



AML
STEEL
15th
ANNUAL
REPORT
2007-08



AML STEEL LIMITED

AML STEEL LIMITED15th Annual Report 2007-08**DIRECTORS**

Shri Ashok Agarwal, Managing Director
 Shri Ajay Agarwal, Director
 Shri Ankit Agarwal, Director
 Shri S.Kolandai Raj, Director
 Shri Vinay Kishore Kasat, Director

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.

Federal Bank Limited
 Rajaram Mehta Nagar Branch,
 25, Nelson Manickam Road
 Chennai -600 029.

IDBI Limited
 115, Anna Salai, Saidapet,
 Chennai - 600 035

UCO Bank
 Burkit Road.T.Nagar,
 Chennai-600 017.

Axis Bank Limited
 82, Cathedral Road,
 Chennai-600 004.

**The Hongkong and Shanghai
 Banking Corporation Ltd.**
 76, Cathedral Road,
 Chennai- 600 086

Allahabad Bank
 SRCM, Manapakkam Branch,
 Chennai - 600 116.

State Bank of India
 No.155, Anna Salai,
 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.

**CORPORATE
OFFICE**

AML Towers,
 No.9 , 6th Street,
 Gopalapuram
 Chennai-600 086

FACTORIES

Erripakkam Village
 Nettapakkam Commune
 Pondicherry- 605 106

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

B-73, Sipcot Industrial Complex,
 Gummidipoondi - 601201

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

237/4, Hekitta Road, Wattala,
 Srilanka.

CONTENTS

<u>CONSOLIDATED FINANCIAL STATEMENT</u>	<u>Page No.</u>
Auditors' Report ..	05
Balance Sheet ..	06
Profit & Loss Account ..	07
Schedule to the Balance Sheet and Profit and Loss Account ..	08
 <u>AML STEEL LIMITED - STANDALONE</u>	
Directors' Report ..	14
Auditors' Report ..	25
Balance Sheet ..	28
Profit & Loss Account ..	29
Schedules to the Balance Sheet and Profit Loss Account ..	30
Cash Flow Statement ..	39
 <u>SUBSIDIARY COMPANY'S REPORT & ACCOUNTS</u>	
Ankit Ispat Private Limited ..	41
Ashok Steel Industries Private Limited, Srilanka ..	60
AML Steel & Power Limited ..	73

NOTICE

NOTICE is hereby given that the FIFTEENTH ANNUAL GENERAL MEETING OF THE Members of AML STEEL LIMITED (Formerly 'Ashok Magnetics Limited') will be held on Tuesday 30th day of September, 2008 at 11.30 A.M. at the Registered Office of the Company at B-73, SIPCOT Industrial Complex, Gummudipoondi - 601201, Tamil Nadu, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2008 and the Profit & Loss Account for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri S. Kolandai Raj, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Vinay Kishore Kasat, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint M/s. K.P. Jain & Co., Chartered Accountants, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT Shri Ankit Agarwal, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Article of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in writing under section 257 of the companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

By Order of the Board
for AML STEEL LIMITED

Place : Chennai
Date : 15.07.2008

Ajay Agrawal
Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less 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 24.09.2008 to 30.09.2008 (both days inclusive).
4. The dividend as recommended by the Board, if declared at the meeting, will be paid to those members whose names appear on the Register of Members as on 30.09.2008.
5. Members are requested to inform change if any, in their address to the Company immediately

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 6**

The Board of Directors of the company had inducted Shri Ankit Agarwal as an Additional Director of the company at their meeting held on 31st January 2008. Accordingly, he holds office as an Additional Director upto the date of this Annual General Meeting pursuant to Section 260 of the companies Act, 1956. The company has received a notice pursuant to section 257 of the Companies Act, 1956 from a member signifying his intention to propose Shri Ankit Agarwal as a Director . The Board considers that it would be in the interest of the Company to continue to avail the benefit of the services of Shri. Ankit Agarwal.

Shri Ashok Agarwal and Smt. Anita Agarwal directors of the company are interested in the resolution.

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

We have examined the attached Consolidated Balance Sheet of AML STEEL LTD and its Subsidiaries, as at 31st March 2008, 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., Sri Lanka. 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 2008 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.

