

**SOUTHERN MAGNESIUM AND  
CHEMICALS LIMITED**



**TWENTY THIRD ANNUAL REPORT  
2008 - 2009**

**BOARD OF DIRECTORS**

Sri. N. RAM PRASAD	Chairman
Sri. N. RAVI PRASAD	Managing Director
Sri. N. RAJENDER PRASAD	Joint Managing Director
Sri. P. K. DORAI SWAMY I.A.S.(Retd)	APSFC Nominee Director (Up to 28.01.2009)
Sri. M. VENKATESHWARA RAO	APIDC Nominee Director(Up to 31.07.2009)
Sri. SNEHAL A THAKKAR	Director
SRI. K. ESHWARAIAH	APIDC Nominee Director(From 31.07.2009)
SRI.V.S.S.PRAKASH	Director(From 28.01.2009)

AUDITORS	M/S.K.S.RAO & COMPANY Chartered Accountants Hyderabad
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BANKERS	ANDHRA BANK SOMAJIGUDA HYDERABAD
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REGD.OFFICE	DECCAN CHAMBERS, (5 <sup>TH</sup> FLOOR) 6-3-666/B, SOMAJIGUDA HYDERABAD – 500 082
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WORKS	GOWRIPATNAM WEST GODAVARI DISTRICT
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MINES	1. MULUGU MANDAL WARANGAL DIST. ANDHRA PRADESH
	2. VENKATAYAPALAM VILLAGE KHAMMAM DIST. ANDHRA PRADESH

**NOTICE**

Notice is hereby given that the 23rd Annual General Meeting of the members of SOUTHERN MAGNESIUM AND CHEMICALS LIMITED will be held on 30<sup>th</sup> September, 2009 at 11.30 A.M. at Hotel I. K. London Residency, 6-3-656, Kapadia Lane, Somajiguda, Hyderabad – 500 082 to transact the following business.

**ORDINARY BUSINESS**

1. To receive consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2009 and Profit and Loss Account for the year 2008 – 2009 and report of the Auditors thereon and Report of Directors to the Share Holders.
2. To elect Director in place of Sri Snehal A Thakkar, Director who retires by rotation of Director at the conclusion of this Annual General Meeting and being eligible offers himself for re-appointment.
3. To appointment Auditors for next year and fix their remuneration and in this connection to pass the following Resolution with or without modification.

“Resolved that the Company Auditors M/S.K.S.Rao and Company, Chartered Accountants, Hyderabad be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting of the company until the conclusion of next Annual General Meeting of the Company at such remuneration as may be determined by the Board of Directors of the Company”.

**SPECIAL BUSINESS**

1. To consider appointment of Sri.V.S.S. Prakash as Director liable for retirement by rotation of Directors whose term of office as Additional Director expires at this Annual General Meeting and offers himself for the appointment.

For and on behalf of the Board of Directors  
**For SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**

Place : Hyderabad  
Date : 27.08.2009

Sd/-  
**N.Ravi Prasad**  
Managing Director

**NOTES:**

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself pursuant to Article No.114 of the Articles of Association and such proxy need not be a member of the Company.

1. Proxies in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting.
2. Members are requested to notify immediately any change in their address to the registered office of the Company.
3. The register of members and share transfer book of the Company shall remain closed from 27.09.2009, 28.09.2009 & 29.09.2009.

**EXPLANATORY STATEMENT FOR THE SPECIAL BUSINESS**

Sri. V. S. S. Prakash is Graduate in Commerce. He is working as an Executive in Finance & Accounts of M/s. Gujarat Petrosynthese Ltd., a profit earning and Listed Public Limited Company of Bombay. He is a consultant for Finance and Accounts and Company Secretarial matters for M/s. Southern Agrosynthese Limited, a listed Public Limited Company.

He is having good experience in Finance & Accounts matters and Company Secretarial matters. He is an outsider and not related to any Director of M/s. Southern Magnesium and Chemicals Limited.

In order to fill up the vacancy of Independent Director, due to resignation of Independent Director viz. Sri.P.K.Doraiswamy I.A.S. (Retd), the Nominee Director of APSFC, the Board appointed Mr.V.S.S.Prakash as Additional Director Pursuant to Article No.130 of Articles of Association of the Company. In order to meet the requirement of Clause No.49 of the Listing Agreement with Bombay Stock Exchange and Companies Act 1956.

Mr.V.S.S. Prakash is not related to any Director.

## DIRECTOR'S REPORT

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report and the Audited Accounts for the year ended 31<sup>st</sup> March 2009.

## FINANCIAL REPORT / OPERATIONS

(Rs.Lakhs)

Particulars	Current Year As on 31.03.2009	Previous Year As on 31.03.2008
Net Sale and other income	115.01	78.27
Profit Before Depreciation and interest	6.34	(12.67)
Depreciation and interest	268.67	3.39
Net Profit (net loss)	(262.33)	(16.06)
Cum. Loss	(644.91)	(382.59)

## OPERATIONS

The Company is continuing business by procuring Magnesium Metal from Open market and processing the same to meet the requirements of customers.

**Sale of Plant and Machinery items**

In accordance with the sanction from the Share holders obtained by conducting Postal Ballot under Sec. 192-A of the Companies Act 1956 read with Companies (passing of Resolution by Postal Ballot) Rules 2001 the company has completed the sale of most of the plant and machinery items. Some items with Gross value of Rs.13.81 lakhs are retained and all other items with Gross value of Rs.275.83 lakhs were sold. Since the plant was established in 1990-91, the depreciated value of the sold items was Rs.28.29 lakhs only.

**Changes in the Board of Directors**

Since the Term Loan from APSFC was fully repaid, the APSFC has withdrawn its nominee Director Sri.P.K.Doraiswamy, I.A.S. (Retd). Also, Sri.P.K.Doraiswamy APSFC Nominee Director, as Independent Director, resigned on 28.01.2009.

