



SOUTHERN ISPAT & ENERGY LIMITED

(FORMERLY SOUTHERN ISPAT LIMITED)

Sustainable Growth

**2012-2013
18th ANNUAL REPORT**

Corporate Information

- Shri Vivek Agarwal
Chairman & Managing Director
- Shri Manish Kumar Mishra
Director
- Shri Vinod Bajoria
Director
- Shri Thiagaraja Iyer Venkatramani
Independent Director
- Shri V. Manikandan
Independent Director
- Shri T. N. Sivakumar
Independent Director

Auditors

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

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

Adroit Corporate Services Pvt. Ltd. 19/20
Jaferbhoy Industrial estate
Makhwana Road, Marol Naka
Andheri (East)
Mumbai 400 059
Ph: 022-28594060
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*From Chairman's &
Managing Director's Desk*



VIVEK AGARWAL
CHAIRMAN & MANAGING DIRECTOR

Sustainable Growth

Dear Shareholders,

It is my pleasure and privilege to reach you through this momentous Annual Report & share with you the highlights of our Company's performance during the year 2012-13.

The global economic scenario in FY 2012-13 continued to be abounding with extreme challenges. As the year forges ahead, business environment remained difficult and operating in such a testing environment proved challenging. The Indian economy has slowed down in the last 12 months and some of the sectors including the automotive and capital goods have been faced with demand slowdown that is unlikely to turn around quickly. The Chinese economy too has witnessed a moderation in its growth rate and it is widely expected that following the political transition, China would look at rebalancing the economy to a sustainable level.

I am delighted to inform you that in such a worst scenario still your company manage to sustained growth and registered a satisfactory performance during Financial 2012-13 with a top line of Rs 9282.37 millions and bottom line to Rs 426.84 Millions.



Steel Industry Overview

Global Scenario

The FY 2012-13 has been one of the most challenging years for the Steel Industry. The combined effect of European debt crisis and global economic slowdown along with the domestic challenges of non availability and



high cost of raw material has impacted the Iron & Steel industry. The global economy in FY 2012-13 improved slowly and did not recover to the extent anticipated in the beginning of the year. Several European economies experienced recession due to high unemployment, banking fragility, fiscal tightening and sluggish growth. The U.S. economy improved marginally, driven mainly by housing and the consumer sectors; however, capital investments remained sluggish. Among the Asian economies, China, going through a political transition, experienced considerably slower growth. Deceleration in industrial output and exports weakened India's economic growth significantly. The weak macro environment

and slower growth caused the margin environment to remain volatile with downward bias.

Despite a slight increase in demand for steel and the removal of some older steelmaking capacity in 2012, the global percentage level of excess capacity is greater now than it was 12 months ago due to the continued growth in new steelmaking facilities particularly in developing economies. Capacity utilization rates in the sector remain below 80% and in 2013 excess capacity will remain the most significant issue in the steel sector.

Growth in global steel demand is unlikely to improve significantly in 2013. Sluggish demand combined with excess steelmaking capacity and ongoing volatility in raw materials costs will challenge the sustainability of high-cost producers.

The continued closure of older, higher-cost steelmaking capacity and increased demand



growth should lead to improved profitability for the sector in 2014 and 2015, driven by better utilization rates. The closure of inefficient capacity will require the sector to avoid political interference with commercially rational decisions.



Domestic Scenario

India has emerged as the fourth largest steel producing nation in the world, as per the recent figures release by World Steel Association in April 2011. In 2010, India was the 5th largest



producer, after China, Japan, USA and Russia and had recorded a growth of 11.3% in steel production as compared to 2009. Overall domestic crude steel production grew at a compounded annual growth rate of 8.4% during 2005-06 to 2009-10. The Indian steel industry accounted for around 5% of the world's total production in 2010.

Total crude steel production in India for 2010-11 was around 69 million tonnes and it's expected that the crude steel production in capacity in the country will increase to nearly 110 million tonne by 2012-13. Further, if the proposed expansion plans are implemented as per schedule, India may become the second largest crude steel producer in the world by 2015-16.

The demand for steel in the country is currently growing at the rate of over 8% and it is expected that the demand would grow over by

10% in the next five years. However, the steel intensity in the country remains well below the world levels. Our per capita consumption of steel is around 110 pounds as compared to 330 Pounds for the global average. This indicates that there is a lot of potential for increasing the steel consumption in India.

But as anticipated the impact of Depreciation on the Indian currency, the price hikes announced by some steel mills in January and March 2013 due to cost pressures proved to be temporary in nature, and domestic steel prices declined thereafter. In fact domestic prices fell by around 6% during the period from January till the first week of May 2013, on the back of around 8% fall in the international prices, while the USD/INR exchange rate remained largely



flat. However, between May and July, the INR depreciated against the USD by almost 10%. Consequently, despite a fall in international prices of HRC by around 6% during this period, the depreciation of the INR led to firming up of landed cost of steel imports by around 4%. However, domestic prices still remained flat during this period instead of following the



import parity price trend because of weak demand conditions.

Prices of coking coal, which has to be imported by producers using the blast furnace route, also declined by around 10% in the



international market during May-July 2013, Causing the landed cost of imported coking coal to remain largely flat and thus, depriving steel mills from the benefits of a lower raw material cost. On the other hand, raw material costs of various secondary players using imported scrap is likely to have been adversely affected during May-July, 2013, due to the depreciation of the INR which, coupled with an imposition of a 2.5% import duty on steel scrap in May, 2013, resulted in a hike in imported scrap costs by around 7%, even though internationally scrap prices declined by around 6% in this period.

Company Overview

Your Company is focused on its vision to emerge as a low cost producer of value added Steel products with captive mineral resources and captive power. The Company is also focused on mining its own iron ore in order to

improve margins & also to setup a Beneficiation Plant to exploit the resources.

Company Strategic Measures

■ IRON ORE MINES

As a part of backward integration, your Company had entered into Mining Activity 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 potential of the proven deposit, as well as the quality and quantity of reserves, are good enough to sustain the mining operations for the next 20 years at the current operating capacity. The main products are:



- ❖ Calibrated Iron Ore Lump-inputs for steel making through the DRI/BF process
- ❖ Iron Ore Fines inputs for sinters and pellets, used for making steel

▪ **BENEFICIATION & PELLETIZATION PLANT**

The excessive fines generated from the iron ore crushing units are mostly going waste, lying in tailing ponds for long years or exported. In order to capitalize the



mining resources, Your Company has now proposed to set up 1.2 Million tonne per annum capacity iron ore beneficiation & pelletization plant in Chattarpur 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.

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

In these trying times, 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 my colleagues on the Board, customers, employees, banks and Stakeholders of the Company for their confidence, for being a pillar of support in helping to accomplish our shared aspirations and providing continued support in all our endeavors.

As always, I am looking forward for your continued support and encouragement.

Sd/-

Vivek Agarwal

Chairman and Managing Director

Palakkad, Kerala

17th October, 2013



NOTICE TO ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting of the Members of Southern Ispat and Energy Limited will be held on **26th November 2013 at 11.00 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 2013, 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. V.Manikandan, who retires by rotation and being eligible, offers himself for re-appointment.

Item No.3

To appoint a Director in place of Mr. Manish Kumar Mishra, who retires by rotation and

being eligible, offers himself for re-appointment.

Item No.4

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."

Special Business

Item No.5

To consider and adopt the Financial year ending of the Company as on 31st March 2014 for the FY 2013-2014

"RESOLVED THAT the Financial year ending of the Company for the FY 2013-2014 will be the period ending on 31st March 2014."

Date: 17th October 2013

Place: Palakkad, Kerala

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,17-20, Jafferbhoy Industrial Estate,1st Floor, Makhwana Road, Marol Naka, Andheri (East) , Mumbai-400 059

4. The Register of Members of the Company will remain closed from 21st November 2013 to 26th November 2013 (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 November 2013

Item No.5:

As per the New Companies Bill, 2013 approved by Lok Sabha on 18th December 2013 and Rajya Sabha on 08th August 2013, all Companies should have uniform Financial Year i.e from April to March every year.

None of the directors are interested in the resolution.

Date: 17th October 2013

Place: Palakkad, Kerala

By the order of the Board of Directors

Sd/-

Vivek Agarwal

Chairman and Managing Director



Directors Report to Shareholders

Dear Shareholders,

Your Directors take immense pleasure in presenting this 18th Annual Report together with the Consolidated Audited Accounts of the Company for the Financial Year 2012-13 for the period ended on 30th June 2013.

Financial Results (Rs. Million).

Particulars	12-13	11-12
Sales & Other Income	9299.63	10191.36
Material Consumed	8777.28	9577.75
Changes in Inventory	4.95	(4.87)
Employee Benefits	7.21	5.19
Finance Cost	8.44	4.02
Depreciation	16.51	19.27
Other Expenses	60.07	179.10
Profit before Taxes	425.16	410.89
Taxes-Current Tax	0.73	0.66
-Deferred Tax	(2.40)	(2.28)
Profit After Taxes	426.82	412.52
Earnings per Share (Basic & Dilutive)	3.23	3.12

REVIEW OF OPERATIONS

During the year under review, the Company's financial performance has been adversely affected due to the non-availability of raw material, increasing raw material costs, high bank interest rates and volatile foreign exchange. The company took various initiatives to improve its profitability by diversification which helped the Company to

post a reasonable performance for the year.

DIVIDEND

In order to augment resources for the expansion plans, your Directors do not recommend distributing any dividend for the year ended 30th June 2013.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements, the Audited Consolidated Financial Statements are provided in the Annual Report.

SUBSIDIARY

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the Subsidiary Company is not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary company and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the Subsidiary Company will also be kept open for inspection at the Registered Office of the Company and that of the respective Subsidiary Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary Company. Details of subsidiary of the Company are covered in Management's Discussion and Analysis Report forming part of the Annual Report.



EXPANSION PLANS

- Exploring Mining Opportunities & Securing Raw materials and integrating backwards into mining of Iron Ore and Chrome Ore.
- Setting up a Beneficiated & Pelletizing plant with an installed capacity of 12,00,000 TPA in Madhya Pradesh, India for exploiting the mining operations & maximizing profits.

INTERNAL CONTROL SYSTEM

The Company has in place an adequate and appropriate system of internal control, commensurate with its size and nature of business to ensure efficacy of operations and compliance with applicable legislations. The Company has comprehensive budgetary control system. The management regularly reviews actual performance.

SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

Corporate Social Responsibility occupies a central position in Companies activities and is an ongoing daily affair. Our Company's plant at Kottayi, Palakkad is a leading industrial unit in the region and therefore the local community look towards the Company for social support. Company continues to provide necessary support to economically backward people of the adjoining villages through various community development, education and healthcare programmes.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Your Company all the time strives towards the

development of its employees, to upgrade their skills and to boost the motivation levels of its human resource through various mechanisms. For enhancing the team spirit of the employees departmental quality circles and other awareness programmes being organized from time to time. We were successful in maintaining a healthy working environment and cordial industrial relations throughout the year. The efforts put in by the employees at all levels are highly commendable and have contributed immensely to the excellent performance of the company. Your Company HR team has been continuously striving for establishing a better and congenial relationship with Workmen, Unions and all external agencies resulting in achieving zero man days' loss due to industrial unrest.

BOARD OF DIRECTORS

Mr. V Manikandan, Independent Director retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

Mr Manish Kumar Mishra Director retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

The proposals regarding the appointment/re-appointment of the aforesaid Director are placed for your approval.

PARTICULARS UNDER SEC 217

None of the employees of the Company was in receipt of remuneration above Rs. 2,00,000/= per month or Rs. 24,00,000/= per annum during the year under review and as such there is no need to give a declaration u/s 217 (2A) of the Companies Act, 1956



CORPORATE GOVERNANCE

The Company has implemented all the mandatory provisions of Clause 49 of the Listing Agreement relating to the Corporate Governance. The Annual Report contains a separate Section for the same.

As required under the said provisions, the Company has obtained the Certificate from the Auditors of the Company which is annexed to forms part of the Annual Report.

The Management Discussion and Analysis Report forms part of the Annual Report.

DEPOSITS

The Company has not accepted any fixed deposits during the period under review.

AUDITORS AND AUDITORS REPORT

M/s. Sunil Johri & Associates, Chartered Accountants Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

The Company has received letters from M/S. Sunil Johri & Associates, Chartered Accountants, to the effect that their appointment, if made would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies act, 1956.

The observation and comments given by auditors in this report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with Section 217(2AA) of the Companies Act, 1956 the Directors state that:-

- i. In the preparation of the Annual Accounts, all applicable Accounting Standards have been followed and proper explanations relating to material departures, if any have been furnished.
- ii. Accounting policies as listed in notes to the financial statements have been made so as to give a true and fair view of the state of affairs of the Company for the Financial Year 2012-13 for the period ended on 30th June, 2013 and of the Profit of the Company for the Accounting Year ended on that day
- iii. Proper and sufficient care for the maintenance of adequate accounting records has been taken in accordance with the provisions of this Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities and
- iv. The Annual Accounts have been prepared on a going concern basis.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The particulars as required to be disclosed pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules 1988 are given in Annexure: A forming part of this report.

ACKNOWLEDGEMENTS

Your directors acknowledge the assistance and goodwill received from the concerned departments of the State and Central Governments, Financial Institutions, Banks, Customers, Selling Agents, Dealers, Distributors, employees at all levels and the Shareholders.

