



AML
STEEL
13th
ANNUAL
REPORT
2005-2006



AML STEEL LIMITED

AME STEEL LIMITED

13th Annual Report 2005 - 06

DIRECTORS

Shri. Ruli Ram Agarwal, Chairman
 Shri. Ashok Agarwal, Managing Director
 Shri. Ajay Agarwal, Director
 Shri. Poonam Chand Jangir, Director
 Shri. S. Kolandai Raj, Director
 Shri. Vinay Kishore Kasat, Director

COMPANY SECRETARY

Shri. Rajesh Agrawal

AUDITORS

M/s. K.P. Jain & Co.,
 Chartered Accountants
 130, Thambu Chetty Street,
 Chennai - 600 001.

BANKERS

Central Bank of India
 Mount Road Branch, Chennai - 600 002.

SHARE TRANSFER AGENTS

Cameo Corporate Services Limited,
 "Subramanian Building",
 No.1, Club House Road,
 Chennai - 600 002.

REGISTERED OFFICE

B-73, Sipcot Industrial Complex,
 Gummidipoondi - 601 201.

HEAD OFFICE

Raheja Complex, 3rd Floor,
 New No. 68 (834), Anna Salai,
 Chennai - 600 002.

FACTORIES

Eripakkam Village,
 Nettapakkam Commune,
 Pondicherry - 605 106.

B-73, Sipcot Industrial Complex,
 Gummidipoondi - 601 201.

57/2A & 2C, Nainikattalai Road,
 Polagam Village TR Pattinam,
 Karaikal - 609 606.

Mouza - Mashera
 Thana No. 155,
 P.S. Seraikela,
 Dist : Serikala - Kharsawan,
 Jharkhand.

237/4, Hekitta Road, Wattala,
 Srilanka.

CONTENTS

CONSOLIDATED FINANCIAL STATEMENT

Auditors' Report	..	03
Balance Sheet	..	04
Profit and Loss Account	..	05
Schedules to the Balance Sheet and Profit & Loss Account	..	06

AML STEEL LIMITED

Directors' Report	..	12
Auditors' Report	..	22
Balance Sheet	..	25
Profit and Loss Account	..	26
Schedules to the Balance Sheet and Profit & Loss Account	..	27
Cash Flow Statement	..	37

SUBSIDIARY COMPANY'S REPORT & ACCOUNTS

Ankit Ispat Private Limited	..	40
Ashok Steel Industries Private Limited, Srilanka	..	58
AML Steel & Power Limited	..	72

CONSOLIDATED FINANCIAL STATEMENTS**AML**

**AUDITORS REPORT TO THE BOARD OF DIRECTORS OF AML STEEL LIMITED (formerly ASHOK
MAGNETICS LIMITED) ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
AML STEEL LIMITED AND ITS SUBSIDIARIES.**

We have examined the attached Consolidated Balance Sheet of AML STEEL LTD and its Subsidiaries, as at 31st March 2006, and also the Consolidated Profit and Loss Account for the year ended as on that date annexed thereto. These financial statements are the responsibility of the AML STEEL LTD's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have not audited the financial statements of one of the subsidiary company, Ashok Steel Industries (P) Ltd., Srilanka. These financial statement have been audited by other auditors whose report have been furnished to us, and our opinion, in so far as it relates to the amount included in respect of the subsidiaries, is based solely on the report of the other auditor.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of AML STEEL LTD and those of its subsidiaries.

According to the information and explanation given to us and on the consideration of the audit reports on individual audited financial statement of AML STEEL LTD and its subsidiaries, we are of the opinion that:

1. The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of AML STEEL LTD and its subsidiaries as at 31st March 2006 and
2. The Consolidated Profit and Loss account gives a true and fair view of the consolidated results of operations of AML STEEL LTD and its subsidiaries for the year ended on that date.

For K.P.JAIN & CO.