The Board placed on record their high gratitude and thanks for the valuable guidance and help extended to the Company by Sri.P.K.Doraiswamy I.A.S.(Retd) as APSFC Nominee Director.

Sri.V.S.S.Prakash an outsider was appointed as Director. He being an outsider and not related to any Director, is an Independent Director.

The APIDC has withdrawn its nominee Director Sri.M.Venkateshwara Rao and nominated Sri.K.Eswaraiah as APIDC Nominee Director pursuant to Article No.129. Sri.K.Eswaraiah, the APIDC Nominee Director, is Independent Director.

The Board placed on record their gratitude and thanks for the valuable guidance and help extended to the Company by Sri.M.Venkateshwara Rao as APIDC Nominee Director.

The Company has notified the Stock Exchange about the above changes of Independent Directors pursuant to Revised Cl.49 of the Listing Agreement.

**Audit Committee**

Sec 292 A of the Companies Act 1956 prescribed that Audit Committee shall be constituted only by Companies whose paid up share capital is not less than Rs.5 (Five) crores. The Companies Paid up Share Capital is Rs.4 crores only.

However, the Company has set up an Audit Committee of Directors consisting Sri Snehal A Thakkar, Director, a Chartered Accountant and Sri.M.Venkateshwara Rao, Nominee Director of APIDC and Sri.N.Rajender Prasad, Joint Managing Director.

**Nomination of Independent Director in Committees of Director.**

Sri.V.S.S. Prakash, an independent Director was nominated on the Remuneration committee in place of Sri.P.K.Doraiswamy, I.A.S (Retd). The APSFC Nominee Director who was withdrawn as nominee Director of APSFC by APSFC on clearing their Term loan dues fully was Independent Director.

On the Share Holders Grievances Committee, Sri.V.S.S.Prakash, the Independent Director was nominated in place of Sri.P.K.Doraiswamy I.A.S.(Retd), a resigned Independent Director.

**Absorption of full Depreciation on Fixed Assets in Accounts**

The Board decided to absorb the unabsorbed Depreciation fully from the year 1996-97, up to date, in the accounts.

**RETIREMENT OF DIRECTORS, BY ROTATION**

Sri Snehal A Thakkar, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

**CLOSURE OF SHARE TRANSFER BOOKS**

The Share Transfer Books will remain closed for three days from 27.09.2009, to 29.09.2009 both days inclusive.

**DIRECTORS RESPONSIBILITY STATEMENT**

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors confirm that :

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed:
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of Company for the period.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- iv) The Directors have prepared the annual accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES**

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with (Companies Particulars of Employees) Rules, 1975, there are no employees who are in receipt of remuneration exceeding Rs 6.00 lakhs per annum.

**AUDITORS**

You are requested to appoint M/S. K.S.Rao & Company, Chartered Accountants, Hyderabad as auditors for the year 2009-2010 and fix their remuneration.

**CORPORATE GOVERNANCE**

As required by Clause 49 of the listing Agreement a Report on Corporate Governance is Appended.

**DEPOSITS**

In terms of Reserve Bank of India, Directions 1977 read with Section 58A of the Companies Act, 1956, the Directors Report as under:

- 1) Number of depositors who have not claimed their deposits been paid by the Company after due date : Nil
- 2) Total amount remaining unclaimed/unpaid : Nil

**LISTING ON STOCK EXCHANGES:**

Company's shares are listed in Mumbai Stock Exchange and ex-Hyderabad Stock Exchange. Listing fees have been paid up to date to the Mumbai Stock Exchange.

**ACKNOWLEDGEMENT:**

Your Directors wish to place on record their appreciation of the excellent service rendered by all the employees of the Company.

On behalf of the Board of Directors

Sd/-

**(N.Ravi Prasad)**

Managing Director

Place : Hyderabad  
Date : 27-08-2009

**FORM – B**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION.**

Specific areas in which R & D carried out by the Company. —

Benefits derived as a result of the above R & D —

Future plan of action

Expenditure on R & D

a) Capital NIL

b) Recurring

c) Total

d) Total R & D expenditure as a percentage of total turnover.

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION.**

- |  |      |
|--|------|
| 1. Efforts made towards technology   | N.A  |
| 2. Benefits derived as a result of the above efforts.  | N.A. |
| 3. In case of imported technology imported during the 1 <sup>st</sup> 5 yrs. (reckoned from the beginning of the financial year) following information is furnished: | N.A. |
| a) Technology  | N.A. |
| b) Year of import  | N.A. |
| c) Has technology been fully absorbed  | N.A. |
| d) If not fully absorbed, area Not applicable.   | N.A. |
| e) Where this has not been the, case reason therefor and future plans of action  | N.A. |

**B. FOREIGN EXCHANGE EARNING & OUTGO**

During the year foreign exchange outgo was Rs.NIL lakhs and foreign exchange earnings was Rs.NIL. Lakhs

**REPORT ON CORPORATE GOVERNANCE**  
(Pursuant to Clause 49 of the listing Agreement)

- 1) Company's Philosophy on Corporate Governance  
Your Company has complied with the requirement of the Corporate Governance code and made the required disclosures.
- 2) Board of Directors  
The Board of Directors consists of 3 Promoter Group Directors and three Independent Directors.  
During the year 2008 the Board met 5 times.
- 3) Audit committee  
An Audit committee of the Board was constituted to meet the requirement of Clause 49 of the listing agreement. It consists 3 Directors, including 2 Independent Directors. The terms of reference by the Board are to review before submitting to the Board half Yearly and Annual Financial Statements and to ensure compliance of items specified in Clause 49 of the listing agreement. The Committee met 5 times in the year.
- 4) Remuneration committee  
The Remuneration Committee was constituted by the Board consisting of 3 Members including 2 Independent Directors.
- 5) Shareholders / Investors Grievance Committee  
The Share holders Grievance Committee was constituted with 3 Members.
- 6) Share Transfer Committee  
The Share Transfer Committee was constituted. The Committee meets periodically to approve the Share Transfer requests.

