

Fourth Annual Report **1999**

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Southern Ispat Limited

Regd. Office: _____

18/683, R.C. House, Yakkara Road,
Near DPO, Palakkad - 678 014

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NOTICE TO THE MEMBERS

Notice is hereby given that the 4th Annual General Meeting of the Company will be held on Thursday the 7th day of October, 1999 at its Registered Office at 18/683, R.C. House, Near D.P.O., Yakkara Road, Palakkad-678 014, Kerala at 3.00 p.m. to transact the following business:-

Ordinary Business:-

1. To receive, consider and adopt the Directors Report and Audited Balance Sheet as on 31st March, 1999 and the Auditors Report thereon.
2. To elect a Director in place of Mrs. Ansuya Devi Agarwal who retires by rotation and being eligible, offers herself for reappointment.
3. To consider and if deemed fit to pass with or without modification the following as Ordinary Resolution:-
"Resolved that M/s. Sunil Johri & Associates, Chartered Accountants be and are hereby appointed as Auditors of the Company to hold Office from conclusion of this 4th Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board".

Special Business:

4. To consider and if deemed fit to pass with or without modification the following Ordinary Resolution:-

"Resolved that Mr. Vivek Agarwal be and is hereby appointed as Managing Director of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on remuneration / salary and perquisites to be fixed by the Board."

By order of the Board

Palakkad
04-08-1999

Vivek Agarwal
Managing Director

EXPLANATORY STATEMENT

Explanatory Statement annexed to the notice of the 4th Annual General Meeting of the Company as required under Section 173(2) of the Companies Act, 1956.

Item No.4

The tenure of the Office of Mr. Vivek Agarwal as Managing Director of the Company expires on the conclusion of this 4th Annual General Meeting and so Managing Director is required to be appointed.

Mr. Vivek Agarwal happens to be one of the Founder Directors of the Company and he has been most successfully shouldering the responsibilities of the Managing Director for the last two terms while the company has been fighting for its viability and he has been boldly and wisely facing all the odds the Company was put in. By dint of his ability and endeavour he accomplished in the herculean task of bringing electricity to our Unit, but that is not the end of the struggle, some residue of our legitimate claims against KSEB are still pending before the Hon'ble Kerala High Court which is pursued vigorously by him and it appears that unless he continues as the Managing Director of the Company at this critical period, there may be some void which can't be fulfilled at the present set up. Mr. Vivek Agarwal is an energetic hard working experienced graduate.

It is felt that Mr. Vivek Agarwal's appointment as the Managing Director will be beneficial for the Company and your Directors recommend the resolution for your approval.

Mr. Vivek Agarwal is interested in this resolution as it relates to his appointment. None of the other Directors of the Company are in any way concerned in this resolution.



NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself and such proxy or proxies need not be a member or members of the Company. The proxy Form duly signed must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
2. A proxy can be in any of the Forms set out in schedule IX of Companies Act, 1956.
3. Members intending to ask for informations/clarifications at the Annual General Meeting regarding balance sheet etc., are requested to give notice of the particulars of informations required to the Company at least 7 days before the date of meeting.
4. Members are requested to bring their Share Certificates to the meeting for identity.
5. Members are requested to notify the change of address, if any, to the Company.
6. Members are requested to bring the copy of this Annual Report alongwith them as it is not possible to distribute additional copies at the meeting.
7. Members are requested to avoid being accompanied by non-member and / or children.
8. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No.4 of the Notice is annexed thereto.
9. The Register of the members and the Share Transfer Books of the Company will remain closed from 1st October, 1999 to 7th October, 1999 (both days inclusive)

Palakkad,
04-08-1999

By Order of the Board

Vivek Agarwal
Managing Director

Southern Ispat Limited

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BOARD OF DIRECTORS

1. Sri. Vivek Agarwal - Managing Director
2. Smt. Ansuya Devi Agarwal, Director
3. Sri. Sailesh Kumar Sanyal-Executive Director

AUDITORS

M/s. Sunil Johri & Associates, Chartered Accountants

DIRECTORS REPORT

Your Directors have great pleasure to take this opportunity to present the Fourth Annual Report of the Company together with Audited Financial Statement for the year ended 31st March, 1999.

