



# **SOUTHERN**

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# **ISPAT LIMITED**

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**NINTH ANNUAL REPORT**  
**2003 - 2004**



## **Southern Ispat Limited**

### **DIRECTORS**

Shri Vivek Agarwal - Managing Director  
Shri Amit Kumar Sinha - Executive Director  
Shri E. Sankara Narayana - Additional Director  
Shri E. Tippey Swami - Additional Director  
Smt. Richa Agarwal - Additional Director

### **AUDITORS**

M/s. Sunil Johri & Associates  
Chartered Accountants  
Raipur (C.G.)

### **BANKERS**

State Bank of India, Palakkad  
HDFC Bank, Palakkad

### **REGISTERED OFFICE**

19/629(1)"SREYAS"  
Near Yakkara School Bus Stop,  
West Yakkara, Palakkad-678 001.

### **FACTORY**

Kariankode  
Kottayi, Palakkad - 678 572.

### **SHARE TRANSFER AGENTS**

M/s. S.K.D.C. Consultants Ltd.,  
No.11, Street No.1, S.N. Layout,  
Tatabad, Coimbatore - 641 012.

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**SOUTHERN ISPAT LIMITED**

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**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the 9th Annual General Meeting of the Company will be held on Monday, 27th September 2004 at its Registered office at 19/629(1), "Sreyas", Near Yakkara School Bus Stop, West Yakkara, Palakkad - 678 001 (Kerala) at 11a.m. to transact the following businesses:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2004 and Profit and Loss Account for the year ended on that date along with the Directors and Auditor's Report thereon.
2. 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 on this 9th Annual General Meeting till the conclusion of next Annual General Meeting on a remuneration to be fixed by the Board".

**SPECIAL BUSINESS**

3. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.  
Resolved that Mr. E.Sankaranarayana be and is hereby appointed as a Director of the Company whose term of office is liable for retirement by rotation.
4. To consider and if deemed fit to pass with or without modification the following resolution as an ordinary resolution.  
Resolved that Mr.E.Tippey Swamy be and is hereby appointed as a Director of the Company whose term of Office is Liable for retirement by rotation.
5. To consider and if deemed fit to pass with or without modification the following resolution as an ordinary resolution.  
Resolved that Mrs.Richa Agarwal be and is hereby appointed as a Director of the Company whose term of office is liable for retirement by rotation.

**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. Member holding shares in physical form are requested to notify immediately any change in their address, to our Registrars viz., M/s. S.K.D.C. Consultants Ltd., No.11, Street No.1, S.N.Layout, Tatabad, Coimbatore - 641 012. Those holding shares in dematerialized form may intimate the change to their depository participant. Any other correspondence relating to shares may also be addressed to the said Registrars.
3. A proxy can be in any form set out in Schedule IX of the companies Act, 1956.
4. Members intending to ask 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 atleast 7 days before the date of meeting.
5. Members are requested to bring their share certificates to the meeting for identity.

6. Members are requested to notify the change of address, if any, to the company.
7. Members are requested to bring the copy of this Annual Report along with them as it is not possible to distribute additional copies at the meeting.
8. Members are requested to avoid being accompanied by non-member and / or children.
9. The register of the members and Share Transfer bodies of the company will remain closed from 23rd September 2004 to 27th September 2004 (both days inclusive)

## EXPLANTORY STATEMENT

### Item No.3

The Board at their meeting held on 31.03.2004 co-opted Mr.E.Sankaranarayana to the Board and his term of office is upto the date of AGM.

Notice under section 257 of the companies Act 1956 has been received from a member signifying his intention to propose Mr.E.Sankaranarayana as a Director without remuneration.

#### PROFILE OF MR. E.SANKARANARAYANA

Age : 55 yeras  
Qualification : B.Sc.  
Experience : 35 years experience in steel industry

### Item No.4

The Board at their meeting held on 31.03.2004 co-opted Mr.E.Tippey Swami to the Board and his term of office is upto the date of AGM.

Notice under section 257 of the companies Act 1956 has been received from a member signifying his intention to propose Mr.E.Tippey Swami as a Director without remuneration.

#### PROFILE OF MR. E.TIPPEY SWAMI

Age : 35 yeras  
Qualification : B.Sc.  
Experience : 12 years experience in steel industry

### Item No.5

The Board at their meeting held on 31.03.2004 co-opted Mrs.Richa Agarwal to the Board and her term of office is upto the date of AGM.

Notice under section 257 of the companies Act 1956 has been received from a member signifying his intention to propose Mrs.Richa Agarwal as a Director without remuneration.

#### PROFILE OF MRS. RICHA AGARWAL

Age : 28 yeras  
Qualification : B.Com  
Experience : 5 years experience in day to day business affairs of the company.

Place : Palakkad  
Date : 29.06.2004

By order of the Board  
**Vivek Agarwal**  
Managing Director

**SOUTHERN ISPAT LIMITED****DIRECTORS' REPORT**

Your Directors have great pleasure to take this opportunity to present the Ninth Annual Report of the Company together with Audited Financial Statement for the year ended 31st March, 2004.