**AUDITORS' REPORT**

To the Members of SOUTHERN MAGNESIUM AND CHEMICALS LIMITED,

We have audited the attached Balance Sheet of SOUTHERN MAGNESIUM AND CHEMICALS LIMITED, HYDERABAD (A.P) as at 31<sup>st</sup> March, 2009, and also the Profit and Loss Account for the year ended on that date annexed thereto and the cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and report that:

1. As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 **excepting AS-15, employees Benefits.**
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that, none of the directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 :
  - f) The Company has not adopted and complied with the requirements of AS-15 'Employee Benefits' in respect of gratuity liability. In view of this the liability of The Company in this regard could not be ascertained. Consequently, we are unable to comment about the impact of this on the loss for the year.
  - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith and subject to our comments given in para f above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 :
    - ii) In the case of the Profit and Loss account, of the Loss of the Company for the year ended on that date; and
    - iii) In the case of cash flow statement, of the cash flows for the year ended on that date.

for **K.S.Rao & Co.,**  
Chartered Accountants  
Sd/-  
(P. Govardhan Reddy)  
Partner

Place : Hyderabad  
Date : 27.08.2009

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE**

- i)
  - (a) The Company maintains proper records showing full particulars, including quantitative details and situation of fixed assets:
  - (b) The fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
  - (c) During the year the Company disposed of machinery related to Magnesium Metal Production activity. In our Opinion this do not effect the going concern assumptions.
- ii)
  - (a) Management had physically verified the inventory at reasonable intervals.
  - (b) In our opinion the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company maintains proper records of inventory and no material discrepancies were noticed on physical verification.
- iii)
  - (a) to (d) Since the Company has not granted any loans, our comments do not arise with regard to the principle recoveries and overdue amounts in respect of loans granted.
  - (e) The Company has taken unsecured loans from two companies and other three parties covered in the register maintained under section 301 of the Act. The amount involved in transactions is Rs.262.5 lakhs and
  - (f) In our opinion the terms and conditions on which the unsecured loans were availed by the Company are not prima facie prejudicial to the interest of the Company.
  - (g) The Company has not repaid principal amount and the loans are interest free.
- iv) In our opinion there are adequate internal control systems commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and there were no weaknesses in internal control system.
- v)
  - (a) There were no transactions that need to be entered into a register required to be maintained under section 301 of the Act during the year except acceptance of unsecured loans from directors and Corporate Deposits.
  - (b) In view of the above comment clause – V (b) is not applicable.
- vi) The Company has not accepted deposits from the public, so the directives issued by the Reserve Bank of India and the provisions of sections 58 A, 58 AA or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company during the year under report.
- vii) The Company has no internal audit system. However, there are adequate internal control procedures commensurate with its size and nature of its business.
- viii) The Central Government has prescribed u/s 209 (1) (d) of the Act the maintenance of cost records for the products of the Company.



- ix) (a) The Company is not regular in depositing undisputed statutory dues viz., Sales Tax. The extent of the arrears of outstanding statutory dues as at the last day of the financial year 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable in respect of Sales Tax Rs.3,25,528/- (previous year Rs.8,87,342/-)
- (b) There are no dues of sales tax, income tax, custom tax, wealth tax, cess which have not been deposited on account of any dispute except sales tax amount of Rs.4.32 lakhs for which the Company filed appeals before Deputy Commissioner (Appeals).
- x) Company's accumulated losses at the end of the financial year were more than 50% of its net worth and it had incurred cash losses in the period under report and also in the immediately preceding financial year.
- xi) Company has not borrowed money from a financial institution or from a Bank. Hence, clause (xi), of the above said Order is not applicable with regard to defaults in repayments of dues.
- xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) This clause is not applicable to the Company since this Company is neither a Chit Fund or Nidhi/ Mutual benefit fund Society.
- xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- xv) As per the information given by the Company it has not given any guarantee for loans taken by others from bank of financial institutions.
- xvi) During the year under report the Company has not availed term loans. Hence clause (xvi) of the above said order is not applicable.
- xvii) In our opinion the funds raised on short term basis were not used for long term investment.
- xviii) During the period under report the Company had not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix) This clause is not applicable since the Company has not issued any Debentures.
- xx) During the period under report the management has not raised any money through public issue.
- xxi) During the year under report no fraud on or by the Company has been either noticed or reported.

Place : Hyderabad  
Date : 27.08.2009

for **K.S.Rao & Co.**,  
Chartered Accountants  
Sd/-  
(P. Govardhan Reddy)  
Partner

**BALANCE SHEET AS AT 31ST MARCH, 2009**

PARTICULARS	Sch No.	As At 31.03.2009 Rs.	As At 31.03.2008 Rs.
<b>I SOURCE OF FUNDS</b>			
1) Share Holders Funds			
a) Share Capital	1	4,00,00,000	4,00,00,000
b) Reserves & Surplus	2	<u>10,00,000</u>	<u>10,00,000</u>
		<u>4,10,00,000</u>	<u>4,10,00,000</u>
2) Loan Funds			
a) Unsecured Loans	3	<u>2,62,50,000</u>	<u>2,66,50,000</u>
		<u>2,62,50,000</u>	<u>2,66,50,000</u>
Total		<u>6,72,50,000</u>	<u>6,76,50,000</u>
<b>II APPLICATION OF FUNDS</b>			
1) Fixed Assets			
a) Gross Block	4	2,00,90,347	4,76,73,112
b) Less : Depreciation		<u>1,12,23,676</u>	<u>91,12,506</u>
c) Net Block		<u>88,66,671</u>	<u>3,85,60,606</u>
2) Current Assets, Loans and Advances			
a) Inventories	5	22,67,178	55,59,849
b) Sundry Debtors	6	38,32,844	13,85,526
c) Cash & Bank balances	7	42,612	1,72,613
d) Loans & Advances	8	<u>4,04,061</u>	<u>7,19,410</u>
		<u>65,46,695</u>	<u>78,37,398</u>
Less:			
Current Liabilities & Provisions	9	<u>1,26,54,485</u>	<u>1,70,06,605</u>
Net Current Assets		<u>(61,07,790)</u>	<u>(91,69,207)</u>
3) Profit & Loss Account		<u>6,44,91,119</u>	<u>3,82,58,601</u>
Total		<u>6,72,50,000</u>	<u>6,76,50,000</u>
NOTES ON ACCOUNTS	15		

