



CELEBRATING  
**25**  
years  
1986-2011

Sujana Metal Products Limited

# 21<sup>st</sup> ANNUAL REPORT

2009 - 2011





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

<b>CHAIRMAN</b>	:	Shri Y.S. Chowdary
<b>MANAGING DIRECTOR</b>	:	Shri R.K.Birla
<b>DIRECTORS</b>	:	Shri G.Srinivasa Raju Shri S.Hanumantha Rao Shri N.Srikrishna* Shri J. Ramakrishnan* Dr. K.Srinivasa Rao* Dr. V.Malakonda Reddy* Shri Ashok Kumar De*, IDBI Nominee * Independent, Non-Executive Directors

<b>MANAGEMENT COMMITTEE</b>	:	Shri Y.S.Chowdary Shri G.Srinivasa Raju Shri R.K.Birla Shri S.Hanumantha Rao
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<b>AUDIT COMMITTEE</b>	:	Shri N.Srikrishna Shri S.Hanumantha Rao Dr.K.Srinivasa Rao Dr.V.Malakonda Reddy
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<b>SHARE TRANSFER COMMITTEE</b>	:	Shri Y.S.Chowdary Shri G.Srinivasa Raju Shri R.K.Birla
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<b>SHAREHOLDERS' GRIEVANCES COMMITTEE</b>	:	Shri S.Hanumantha Rao Shri Y.S.Chowdary Shri G.Srinivasa Raju
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<b>REMUNERATION COMMITTEE</b>	:	Dr. K.Srinivasa Rao Shri J.Ramakrishnan Dr. V. Malakonda Reddy
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<b>COMPANY SECRETARY</b>	:	Shri Shaik Ibraheem
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<b>CHIEF FINANCIAL OFFICER</b>	:	Shri V.R.Chary
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<b>STATUTORY AUDITORS</b>	:	M/s. Deloitte Haskins & Sells Chartered Accountants, Hyderabad.
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<b>BANKERS</b>	:	Andhra Bank Bank of Baroda Bank of India IDBI Bank Limited Indian Overseas Bank Indian Bank Karnataka Bank Limited State Bank of Patiala Punjab National Bank Lakshmi Vilas Bank Oriental Bank of Commerce
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# SUJANA METAL PRODUCTS LIMITED

REGISTERED OFFICE	:	Plot No.18, Nagarjuna Hills, Panjagutta, Hyderabad-500082, Andhra Pradesh
WORKS	:	<b>Hyderabad :</b> <ul style="list-style-type: none"><li>i) Survey No.296/7/9</li><li>ii) Plot No. 4, Survey No.296/7/7, 8 &amp; 11,</li><li>iii) Survey No. 296/7/7, 296/7/8, 296/7/11</li><li>iv) Survey No. 296/7/7, 8 &amp; 11, IDA Bollaram, Jinnaram Mandal Medak District-502325, (A.P).</li><li>(v) Survey No. 197 &amp; 197, Parigi Road, Elikatta Village, Shadnagar, Mahaboobnagar District, Andhra Pradesh.</li><li>(vi) Cut and Bend Division : Survey No. 204, 205 &amp; 206 Elikatta Gram Panchayat, Farooq Nagar Mandal, Mahaboob Nagar District - 509216, Andhra Pradesh.</li><li>(vii) Trading Division : Plot No. 4, Survey No. 296/7/7A, IDA Bollaram, Jinnaram Mandal Medak District-502325, Andhra Pradesh.</li></ul> <b>Chennai:</b> <ul style="list-style-type: none"><li>i. Survey No. 204/8B, Manjankaranai Village, Chengai, M.G.R. District - 620 502, Tamilnadu</li><li>ii. Plot No. B-20E, SIPCOT Industrial Complex, Gummidi Pondi, Chennai, Tamilnadu.</li><li>iii. 150, Vichur Road, Vichur Village, Ponneri Taluq, Tiruvellure District, Tamilnadu.</li></ul> <b>Visakhapatnam :</b> Sanivada Village, Rajeevnagar, Visakhapatnam-530046.
LISTING	:	<b>Equity</b> Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001  National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.  The Madras Stock Exchange Limited (MSE) Exchange Building, P.Box 183, 11, 2nd Line Beach, Chennai – 600 001.  <b>Global Depository Receipts (GDRs)</b> Luxembourg Stock Exchange, Societe De La Bourse De Luxembourg, B.P.165, L-2011, Luxembourg.
REGISTRAR & SHARE TRANSFER AGENTS	:	M/s. Bigshare Services Private Limited G-10, Left Wing, Amrutha Ville, Opp: Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082. Phone No: 040 – 2337 4967.

## NOTICE

***NOTICE is hereby given that the Twenty First Annual General Meeting of the members of the Company will be held on Saturday, the 24th day of September, 2011 at "Kohinoor", Taj Deccan, Road No. 1, Banjara Hills, Hyderabad-500 034, Andhra Pradesh at 11.30 A.M. to transact the following business :***

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet of the Company as at 31st March, 2011 and the profit and loss account for the period ended 31st March, 2011 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Y.S.Chowdary, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr.V.Malakonda Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration. The retiring auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Hyderabad are eligible for re-appointment.

### SPECIAL BUSINESS

5. **To consider and if though fit, to pass with or without modifications, the following resolution as a Special Resolution.**

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, if necessary, Shri S.Hanumantha Rao, Executive Director of the Company be and is hereby re-appointed as Director (Finance) of the Company for a period of 5 (Five) years commencing from 13.08.2010 with the existing remuneration/package more particularly described hereunder:"

1. Salary : Rs.80,000/- per month

The perquisites are classified into three categories A,B & C:

#### Category A:

1. Housing: No Housing is provided.
2. Medical Reimbursement: Reimbursement of expenses incurred for self and family subject to a ceiling of Rs.15,000/- in a year or Rs. 45,000/- for a period of three years.
3. Reimbursement of Expenses: Reimbursement of expenses incurred for personal secretary subject to ceiling of Rs.3750/- per month or Rs. 45,000/- per annum.

#### Category B:

No Contribution to provident fund superannuation or annuity fund.

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 3,50,000/-

#### Earned/privilege leave:

On full pay and allowances as per the rules of the Company, but not more than 15 days leave for every twelve months of service. Leave accumulated but not availed of will be allowed to be encashed at the end of the tenure

The aforesaid perquisite stated in Category B will not be included in the computation of the aforesaid ceiling on perquisites.

#### Category C:

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company to the Director.