For, Southern Ispat & Energy Limited

***Date: 17/10/2013
Place: Palakkad***

***Sd/-
Vivek Agarwal
Chairman & Managing Director***

***Sd/-
Vinod Bajoria
Director***



ANNEXURE TO THE DIRECTORS' REPORT

Company's (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988:-

Information under Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I. Conservation of Energy						
a.	Energy conservation measures taken			The Company is using Induction Furnace and hence possibility of conserving energy is limited.		
b.	Additional investments and proposals, if any, being implemented for reduction of consumption of energy			NIL		
	Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.			NA		
FORM A						
A. Power and Fuel Consumption				Current Year ended on 30/06/13	Previous Year ended on 30/06/12	
1	Electricity Purchased Units/KWH Total Amount (Rs. in Lakhs) Rate/Unit (Rs.) Own Generation (Diesel Generation) Units/KWH Units per litre of Diesel Oil Cost of Unit of Diesel Oil (Rs./KWH)			6399480 370.42 5.78 NIL NA NA	6907320 341.76 4.95 NIL NA NA	
2	Coal Qty (MT) (Grade varies from A to D) Total Cost (Rs. lakhs) Average Rate (Rs./Tonne)			NIL NA NA	NIL NA NA	
3	Furnace Oil (Diesel Oil/LD Oil) Quantity (Litres) Total amount (Rs. lakhs) Average rate (Rs./Litre)			NIL NIL NA	NIL NIL NA	
B. Consumption per unit of production						
Product	Current Year (30/06/13)			Previous Year (30/06/12)		
	Electricity (KWH)	Diesel / LD Oil (Ltr)	Coal (MT)	Electricity (KWH)	Diesel / LD Oil (Ltr)	Coal (MT)
M S Ingots	1413	Nil	Nil	1346	Nil	Nil
II. Technology Absorption						
FORM B (See Rule 2)						
(Form for disclosure of particulars with respect to Technology Absorption)						
1	Specific area in which R & D carried out					NIL
2	Benefits derived as a result of the above					NA
3	Future plan of action					NIL
4	Expenditure on R & D Capital Recurring Total Total R & D Expenditure as a percentage of total turnover					NIL



Technology Absorption, Adaptation and Innovation		
1	Efforts, in brief, made towards technology Absorption, adaptation and innovation	NIL
2	Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution	NA
3	<p>In case of imported technology (imported during the last five years, reckoned from the beginning of the financial year), following information may be furnished</p> <p>Technology Imported</p> <p>Year of Import</p> <p>Has technology has been fully absorbed fi</p> <p>If not fully absorbed, areas where this has not taken place (reasons and future plans of action)</p>	NIL
III. Foreign Exchange Earnings and outgo		NIL



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Clause 49(IV) (B) & (F) of the Listing Agreement your directors wish to report as follows:

ECONOMIC OVERVIEW

The sluggish growth in the Global Economy, persisting problems in the Euro-zone coupled with Current Account deficits have adversely affected the economic momentum of the country. High debt burdens and austerity measures initiated by advanced economies and their cascading adverse effect on the growth of emerging markets remains the primary risk facing the economy worldwide. Comparative strengthening of US dollar and other major cross currencies led to a steep fall in Rupee value and the same further aggravated the economic scenario of the country.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The Steel Industry is considered as the backbone of the economy and is often indicative of global economic progress. The Euro zone crisis has pushed regional economies in Europe and U.K. into recession and the depressed conditions are expected to continue over a short to medium term period. The economic woes in Europe, Japan & U.S. have resulted in weaker demand for imports and heightened volatility in capital flows and commodity prices, besides discouraging investment activity. The Chinese economic growth has been subdued, compared to robust growth levels in earlier years, which also played a significant role in affecting the margins of the Industry. However, the global steel demand is expected to improve gradually in 2013 and emerging and developing economies like India and China would continue to play a significant role to drive

growth in the Industry.

The market of Steel Service Centres (SSC) is at a very nascent stage in India. It is expected to grow at a Compound Annual Growth Rate (CAGR) of 18 per cent during FY 2017-18 as steel makers expand capacities and more and more customers look for customized products. Domestic steel market is into an evolutionary stage wherein it is shifting from simply selling steel to selling steel solutions; thanks to growth in the automobile and white goods segments, and entry of Multinational Companies (MNCs). Owing to immense competition in the automotive industry, white goods, fabricators and other end-use segments (infrastructure, construction, electrical, pipes and tubes, and engineering equipment-related industries), and the need of curbing inventory cost, executing strategies like 'Just-In-Time (JIT)' is likely to boost this service center concept to grow rapidly in the next 5-10 years.

COMPANY OVERVIEW

Your Company is focused on its vision to emerge as a low cost producer of value added Steel products with captive mineral resources and captive power. The Company is also focused on mining its own iron ore in order to improve margins & also to setup a Beneficiation Plant to exploit the resources.

STRATEGIC INITIATIVES

IRON ORE MINES

Your Company had entered into mining activity 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. SIEL



Mining will hold a leading position in the Indian mining industry for its superior mining techniques, equipment, and scale and flexibility of operations and systems. The potential of the proven deposit, as well as the quality and quantity of reserves, are good enough to sustain the mining operations for the next 20 years at the current operating capacity. The main products are:

- :: Calibrated Iron Ore Lump-inputs for steel making through the DRI/BF process
- :: Iron Ore Fines-inputs for sinters and pellets, used for making steel

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.

BENEFICIATION & PELLETIZATION PLANT

Your Company is planning to set up a Beneficiated & Pelletizing plant with an installed capacity of 12,00,000 TPA in 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. No difficulties are foreseen regarding its marketability. Indeed, Iron Ore Pellet fills a long standing demand and supply gap in the steel industry by use of abundant and easily available iron ore fines which otherwise find no buyer in India. The demand of high quality sized iron ore is ever increasing and constantly echoed at various apex bodies. Moreover, Pelletizing units are using low grade iron ore

available in abundance. 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.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

SIEL saw through this challenging period has achieved healthy growth in sales and profitability and is poised to emerge as a stronger Company to deliver enhanced shareholder value over the coming years. Your Company registered a stable performance during 2012-13 with revenues to Rs. 9299.63 million, 3.67 % growth in EBITDA to Rs. 450.11 million and 3.47% rise in PAT to Rs.426.82 million.

SEGMENT-WISE PERFORMANCE AND OUTCOME

The Company is in the business of Manufacturing & Trading of Steel Items and hence operates in a single business segment. Performance of the Company has been dealt with in the Directors' Report.

OPPORTUNITIES, THREATS AND FUTURE OUTLOOK

Your Company will continue to maintain & grow its presence in the Export Markets while retaining its focus on value added products in Domestic Market. Your Company is ready to cater to customer's stringent specifications and demands which will ultimately improve the bottom-line. The overall presence in the Conventional, Construction & Infrastructure Segments will continue. The domestic flat steel consumption in the relevant business segments is estimated to grow at 6%-8%. The need, however, for value added and niche products are likely to surge and have been identified as major focus area for the Company.



Global steel consumption is expected to rise by 1.3%. Non-tariff barriers (like Anti-Dumping Duty on low priced, low quality suppliers) introduced recently by some of the emerging economies is expected to open additional markets and opportunities for your Company to increase its market share in international business.

RISKS PERCEPTION

Your Directors have put in place critical risk management framework across the Company. Your Company is continuously evolving and improving systems and measures to take care of all the risk exigencies involved in the business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Effective internal operational control systems and regular internal audit mechanisms to monitor and review the same under the overall control and supervision of the Audit Committee of Directors are in place and functioning well. Efforts for continued improvements are being consistently made in this regard.

DEVELOPMENTS IN HUMAN RESOURCES & INDUSTRIAL RELATIONS

Your Company recognizes the fact that manpower is one of the vital constituents of a successful organization. The growth of your Company and execution of new projects places emphasis on the recruitment process and your Company has been successful in attracting professional talent.

HEALTH & SAFETY

The Company continuously focuses on the health and safety of all its workers and staff. Adequate safety measures have been taken at

all the plants for the prevention of accidents or other untoward incident. The necessary medical facilities are available for the workers, staff and their family members to enable them to maintain good health. The Company has also obtained Group Medical Policy for its employee's and their families.

CORPORATE SOCIAL RESPONSIBILITY

The principles of Corporate Social Responsibility (CSR) are firmly embedded in Man's philosophy and strategy as a business enterprise. The Company considers itself part of society and therefore obligated to behave as a responsible corporate citizen. As we continue to grow, it becomes increasingly important to focus on our core values, namely: building a sustainable business and giving back to society. Our sustainability program guides us in supporting our employees and the communities where they work.

CAUTIONARY STATEMENT

Statements in this "Management Discussion & Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, input availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.



CORPORATE GOVERNANCE REPORT FOR THE YEAR 2012-2013

**(Pursuant to Clause 49 of the Listing Agreements entered
into with the Stock Exchanges)**

1. COMPANY'S CORPORATE GOVERNANCE POLICY

The Company's Corporate Governance policy emphasis the need for full transparency and accountability in all its transactions, in order to protect the interest of its stakeholders. 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 Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges forms part of the Annual Report. The Company combines the advanced technology with sound environment and application of superior customer relationship.

2. BOARD OF DIRECTORS

2.1 Appointment:

The Directors of the Company are

Name of the Director	Portfolio	Category	Date of Joining the board
Mr. Vivek Agarwal	Chairman and Managing Director	Non Independent Executive Director	27/12/2010
Mr. Manish Kumar Mishra	Director	Non Independent Executive Director	14/01/2012
Mr. Vinod Bajoria	Director	Non Independent Executive Director	26/12/2012

appointed by shareholders at General Meeting. All the directors are subject to retirement by rotation and at every Annual General Meeting 1/3 of such Directors are liable to retire by rotation, if eligible, generally offer themselves for reelection, in accordance with the provisions of Section 256 and 257 of the Companies Act, 1956 and that of the Articles of Association of the Company. The executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company.

2.2 The composition of and the category of directors were as under:

The Company has a balanced blend of executive and non-executive independent directors. As on 30-06-2013 the Board of Directors comprises of 03 Non Independent Executive Director and 03 Non Executive Independent Directors.



Mr. T.N. Sivakumar	Director	Non Executive Independent Director	21/11/2011
Mr. V. Manikandan	Director	Non Executive Independent Director	23/04/2007
Mr.Thiagaraja Iyer Venkatramani	Additional Director	Non Executive Independent Director	24/12/2009

2.3 Details of Board Meetings

The Board of Directors met 6 times during the period under review on 14/08/2012, 14/11/2012, 26/11/2012, 14/02/2013, 07/03/2013 and 15/05/2013. Attendance of

each Director at the meeting of the Board of directors held during the year and the last Annual General Meeting held by them in other companies is indicated below.

Name of Director	No. of meeting Held/ Attended	Whether Last AGM Attended	No of Directorship (Including this Company)		No. of Committees (Including this company)	
			As Chairma n	As Member	As Chairman	As Member
Mr. Vivek Agarwal	06	Yes	01	02	Nil	Nil
Mr. Umesh Kumar Sahu #	03	Yes	NIL	01	NIL	NIL
Mr. Manish Kumar Mishra	06	Yes	NIL	02	01	01
Mr. Vinod Bajoria	03	Yes	NIL	01	NIL	NIL
Mr. V Manikandan	06	Yes	NIL	02	01	02
Mr. Thiagaraja Iyer Venkatramani	06	Yes	Nil	05	01	02
Mr.T.N. Sivakumar	06	Yes	Nil	01	Nil	01

: Resigned from the board w.e.f. 26th December 2012



3. BOARD COMMITTEES

3.1 Audit Committees

In terms of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956 the Board has constituted Audit Committee of the Board of Directors at its meeting held on 17th March 2004. The Audit Committee consists of Mr. V Manikandan, Mr. T.N. Sivakumar and Mr. Thiagaraja Iyer Venkatramani. The Audit Committee is chaired by Mr. V Manikandan who has wide experience on economic and financial issues. All members of the Committee are financial literate.

The broad terms of references are as follows:-

- 1) Review of Company's Financial Reporting process and its Financial Statements.
- 2) Review of Internal Control System.
- 3) Reviewing with management the annual and quarterly financial statements before submission to the Board.
- 4) Recommending the appointment/reappointment and replacement/removal of Statutory Auditor.

The Audit Committee held its meeting on 10/08/2012, 12/11/2012, 08/02/2013 and 10/05/2013.

Attendance of members at the meeting of the Audit Committee held during the period

Name of Members	Category	No of Meetings	
		Held	Attended
Mr. V Manikandan Chairman	Independent Non Executive	04	04
Mr. T.N. Sivakumar	Independent Non Executive	04	04
Mr. Thiagaraja Iyer Venkatramani	Independent Non Executive	04	04

3.2 Shareholders/Investors Grievance Committee

The Shareholders/ Investor's Grievance Committee comprising of Mr.Thiagaraja Iyer Venkatramani as Chairman , Mr. Manikandan and Mr. Manish Kumar Mishra as members. The Committee, inter alia , approves issue of duplicate certificates and overseas and

reviews all matters connected with transfer of securities. The Committee also monitors implementation and compliance of the Company's code of conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulation, 1992. The Shareholders/ Investor Grievance Committee held its meetings on 17/08/2012



and 22/02/2013. The Company has appointed Adroit Corporate Services Pvt Ltd to act as Registrar and Share Transfer Agents of the Company. As on 30/06/2013, there are no complaints, queries pending for reply. There were no share transfers pending. There were

no share transfers pending for registration for more than 30 days as on the said date.

Attendance of members at the meeting of the Shareholders/ Investors Grievance Committee held during the period.

Name of Members	Category	No of Meetings	
		Held	Attended
Mr. V Manikandan	Independent Non Executive	02	02
Mr.Thiagaraja Iyer Venkatramani	Independent Non Executive	02	02
Mr. Manish Kumar Mishra	Independent Non Executive	02	01

3.3 Remuneration Committee

The remuneration Committee, which is a non- mandatory requirement of Clause 49 constituted with the following directors. The remuneration Committee comprising of Mr. Manish Kumar Mishra as Chairman of the Committee and Mr. Thiagaraja Iyer Venkatramani and Mr. V.Manikandan as members. The Committee inter alia considers the

process for selection and appointment of new directors and succession plans and the compensation structure for directors. The committee held its meeting on 14th June 2013.