		(Amount in 000's)
<b>FINANCIAL RESULTS :</b>	31.03.2003	31.03.2004
Turnover (Gross Revenue)	1,20,865.79	1,51,607.00
Total Expenditure	1,14,225.63	1,36,321.00
Profit Before Depreciation	6,640.15	15,286.00
Depreciation	7,120.14	5,242.00
Net Profit / (Loss)	(479.99)	8,289.00
Dividend	NIL	NIL

**OPERATIONS:**

In the production and turnover front, the Company is making consistent performance. Directors are delighted to inform you that company earned profit during the year.

**POLLUTION:**

Number 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.

**ENERGY SAVING DEVICES:**

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

**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.

**DIVIDEND**

No dividend is declared for the financial year, looking to the working capital requirement of the company and expansion of the project.

**AUDITORS:**

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

**PLANS IN HANDS:**

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.1286 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. Clearance from pollution control department is obtained Full fledge-work will be started from Sep 2004. 6 M.T Capacity furnace is also under installation.

**DIRECTORS:**

Mr.E.Sankarananrayana was appointed on 31.3.2001 in accordance with section 260 of the Companies Act, 1956 Mr.E.Sankara Narayana holds office only upto the date of the forth coming

annual general meeting and a notice section 257 of the companies Act, 1956 has been received from a member signifying his intention to propose E.Sankara Narayana as a Director.

Mr.E.Tippey Swami was appointed on 31.3.2004 in accordance with section 260 of the Companies Act, 1956. Mr.E.Tippey Swami holds office only upto the date of the forth coming annual general meeting and a notice under section 257 of the companies Act, 1956 has been received from a member signifying his intention to propose E.Tippey Swami as a Director.

Mrs.Richa Agarwal, was appointed on 31.3.2004 in accordance with section 200 of the Companies Act, 1956. Mrs.Richa Agarwal holds office only upto the date of the forth coming annual general meeting and a notice under section 257 of the companies Act, 1956 has been received from a member signifying his intention to propose Mrs.Richa Agarwal as a Director.

Smt. Anusuya Agarwalla resigned due to pre occupation. Board appreciated her services.

## **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, 2004 and of the Profit/Loss of the company for the period ended 31st March, 2004.
- (iii) that proper and sufficient care has been taken 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.
- (iv) that the annual accounts have been prepared on a going concern basis

The following accounting standards were not applicable to the company during the year under review due to non occurrence of events and transactions covered under the scope of these accounting standards:-

AS-14	Accounting for amalgamation.
AS-17	Segment reporting
AS-21	Consolidated financial statements.
AS-23	Accounting for investments in associates in consolidated financial statements.
AS-24	Dis-continuing operation
AS-7	Accounting for construction.
AS-11	Accounting for the effects of changes in Foreign exchange rates,
AS-12	Accounting for Government Grants.
AS-13	Accounting for investments.

## **K.MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

The Steel Industry in which the company forms part, is stabilising and picking up as the company's product mainly cater to the construction segment which is growing due to recent changes in Government housing policy, tax concessions, loan facilities.

### **OPPORTUNITIES AND THREATS**

There are tremendous opportunities for construction of steel materials due to rapid industrialisation, extension of city/ town limits, village developments, and Housing Construction projects.

The main threat will be certain government policies, regulations and competitive products to replace steel.

### **SEGMENT WISE OR PRODUCTION PERFORMANCE**

The company has only one segment i.e manufacturing of Steel items such as MS Ingot and CI Moulds. The company is doing well to stabilise the production of CI Moulds.

## SOUTHERN ISPAT LIMITED

### OUTLOOK

Future for the Industry / Company is good as the company can aim at both backward and forward Integration.

### RISK AND CONCERNS

The main Risk factor is availability of water as the industry needs sufficient water. The Company is making all efforts to locate further expansion/diversification in the areas where water is adequately available at all seasons.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company is having in-built Internal control and check systems and has been constantly monitored by experienced professionals. Further the Company is engaged in continuous improvement exercise, modernisation and systemisation to bring out visible gains.

### DISCUSSION ON FINANCIAL PERFORMANCE

During the year the Company has made sales of Rs. 15,11,72,990/- as against the sales of Rs. 12,16,21,701/- in the previous year.

The net Profit recorded for the year ended 31st March 2004 is Rs. 82.89 Lacs as against Rs. 23.12 lacs of loss in the previous year. Now the entire debt from Financial Institutions have been cleared, the profitability of the Unit will show visible improvement in the coming years. Moreover, the Company has started to expand by establishing Sponge Iron Project which is a highly profitable business, the future of the Company is very bright and promising. In coming years company is ready to show excellent performance.

### MATERIAL DEVELOPEMENTS IN INDUSTRIAL RELATIONS FRONT

The Company is maintaining cordial relationships with the employees of the Company. The Company could record such production and sales consistently due to support and co-operation from its employees.

