/Oleums. In dye intermediates, domestic sales was Rs1032 lacs (Rs1238 lacs) and export sales was Rs2472 lacs (Rs2446 lacs) which constitute 65 per cent of total sales.

3.3 Profitability

The Company ended the year with loss of Rs109.40 lacs (Rs352.30 lacs). The Operating Profit of the Company during the year under review improved to Rs424.49 lacs (Rs242.68 lacs) showing an increase of 75 per cent over the previous year. The Company finally came out of cash losses and made a cash profit of Rs102.16 lacs during the year.

Better operational efficiency, constant efforts to improve yields and introduction of certain speciality intermediates, resulted in better performance of the Company.

4. Finance

Company's reschedulement proposals with EXIM Bank and IDBI are on the verge of the finalisation. The Company's Working Capital Limits from banks are continued.

5. Current year & Future Prospects

After three years of depressed scenario in intermediates market, the demand seems to show positive trend. Although, margins have got slashed substantially, capacity utilization of the intermediate plants both at Ankleshwar and Atul is likely to look up this year. Focussed efforts on cost reduction of various intermediates especially H-acid started showing results and is going to help the Company turn around this year. Sulphuric acid and Oleum prices are expected to remain in similar range as in last year. But added with better capacity utilization of the intermediate plants, the Company expects to post a net and cash profit this year.

6. Directors

Dr. Lalit S. Kanodia & Mr. Chandulal P. Shah are retiring by rotation at the annual general meeting. Dr. Lalit S. Kanodia & Mr. Chandulal P. Shah as being eligible offer themselves for reappointment.

7. 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.

8. Insurance

The Company's assets 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.

9. Industrial Relations

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

10. 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, 2001 is given in Annexure I and forms part of this report.

The information required under section 217(1) (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.

11. Auditor and Auditors' Report

M/s 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.

12. Subsidiary Company

The annual report of the Company's subsidiary, Amber Krushi Rasayan Limited, for the year ended March 31, 2001 is annexed to this report.

13. 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

Mumbai
May 25, 2001

Sunil S. Lalbhai
Chairman

ANNEXURE TO DIRECTOR'S REPORT**ANNEXURE - I**

Particulars of 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, 2001

- a) Employed throughout the financial year under review and where 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	Experi- ence. No of Years.	Date of Commence- ment of Employment	Last Employment held
Mr A. Mukherjee	43	Director in Wholetime Employment	1,096,888	B. Tech	22	May 3, 1993	Hindustan Leaver Limited

- b) Employed for the part of the financial year under review and where in respect of remuneration for any part of the year at a rate not lesser than Rs. 50000/- per month.

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

1. The nature of employment of Mr. Abhijit M. Mukherjee is contractual. He is the Wholetime 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

Sunil S. Lalbhai
Chairman

Mumbai
May 25, 2001

AMAL PRODUCTS LIMITED

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 utilisation 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 **2000-01** **1999-00**

1. Electricity

(a) Purchased

Unit(kwh) (in Lacs)

83.77

85.06

Total amount (Rs in Lacs)

404.63

377.19

Rate / Unit

4.83

4.43

(b) Own Generator (only fuel cost has been considered here)

Through Diesel Generator

Unit(kwh) (in Lacs)

0.61

0.77

Unit per Ltr.of Diesel oil

1.95

2.24

Cost / Unit

8.00

5.75

2. Coal

Quality B Grade

Use in Boiler to generate steam

Quantity (MT)

47.67

18.08

Total cost (Rs in Lacs)

1.09

0.40

Average Rate (Rs / MT)

2,290.00

2,200.00

3. Furnace Oil

Quantity (KL)

0.15

13.35

Total Amount (Rs in Lacs)

0.02

1.23

Average Rate (Rs / KL)

12,600.00

9,240.00

4. Steam

2000-01

1999-00

	Steam Generation MT	Quantity of Fuel used MT	Steam to Fuel Ratio	Steam Generation MT	Quantity of Fuel used MT	Steam to Fuel Ratio
From Coal	166	47.76	3.47 : 1	69	18.08	3.82 : 1
From Furnace oil	-	-	-	-	-	-
From Gas (Kg:Cu.M)	3,589	284,446 Cu.M.	12.62 : 1	6,497	521,307 Cu.M.	12.46 : 1
From Sulphuric Acid Plant	35,489	NIL	NIL	35,829	NIL	NIL

5. Steam Cost

2000-01

1999-00

Steam Generation from fuel (tonnes)