4. GENERAL BODY MEETING

4.1 Annual General Meetings :Location and time for the last three Annual General Meeting:-

AGM	Year	Location	Date	Time	No. of Special Resolutions
17	2011-2012	19/629(1) Sreyas West Yakkara, Palakkad	26/12/2012	11.30 AM	2
16	2010-2011	19/629(1) Sreyas West Yakkara, Palakkad	26/12/2011	11.30 AM	2
15	2009-2010	19/629(1) Sreyas West Yakkara, Palakkad	27/12/2010	10.30 AM	6



5. DISCLOSURES

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

a) Compliance with non-mandatory requirements: Further the company complies with all the mandatory requirements of Clause 49 of Listing Agreement and set up Remuneration Committee which is a Non mandatory requirement as per the Clause 49 also being complied.

b) Non- instance of non compliance: There has been no instance of non compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority.

c) Subsidiaries: The Company have non-listed foreign Subsidiary Company and hence, it is not required to have an independent director of the company on the board of such Subsidiary Company.

d) Whistle blower policy: The Company lay down the mechanism for making enquiry into whistle blower complaint received by the Company. Employees aware of any alleged wrongful conduct are encouraged to make a disclosure.

e) Code of Conduct: The Company has adopted the Code of Conduct and ethics for directors. The Code had been circulated to all the members of the Board. The Board of Directors have affirmed their compliance with the code and a declaration signed by the Managing Director in terms of Clause 49-V of the listing agreement.

f) MD/CFO Certification: The Managing Director of the Company has given the certification on the financial reporting, internal controls and stated to the Audit Committee and auditors about the financial reporting and internal controls and placed before the board such certificate as required under clause 49(V) of the Listing Agreement. A copy of the certificate is annexed to this Corporate Governance Report.

6. MEANS OF COMMUNICATIONS

The Company is publishing quarterly unaudited results and notices to shareholders in dailies within 48 hours of the conclusion of the meeting in which they are considered and are also posted on the Company's website www.southernspatilt.com and are sent to Stock exchanges immediately after they are approved by the Board.

7. GENERAL SHAREHOLDER INFORMATION

7.1) Annual General Meeting

DATE: 26th November 2013

TIME: 11.00 AM

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

7.2 Financial Calendar 2012-13

Unaudited Results of the Quarter ended 30/09/2012 **On or Before 15/11/2012**

Unaudited Results of the Quarter ended 31/12/2012 **On or Before 15/02/2013**

Unaudited Results of the Quarter ended 31/03/2013 **On or Before 15/05/2013**



Unaudited Results of the Year ended 30/06/2013 **On or Before 15/08/2013**

Audited Results of the Year ended 30/06/2013 **On or Before 30/08/2013**

7.3 Book Closure :

Register of Members and Share Transfer books will remain closed for 06 days from 21st November 2013 to 26th November 2013 (both days inclusive)

7.4 Listing on Stock Exchanges:

The Company's shares are listed on Mumbai/Cochin/ Madras/Ahmedabad and got trading permission on National Stock Exchange w e f 01-10-2010 and the GDR's got listed in Luxembourg Stock Exchange on 11-08-2010 and 15-06-2011 respectively.

8. STOCK MARKET DATA

Bombay Stock Exchange Ltd

Scrip Code: 531645

Month	Month's High	Month's Low
July 2012	3.94	3.11
August 2012	3.80	2.75
September 2012	3.25	2.50
October 2012	3.16	2.70
November 2012	2.95	2.51
December 2012	7.28	2.62
January 2013	9.98	6.69
February 2013	14.21	8.31
March 2013	13.23	11.20
April 2013	12.20	7.39
May 2013	10.10	7.54
June 2013	8.60	3.97

9. REGISTRAR/ SHARE TRANSFER AGENT:

M/s Adroit Corporate Services Pvt Ltd
17-20, Jafferbhoy Industrial Estate
1st Floor, Makhwana Road,
Marol Naka, Andheri (East)
Mumbai-400 059
Ph : 022- 42270400, 28596060
Fax: 022-28503748
Email: adroit@vsnl.net



10. SHARE TRANSFER SYSTEM

Shareholders/Investors are requested to send share transfer related documents directly to our Registrar and Share Transfer Agents whose address is given above. The Board has delegated powers to the Share Transfer Committee of the Company on approval of RTA to approve the transfers/ transmission/

dematerialization / rematerialisation. The Company obtains from a Company Secretary in Practice a half yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchange and files a copy of the certificate with the Stock exchanges.

11. DISTRIBUTION OF SHAREHOLDING AS ON 30/06/2013

Range	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
Upto 100	1797	18.64	115273	0.09
101 to 500	3234	33.55	1077974	0.82
501 to 1000	1871	19.41	1681443	1.27
1001 to 2000	1043	10.82	1705285	1.29
2001 to 3000	439	4.55	1171140	0.89
3001 to 4000	204	2.12	752915	0.57
4001 to 5000	281	2.92	1362649	1.03
5001 to 10000	374	3.88	2889516	2.19
10001 to 20000	175	1.82	2605533	1.97
20001 to 50000	122	1.27	4014827	3.04
50001 & above	98	1.02	114772525	86.85
TOTAL	9638	100.00	132149080	100.00

12. DEMATERIALISATION OF SHARES

The shares of the Company are traded in demat form by all categories of investors. The Company has arrangement with both National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) to establish electronic connectivity of our shares for scripless trading. The ISIN allotted for the shares of the Company is INE943B01011. As on 30/06/2013, 99.95 % of shares of the Company were held in dematerialized form.

13. QUERIES ON ANNUAL REPORT

Queries on Annual Report may be addressed to:

SOUTHERN ISPAT AND ENERGY LIMITED,
19/629 (1), SREYAS,
NEAR YAKKARA SCHOOL BUS STOP,
WEST YAKKARA, PALAKKAD,
KERALA-678 001.



CERTIFICATE BY MANAGING DIRECTOR ON CORPORATE GOVERNANCE

- a) I have reviewed Financial Statements and the Cash Flow Statements for the year and that to the best of their knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- b) It is best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) The auditors and the Audit Committee are informed of
- i) significant changes in internal control over financial reporting during the year
 - ii) significant changes in accounting policies during the year and the same have been disclosed in the notes to the Financial Statements; and
 - iii) there is no instance of significant fraud of which they become aware and the involvement therein, if any, of the management or an employee having significant role in the internal control system over financial reporting.

Place: Palakkad, Kerala

Date: 30/08/2013

By Order of the Board of Directors

Sd/-

Vivek Agarwal

Chairman & Managing Director



INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of
Southern Ispat & Energy Limited

We have examined the compliance of conditions of Corporate Governance procedures implemented by Southern Ispat & Energy Limited ("the Company"), for the period ended on June 30, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Palakkad, Kerala
Date: August 30, 2013

For Sunil Johri & Associates
Chartered Accountants
FRN 005960 C
Sd/-
(Sunil Johri)
Partner
M.No. 074654



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

**To the Members of
Southern Ispat & Energy Limited**

Report on the Financial Statements

We have audited the accompanying Consolidated Financial Statements of M/s Southern Ispat & Energy Limited and its subsidiary, which comprise the Consolidated Balance Sheet as at 30 June, 2013, Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated Cash Flows of the Company / Subsidiary in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the "Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

Based on our audit and on consideration of other auditors on separate Financial Statements and on the other Financial Statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- i. In the case of Consolidated Balance Sheet, of the state of affairs of the Company as at 30th June 2013.
- ii. In the case of Consolidated Profit & Loss Account, of the Profit for the period ended on that date; and
- iii. In the case of Consolidated Cash Flow Statement, of the cash flow for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. We did not audit the Financial Statements of subsidiaries, whose Financial Statements reflect total assets of Rs 2850.97 Millions as at 30th June 2013, Total Revenue of Rs 6001.10 Million and Net Cash Flow of Rs 419.69 Millions for the year ended on 30th June 2013. These Financial Statements and other financial information have been audited by other auditors / compiled and approved by the management whose report have been furnished to us, and our opinion is based solely on the report of the other auditors and information provided by the management.
2. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard -21, "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.

Place: Palakkad, Kerala

Date: August 30, 2013

For Sunil Johri & Associates

Chartered Accountants

FRN 005960 C

Sd/-

(Sunil Johri)

Partner

M.No. 074654



SOUTHERN ISPAT & ENERGY LIMITED (Formerly SOUTHERN ISPAT LIMITED) REGD OFF:-19/629(1) SREYAS, WEST YAKKARA, PALAKKAD, KERALA - 678 001			
CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2013			
	NOTE NO.	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
LIABILITIES			
(1) Shareholder's Funds :			
(a) Share Capital	1	1,321,490,800	1,321,490,800
(b) Reserves and Surplus	2	1,966,917,235	1,311,635,833
(c) Money received against share warrants			
		3,288,408,035	2,633,126,633
(2) Non-Current Liabilities :			
(a) Long-term borrowings			
(a) Deferred tax liabilities (Net)	3	6,621,712	9,020,380
(c) Other long term liabilities			
(b) Long term provisions			
		6,621,712	9,020,380
(3) Current Liabilities :			
(a) Short-term borrowings	4	33,500,000	30,000,000
(b) Trade payables	5	261,190,511	1,380,148,893
(c) Other current liabilities	6	21,029,003	21,390,352
(d) Short-term provisions			
		315,719,514	1,431,539,245
TOTAL		3,610,749,262	4,073,686,258
II.ASSETS :			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		68,799,470	77,627,214
(ii) Intangible assets			
(iii) Capital work-in-progress			7,667,900
(iv) Misc.Expenditure to the extent not Written off		30,337,549	40,450,065
(b) Non-current investments	11	9,900,000	5,800,000
(c) Deferred Tax Assets (Net)			
(c) Long term loans and advances	7	191,193,458	144,254,077
(d) Other non-current assets	8		4,100,000
		300,230,477	279,899,256
(2) Current assets			
(a) Current Investments			
(b) Inventories	9	1,505,124,511	1,157,877,564
(c) Trade receivables	12	1,798,260,198	1,590,437,586
(d) Cash and cash equivalents	13	5,096,791	1,043,308,624
(e) Short-term loans and advances	14	598,190	574,473
(f) Other current assets	15	1,439,095	1,588,756
		3,310,518,785	3,793,787,002
TOTAL		3,610,749,262	4,073,686,258
Notes to Accounts referred above form an integral part of the financial statements			
As per our attached report of even date			
For Sunil Johri & Associates			
Chartered Accountants			
Firm Regn. No. 005960C			
Sd/-		For and on behalf of the Board of Directors	Sd/-
Sunil Johri		Sd/-	
Partner		Vivek Agarwal	Vinod Bajoria
Membership No 074654		Chairman & Managing Director	Director
Place : Palakkad, Kerala		Place : Palakkad, Kerala	
Dated : August 30, 2013		Dated : August 30, 2013	



SOUTHERN ISPAT & ENERGY LIMITED (Formerly SOUTHERN ISPAT LIMITED) REGD OFF.: -19/629(1) SREYAS, WEST YAKKARA, PALAKKAD, KERALA - 678 001 STATEMENT OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2013			
	NOTE NO.	FOR THE YEAR ENDED 30-Jun-13 (In INR)	FOR THE YEAR ENDED 30-Jun-12 (In INR)
Revenue			
Revenue from Operations	16	9,282,372,668	10,011,639,121
Other Income	17	17,254,748	179,718,901
TOTAL (A)		9,299,627,416	10,191,358,022
Cost of Material Consumed	18	8,777,279,079	9,577,754,126
Changes in Inventory of FG, WIP & Stock In trade	19	4,953,644	(4,876,187)
Employee Benefits	20	7,214,211	5,192,056
Finance Cost	21	8,435,862	4,016,163
Dpereciation and amortization expenses	10	16,510,644	19,272,103
Other Expenses	22	60,073,241	179,108,296
TOTAL (B)		8,874,466,680	9,780,466,557
Profit before Taxation and Exceptional Item (C) = (A) - (B)		425,160,735	410,891,466
Exceptional Items Expenses (D)		—	—
Prior Year Income/(Expenses) (H)		—	—
Profit before Taxation (E) = (C) + (D)		425,160,735	410,891,466
Less: Provision for Taxation			
Current tax		734,818	659,677
Deferred tax		(2,398,668)	(2,284,747)
Profit after Tax (PAT)		426,824,586	412,516,536
Earning Per Share			
Basic (Rs.)		3.23	3.12
Diluted (Rs.)		3.23	3.12
Notes referred to above form an integral part of the Financial Statements Notes to Accounts referred above form an integral part of the financial statements As per our report attached of even date <div> <div> For Sunil Johri & Associates Chartered Accountants Firm Regn. No. 005960C Sd/- Sunil Johri Partner Membership No 074654 Place : Palakkad, Kerala Dated : August 30, 2013 </div> <div> For and on behalf of the Board of Directors Sd/- Vivek Agarwal Chairman & Managing Director Place : Palakkad, Kerala Dated : August 30, 2013 </div> <div> Sd/- Vinod Bajoria Director </div> </div>			



**Consolidated Significant Accounting Policies forming part of the
accounts for the F. Y. 2012-13**

A. BASIS OF ACCOUNTING:-

The Financial Statements have been prepared under the historical cost conventional accrual basis of accounting, in conformity with accounting principles generally accepted in India and comply with the Accounting Standard referred to in Sec.211 (3c) of the Companies Act, 1956. The Financial Statements are presented in Indian rupees.