Per our report of even date

For **K.S.RAO & CO.**

Chartered Accountants

Sd/-

**(P.GOVERDHAN REDDY)**

Partner

Place : Hyderabad

Date : 27.08.2009

For and on behalf of the Board

Sd/-

**(N.Ravi Prasad)**

Managing Director

Sd/-

**(N.Rajender Prasad)**

Joint Managing Director

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDING 31ST MARCH 2009**

PARTICULARS	Sch No.	As At 31.03.2009 Rs.	As At 31.03.2008 Rs.
<b>I. INCOME</b>			
Sales		79,07,498	90,69,011
Less Excise Duty		9,24,621	12,43,842
		<u>69,82,877</u>	<u>78,25,169</u>
Other Income	10	45,18,301	1,993
Total		<u>1,15,01,178</u>	<u>78,27,162</u>
<b>II. EXPENDITURE</b>			
Materials Consumed	11	45,92,889	61,09,032
Power		1,83,395	2,84,709
Staff Cost	12	13,88,397	12,77,597
Interest : Others		1,226	3,38,648
Other Expenses	13	24,89,424	20,58,979
Excise duty (Refer Note No.4)		(1,45,197)	67,163
Depreciation for the year		20,59,316	-
Depreciation for earlier years		2,48,05,976	-
(Increase) / Decrease in Stocks	14	23,27,396	(7,34,516)
Total		<u>3,77,02,822</u>	<u>94,01,612</u>
<b>III. Loss for the Period</b>		<b>(2,62,01,644)</b>	<b>(15,74,450)</b>
Add: Provision for the FBT		<u>30,874</u>	<u>31,808</u>
		<b>(2,62,32,518)</b>	<b>(16,06,258)</b>
Balance Brought forward from last year		<u>3,82,58,601</u>	<u>3,66,52,343</u>
Loss Carried to Balance Sheet		<u>6,44,91,119</u>	<u>3,82,58,601</u>
Notes on Accounts	15		
Earning per share (Refer Note No.8)		<b>(8.74)</b>	<b>(0.54)</b>

Per our report of even date

For **K.S.RAO & CO.**

Chartered Accountants

Sd/-

**(P.GOVERDHAN REDDY)**

Partner

Place : Hyderabad

Date : 27.08.2009

For and on behalf of the Board

Sd/-

**(N.Ravi Prasad)**

Managing Director

Sd/-

**(N.Rajender Prasad)**

Joint Managing Director

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD ENDED 31st MARCH 2009**

PARTICULARS	As At 31.03.2009 Rs.	As At 31.03.2008 Rs.
<b>1. Share Capital</b>		
Authorised		
40,00,000 Equity Shares of Rs.10/- Each	<b>4,00,00,000</b>	4,00,00,000
10,00,000 Preference shares of Rs.10/- Each	<b>1,00,00,000</b>	1,00,00,000
Total	<u><b>5,00,00,000</b></u>	<u>5,00,00,000</u>
<b>Issued, Subscribed and paid up</b>		
a) 30,00,000 Equity shares of Rs.10/- Each fully paid up	<b>3,00,00,000</b>	3,00,00,000
b) 5% Cumulative 10,00,000 Redeemable Preference Shares of Rs.10/- Each fully paid up	<b>1,00,00,000</b>	1,00,00,000
Total	<u><b>4,00,00,000</b></u>	<u>4,00,00,000</u>
<b>2. Reserves and Surplus</b>		
Capital Reserve - Subsidy	<b>10,00,000</b>	10,00,000
Total	<u><b>10,00,000</b></u>	<u>10,00,000</u>
<b>3. Unsecured Loans</b>		
Deferred Sales Tax Liability	-	4,00,000
Interest Free Loan From Directors	<b>2,25,00,000</b>	2,25,00,000
Interest Free Inter Corporate Deposits	<b>37,50,000</b>	37,50,000
Total	<u><b>2,62,50,000</b></u>	<u>2,66,50,000</u>

## SCHEDULE "4"

## FIXED ASSETS

(Amounts in Rs.)

