

Ankit

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**Ankit Metal
& Power Limited**
Annual Report **2006-07**



Corporate Information

Board of Directors

Mr. Suresh Kumar Patni	<i>Chairman</i>
Mr. Ankit Patni	<i>Managing Director</i>
Mr. Rohit Patni	<i>Jt. Managing Director</i>
Mr. Sanjay Singh	<i>Director Works</i>
Mr. Kailash Chand Jain	<i>Director</i>
Mr. Vijay Kumar Jain	<i>Director</i>
Mr. Jatindra Nath Rudra	<i>Director</i>

Company Secretary

Mr. Chandra Kumar Jain

Auditors

M/s. R. Kothari & Company
Chartered Accountants
16A, Shakespeare Sarani
Kolkata - 700 071

Bankers

State Bank of India
Andhra Bank
Syndicate Bank

Registered Office

35, Chittaranjan Avenue
Kolkata - 700 012
Phone : +91-33-2211 9805/9806
Fax : +91-33-22114134
E-mail : enquiry@ankitmetal.com
Website : www.ankitmetal.com

Corporate Office

33, Chittaranjan Avenue
Kolkata - 700 012
Phone : +91-33-2211 0523/0524
Fax : +91-33-22110522

Plant Information

Jorehira
Mouza : Burat & Jorehira
P. S. Chhatna
Dist : Bankura, West Bengal

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Notice

Notice is hereby given that the 5th Annual General Meeting of the Shareholders of M/s Ankit Metal & Power Limited will be held at 'Rotary Sadan', 94/2, Chowringhee Road, Kolkata - 700 020 on Monday, 24th September, 2007, at 11 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Accounts of the Company for the financial year ended 31st March, 2007, and the report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Suresh Kumar Patni, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. In this connection, to consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s R. Kothari & Company, Chartered Accountants, the retiring Auditors, be and they are hereby re-appointed as Auditors of the Company under Section 224 read with Section 224A and other applicable provisions, if any, of the Companies Act, 1956, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and the Board of Directors be and is hereby authorized to fix their remuneration."

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution** :

"RESOLVED THAT Mr. Rohit Patni who was appointed as an Additional Director of the Company by the Board of Directors to hold office upto the date on ensuing Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ('the Act') and in respect of whom the company has received a notice in writing from a Member in terms of the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the company, liable to retirement by rotation."

"FURTHER RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII to the Act, and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) and such other approvals as may be necessary, approval be and is hereby accorded to the appointment of Mr. Rohit Patni who is 23 years of age as a Joint Managing Director of the Company for a period of 5 (five) years with effect from 27.08.2007 to 26.08.2012 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the draft agreement submitted to this meeting and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned abstract of which are as set out in the Explanatory Statement annexed to the notice convening this meeting, with an authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and grant such further increases in remuneration from time to time as they may deem fit and agreed by Mr. Rohit Patni, within the limits specified in Schedule XIII of the Act, as may be amended from time to time."

"RESOLVED FURTHER that the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

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 Section 198, 269, 309, 310 and any other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII, the Company do hereby approve the re-appointment and remuneration of the Director(Works) of the Company Mr. Sanjay Singh, for a further period of 1 (one) year commencing from 03.07.2007 to 02.07.2008 upon the terms and conditions (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft agreement submitted to this meeting and initialed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned abstract of which is as set out in the Explanatory Statement annexed to the notice convening this meeting, with an authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and grant such further increases in remuneration from time to time as they may deem fit and agreed by Mr. Sanjay Singh, within the limits specified in Schedule XIII of the Act, as may be amended from time to time."

By Order of the Board
For **ANKIT METAL & POWER LIMITED**

Chandra Kumar Jain
Company Secretary

Dated : 27th day of August, 2007
Place : Kolkata

Notice

NOTES :

1. Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in relation to the special businesses 4 & 5 to be transacted are annexed hereto. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of person seeking appointment/re-appointment as Director under Item no. 2, 4 & 5 above, is also annexed.
2. A member entitled to attend and vote at the meeting, is entitled to appoint proxy to attend and vote, instead of himself and proxy need not be a member of the Company.
3. A proxy form duly completed and stamped must reach at the registered office of the Company, not less than 48 hours before the time for the holding of the aforesaid meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday 17th September, 2007 to Monday, 24th September, 2007, both days inclusive.
5. The Company or its Registrar cannot act on any request received directly from the Shareholders holding shares in electronic form for any change in bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants of the Shareholders.
6. Shareholders holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agents, M/s Intime Spectrum Registry Limited , C – 13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai – 400 078.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 .