B. USE OF ESTIMATES

The preparation of Financial Statements are in conformity with Indian GAAP which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. Examples of such estimates include provisions for doubtful debts, provision for income taxes and the useful lives of fixed assets.

However, the preparation of Financial Statements of subsidiary accounts is drawn in conformity with IFRS.

C. FIXED ASSETS:

- (i) Fixed Assets are stated at cost less depreciation. Cost comprises the purchase price and any other applicable costs.
- (ii) Borrowing costs in respect of loans acquired for acquisition and construction of fixed assets are capitalized upto the date the assets are ready for use.

D. DEPRECIATION:

The Company provides depreciation on Fixed Assets on Written down Value method on double shift basis at the rates and in the manner prescribed in schedule XIV to the Companies Act 1956.

The Subsidiary Company provides depreciation on Fixed Assets on Straight Line method over their useful economic life.

E. INVESTMENTS:-

Long term investments are carried at cost less provision, if any for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value.



F. INVENTORIES:-

Finished and semi-finished products produced and purchased by the Company are carried at lower of cost and net realisable value.

Work-in-progress is carried at lower of cost and net realisable value.

The cost of inventories of Raw Material purchased by the Company is carried at lower of cost and net realisable value.

Stores and spare parts are carried at cost. Necessary provision is made and charged to revenue in case of identified obsolete and non-moving items.

Cost of inventories is generally ascertained on the 'weighted average' basis. Work-in-progress and finished and semi-finished products are valued on full absorption cost basis.

G. TAXES ON INCOME:-

i. Indian Entities :

Current Tax is determined as the amount of tax payable in respect of taxable income for the years. Deferred tax is recognised, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets, other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

ii. Foreign Entities :

Foreign Companies recognize tax liabilities and assets in accordance with local laws.

H. REVENUE RECOGNITION:-

- a. Sale of goods is recognised on transfer of property therein.
- b. Insurance and other claims are recognised only on acceptance of claims by the appropriate authorities.

**I. RESEARCH AND DEVELOPMENT EXPENDITURE**

Revenue expenditure is charged to the Profit and Loss A/C and capital expenditure is added to the cost of Fixed Assets in the year in which it is incurred and depreciation thereon is provided as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

J. CONTINGENT LIABILITIES

Contingent liabilities are generally not accounted for in the accounts and are disclosed by Notes on Accounts. Provision made in the accounts in respect of those contingencies which are likely to become a liability after the year end but before finalisation of accounts and which may have material effect on the position stated in the Balance Sheet.

K. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowings costs are charged to revenue.

L. GOVERNMENT GRANTS

The grants are treated as Capital Reserve (and treated as a part of Shareholders funds), which can be neither distributed as dividend nor as deferred income.

M. EMPLOYEE BENEFITS

Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost and are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

Contributions to Provident Fund, a defined contribution plan, are made in accordance with the statute and are recognized as an expense when employees have rendered service entitling them to the contributions.

Other long-term employee benefits (benefits which are payable after the end of twelve months from the end of the year in which the employees render service) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account

N. IMPAIRMENT OF ASSETS

At each Balance Sheet date the Company reviews whether there is any indication of



impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor

O. LEASE

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

P. FOREIGN CURRENCY TRANSACTIONS

Transactions in Foreign Currencies are recorded at the exchange rates prevailing on the dates of transactions and in case of purchase of materials and sale of goods, the exchange gains / losses on settlements during the year, are charged to Profit and Loss Account.

Monetary assets and liabilities denominated in Foreign Currencies are translated at the rates prevailing on the date of Balance Sheet. Exchange gains / losses including those relating to Fixed Assets are dealt with in the Profit and Loss Account.

In case of foreign entities, revenue items are translated at the average rate prevailing during the period and all assets and liabilities at the rates prevailing at the end of the period. Any exchange difference arising on consolidation is recognized in foreign currency translation reserve.

Q. EARNINGS PER SHARE

The Company reports Basic and Diluted Earnings Per Share (EPS/DEPS) in accordance



with Accounting Standard 20 on “Earnings Per Share”. Basic EPS is computed by dividing the Net Profit or Loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the Net Profit or Loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

R. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company recognizes provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount for the obligation. A disclosure for Contingent liabilities is made in the notes on accounts when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are neither recognised nor disclosed in the Financial Statements.

S. TRADE RECIEVABLE & PAYABLES

Sales made on credit are included in trade receivables at the Balance Sheet date & reduced by appropriate allowances for estimated doubtful amounts. Trade payables are stated at their nominal value.

T. CASH AND CASH EQUIVALENTS

For the purpose of the cash flows, cash & cash equivalents comprise cash on hand, balances with bank and deposits with banks.


NOTES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2013

NOTE 1 : SHARE CAPITAL	As at 30-Jun-13 Number	As at 30-Jun-13 (In INR)	As at 30-Jun-12 Number	As at 30-Jun-12 (In INR)
AUTHORISED Equity Shares of Rs. 10/- each.	160,000,000	1,600,000,000	160,000,000	1,600,000,000
TOTAL	160,000,000	1,600,000,000	160,000,000	1,600,000,000
ISSUED Equity Shares of Rs. 10/- each.	132,149,080	1,321,490,800	132,149,080	1,321,490,800
SUBSCRIBED & PAID UP Equity Shares of Rs. 10/- each fully paid	132,149,080	1,321,490,800	132,149,080	1,321,490,800
TOTAL	132,149,080	1,321,490,800	132,149,080	1,321,490,800

The Company has issued one class of shares referred to as equity shares having a par value of Rs. 10/- . Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of Company , the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The liability of Shareholders are Limited to the extend of Unpaid calls.

Company is yet to file various e-forms as required under Companies Act, 1956

Reconciliation of the number of shares outstanding

	As at 30-Jun-13 Number	As at 30-Jun-13 (In INR)	As at 30-Jun-12 Number	As at 30-Jun-12 (In INR)
Number of shares at the beginning	132,149,080	1,321,490,800	132,149,080	1,321,490,800
Add: Shares issued on exercise of employee stock options	-	-	-	-
Number of shares at the end of the year	132,149,080	1,321,490,800	132,149,080	1,321,490,800

Details of Shareholder holding more than 5 % shares

Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
NIL	-	-	-	-

NOTE 2 : RESERVES AND SURPLUS

	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Capital Reserve		
Opening balance	101,351,400	32,351,400
Add:- Current Year	-	69,000,000
Closing Balance	101,351,400	101,351,400
General Reserve		
Opening Balance	442,839,407	191,591,527
Security Premium	-	-
Foreign Currency Translation Reserve	228,456,816	165,976,211
Add:- Current Year	119,426,961	85,271,670
Closing Balance	790,723,185	442,839,407
Surplus		
Opening balance	767,445,026	440,200,160
Add:- Current Year	426,824,586	412,516,536
Less:- Transfer to General Reserve	119,426,961	85,271,670
Closing Balance	1,074,842,651	767,445,026
TOTAL	1,966,917,235	1,311,635,833

NOTE 3 : DEFERRED TAXES AND LIABILITIES

	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Deferred Tax Liability		
Difference in Net Block of Fixed Assets	9,567,521	15,547,096
Deferred Tax Asset		
Disallowance under Section 43 B of the Income tax Act, 1961	2,680,007	2,413,970
Disallowance under Section 40 (a) (ia) of the Income tax Act, 1961	265,802	4,112,746
Deferred Tax (Assets)/ Liability	6,621,712	9,020,380



NOTES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2013			
NOTE 4 : SHORT TERM BORROWINGS		As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Secured			
- from banks			
Cash Credit Limit From SBI		30,000,000	30,000,000
(Secured by Hypothecation of Company's Raw Material, Finished Goods, Stock in Process, Stores, Spares and Book Debts and Equitable Mortgage on the Fixed Assets of the Company. Interest rate on such Secured Demand Loan from Banks is linked with the base rate of respective banks. Overdue amount as on Balance Sheet date is Rs.11.79 Lacs (PY 22.90 lacs.)			
Unsecured			
- from Directors & Relatives			
Ajay Kumar Jain		3,500,000	-
TOTAL		33,500,000	30,000,000
NOTE 5 : TRADE PAYABLES		As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Creditors for Services		9,099,753	15,869,465
Creditors for Capital Goods		503,113	1,111,148
Creditor For Raw Materials		251,587,645	1,363,168,280
(None of the enterprises supplying goods or rendering services to the company who are engaged in manufacturing or production of goods are rendering or providing services have given any information as required under "The Micro, Small and Medium Enterprises Development Act 2006" Hence the company is not in a position to disclose the required information nor provided any liabilities as required under the said Act.)			
TOTAL		261,190,511	1,380,148,893
NOTE 6 : OTHER CURRENT LIABILITIES		As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Accrued salaries & benefits		134,584	127,306
For other Liabilities			
-Taxes payable		19,207,828	14,660,458
-Provision for expenses		507,454	4,311,687
-Book overdraft from Banks		1,179,138	2,290,901
(All Liabilities payable within 12 months are grouped under current liabilities.)			
TOTAL		21,029,003	21,390,352
Contingent Liabilities not provided for: -			
Claims against the company not acknowledged as debts: - (Rs in Lacs)			
	30.06.2013	30.06.2012	
Tax demands under Appeal by the Commercial Taxes Department	259.05	166.85	
Bank Guarantee to KSEB (against 100% Margin Money Deposit)	51.50	51.50	
NOTE 7 : LONG TERM LOANS & ADVANCES		As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Capital Advances			
Unsecured, Considered Good			
-Rent, Electricity and other deposits		2,759,039	3,486,875
-Capital Advances		176,813,409	129,246,192
-Deposits with Statutory Authorities		11,621,010	11,521,010
Advances			
-Subsidiaries		-	-
TOTAL		191,193,458	144,254,077
Balances shown Under Capital Advances are subject to confirmation.			
NOTE 8 : OTHER NON CURRENT ASSETS		As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
(unsecured and considered good unless otherwise mentioned)			
a.) Long term trade receivables :-			
Secured		-	4,100,000
Unsecured			
Doubtful			
b.) Others :-			
TOTAL		-	4,100,000
NOTE 9 : INVENTORIES		As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Finished Goods		976,595	465,554
Stock In Trade		1,497,216,974	1,132,297,753
Work In Progress		3,217,935	8,682,620
Raw Materials		2,113,007	15,281,637
Stores & Spares		875,000	600,000
Consumables		725,000	550,000
TOTAL		1,505,124,511	1,157,877,564
In the opinion of the Board, Inventories have a value on realization in ordinary course of business, at least equal to the amount at which they are stated.			



NOTE 10 - FIXED ASSETS

PARTICULARS	Gross Block as on 01/07/2012	Additions	Deduction	TOTAL AS ON 30/06/2013	DEPRECIATION				Net Block as on 30/06/2013	Net Block as on 30/06/2012
					Rate of Depreciation	Upto 30/06/2012	01/07/2012 TO 30/06/2013	Total		
6MT FURNANCE	5,210,884	-	-	5,210,884	20.87%	4,325,789	184,719	4,510,508	700,376	885,095
Air Conditioner	60,300	-	-	60,300	13.91%	32,052	3,929	35,981	24,319	28,248
Building	16,603,067	3,967,900	-	20,570,967	10.00%	12,566,461	800,451	13,366,912	7,204,055	4,036,606
Computers & Printers	769,558	600,000	-	1,369,558	40.00%	595,373	309,016	904,389	465,168	174,184
Drum Container	10,400	-	-	10,400	30.00%	10,013	116	10,129	271	387
Electrical Installations	4,236,947	15,000	-	4,251,947	20.87%	4,235,805	590	4,236,395	15,552	1,142
EPBAX	43,350	-	-	43,350	18.10%	39,446	707	40,153	3,197	3,904
Furniture & Fixtures	131,880	1,800,000	-	1,931,880	18.10%	108,631	329,115	437,746	1,494,134	23,249
Land & Site Development	2,256,740	-	-	2,256,740	0.00%	-	-	-	2,256,740	2,256,740
Miscellaneous Fixed Assets	62,569	-	-	62,569	18.10%	55,363	1,304	56,667	5,902	7,206
Office Equipment	727,406	1,300,000	-	2,027,406	18.10%	223,560	325,851	549,411	1,477,995	503,846
Plant & Machinery	74,405,384	-	-	74,405,384	20.87%	45,851,125	5,959,274	51,810,399	22,594,985	28,554,259
Pollution Control Equipments	74,515,854	-	-	74,515,854	20.87%	33,570,336	8,545,330	42,115,666	32,400,188	40,945,518
Tools & Tackles	176,151	-	-	176,151	13.91%	152,195	3,332	155,527	20,624	23,956
Vehicles	2,533,191	-	-	2,533,191	25.89%	2,355,918	45,896	2,401,814	131,376	177,272
Xerox Machine	50,000	-	-	50,000	18.10%	44,398	1,014	45,412	4,588	5,602
TOTAL	181,793,679	7,682,900	-	189,476,579		104,166,465	16,510,644	120,677,109	68,799,470	77,627,214
Capital Work in Progress	7,667,900	-	7,667,900	-		-	-	-	-	7,667,900
TOTAL	189,461,579	7,682,900	7,667,900	189,476,579		104,166,465	16,510,644	120,677,109	68,799,470	85,295,114
PREVIOUS YEARS	188,055,928	1,605,651	200,000	189,461,579		84,894,362	19,272,103	104,166,465	85,295,114	103,161,566



NOTE 11: NON CURRENT INVESTMENTS (AT COST)

Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		As at 30-Jun-13 (millions)	As at 30-Jun-12 (millions)
			As at 30-Jun-13	As at 30-Jun-12			2013	2012		
(a)	Investment in Equity Instruments	Subsidiary Others			Unquoted Unquoted	Fully paid Fully paid	100%	100%	9,900,000	-
(b)	Investments in Preference Shares									5,800,000
(c)	Investments in partnership firms									
(e)	Investments in Debentures or Bonds									
	Total								9,900,000	5,800,000