### CORPORATE GOVERNANCE:

The policies, procedures and practices that are installed in the company ensure requisite care and diligence in functioning as well as providing transparencies and accountability for performance thereby enhancing the value of shareholders and safeguarding their interest.

#### a) Board of Directors:

1) The Board of Directors of the company is comprised of:

1. Mr. Vivek Agarwal
2. Mrs. Richa Agarwal W.e f 31/3/2004
3. Mr. Amit Kumar Sinha
4. Mr. E Sankaranarayana W.e f 31/3/2004
5. Mr. E Thippey Swamy. W.e.f 31/3/2004

2) The attendance of Directors at Board Meeting and Annual General Meeting during the period 1/4/03 to 31/3/04:

Name of Directors	No. of Board Meetings	Attended	Last AGM attended
Mr. Vivek Agarwal	13	13	Yes
Mrs. Richa Agarwal		1	
Mr. Amit Kumar Sinha	13	13	Yes
Mr. E Sankaranarayana		1	
Mr. E Thippey Swamy		1	



3) Board meetings were held during the year.

**b) Audit Committee:**

An audit committee is in existence comprising of Mr. E Sankaranarayana, Mr. E Theppey Swamy and Mrs. Richa Agarwal . The constitution of the audit committee also meets the requirements under Section 292 A of the Companies Act 1956.

The broad terms of reference are as follows:

Review of company's financial reporting process and its financial statements.

Review of accounting and financial policies and practices.

Review of internal control system.

**c) Shareholders' /Investors' Grievance Committee**

The company has constituted a Share transfer committee consisting of Mr. E Sankaranarayana, Mr. E Theppey Swamy and Mrs. Richa Agarwal and the meetings are held regularly. As on 31/3/2004, there are no complaints, queries pending for reply. There were no share transfers pending for registration for more than 30 days as on the said date.

**d) General Body Meetings:**

Location and time for the last three Annual General Meetings:

Year	Location	Date	Time	No. of Special Resolutions
2000-01	18/683, R.C.House, Yakkara, Near D.P.O., Palakkad - 678 014.	24/9/2001	10.30 AM	Nil
2001-02	18/739-1 Sreevatsam RC Rd, Palakkad	23/9/2002	10.30 AM	Nil
2002-03	18/739-1 Sreevatsam RC Rd, Palakkad	15/9/2003	11.00 AM	3

No special resolution were put through postal ballot last year and nor is any proposed for this year.

**e) Disclosures**

There are no materially significant transactions with related parties viz. Promoters, Directors or their management, their subsidiaries or relatives conflicting with company's interest.

**f) Means of communication**

The company is publishing quarterly un audited financial results and notice advertisements in Financial Express.

**g) General Shareholders information**

**AGM Date, Time and Venue:** 27<sup>th</sup> September 2004, 11.00 AM at 19/629(1), Sreyas, Yakkara School Bus Stop, West Yakkara, Palakkad 678 001 Kerala.

Financial Calendar 2004-05

Results for the quarter ended 30/6/2004	Before 31/7/2004
Results for the quarter ended 30/9/2004	Before 31/10/2004
Results for the quarter ended 31/12/2004	Before 31/1/2005
Results for the quarter ended 31/3/2005	Before 30/6/2005
Book Closure Date	22/9/2004 to 27/9/2004(Both days inclusive)
Listing on Stock Exchanges	Mumbai/Ahmedabad/Cochin/Chennai
Stock Market Data	Bombay Stock Exchange



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**SOUTHERN ISPAT LIMITED**


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Month	Months' High	Months' Low
April 2003	-	-
May 2003	-	-
June 2003	-	-
July 2003	-	-
August 2003	-	-
September 2003	-	-
October 2003	2.17	2.17
November 2003	5.60	2.60
December 2003	16.39	3.20
January 2004	20.13	12.35
February 2004	18.95	11.45
March 2004	17.00	11.70

**Registrar/Share transfer Agents/Depository Registrars:****M/s. SKDC Consultants Ltd.****PB NO. 2979, No. 11, Seth Narayanadoss Layout Street No.1****West Power House Road, COIMBATORE 641 012.****Shareholding Pattern as on 31/3/2004**

Promoters	29%
Persons acting in concert	21.72%
Banks/FI/Mutual Fund	0.09%
Private Corporate Bodies	4.93%
Indian Public.	44.26%

**Distribution of Shareholding as on 31/3/2004.**

Range	No. of Share holders	% of shareholder	No. of Shares	% of Shareholding
Upto 500	181	46.770	54470	1.345
501-1000	91	23.514	80700	1.993
1001-2000	26	6.718	43225	1.068
2001-3000	9	2.326	24300	0.600
3001-4000	4	1.034	13400	0.331
4001-5000	4	1.034	19400	0.479
5001-10000	8	2.067	65400	1.615
10001 and above	64	16.537	3747605	92.569
Total	387	100.000	4048500	100.00