Annexed to the Notice convening the 5th Annual General Meeting to be held on Monday, 24th September, 2007.

Item No. 4

Mr. Rohit Patni was appointed by the Board of Directors of your Company (The Board) at its meeting held on 27.08.2007 as an additional Director in terms of Section 260 of the Companies Act, 1956 ('The Act').

Mr. Rohit Patni vacates his office at this Annual General Meeting pursuant to the provision of Section 260 of the Act. Notice under Section 257 of the Act has been received from a member proposing the appointment of Mr. Rohit Patni as a Director of the Company. Requisite consent pursuant to the provisions of Section 264(1) of the Act, has been filed by Mr. Rohit Patni to act as such Director, if appointed.

With a view to promote and providing opportunities to professionals at the Board level, the Board of Directors, at its meeting held on 27th August, 2007, have, pursuant to the recommendation of the Remuneration Committee, approved the terms of appointment of Mr. Rohit Patni, as a Joint Managing Director of the Company for a period of 5 years, with effect from 27th August, 2007, subject to the approval of members in General Meeting. The profile of Mr. Rohit Patni is given hereto under the head 'Additional Information'.

The terms of remuneration payable to Mr. Rohit Patni are :

REMUNERATION

Salary of Rs. 2,00,000/- (Rupees Two Lacs) only per month with an authority to the Board to grant such further increases from time to time as they may deem fit, within the limits specified in Schedule XIII of the Act, as may be amended from time to time.

However, in case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Rohit Patni is restricted to Part II Section II [1 (A)] of Schedule XIII of the Act.

Copy of the draft agreement may be inspected at the registered office of the company on any working day during business hours.

The directors recommend the appointment of Mr. Rohit Patni as Joint Managing Director for the approval of members as per the terms and conditions set out in the draft agreement placed before the meeting.

Since, Mr. Rohit Patni is aged about 23 years, the resolution seeking his appointment shall need to be passed as special resolution in terms of Schedule XIII of the Act. Hence, the resolution proposed is a special resolution.

None of the directors except Mr. Suresh Kumar Patni, Mr. Ankit Patni and Mr. Rohit Patni, shall be deemed to be interested in passing of the resolution.

Item No. 5

The members had, at the Annual General Meeting of the Company held on 28th July, 2006, approved the appointment and payment of remuneration to Mr. Sanjay Singh , Director (Works) for a period of 1 year effective from 3rd July, 2006 till 2nd July, 2007.

Notice

Mr. Sanjay Singh was actively involved in the overall management of the Company's plant at Jorehira, Dist. Bankura, and under his supervision, the performance of the plant has improved considerably.

The Board of Directors, at its meeting held on 12th June, 2007, have, pursuant to the recommendation of the Remuneration Committee, approved the terms of re-appointment of Mr. Sanjay Singh, as Director (Works) of the Company for a period of 1 years, with effect from 3rd July, 2007, on the following terms of remuneration :

REMUNERATION

Salary of Rs. 25,000/- (Rs. Twenty Five Thousand) only per month with an authority to the Board to grant such further increases from time to time as they may deem fit, within the limits specified in Schedule XIII of the Act, as may be amended from time to time.

However, in case of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr. Sanjay Singh is restricted to Part II Section II [1 (A)] of Schedule XIII of the Act.

Copy of draft agreement may be inspected at the registered office of the Company on any working day during business hours.

Your Directors recommend this resolution for approval.

The resolution and the Explanatory Statement above may also be treated as an abstract of variation under Section 302 of the Companies Act, 1956, though strictly not necessary.

None of the Directors except Mr. Sanjay Singh, are concerned or interested in passing the resolution.