Aggregate amount of quoted investments

Nil

Market Value of quoted investments

Nil

Aggregate amount of unquoted investments

9900000

Aggregate provision for diminution in value of investment

Nil



NOTES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2013		
NOTE 12 : TRADE RECEIVABLES	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Unsecured, Considered Good		
a.) Outstanding for a period more than six months from the date they are due for payment	326,566,902	976,113,154
b.) Outstanding for a period less than six months from the date they are due for payment	1,471,693,296	614,324,432
Secured, Considered Good		
a.) Outstanding for a period more than six months from the date they are due for payment		
b.) Outstanding for a period less than six months from the date they are due for payment		
TOTAL	1,798,260,198	1,590,437,586
Sundry Debtors are subject to confirmation / reconciliation and adjustments, if any, the Management does not expect any material difference affecting the current year's financial statements.		
NOTE 13 : CASH AND BANK BALANCES	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Cash and Cash Equivalents		
Cash on hand	610,744	2,990,334
Balance with banks		
In current accounts	1,286,046	1,037,118,290
Fixed Deposit	3,200,000	3,200,000
TOTAL	5,096,791	1,043,308,624
Fixed Deposit Receipt under lien to exchange	-	-
Fixed Deposit Receipt lien with banks against borrowings	3,200,000	3,200,000
NOTE 14 : SHORT TERM LOANS AND ADVANCES	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Loans and advances to related parties	-	-
Unsecured, Considered Good		
Advances to suppliers	598,190	574,473
TOTAL	598,190	574,473
NOTE 15 : OTHER CURRENT ASSETS	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Interest Accrued on Fixed Deposit	826,001	514,001
Service Tax Receivable	278,934	214,776
Modvat Receivable	16,108	180,810
Receivable from Statutory Authorities	284,490	679,169
Prepaid Insurances	33,562	-
TOTAL	1,439,095	1,588,756
In the opinion of the Board, Current Assets, have a value on realization in ordinary course of business, at least equal to the amount at which they are stated.		



NOTES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR PERIOD ENDED ON 30TH JUNE 2013		
PARTICULARS	FOR THE YEAR ENDED 30-Jun-13 (In INR)	FOR THE YEAR ENDED 30-Jun-12 (In INR)
NOTE 16 : REVENUE FROM OPERATIONS		
Sales of Steel Products	9,282,372,668	10,011,535,321
Other Operating Revenue :-		
Income from Conversion / Job work	-	103,800
TOTAL	9,282,372,668	10,011,639,121
NOTE 17 : OTHER INCOME		
Interest Income on Deposits	1,031,300	5,321,354
Other non operating Income	16,223,448	706,541
Foreign Exchange Gain / (Loss)	-	173,691,006
TOTAL	17,254,748	179,718,901
GROSS REVENUE	9,299,627,416	10,191,358,022
NOTE 18 : COST OF MATERIAL CONSUMED		
Raw Material	106,306,903	113,152,180
Stock In Trade	8,669,885,446	9,464,019,516
Consumables	537,730	232,430
Stores & Spares	549,000	350,000
TOTAL	8,777,279,079	9,577,754,126
NOTE 19 : CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
Opening Stock		
Finished Goods	9,148,174	4,271,987
Work in Progress	-	-
Closing Stock		
Finished Goods	4,194,530	9,148,174
Work in Progress	-	-
Increase / (Decrease) in Stock	4,953,644	(4,876,187)



NOTE 20 : EMPLOYEE BENEFITS		FOR THE YEAR ENDED	FOR THE YEAR ENDED
		30-Jun-13	30-Jun-12
		(In INR)	(In INR)
Salary, Bonus and Allowances		7,072,081	5,043,755
Contribution to provident & other Funds		126,773	98,005
Staff Welfare Expenses		15,357	50,296
TOTAL		7,214,211	5,192,056
There was no employee at any time during the year drawing Rs.200000/- or more per month.			
NOTE 21 : FINANCE COST		FOR THE YEAR ENDED	FOR THE YEAR ENDED
		30-Jun-13	30-Jun-12
		(In INR)	(In INR)
Interest Expenses		8,234,756	3,383,181
Other Borrowing Cost		201,106	632,982
TOTAL		8,435,862	4,016,163
NOTE 22 : OTHER EXPENSES		FOR THE YEAR ENDED	FOR THE YEAR ENDED
		30-Jun-13	30-Jun-12
		(In INR)	(In INR)
Advertisement Expenses		74,428	902,649
Remuneration to Auditors		500,000	500,000
Secretarial Affairs		156,609	163,546
Insurance Expenses		27,307	136,918
Donations		7,000	-
Duties & Taxes		4,743,915	3,952,954
Power and Fuel		38,344,231	35,990,814
Carriage Inward		1,753,695	2,724,769
Repairs		428,965	523,037
Listing Fees		1,124,340	1,053,815
News Paper & Periodicals		3,500	9,444
Office Maintenance Expenses		1,356,159	5,389,907
Postage & Couriers		115,494	123,666
Printing & Stationery		183,540	63,776
Professional Tax		2,250	7,050
Regn. & Licence Fees		156,467	182,637
Communication Expenses		536,612	579,051
Travelling Expenses		439,059	1,187,730
Preliminary Expenses Written Off		10,112,516	10,112,516
Misc. Expenses		7,154	115,504,017
TOTAL		60,073,241	179,108,296

**Note: 23****GENERAL NOTES TO ACCOUNTS:-****1. Principles of Consolidation:**

The Consolidated Financial Statements relate to Southern Ispat & Energy Limited ("the Company") and its subsidiary companies ("the Group"). The Consolidated Financial Statements have been prepared on the following basis.

a) The Financial Statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra -group balances and unrealized profits or losses on intra-group transactions as per Accounting Standard 21 - "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006.

b) In case of foreign subsidiaries being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the period. All assets and liabilities are converted at the rates prevailing at the end of the period. Any exchange difference arising on consolidation is recognized in "Foreign Currency Translation Reserve".

c) The excess of cost to the Company, of its investment in the subsidiaries over the Company's share of equity is recognized in the Financial Statements as Goodwill and tested for impairment annually.

d) Minority interest in the net assets of the consolidated subsidiaries is identified and presented in Consolidated Balance Sheet separately from current liabilities and the equity of the Company's share holders. Minority interest in the net assets of the consolidated subsidiaries consists of:

i) The amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and

ii) The minorities share of movements in the equity since the date the parent subsidiary relationship came into existence.

e) Minority interest share of Net Profit for the period of consolidated subsidiaries is identified and adjusted against Profit After Tax of the group.

f) The list of Subsidiary Companies which are included in the consolidation and the Company's holdings therein are as under.



Subsidiary Name	Origin Country	Holding %
SIEL, FZE	Free Zone Entity, UAE	100.00

The Certified Financial Statement of Subsidiary used in the consolidation is drawn up to the same reporting date as that of the Company i.e. June 30, 2013. However accounts of the subsidiary is audited only up to 31st March 2013.

- The Accounts for the Financial Year 2012-13 have been prepared for the period of 12 Months from 1st July, 2012 to 30th June, 2013. (Previous Year 1st July 2011 to 30th June 2012 for the period of 12 Months)
- Previous year's figures have been regrouped wherever necessary to confirm to this year's classifications.
- Expenses related to Capital Issue / Increase shown under the head Misc. Expenditure are been written off in the books on 1/5th basis u/s 35D

5. Segment Reporting :-

a) Business Segment: - The Company has considered business segment as the primary segment to disclose. The company is engaged in the manufacturing of MS Ingots / trading of Steel / Charcoal Products, which the context of AS-17 is issued by the Institute of Chartered Accountants of India, is considered the only business segment.

b) Geographical Segment: - The Company sell its products within India & UAE, accordingly segment reporting based on operations in India & UAE separately are presented below :

Particular	India (Rs in Lacs)	UAE (Rs in Lacs)	Total (Rs in Lacs)
Sales / Income	32985.24	60011.03	92996.27
Segment Result	54.75	4196.85	4251.61
Fixed Assets	687.99	0.00	687.99
Non Current Investments	990.00	0.00	990.00
Long Tem Advances	1911.93	0.00	1911.93
Current Assets	3427.43	29677.76	33105.19
Investment in Subsidiary / (Capital)	18.51	(18.51)	0.00
Advances / (Loans) to Subsidiary	15785.47	(15785.47)	0.00
Current Liabilities	1988.45	1168.75	3157.20



6. Operating Lease :-

Future obligations towards lease rentals	Current Year	Previous Year
Within one year	Rs. 4.97 Lakhs	Rs. 9.20 Lakhs
Later than one year but less than Five years	NIL	Rs. 50.00 Lakhs
Later than Five years	NIL	NIL
Total	Rs. 4.97 Lakhs	Rs. 59.20 Lakhs

7. Earnings per share :-

Earning for Shareholders for the period	Rs 4268.24 Lakhs	Rs 4125.17 Lakhs
No. of Equity Share (Weighted)	13,21,49,080	13,21,49,080
Potential No. of Equity Share Outstanding	NIL	NIL
Earning per share (Basic & Dilutive)	Rs 3.23	Rs 3.12

8. Deferred Tax :-

In accordance with the Accounting Standard -22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has accounted for deferred tax during the period. The Cumulative Net Deferred Tax Liability of Rs. 66.22 Lakhs as on 30th June 2013 has been recognized. Consequently the excess Deferred Tax Liability of Rs 23.99 Lakhs has been recognized & credited to Profit & Loss Account.

Particulars	Rs in Lakhs	
	As at 30.06.2013	As at 30.06.2012
Deferred Tax Liabilities:-		
Difference in Accumulated Book Depreciation & Accumulated Depreciation under Income Tax Act.	281.48	457.40
Deferred Tax Assets:-		
Unabsorbed Depreciation & disallowance		
Allowable expenses on payment basis	86.66	192.01
Net Timing Difference	194.81	265.38
Total Deferred Tax Liability to be recognised	66.22	90.20
Deferred Tax Liability previously recognized	90.20	113.05
Net Deferred Tax Liability provided / (Reversed) during the period	(23.99)	(22.85)

9. Details of Audit fees are as follows:

Company Audit Fees	3,50,000.00	3,50,000.00
Tax audit Fees	1,00,000.00	1,00,000.00
Consultation & Other Services	50,000.00	50,000.00
Reimbursement of Expenses	NIL	NIL

**10. Related Party disclosure: -**

Disclosures as required by Accounting Standard 18 (AS-18) related party disclosures issued by the institute of chartered accountants of India are as follows and description of relationship.

a. Name of related parties

i. Subsidiaries - SIEL, FZE

ii. Key Management Personal

1. Shri Vivek Agarwal, Chairman & Managing Director

2. Shri Manish Kumar Mishra, Director

3. Shri Vinod Bajoria, Director

iii. Relative of Key Management Personnel where transaction have been taken place during the year.

1. Kerala Sponge Iron Ltd.

2. K. K. Agarwalla

3. K. K. Agarwalla HUF

iv. Transaction with related parties referred to above in ordinary course of business.

Nature of Transactions	(Rs. in Lakhs)		
	Referred in 20(a)(i) above	Referred in 20(a)(ii) above	Referred in 20(a)(iii) above
Remuneration Paid / Salary	NIL	6.00	3.60
Rent	NIL	NIL	1.20
Purchase	NIL	NIL	189.38
Loan or Deposit taken	NIL	NIL	NIL
Loan or Advance Given / Repaid	8833.99	NIL	NIL
Investment	18.51	NIL	NIL
Receivable to Company	15785.47	NIL	NIL
Payable by Company	NIL	NIL	248.58

11. Information as per Schedule VI Part II 4A,4B,4C and 4D of the Companies Act, 1956.

1. Remuneration paid to Directors - Rs. 6.00 Lakhs (Rs. 9.34 Lakhs)
2. Payment to Auditors - Rs. 5.00 Lakhs (5.00 Lakhs)
3. Licensed and installed capacity:



Particulars	Licensed Capacity	Installed Capacity	Production
CTD Bars, Angle	24000 TPA (24000 TPA)	--	--
Shots & Grits	4000 TPA (4000 TPA)	4000 TPA (4000 TPA)	--
M.S. Ingots	24000 TPA (24000 TPA)	16000 TPA (16000 TPA)	4735.580 (4651.070)

For Sunil Johri & Associates
Chartered Accountants
FRN 005960 C

For and on behalf of the Board of Directors,

Sd/-
Sunil Johri
Partner
M. No. 074654

Sd/-
Vivek Agarwal
Managing Director

Sd/-
Vinod Bajoria
Director



INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

To the Members of
Southern Ispat & Energy Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of M/s Southern Ispat & Energy Limited, which comprise the Balance Sheet as at 30 June, 2013, Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and subject to the comments given in Annexure-I and Annexure-II, the said Balance Sheet and Profit



and Loss Account read together with the notes and accounting policy annexed, give the information required by the Companies Act, 1956 in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India:

- I. In the case of Balance Sheet, of the state of affairs of the Company as at 30th June 2013.
- II. In the case of Profit & Loss Account, of the Profit for the period ended on that date; and
- III. In the case of Cash Flow Statement, of the cash flow for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 including Companies (Auditor's Report) (Amendment) Order' 2004 issued by the Central Government of India in terms of Sub-section (4A) of section 227 of the companies Act, 1956, we enclose in the Annexure-II, a Statement on the matters specified in paragraphs 4 & 5 of the said order.