#### Ceiling:

Subject to the Provisions of Section 198 and 309 and other applicable provisions, if any, of the Companies Act, 1956 when the profits in a



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financial year are adequate, the remuneration payable by way of salary, perquisites and other allowances shall not exceed five percent of the Company's net profits, provided that if there are more than one managerial person, it shall not exceed ten percent for all of them together in a financial year.

“RESOLVED FURTHER THAT in case of loss or inadequacy of profits in any financial year during his tenure as Executive Director of the Company, the remuneration payable to him shall be in accordance with the limits prescribed in Sub-Section 1(A) of Section II of Schedule XIII to the Companies Act, 1956 as amended from time to time subject to the Compliance thereof but in any event shall not exceed the remuneration payable when the profits of the Company are adequate.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Board of Directors of the Company be authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

**6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.**

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), Articles of Association of the Company be and are hereby altered by inserting the following four new Articles i.e. 68A, 73A, 89A, and 120A after 68, 73, 89, and 120 respectively:

**68A : Participation in General Meeting(s) of the Members through electronic mode**

- (1) Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of and subject to compliance with the provisions of applicable rules, regulations,

circulars, guidelines, notifications etc. as may be specified by the Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority/(ies) and the provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Companies Act, 1956 or by the rules, regulations, etc., made there under or the Listing Agreement with Stock Exchanges, from time to time, allow the member(s) of the Company to participate in the General Meeting(s) of the members through any type of electronic mode like video conferencing etc., and the members so participating shall be deemed to be present in such General Meeting(s) for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard.

- (2) For conducting the aforesaid meetings, the Company shall follow the procedure specified under the applicable laws for the time being in force and the rules, regulations, circulars, notifications, guidelines etc., issued/to be issued from time to time by Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority/(ies) in this regard.

**73A Service of notices/documents to members**

Where the Circulars, Notifications, Rules issued by the Ministry of Corporate Affairs and the provisions of the Companies Act, 1956 read with the Information Technology Act, 2000 provide for the Company to issue and serve notices, including copies of the Balance Sheet, Profit & Loss Account, Auditors Report, Notice and Directors Report under Section 219 and any other document through the electronic mode, subject to the terms and conditions as specified by the Ministry of Corporate Affairs or any Statutory Authority in this regard, the Company may serve notices/documents to the members of the Company by e-mail by giving the members the advance

opportunity to register their e-mail address and the changes therein with the Company from time to time. In case, any member has not registered e-mail address for receiving the notices/documents through e-mail, the same will be sent by other modes of services as provided under Section 53 of the Companies Act, 1956.

#### **89A Electronic voting by members**

The Company may use electronic platform of agencies duly approved by the Ministry of Corporate Affairs (MCA), for capturing accurate electronic voting process, as per Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

#### **120A : Participation in Meeting(s) of Directors through electronic mode**

- (1) Notwithstanding anything contrary contained in the Articles of Association, the Company may, in pursuance of and subject to compliance with the applicable rules, regulations, circulars, guidelines, notifications etc., as may be specified by the Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority/(ies) and the provisions, if any, which may be laid down in this regard by any amendment in or re-enactment of the Companies Act, 1956 or by the rules, regulations, etc., made thereunder or the Listing Agreement with Stock Exchanges, from time to time, the Director(s) may participate in the meeting(s) of the Board or any Committee of the Directors through any type of electronic mode like video conferencing etc., and the Director(s) so participating shall be deemed to be present in the meeting for the purposes of the quorum, voting, recording of minutes and all other relevant provisions in this regard.
- (2) For conducting aforesaid meetings, the Company shall follow the procedure specified under the applicable laws for the time being in force, and the rules,

regulations, circulars, notifications, guidelines etc., issued/to be issued from time to time by Ministry of Corporate Affairs (MCA), Securities & Exchange Board of India (SEBI), Stock Exchanges or any other competent authority(ies) in this regard.”

#### **7. To consider and if, thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:**

“RESOLVED that pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs.200,00,00,000/- (Two Hundred Crores only) divided into 32,00,00,000 (Thirty Two Crores) Equity Shares of Rs.5/- (Rupees Five only) each and 40,00,000 (Forty Lakhs only) Preference Shares of Rs.100/- (Rupees One Hundred only) each to Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only) divided into 42,00,00,000 (Forty Two Crores only) Equity Shares of Rs.5/- (Rupees Five only) each and 40,00,000 (Forty Lakhs only) Preference Shares of Rs.100/- (Rupees One Hundred only) each by further creation of 10,00,00,000 (Ten Crores only) Equity Shares of Rs.5/- (Rupees Five only) each.”

“RESOLVED FURTHER that, the consent of the members of the Company be and is hereby accorded to the Board/Management Committee of the Board of Directors of the Company to take a decision on increasing the authorised share capital and to finalise the desired level/limit of authorized share capital of the Company upto Rs. 250 Crores (Rupees Two Hundred Fifty Crores only) keeping in view the proposed further issues of the Company and to file necessary e-forms with the Registrar of Companies, Andhra Pradesh, Hyderabad and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, desirable or expedient.”

“RESOLVED FURTHER that the date on which the resolution passed by the Board/ Management Committee of the Board to increase the authorized share capital of the

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Company basing the consent given by the members to the desired levels as above, shall be treated as date of consent given by the members of the Company.”

“RESOLVED further that the Clause V(a) of the Memorandum of Association of the Company and Article No.3 of Articles of Association of the Company be altered as follows:

“The Authorised Share Capital of the Company is Rs.250,00,00,000/- (Rupees Two Hundred Fifty Crores only) divided into 42,00,00,000 (Forty Two Crores only) Equity Shares of Rs.5/- (Rupees Five only) each and 40,00,000 (Forty Lakhs only) Preference Shares of Rs.100/- (Rupees One Hundred only) each.”

