

EIGHTH ANNUAL REPORT 2002 - 2003

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SOUTHERN ISPAT LIMITED

REGISTERED OFFICE:

18/739-1, SREEVATSAM
RACQUET COURT ROAD
NEAR SHAADI MAHAL
PALAKKAD - 678 014

CORPORATE OFFICE:

H. NO. 10/247
SANTHOSHI NAGAR
KHAMATRAI
RAIPUR (C.G.)

for SOUTHERN ISPAT LIMITED
MANAGING DIRECTOR

SOUTHERN ISPAT LIMITED

18/739-1, Sreevatsam, Racquet Court Road, Near Shaadi Mahal,
Palakkad - 678014

I. BOARD OF DIRECTORS

- | | |
|----------------------------|---------------------|
| 1. MR.VIVEK AGARWAL | - MANAGING DIRECTOR |
| 2. MRS.ANSUYA DEVI AGARWAL | - DIRECTOR |
| 3. MR.AMIT KUMAR SINHA | - DIRECTOR |

II. EXECUTIVE OFFICER - K.K.AGARWALLA

III. REGISTERED OFFICE

18/739-1, Sreevatsam,
Racquet Court Road,
Near Shaadi Mahal,
Palakkad - 678 014.

IV. CORPORATE OFFICE

H.No.10/247, Santhoshi Nagar,
Khamatral, Raipur (C.G)

IV. WORKS

Kariankode,
Kottayl,
Palakkad - 678 572

V. AUDITORS

M/s. SUNIL JOHRI & ASSOCIATES
Chartered Accountants
Nathani Building
Shastri Chowk
Raipur - 492 001

VI. BANKERS

State Bank of India (Palakkad Main, Kanjikode)
HDFC Bank, Palakkad
Bank of Baroda, Palakkad
State Bank of Mysore, Palakkad
Canara Bank, Palakkad
Lakshmi Vilas Bank (Palakkad, Coimbatore)
South Indian Bank, Palakkad
Indian Overseas Bank, Palakkad
Union Bank of India, Chennai
State Bank of Indore, Raipur
Oman International Bank, Mumbai

VII. REGISTRARS & SHARE TRANSFER AGENTS

M/s.S.K.D.C. Consultants Limited
No.11, Street No.1,
S.N.Layout, Tatabad, Coimbatore - 641 012
Ph: 2499856, 2494704, 2495962
Fax: 0422 - 2499574

SOUTHERN ISPAT LIMITED

**18/739-1, Sreevatsam, Racquet Court Road, Near Shaadi Mahal,
Palakkad - 678014**

NOTICE TO THE MEMBERS

Notice is hereby given that the 8th Annual General Meeting of the Company will be held on the 15th day of September 2003 at its Registered Office at 18/739-1, Sreevatsam, Racquet Court Road, Palakkad- 678 014 (Kerala) at 11 AM to transact the following businesses:-

ORDINARY BUSINESS:

- 1) To receive, consider and adopt the Audited Balance Sheet as on 31st March 2003 and Profit and Loss Account for the year ended on that date along with the Directors and Auditor's Report thereon.
- 2) To elect a Director in place of Mr. Amit Kumar Sinha, a Director, who retires by rotation and being eligible, offer himself for re-appointment.
- 3) To consider and if deem fit to pass with or without modification the following Ordinary Resolution:-

"RESOLVED THAT M/s. Sunil Johri & Associates, Chartered Accountants, Raipur be and are hereby appointed as Auditors of the Company to hold office from conclusion of this 8th Annual General Meeting till the conclusion of next Annual General Meeting on a remuneration to be fixed by the Board".

4) SPECIAL BUSINESS:

(i) DELISTING OF EQUITY SHARES

To consider and if deem fit to pass with or without modification the following Special Resolution:-

" RESOLVED THAT the Company be and is hereby authorised to voluntarily delist its equity shares listed at the Madras Stock Exchange Limited and Ahmedabad Stock Exchange "

" RESOLVED FURTHER THAT Directors be and are hereby authorised to take such steps for voluntary delisting from the aforesaid Stock Exchanges and comply with all rules, regulations, notifications of SEBI, Stock Exchanges, Companies Act, 1956 and such other laws as are applicable."

" RESOLVED ALSO THAT the copies of above resolutions be and are hereby authorised to be delivered to the Stock Exchanges and other concerned authorities whenever required under the Seal of a Director of the Company."

(ii) INCREASE IN AUTHORISED CAPITAL

To consider and if deem fit to pass with or without modification the following Resolutions.

a) ORDINARY

" RESOLVED THAT in pursuant to Sec.94 of the Companies Act,1956 and other applicable provisions, if any, the Authorised Capital of the Company be and is hereby increased from Rs.5,50,00,000/- divided into 55,00,000 equity shares of Rs.10/- each to Rs.7,00,00,000/- divided into 70,00,000 equity shares of Rs.10/- each."

"RESOLVED FURTHER THAT the Memorandum and Articles of Association of the Company be and are hereby amended as follows.

