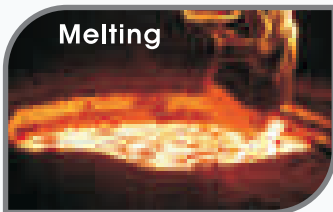




SOUTHERN ISPAT AND ENERGY LIMITED

(FORMERLY SOUTHERN ISPAT LIMITED)



Leading Towards Strong Foundation

SIEL

16th ANNUAL REPORT 2010-11

Corporate Information

Board of Directors

Shri Vivek Agarwal

Chairman & Managing Director

Shri K.K. Agarwalla

Executive Director

Shri E. Sankaranarayana

Director

Shri Thiagaraja Iyer Venkatramani

Independent Director

Shri V. Manikandan

Independent Director

Auditors

M/s Sunil Johri & Associates
Chartered Accountants,
Raipur, Chattisgarh

M/s Mahadevan & Sivarajan
Chartered Accountants,
Palakkad, Kerala

Bankers

State Bank of India, Palakkad

Registered Office:
19/629 (1), "Sreyas",
Near Yakkara School Bus Stop,
West Yakkara, Palakkad-678 001

Factory

Kariankode Post, Kottayi,
Palakkad-678 572

Share Transfer Agents

M/s Adroit Corporate Services Pvt Ltd
19/20, Jaferbhoy Ind. Estate,
1st Floor, Makwana Road,
Marol Naka, Andheri (East),
Mumbai - 400 059

Tel : 022-28596060/28594060

Fax : 022-28503748

E-mail : adroit@vsnl.net

SOUTHERN ISPAT & ENERGY LIMITED

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From Chairman's & Managing Director's Desk

LEADING TOWARDS STRONG FOUNDATION



Vivek Agarwal
Chairman and Managing Director

Dear Shareholders,

It gives me great pleasure to share with you the highlights of our Company's performance during the year 2010-11.

I am delighted to inform you that your company has scaled a new height in top line and registered a healthy performance during Financial Year 2010-11 with a three times growth in revenue to Rs 8058.48 millions as compared to previous years & highest ever top line registered in any other FY.

Indian Steel Scenario

Iron & Steel Industry in India is on an upswing because of the strong global and domestic demand. India's rapid economic growth and soaring demand by sectors like infrastructure, real estate and automobiles, at home and abroad, has put Indian steel industry on the global map. According to the latest report by International Iron and Steel Institute (IISI), India is the seventh largest steel producer in the world. The Indian steel industry is organized in three categories i.e., main producers, other major producers and the secondary producers. The main producers and other major producers have integrated steel making facility with plant capacities over 0.5 MT and utilize iron ore and coal/gas for production of

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steel. The secondary sector is dispersed and consists of: (1) Backward linkage from about 120 sponge iron producers that use iron ore and non-coking coal, providing feedstock for steel producers; (2) Approximately 650 mini blast furnaces, electric arc furnaces, induction furnaces and energy optimizing furnaces that use iron ore, sponge iron and melting scrap to produce steel; and (3) Forward linkage with about 1,200 re-rollers that roll out semis into finished steel products for consumer use. Strengths of Indian Steel Industry :

- ✓ Low labour wage rates
- ✓ Abundance of quality manpower
- ✓ Mature production base
- ✓ Positive stimuli from construction industry
- ✓ Booming automobile industry

Outlook

The outlook for Indian steel industry is very bright. India's lower wages and favourable energy prices will continue to promise substantial cost advantages compared to production facilities in (Western) Europe or the US. It is also expected that steel industry will undergo a process of consolidation since industry players are engaged in an unfettered rush for scale. This is evident from the recent acquisition of Corus by Tata. The deployment of modern production systems is also enabling Indian steel companies to improve the quality of their steel products and thus enhance their export prospects.

Company Overview

Steel is crucial to the development of any

modern economy and is considered to be the backbone of the human civilization. The level of per capita consumption of steel is treated as one of the important indicators of socio-economic development and living standard of the people in any country. It is a product of a large and technologically complex industry having strong forward and backward linkages in terms of material flow and income generation. All major industrial economies are characterized by the existence of a strong steel industry and the growth of many of these economies has been largely shaped by the strength of their steel industries in their initial stages of development.

Strategic Initiatives

● PROJECT EXPANSION

Your Company has charted a vision for expanding the existing facility at Kottayi, Palakkad in Kerala to enhance the production capacity of Steel Ingots and Billets to 55440 TPA & Rolling Mill plant with Capacity 74250 TPA.



The plan is to raise the total Steel production of the Company to 0.13 million TPA over the next few years and provide the foundation to maintain high quality growth and enhance value creation for its shareholders.