**8. To consider and if thought fit to pass with or without modification the following resolutions as a Special Resolution:**

“RESOLVED that, pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) (the “Companies Act”), as also provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “SEBI Regulations”), the provisions of the Foreign Exchange Management Act, 1999 and rules and regulations made thereunder, including the Foreign Exchange Management (Transfer and Issue of Securities by a Person Resident outside India) Regulation, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and rules and regulations made thereunder, if applicable, any other applicable law or laws, rules and regulations (including any amendment thereto or re-enactment thereof for the time being in force) and applicable guidelines/regulations prescribed by the Securities and Exchange Board of India (“SEBI”) and/or Reserve Bank of India (“RBI”) and/or any other regulatory/statutory authority and clarifications thereon issued from time to time, whether in India or abroad, and enabling provisions in the

Memorandum and Articles of Association of the Company and Listing Agreements, entered into by the Company with the stock exchanges where the shares of the Company are listed and subject to the approvals, consents, permissions and/or sanctions of, if applicable including but not limited to, Government of India, RBI, SEBI, Foreign Investment Promotion Board (“FIPB”) and/or all other authorities, institutions or bodies, within or outside India, (hereinafter collectively referred to as appropriate authorities) and subject to such terms, alterations, conditions, changes, variations and/or modifications as may be prescribed by any of them while granting such approval (hereinafter referred to as requisite approvals) and as agreed to by the Board of Directors (including any Committee duly authorised by the Board of Directors) the consent of the company be and is here by accorded to the Board of Directors of the Company to create, offer, issue and allot in one or more tranche(s), in the course of domestic or international offerings or qualified institutional placements, with or without an over allotment/green issue option, in one or more foreign markets or domestic markets, to domestic institutions, foreign institutions, non-resident Indians, Indian public companies, corporate bodies, mutual funds, banks, insurance companies, pension funds, individuals, qualified institutional buyers or other persons or entities, whether shareholders of the Company or not, through a public issue and/or on a private placement basis and/or qualified institutional placement within the meaning of Chapter VIII of the SEBI Regulations and/or a preferential issue and/or any other kind of public issue and/or private placement, equity shares, preference shares, secured or unsecured debentures, bonds, warrants or any other securities whether convertible into equity shares or not, including, but not limited to, Compulsorily Convertible Preference Shares (“CCPS”) and/or Optionally Convertible Preference Shares (“OCPS”) and/or Partially Convertible Preference Shares (“PCPS”) and/or Non Convertible Preference Shares (“NCPS”) and/or Global Depository Receipts (“GDRs”) and/or American Depository Receipts (“ADRs”)

and/or Foreign Currency Convertible Bonds ("FCCBs" ) and/or Non Convertible Debentures ("NCDs") with or without attached share warrants and/or Partly Convertible Debentures ("PCDs") and/or Optionally Convertible Debentures ("OCDs") and/or Fully Convertible Debentures ("FCDs") and/or bonds with share warrants attached which are convertible into or exchangeable with equity shares and/or any other equity related instrument of the Company or a combination of the foregoing including but not limited to a combination of equity shares with bonds and/or any other securities whether convertible into equity shares or not as may be permitted by law (hereinafter referred to as "securities"), whether secured or unsecured, to be listed on any stock exchange inside India or any foreign/international stock exchange outside India if required, through an offer document and/or prospectus and/or offer letter, and/or offering circular, and/or on public and/or private or preferential basis, whether rupee denominated or denominated in foreign currency, provided that the aggregate of the sums so raised, including premium, if any, shall not exceed Rs.500 Crores (Rupees Five Hundred Crores only), as the Board may determine in accordance with the SEBI Regulations and where necessary in consultation with the lead managers, underwriters, merchant bankers, guarantors, financial and/or legal advisors, rating agencies/advisors, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees, printers, auditors, stabilizing agents and all other agencies/advisors."

"RESOLVED FURTHER that the securities to be created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and the underlying equity shares shall rank pari passu in all respects with the existing equity shares of the Company including payment of dividend, if any, declared including other corporate benefits, if any, for the financial year in which the issue/offer/allotment has been made and subsequent years and shall have the same voting rights as the existing equity shares."

"RESOLVED FURTHER that in addition to all applicable Indian laws, the securities issued in pursuance of this resolution shall also be governed by all applicable laws and regulations of any jurisdiction outside India where they are listed or that may in any other manner apply to such securities or provided in the terms of their issue."

"RESOLVED FURTHER that the Board or any Committee duly authorised by the Board thereof be and is hereby authorised on behalf of the Company to finalise the pricing, terms and conditions relating to the issue of the securities and any other matter in connection with, or incidental to, the issue of the securities as the Board, in its absolute discretion, deems necessary or desirable, together with any amendments or modifications thereto."

"RESOLVED FURTHER that the pricing of the securities and the pricing of any equity shares issued upon conversion of the securities shall be made subject to and in compliance with all applicable laws, guidelines, notifications, rules and SEBI regulations."

"RESOLVED FURTHER that the Board or any Committee duly authorised by the board thereof be and is hereby authorised to appoint, in its absolute discretion, managers (including lead managers), investment bankers, merchant bankers, underwriters, guarantors, financial and/or legal advisors, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees and all other agencies, whether in India or abroad, in connection with the proposed issue/offering/allotment of the securities and to negotiate and finalise the terms and conditions (including the payment of fees, commission, brokerage, out of pocket expenses and their charges subject to requisite approvals of the RBI, if any) of the aforesaid appointments and also to, in its absolute discretion, renew or terminate the appointments so made and to enter into and execute all such agreements, arrangements, memoranda, documents etc., with such persons and to seek listing of such securities."

"RESOLVED FURTHER that the Board or any Committee duly authorised by the



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Board thereof be and is hereby authorised to determine the form, terms and timing of the issue(s)/offering(s)/allotment(s), including the investors to whom the securities are to be allotted, the proportion in which they are allotted, issue price, face value, number of equity shares or other securities upon conversion or redemption or cancellation of the securities, the price, premium or discount on issue/conversion of securities, rate of interest, period of conversion or variation of the price or period of conversion, listing on one or more Stock Exchanges in India and/ or abroad and fixing of record date or book closure and related or incidental matters and finalise and approve the preliminary as well as the final offer documents for the proposed issue of the securities as may be required by the authorities in such issues in India and/ or abroad and to authorise any Director or Directors of the Company or any other officer or officers of the Company to sign the above documents for and behalf of the Company together with the authority to amend, vary or modify the same as such authorised persons may consider necessary, desirable or expedient and for the purpose aforesaid to give such declarations, affidavits, certificates, consents or any other confirmation and/ or authorities as may, in the opinion of such authorised person, be required from time to time."

"RESOLVED FURTHER that the Company do apply for listing of any new securities issued with the Bombay Stock Exchange Limited, Madras Stock Exchange Limited and National Stock Exchange of India Limited or any other stock exchange(s)."

"RESOLVED FURTHER that such of these securities as are not subscribed may be disposed off by the Board or any Committee duly authorised by the Board thereof, in its absolute discretion in such manner, as the Board may deem fit and as permissible by law."