Chartered Accountants

CA KISHORE KUMAR P. JAIN

Proprietor

Place : Chennai

Date : 21.08.2006

CONSOLIDATED FINANCIAL STATEMENTS**AML****CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2006**

	Sch. No.	As at 31st March 2006		As at 31st March 2005	
		(Rs. in thousands)		(Rs. in thousands)	
SOURCES OF FUNDS					
Share Holders' Fund					
Share Capital	I	75,000.00		30,300.00	
Share Application		176,995.50		-	
Reserve and Surplus	II	240,120.48	492,115.98	134,492.23	164,792.23
Loan Funds					
Secured Loans	III	81,981.35		54,150.19	
Unsecured Loans	IV	63,088.93	145,070.28	54,958.96	109,109.15
Deferred Tax Liability			7,440.26		6,075.87
			644,626.52		279,977.25
APPLICATION OF FUNDS					
Fixed Assets	V	318,935.92		162,738.46	
Less : Depreciation	VI	38,869.57	280,066.35	29,332.98	133,405.48
Goodwill on Consolidation			3,110.09		3,110.37
Investments			8,148.91		2,514.29
Current Assets, Loans & Advances					
Inventories	VII	420,333.99		194,897.67	
Sundry Debtors	VIII	125,627.99		151,528.73	
Cash and Bank Balances	IX	64,176.50		27,949.86	
Loans and Advances	X	108,355.13		48,796.89	
		718,493.61		423,173.15	
Less: Current Liabilities and Provisions	XI	379,731.81		286,222.23	
Net Current Assets			338,761.80		136,950.92
Miscellaneous Expenditure	XII		14,539.37		3,996.19
Notes to the Accounts	XX				
			644,626.52		279,977.25

As per our attached report of even date
for K.P. JAIN & CO.
Chartered Accountants

for and on behalf of the Board

C.A. KISHORE KUMAR P. JAIN
Proprietor

ASHOK AGARWAL
Managing Director

AJAY AGARWAL
Director

Place : Chennai
Date : 21.08.2006

RAJESH AGRAWAL
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS**AML****CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006**

	Sch. No.	As at 31st March 2006	As at 31st March 2005
(Rs. in thousands)			
INCOME			
Sales	XIII	2,165,346.37	1,067,849.18
Others	XIV	45,945.98	3,508.44
Increase/ (Decrease in Stock)	XV	16,172.73	924.65
A		2,227,465.08	1,072,282.27
EXPENDITURE			
Manufacturing Expenses	XVI	1,847,152.79	899,911.94
Employees' Remuneration	XVII	8,519.33	4,534.44
Administrative & Other Expenses	XVIII	149,830.48	82,845.69
Interest	XIX	9,562.08	7,404.70
Depreciation		9,536.59	8,695.40
B		2,024,601.27	1,003,392.17
PROFIT BEFORE TAXATION (A-B)		202,863.81	68,890.10
Taxation for the Year - Current Tax		40,914.62	16,390.00
Taxation for the Year - Deferred Tax		1,364.39	2,102.30
Taxation for the Year - Fringe Benefit Tax		165.27	-
PROFIT AFTER TAXATION		160,419.53	50,397.80
Surplus brought forward from Previous Year		114,782.35	72,015.68
Amount available for Appropriations		275,201.88	122,413.48
Proposed Dividend (including Dividend Tax)		9,791.31	5,131.13
Adjustments for Bonus Issue		27,295.00	-
Transfer to General Reserve		7,000.00	2,500.00
Balance c/f to Balance Sheet		231,115.57	114,782.35
		275,201.88	122,413.48

As per our attached report of even date
for K.P. JAIN & CO.
Chartered Accountants

for and on behalf of the Board

C.A. KISHORE KUMAR P. JAIN
Proprietor

ASHOK AGARWAL
Managing Director

AJAY AGARWAL
Director

Place : Chennai
Date : 21.08.2006

RAJESH AGRAWAL
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS**AML****SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006**