● ACQUISITION OF INTEGRATED STEEL PLANT

As a part of its forward integration strategy, your Company is poised to seize the opportunities in the Iron & Steel Industry (both for steel & intermediary saleable products) through its Acquisition of Integrated Steel Plant. Company is strengthening its raw material linkages, technology edge and management expertise. These opportunities will be linked directly to the growing demand from the automobile and auto components, infrastructure, construction and power sectors. It is an integrated steel plant having capability to manufacture products across the entire value chain of steel from sponge iron to forged and machined products.

● ACQUISITION OF IRON ORE MINES

Your Company has also taken necessary steps for securing its raw material requirements and integrating backwards into mining of Iron Ore. SIEL is in talks to acquire 100% stake, in Buxwaha Iron Ore mine spread over 150 Hectares in Chattarpur area of Madhya Pradesh, India. The mining division has its iron ore



operations in the mineral rich Chattarpur belt of Madhya Pradesh. The mines have a substantial resource base of superior quality iron ore with high Fe (iron) content and bulk density. The Fe

content varies between 63 to 66 per cent, which makes it one of the best quality materials available in the country. The mining operations are mechanized, adopting state-of-the-art technology and equipment namely hydraulic drifter, in-pit crusher, cone crushers and mobile crushers. Flexibility in operations enables the division to maximize the utilization of resources, as well as cater to the needs of diverse customers.

● SETTING UP OF A BENEFICIATION & PELLETIZATION PLANT

Your Company is planning to set up a Beneficiated & Pelletizing plant with an installed



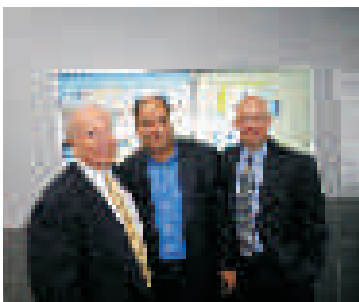
capacity of 12,00,000 TPA in area of Madhya Pradesh, India for Agglomeration of beneficiated and ground iron ore into spherical shaped green balls and subsequent heat hardening them is termed as Pelletizing. Pellets thus produced to desired physical and chemical properties are much superior to the conventionally sized iron ore lumps. Iron ore Pellets are in very high demand. The company has also acquired adequate land near to mines for setting up of a Beneficiation & Pelletization plant for exploiting the mining operations & maximizing profits.

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● Entering Into Solar

Your company is entering into Solar cells/ solar power plant equipments which aim to



manufacture “electricity from Sun & Sand”. In this project Quartz (SiO_2) of 98% and above purity is purchased and processed to manufacture Solar cells/ equipments. Your Company is planning to execute in a Phased Manner. In Initial Phase, Company will Purchase metallurgical grade silicon from market & Initiate our plant with the chemical factory to produce Polysilicon of purity 12N



from the 6N available in the market. This translates that the purity of silicon shall be from 99.9999% to 99.9999999999%. Thereafter in further stage, we look towards as part of forward Integration and Install an

Ingot/Crystal Growing & Wafer manufacturing Plant along with a brick factory. In third phase, we arrange the facility to manufacture the cell & Module. In last phase, we conclude into the end user product by manufacturing Solar power plant system.

● Vibrant Gujarat 2011'

The Company had participated & signed a



MOU with Gujarat Govt. in 'VIBRANT GUJARAT 2011' for a capital Expenditure to tune of Rs 50000 Millions.

● Buisness Operations

With a view to expand the Buisness operations, SIEL has opened three branches across the country & also floated a foreign subsidiary in the name of “SIEL FZE” to exploit the Global oppurtunities which inturns boost the operations and maximize the wealth of shareholders.

Corporate Governance

Your company is committed to conforming to the highest standards of Corporate Governance



by ensuring transparency, disclosures and reporting as required under various laws,



regulations and guidelines, including those issued by the Department of Public Enterprises, Government of India.

Acknowledgement

I gratefully acknowledge the guidance and



support extended by the various Ministries particularly the Ministry of Steel under the

Government of India and State Government of Kerala. I would also like to thank all the stakeholders of the Company for their continued support in all our endeavors.

I express my sincere appreciation for the invaluable contribution and cooperation of my colleagues on the Board in charting the road map of the Company for growth and profitability, thereby steering it to greater heights.

As I conclude, I sincerely thank each and every one of you, our shareowners, for the confidence and trust you have reposed on us. We will try our best to surpass your expectations.

