



SOUTH INDIA PROJECTS LIMITED

**Thirty Third Annual Report
2013-2014**



SOUTH INDIA PROJECTS LIMITED

BOARD OF DIRECTORS

SHRI JAI PRAKASH TANTIA	-	DIRECTOR
SHRI AKASH TANTIA	-	DIRECTOR
SHRI PRADEEP CHHOTARIA	-	INDEPENDENT DIRECTOR
SHRI AMITABH KEJRIWAL	-	INDEPENDENT DIRECTOR
SHRI PREMJEET SINGH	-	INDEPENDENT DIRECTOR

AUDITORS

M/S. S. K. SONI & CO.
Chartered Accountants,
36, Strand Road,
Kolkata - 700 001

REGISTERED OFFICE

5 & 6, Fancy Lane, 8th Floor,
Kolkata - 700 001

E-mail ID : southindiaprojectslimited@gmail.com

Website : www.southindiaprojectslimited.in

REGISTRAR AND SHARE TRANSFER AGENTS

M/S. NICHE TECHNOLOGIES PRIVATE LIMITED
71, B. R. B. Basu Road, D-511, Bagree Market,
Kolkata - 700 001

SOUTH INDIA PROJECTS LIMITED

Directors' Report

Dear Members,

The Board of Directors of South India Projects Limited are pleased to present the Thirty Third Annual Report for the Financial Year ended 31st March, 2014, together with the Auditors' Report and Audited Accounts for the Financial Year 2013- 2014.

FINANCIAL RESULTS :

The summarized performance of the Company for the Financial Years 2013-2014 and 2012-2013 are as under :

(Amount Rs. in lacs)

	Year ended 31-03-2014	Year ended 31-03-2013
Total Revenue	76.29	70.61
Profit / Loss before Finance Cost, Depreciation and Taxation	59.91	44.19
Less : Finance Cost	0.30	0.31
Less : Depreciation	1.71	1.56
Less : Provision for Taxation	15.78	11.47
Profit / (Loss) for the Year	42.12	30.85

FINANCIAL PERFORMANCE :

During the year under review, your Company achieved revenue from operations of Rs. 70.62 Lacs as against Rs 65.38 Lacs in the Previous Year and recorded Profit before Finance Cost, Depreciation and Taxation of Rs. 59.91 Lacs as against Rs. 44.19 Lacs in the Financial Year 2013- 2014.

DIVIDEND :

The Board of Directors of your Company has decided not to declare any Dividend during the Financial Year so as to retain the earnings for better working in the future.

FIXED DEPOSITS :

Your Company has not accepted any public deposits and, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

SUBSIDIARY COMPANIES :

Your Company do not have any Subsidiary Company as on the date of the Balance Sheet.

ISSUE OF BONUS SHARES :

The Company issued and allotted 10,37,738 bonus shares of face value of Rs. 10/- each on 21.05.2014 at a ratio of 13:25 (i.e thirteen equity shares for every twenty five equity shares already held) to the members of the Company. Pursuant to the said allotment, the total issued and paid-up Capital of the Company has increased to Rs. 3,03,33,880/- comprising of 30,33,388 equity shares of face value of Rs. 10/- each.

LISTING :

The equity shares of the Company are presently listed on The Calcutta Stock Exchange Ltd. and the listing fees up to the Financial Year 2014-2015 have been paid.

SOUTH INDIA PROJECTS LIMITED

DIRECT LISTING ON PLATFORM OF THE BSE LIMITED :

Yours Directors are pleased to inform you that your Company proposes to get its equity shares listed on the BSE Limited under the platform of "BSE Limited Direct Listing".

DIRECTORS :

At the ensuing Annual General Meeting. Shri Jai Prakash Tantia, Director retire by rotation in terms of the Articles of Association of the Company and being eligible, offers himself for reappointment.

