



AML
STEEL

17th

ANNUAL
REPORT



AML STEEL LIMITED

AML STEEL LIMITED**DIRECTORS**17th Annual Report, 2009-2010

Shri Ashok Agarwal, Managing Director

Shri Ajay Agarwal, Director

Shri Ankit Agarwal, Director

Shri S. Kolandai Raj, Director

Shri Vinay Kishore Kasat, Director

Shri Inderjeet Kaushal, Director

COMPANY SECRETARY**Komal J. Gandhi****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

115, 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

Allahabad Bank

SRCM, Manapakkam Branch, Chennai – 600 116

State Bank of India

No. 155, Anna Salai, Chennai- 600 002

State Bank of Travancore

Chennai Main Branch, P.B. No. 7826, United India

Insurance Building, Parrys, Chennai - 600 001.

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, 6 th Street, Gopalapuram, Chennai - 600 086	FACTORIES	Erripakkam Village Nettapakkam Commune Pondicherry – 605 106	B- 73 Sipcot Industrial Complex, Gummipoondi - 601201
			57/2A & 2C, Nainikattalai Road, Polagam Village, TR Pattinam, Karaikal – 609 606	Mouza - Mashera Thana No. 155, P.S. Seraikela, Dist. Seraikela- Kharsawan, Jharkhand. 237/4 Hekitta Road, Wattala Srilanka

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NOTICE

NOTICE is hereby given that the **SEVENTEENTH ANNUAL GENERAL MEETING** of the Members of **AML STEEL LIMITED** (Formerly 'Ashok Magnetics Limited') will be held on Thursday the 30th day of September, 2010 at 11.30 A.M at the registered office of the Company at B-73, SIPCOT Industrial Complex Gummudipoondi – 601201, to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet of the company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date along with the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Ashok Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S. Kolandai Raj, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

5. To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended, approval of members be and is hereby accorded to the reappointment of Mr. Ashok Agarwal as the Managing Director of the Company for a further period of 5 years with immediate effect on the terms and conditions as set out in the draft agreement between the Company and the said Mr. Ashok Agarwal, produced at this meeting and, for the purpose of identification, initialed by the Chairman hereof."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient or desirable to give effect to this resolution."

By Order of the Board
For AML STEEL LIMITED

Ashok Agarwal
Managing Director

Place : Chennai
Date : 25.06.2010

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 A PROXY NEED NOT BE A MEMBER
2. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE TIME FIXED FOR HOLDING THE MEETING OF THE COMPANY.
3. The register of members and share transfer books of the company will remain closed from 24.09.2010 to 30.09.2010 (both days inclusive).
4. Members are requested to inform change if any, in their address to the company immediately in terms of clause 49(iv)(G) of the Listing Agreement.

By Order of the Board
For AML STEEL LIMITED

Ashok Agarwal
Managing Director

Place : Chennai
Date : 25.06.2010

ANNEXURE TO NOTICE: THE INFORMATION IN RESPECT OF ITEM NO. 2 & 3 PURSUANT TO SEBI CODE FOR CORPORATE GOVERNANCE ABOUT DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT IN THIS ANNUAL GENERAL MEETING ARE FURNISHED HEREUNDER

Particulars	Item No. 2	Item No. 3
Name of Director	Shri Ashok Agarwal	Shri S. Kolandai Raj
Date of Birth	13/08/1960	30/11/1941
Date of Appointment	22/08/2005	04/11/2005
Qualification	Bachelor in Engineer	Bachelor in Engineer
Experience in specific Functional areas	Mr. Ashok Agarwal is the full time Managing Director & brain behind the organizational growth who is a Mechanical Engineer with about 25 years of experience in setting up plants, commissioning it and successfully turning around sick units. His contacts and personal rapport with the indigenous and overseas business enterprises has enabled the group to establish a permanent place in the global steel market. As a result of his excellent business acumen the group was able to embark on various projects and has led not only to the successful acquisitions of steel units in India and abroad but also turning them around in record time. Over a period of time, he has gained in-depth knowledge and experience in steel making as well as international sourcing and marketing.	Mr. S. Kolandai Raj, Independent Director of the group. He is an ex Executive Director (works) in Bokaro steel plant. He is an engineering graduate from Madras University with over 40 years of experience in steel Industry. He has undergone training in management as well as production technology from reputed institutes in India as well as overseas. He started his career as a junior engineer in Bokaro Steel Plant and resigned as the Executive Director (Works).
List of other companies in directorship is held	AML Steel & Power Ltd., Corbin Trades Investment Ltd., Ankit Ispat Private Limited., Ashok Memory India Private Limited., Embark Infrastructure Private Limited., Ashok Steel Industries Private Limited, Srilanka., Skywell Assets Limited, British Virgin Islands.	NIL
Chairman/ Member of the Committee of the Board of Director of the Company	NIL	Audit Committee -Member