"RESOLVED FURTHER that in case of a qualified institutional placement pursuant to Chapter VIII of the SEBI Regulations,

the allotment of eligible securities within the meaning of Chapter VIII of the SEBI Regulations shall only be to qualified institutional buyers within the meaning of Chapter VIII of the SEBI Regulations, such securities shall be fully paid-up and the allotment of such securities shall be completed within 12 months from the date of this resolution approving the proposed issue or such other time as may be allowed by SEBI Regulations from time to time and the Company shall apply to the National Securities Depository Limited and/or Central Depository Services (India) Limited for admission of the eligible securities to be allotted as per Chapter VIII of the SEBI Regulations."

"RESOLVED FURTHER that in case of a qualified institutional placement of equity shares pursuant to Chapter VIII of the SEBI Regulations, the relevant date for the determination of the price of the equity shares, shall be the date of the meeting of the Board or any Committee duly authorised by the Board thereof in which the decision to open the proposed issue is taken or such other time as may be allowed by SEBI Regulations from time to time and such price shall be subject to appropriate adjustments in accordance with the applicable SEBI Regulations."

"RESOLVED FURTHER that in the event securities convertible into equity shares are issued under Chapter VIII of the SEBI Regulations, the relevant date for the purpose of pricing of the equity shares to be issued on conversion, shall be the date of the meeting of the Board or any Committee duly authorised by the Board thereof in which the decision to open the proposed issue is taken or the date on which the holder(s) of securities which are convertible into or exchangeable with equity shares at a later date become(s) entitled to apply for the said shares or such other time as may be allowed by SEBI Regulations from time to time and such price shall be subject to appropriate adjustments in accordance with the applicable SEBI Regulations."

"RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board or any Committee duly authorised by the board thereof be and is hereby authorised

to do all such acts, deeds, matters and things, as it may at its absolute discretion deems necessary or desirable for such purpose, including without limitation :

- (a) finalisation of the allotment of the securities on the basis of the subscriptions received;
- (b) finalisation of and arrangement for the submission of the preliminary and final offering circulars/prospectus(es)/ offer document(s), and any amendments and supplements thereto, with any applicable government and regulatory authorities, institutions or bodies, as may be required;
- (c) appointing Lead Managers, Underwriters, Guarantors, Depositories, Registrars, Solicitors, Counsels, Custodians, Escrow Banks, Trustees, Bankers, Advisors and all such agencies and intermediaries, whether in India or abroad, as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like as it deems fit;
- (d) approval of the preliminary and final offering circulars/ prospectus/offer document (including amending, varying or modifying the same, as may be considered desirable or expedient) as finalised in consultation with the Lead Managers/ Underwriters/ Advisors, in accordance with all applicable laws, rules, regulations and guidelines;
- (e) approval of the Deposit Agreement(s), the Purchase / Underwriting Agreement(s), the Trust Deed(s), the Indenture(s), GDRs/ADRs/FCCBs and other securities, letters of allotment, listing application, engagement letter(s), memoranda of understanding and any other agreements or documents, as may be necessary in connection with the issue/offering (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;
- (f) finalisation of the basis of allotment in the event of oversubscription;
- (g) acceptance and appropriation of the proceeds of the issue of the securities;
- (h) authorisation of the maintenance of a register of holders of the securities, if so required, in India or abroad;
- (i) authorisation of any Director or Directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as the authorised person in its absolute discretion may deem necessary or desirable in connection with the issue and allotment of the securities;
- (j) seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the issue and allotment of the securities;
- (k) seeking the listing of the securities on any Indian or international stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection with obtaining such listing;
- (l) giving or authorising the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- (m) deciding the pricing and terms of the securities, and all other related matters, including taking any action on conversion of securities, as per applicable laws, regulations or guidelines; and
- (n) creation of mortgage and / or charge in accordance with Section 293 (1) (a) of the Companies Act, 1956 in respect of securities as may be required either on pari passu basis or otherwise."

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- (o) opening one or more bank accounts in the name of Company, including escrow account, special purpose accounts etc., in Indian currency or foreign currency(ies) which such bank or banks in India and/or such foreign countries as may be required in connection with the aforesaid issue/offer, subject to requisite approvals from the RBI and other overseas regulatory authorities, if any;
- (p) making such applications to the relevant authorities and make the necessary regulatory filings in connection with the issue;
- (q) affixing the Common Seal of the Company on any agreement(s)/ documents as may be required to be executed in connection with the above, in terms of Articles of Association of the Company;

“RESOLVED FURTHER that without prejudice to the generality of the foregoing, issue of the securities may be done upon all or any terms or combination of terms in accordance with international practices relating to the payment of interest, additional interest, premium on redemption, prepayment or any other debt service payments and all such terms as are provided customarily in an issue of securities of this nature.”

“RESOLVED FURTHER that the Company may enter into any arrangement with any agency or body authorised by the Company for the issue of depository receipts representing the underlying equity shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the international markets.”

“RESOLVED FURTHER that for the purpose of giving effect to the above resolutions, the

Board or any Committee duly authorised by the Board thereof be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the securities.”

“RESOLVED FURTHER that the Board or any Committee duly authorised by the board thereof be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as appropriate authorities, inside or outside India, may impose at the time of their approval and as agreed to by the Board or any Committee duly authorised by the Board thereof.”

### **9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:**

“RESOLVED that in supersession of all the earlier resolutions passed by the members of the Company, the consent of the Company under the provisions of section 293(1)(d) of the Companies Act, 1956 be and is hereby accorded to the Board of Directors of the Company / Committee thereof to borrow monies from time to time, but so that the monies to be borrowed together with the monies already borrowed by the Company, for the time being (apart from temporary loans obtained from Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose, but shall not exceed the amount of Rs.2500 Crores (Rupees Two Thousand Five Hundred Crores only) at any one time.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board or a Committee thereof be and is hereby authorized to finalise, settle and execute such documents/deeds/writing/papers/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deemed necessary,

proper or desirable and to settle any question, difficulty or doubt that may arise in regard to borrowings as aforesaid.”

By order of the Board

**R.K. Birla**  
Managing Director

Place: Hyderabad  
Date: 29.08.2011

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES DULY STAMPED AND SIGNED MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.
2. Members/Proxies are requested to bring along with them Annual Reports being sent to them.
3. The Share transfer books and Register of Members of the Company will remain closed on 22.09.2011 (one day only).
4. The Register of Directors' Shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection at the venue of the Annual General Meeting of the Company during the Annual General Meeting. The Register of Directors' Shareholding is also available for inspection of the Members at the registered office of the Company, fourteen days before and three days after, the date of the Annual General Meeting of the Company.