Sl. No.	Description	GROSS BLOCK			DEPRECIATION					NET BLOCK	
		As at 01.04.2008	Additions/ Deletions	As at 31.03.09	Upto 01.04.08	For the Earlier Period	For the Period	Deletions	Upto 31.03.09	As at 31.03.09	As at 31.03.08
1	Land : Factory	235862	0	235862	0	0	0		0	235862	235862
	: Mines	302651	0	302651	0	0	0		0	302651	302651
2	Building : Non-Factory	2497589	0	2497589	172629	447821	40711		661161	1836428	2324960
	: Factory	8469265	0	8469265	974416	3050783	282873		4308072	4161193	7494849
3	Plant & Machinery	28964131	(27582765)	1381366	6385288	17966667	1483263	(24754122)	1081096	300270	22578843
4	Electrical Installations	3849093	0	3849093	560241	1401868	182832		2144941	1704152	3288852
5	Weighing Machines	405491	0	405491	95449	289767	0		385216	20275	310042
6	Lab Equipment	814615	0	814615	215698	425635	38694		680027	134588	598917
7	Office Equipment	277031	0	277031	39655	127053	13159		179867	97164	237376
8	Fire Fighting Equipment	29810	0	29810	8615	15576	1416		25607	4203	21195
9	Furniture & Fixtures	258584	0	258584	62188	163593	16368		242149	16435	196396
10	Vehicles	983478	0	983478	49852	884452	0		934304	49174	933626
11	Data Processing Equip.	85512	0	85512	48475	32761	0		81236	4276	37037
12	Process Know-how	500000	0	500000	500000	0	0		500000	0	0
	Total Rs.	47673112	(27582765)	20090347	9112506	24805976	2059316	(24754122)	11223676	8866671	38560606
	Previous year	47669112	4000	47673112	9112506	0	0	0	9112506	38560606	

**SOUTHERN MAGNESIUM AND CHEMICALS LIMITED****SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD ENDING 31ST MARCH 2009**

<b>PARTICULARS</b>	<b>As At 31.03.2009</b>	<b>As At 31.03.2008</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>5. INVENTORIES (At cost otherwise stated)</b>		
(Valued and certified by the Managing Director)		
Raw Materials	-	7,97,904
Stores & Spares	-	1,67,371
Work in Process	2,37,450	22,16,400
Finished Goods (at lower of cost and realisable value)	20,29,728	23,78,174
<b>Total</b>	<b>22,67,178</b>	<b>55,59,849</b>
<b>6. SUNDRY DEBTORS</b>		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	12,50,477	9,04,558
Other debts	25,82,367	4,80,968
<b>Total</b>	<b>38,32,844</b>	<b>13,85,526</b>
<b>7. CASH &amp; BANK BALANCES</b>		
Cash in Hand	21,958	12,887
Cash With Schedule Banks in Current Accounts	20,654	1,59,726
<b>Total</b>	<b>42,612</b>	<b>1,72,613</b>
<b>8. LOANS AND ADVANCES</b>		
(Unsecured, Considered good recoverable in cash or in kind or for value to be received)		
Advance for Purchases	933	5,483
Staff Advances	-	2,540
Deposits Recoverable	3,17,693	6,67,693
Prepaid expenses	2,497	-
Balance with Central Excise	50,991	23,509
Advance Income Tax & TDS	25,993	15,864
Cenvat Credit (Service Tax)	5,954	4,321
<b>Total</b>	<b>4,04,061</b>	<b>719,410</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD ENDING 31ST MARCH 2009**

PARTICULARS	As At 31.03.2009 Rs.	As At 31.03.2008 Rs.
<b>9. CURRENT LIABILITIES &amp; PROVISIONS</b>		
a) Creditors for : Purchase & Expenses		
I) Total outstanding dues of Micro Enterprises and Small enterprises	35,45,994	44,15,037
II) Total outstanding dues of creditors other than micro enterprises and small enterprises	13,70,533	48,24,948
: Other Finances	6,44,069	6,48,733
Due to Directors	70,62,140	70,85,204
Provision for FBT	31,749	32,683
 Total	 <u>1,26,54,485</u>	 <u>1,70,06,605</u>
<b>10. OTHER INCOME</b>		
Job Work Charges	4,79,700	0
Credit Balances written back	34,12,244	1,993
Profit on sale of assets	6,26,357	-
 Total	 <u>45,18,301</u>	 <u>1,993</u>
<b>11. RAW MATERIAL CONSUMED</b>		
Opening Stock	7,97,904	7,97,904
Add : Purchases	45,92,889	61,09,032
	<u>53,90,793</u>	<u>69,06,936</u>
Less: Closing Stock	0	7,97,904
Dolomite stocks written off	(7,97,904)	0
 Total	 <u>45,92,889</u>	 <u>61,09,032</u>
<b>12. STAFF COST</b>		
Salaries, Wages & Bonus	12,51,187	11,65,004
Contribution to P.F & Other funds	61,917	54,313
Workers and Staff Welfare	59,291	58,280
Gratuity	16,002	-
 Total	 <u>13,88,397</u>	 <u>12,77,597</u>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS  
FOR THE PERIOD ENDING 31ST MARCH 2009**

<b>PARTICULARS</b>	<b>As At 31.03.2009 Rs.</b>	<b>As At 31.03.2008 Rs.</b>
<b>13. OTHER EXPENSES</b>		
Packing Material	76,505	64,885
Consumption of General Stores	-	3,305
Carriage and Freight	1,96,676	2,72,274
Rent	-	23,000
Service Tax	717	2,713
Rates & Taxes	19,550	6,89,499
Printing & Stationery	31,892	34,275
Postage, Telegrams & Telephones	1,56,578	1,55,704
Insurance	4,801	-
Travelling & Conveyance	1,15,642	1,03,788
Repairs & Maintenance :		
Plant & Machinery	33,913	57,357
Other Assets	3,622	4,709
Building Maintenance	-	7,500
Vehicle Maintenance	77,114	98,971
Bank Charges	17,329	26,117
Auditors Remuneration		
As Auditors	16,545	16,854
General Charges	1,79,618	1,65,101
Loss on sale of stores items	1,22,371	1,73,593
Debit Balances written Off	5,37,620	1,59,334
L.D.Charges	1,01,027	-
Dolomite Stock Written off.	7,97,904	-
<b>Total</b>	<b><u>24,89,424</u></b>	<b><u>20,58,979</u></b>
<b>14. (INCREASE) / DECREASE IN STOCKS</b>		
a. Opening Stocks		
Finished Goods	23,78,174	16,43,658
Work-in-Progress	22,16,400	22,16,400
	<u>45,94,574</u>	<u>38,60,058</u>
b. Closing stocks		
Finished Goods	20,29,728	23,78,174
Work in Progress	2,37,450	22,16,400
<b>Total</b>	<b><u>22,67,178</u></b>	<b><u>45,94,574</u></b>
(Increase) / Decrease (a-b)	23,27,396	(7,34,516)