The Clause V of the Memorandum of Association be substituted by the following Clause :-

" The Authorised Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crores) divided into 70,00,000 (Seventy Lakhs) equity shares of Rs.10/- (Rupees Ten) each with power to increase or reduce that Share Capital and to divide the Share Capital for the time being into several classes and to attach thereto respectively such preferential or other right, privileges, conditions as may be determined in accordance with the regulations of the Company and consolidate or sub-divide the Shares and issue shares of higher and lower denomination."

b) SPECIAL

The Article 3 of the Articles of Association be substituted as follows:-

" The Authorised Share Capital of the Company is Rs.7,00,00,000/- (Rupees Seven Crores) divided into 70,00,000 (Seventy Lakhs) equity shares of Rs.10/- (Rupees Ten) each with such power from time to time to increase or reduce its Capital and to consolidate or sub-divide these Shares and to issue shares of higher and lower denomination."

RESOLVED ALSO THAT any one of the Directors of the Company be and is hereby authorised to file the necessary Forms to the Registrar of Companies, Ernakulam."

(iii) CONSOLIDATION OF SHARE CAPITAL

To consider and if deem fit to pass with or without modifications the following Ordinary Resolution.

"RESOLVED THAT in pursuant to Sec.94 of the Companies Act,1956 and other applicable provisions if any, that the Directors of the Company be and are here by authorised to consolidate and divide all or any of the Share Capital into shares of larger amount than its equity shares."

(iv) OFFER FURTHER ISSUE OF CAPITAL

To consider and if deem fit to pass with or without modifications the following Special Resolution.

" RESOLVED THAT pursuant to Section 81 (A) of the Companies Act, 1956, the subscribed capital of the Company be and is hereby authorised to be increased by offering equity shares at face value or premium to such persons including or excluding the existing non-promoter shareholders, promoters, friends, relatives as the Directors may think fit and appropriate to the prevailing circumstances."

" RESOLVED FURTHER THAT the Directors of the Company be and are hereby authorised to comply with all applicable rules, regulations and laws and inform the concerned authorities accordingly."

" RESOLVED ALSO THAT anyone of the Directors be and is hereby authorised to furnish a Certified True Copy of this resolution to any authorities whenever required."

(v) USE OF CAPITAL RESERVE ACCOUNT

To consider and if deem fit to pass with or without modifications the following Ordinary resolution.

" RESOLVED THAT the Company be and is hereby authorised to use the amount standing in the credit of Capital Reserve Account created by virtue of forfeiture of partly paid shares to write off the accumulated losses in the Profit and Loss Account."

BY ORDER OF THE BOARD

**PLACE : PALAKKAD
DATE : 14.08.2003**


**VIVEK AGARWAL
CHAIRMAN**

SOUTHERN ISPAT LIMITED

**18/739-1, Sreevatsam, Racquet Court Road, Near Shaadi Mahal,
Palakkad - 678014**

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 form set out in Schedule IX of the Companies Act, 1956.
- 3) Members intending to ask for information/clarifications at the Annual General Meeting regarding Balance Sheet etc., are requested to give notice of the particulars of information 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.

Place: PALAKKAD

BY ORDER OF THE BOARD

Date : 14.08.2003


(VIVEK AGARWAL)
CHAIRMAN

SOUTHERN ISPAT LIMITED

**18/739-1, Sreevatsam, Racquet Court Road, Near Shaadi Mahal,
Palakkad - 678014**

EXPLANATORY STATEMENT

Explanatory Statement annexed to the Notice of the 8th Annual General Meeting of the Company as required under Section 173(2) of the Companies Act, 1956.

Item No. 4 (i)

The Company is presently listed at the Mumbai, Ahmedabad, Cochin and Madras Stock Exchanges. As per the present SEBI and Stock Exchange Guidelines the Company can delist from all Exchanges except the National Stock Exchange / Mumbai Stock Exchange. The Company has decided to delist from Madras and Ahmedabad Stock Exchanges as the benefits arising to Investors by keeping listed are negligible compared to the costs incurred. The Company has no intention to give an exit option to those shareholders of the region where it seeks delisting.

Further the Investors can be confident as the extensive networking of the Stock Exchange, Mumbai (BSE) ensures them easy access to online dealings in the Company's Securities from anywhere in the country.

The Directors are interested to the extent they hold shares in the share capital of the Company.

Item 4 (ii)

The Company is planning for diversification and expansion into Sponge Iron, which, of late, is being increasingly used as a substitute for conventional scrap in steel making. The project for making sponge iron will be located in and around Kerala / Tamilnadu at an estimated Capital of Rs.12 Crores. For this purpose the Company need to augment its Authorised Capital to facilitate further issue of Capital to part finance the venture.

The Directors are interested to the extent they hold shares in the share capital of the Company.