During the Year, the Board of Directors appointed Mr. Premjeet Singh as Independent Director of the Company on 26th March, 2014 as an Additional Director of the Company. In terms of Section 149 of the Companies Act, 2013 (to the extent notified) the Board proposes appointment of Mr. Premjeet Singh, Mr. Amitabh Kejriwal and Mr. Pradeep Chhotaria who are Independent Directors as Non Rotational Directors for a period of five years at the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under both Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

A brief resume of Director(s) retiring by rotation seeking appointment/ re- appointment at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold Directorship and/or Membership/Chairmanship of Committees of Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, shall be accompanied to the notice for the ensuing 33rd Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to sub-section 2AA of Section 217 of the Companies Act, 1956 ('the old Act') and corresponding sub-section 5 of Section 134 of the Companies Act, 2013 ('the new Act') the Board of Directors here by state and confirm that :

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2014 and of the profit of the Company for the year ended 31.03.2014;
- The Directors had 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;
- The Directors had prepared the annual accounts on a going concern basis;
- The Company has devised proper systems to ensure compliances of all laws applicable to the Company;
- Internal financial controls have been laid down and such internal financial controls are adequate and were operating effectively.

COMPLIANCE CERTIFICATE :

A separate section on Corporate Governance forming part of the Director's Report and the certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance as stipulated in 'Clause 49' of the Listing Agreement is not included in the Annual Report as it is applicable since F.Y. 2014- 2015.

GENERAL RESULTS :

During the year under review the funds of the Company were deployed in the Stock Market and other fixed interest bearing instruments which have been reflected in the Accounts.

SOUTH INDIA PROJECTS LIMITED

CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Pursuant to the allotment of 10,37,738 bonus shares on 21.05.2014, the Corporate Governance is applicable to the Company w.e.f. Financial Year 2014-15. Accordingly, your Company is committed to maintain the highest standards of ethics and governance, resulting in enhanced transparency for the benefit of all stakeholders. As per the Clause 49 of the Listing Agreement with the Stock Exchanges, and the requirements set out by the Securities and Exchange Board of India, the Company confirms to the norms of Corporate Governance as envisaged in the Companies Act and the Listing Agreement with the Stock Exchanges w.e.f. Financial Year 2014- 2015. A separate section on Management Discussion and Analysis on Corporate Governance, a Report on the composition of the Committee for Corporate Governance are annexed to this report as Annexure 1 & Annexure 2. The Company has adopted Code of Conduct, which is applicable to the Board members and senior management, in accordance with the recently enacted statutory changes as applicable to the Company w.e.f Financial Year 2014-15.

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

The Company is a Non Banking Financial Company and therefore information relating to Conservation of Energy and Technology Absorption are not applicable.

The Company has neither earned nor used any foreign exchange during the Financial Year under review.

AUDITORS :

M/s. S. K. Soni & Co., Chartered Accountants, the Auditors of the Company, retires at the ensuing Annual General Meeting of the Company and are eligible for re-appointment. M/s. S. K Soni & Co., Chartered Accountants have confirmed that their re-appointment, if made, would be in accordance with the provisions of the Companies Act, 2013 and that they are not disqualified for re-appointment. M/s. S. K. Soni & Co., Chartered Accountants, if appointed in the ensuing Annual General Meeting, will be the Statutory Auditor of the Company and will hold the office from the conclusion of forthcoming 33rd Annual General Meeting till the conclusion of 36th Annual General Meeting.

OBSERVATION ON AUDIT REPORT :

The observation of the Auditors and Notes on Accounts are self explanatory and in our opinion do not require any further comments and explanation.

PARTICULARS OF EMPLOYEES :

The Company does not have any employee covered by the provisions of section 217(2A) of the Companies Act, 1956 ('the old Act') and corresponding Section 197 of the Companies Act, 2013 ('the new Act') read with Companies (Particular of Employees) Rules 1975, as amended.

ACKNOWLEDGEMENT :

Your Directors wish to place on record their appreciation of the contribution of employees at all levels. Your Directors also take this opportunity to thank the Company's Bankers, Shareholders and all others concerned for their valuable support and co-operation extended to the Company.