The registration of share transfers and other related correspondence will be dealt with by the Company at M/s. Bigshare Services Private Limited of Mumbai, having its branch office at G-10, Left Wing, Amruta Ville, Opp: Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082.

5. The shareholders/members of the Company, who are having equity shares of the Company in physical form are advised to get dematerialized of their respective equity shares by way of surrendering their physical share certificates to the Registrar and Share Transfer Agents (RTA) of the Company (i.e., M/s Bigshare Services Pvt. Ltd., Hyderabad) through their respective Depository Participants. The shareholders/members, who are not having demat accounts are requested to open the demat accounts and thereafter approach the RTA for dematerialization of their equity shares.

Some of the advantages to the investors who are having the shares in demat mode are :

- a. There is no scope of any risk of loss, theft, damage or fraud and bad deliveries are eliminated;
- b. Shareholders no longer have to wait for the shares transferred in his name. Delay is almost eliminated;
- c. This system totally eliminates risks associated with loss/fraudulent interception of share certificates in postal transit;
- d. In the physical mode, shares may only be sold and bought at marketable lot. No such hassle is experienced in the demat mode;
- e. Genuineness is always guaranteed in the demat mode.
6. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is enclosed.
7. The Ministry of Corporate Affairs (MCA) has taken an initiative in respect of 'Green Initiative in the Corporate Governance' by allowing the Companies to send the notices/documents including annual reports to the members through electronic mode by giving an advance opportunity to the members for registering their e-mail addresses with the Company/ Depository from time to time for receiving the same. In this connection, the members are



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requested to register their e mail addresses by sending an e-mail with the following details to 'cssmpl@ Sujana.com' or by visiting our website 'www.sujana.com' or register the same with the Company's Registrar and Share Transfer Agents "Bigshare Services Private Limited".

Name of the member	Son of/ Daughter of/ Wife of	Client ID/ Ledger Folio No.	No. of Shares held	Pan No. (mandatory in case of Demat holders)	E-mail address

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956:**

**Item No. 5: Re-appointment of Shri S.Hanumantha Rao, Director (Finance) of the Company.**

Keeping in view his outstanding contribution in the growth of the Company and his leadership qualities supported by his qualifications & experience, the Board of Directors in its meeting held on 13th August, 2010 decided to re-appoint Shri S.Hanumantha Rao, as Director (Finance) of the Company for a period of five years with effect from 13th August, 2010 subject to the approval of the Shareholders, with the existing remuneration (more particularly described in the resolution).

In accordance with the provisions of Section 198, 269 and 309 and Schedule XIII of the Companies Act, 1956, approval of shareholders is required for the re-appointment of Shri S.Hanumantha Rao as Director (Finance) of the Company.

Your Directors recommended the resolution for your approval.

None of the Directors except Shri S.Hanumantha Rao is interested or concerned in the aforesaid resolution.

**Item No. 6: Amendment to Articles of Association of the Company.**

Recently, Ministry of Corporate Affairs, Government of India, as part of its Green Initiative in the Corporate Governance, came up with a series of circulars, thereby allowing use of electronic modes in convening and conducting the Board and

Shareholders meetings of the Companies and by allowing paperless compliances by the Companies by sending notices/documents (i.e., Balance Sheets etc.,) to the members of the Company to their registered e-mail addresses and also to use electronic platform of the agencies duly approved by the MCA for capturing accurate electronic voting process in respect of postal ballot.

With a view to implement the green initiative in the Company and in order to ensure maximum participation of shareholders and Board of Directors in the General and Board Meetings respectively and to allow paperless compliance by sending notices/documents (i.e., Balance Sheets etc.,) to the members of the Company to their registered e-mail addresses and also to use electronic platform of the agencies duly approved by the MCA for capturing accurate electronic voting process in respect of postal ballot, the Board of Directors of the Company has decided to make enabling provisions in the Articles of Association of the Company for adopting electronic modes like video conferencing and other modern electronic systems in conducting Board and General Meetings of the Company, electronic voting and for sending the notices/documents.

The new Articles in the Articles of Association will facilitate :

- Holding Board and General Meetings vide electronic mode and will ultimately result in effective and larger participation of Directors and shareholders in the affairs of the Company.
- Paperless compliances by the Companies by sending notices/documents (i.e., Balance Sheets etc.,) to the members of the Company to their registered e-mail addresses.
- Utilisation of electronic platform of the agencies duly approved by the MCA for capturing accurate electronic voting process in respect of postal ballot.
- Strengthening Corporate Governance norms in the Company.

Considering the benefits attached with the use of electronic mode and to ensure the maximum participation of the Board of Directors and shareholders in their respective meetings, the

Board recommends the alteration of Articles of Association as stated in the Special Resolution at Item No. 6.

None of the Directors of the Company is deemed to be concerned or interested in the resolution proposed at Item No. 6 of the accompanying Notice.

**Item No. 7 : Increase of Authorized Share Capital of the Company from Rs.200.00 Crores to Rs.250 Crores**

In order to accommodate the proposed issue of QIP/ FCCB/GDR/ADR and other Convertible Securities, it is proposed to increase the authorised share capital of the Company from Rs.200,00,00,000/- (Rupees Two Hundred Crores only) divided into 32,00,00,000 (Thirty Two Crores) Equity Shares of Rs.5/- (Rupees Five only) each and 40,00,000 (Forty Lakhs only) Preference Shares of Rs.100/- (Rupees One Hundred only) each to Rs. 250,00,00,000/- (Rupees Two Hundred Fifty Crores only) divided into 42,00,00,000 (Forty Two Crores only) Equity Shares of Rs.5/- (Rupees Five only) each and 40,00,000 (Forty Lakhs only) Preference Shares of Rs.100/- (Rupees One Hundred only) each by further creation of 10,00,00,000 (Ten Crores only) Equity Shares of Rs.5/- (Rupees Five only) each, since the existing authorized capital of the Company will not be sufficient.

The Board/Management Committee of the Board will take a decision on increasing authorised share capital and finalise the desired level/limit of authorized share capital of the Company to be increased upto an extent of Rs. 250 Crores (Rupees Two Hundred fifty Crores only) as required from time to time, keeping in view the proposed further issues of the Company.

The proposed increase in the Authorised Share Capital of the Company requires the approval of the members.

Consequent upon the increase in Authorised Share Capital of the Company, its memorandum and articles of association also require alteration so as to reflect the increase in authorised share capital.

Your Board of Directors recommends the above Resolution, as a Special Resolution for your approval in the best interests of the Company.