Sd/-

Vivek Agarwal
Chairman and Managing Director
Date: 21-11-2011
Place: Palakkad

SOUTHERN ISPAT & ENERGY LIMITED

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NOTICE TO ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Southern Ispat and Energy Limited will be held on **26th December 2011 at 11.30 AM at its Registered Office at 19/629(1), "Sreyas" Near Yakkara School Bus Stop, West Yakkara, Palakkad - 678 001** to transact the following business:

Ordinary Business

Item No.1

To consider and adopt the audited Balance Sheet as on 30th June 2011, the Profit and Loss Account for the financial year ended on that date and the report of the Board of Directors and Auditors thereon.

Item No.2

To appoint a Director in place of Mr. Thiagaraja Iyer Venkatramani who retires by rotation and being eligible, offers himself for re-appointment.

Item No.3

To reappoint Auditors and to fix their remuneration

"RESOLVED THAT M/S. Sunil Johri & Associates, Chartered Accountants be and are hereby appointed as Auditors of the company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting on a remuneration fixed by the Board of Directors in consultation with the Auditors."

"RESOLVED THAT M/S. Mahadevan & Sivarajan, Chartered Accountants be and are hereby appointed as Joint Auditors of the company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting on a remuneration fixed by the Board of Directors in consultation with the Auditors."

Item No.4

To appoint a Director in place of Sri. K.K. Agarwalla who has given his unwillingness for his reappointment and to pass the following resolution with or without modification.

"RESOLVED THAT Sri. K.K. Agarwalla, who retires by rotation and given his unwillingness to be re-appointed, be not re-appointed and the vacancy created be filled up in the ensuing Annual General Meeting."

Special Business

Item No.5

To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution.

"RESOLVED THAT Sri T.N. Sivakumar be and is hereby appointed as the director of the Company whose office is determinable as liable to retire by rotation."

Item No.6

To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution

"RESOLVED THAT Shri. Umesh Kumar Sahu be and is hereby appointed as the director of the Company whose office is determinable as liable to retire by rotation."

By the order of the Board of Directors

Sd/-
Vivek Agarwal
Chairman and Managing Director



Notes

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy and to vote on a poll instead of herself / himself and need not be a member of the company. The instrument appointing a proxy should however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act in respect of the special business is set out in the Annexure enclosed.
3. Members are requested to notify change of address if any immediately to the Registrars and Share Transfer Agents M/s Adroit Corporate Services Pvt Ltd, 19/20, Jaferbhoy Ind. Estate, 1st Floor, Makwana Road, Marol Naka, Andheri (East), Mumbai - 400 059
4. The register of members of the company will remain closed from 21st December 2011 to 26th December 2011 (both days inclusive).

Annexure to Notice

Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 which forms part of the Notice convening the Annual General Meeting of the Company on 26th December 2011.

Item No.5

Mr. T.N. Sivakumar is a BE Electrical & Electronics Engineer. He has done M.Sc Engineering in Applied Electronics and Servo Mechanism. He is having 34 years of vital experience in Industrial Consultancy. He is a member of Institution of Engineers, India, Institution of Engineering Technology, London, Coimbatore Productivity Council, Coimbatore Dist., Small Scale Industries association, Engineering Export promotion Council and Coimbatore Management Association. His inclusion in the Board will make the board to a professional one and proposed to include the proposal in the notice of Annual General Meeting appointing him as Director. As

required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Shri. T.N. Sivakumar as a director along with a deposit of Rs.500/-. The Board considers that it is desirable that the Company should continue to avail his services and recommend to pass necessary resolution as a Special Resolution.

None of the directors are interested other than Shri. T.N. Sivakumar who may be deemed to be interested to the extent of his appointment.

Item No.6

Mr. Umesh Kumar Sahu aged about 40 years is a graduate in Commerce with vast experience in Steel Industry. He is specialised in erection, installation and functioning of steel industries and have an enviable record in this field. In addition to his general corporate experience, his vast and rich experience, consistent with Production strategy will provide operational excellence to the Company and a capability to drive innovation. He has extensive advisory experience on issue of strategy, driving performance improvement, change management, organisation building and human capital development. His inclusion in the Board will make the board to professional one and proposed to include the proposal in the notice of Annual General Meeting appointing him as Director. As required by Section 257 of the Act, a notice has been received from a member signifying his intention to propose appointment of Mr. Umesh Kumar Sahu as a director along with a deposit of Rs. 500/-. The Board considers that it is desirable that the Company should continue to avail his services and recommend to pass necessary resolution as a Special Resolution.

None of the directors are interested other than Mr. Umesh Kumar Sahu who may be deemed to be interested to the extent of his appointment

By Order of the Board
Sd/-

Date: 21-11-2011
Place Palakkad

Vivek Agarwal
Chairman and
Managing Director