Disclosure pursuant to Clause 49 of the Listing Agreement with regard to the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (Refer item No. 2, 4 & 5 of the Notice) :

Name of the Director	Brief resume and nature of expertise in functional area	List of other Directorships*/Committee Memberships
Mr. Suresh Kumar Patni	He is about 47 years of age. He is a B.Com Graduate from Calcutta University. He has a wide experience of more than two decades in Iron & Steel industry. He is also the co-promoter of Impex Ferro Tech Ltd. and Rohit Ferro Tech Ltd. for manufacturing & dealing in Iron & Steel Industries.	Directorships : 1. Rohit Ferro Tech Ltd. 2. Impex Ferro Tech Ltd. 3. Impex Industries Ltd. Committee Memberships : 1. Rohit Ferro Tech Ltd. 2. Impex Ferro Tech Ltd.
Mr. Sanjay Singh	He is about 32 years of age. He is a Bachelor of Engineering & Associated with the company since its inception. He has also the experience of implementing the project, and is presently active in the overall operation of the plant.	Directorships : Nil Committee Memberships : Nil
Mr. Rohit Patni	He is about 23 years of age. He has done his Engineering (BE) from PESIT, Bangalore and is a Gold Medalist. He has been to Cardiff University, Cardiff, UK for doing his MBA, and academically he possesses a good engineering background, and had experience in implementation of the Projects in this Company and also in Rohit Ferro Tech Ltd.	Directorships : 1. Rohit Ferro Tech Ltd. Committee Memberships : Nil

* Excludes Directorships in private/foreign Companies and companies U/s 25 of the Companies Act, 1956

BALANCE SHEET

Note	GROUP	2008 \$'000 (restated)
		45,421
		2,256
		7,344
		5,352
		12
		994
		61,379
		75,777
		61,805
		112,489
		857
		20,90
		196,01
		7,4

Non-current assets
 Property, plant and equipment
 Intangible assets
 Subsidiaries
 Associates
 Investments
 Dividends

directors' report

Directors' Report

To The Shareholders

Your Directors have pleasure in presenting the Fifth Annual Report together with the Audited Accounts for the year ended March 31, 2007.

FINANCIAL RESULTS

(Rs. In Lacs)

	2006-07	2005-06
Net Sales	19422.86	5825.62
Profit Before Depreciation	1906.28	644.29
Less : Depreciation	294.76	108.20
Profit Before Tax	1611.52	536.09
Less : Provision for Income Tax including FBT	557.35	52.09
Add : MAT Credit Entitlement	–	49.50
Net Profit	1054.17	347.90
Add : Balance Brought Forward	347.94	00.04
Surplus carried to Balance Sheet	1402.11	347.94

DIVIDEND

Since the project of the company is under implementation, your Board believes that it will be prudent for the Company to conserve resources until the completion of the undergoing project, which will enhance the profitability to a great extent. Hence, your directors are not recommending any dividend for the year under review.

OPERATIONAL REVIEW

The year under review was very good for the company as Sponge Iron division and Induction & Billet casting divisions has come under operation and thereby turnover and profitability of the company has increased manifolds in comparison to the last year.

The gross sales of the company have increased to Rs. 20993.70 lacs as against Rs. 6342.80 lacs for the previous year. The Net Profit after taxes is Rs. 1054.17 lacs i.e. 203% higher in comparison to previous year of Rs. 347.90 lacs. Cash profit before tax of the company is Rs. 1906.28 lacs in comparison to previous year of Rs. 644.29 lacs.

The company is installing a 5.5 MVA furnace to produce manganese based ferro alloys with specialty grade at its existing plant facilities with a total capital outlay of Rs. 8.70 crores to be funded through bank loan and internal accruals in debt equity ratio of 1.5:1.

With firm commitment and sustained efforts, your company expects to maintain persistent growth in the years to come.

INITIAL PUBLIC OFFER OF EQUITY SHARES

Your Company has entered the capital market with an IPO of 1.19 crores Equity Shares of Rs. 10/- each for cash at a price band of Rs 30 – 36 per share through a 100% book building process. Of this 23.10 lacs equity shares were reserved for promoter's contribution and the Net offer to the public was 95.90 lacs equity shares of Rs. 10/- each. The issue was open for subscription/bids between June 18, 2007 and June 22, 2007.

The IPO has received an overwhelming response with an oversubscription of about 1.50 times. The Company in consultation with Book Running Lead Managers had finalised the issue price at Rs. 36/- per equity share. The book building was conducted using the facilities provided by Bombay Stock Exchange Limited and National Stock Exchange Limited

The proceeds from the IPO will be used to partly finance the Company's Project.

CORPORATE GOVERNANCE

A Management Discussion and Analysis Report, Corporate Governance Report, Auditors Certificate regarding compliance of conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, forms part of the Annual Report.