	As at 31st March 2006	As a 31st March 2005
	(Rs. in thousands)	
SCHEDULE I		
SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
Equity Shares of Rs.10/- each	546,666.67	79,166.67
ISSUED, SUBSCRIBED AND PAID-UP		
Equity Shares of Rs.10/- each	75,000.00	30,300.00
SCHEDULE II		
RESERVES AND SURPLUS		
Investment Subsidy (A)	1,491.45	1,491.45
General Reserve		
As per Last Balance	18,218.43	19,692.00
Add : Transfer from Profit and Loss Account	7,000.00	2,500.00
	25,218.43	22,192.00
Less : Adjusted for Bonus Issue	17,705.00	-
Less : Adjusted for Deferred Tax Liability	-	3973.57
	7513.43	18,218.43
Balance in Profit and Loss Account (B)	231,115.60	114,782.35
Total (A+B+C)	240,120.48	134,492.23
SCHEDULE III		
SECURED LOANS		
From Central Bank of India		
Cash Credit	38,022.21	33,567.36
Term Loan	12,960.81	16,471.08
From Government of Tamil Nadu		
Interest Free Sales Tax Loan (IFST)	4,111.75	4111.75
Hire Purchase Loan	2,748.54	-
Bills Discounted Through Bank	24,138.04	-
	81,981.35	54,150.19
SCHEDULE IV		
UN-SECURED LOANS		
From Directors	11,714.63	2,164.64
From Bodies Corporate	51,374.30	52,794.32
	63,088.93	54,958.96

SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006

SCHEDULE V FIXED ASSETS

(Rs. in Thousands)

Description	Gross Block			Depreciation			Net Block	
	as on 01.04.05	Additions (Deletions)	as on 31.03.06	as on 01.04.05	During the Year	as on 31.03.06	as on 31.03.06	as on 31.03.05
Land	19,615.17	804.83	20,420.00	-	-	-	20,420.00	19,615.17
Building	20,605.58	-	20,605.58	3,410.45	619.70	4,030.15	165,75.43	17,195.13
Plant & Machinery	76,729.67	9,907.14	86,636.81	12,480.47	5,354.88	17,835.35	68,801.46	64,249.20
Other Equipments	11,947.18	46.20	11,993.38	4,400.34	497.64	4,897.98	7,095.40	7,546.84
Tools & Dies	2,026.90	129.03	2,155.93	827.80	180.73	1,008.53	1,147.40	1,199.11
Cycle	7.40	-	7.40	3.84	0.34	4.18	3.21	3.56
Vehicles	14,966.24	3,478.29	18,444.53	4,257.94	1,795.99	6,053.93	12,390.60	10,708.31
Office Equipments	1,799.32	299.56	2,098.88	271.53	128.02	399.55	1,699.33	1,527.79
Electrical Equipments	13,832.64	2,741.17	16,573.81	3,289.95	918.79	4,208.74	12,365.07	10,542.69
Furniture & Fixture	1,208.36	30.77	1,239.12	390.67	40.49	431.16	807.96	817.69
Work in Progress	4,091.29	134,668.94	138,760.22	-	-	-	138,760.22	-
Grand Total	166,829.74	152,105.92	318,935.92	29,332.99	9,536.58	38,869.57	280,066.35	133,405.48
Previous Year	147,869.33	16,775.41 (1,906.29)	162,738.46	21,296.46	8,695.40 (659.88)	29,332.98	133,405.47	126,572.87

CONSOLIDATED FINANCIAL STATEMENTS**AML****SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006**