2. As required by Section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the Company as far as appears from our examination of those books.
- c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with this report are in agreement with the books of accounts.
- d) In our opinion the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representation received from the Directors, as on 30th June 2013, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 30th June 2013 from being appointed as Directors in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
- f) We further report that without considering Item No.1 and 2 in Annexure I mentioned above the effect of which could not be determined.

Place: Palakkad, Kerala
Date: August 30, 2013

For Sunil Johri & Associates
Chartered Accountants
Frn 005960 C
Sd/-
(Sunil Johri)
Partner
M. No. 074654



ANNEXURE I TO INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

[Referred to in Paragraph 1 under the heading

“Opinion” of our report of even date]

1. Non provision of terminal Benefits to Employees as detailed in Accounting Policy No.5 in preference to the Accounting Standard No.AS-15.
2. Note No.5, 7, 12 & 14 regarding confirmation of Sundry Creditors, Long term Advances, Sundry Debtors and short term Advances and other personal accounts and consequential adjustments thereof if any.
3. Company is yet to file e-forms 5 & 2 related to Capital Increase and share allotment to members respectively as required under Companies Act, 1956



ANNEXURE II TO INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS

[Referred to in Paragraph 1 under the heading

“Report on Other Legal and Regulatory Requirements” of our report of even date]

1.
 - a. In respect of Fixed Assets, the Company has maintained records showing full particulars including quantitative details and situation in most cases of such assets.
 - b. As explained to us, the assets have been physically verified by the management, in accordance with the established system of periodical verification of Fixed Assets once in 2/3 months. In our opinion, the frequency of verification is reasonable, considering the size of the operations of the Company. No material discrepancies between the book records and the physical records were noticed in respect of the assets physically verified.
 - c. In our opinion and according to the information and explanations given to us, a substantial part of Fixed Assets has not been disposed of by the Company during the year.
2.
 - a. As explained to us, the inventory of the Company has been physically verified during the Financial Year by the management. In our opinion the frequency of verification is reasonable.
 - b. According to the information and explanations given to us, in our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of inventory and the discrepancies noted on physical verification between the physical stocks and book records were not material, having regard to the size of the operations of the Company.
3.
 - a. According to the information and explanations given to us, during the period covered by Audit Report the Company has not given any unsecured loans to / from the Company covered in the Register maintained under Section 301 of the Companies' Act, 1956. Accordingly, the provisions of Clause 4(iii) (b) to (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
 - b. The Company had taken loan from one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 35.00 Lacs and the year-end balance of loans taken from such party was Rs. 35.00 Lacs.



- c. In our opinion, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
 - d. In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and has been regular in payment of interest.
4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, Fixed Assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the Company.
5. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees Five Lakhs have been entered into during the Financial Year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits during the year from the Public within the meaning of Section 58A and 58AA of the Companies Act and the rules framed there under.
7. In our opinion, the Company should maintain an Internal Audit System.
8. ***Maintenance of Cost records under Section 209(1) (d) of the Act and Cost Accounting Rules 2011 has not been complied with.***
9.
 - a. According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears, as at 30th June 2013 for a period of more than six months from the date they became payable except TDS Rs 17.75 Lacs, VAT Rs 1.67 Lacs, Listing Fees Rs 24.46 Lacs & MCA Filing Fee Rs 114.66 Lacs.
 - b. As at 30th June 2013, according to the records of the Company and the information and explanations given to us, the following are the particulars of disputed dues on account of Excise Duty and Cess matters, Commercial Tax and Income Tax that have not been deposited:-



Name of the Statute	Nature of the Dues	Amount (Rs. In Lakhs)	Period to which the amounts relates	Forum where pending
Kerala Commercial Taxes	Commercial Taxes, Value Added Tax	30.74	2005-06	Sales Tax Appellate Tribunal, Additional Bench, Palakkad
		120.45	2006-07	
		2.80	2006-07	
		105.06	2007-08	Assistant Commissioner (Assessment), Commercial Taxes, Palakkad

10. The Company does not have accumulated losses as at the end of the Financial Year. There are no cash losses during the Financial Year under report and in the immediately preceding Financial Year.
11. ***In our opinion and according to the information and explanations given to us, during the year the Company has defaulted in repayment of dues to State Bank of India amounting to Rs.11.79 Lacs, towards Principal Over drawings in Cash Credit Account.***
12. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit Fund / Society and hence the related reporting requirements of the Order are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
15. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bank or Financial Institutions.
16. The Company has not obtained any term loans from any banks or Financial Institutions.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has used no funds raised on short-term basis for long-term investment.



18. The Company has not made preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Companies Act, 1956 during the Financial Year,
19. The Company has not issued debentures; hence question of creation of securities does not arise.
20. According to the information and explanations given to us, during the period covered by audit report the Company has not raised any money by Public Issue. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

Place: Palakkad, Kerala
Date: August 30, 2013

For Sunil Johri & Associates
Chartered Accountants
Frn 005960 C
Sd/-
(Sunil Johri)
Partner
M. No. 074654



SOUTHERN ISPAT & ENERGY LIMITED

(Formerly SOUTHERN ISPAT LIMITED)

REGD OFF.:19/629(1) SREYAS, WEST YAKKARA, PALAKKAD , KERALA - 678 001

STANDALONE BALANCE SHEET AS AT 30TH JUNE 2013

	NOTE NO.	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
I. LIABILITIES			
(1) Shareholder's Funds :			
(a) Share Capital	1	1,321,490,800	1,321,490,800
(b) Reserves and Surplus	2	696,346,157	572,597,481
(c) Money received against share warrants			
		2,017,836,957	1,894,088,281
(2) Non-Current Liabilities :			
(a) Long-term borrowings			
(a) Deferred tax liabilities (Net)	3	6,621,712	9,020,380
(c) Other long term liabilities			
(b) Long term provisions			
		6,621,712	9,020,380
(3) Current Liabilities :			
(a) Short-term borrowings	4	33,500,000	30,000,000
(b) Trade payables	5	144,740,302	814,000,016
(c) Other current liabilities	6	20,604,894	17,176,102
(d) Short-term provisions			
		198,845,196	861,176,118
TOTAL		2,223,303,866	2,764,284,779
II. ASSETS :			
(1) Non-current assets			
(a) Fixed assets	10		
(i) Tangible assets		68,799,470	77,627,214
(ii) Intangible assets			
(iii) Capital work-in-progress			7,667,900
(iv) Misc. Expenditure to the extent not Written off		30,337,549	40,450,065
(b) Non-current investments	11	11,751,060	7,651,060
(c) Deferred Tax Assets (Net)			
(c) Long term loans and advances	7	1,769,672,195	839,340,275
(d) Other non-current assets	8		4,100,000
		1,880,560,274	976,836,514
(2) Current assets			
(a) Current Investments			
(b) Inventories	9	7,907,537	25,579,811
(c) Trade receivables	12	329,062,838	987,239,103
(d) Cash and cash equivalents	13	3,735,932	772,466,123
(e) Short-term loans and advances	14	598,190	574,473
(f) Other current assets	15	1,439,095	1,588,756
		342,743,592	1,787,448,265
TOTAL		2,223,303,866	2,764,284,779
Notes to Accounts referred above form an integral part of the financial statements			
As per our attached report of even date			
For Sunil Johri & Associates			
Chartered Accountants			
Firm Regn. No. 005960C			
Sd/-		For and on behalf of the Board of Directors	
Sunil Johri		Sd/-	
Partner		Vivek Agarwal	
Membership No 074654		Chairman & Managing Director	
Place : Palakkad, Kerala		Sd/-	
Dated : August 30, 2013		Vinod Bajoria	
		Director	
		Place : Palakkad, Kerala	
		Dated : August 30, 2013	



SOUTHERN ISPAT & ENERGY LIMITED

(Formerly SOUTHERN ISPAT LIMITED)

REGD OFF:-19/629(1) SREYAS, WEST YAKKARA, PALAKKAD, KERALA - 678 001

STATEMENT OF STANDALONE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE NO.	FOR THE YEAR ENDED 30-Jun-13 (In INR)	FOR THE YEAR ENDED 30-Jun-12 (In INR)
Revenue			
Revenue from Operations	16	3,281,269,583	3,270,052,330
Other Income	17	17,254,748	179,714,083
TOTAL (A)		3,298,524,331	3,449,766,413
Cost of Material Consumed	18	3,205,331,360	3,250,248,513
Changes in Inventory of FG, WIP & Stock In trade	19	4,953,644	(4,876,187)
Employee Benefits	20	3,168,666	2,720,116
Finance Cost	21	8,383,370	3,863,392
Depreciation and amortization expenses	10	16,510,644	19,272,103
Other Expenses	22	54,701,244	174,873,607
TOTAL (B)		3,293,048,927	3,446,101,544
Profit before Taxation and Exceptional Item (C) = (A) - (B)		5,475,403	3,664,870
Exceptional Items Expenses (D)		—	—
Prior Year Income/(Expenses) (H)		—	—
Profit before Taxation (E) = (C) + (D)		5,475,403	3,664,870
Less: Provision for Taxation			
Current tax		734,818	659,677
Deferred tax		(2,398,668)	(2,284,747)
Profit after Tax (PAT)		7,139,254	5,289,940
Earning Per Share			
Basic (Rs.)		0.05	0.04
Diluted (Rs.)		0.05	0.04

Notes referred to above form an integral part of the Financial Statements

Notes to Accounts referred above form an integral part of the financial statements

As per our report attached of even date

For Sunil Johri & Associates

Chartered Accountants

Firm Regn. No. 005960C

Sd/-

Sunil Johri

Partner

Membership No 074654

Place : Palakkad, Kerala

Dated : August 30, 2013

For and on behalf of the Board of Directors

Sd/-

Vivek Agarwal

Chairman & Managing Director

Place : Palakkad, Kerala

Dated : August 30, 2013

Sd/-

Vinod Bajoria

Director



Significant Accounting Policies forming part of the accounts for the F. Y. 2012-13

A. BASIS OF ACCOUNTING:-

The Financial Statements have been prepared under the historical cost conventional accrual basis of accounting, in conformity with accounting principles generally accepted in India and comply with the Accounting Standard referred to in Sec.211 (3c) of the Companies Act, 1956. The financial statements are presented in Indian rupees.

B. USE OF ESTIMATES

The preparation of Financial Statements are in conformity with Indian GAAP which requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of contingent liabilities on the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. Examples of such estimates include provisions for doubtful debts, provision for income taxes and the useful lives of Fixed Assets.

C. FIXED ASSETS:

- (i) Fixed Assets are stated at cost less depreciation. Cost comprises the purchase price and any other applicable costs.
- (ii) Borrowing costs in respect of loans acquired for acquisition and construction of Fixed Assets are capitalized upto the date the assets are ready for use.

D. DEPRECIATION:

The Company provides depreciation on Fixed Assets on Written down Value method on double shift basis at the rates and in the manner prescribed in schedule XIV to the Companies Act 1956.

E. INVESTMENTS:-

Long term investments are carried at cost less provision, if any for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value.

F. INVENTORIES:-

Finished and semi-finished products produced and purchased by the Company are carried at lower of cost and net realisable value.



Work-in-progress is carried at lower of cost and net realisable value.

The cost of inventories of Raw Material purchased by the Company is carried at lower of cost and net realisable value.

Stores and spare parts are carried at cost. Necessary provision is made and charged to revenue in case of identified obsolete and non-moving items.

Cost of inventories is generally ascertained on the 'Weighted Average' basis. Work-in-Progress and finished and semi-finished products are valued on full absorption cost basis.

G. TAXES ON INCOME:-

Current Tax is determined as the amount of tax payable in respect of taxable income for the years. Deferred tax is recognised, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Where there is an unabsorbed depreciation or carry forward loss, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets, other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

H. REVENUE RECOGNITION:-

- a. Sale of goods is recognised on transfer of property therein.
- b. Insurance and other claims are recognised only on acceptance of claims by the appropriate authorities.

I. RESEARCH AND DEVELOPMENT EXPENDITURE

Revenue expenditure is charged to the Profit and Loss A/C and capital expenditure is added to the cost of Fixed Assets in the year in which it is incurred and depreciation thereon is provided as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

J. CONTINGENT LIABILITIES

Contingent liabilities are generally not accounted for in the accounts and are disclosed by Notes on Accounts. Provision made in the accounts in respect of those contingencies which



are likely to become a liability after the year end but before finalisation of accounts and which may have material effect on the position stated in the Balance Sheet.

K. **BORROWING COST**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowings costs are charged to revenue.

L. **GOVERNMENT GRANTS**

The grants are treated as Capital Reserve (and treated as a part of Shareholders funds), which can be neither distributed as dividend nor as deferred income.

M. **EMPLOYEE BENEFITS**

Short-term employee benefits (benefits which are payable within twelve months after the end of the period in which the employees render service) are measured at cost and are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the related service is rendered.

Contributions to Provident Fund, a defined contribution plan, are made in accordance with the statute and are recognized as an expense when employees have rendered service entitling them to the contributions.

Other long-term employee benefits (benefits which are payable after the end of twelve months from the end of the year in which the employees render service) are measured on a discounted basis by the Projected Unit Credit Method on the basis of actuarial valuation.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account

N. **IMPAIRMENT OF ASSETS**

At each Balance Sheet date the Company reviews whether there is any indication of impairment of the carrying amount of the Company's Fixed Assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated



future cash flows are discounted to their present value based on an appropriate discount factor

O. **LEASE**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss Account on a straight-line basis over the lease term.

P. **FOREIGN CURRENCY TRANSACTIONS**

Transactions in Foreign Currencies are recorded at the exchange rates prevailing on the dates of transactions and in case of purchase of materials and sale of goods, the exchange gains / losses on settlements during the year, are charged to Profit and Loss Account.

Monetary assets and liabilities denominated in Foreign Currencies are translated at the rates prevailing on the date of Balance Sheet. Exchange gains / losses including those relating to Fixed Assets are dealt with in the Profit and Loss Account.