For and on behalf of the Board

Sd/-

Place : Kolkata

Jai Prakash Tantia

Date : 30th May, 2014

Director

SOUTH INDIA PROJECTS LIMITED

ANNEXURE - 1 TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Financial Year 2013-14 continued to be challenging year for the Indian economy. The Indian economy witnessed its second successive year of below 5% growth, driven predominantly by a decline in financial savings, low business confidence and sluggish investment demand, resulting in a sharp deceleration in Industrial Growth. The recovery is likely to be a slow and long process. The high interest rates, stubborn retail inflation and lack of policy direction, combined with high level of Fiscal and Current Account Deficit (CAD) had an equally dampening effect on the Indian economy. Faced with compulsions to rein in the fiscal deficit, Government put the brakes on plan expenditure, as a result of which investment and consumption growth declined to their lowest levels in 11 years. In view of sticky retail inflation, RBI was compelled to increase the repo rate by 75 bps during the year. However, with retail inflation, as measured by the Consumer Price Index (CPI), dropping from 9.13% in December 2013 to 7.02% in May 2014, RBI held the policy rates steady in April 2014 and June 2014. RBI has further taken steps to inject liquidity in the banking system. Though both the fiscal deficit and CAD have narrowed, it is believed that the reduction in the fiscal deficit is temporary, which will catch up in the current financial year. The Balance of Payments situation however, appears to be comfortable.

OPPORTUNITIES & THREATS :

The economy is expected to improve slowly in the current financial year. The forecast of GDP growth rate for 2014-15 is between 5.4% and 5.9% as compared to 4.7% in 2013-14. With the various steps taken by the Government to revive investment and growth in the economy the industrial growth is likely to improve from the later part of current Financial Year which may create new opportunity for the Company. However continuing uncertainty in the global market, higher trade deficit and high inflation may impact the financial market. The Company is taking various steps to withstand the uncertainty in the Financial Market.

REGULATORY :

A Non-Banking Finance Company, is being regulated by department of Non-Banking supervision of Reserve Bank of India. Your Company is current under category of Non-Deposit taking Company so company is not within purview of various guidelines as applicable therein. However RBI has issued several guidelines applicable to Non-Deposit taking companies, notable among which are :

- Submission of Financial Results;
- Submission of Business-Continuity Certificate;
- To exercise the Fair Practice Code;
- Compliance with Prudential Norms.

Your Company is complying various statutory provisions such as Companies Act, Income tax, Service tax, Stock Exchanges Listing Agreement provisions and other applicable laws and regulations applicable to the Company.

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SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE :

The business of the Company predominantly falls within a single primarily business segment viz. "Financial and Related Services" and hence the disclosure requirement of Accounting Standard- 17 "Segment Reporting" notified by the Central Government under Companies (Accounting Standards) Rules, 2006 is not applicable.

OUTLOOK :

The index of industrial production in the year 2013-14 was lower at (—) 0.1% compared to 1.1% in the previous year. However it is likely to improve during the current financial year. The Indian electorate has voted overwhelmingly for stability. For the first time in nearly three decades, a non-coalition government is governing the country and expectations on the part of common people and industry alike, are running high. While business and investor sentiment has turned positive in the light of the mandate for stability, substantive changes on the ground may only come about in the later part of the year. There is a considerable improvement in the sentiment and outlook with a stable government. The government as expected has taken various initiative to kick start investment, much needed development of infrastructure and reviving the stalled projects. GDP growth in 2014-15 is projected to improve, but is unlikely to exceed 6%, since the macro-economic corrections that India needs are not yet in place. Concerns around the real size of the fiscal deficit remain and inflation is still well above the RBI's 'comfort level'. Your Company will continue to strive for meaningful growth, focusing as always on superior credit quality, a balance portfolio mix and efficient cost management, in order to sustain profitability.

RISKS & CONCERNS :

Non Banking finance companies face competition from each other & from banks as well. Change in government rules & regulations and change in regulatory policies of Reserve Bank of India may affect the business operations and profitability of company. Company may face risk of deterioration of quality of advances, which may wipe out the profits of company. Substantial activities of company include trading in shares and securities and accordingly the profitability of company depends upon volatility of stock market.

INTERNAL CONTROL SYSTEM AND ADEQUACY :

Internal Control Systems has been designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance's with management's authorization and properly recorded and accounting records are adequate for preparation of financial statements and other financial information. Internal check is conducted on a periodical basis to ascertain the adequacy and effectiveness of internal control systems.

