



ANKIT METAL & POWER LTD.



Annual Report 2008-09

Forward-Looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospect and take informed investment decisions. This Report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



CONTENTS

Corporate Information	1	Notice	2	Directors’ Report	3
Management Discussion and Analysis Report	7	Report on Corporate Governance	11		
Auditors’ Report	21	Balance Sheet	24	Profit & Loss Account	25
Cash Flow Statement	26	Schedules	27	Balance Sheet Abstract	42

Corporate Information

BOARD OF DIRECTORS

Mr. Suresh Kumar Patni

Non-Executive Chairman

Mr. Ankit Patni

Managing Director

Mr. Rohit Patni

Joint Managing Director

Mr. Kailash Chand Jain

Director

Mr. Vijay Kumar Jain

Director

Mr. Jatindra Nath Rudra

Director

COMPANY SECRETARY

Mr. Chandra Kumar Jain

AUDITORS

M/s. R. Kothari & Company

Chartered Accountants

16A, Shakespeare Sarani

Kolkata - 700 071

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Limited

Unit : Ankit Metal & Power Limited

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup West, Mumbai - 400 078

Phone : +91 22 2596 0320, Fax : + 91 22 2596 0329

Email : kolkata@linktimespectrum.com

BANKERS

State Bank of India

Andhra Bank

Syndicate Bank

IDBI Bank Limited

REGISTERED OFFICE

35, Chittaranjan Avenue

Kolkata - 700 012

Phone : +91 33 2211 9805/9806

Fax : +91 33 2211 4134

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 2211 0522

PLANT INFORMATION

Jorehira

Mouza : Burat & Jorehira

P.S. Chhatna

Dist. : Bankura, West Bengal

Notice

NOTICE is hereby given that the 7th Annual General Meeting of the Shareholders of **M/s. Ankit Metal & Power Limited** will be held on Tuesday, 22nd September, 2009 at 10.00 A.M. at 'Rotary Sadan', 94/2 Chowringhee Road, Kolkata - 700 020 to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Annual Accounts of the Company for the financial year ended 31st March, 2009, and the Report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Vijay Kumar Jain, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint M/s. R. Kothari & Company, Chartered Accountants, as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

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

Chandra Kumar Jain
Company Secretary

Date : 25th August, 2009

Place : Kolkata

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 PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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 HOLDING OF THE AFORESAID MEETING.
2. The relevant details as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, of person seeking appointment/re-appointment as director under item no. 2 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 15th September, 2009 to Tuesday 22nd September, 2009 (both days inclusive).
4. 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 advised only to the Depository Participants by the Shareholders.
5. Shareholders holding shares in physical form are requested to advise any change immediately to the Company's Registrar and Share Transfer Agents, M/s Link Intime India Pvt. Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai-400078.
6. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
7. Members are requested to bring their Attendance Slip for attending the Meeting.
8. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.

ANNEXURE

Disclosure pursuant to Clause 49 of the Listing Agreement with regard to the Director seeking appointment/re-appointment at the ensuing Annual General Meeting (Refer item no. 2 of the notice)

Name of the Director	Age	Date of Appointment	Brief resume and nature of expertise in functional area	Other Directorships*/ Committee Memberships
Mr. Vijay Kumar Jain	43 years	28.07.2006	He is a Commerce Graduate with a wide experience in the field of Commercial Accounts and Taxation matters.	Directorships : Vikash Metal & Power Ltd. Committee Memberships : Vikash Metal & Power Ltd. - Share Transfer cum Investor Grievance Committee.

Mr. Vijay Kumar Jain holds nil equity shares in the Company.

* Excludes Directorship in Private/Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

Number of directorship/membership held in other companies excludes directorships/memberships in private limited companies, foreign companies, membership of managing committees of various committees of various chambers/bodies and alternate directorships.

Committee positions in other Companies relate to chairmanships/memberships of Audit Committee and Shareholders Grievance Committees/Share Transfer Committee only.

Directors' Report

Dear Shareholders,

Your Directors have great pleasure in presenting the Seventh Annual Report on the business and operations of the Company together with the Audited Financial Statements for the financial year ended 31st March 2009.

FINANCIAL RESULTS

The Financial results of the Company for the year under review are summarized below for your perusal and consideration.

