

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, 2019.

01. Financial results

	(₹ 000)	
	2018-19	2017-18
Sales and other income	3,34,413	3,19,722
Profit before tax	99,797	97,041
Profit for the year	77,505	97,041
Other comprehensive income (net of tax)	(77)	45
Profit after tax	77,428	97,086
Balance brought forward	(2,60,669)	(3,57,755)
Balance carried forward	(1,83,241)	(2,60,669)

02. Performance

During 2018-19, sales and other income increased by 5% from ₹ 3,197 lakhs to ₹ 3,344 lakhs mainly due to lower volumes (19%) and higher prices 24%. The Company reported a profit before tax of ₹ 998 lakhs in 2018-19 against a profit before tax of ₹ 971 lakhs in 2017-18.

03. Dividend

Under the extant laws, the Company cannot declare a Dividend in view of its carried forward losses.

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 9.

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:

- i) Risk identification and definition - Focused on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.
- ii) Risk classification - Focused 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 interrelationships.
- iii) Risk assessment and prioritisation -

Focused on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and existing mitigation controls.

- iv) Risk mitigation - Focused 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 - Focused on providing to the Board and the Audit Committee 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 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 Risk Management Oversight Structure in which each Sub-segment has 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, 2019, and the Board believes that the controls are adequate.

08. Fixed deposits

During 2018-19, the Company did not accept any fixed deposits.

09. 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 81. No transactions were entered into by the Company which required disclosure in Form AOC-2.

10. Corporate Social Responsibility

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at page number 9.

11. Extract of the Annual Return

This is given at page number 10.



12. 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 accounts are self-explanatory and give full information and explanation in respect of the observations made by the Auditors in their report.

Secretarial Auditors

Nilesh A Pradhan & Co. LLP was appointed as the Secretarial Auditor and their report is given at page number 17.

13. 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:

- 13.1 The applicable accounting standards were followed along with proper explanations relating to material departures in the preparation of the annual accounts.
- 13.2 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.
- 13.3 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.
- 13.4 The attached annual accounts for the year ended March 31, 2019 were prepared on a going concern basis.
- 13.5 Adequate internal financial controls to be followed by the Company were laid down and they were adequate and operating effectively.
- 13.6 Proper systems were devised to ensure compliance with the provisions of all applicable laws and the same were adequate and operating effectively.

14. Directors

14.1 Appointments | Reappointments | Cessations

14.1.1 According to 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 July 19, 2019.

14.2 Policies on appointment and remuneration

14.2.1 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

14.2.2 Remuneration of the Non-executive Directors
Sitting fees: ₹ 20,000 for attending a Board meeting, ₹ 10,000 for attending any meeting of Committee thereof

14.3 Criteria and method of annual evaluation

14.3.1 The criteria for evaluation of performance of
a) the Non-independent Directors (Executive)
b) the Non-independent Directors (Non-executive) c) the Independent Directors d) the Chairman e) the Committees of the Board and f) the Board as a whole are summarised in the table at the end of the Directors' Report at page number 7.

14.3.2 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,
- iv) assessment of quality, quantity and timeliness of the flow of information to the Board,
- v) review of performance of the Board as a whole.

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

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

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

15. Key Managerial Personnel and other employees

15.1 Appointments and cessations of the Key Managerial Personnel

There were no appointments | cessations of the Key Managerial Personnel during 2018-19.

15.2 Remuneration

The Remuneration Policy of the Key Managerial Personnel and other employees consists of the following:

15.2.1 Components:

i) Fixed pay:

- a. Basic salary
- b. Allowances
- c. Perquisites
- d. Retirals

ii) Variable pay

15.2.2 Factors for determining and changing fixed pay:

- a. Existing compensation
- b. Education
- c. Experience
- d. Salary bands
- e. Performance
- f. Market benchmark

15.2.3 Factors for determining and changing variable pay:

- a. Business performance
- b. Individual performance
- c. Grade

16. Analysis of remuneration

The information required pursuant to Sections 134(3)(q) and 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given at page number 21.

The Company is not required to disclose the information required as there were no employee during 2018-19 drawing remuneration exceeding the limit specified.

17. Management Discussion and Analysis

The Management Discussion and Analysis

Report covering performance is given at page number 22.

18. Corporate Governance Report

18.1 Statement of declaration given by the Independent Directors.

The Independent Directors have given declarations under Section 149(6) of the Companies Act, 2013.

18.2 Report

The Corporate Governance Report is given at page number 23. Details about the number of meetings of the Board held during 2018-19 are given at page number 27. The composition of the Audit Committee is given at page number 29. All the recommendations given by the Audit Committee were accepted by the Board.

18.3 Whistle-blowing Policy

The Board, on the recommendation of the Audit Committee, had approved a vigil mechanism (Whistle-blowing Policy). The policy provides an independent mechanism for reporting and resolving complaints pertaining to unethical behaviour, actual or suspected fraud and violation of the Code of Conduct of the Company and is displayed on the website (of the Company) at <https://www.amal.co.in/investors/policies>. No personnel has been denied access to the Audit Committee.

18.4 Secretarial Standards

Secretarial Standards as applicable to the Company were followed and complied with during 2018-19.

19. Acknowledgements

The Board expresses its sincere thanks to all the employees, customers, suppliers, lenders, regulatory and Government authorities, Stock Exchange and investors for their support.

For and on behalf of the Board of Directors

Mumbai
April 18, 2019

(S S Lalbhai)
Chairman