## 15. NOTES ON ACCOUNTS

1. The following are the significant accounting policies adopted by the company in the preparation and presentation of financial statements.
  - a) Financial Statements are based on historical costs.
  - b) Tangible fixed assets are stated at cost net of depreciation provided.
  - c) Depreciation on the fixed assets of the company is provided on Straight line Basis method as per Schedule XIV to the Companies Act, 1956.
  - d) Raw Materials, stores and spares are valued at cost, Finished goods and working progress are valued at lower of cost and realisable value.
  - e) Provident Fund contributions are remitted to Provident Fund Commissioner and the same are charged to revenue.
  - f) All Contingent Liabilities are indicated by way of a note and will be paid / provided on crystallization.
2. Redeemable Preference shares are issued on the following terms.

Date of Issue	No. of Preference Shares	Face Value	Amount Rs.	Time Limit For redemption
29.03.1999	3,00,000	10/-	30,00,000	Redeemable at par after 3 years and before 7 years
29.03.1999	3,00,000	10/-	30,00,000	Redeemable at par after 3 years and before 5 years
28.09.1999	1,00,000	10/-	10,00,000	Redeemable at par after 3 years before 10 years.
17.04.2000	2,00,000	10	20,00,000	Redeemable at par after 3 years and before 7 years
24.07.2000	1,00,000	10	10,00,000	Redeemable at par after 3 years and before 10 years.

However, period of redemption of all the shares is extended up to March 2015 vide a resolution passed on 27.09.2005 through postal ballot.

3. Contingent Liabilities to the extent not provided for on account of:

Particulars	As at 31.03.2009 (Rs. In lakhs)	As at 31.03.2008 (Rs. in lakhs)
i) Penalty levied by the Deputy Director, Directorate of Enforcement (FEMA) As the company prefers as appeal Before the special Director (Appeals) FEMA – New Delhi.	0.50	0.50
ii) a) Interest levied by the Sales Tax Authorities for the accounting year 2000-01 on delayed payments of General Sales Tax	1.96	1.96

Particulars	As at 31.03.2009 (Rs. In lakhs)	As at 31.03.2008 (Rs. in lakhs)
Central Sales Tax	2.36	2.36
The Company preferred appeals before Deputy Commissioner (Appeals)		
b) Arrears of cumulative Dividend on preference shares (@5%) (The Cum. Pref Shareholders have agreed to reduce the rate of dividend from 14% to 5% with retrospective effect from 1999 onwards and the time for the maturity has been extended till March 2015)	47.25	42.25
4. Excise Duty of Rs.1,45,197/- represents the differential excise duty in respect of finished goods as on 01.04.2008 and as on 31.03.2009.		
5. Managerial Remuneration, included in other Heads of Account		

	Current Year	Previous Year
<b>Managing Director</b>		
Salary	2,40,000	1,60,000
Perquisites	33,852	-
Contributions to Provident Fund	20,160	13,440
Total	2,94,012	1,73,440
<b>Joint Managing Director</b>		
Salary	2,40,000	2,10,000
Perquisites	31,878	23,000
Contributions to Provident Fund	20,160	20,160
Total	2,92,038	2,53,160
6. In view of the absence of reasonable certainty that sufficient future taxable income will be available against which deferred tax asset can be realized, it is considered prudent not to provide for deferred tax asset of Rs.2,27,21,627/-, in accordance with Accounting Standard – 22, Accounting for taxes on income, resulted on account of brought forward losses and unabsorbed depreciation.		

Deferred Tax Assets	31.03.2009 Rs.	31.03.2008 Rs.
I) Unabsorbed Depreciation	3,59,08,954	3,81,78,450
II) Unabsorbed Loss	3,68,70,102	3,68,70,102
III) Disallowances under 43 B	1,36,798	1,44,232
IV) Disallowances under 40(a) (I a)	56,932	56,282
	7,29,72,786	7,52,49,066
<b>Deferred Liability</b>		
I) Net Block as per books	83,28,158	1,36,91,356
II) Net Block as per I.T. Act	22,03,349	38,25,830
	61,24,809	98,65,526

Deferred Tax Asset	6,68,47,977	6,53,83,540
Tax there on @ 33.99%	2,27,21,627	2,22,23,865

7. Information required pursuant to the Accounting Standards issued by the Institute of Chartered Accountants of India.

a) AS-17 Segment Reporting: Company operates only in one segment that of manufacture and sale of magnesium metal related products, Segment Reporting in accordance with AS-17 is not required.

b) AS-18 Related party disclosures:

Related party disclosures as required by AS - 18 are given below

Related Parties	Nature of Relationship
1. Southern Electrodes Ltd	} Associate Companies
2. Pumps (India) Pvt. Ltd	
3. Phoenix Finance & Leasing Limited	
4. Mr.N.Ravi Prasad	} Key Management Personnel
5. Mr.N.Rajender Prasad	
6. Smt N.Anantha Lakshmi	} Relatives of Key Management Personnel
7. Sri.N.B.Prasad	
8. Sri N. Ram Prasad	

i) Transactions with associate Companies

	Current Year	Previous Year	Receivable (Payable) As on 31.03.09	Receivable (Payable) As on 31.03.08
a) Inter Corporate Deposits	-	-	(37,50,000)	(37,50,000)
b) Current Liabilities	-	-	(27,23,539)	(35,70,542)

ii) Details of transactions in respect of Key Management personnel.