	(Rs. in Lacs)	
	2008-09	2007-08
Net Sales	49195.05	28278.19
Profit before Depreciation	1927.24	3893.31
Less : Depreciation	1043.99	440.64
Profit before Tax	883.25	3,452.67
Less : Provision for Income Tax including FBT	339.92	1,170.82
Add : MAT credit entitlement	100.38	–
Net Profit	643.71	2,281.85
Add : Balance brought forward	3491.64	1,402.11
Balance available for Appropriation	4135.35	3683.96
Appropriation :-		
Proposed Dividend	–	164.38
Corporate Dividend Tax	–	27.94
Balance carried forward to Balance Sheet	4135.35	3,491.64

DIVIDEND

Your Directors have not recommended any dividend on equity shares for the year under review.

OPERATIONAL REVIEW

During the year, the Company started the generation of power from 4-MW AFBC power plant in the month of June 2008 and the commercial production of Ferro Alloys & Billets from its Sub Merge Arch Furnace Division and Induction Furnace respectively in the month of October 2008. The Company scaled new heights and set several new benchmarks in terms of sales, net worth and assets.

The gross sale of the Company increased to Rs. 53,584.43 Lacs including Export Sales of Rs. 1,319.84 Lacs. The Net Profit after Tax in 2008-09 stood at Rs. 643.71 Lacs and Cash Profit before Tax stood at Rs. 1927.24 Lacs.

The Company is installing a Continuous Casting Machine of 1,50,000 tonnes per annum in its existing plant facilities which is expected to commence its commercial production by October, 2009.

Further, the Company is planning to expand its operations into mini blast furnaces, mild and alloy steel, structural steel, palletisation plant and captive power plant in a phased manner. In first phase, we are planning to install 350 TPD Sponge Iron, 33 MW Captive Power Plant, 15 MT Induction Furnace, Converter and 1,00,000 tonnes Wire Rod Mill for which financial assistance from Banks/Financial Institutions has been sought for and is under process of financial closure.

The Company expects to maintain its persistent growth in the foreseeable future.

PUBLIC DEPOSIT

The Company has not accepted any fixed deposits during the year under review.

MANAGEMENT DISCUSSION AND 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 Agreement with the stock exchanges forms part of the Directors' Report.

SOCIAL OBLIGATION

Your Company is aware of its responsibility towards the employees, the local community and to the people of Bankura in West Bengal. Our driving objective has been to enhance the working conditions for our employees and their dependents. We cater to worker issues regularly.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed :

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- That 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 affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- That 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;
- That Directors have prepared the accounts for the financial year ended 31.03.2009 on a going concern basis.

PARTICULARS OF 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

Details of employees drawing remuneration in excess of the limit specified under section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended during 2008-09 is given as statement herein below :

Name	Age (Years)	Qualification	Date of Employment	Designation	Remuneration received (gross)	Experience (years)	Nature of Employment	Last Employment
Ankit Patni	24	CFA	03.07.2006	Managing Director	Rs. 36,00,000/-	4	Contractual	Continuing as Jt. MD in Rohit Ferro-Tech Ltd.
Rohit Patni	25	BE, MBA	27.08.2007	Jt. Managing Director	Rs. 24,00,000/-	3	Contractual	Continuing as MD in Rohit Ferro-Tech Ltd.

Nature of duties and other terms & conditions are as per the agreement entered with the respective employee.

AUDITORS AND AUDITORS' REPORT

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 re-appointment.

Regarding the observation of the auditors, in their report's point no: 5 (i), the explanation is given in note number : B-5 in Schedule 19 are self explanatory.

Regarding the observation of the auditors, in their report's point no: 5 (v), for treatment of Subsidy on cash basis, the Directors stated that the same should be accounted for in the year of receipt only so as to avoid any excess provision of income in the books of accounts which will reflect the accelerated profit.

DIRECTORS

Mr. Vijay Kumar Jain, Director of the Company, retires by rotation at

the forthcoming Annual General Meeting of the Company, being eligible, offer himself for re-appointment.

ACKNOWLEDGMENT

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Central Government, 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, staffs and workers of the Company.

For and on behalf of the Board

Suresh Kumar Patni
Chairman

Kolkata, 25th August 2009

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 the Directors' Report.

A. CONSERVATION OF ENERGY

a) Energy Conservation Measure

Conservation of Energy is always an ongoing process and the Company has undertaken array of initiatives in order to make sure that technologies adopted and equipments installed ensure low consumption of energy.

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

The Company is planning to commission a 33 MW power plant to captively consume power and use the waste for low-cost power generation.