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Shri Ashok Agarwal has been with the Company since inception. The company under his guidance, directions and able leadership has made rapid progress. The Board of Directors of your Company recommends the reappointment of Mr. Ashok Agarwal as the Managing Director of the Company for a further period of 5 years as per the draft agreement entered by the Company with Shri Ashok Agarwal. The draft agreement is available for inspection at the registered office of the Company during the office hours.

This may also be treated as an abstract under Section 302 of the act.

The Board of Directors accordingly recommends passing of the resolution as set out in item no. 5 of the accompanying notice for the approval of the members.

Apart from Mr. Ashok Agarwal, Mr. Ankit Agarwal is interested in the said resolution by virtue of being related to Mr. Ashok Agarwal; as memoranda u/s 302.

By Order of the Board
For AML STEEL LIMITED

Ashok Agarwal
Managing Director

Place : Chennai
Date : 25.06.2010

**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 March 31, 2010, 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 misstatements. An audit also includes assessing the accounting principles used and significant estimates made by the 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. This 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 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, 2010 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
Regd. No. 001233S

Place : Chennai
Date : 25.06.2010

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2010

Particulars	Sch.No.	2009-2010 (Rs. in thousands)		2008-2009 (Rs. in thousands)	
Source of funds					
Shareholders Funds					
Share Capital	1	75,000.00		75,000.00	
Share Application Money		204,566.24		200,124.65	
Reserves & Surplus	2	326,167.11	605,733.35	498,652.87	773,777.52
Loan Funds					
Secured Loans	3	1,990,922.88		1,464,117.73	
Unsecured Loans	4	427,016.31	2,417,939.19	265,688.65	1,729,806.38
Deferred Tax Liability			92,793.85		91,450.46
			3,116,466.39		2,595,034.37
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	2,011,799.35		1,816,498.88	
Less: Accumulated Depreciation		218,350.76		141,690.96	
Net Block			1,793,448.59		1,674,807.93
Goodwill on Consolidation			2,068.89		3,617.16
Investments	6		3,404.76		3,404.76
Current Assets & Loans & Advances					
Inventories	7	932,347.58		646,304.38	
Sundry Debtors	8	603,381.69		608,640.91	
Cash & Bank Balances	9	48,388.83		58,933.34	
Loans & Advances	10	129,788.03	1,713,906.14	85,819.84	1,399,698.47
Less: Current Liabilities & Provisions					
Current Liabilities	11	410,499.05		503,388.29	
Provisions		6,606.07	417,105.12	11,739.56	515,127.85
Net Current Assets			1,296,801.02		884,570.62
Miscellaneous Expenditure	12		20,743.12		28,633.90
			3,116,466.39		2,595,034.37

"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
Regd No : 001233S

ASHOK AGARWAL
Chairman & Managing Director

AJAY AGARWAL
Director

ANKIT AGARWAL
Director

Place : Chennai
Date : 25.06.2010

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

Particulars	Sch.No.	2009-2010 (Rs. in thousands)	2008-2009 (Rs. in thousands)
Income			
Sales	13	3,130,222.09	3,188,074.66
Other Income	14	7,512.61	1,977.19
Increase / (Decrease) in Stock	15	132,474.02	(256,712.02)
	A	3,270,208.71	2,933,339.83
Expenditure			
Manufacturing Expenses	16	2,836,516.70	2,258,232.25
Employees Remuneration	17	34,638.42	20,491.66
Administrative Expenses	18	277,301.50	355,904.89
Interest	19	193,579.71	193,527.39
Preliminary Expenses W/off		7,427.94	7,427.94
Depreciation		76,659.80	53,516.04
	B	3,426,124.07	2,889,100.17
Profit Before Tax	(A-B)	(155,915.36)	44,239.66
Tax for the year - Current Tax		5,730.71	4,547.27
Tax for the year - Fringe Benefit Tax		-	361.69
Mat Credit Entitlement		-	(14,925.61)
Tax for the year - Deferred Tax		1,343.39	46,385.30
Profit After Tax		(162,989.46)	7,871.02
Surplus brought forward from previous year		357,197.25	386,115.15
Amount available for appropriation		194,207.79	393,986.17
Transfer to General Reserve		7,000.00	7,000.00
Balance carried forward to Balance Sheet		187,207.79	386,986.17