FINANCIAL PERFORMANCE :

During the year under review, your Company achieved revenue from operations of Rs. 70.62 Lacs as against Rs. 65.38 Lacs in the Previous Year and recorded Profit before Finance Cost, Depreciation and Taxation of Rs. 59.91 Lacs as against Rs. 44.19 Lacs in the Financial Year 2013-2014.

For and on behalf of the Board

Sd/-

Place : Kolkata

Jai Prakash Tantia

Date : 30th May, 2014

Director

SOUTH INDIA PROJECTS LIMITED

ANNEXURE - 2 TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE :

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

As stated above, pursuant to the allotment of Bonus Shares on 21.05.2014, the issued and paid -up share capital of the Company has increased to Rs. 3,03,33,880/- comprising of 30,33,388 equity shares of face value of Rs. 10/- each and accordingly, we have constituted Committees on 30.05.2014 for the Financial Year 2013- 2014 in accordance with the Companies Act and the Listing Agreement with best practices in Corporate Governance.

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

The Composition of Board of Directors of the Company consists of qualified executive and non-executive directors. The Board is broad based and comprises of persons who have excelled in their respective areas having good standing. In accordance with requirement of the Listing Agreement with the Stock Exchange on Corporate Governance, following 3 committees have become operational for the Financial Year 2014-2015 pursuant to the applicability of the Corporate Governance on the Company :

1. AUDIT COMMITTEE :

The Company has constituted the Audit Committee comprising two Non-Executive Independent Directors and an Executive Non-Independent Director. The Composition of the Audit Committee was as follows :

S. No.	Members of the Audit Committee	Status whether Independent/Non Independent
1.	Amitabh Kejriwal (Chairman)	Non-Executive Independent
2.	Premjeet Singh	Non-Executive Independent
3.	Jay Prakash Tantia	Executive Non-Independent

Role of Audit Committee :

The terms of reference of the Audit Committee are given below :

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible.

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6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to :
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act. 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by the Management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
10. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
11. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
13. Discussion with internal auditors any significant findings and follow up there on.
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
17. To review the functioning of the Whistle Blower mechanism, in case if the same is existing.

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18. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
19. Carrying out any other function as mentioned in the terms of reference of the Audit Committee.
20. Mandatorily reviews the important information of the Company.
21. Review the use/application of funds raised through an issue (public issues, right issues, preferential issues etc.) on a quarterly basis as a part of the quarterly declaration of financial results. Further, review on annual basis statements prepared by the Company for funds utilized for purposes other than those stated in the offer document. In addition, to carry out such other functions/ powers as may be delegated by the Board to the Committee from time to time.

2. REMUNERATION COMMITTEE :

The Company has constituted Remuneration Committee comprising two Non-Executive Independent Directors and a Non-Executive Non-Independent Director. The object of remuneration committee is to recommend/ review the remuneration of Managing Directors/whole-time Directors. The remuneration policy of the Company is directed towards rewarding performance and attracting new talents/retaining them. While deciding the remuneration, the Committee shall take into account the financial position of the Company, trend in the Industry, Appointee's qualification, experience, past performance, past remuneration etc.

The Composition of the Remuneration Committee was as follows :

S. No.	Name of the Director	Status whether Independent/Non Independent
1.	Amitabh Kejriwal (Chairman)	Non-Executive Independent
2.	Premjeet Singh	Non-Executive Independent
3.	Akash Tantia	Non-Executive Non-Independent

3. SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE :

Our Company has constituted an Investors Grievance Committee which deals with the various matters relating to :

- Transfer / transmission of Shares / Debentures,
- Issue of duplicate Share Certificate,
- Review of shares dematerialised of investor's grievances,
- All other matter relating to Shares / Debentures.

The Composition of the Committee is as follows :

S. No.	Name of the Director	Status whether Independent/Non Independent
1.	Pradeep Chhotaria (Chairman)	Non-Executive Independent
2.	Premjeet Singh	Non-Executive Independent
3.	Akash Tantia	Non-Executive Non-Independent