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

High Capacity of generation of energy resulted in lower cost of production of goods. Cost of Power generation is Rs. 1.75 per unit in the current year instead of Rs. 2.72 per unit in the previous year.

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

B. TECHNOLOGY ABSORPTION

Particulars with respect to technology absorption are given in Form - B

FORM A

(Disclosure of Particulars with respect to conservation of energy)

	2008-09	2007-08
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
a) Purchased		
Units (Lacs – KWH)	470.11	560.43
Total Amount (Rs. in Lacs)	1296.31	1,466.83
Cost/Unit (Rs./KWH)	2.76	2.62
b) Own generation		
i) Through diesel generator :		
Units (Lacs – KWH)	1.98	10.98
Unit per liters of high speed diesel (KWH)	4.03	3.71
Cost/Unit (Rs./KWH)	9.30	9.02
ii) Through steam turbine/generator :		
Units (Lacs – KWH)	623.06	63.50
Total Amount (Rs. in Lacs)	1086.88	172.40
Cost/Unit (Rs./KWH)	1.75	2.72
2. Coal *		
Quantity (Tonnes)	45904.81	45,294.80
Total Cost (Rs. in lacs)	1105.29	1,206.38
Average Rate	2408.00	2,663.40

* used in production of Sponge Iron

	2008-09	2007-08
3. Furnace Oil		
Quantity (KL)	684.00	–
Total Cost (Rs. in Lacs)	146.74	
Average Rate	21453	–
B. CONSUMPTION (IN UNITS) PER TONNE OF PRODUCTION		
Electricity (KWH)	700	587
Coal (Tonne)	0.73	0.86
Furnace Oil (Lt.)	18.93	–

FORM – B

(Form for disclosure of particulars with respect to technology absorption for the year ended 2008-09)

A. RESEARCH AND DEVELOPMENT (R&D)

a) Specific areas in which R & D carried out by the Company	Nil
b) Benefits derived as a result of the above R & D	Nil
c) Future plan of Action	Nil
d) Expenditure on R & D	Nil

B. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

- 1) **Efforts, in brief, made towards technology absorption, adaption and innovation :**
The Company continued its efforts to improvise and innovate its existing production and manufacturing processes with the objective of conservation of energy and waste utilization.
- 2) **Benefits derived as a result of the above efforts :**
Due to the efforts mentioned above, the Company could improve its productivity.
- 3) **In case of imported technology (imported during last 5 years reckoned from the beginning of the financial year) following information may be furnished :**

(a) Technology Imported	Nil
(b) Year of Import	N.A.
(c) Has technology been fully absorbed	N.A.
(d) If not fully absorbed. Areas where this has not taken place reasons thereof and future plans of action	N.A.

C. FOREIGN EXCHANGE EARNING AND OUTGO

- a) **Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans :**
The Company continued its efforts and initiative which have led to the increase in the foreign exchange earnings and reduction in Foreign Exchange outgo.
- b) **Details of Foreign Exchange used and earned :**

(Rs. in Lacs)

	2008-09	2007-08
(1) Foreign exchange earned	1,319,84	2,316,35
(2) Foreign exchange used	114.18	19.69

Dated : 25th August, 2009
Place : Kolkata

For and on behalf of the Board
Suresh Kumar Patni
Chairman

Management Discussion and Analysis Report

ECONOMIC OVERVIEW

Who says that no brakes can be applied to anything growing?

Who says that a facet of destruction stays for a long?

The abovementioned line goes on the same tracks with the world and the Indian economy. During the year 2008-09 there were major upswings in various economies of the world. First half witnessed tremendous growth in various segments with major price rise in almost every commodity, etc. and the second half witnessed a tremendous storm which led to the destruction of various economies. Beginning from the countries like that of US, Japan, China, etc. every country went into recession. Every sector witnessed tremendous job cuts, developing countries saw the outflow of the investments by FIIs from their markets. It all reminded of the great depression of 1930's.

The impact of the recession was also felt in our country. With job cuts across various sectors and the stock markets crashing down, there was major fear among every individuals and corporate houses. Following the steps by the government of other countries, our government also introduced various stimulus packages as well as investment into various infrastructure projects which has started showing the signs of recovery and we may hope to see the economy on the tracks of growth very soon.

INDUSTRY STRUCTURE AND DEVELOPMENTS

During the first eight months of CY08, total world crude steel production reached a level of 926.3 mn tonnes, an increase of 5.6% over the same period in the previous year.