None of the Directors of the Company is concerned or interested in the proposed resolution except to the extent of his/her holding of equity shares and to the extent of his/her subscribing to equity shares.

**Item No. 8 : Issue of further equity shares and/ or any securities linked to, convertible into or exchangeable for equity shares for an aggregate amount not exceeding Rs. 500 Crores.**

The Company is planning substantial expansion and acquisition programme and to part finance the capital expenditure in respect of expansion and acquisition programme, general corporate expenditure and also to part finance the working capital requirements and overseas direct investment in Joint Ventures (JV)/Wholly Owned Subsidiaries (WOS) subject to the existing guidelines and in this connection, it is proposed to issue either equity shares, preference shares, debentures, bonds, warrants or other securities, including, but not limited to, Compulsorily Convertible Preference Shares ("CCPS"), Optionally Convertible Preference Shares ("OCPS") and/or Partially Convertible Preference Shares ("PCPS"), Non Convertible Preference Shares ("NCPS") and/or Global Depository Receipts ("GDRs") and/or American Depository Receipts ("ADRs") and / or Foreign Currency Convertible Bonds ("FCCBs"), Non Convertible Debentures ("NCDs") with or without attached share warrants and / or Partially Convertible Debentures ("PCDs") and / or Optionally Convertible Debentures ("OCDs") and / or Fully Convertible Debentures ("FCDs") and/or bonds with attached share warrants, including but not limited to a combination of the foregoing in one or more tranches to the eligible investors including but not limited to qualified institutional buyers under the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements), Regulations 2009 ("SEBI Regulations"), such that the aggregate of the sums so raised by issuing equity shares, debentures, bonds and other securities, including premium, if any, shall not exceed Indian Rs.500 Crores (Rupees Five Hundred Crores only) as the Board / duly authorised committee of the board may determine in accordance with the SEBI Regulations and where necessary in consultation with the lead managers, underwriters, merchant bankers, guarantors, financial and/or legal advisors, rating agencies/advisors, depositories, custodians, principal paying/transfer/conversion agents, listing

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agents, registrars, trustees, printers, auditors, stabilizing agents and all other agencies/advisors.

To the extent that any part of the above mentioned capital raising plan includes issue of equity shares or securities linked to or convertible into equity shares of the Company, members' approval is being sought. As per provisions of Section 81(1A) of the Companies Act, 1956, the Board of Directors/ duly authorised Committee of the Board of Director of the Company can issue and allot shares to any person other than existing members, provided that the members approve the same by way of a special resolution. The Listing Agreements executed by the Company with Bombay Stock Exchange Limited, Madras Stock Exchange Limited and National Stock Exchange of India Limited also provide that the Company shall, in the first instance, offer all securities for subscription pro rata to the existing Shareholders unless the Shareholders in General Meeting decide otherwise. The equity shares, if any, allotted on issue, conversion of securities or exercise of warrants shall rank in all respects pari passu with the existing equity shares of the Company.

The consent of the shareholders is being sought by the special resolutions for approving an enabling authority in favour the Board / duly authorised Committee of the Board to issue Securities under the QIP category to the Qualified Institutional Buyers (the "QIB") in accordance with the provisions of the ICDR Regulations and to any other international or domestic investor inside or outside India, through public issues and/or private placement or a combination thereof.

The special resolutions seek the cosent and authorization of the members to the Board/duly authorised Committee of the Board to make the proposed issue of securities, in consultation with the lead managers, advisors and other intermediaries and in the event it is decided to issue securities convertible into equity shares, to issue to the holders of such convertible securities in such manner and such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue, keeping in view the then prevailing market conditions and in accordance with the applicable provisions of the rules, regulations or guidelines.

Pursuant to the above, the Board/ duly authorised Committee of the Board may, in one or more tranches, issue or allot equity shares/convertible warrants/GDRs/ADRs/FCCBs//any other securities, which are convertible into or exchangeable with equity shares on such date as may be determined by the Board/duly authorised Committee of the Board but not later than such time period as permitted under applicable law through public issues(s), right issues(s), private placements or any combination thereof.

The relevant date for the purpose of pricing of the Securities issued by way of QIP means:

- (i) in case of allotment of equity shares, the date of the meeting in which the Board of Directors of the issuer or the duly authorised Committee of the Board of Directors of the issuer decides to open the proposed issue;
- (ii) in case of allotment of eligible convertible securities, either the date of the meeting in which the Board of Directors of the issuer or the duly authorised Committee of the Board of Directors of the issuer decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the equity shares.

The relevant date for the purpose of pricing of the Securities issued by way of GDRs/ADRs/FCCBs shall be the date of the meeting in which the Board / duly authorised Committee of the Board of Directors of the issuer decides to open the issue or shall be the date as specified under the applicable law or regulation."

The end usage of the proceeds of the above issue of equity and / or such other convertible securities shall be in accordance with the provisions of Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended from time to time, Foreign Currency Exchangeable Bonds Scheme, 2008 as amended from time to time and ECB Guidelines and as per Securities



and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time and as per the FDI Policy issued by the Department of Industrial Policy & Promotion as amended from time to time and any other regulatory authorities as amended from time to time.

The detailed terms and conditions for the offer will be determined in consultation with the Advisers, Lead Managers and Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

Your Board of Directors recommends the above enabling Resolution, as a Special Resolution for your approval in the best interests of the Company.

None of the Directors of the Company is concerned or interested in the proposed resolution except to the extent of his/her holding of equity shares and to the extent of his/her subscribing to equity shares.

**Item No. 9: Increasing the borrowing powers of the Company under Section 293(1)(d) of the Companies Act, 1956 from Rs.2000 Crores to Rs.2500 Crores.**

The Company is at present authorized to borrow from the Financial Institutions / Banks (other than the borrowings in the ordinary course of business) in the form of term loan by way of issue of debentures (convertible and/ or non Convertible), foreign currency convertible bonds, external commercial borrowings etc., upto an amount of Rs.2000 Crores (Rupees Two Thousand Crores only) in accordance with the consent of the members of the Company through postal ballot on 24th December, 2010. The existing borrowing powers of Rs. 2000 Crores may not be sufficient and to enable the Company to raise funds from time to time through borrowings, therefore it is proposed to increase the limits of borrowing powers.

Approval of the shareholders is sought under

Section 293 (1)(d) of the Companies Act, 1956 to increase the present borrowing powers from the present level of Rs.2000 Crores (Rupees Two Thousand Crores) to Rs.2500.00 Crores (Rupees Two Thousand Five Hundred Crores only)

Therefore, your Directors recommend the resolution for your approval.