(a) Company's Performance

	(Rs. in 000)
Turn over (Gross Revenues)	- 3283
Total Expenditure	- 4095
Profit before depreciation	- 339
Net Loss	- 812
Dividend	- Nil

(b) Operation

Yours Directors feel proud to congratulate you all for your Company's victory over the apathy of the Kerala State Electricity Board in giving Power Connection to the Unit. By virtue of perseverance sincerity and ruthlessness in achieving the goal, your Directors are today in a position to let you all know that the unit was energised on 19-2-99 and the production of MS Ingots started on 27-2-99 with the help of electricity and that the endeavour is at its top gear to increase the quantum of production at its best height.

You are aware that we came to Palakkad to set up a steel plant after a detailed feasibility study conducted by the Kerala State Industrial Development Corporation Ltd. (KSIDC) the Nodel Agency for foreign and domestic investments in Kerala.

The Government of Kerala, KSIDC and Kerala State Electricity Board (KSEB) assured that uninterrupted power supply will be made available to the unit for five years without any power cut along with power tariff concession and exemption from payment of Service Connection Charges. Considering the concessions assured by the Kerala State Govt., KSIDC and KSEB the feasibility was projected and estimated.

You are aware of the fact that being alured by the above mentioned assurances the Directors decided to set up the unit at Palakkad, Kerala and accordingly applied and got sanctioned Term Loan of Rs. 150 Lakhs each

from Kerala State Industrial Corporation Ltd. (KSIDC) and Kerala Financial Corporation (KFC) and having receiving power allocation order in September 1996 the Company deposited a sum of Rs. 33, 81, 100/- with KSEB for giving Power Connection to the Unit. The KSEB neglected and refused to give Power Connection to the Unit most arbitrarily and illegally. Consequently on 14th December 1996 our Unit started commercial production of metallic abrasives and CI castings mould with the help of DG set. Due to non-availability of electricity the manufacturing activity could not be continued as a result the targeted performance could not be achieved.

In the circumstances since we had no other alternative to continue our manufacturing activities except to go to the court of law for justice we filed a WRIT petition in the Hon'ble High Court of Kerala and the Hon'ble High Court by order dated 11.4.97 directed KSEB to provide power connection to our unit through ELGI feeder within three weeks but KSEB defied the order of the Hon'ble High Court by intimating their refusal to provide power connection by their letter dated 23.5.97 wherein they further intimated that there was ban imposed on new power connection with effect from 30.7.96.

The Directors filed another WRIT of MANDAMUS in the Hon'ble Kerala High Court challenging the veracity of the contention of KSEB, praying inter alia, to issue a WRIT of MANDAMUS to the Officers concerned of KSEB to provide power connection to our unit immediately. The Hon'ble High Court by its order dated 19.8.97 granted our prayer.

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The KSEB using its delatory tactics as usual passed orders on 4.2.98 to provide power connection to our unit and at long last on 19.2.99 our unit was given power connection and we started production of M.S. Ingots from 27.2.99.

The Directors had to combat against KSEB all alone because none of the promotional agencies of the State Government that is KSIDC and KFC who are to see to the promotion of the industries in the State, failed, rather neglected to do even an iota of things or deeds inspite of requests made to help, in getting power connection to our unit.

(c) DIVIDEND

No dividend is declared for the financial year 1998-99.

(d) DIRECTORS

Smt. Ansuya Devi Agarwal, Director retires by rotation at this Annual General Meeting and being eligible offers herself for reappointment.

(e) BOOK CLOSURE

The Register of Members and the Share Transfer Books of the Company will remain closed from 1st October 1999 to 7th October 1999 (Both days inclusive)

(f) AUDITORS

M/s. Sunil Johri & Associates, Chartered Accountants retires at this Annual General Meeting and they have consented to be reappointed as Auditors of the Company.

(g) EMPLOYEES

None of the employees of the Company was in receipt of remuneration above Rs.25000/- per month during the year and hence no declaration needed under section 217 of the Companies Act. 1956.

Your directors like to place on record their immense gratitude to the Central and State Govt. Agencies and the South Indian Bank Ltd. for their continued support and help. We wish to place on record our appreciation to our members for the confidence reposed by them in the Company.

Southern Ispat Limited

We also wish to place on record our appreciation to the staff for their sincere and efficient service.

(h) POLLUTION

Number of trees have been planted in the premises of the unit at Kottayi for pollution free environment.

(i) ENERGY SAVING DEVICES

All types of equipment for energy conservation have been installed at the unit.

Palakkad
4.8.1999

for and on behalf of
The Board of Directors

Sd/-
Vivek Agarwal
Managing Director

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