Item 4 (iii)

The Company has already executed Tri-Partite Agreement with the CDSL & NSDL through R & T A to facilitate dematerialisation of shares. Some of the share holders have dematerialised their shares and remaining shareholders may also take up this option very soon as it is beneficial to them. For dematerialisation, the charges are based on per certificate. So in order to reduce the cost of dematerialisation, the shares can be consolidated and offer this facility to shareholders whoever opt for this.

The Directors are interested to the extent they hold shares in the share capital of the Company.

Item 4 (iv)

For the proposed Sponge Iron Unit (Unit II) of the Company, IT NEEDS FURTHER capital to part finance the Capital Expenditure as explained in 4 (ii) above. It is felt that as the Company shares are not actively traded in the listed Stock Exchanges, it is unable to offer the further capital issue to existing equity shareholders under Section 81 of the Companies Act, 1956 in a proportionate manner. Therefore the Company seeks members permission to offer these securities in whatever manner the Directors feel proper and fair in the existing circumstances.

The Directors are interested to the extent they hold shares in the share capital of the Company.

Item 4 (v)

The Company had forfeited its partly paid 18,62,000 equity shares of Rs.10/- each by observing all rules and regulations under Companies Act in the year 2000 after sending several reminders to the above holders of the said shares in 1996. A part of the shares, viz, 6,92,700 has been reissued during the year and to that extent the amount in the Forfeited Shares Account have been transferred to Capital Reserve Account. The Capital Reserve Account, viz, Rs.34,63,500/- as on 31.03.2003 is available for the Company to write off losses etc. as permitted under the companies Act, 1956. Now the Company seek members permission to write off the accumulated losses to the extent possible by using the aforesaid Reserve.

None of the Directors is interested in the above matter.

SOUTHERN ISPAT LIMITED

18/739-1, Sreevatsam, Racquet Court Road, Near Shaadi Mahal,
Palakkad - 678014

DIRECTOR'S REPORT

BOARD OF DIRECTORS

- | | | | |
|----|-------------------------|---|--------------------|
| 1) | Shri. Vivek Agarwal | - | Managing Director |
| 2) | Smt. Ansuyadevi Agarwal | - | Director |
| 3) | Shri. Amit Kumar Sinha | - | Executive Director |

AUDITORS

M/s. Sunil Johri & Associates, Chartered Accountants, Raipur (M.P).

DIRECTORS REPORT :

Your Directors have great pleasure to take this opportunity to present the Eighth Annual Report of the Company together with Audited Financial Statement for the year ended 31st March , 2003.

A. FINANCIAL RESULTS:

	(Amount in 000's)	
	Year Ended 31/03/2003	31/03/2002
Turnover (Gross Revenue)	124103.80	120865.79
Total Expenditure	120264.56	114225.63
Profit Before Depreciation	3839.24	6640.15
Depreciation	6151.34	7120.14
Net Profit / (Loss)	(2312.10)	(479.99)
Dividend	NIL	NIL

B. OPERATIONS

In the production and turnover front, the Company is making consistent performance. The loss during the year is mainly occurring due to One Time Settlement with the State Financial Institutions.

C. POLLUTION

Numbers of trees have been planted in the premises of the unit at Kottayi for pollution free environment. We have also installed high technology oriented pollution control equipments to keep the environment neat and clean.

D. ENERGY SAVING DEVICES

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

E. EMPLOYEES

None of the employees of the Company was in receipt of remuneration of Rs.2,00,000/- per month or Rs. 24,00,000/- per annum or above and hence no declaration needed u/s 217(2A) of the Companies Act, 1956.

F. DIVIDEND

No dividend is declared for the financial year.

G. DIRECTORS

Mr.Amit Kumar Sinha, Director of the Company, is retiring by rotation at this Annual General Meeting and being eligible, offers himself for reappointment.

H. AUDITORS

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

I. FUTURE PLANS

Your Directors have immense pleasure to inform the members that the Company is on the verge of installing a modern hi-tech Sponge Iron Plant in the outskirts of Palakkad as a second Unit of Southern Ispat Limited. The necessary land is being finalised and the Company has approached Bankers to finance the said Project with an estimated cost of about Rs.1200 Lakhs. Your Company is very much confident about the successful installation of the project with its experienced senior level professionals and this will be the first unit in this region. The demand for Sponge Iron is very high and is presently met from distant places and the transportation cost plays a huge role, which can be curtailed to a certain limit by this project. Moreover, it is also noticed that there is a scarcity in availability of Scrap Iron and Sponge Iron is going to replace the use of Scrap in Induction furnaces. More and more Induction Furnaces are being installed in Palakkad Industrial Belt itself and your Company is very much sure that the demand is going to be too high in the near future.

J. DIRECTOR'S RESPONSIBILITY STATEMENT U/S 217(2AA)

Pursuant to Section 217(2AA) of The Companies (Amendment) Act, 2000 the Directors confirm:

- (i) that in the preparation of the annual accounts the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- (ii) that appropriate Accounting Principles have been selected and applied consistently and have 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 as at 31st March, 2003 and of the Profit/loss of the company for the period ended 31st March, 2003.