	As at 31.03.2006	As at 31.03.2005
SCHEDULE VI	(Rs. in thousands)	
INVESTMENT		
Equity Shares in other companies (quoted)		
21st Century Ltd (Current Year Nil; Previous Year 25000 shares of 10/- each)	-	150.50
Brahmanand Ltd (Current Year Nil; Previous Year 37500 shares of Rs. 10/- each)	-	312.00
Emerald Commercial Ltd (Current Year 2000 shares; Previous Year 11000 shares of Rs. 10/- each)	43.44	238.92
Khubsurat Ltd (Current Year 11000 shares; Previous Year 25000 shares of Rs. 10/- each)	240.56	546.85
Quest Finance Ltd (25000 shares of Rs. 10/- each)	65.50	65.50
Lotus Homes (9000 shares of Rs. 10/- each)	266.92	-
Radiant Finance (59700 shares of rs. 10/- each)	1,330.82	-
Titan Industries Ltd (22500 shares Rs. 10/- each)	5,201.15	-
Equity Shares in other Companies (unquoted)		
Rainbow Finance Ltd. (100000 shares of Rs. 10/- each)	1,000.00	1,000.00
AML Steel & Power Ltd. (20000 shares of Rs. 10/- each)	-	200.00
In Other Securities :		
NSC	0.52	0.52
	8,148.91	2,514.29
SCHEDULE VII		
INVENTORIES		
(as certified by the management)		
Raw Materials	376,027.23	166,763.65
Finished Goods	44,306.76	28,134.02
	420,333.99	194,897.67
SCHEDULE VIII		
SUNDRY DEBTORS		
(Considered good unless otherwise stated)		
Exceeding Six Months	111.19	2,730.08
Other Debts	125,516.80	148,798.65
	125,627.99	151,528.73
SCHEDULE IX		
CASH AND BANK BALANCE		
Cash- in- Hand	8,015.84	608.16
Balance with Schedule Bank		
In Current Account	5,322.85	5,319.71
In Fixed Deposit Account	50,837.81	22,021.99
	64,176.50	27,949.86
SCHEDULE X		
LOANS AND ADVANCES		
(Considered good unless otherwise stated)		
Advances receivable in cash or in kind	50,885.50	28,957.04
Sales Tax Deposit	70.00	65.00
Security Deposit	435.46	224.25
Electricity EMD & Telephone Deposits	9,202.74	8,961.04
Advance Tax & T.D.S	27,485.14	3,756.39
Balance with Excise Authorities	7,442.14	456.42
Duty paid under protest	1,366.89	1,366.89
Deposits with STC		3,018.80
Prepaid expenses	1,940.46	1,587.26
Margin money (LG/LC)	9,526.80	403.80
	108,355.13	48,796.89

CONSOLIDATED FINANCIAL STATEMENTS**AML****SCHEDULE TO THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2006**

	As at 31.03.2006	As at 31.03.2005
SCHEDULE XI	(Rs in Thousands)	
CURRENT LIABILITIES AND PROVISIONS		
A CURRENT LIABILITIES		
Sundry Creditors (For Trade)	288,460.95	248,307.71
Sundry Creditors (For Other)	24,344.12	13,637.24
	312,805.07	261,944.95
B PROVISIONS		
Provision for Taxation	57,135.43	19,146.15
Provision for Dividend (Including Dividend Tax)	9,791.31	5,131.13
	379,731.81	286,222.23
SCHEDULE XII		
MISCELLANEOUS EXPENDITURE		
To the extent not written off or adjusted		
Preliminary Expenses	15,822.48	4,017.04
Less : 1 / 10th W/o during the year	1,283.11	20.85
	14,539.37	3,996.19

**SCHEDULE TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2006****SCHEDULE XIII****SALES**

2,165,346.37	1,067,849.18
2,165,346.37	1,067,849.18

SCHEDULE XIV**OTHER INCOME**

Interest on Bank Deposits	3,051.72	2,016.95
Interest on Others	338.05	161.69
Profit on Sale of Shares	41,214.15	-
Export Incentives	646.13	-
Others	695.93	1,329.81
	45,945.98	3,508.45

SCHEDULE XV**INCREASE / (DECREASE IN STOCK)**

Opening Stock of Finished Goods	28,134.02	27,209.38
Less Closing Stock of finished Goods	44,306.75	28,134.02
	16,172.73	924.64

SCHEDULE XVI**MANUFACTURING EXPENSES**

Raw Materials Consumed	1,604,216.45	687,345.55
Carriage Inward	7,895.71	2,111.57
Clearing & Forwarding	24,891.27	8,856.60
Power & Fuel	209,896.35	201,598.22
Ware Housing Charges	253.01	-
	1,847,152.79	899,911.94

SCHEDULE XVII**EMPLOYEE'S REMUNERATION**

Salaries, Wages and Bonus	8,519.33	4,534.44
	8,519.33	4,534.44