"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
Regd No : 001233S

ASHOK AGARWAL
Chairman & Managing Director

AJAY AGARWAL
Director

ANKIT AGARWAL
Director

Place : Chennai
Date : 25.06.2010

SCHEDULE FORMING PART OF CONSOLIDATED BALANCE SHEET &
PROFIT & LOSS ACCOUNT 31ST MARCH 2010

Particulars	2009-2010 (Rs. in thousands)	2008-2009 (Rs. in thousands)
Schedule-1		
Share Capital		
Authorised Share Capital		
3,00,00,000 Equity Shares of Rs.10/- each		
(PY-3,00,00,000 Equity Shares of Rs.10/- each)	300,000.00	300,000.00
	300,000.00	300,000.00
Issued,Subscribed & Paid up		
75,00,000 Equity Shares of Rs.10 each		
(PY-75,00,000 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	148,993.78	103,175.26
Add: Transferred from Profit & Loss Account	7,000.00	7,000.00
	155,993.78	110,175.26
Balance in the Profit & Loss Account (C)	168,681.88	386,986.17
Total A + B + C	326,167.11	498,652.87
Schedule-3		
Secured Loans		
Cash Credit		
From Central Bank of India	163,649.41	127,088.52
From Federal Bank Ltd	78,459.65	47,463.71
From Standard Chartered Bank	0.92	0.22
From IDBI Bank	39,113.21	38,905.86
From UCO Bank	38,084.71	38,990.57
From State Bank of India	439,243.28	126,466.83
From State Bank of Travancore	82,844.65	—
OD account		
Federal Bank	1.68	74.79
Corporation bank	74.78	231.35
Term Loan		
From Govt. of Tamil Nadu-IPSTL	4,111.75	4,111.75
From Federal Bank Ltd	123,641.07	131,812.86
From UTI Bank Ltd	52,272.44	58,016.52
From Allahabad Bank	14,415.24	19,154.31

Schedule 5
Fixed Assets
(Rs. in thousands)

Description	Gross Block			Depreciation			Net Block	
	As on 01.04.2009	Additions / (Deletions) for the Year	As on 31.03.2010	As on 01.04.2009	During the Year	As on 31.03.2010	31.03.2010	31.03.2009
Land	93,589.42	5,984.18	99,573.59	—	—	—	99,573.59	93,589.42
Building	260,345.23	443,540.49	703,885.72	17,695.64	17,582.15	35,277.79	668,607.93	242,649.59
Plant & Machinery	684,854.29	322,156.31	1,007,010.60	84,363.48	44,981.90	129,345.38	877,665.22	600,490.81
Wind Mill at Thenkasi	29,900.00	—	29,900.00	394.68	1,578.72	1,973.40	27,926.60	29,505.32
Other Equipments	21,977.22	172.34	22,149.56	7,371.84	1,565.97	8,937.81	13,211.75	14,605.38
Tools & Dies	3,552.62	119.14	3,671.76	1,815.35	319.27	2,134.62	1,537.14	1,737.27
Cycle	7.40	—	7.40	5.39	1.11	6.50	0.90	2.01
Vehicles	30,078.93	—	30,078.93	13,145.19	2,636.02	15,781.21	14,297.72	16,933.74
Aircraft	16,660.00	—	16,660.00	1,243.95	932.96	2,176.91	14,483.09	15,416.05
Office Equipments	7,671.01	7.79	7,678.80	1,428.44	565.82	1,994.26	5,684.54	6,242.57
Electrical Equipments	72,072.17	15,891.28	87,963.45	13,550.91	6,291.84	19,842.76	68,120.69	58,521.26
Furniture & Fittings	1,819.01	1,400.52	3,219.53	676.08	204.03	880.11	2,339.42	1,142.94
Work in Progress.	593,971.58	—	—	—	—	—	—	593,971.58
Grand Total	1,816,498.88	789,272.04	2,011,799.35	141,690.96	76,659.80	218,350.76	1,793,448.59	1,674,807.93
Previous Year	1,700,077.40	116,421.48	1,816,498.88	88,174.92	53,516.05	141,690.96	1,674,807.93	370,486.54