None of the Director is interested or concerned in the aforesaid resolution.

By order of the Board

**R.K. Birla**  
Managing Director

Place: Hyderabad  
Date: 29.08.2011



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## Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting [Pursuant to Clause 49 of the Listing Agreements entered into with the Stock Exchanges]

<b>Name of the Director</b>	Shri Y. S. Chowdary	Dr. V. Malakonda Reddy	Shri S. Hanumantha Rao
<b>Date of Birth</b>	02.06.1961	23.08.1932	18.07.1951
<b>Date of Appointment</b>	13.02.1992	05.05.1992	19.07.1999
<b>Qualification</b>	1.Bachelor Degree in Mechanical Engineering from Chaitanya Bharathi Institute of Technology, Hyderabad. 2.Master Degree in Engineering with specialization in Machine Tools from P.S.G. College of Technology, Coimbatore	1.Bachelor Degree in Engineering (Civil) from Madras University. 2.Masters in Science 3.PhD from Edinburgh University	Bachelors Degree in Technology and AICWAI (Associated Member of Institute of Cost and Works Accounts of India)
<b>Expertise in specific functional area</b>	He is a Promoter-Director of Sujana Group. He has distinguished himself as a technocrat entrepreneur and had played a bigger role in establishing the Sujana group of companies. He has been a constant driving force for fostering higher growth amongst all the group companies. He has in depth knowledge and a deep insight into the domestic and global steel products industry.	He is an independent and non-executive director. He worked in various capacities such as Jr.Engineer (PWD Govt.of A.P), worked as Lecturer in Osmania University, Assistant Professor in Regional Engineering College, Warangal and later joined as Independent Director in the Company in the year 1992.	He is an Executive Director of the Company. He worked for more than 20 years in State Bank of India and 3 years as Financial and Management Consultant.
<b>Directorship in other Indian Public Limited Companies as on 31.03.2011</b>	1.Sujana Universal Industries Limited. 2.Sujana Towers Limited. 3. Sujana Holdings Limited. 4.Sujana Projects Limited. 5. Sujana Energy Limited. 6. Sujana Transmissions Limited. 7.Sujana Power(Gangikondan) Limited. 8.Sujana Power (Tuticorin) Limited. 9. Sujana Power(India) Limited. 10.Sujana Ports Limited. 11.Esteem Hotels Limited.	Nil	1.Sujana Universal Industries Limited. 2.Sujana Towers Limited. 3.Sujana Projects Limited. 4. Sujana Energy Limited. 5.Sujana Transmissions Limited. 6.Sujana Power(Gangikondan) Limited. 7.Sujana Power (Tuticorin) Limited. 8.Sujana Power(India) Limited.
<b>Chairman/Membership of Committees in other Indian Public Limited Companies as on 31.03.2011(includes only Audit Committee and Shareholders'/ Investors' Grievance Committee). (C= Chairman, M=Member)</b>	<b>Investor's Grievance Committee:</b> Sujana Universal Industries Limited(M)	<b>Nil</b>	<b>Audit committee:</b> Sujana Universal Industries Limited(M) Sujana Towers Limited((M) <b>Investor's Grievance Committee:</b> Sujana Towers Limited(M)
<b>No of shares held in the Company.</b>	5700629	Nil	7 (as a Trustee for odd lot shares)

## DIRECTORS' REPORT

**Dear Members,**

Your Directors have pleasure in presenting you the Twenty First Annual Report of your Company together with the Audited Accounts for the financial period ended 31st March, 2011 comprising 18 months from 01.10.2009 to 31.03.2011.

### 1. Company's Performance:

Your Directors hereby report that the Company has achieved a turnover of Rs. 425400.18 lakhs upto 31.03.2011 consisting of Eighteen (18) Months, as against the turnover of Rs. 192985.70 lakhs during the previous financial year ended 30.09.2009 consisting of Twelve (12) months.

The highlights of the financial results are as follows:

(Rs. In Lakhs)

	<b>2009-2011 (18 Months)</b>	<b>2008-2009 (12 Months)</b>
Operating Profit before Depreciation & Interest	<b>32,139.98</b>	14,580.70
Interest	<b>19,430.77</b>	8,882.42
Depreciation	<b>7,069.95</b>	2,766.19
Operating Profit after depreciation and Interest	<b>5,639.26</b>	2,932.09
Other Income	<b>898.65</b>	820.13
Profit before tax	<b>6,537.91</b>	3,752.22
Provision for tax	<b>2,669.22</b>	1,235.40
Profit before extra-ordinary items	<b>3,868.69</b>	2,516.82
Extra-ordinary items	<b>0.00</b>	0.00
Profit after extra-ordinary items	<b>3,868.69</b>	2,516.82
Add: Profit brought forward	<b>11,497.99</b>	9,526.17
Profit available for appropriation	<b>15,366.68</b>	12,042.99

### 2. Review of Operations:

Growth in Revenue and Profit during the period under review. Your Company recorded a total income of Rs. 426298.83 lakhs (annualised total income Rs. 284199.22), compared to Rs. 193805.83 lakhs in the previous financial year, which represents a 119.96% growth (annualised growth 46.64%). The net profit for the period stands at Rs. 3868.69 lakhs (annualised net profit Rs. 2579.13) as compared to the net profit of Rs. 2516.82 lakhs in the previous year, which represents a 53.70% (annualised 2.48%) increase over the previous year

### 3. Extension of Financial Year of the Company:

The Financial year of your Company extended upto 31.03.2011 consisting of 18 months from 01.10.2009 to 31.03.2011 vide approval of the Registrar of Companies, Hyderabad dated: 04.10.2010.

The Company has received the approval for extension of time for the purpose of holding Annual General Meeting on or before 26.09.2011 vide approval of the Registrar of Companies, Hyderabad dated: 02.05.2011.

### 4. Change of Registered office of the Company :

During the financial period 2009-11 the Registered office of the Company has been shifted from Survey No. 296/7/9, IDA, Bollaram, Jinnaram Mandal, Medak Dist. to Plot No. 18, Nararjuna Hills, Panjagutta, Hyderabad - 500 082 vide resolution passed by the members of the Company through Postal Ballot on 24th December, 2010.

### 5. Industrial Relations:

Your Directors are happy to report that the Industrial Relations have been extremely cordial at all levels throughout the year.