3,755

6,566

Cost of fuel (Rs in Lacs)

23.71

36.86

Fuel cost for generating per MT of steam (Rs)

631.32

561.37

B. Consumption per unit of production

		UNIT	STANDARDS IF ANY	2000-01	1999-00
Production	DI. Ank.	MT	-	518	556
	DI. Atul	MT	-	2,119	1,775
	H2SO4	MT	-	32,263	32,573
Electricity	DI	Kwh/ MT	-	2,769.72	3,173.23
	H2SO4	Kwh/ MT	-	35.19	36.41
Coal Ankleshwar	DI	MT / MT	-	0.09	0.03
Gas Ankleshwar	DI	M3 / MT	-	790	1,055

Previous year's figures have been regrouped and recast wherever necessary.

II. TECHNOLOGY ABSORPTION**1. RESEARCH & DEVELOPMENT (R & D)****(a) Specific Area 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) Benefit derived as a result of the above R & D

Improved product mix.

(c) Future Plan of Action

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

(d) Expenditure on R & D

2000-01

(Rs in Lacs)
1999-00**(a) Capital**

-

-

(b) Recurring

13.01

11.38

(c) Total

13.01

11.38

(d) % of total turnover

0.34%

0.27%

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 2472 lacs during the year which is 65% of our total sales.

	2000-01	(Rs in Lacs) 1999-00
Foreign Exchange earned	2471.84	2405.41
Foreign Exchange used	844.78	858.23

For and on behalf of the Board of Directors

Mumbai,
May 25, 2001

Sunil S. Lalbhai
Chairman

AMAL PRODUCTS LIMITED**AUDITORS' REPORT**

To the Shareholders,

We have audited the attached Balance Sheet of AMAL PRODUCTS LIMITED as at 31st March, 2001 and also the Profit and Loss Account of the Company for the year ended on that date annexed there to and report that :

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books;
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the above books of account;
 - (d) The Balance Sheet and Profit and Loss account comply with the Accounting Standards as referred to in sub-section 3C of section 211 of the Companies Act, 1956.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2001 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) Attention is invited to the following note in schedule 17.

Note No.3 (a) regarding provision of export benefits / incentives on accrual basis and estimated benefit of Rs 31.71 lacs (previous year Rs 17.56 lacs) taken into account as explained in the note.

Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view ;

- (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2001 and
- (ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For C. C. CHOKSHI & Co.
Chartered Accountants

Mumbai
May 25, 2001

R. Salivati
(Partner)

ANNEXURE

Re : Amal Products Limited

Referred to in Paragraph 1 of our report of even date.

1. We have been informed that the fixed assets register showing full particulars including quantitative details and situation of fixed assets is being updated. All the assets have not been physically verified by the management during the year but there is a programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. The work of reconciling fixed assets physically verified with book records would be taken-up after book records are updated.
2. None of the fixed assets have been revalued during the year.
3. The stocks of the finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the book records were not material.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and

proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.

7. In our opinion, the rate of interest and other terms and conditions on which inter corporate deposit and advance towards share capital are received from a company listed in the register maintained under section 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the Company. We are informed that there are no companies under the same management within the meaning of section 370 (1B) of the Companies Act, 1956.
8. In our opinion, the rate of interest and other terms and conditions on which loans have been granted to Companies listed in the register maintained under section 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the company. We are informed that there are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
9. The parties and employees to whom loans and advances in the nature of loans have been given by the Company are generally repaying the principal amounts as stipulated or as rescheduled from time to time and have been regular in payment of interest wherever applicable except in certain cases where the company has taken reasonable steps to recover the same.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods and materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or the prices at which transactions for similar goods & materials or services have been made with other parties.
12. As explained to us, the Company has a procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Provision for the loss in respect thereof has been made in the accounts.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. We are informed that the Company does not generate realisable by-products.
15. The Company's internal audit system operated by a firm of Chartered Accountants appointed for the purpose is commensurate with the size and nature of its business.
16. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by Central Government for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, in regard to production of Sulphuric Acid and are of the opinion that, prima-facie, the prescribed records have been maintained and the prescribed accounts are in the process of being made up.
17. According to the records of the Company Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable other than TDS of Rs. 39,860.00.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue accounts, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (O) of sub section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act, 1985.

For C. C. CHOKSHI & Co.
Chartered Accountants

R. Salivati
(Partner)

Mumbai
May 25, 2001