Q. **EARNINGS PER SHARE**

The Company reports Basic and Diluted Earnings Per Share (EPS/DEPS) in accordance with Accounting Standard 20 on "Earnings Per Share". Basic EPS is computed by dividing the Net Profit or Loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.



Diluted EPS is computed by dividing the Net Profit or Loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

R. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company recognizes provisions when there is present obligation as a result of past event and it is probable that there will be an outflow of resources and reliable estimate can be made of the amount of the obligation. A disclosure for Contingent liabilities is made in the notes on accounts when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are neither recognised nor disclosed in the Financial Statements.

S. TRADE RECEIVABLE & PAYABLES

Sales made on credit are included in trade receivables at the Balance Sheet date & reduced by appropriate allowances for estimated doubtful amounts. Trade payables are stated at their nominal value.

T. CASH AND CASH EQUIVALENTS

For the purpose of the cash flows, cash & cash equivalents comprise cash on hand, balances with bank and deposits with banks.



NOTES TO STANDALONE BALANCE SHEET AS AT 30TH JUNE 2013

NOTE 1 : SHARE CAPITAL	As at 30-Jun-13 Number	As at 30-Jun-13 (In INR)	As at 30-Jun-12 Number	As at 30-Jun-12 (In INR)
AUTHORISED Equity Shares of Rs. 10/- each.	160,000,000	1,600,000,000	160,000,000	1,600,000,000
TOTAL	160,000,000	1,600,000,000	160,000,000	1,600,000,000
ISSUED Equity Shares of Rs. 10/- each.	132,149,080	1,321,490,800	132,149,080	1,321,490,800
SUBSCRIBED & PAID UP Equity Shares of Rs. 10/- each fully paid	132,149,080	1,321,490,800	132,149,080	1,321,490,800
TOTAL	132,149,080	1,321,490,800	132,149,080	1,321,490,800

The Company has issued one class of shares referred to as equity shares having a par value of Rs. 10/- . Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of Company , the holder of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The liability of Shareholders are Limited to the extent of Unpaid calls.

Company is yet to file various e-forms as required under Companies Act, 1956

Reconciliation of the number of shares outstanding

	As at 30-Jun-13 Number	As at 30-Jun-13 (In INR)	As at 30-Jun-12 Number	As at 30-Jun-12 (In INR)
Number of shares at the beginning	132,149,080	1,321,490,800	132,149,080	1,321,490,800
Add: Shares issued on exercise of employee stock options				
Number of shares at the end of the year	132,149,080	1,321,490,800	132,149,080	1,321,490,800

Details of Shareholder holding more than 5 % shares

Name of Shareholder	No. of Shares held	% of Holding	No. of Shares held	% of Holding
NIL				

NOTE 2 : RESERVES AND SURPLUS

	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Capital Reserve		
Opening balance	101,351,400	32,351,400
Add:- Current Year		69,000,000
Closing Balance	101,351,400	101,351,400
General Reserve		
Opening Balance	297,875,062	192,163,949
Security Premium		
Foreign Currency Translation Reserve	116,609,422	86,447,666
Add:- Current Year	18,051,027	19,263,447
Closing Balance	432,535,511	297,875,062
Surplus		
Opening balance	173,371,019	187,344,526
Add:- Current Year	7,139,254	5,289,940
Less:- Transfer to General Reserve	18,051,027	19,263,447
Closing Balance	162,459,246	173,371,019
TOTAL	696,346,157	572,597,481

NOTE 3 : DEFERRED TAXES AND LIABILITIES

	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Deferred Tax Liability		
Difference in Net Block of Fixed Assets	9,567,521	15,547,096
Deferred Tax Asset		
Disallowance under Section 43 B of the Income tax Act, 1961	2,680,007	2,413,970
Disallowance under Section 40 (a) (ia) of the Income tax Act, 1961	265,802	4,112,746
Deferred Tax (Assets)/ Liability	6,621,712	9,020,380



NOTES TO STANDALONE BALANCE SHEET AS AT 30TH JUNE 2013		
NOTE 4 : SHORT TERM BORROWINGS	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Secured - from banks Cash Credit Limit From SBI (Secured by Hypothecation of Company's Raw Material , Finished Goods, Stock in Process, Stores, Spares and Book Debts and Equitable Mortgage on the Fixed Assets of the Company. Interest rate on such Secured Demand Loan from Banks is linked with the base rate of respective banks. Overdue amount as on Balance Sheet date is Rs.11.79 Lacs (PY 22.90 lacs.)	30,000,000	30,000,000
Unsecured - from Directors & Relatives Ajay Kumar Jain	3,500,000	—
TOTAL	33,500,000	30,000,000
NOTE 5 : TRADE PAYABLES	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Creditors for Services	9,099,753	15,869,465
Creditors for Capital Goods	503,113	1,111,148
Creditor For Raw Materials	135,137,436	797,019,403
(None of the enterprises supplying goods or rendering services to the company who are engaged in manufacturing or production of goods are rendering or providing services have given any information as required under "The Micro, Small and Medium Enterprises Development Act 2006" Hence the company is not in a position to disclose the required information nor provided any liabilities as required under the said Act.)		
TOTAL	144,740,302	814,000,016
NOTE 6 : OTHER CURRENT LIABILITIES	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Accrued salaries & benefits	134,584	127,306
For other Liabilities		
-Taxes payable	19,207,828	14,660,458
-Provision for expenses	83,345	97,437
-Book overdraft from Banks	1,179,138	2,290,901
(All Liabilities payable with in 12 months are grouped under current liabilities.)		
TOTAL	20,604,894	17,176,102
Contingent Liabilities not provided for: - Claims against the company not acknowledged as debts: -		
	(Rs in Lacs)	
	30.06.2013	30.06.2012
Tax demands under Appeal by the Commercial Taxes Department	259.05	16685
Bank Guarantee to KSEB (against 100% Margin Money Deposit)	51.50	51.50
NOTE 7 : LONG TERM LOANS & ADVANCES	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Capital Advances Unsecured , Considered Good -Rent, Electricity and other deposits -Capital Advances -Deposits with Statutory Authorities	2,690,910 176,813,409 11,621,010	3,424,946 129,246,192 11,521,010
Advances -Subsidiaries	1,578,546,866	695,148,127
TOTAL	1,769,672,195	839,340,275
Balances shown Under Capital Advances are subject to confirmation.		
NOTE 8 : OTHER NON CURRENT ASSETS	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
(unsecured and considered good unless otherwise mentioned)		
a.)Long term trade receivables :-		
Secured	—	4,100,000
Unsecured		
Doubtful		
b.)Others :-		
TOTAL	—	4,100,000
NOTE 9 : INVENTORIES	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Finished Goods	976,595	465,554
Work In Progress	3,217,935	8,682,620
Raw Materials	2,113,007	15,281,637
Stores & Spares	875,000	600,000
Consumables	725,000	550,000
TOTAL	7,907,537	25,579,811
In the opinion of the Board,Inventories have a value on realization in ordinary course of business, at least equal to the amount at which they are stated .		



NOTE 10 - FIXED ASSETS											
PARTICULARS	Gross Block as on 01/07/2012	Additions	Deduction	TOTAL AS ON 30/06/2013	Rate of Depreciation	DEPRECIATION				Net Block as on 30/06/2013	Net Block as on 30/06/2012
						Upto 30/06/2012	01/07/2012 TO 30/06/2013	Total			
6MT FURNANCE	5,210,884	-	-	5,210,884	20.87%	4,325,789	184,719	4,510,508	700,376	885,095	
Air Conditioner	60,300	-	-	60,300	13.91%	32,052	3,929	35,981	24,319	28,248	
Building	16,603,067	3,967,900	-	20,570,967	10.00%	12,566,461	800,451	13,366,912	7,204,055	4,036,606	
Computers & Printers	769,558	600,000	-	1,369,558	40.00%	595,373	309,016	904,389	465,168	174,184	
Drum Container	10,400	-	-	10,400	30.00%	10,013	116	10,129	271	387	
Electrical Installations	4,236,947	15,000	-	4,251,947	20.87%	4,235,805	590	4,236,395	15,552	1,142	
EPBAX	43,350	-	-	43,350	18.10%	39,446	707	40,153	3,197	3,904	
Furniture & Fixtures	131,880	1,800,000	-	1,931,880	18.10%	108,631	329,115	437,746	1,494,134	23,249	
Land & Site Development	2,256,740	-	-	2,256,740	0.00%	-	-	-	2,256,740	2,256,740	
Miscellaneous Fixed Assets	62,569	-	-	62,569	18.10%	55,363	1,304	56,667	5,902	7,206	
Office Equipment	727,406	1,300,000	-	2,027,406	18.10%	223,560	325,851	549,411	1,477,995	503,846	
Plant & Machinery	74,405,384	-	-	74,405,384	20.87%	45,851,125	5,959,274	51,810,399	22,594,985	28,554,259	
Pollution Control Equipments	74,515,854	-	-	74,515,854	20.87%	33,570,336	8,545,330	42,115,666	32,400,188	40,945,518	
Tools & Tackles	176,151	-	-	176,151	13.91%	152,195	3,332	155,527	20,624	23,956	
Vehicles	2,533,191	-	-	2,533,191	25.89%	2,355,918	45,896	2,401,814	131,376	177,272	
Xerox Machine	50,000	-	-	50,000	18.10%	44,398	1,014	45,412	4,588	5,602	
TOTAL	181,793,679	7,682,900	-	189,476,579		104,166,465	16,510,644	120,677,109	68,799,470	77,627,214	
Capital Work in Progress	7,667,900	-	7,667,900	-		-	-	-	-	7,667,900	
TOTAL	189,461,579	7,682,900	7,667,900	189,476,579		104,166,465	16,510,644	120,677,109	68,799,470	85,295,114	
PREVIOUS YEARS	188,055,928	1,605,651	200,000	189,461,579		84,894,362	19,272,103	104,166,465	85,295,114	103,161,566	



NOTE 11: NON CURRENT INVESTMENTS (AT COST)										
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		As at 30-Jun-13 (millions)	As at 30-Jun-12 (millions)
			As at 30-Jun-13	As at 30-Jun-12			2013	2012		
(a)	Investment in Equity Instruments	Subsidiary Others			Unquoted Unquoted	Fully paid Fully paid	100% 100%	100%	1,851,060 9,900,000	1,851,060 5,800,000
(b)	Investments in Preference Shares									
(c)	Investments in partnership firms									
(e)	Investments in Debentures or Bonds									
	Total								11,751,060	7,651,060
	Aggregate amount of quoted investments		Nil							
	Market Value of quoted investments		Nil							
	Aggregate amount of unquoted investments		11751060							
	Aggregate provision for diminution in value of investment		Nil							



NOTES TO STANDALONE BALANCE SHEET AS AT 30TH JUNE 2013		
NOTE 12 : TRADE RECEIVABLES	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Unsecured, Considered Good a.) Outstanding for a period more than six months from the date they are due for payment b.) Outstanding for a period less than six months from the date they are due for payment	326,566,902 2,495,936	976,113,154 11,125,949
Secured, Considered Good a.) Outstanding for a period more than six months from the date they are due for payment b.) Outstanding for a period less than six months from the date they are due for payment		
TOTAL	329,062,838	987,239,103
Sundry Debtors are subject to confirmation / reconciliation and adjustments, if any, the Management does not expect any material difference affecting the current year's financial statements.		
NOTE 13 : CASH AND BANK BALANCES	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Cash and Cash Equivalents		
Cash on hand	610,744	2,990,334
Balance with banks		
In current accounts	(74,813)	766,275,789
Fixed Deposit	3,200,000	3,200,000
TOTAL	3,735,932	772,466,123
Fixed Deposit Receipt under lien to exchange	—	—
Fixed Deposit Receipt lien with banks against borrowings	3,200,000	3,200,000
NOTE 14 : SHORT TERM LOANS AND ADVANCES	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Loans and advances to related parties	—	—
Unsecured, Considered Good		
Advances to suppliers	598,190	574,473
TOTAL	598,190	574,473
NOTE 15 : OTHER CURRENT ASSETS	As at 30-Jun-13 (In INR)	As at 30-Jun-12 (In INR)
Interest Accrued on Fixed Deposit	826,001	514,001
Service Tax Receivable	278,934	214,776
Modvat Receivable	16,108	180,810
Receivable from Statutory Authorities	284,490	679,169
Prepaid Insurances	33,562	—
TOTAL	1,439,095	1,588,756
In the opinion of the Board, Current Assets, have a value on realization in ordinary course of business, at least equal to the amount at which they are stated.		