Asian countries together produced about 520.8 mn tonnes of crude steel, which accounts for about 56.2% of the global crude steel production and registered a growth of 7.2% on y-o-y basis. In North America and South America, production of crude steel grew at about 5.8% and 5.9%, respectively. During the same period, crude steel production in Commonwealth of Independent States (CIS) countries

and European Union countries together grew at a moderate rate of 4.0% and 0.8%, respectively.

Leading amongst nations, China produced 351.1 mn tonnes of crude steel during the first eight months of CY08 and accounted for 37.9% of the total world's crude steel production. However, China's growth during the same period has slowed down to 8.3% as compared to 18.9% recorded in 2006 and 18.5% in 2005.

As per IISI figures, during the first eight months of CY08, India remained fifth-largest crude steel producer, with production of about 36.5 mn tonnes, registering a growth of 5.0% on y-o-y basis.

In FY08, India produced about 52.8 mn tonnes of finished steel, registering a growth of 5.1% on y-o-y basis. During the first quarter of FY09, the country produced about 12.8 mn tonnes of finished steel, registering a growth of 4.6% on y-o-y basis. This growth rate has slowed down compared to the growth of 7.7% registered in the first quarter of the last fiscal.

During the second quarter of FY09, steel prices have remained almost stable which can also be attributed to the softening of steel prices in the international markets during the same period.

OUTLOOK

The demand for steel is closely linked to the infrastructural development of any country, the major consumers being construction sector, automobile industry, railways, etc. Although there was a surge in the steel production and consumption both by developed and developing nations, but the demand and supply growth was badly hampered due to world recession, is again on the tracks of some recovery and expected to be boosted by the investment proposals by major developing nations on their infrastructure development.



Did you know?

Steel (with smaller carbon content than pig iron but more than wrought iron) was first produced in antiquity. New methods of producing it by carburizing bars of iron in the cementation process were devised in the 17th century A.D.

India ranks at 5th position into the production of crude steel. Although the prices of steel dropped from their all time highs, still in our country, where most of the sectors which are untapped and the investments in such sectors is going to boost the demand for the steel in the years to come. With major investments in sectors like that of automobile and entrants of new automobile manufacturers alongwith their new models for Indian consumers is going to boost the demand for steel in the days to come.

With the boost from the Government for easy flow of loans and looking ahead the demand by the Indian consumers and their mindset, various housing development companies are now coming out with new projects for mid-income people, which would increase demand for the finished steel products in our country.

Even the demand for new railway wagons, metro railway projects in various cities of India provides a perfect picture for the steel industry in the days to come.

Thus, the conditions only proves that gloomy picture for steel industry would not be long lived and is expected back to be on the tracks of growth.

Your Company plans to expand its operation to strengthen its production capacity in order to tap the opportunities that may arise in foreseeable future. The details are explained elsewhere in the report.

OPPORTUNITIES & THREATS

Your Company builds on its strengths of location, raw material availability, technology and management expertise to seize opportunities in the iron and steel industry. Opportunities for your company will be directly linked to the demand through user industries. Threats for your Company would stem from delay in project implementation, strained supply due to raw material shortage and high operating rates, slowdown and adverse changes in price movements in the iron & steel industry.

RISKS AND CONCERNS

There could be an oversupply position due to capacity expansion and setting up of new projects in the steel industry and scarcity of raw material. Industry is highly labour intensive and is subject to stringent labour laws. Your Company has identified the major thrust areas to concentrate on, which it believes to be critical to achievement of organizational goals. Company annually reviews the 'List of Risk Area' to identify potential business threats and suitable corrective

actions are initiated. Confirmation of compliance with appropriate statutory requirements are obtained from the respective units/divisions. Corporate Governance Policy clearly laying down roles, duties and responsibilities of various entities in relation to risk management is in place.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATION

"Hiring the talent, motivating them and ensuring their development is a foremost challenge in today's business environment."

The HR policy of our Company emphasizes mainly on providing them with continuous opportunities for active learning and development which are viewed as key drivers for their personal growth as well as development for our Company. The management expects to retain experienced manpower through attractive remuneration and perks linked with their performance. This performance management system reinforces our work ethics. Industrial relations remained cordial with all of our employees.

Thus, we always believe in – Good employees making a good organization.



Did you know?

The Delhi iron pillar is an example of the iron extraction and processing methodologies of India.

The iron pillar at Delhi has withstood corrosion for the last 1600 years.