"As per our report of even date."

for K.P.JAIN & CO.,
Chartered Accountants

CA.KISHORE P. JAIN
Proprietor
Membership No. 027236

Place : Chennai
Date : 15.07.2008

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2008

	Sch. No.	2007-2008 (Rs. in thousands)		2006-2007 (Rs. in thousands)	
SOURCE OF FUNDS					
Shareholders Funds:-					
Share Capital	1	75,000.00		75,000.00	
Share Application Money		200,124.65		166,835.65	
Reserves & Surplus	2	484,248.91	759,373.56	397,576.91	639,412.56
Loan Funds					
Secured Loans	3	1,348,478.04		777,380.80	
Unsecured Loans	4	134,060.05	1,482,538.09	75,379.91	852,760.71
Deferred Tax Liability			45,065.16		14,067.46
			2,286,976.81		1,506,240.73
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	1,694,371.43		489,076.68	
Less: Accumulated Depreciation		86,480.49		50,798.61	
Net Block			1,607,890.94		438,278.07
Goodwill on Consolidation		5,443.28		3,109.88	
Investments	6	3,985.60		5,628.94	
Current Assets & Loans & Advances					
Inventories	7	897,297.40		561,494.61	
Sundry Debtors	8	308,327.12		214,696.03	
Cash & Bank Balances	9	43,301.80		74,503.36	
Loans & Advances	10	62,100.80	1,311,027.12	724,127.15	1,574,821.15
Less: Current Liabilities & Provisions					
Current Liabilities	11	648,808.14		505,231.19	
Provisions		25,260.97	674,069.11	50,762.25	555,993.44
Net Current Assets			636,958.00		1,018,827.71
Miscellaneous Expenditure	12		32,698.99		40,396.13
Notes to the Accounts			2,286,976.81		1,506,240.73

"As per our report of even date."

For and on Behalf of the Board

for K.P.JAIN & CO.,
Chartered Accountants

CA. KISHORE P. JAIN
Proprietor
Membership No. 027236

ASHOK AGARWAL
Managing Director

AJAY AGARWAL
Director

Place : Chennai
Date : 15.07.2008

ANKIT AGARWAL
Director

CONSOLIDATED PROFIT & LOSS ACCOUNT AS AT 31ST MARCH 2008

Particulars	Sch.No.	Consolidated 2007-2008 (Rs. in thousands)	Consolidated 2006-2007 (Rs. in thousands)
Income			
Sales	13	2,233,685.64	2,429,506.36
Other Income	14	7,844.10	49,928.01
Increase / (Decrease) in Stock	15	455,811.00	(2,916.92)
A		2,697,340.74	2,476,517.45
Expenditure			
Manufacturing Expenses	16	2,017,457.66	2,045,571.71
Employees Remuneration	17	25,262.00	9,802.41
Administrative Expenses	18	413,264.34	165,732.63
Interest	19	54,966.18	25,448.57
Preliminary Expenses W/off		7,427.94	-
Depreciation		31,995.52	11,929.06
B		2,550,373.64	2,258,484.38
Profit Before Tax (A-B)		146,967.10	218,033.07
Tax for the year - Current Tax		16,549.06	41,024.87
Tax for the year - Deferred Tax		30,997.70	6,627.20
Tax for the year - Fringe Benefit Tax		381.00	237.80
Profit After Tax		99,039.34	170,143.20
Prior Period Adjustments		-	(3,912.16)
Surplus brought forward from previous year		328,095.66	231,115.60
Amount available for appropriation		427,135.00	397,346.64
Proposed Dividend (Including Dividend Tax)		7,019.70	8774.61
Transfer to General Reserve		7,000.00	7,000.00
Balance carried forward to Balance Sheet		413,115.30	381572.03
		427,135.00	397,346.64

"As per our report of even date."