NOTES TO STANDALONE PROFIT AND LOSS ACCOUNT FOR PERIOD ENDED ON 30TH JUNE 2013		
PARTICULARS	FOR THE YEAR ENDED 30-Jun-13 (In INR)	FOR THE YEAR ENDED 30-Jun-12 (In INR)
NOTE 16 : REVENUE FROM OPERATIONS		
Sales of Steel Products	3,281,269,583	3,269,948,530
Other Operating Revenue :-		
Income from Conversion / Job work	-	103,800
TOTAL	3,281,269,583	3,270,052,330
NOTE 17 : OTHER INCOME		
	30-Jun-13 (In INR)	30-Jun-12 (In INR)
Interest Income on Deposits	1,031,300	5,321,354
Other non operating Income	16,223,448	701,723
Foreign Exchange Gain / (Loss)	-	173,691,006
TOTAL	17,254,748	179,714,083
GROSS REVENUE	3,298,524,331	3,449,766,413
NOTE 18 : COST OF MATERIAL CONSUMED		
	30-Jun-13 (In INR)	30-Jun-12 (In INR)
Raw Material	106,306,903	113,152,180
Stock In Trade	3,097,937,727	3,136,513,903
Consumables	537,730	232,430
Stores & Spares	549,000	350,000
TOTAL	3,205,331,360	3,250,248,513
NOTE 19 : CHANGES IN INVENTORY OF FINISHED GOODS		
WORK IN PROGRESS AND STOCK IN TRADE		
	30-Jun-13 (In INR)	30-Jun-12 (In INR)
Opening Stock		
Finished Goods	9,148,174	4,271,987
Work in Progress	—	—
Closing Stock		
Finished Goods	4,194,530	9,148,174
Work in Progress	—	—
Increase / (Decrease) in Stock	4,953,644	(4,876,187)



NOTE 20 : EMPLOYEE BENEFITS	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	30-Jun-13 (In INR)	30-Jun-12 (In INR)
Salary, Bonus and Allowances	3,026,536	2,571,815
Contribution to provident & other Funds	126,773	98,005
Staff Welfare Expenses	15,357	50,296
TOTAL	3,168,666	2,720,116
There was no employee at any time during the year drawing Rs.200000/- or more per month.		
NOTE 21 : FINANCE COST	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	30-Jun-13 (In INR)	30-Jun-12 (In INR)
Interest Expenses	8,234,756	3,383,181
Other Borrowing Cost	148,614	480,211
TOTAL	8,383,370	3,863,392
NOTE 22 : OTHER EXPENSES	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	30-Jun-13 (In INR)	30-Jun-12 (In INR)
Advertisement Expenses	74,428	902,649
Remuneration to Auditors	500,000	500,000
Secretarial Affairs	156,609	163,546
Insurance Expenses	27,307	136,918
Donations	7,000	—
Duties & Taxes	330,292	382,576
Power and Fuel	38,137,568	35,830,271
Carriage Inward	1,753,695	2,724,769
Repairs	428,965	523,037
Listing Fees	1,124,340	1,053,815
News Paper & Periodicals	3,500	9,444
Office Maintenance Expenses	930,146	5,177,821
Postage & Couriers	115,494	123,666
Printing & Stationery	183,540	63,776
Professional Tax	2,250	7,050
Regn. & Licence Fees	156,467	182,637
Communication Expenses	353,680	393,147
Travelling Expenses	296,293	1,081,952
Preliminary Expenses Written Off	10,112,516	10,112,516
Misc. Expenses	7,154	115,504.017
TOTAL	54,701,244	174,873,607

**Note: 23****GENERAL NOTES TO ACCOUNTS:-**

1. The Accounts for the Financial Year 2012-13 have been prepared for the period of 12 Months from 1st July, 2012 to 30th June, 2013. (Previous Year 1st July 2011 to 30th June 2012 for the period of 12 Months)
2. Previous year's figures have been regrouped wherever necessary to confirm to this year's classifications
3. Expenses related to Capital Issue / Increase shown under the head Misc. Expenditure are been written off in the books on 1/5th basis u/s 35D

4. Segment Reporting :-

- a) Business Segment: - The Company has considered business segment as the primary segment to disclose. The Company is engaged in the manufacturing of MS Ingots / trading of Steel / Charcoal Products, which the context of AS-17 is issued by the Institute of Chartered Accountants of India, is considered the only business segment.
- b) Geographical Segment: - The Company sell its products within India. The condition prevailing in India being uniform no Separate geographical segment disclosure is considered necessary.

5. Operating Lease :-

Future obligations towards lease rentals	Current Year	Previous Year
Within one year	Rs. 4.97 Lakhs	Rs. 7.20 Lakhs
Later than one year but less than Five years	NIL	Rs. 40.00 Lakhs
Later than Five years	NIL	NIL
Total	Rs. 4.97 Lakhs	Rs. 47.20 Lakhs

6. Earnings per share :-

Earning for Shareholders for the period	Rs 71.39 lakhs	Rs 52.89 Lakhs
No. of Equity Share (Weighted)	132149080	132149080
Potential No. of Equity Share Outstanding	NIL	NIL
Earnings per share (Basic & Dilutive)	Rs 0.05	Rs 0.04

7. Deferred Tax :-

In accordance with the Accounting Standard -22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the Company has accounted for deferred tax during the period. The Cumulative Net Deferred Tax Liability of Rs. 66.22 Lakhs as on 30th June 2013 has been recognized. Consequently the excess Deferred Tax Liability of Rs. 23.99 Lakhs has been recognized and credited to Profit & Loss Account.



Rs in Lakhs			
Particulars	As at 30.06.2013	As at 30.06.2012	
Deferred Tax Liabilities:-			
Difference in Accumulated Book Depreciation & Accumulated Depreciation under Income Tax Act.	281.48	457.40	
Deferred Tax Assets:-			
Unabsorbed Depreciation & disallowance			
Allowable expenses on payment basis	86.66	192.01	
Net Timing Difference	194.81	265.38	
Total Deferred Tax Liability to be recognised	66.22	90.20	
Deferred Tax Liability previously recognized	90.20	113.05	
Net Deferred Tax Liability provided / (Reversed) during the period	(23.99)	(22.85)	

8. Details of Audit fees are as follows:

Company Audit Fees	3,50,000.00	3,50,000.00
Tax audit Fees	1,00,000.00	1,00,000.00
Consultation & Other Services	50,000.00	50,000.00
Reimbursement of Expenses	NIL	NIL

9. As required under section 212 of the Companies Act Statement on Companies interest in the subsidiary is given below:

- There is no change in the shareholding Interest between the end of the Financial Year of the subsidiary & the end of the Company's Financial Year.
- No Material changes have occurred between the end of the Financial Year of the Subsidiary Company & the end of the Company's Financial Year in respect of Subsidiary's Fixed Assets, investments, moneys lent by it and moneys borrowed by it for any purpose other than that of meeting current liabilities.
- Subsidiary Company's Brief un audited Financial Information as on 30.06.2013 & 30.06.2012 are as follows:

(Rs in Lacs)			
	Particulars	2012-13	2011-12
A	Paid-up capital	18.51	18.51
B	Reserve & Surplus	10797.68	7390.38
C	Loans	15785.47	6951.48
D	Net Current Assets	28509.69	14360.38
E	Turnover	60011.03	67415.92
F	Total Expenditure	55814.18	63343.65
G	Profit	4196.85	4072.26

10. Related Part Disclosure:

Disclosures as required by Accounting Standard 18 (AS-18) related party disclosures issued by the Institute of Chartered Accountants of India are as follows and description of relationship.



- a. Name of related parties
- i. Subsidiaries - SIEL, FZE
 - ii. Key Management Personal
 1. Shri Vivek Agarwal, Chairman & Managing Director
 2. Shri Manish Kumar Mishra, Director
 3. Shri Vinod Bajoria, Director
 - iii. Relative of Key Management Personnel where transaction have been taken place during the year.
 1. Kerala Sponge Iron Ltd.
 2. K. K. Agarwalla
 3. K.K. Agarwalla HUF
 - iii. Transaction with related parties referred to above in ordinary course of business.

(Rs. in Lakhs)

Nature of Transactions	Referred in 20(a)(i) above	Referred in 20(a)(ii) above	Referred in 20(a)(iii) above
Remuneration Paid / Salary	NIL	6.00	3.60
Rent	NIL	NIL	1.20
Purchase	NIL	NIL	189.38
Loan or Deposit taken	NIL	NIL	NIL
Loan or Advance Given / Repaid	8833.99	NIL	NIL
Investment	18.51	NIL	NIL
Receivable to Company	15785.47	NIL	NIL
Payable by Company	NIL	NIL	248.58

11. **Information as per Schedule VI Part II 4A,4B,4C and 4D of the Companies Act, 1956.**

1. Remuneration paid to Directors - Rs. 6.00 Lakhs (Rs. 9.34 Lakhs)
2. Payment to Auditors - Rs. 5.00 Lakhs (5.00 Lakhs)
3. Licensed and installed capacity:

Particulars	Licensed Capacity	Installed Capacity	Production
CTD Bars, Angle	24000 TPA (24000 TPA)	--	--
Shots & Grits	4000 TPA (4000 TPA)	4000 TPA (4000 TPA)	--
M.S. Ingots	24000 TPA (24000 TPA)	16000 TPA (16000 TPA)	4735.580 (4651.070)

For Sunil Johri & Associates
Chartered Accountants
Firm Regn. No. 005960C
Sd/-
Sunil Johri (Partner)
Membership No 074654
Place : Palakkad, Kerala
Dated : August 30, 2013

For and on behalf of the Board of Directors
Sd/-
Vivek Agarwal
Chairman & Managing Director
Place : Palakkad, Kerala
Dated : August 30, 2013
Sd/-
Vinod Bajoria
Director



18th ANNUAL REPORT 2012-13

SIEL - CONSOLIDATED CASH FLOW STATEMENT				
Particulars	Rs. Millions			
	FOR THE TWELVE MONTHS ENDED ON 30TH JUNE 2013		FOR THE TWELVE MONTHS ENDED ON 30TH JUNE 2012	
Cash Flow From Operating Activities				
Profit Before Taxation		425.16		410.89
Add				
1) Depreciation	16.51		19.27	
2) Interest Paid / Borrowing cost	8.44		4.02	
3) bad debt w/off	10.12	35.07	108.01	131.30
OPERATING PROFIT		460.23		542.19
Adjustment For:				
1) (Increase)/Decrease In Trade Receivables	(207.82)		230.27	
2) (Increase)/Decrease In Stock-in-trade	(347.25)		(432.64)	
3) (Increase)/Decrease In Short Term Loans & Advances	(0.02)		-	
4) (Increase)/Decrease In Long Term Loans & Advances	(46.94)		(22.04)	
5) (Increase)/Decrease In Interest Accrued/ Other Current Assets	0.15		2.77	
6) (Increase)/Decrease In Other Non Current Assets	4.10		-	
7) Increase/(Decrease) in Other Trade Payable	(890.54)		(186.35)	
8) Increase/(Decrease) in Other Current Liabilities	(0.36)		(53.64)	
		(1,488.69)		(461.63)
CASH GENERATED FROM OPERATIONS		(1,028.46)		80.56
Taxes Paid		0.73		0.66
NET CASH GENERATED FROM OPERATION BEFORE EXTRAORDINARY IT EMS		(1,029.19)		79.90
Less Extraordinary items (net of tax)		-		-
NET CASH GENERATED FROM /(USED) FROM/IN OPERATING ACTIVITIES		(1,029.19)		79.90
Cash Flow From Investing Activities				
Purchase of Fixed Assets (Net of increase in CWIP)		0.02		(1.61)
Purchase of Investments		(4.10)		-
Sale of Fixed Assets		-		0.20
NET CASH GENERATED FROM /(USED) FROM/IN INVESTING ACTIVITIES		(4.09)		(1.41)
Cash Flow From Financing Activities				
Proceeds/Repayment of Borrowing		3.50		69.00
Interest Paid		(8.44)		(4.02)
NET CASH GENERATED FROM /(USED) FROM/IN FINANCING ACTIVITIES		(4.94)		64.98
NET CASH FLOW GENERATED FOR THE PERIOD		(1,038.21)		143.48
Cash & Cash Equivalents as at beginning of year				
Cash on hand		273.83		1.47
Bank balance in current account		0.27		(9.11)
Fixed Deposit (less than 3 month Maturity)		769.21		907.47
Total Cash & Cash Equivalents as at beginning of year		1,043.31		899.83
Cash & Cash Equivalents as at end of year				
Cash on hand		0.61		273.83
Bank balance in current account		1.29		0.27
Fixed Deposit (less than 3 month Maturity)		3.20		769.21
Total Cash & Cash Equivalents as at end of year		5.10		1,043.31
<div> <div> As per our attached report of even date For Sunil Johri & Associates Chartered Accountants Firm Regn. No. 005960C Sd/- Sunil Johri Partner Membership No 074654 Place : Palakkad, Kerala Dated :August 30, 2013 </div> <div> For and on behalf of the Board <div> Sd/- Vivek Agarwal Chairman & Managing Director </div> <div> Sd/- Vinod Bajoria Director </div> </div> <div> Place : Palakkad, Kerala Dated :August 30, 2013 </div> </div>				
INDEPENDENT AUDITORS REPORT ON CONSOLIDATED CASH FLOW STATEMENT				
We have examined the above Consolidated Cash Flow of Southern Ispat & Energy Limited for the period ended 30th June 2013 and certify that this is based on and is in agreement with the corresponding Balance Sheet and Profit & Loss Account of the Company covered by our report dated 30/08/2013 to the members of the Company				
<div> <div> Place : Palakkad, Kerala Dated :August 30, 2013 </div> <div> For Sunil Johri & Associates Chartered Accountants Firm Regn No. 005960C Sd/- Sunil Johri (Partner) Membership No. 074654 </div> </div>				

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Southern Ispat & Energy Ltd

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

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Full name of the Member attending.....

(To be filled in if first named joint holder does not attend the Meeting)

Name of Proxy.....

I hereby register my presence at the ANNUAL GENERAL MEETING held at 19/629 (1), "Sreyas", Near Yakkara School Bus Stop, West Yakkara, Palakkad-678 001 on 26th November 2013 at 11:00 A.M.

.....

(Member's/Proxy's Signature)

(To be signed at the time of handing over this slip)



Southern Ispat & Energy Ltd

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

PROXY FORM

I/We being a member/members of the above named Company hereby appoint..... as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 26th November, 2013 at 11:00 A.M. and at any adjournment thereof*in favour/against of the resolutions.

Signed this.....day of.....2013

Registered Folio No.:.....

No. of Shares held:.....

Signature.....

Re.1
Revenue
Stamp

NB: The instrument appointing proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

BOOK POST

PRINTED BOOK

To,

If undelivered, please return to:

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