	Current Year (Rs.)	Previous Year (Rs.)
1 Remuneration (as detailed in note no.5)	5,86,050	4,26,600
2 Un secured Loans:		
Outstanding at the beginning of the year	1,00,00,000	1,00,00,000
Received during the year	-	-
Repaid during the year	-	-
Outstanding at the close of the year	1,00,00,000	1,00,00,000
Amount payable on current A/c	28,79,230	29,02,293
3 Details of transaction in respect of Key Management Personnel		
Rent for Premises Leased to Company	-	30,000
Rent Deposit	1,50,000	1,50,000
Unsecured Loans Payable	1,25,00,000	1,25,00,000
Current Liabilities Payable	47,70,997	47,70,997
c. Earning per Equity Share		
Loss as per Profit & Loss Account (Before extraordinary item)	2,62,32,522	16,06,258
Number of equity Shares outstanding	30,00,000	30,00,000
Basic and diluted earnings per share in Rupees of face value of Rs.10/-	(8.74)	(0.54)

d) AS- 24 Discontinues Operations

Due to dumping of magnesium metal in the International market from China, magnesium metal is presently available at between Rs.125/- per kg to 140/- per kg. The cost of manufacturing magnesium metal is about Rs.300/- per kg to the company. In view of this, our company as decided to discontinue the operations of primary magnesium production while continuing with the downstream production of powders and turnings etc. and sell the machinery used for the production of magnesium metal.

The Company has sold plant & machinery items with the gross value of Rs. 275.83 lakhs. The depreciation on the said items was Rs.247.54 lakhs leaving a W.D.V value of Rs.28.28 lakhs. These items were sold for Rs.34.55 lakhs as a result, the company has made profit of Rs.6.27 lakhs on this sale.

Due to this, the turnover of the company has dropped from Rs.2.75 Crores in the year 2001-02 to Rs. 1.15 Crores in 2008-09 and the cash losses reduced from Rs.98.67 lakhs to a cash profit of Rs.6.64 lakhs.

# SOUTHERN MAGNESIUM AND CHEMICALS LIMITED



## 8. Information in accordance with Part II of Schedule VI to the Companies Act, 1956:

	Current Year Qty (Metric Tonnes)	Previous Year Qty (Metric Tonnes)
a) Licenced Capacity		
Magnesium Metal	2000	2000
b) Magnesium Metal	-	1000
(The Figures for installed Capacity are as certified by the management and not verified by the auditors this being a technical matter)		
c) Opening Stock		
Magnesium Metal	2.552	1.025
Magnesium Powders	6.750	6.811
Magnesium Pieces	0.374	1.861
Total	<u>9.676</u>	<u>9.697</u>
d) Production (Magnesium Metal converts into different forms)		
Magnesium Metal	1.071	4.057
Magnesium Powders	16.701	23.744
Magnesium Pieces	2.945	13.378
Total	<u>20.717</u>	<u>41.179</u>
e) Closing Stock		
Magnesium Metal	2.053	2.552
Magnesium Powders	6.451	6.750
Magnesium Pieces	0.584	0.374
Total	<u>9.088</u>	<u>9.676</u>

	Current Year		Previous Year	
	Qty	Value in Rs.	Qty	Value in Rs.
f) Sales:				
Magnesium Turnings	1.570	5,69,571	2.530	6,82,246
Magnesium Powders	17.000	64,16,022	23,885	98,05,709
Magnesium Pieces	2.733	9,27,105	14,000	27,84,056
Total	21,305	79,07,498	41,200	90,69,011
g) Details of raw Material consumed:				
Magnesium Metal	21,150	45,92,889	40,888	97,33,347
Magnesium Powder			1,800	3,75,685
Total	21,150	45,92,889	41,838	1,01,09,032
h) Analysis of materials and Stores consumed:	Percentage	Value. Rs.	Percentage	Value.Rs.
a. Indigenous	100.00	46,69,394	100.00	61,77,222
b. Imported	Nil	Nil	Nil	Nil
Total	100.00	46,69,394	100.00	61,77,222
i) Value of imports Calculated on C.I.F. basis In respect of Raw Materials		Nil		Nil

9. Previous Year's figures have been regrouped wherever necessary and paise have been rounded off to the nearest rupee.

Per our report of even date  
For **K.S. RAO & CO.**  
Chartered Accountants

For and on behalf of the Board

Sd/  
(P. GOVARDHAN REDDY)  
Partner

Sd/-  
(N. Ravi Prasad)  
Managing Director

Sd/-  
(N. Rajender Prasad)  
Joint Managing Director

Place : Hyderabad  
Date : 27-08-2009

**CASH FLOW STATEMENT FOR THE PREIOD ENDED 31st MARCH 2009**

PARTICULARS	YEAR ENDED 31.03.2009	YEAR ENDED 31.03.2008
<b>A) CASH FROM OPERATING ACTIVITIES</b>		
Loss for the year before tax and extraordinary items	(2,62,01,644)	(15,74,450)
Adjustments for :		
<b>Credit Balances written back</b>	(34,12,244)	-
Stock written off	27,76,854	-
Depreciation	2,68,65,292	-
Provision on Sale of Asset	(6,26,357)	-
Interest	1,226	3,38,648
Operating Profit before working capital Changes	(5,96,873)	(12,35,802)
Adjustments for :		
<b>Trade and other receivables</b>	(21,31,969)	20,58,821
Inventories	5,15,817	(4,59,963)
Trade Payables	(9,38,942)	2,53,479
<b>CASH GENERATED FROM OPERATIONS</b>	(A) (31,51,967)	6,16,535
Interest Paid	(1,226)	3,38,648
Direct Taxes Paid	(31,808)	58,550
<b>NET CASH FROM OPERATING ACTIVITY</b>	(31,85,001)	2,19,337
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Sale of Assets</b>	34,55,000	-
Purchase of Assets	-	(4,000)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	(B) 34,55,000	(4,000)
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Repayment of Loan</b>	4,00,000	(2,00,000)
<b>NET CASH GENERATED IN FINANCING ACTIVITIES</b>	(C) (4,00,000)	(2,00,000)
Net increase / (Decrease) in cash and cashEquivalents (A+B+C)	(1,30,001)	15,338
Cash and Cash equivalents as at 1 <sup>st</sup> April, 2008	1,72,613	1,57,275
Cash and Cash equivalents as at 31 <sup>st</sup> March, 2009	42,612	1,72,613