For and on Behalf of the Board

for K.P.JAIN & CO.,
Chartered Accountants

CA. KISHORE P. JAIN
Proprietor
Membership No. 027236

ASHOK AGARWAL
Managing Director

AJAY AGARWAL
Director

Place : Chennai
Date : 15.07.2008

ANKIT AGARWAL
Director

**SCHEDULE FORMING PART OF CONSOLIDATED BALANCE SHEET &
PROFIT & LOSS ACCOUNT 31ST MARCH 2008**

Particulars	Consolidated 2007-2008 (Rs. in thousands)	Consolidated 2006-2007 (Rs. in thousands)
Schedule-1		
Share Capital		
Authorised Share Capital		
Equity Shares of Rs.10/- each	300,000.00	300,000.00
	300,000.00	300,000.00
Issued, Subscribed & Paid up		
Equity Shares of Rs.10 each	75,000.00	75,000.00
	75,000.00	75,000.00
Schedule-2		
Reserves & Surplus		
Investment subsidy - As per last Balance Sheet (A)	1,491.45	1,491.45
General Reserve		-
As per the Last balance Sheet	62,642.16	7,513.43
Add: Transferred from Profit & Loss Account	7,000.00	7,000.00
(B)	69,642.16	14,513.43
Less: Adjusted for Bonus Issue	-	-
Balance in the Profit & Loss Account (C)	413,115.30	381,572.03
Total A + B + C	484,248.91	397,576.91
Schedule-3		
Secured Loans		
Cash Credit		
From Central Bank of India	94,830.25	65,412.81
From Federal Bank Ltd	48,232.64	17,996.10
From Standard Chartered Bank	54,654.26	-
From IDBI Bank	43,445.86	-
From UCO Bank	37,938.96	-
From State Bank of India	59,752.01	-
Term Loan		
From Govt. of Tamil Nadu-IFSTL	4,111.75	4,111.75
From Federal Bank Ltd	142,732.39	128,000.00
From Axis Bank Ltd	62,777.00	67,260.86
From Allahabad Bank	22,777.93	
From Centurian Bank of Punjab	355.31	
From State Bank of India	110,643.77	
From Central Bank of India	263,977.79	199,329.10
From IDBI Bank	200,000.00	139,400.00
From UCO Bank	200,000.00	140,000.00
Hire Purchase Loan	2,248.12	2,105.30
Bills/ LC Discounted through Bank	-	13,764.88
	1,348,478.04	777,380.80
Schedule-4		
Unsecured Loans		
From Directors	11,490.00	4,939.64
From Bodies Corporate	122,570.05	70,440.27
	134,060.05	75,379.91

Schedule V

Fixed Assets

(Rs. in thousands)

Description	Gross Block			Depreciation			Net Block	
	as on 01.04.07	Additions	as on 31.03.08	as on 01.04.07	During the year	as on 31.03.08	31.03.08	31.03.07
Land	105,506.52	-	105,506.52	-	-	-	105,506.52	105,506.52
Building	161,084.98	67,463.82	228,548.80	5,082.13	5,305.79	10,387.92	218,160.88	156,002.85
Plant & Machinery	114,585.14	498,726.79	613,311.93	23,954.33	23,862.15	47,816.48	565,495.45	90,630.81
Wind Mill at Thenkasi	29,900.00	-	29,900.00	131.56	131.56	263.12	29,636.88	29,768.44
Other Equipment	11,993.38	788.84	12,782.22	5,396.64	516.01	5,912.65	6,869.57	6,596.74
Tools & Dies	3,014.75	177.17	3,191.92	1,202.17	257.80	1,459.97	1,731.95	1,812.58
Cycle	7.40	-	7.40	4.52	0.34	4.86	2.54	2.88
Vehicles	24,623.23	1,404.07	26,027.30	8,328.53	2,510.68	10,839.21	15,188.09	16,294.70
Aircraft	16,660.00	-	16,660.00	155.49	155.49	310.98	16,349.02	16,504.51
Office Equipments	2,335.65	4,733.46	7,069.11	529.83	367.78	897.61	6,171.50	1,805.82
Electrical Equipments	17,715.19	39,467.63	57,182.82	5,538.70	2,506.01	8,044.71	49,138.11	12,176.49
Furniture & Fittings	1,650.44	-	1,650.44	474.71	68.27	542.98	1,107.46	1,175.73
Work in Progress	-	592,532.97	592,532.97	-	-	-	592,532.97	-
Grand Total	489,076.68	1,205,294.75	1,694,371.43	50,798.61	35,681.88	86,480.49	1,607,890.94	438,278.07
Previous Year	318,935.92	170,140.76	489,076.68	38,869.55	11,929.06	50,798.61	438,278.07	