Directors' Report

SOCIAL OBLIGATION

Your Company is fully aware of responsibility towards its own employees, their dependents and the local community within which the works are situated and to the people of Bankura and West Bengal in general. Our driving objective has been to improve living and working condition of our large workforce and their dependents.

There has been a constant endeavor to interact with the workers on a day to day basis and promptly resolve issues that surface.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956) your directors hereby confirm that :

- i) In the preparation of the annual accounts for the year ended March 31, 2007, the applicable accounting standards have been followed and no material departures have been made from the same;
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year ended March 31, 2007 and the Profit of the Company for that period;
- iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The Directors have prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars of energy, technology absorption and foreign exchange earning and outgo as required under Section 217(1)(e) of the companies Act, 1956, read with companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988, are given in the annexure attached hereto and forms part of the report.

PARTICULARS OF EMPLOYEES

There were no employees during the year drawing remuneration in excess limit specified under Section 217 (2A) of the Companies Act, 1956, read with companies (Particulars of Employees) Rules, 1975 as amended.

AUDITORS

M/s R. Kothari & Company, statutory auditors of the company holds office until the conclusion of the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

Regarding the observation of the Auditors in their report's point no. 7 (a) for treatment of Subsidy and point no. A-5 for treatment of Insurance Claim on cash basis, the director stated that the same should be accounted for in the year of receipt only so as to avoid any provision of the income in the books of accounts which will reflect the accelerated profit.

DIRECTORS

Mr. Rohit Patni has been appointed as an Additional Director on August 27, 2007. As per the provisions of Section 260 of the Companies Act, 1956, an additional director holds office only upto the date of forthcoming Annual General Meeting of the Company. The company has received notice under Section 257 of the Act in respect of Mr. Rohit Patni, proposing his appointment as a Director of the Company, alongwith the requisite deposit.

Resolution seeking approval of the Shareholders for his appointment has been incorporated in the Notice of the forthcoming Annual General Meeting alongwith brief details of the candidate.

Mr. Suresh Kumar Patni, Director of the Company retires by rotation at the ensuing general meeting and being eligible, offered himself for re-appointment.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Central Governments, State Governments, Financial Institutions, Corporate Authorities, Banks, Customers, Vendors and Shareholders during the year under review. Your directors also wish to place on record their deep sense of appreciation for the committed services of the executives, staff and workers of the company.

Dated : 27th day of August, 2007
Place : Kolkata

For and on behalf of the Board
Suresh Kumar Patni
Chairman

Annexure to the Directors' Report

Statement containing particulars pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of Directors' Report.

A. CONSERVATION OF ENERGY

a) Energy Conservation Measures :

The Company has always been conscious about the need for conservation of energy. Continuous monitoring/optimization of energy conservation are undertaken at plant level. Main areas of work during the year included installation of electrical energy efficient motors for prevention of wastage of energy, energy savers for lighting and capacitors

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

No additional investment has been made for reduction of consumption of energy. However, the company is setting up 8 MW Captive Power Plant to generate the electricity from the waste heat generated through Sponge Iron process and another 4 MW of power plant (Fluidized based boiler) by using coal rejects is which have been commissioned already

c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :

As the process is ongoing and has just been initiated, the impact can only be felt in the coming years.

d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure annexed

FORM A

(Disclosures of particulars with respect to Conservation of Energy)

	2006-07	2005-06
1. Electricity (Unit)		
Total Unit Consumed	45703000	8183400
Total Cost (Rs. in Lacs)	1221.60	261.69
Consumption per unit of production (in unit)	579	345
Rate/Unit (Rs.)	2.67	3.20
2. Coal (M.T.)		
Total Quantity Consumed (M.T.)	46049	24696
Total Cost (Rs. in Lacs)	1140.26	376.44
Consumption per unit of production (M.T.)	1.06	1.04

B. TECHNOLOGY ABSORPTION

Research and Development activities undertaken :

1. Improving & optimizing furnace efficiency developing process for pre-heating and pre-reduction of inputs
2. Constant process improvement for increasing output quality
3. Testing & certification of the products
4. Participating in conferences & seminars
5. Analysing feedback from the customers.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Foreign Exchange earned (Rs.)	123281347	Nil
2. Foreign Exchange used (Rs.)	1690013	24778553

Dated : 27th day of August, 2007
Place : Kolkata

For and on behalf of the Board
Suresh Kumar Patni
Chairman



management discussion & analysis report