Per our report of even date  
For **K.S. RAO & CO.**  
Chartered Accountants

For and on behalf of the Board

Sd/-  
(P. GOVARDHAN REDDY)  
Partner

Sd/-  
(N. Ravi Prasad)  
Managing Director

Sd/-  
(N.Rajender Prasad)  
Joint Managing Director

Place : Hyderabad  
Date : 27-08-2009

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

Registration No. 

	5	3	0	3
--	---	---	---	---

 State Code 

0	1
---	---

  
Balance Sheet 

3	1	-	0	3	-	2	0	0	9
---	---	---	---	---	---	---	---	---	---

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. thousands)**

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>											N	I	L	Rights Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>														N	I	L					
										N	I	L																							
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Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>														N	I	L	Private Placement <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>																N	I	L
													N	I	L																				
															N	I	L																		

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. thousands)**

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>7</td><td>2</td><td>5</td><td>0</td></tr></table>							6	7	2	5	0	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>7</td><td>2</td><td>5</td><td>0</td></tr></table>							6	7	2	5	0
						6	7	2	5	0													
						6	7	2	5	0													

**SOURCE OF FUNDS**

Paid - up Capital  

						4	0	0	0	0
--	--	--	--	--	--	---	---	---	---	---

Secured Loans  

											N	I	L
--	--	--	--	--	--	--	--	--	--	--	---	---	---

**APPLICATION OF FUNDS**

Net Fixed Assets  

						8	8	6	7
--	--	--	--	--	--	---	---	---	---

Net Current Assets  

						(	6	1	0	8	)
--	--	--	--	--	--	---	---	---	---	---	---

Accumulated Losses  

						6	4	4	9	1
--	--	--	--	--	--	---	---	---	---	---

Reserves & Surplus  

						1	0	0	0
--	--	--	--	--	--	---	---	---	---

Unsecured Loans  

						2	6	2	5	0
--	--	--	--	--	--	---	---	---	---	---

Investments  

											N	I	L
--	--	--	--	--	--	--	--	--	--	--	---	---	---

Misc. Expenditure  

													N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

**IV. PERFORMANCE OF THE COMPANY (Amount in Rs. Thousands)**

Turnover  

						1	1	5	0	1
--	--	--	--	--	--	---	---	---	---	---

Profit / (Loss) before Tax  

						(	2	6	2	0	2	)
--	--	--	--	--	--	---	---	---	---	---	---	---

Earning per share (Rs.)  

						(	0		8	7	)
--	--	--	--	--	--	---	---	--	---	---	---

Total Expenditure  

						3	7	7	0	3
--	--	--	--	--	--	---	---	---	---	---

Profit / (Loss) after Tax  

						(	2	6	2	3	3	)
--	--	--	--	--	--	---	---	---	---	---	---	---

Dividend Rate (%)  

													N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY (as per monetary terms)**

Item Code No. (ITC Code) 

8	1	0	4	-	0	0
---	---	---	---	---	---	---

  
Product Description 

M	A	G	N	E	S	I	U	M		M	E	T	A	L
---	---	---	---	---	---	---	---	---	--	---	---	---	---	---

For and on behalf of the Board

Place : Hyderabad  
Date : 27-08-2009

Sd/-  
(N. Ravi Prasad)  
Managing Director

Sd/-  
(N. Rajender Prasad)  
Joint Managing Director



**SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**

Regd. Office: DECCAN CHAMBERS (5th Floor), 6-3-666/B,  
Somajiguda, Hyderabad - 500 082.

**ATTENDANCE SLIP**

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

Name of the attending Member  
(In Block Letters)

Member's Registered  
Folio Number

Name of Proxy (In Block Letters)  
(To be filled, if the Proxy attends instead of the Member)

No. of Shares held \_\_\_\_\_

I hereby record my presence at the Twenty Third Annual General Meeting of the Company held at Hotel I K London Residency, 6-3-656, Kapadia Lane, Somajiguda, Hyderabad-500 082 on Wednesday, the 30th September 2009 at 11.30 A.M.

(Member's / Proxy's Signature)  
(To be signed at the time of handing over this slip)

**Note:** Since it will not be possible to distribute copies of the Annual Report at the Meeting Hall, the Members are requested to bring their copy of the Annual Reprot to the Meeting.

----- TEAR HERE -----



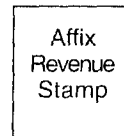
**SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**

Regd. Office: DECCAN CHAMBERS (5th Floor), 6-3-666/B,  
Somajiguda, Hyderabad - 500 082.

**FROM OF PROXY**

**FOLIO NO.**

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a Member 1 Members of the above named Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_  
as my lour proxy to attend and vote for me 1 us and on my/our behalf at the Twenty Third Annual General Meeting of the Company to be held on Wednesday, the 30th September 2009 and at any adjournment thereof.  
Signed this \_\_\_\_\_ of \_\_\_\_\_ 2009



Signature

**Note:** This Instrument of Proxy should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before the time of holding the meeting.

**BOOK-POST**  
**Printed Matter**



If undelivered please return to :

**SOUTHERN MAGNESIUM AND CHEMICALS LIMITED**

Regd. Office: DECCAN CHAMBERS (5th Floor), 6-3-666/B,  
Somajiguda, Hyderabad - 500 082.

Phone : 23311789, 23312341