### 6. Further Issue of Securities of the Company:

**(a) Allotment of 2,44,62,857 equity shares of Rs. 5/- each of the Company on preferential basis to Promoters and Non-promoters:**

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In pursuance of special resolution passed by the members of the Company at their Extraordinary General Meeting held on 24th October, 2009, to issue 2,44,62,857 Equity shares of Rs.5/- each at a price determined as per the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, of Rs.17.50/- per share to the Promoters or Promoter Group members and/or non-promoters for meeting the capital expenditure in respect of expansion programme, general corporate expenditure and also to part finance the working capital requirements. The Company allotted 2,44,62,857 equity shares of Rs.5/- each to the promoters & Non-promoters on 19.11.2009 the proceeds of the issue have been utilized for the purpose for which they have been raised.

**(b). Allotment of 5,26,31,500 equity shares of Rs. 5/- each at a premium of Rs. 21.676 per share underlying 52,63,150 Global Depository Receipts (GDRs) :**

Pursuant to the special resolution passed by the members of the Company at the Extraordinary General Meeting held on 24th October, 2009, your Company had successfully completed the issue and allotment of 5,26,31,500 equity shares of Rs. 5/- each at a premium of Rs. 21.676 per share underlying 52,63,150 Global Depository Receipts (GDRs) representing 10 equity shares per GDR, aggregating US\$ 30.00 Millions. Your Company invested the funds raised through GDRs, in it's Wholly Owned Subsidiaries. The Global Depository Receipts have been listed on the Luxembourg Stock Exchange.

**(c). Allotment of 5,00,00,000 convertible warrants of Rs. 5/- each at a price of Rs. 21/- per warrant on preferential basis to the Promoters and Promoters Group:**

In pursuance of special resolution

passed by the members of the Company through Postal Ballot on 24.12.2009, to issue 5,00,00,000 convertible warrants of Rs.5/- each at a price determined as per the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, of Rs.21/- per share to the Promoters and Promoter Group for meeting the capital expenditure in respect of expansion programme, general corporate expenditure, to part finance the working capital requirements and also to part finance acquisition of steel units. The Company allotted 5,00,00,000 Convertible Warrants to the promoters & promoters group on 04.01.2010. These warrants are compulsorily convertible into equity shares within a period of eighteen months from the date of allotment i.e., 04.01.2010. As on the date of this report, there are no outstanding warrants for conversion. The proceeds of the issue have been utilized for the purpose for which they have been raised.

## 7. Scheme of Amalgamation

Board of Directors of the Company at their meeting held on 12th November, 2010 approved the Scheme of amalgamation between (1) M/s Lakshmi Gayatri Industries Private Limited, (2) M/s Glade Steel Private Limited, (3) M/s Sri Ganga Steel Enterprises Private Limited and (4) M/s Topaz Steel India Limited with M/s Sujana Metal Products Limited w.e.f: 01.10.2009. The Amalgamation would result in synergy of operations and also reduce the overhead and administrative costs substantially, by combining these units it will meet the competition in the domestic and international market and also helps to meet the international standards and it will also reduce the inventory levels which will result in significant savings in procurement of inventory and carrying costs of the inventory.

Necessary approvals from the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and Madras Stock Exchange Limited (MSE) have been obtained vide their letter nos.

DCS/AMAL/NTP24(f)/983/2010-11 dated : 24th December, 2011, NSE/LIST/153641-Z dated : 14th December, 2010 and MSE/LD/PSK/738/593/10 dated : 16th December, 2010 respectively.

The Company Law Board Southern Region Bench, Chennai has approved the shifting of Registered office of M/s. Sri Ganga Steel Enterprises Private Limited (Third transferor Company) from the state of Tamilnadu to Andhra Pradesh on 17th February 2011.

By an order dated: 28.03.2011, the Hon'ble High Court of Andhra Pradesh Hyderabad directed that meetings of the Shareholders and Secured Creditors of the Company be held at Anjuman Hall, Hotel Taj Banjara, Road No.1, Banjara Hills, Hyderabad-500034. on Thursday the 28th day of April, 2011 at 2.30 P.M. and 3.30 P.M respectively for the purpose of considering and approving the proposed scheme of amalgamation.

On 28.04.2011, Shareholders and Secured creditors of the Company passed a resolution for approving the Scheme of Amalgamation with requisite majority. The petition under Section 394 read with Section 391(2) of the Companies Act, 1956 for sanction of Scheme of amalgamation was filed with the Hon'ble High Court of Judicature at Andhra Pradesh on 15.06.2011 and admitted on 15.07.2011. As on the date of this report, the Company has not yet received the order from Hon'ble High Court of Judicature at Andhra Pradesh.

## 8. Subsidiaries of The Company

**As on 31.03.2011, the Company had the following Subsidiaries:**

### (a) Glade Steel Private Limited

During the Financial year 2007-08, your Company has acquired 100% share holding of M/s. Glade Steel Private Limited by making investment of Rs. 6,74,514.00 as on the date of this report your Company holding 51.15% share holding in M/s. Glade Steel Private Limited. M/s. Glade Steel Private Limited, incorporated on 12th May

2005 for carrying on the business of manufacture, distribute, supply, sell and other wise dispose of Rounds, Flats, Squares, Angles, Channels, Grinders and Allied Products with installed capacity of 60,000 MT/per annum of re-rolling and 50,000MT/per annum of MS ingots.

### (b) Alpha Ventures Limited

Alpha Ventures Limited, is a wholly owned subsidiary company incorporated on 6 March 2007 in Cayman Islands. Alpha Ventures Limited has been promoted to carry out any object not prohibited by the Companies Law (2004) Revision, or as the same may be revised from time to time, or any other law of the Cayman Islands. As per the law prevailing in Cayman Islands, Financial Statements of M/s Alpha Venture Limited are not required to be audited.

### (c) Asian Tide Enterprises Limited

Asian Tide Enterprises Limited, is a wholly owned subsidiary company incorporated on 3rd July 2007 in Hong Kong for carrying on the business trading of goods and services with accent on procuring raw materials (in bulk) for manufacturing activities of the Company (melting scrap for its rolling division) and sale surplus in the market.

The aforesaid subsidiary incorporated a wholly owned subsidiary Company named M/s Optimix Enterprises Ltd. at Mauritius on 22.08.2011 which will be the stepdown subsidiary for Sujana Metal Products Ltd.

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956 relating to Subsidiary Companies, As at 31st March, 2011, is also annexed to this report.

## 9. Consolidated Financial Statements:

Your Company has availed the general exemption from attaching a copy of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditor's Report of the



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subsidiary Companies and other documents required to be attached under Section 212(1) of the Companies Act, 1956, to the Balance Sheet of your Company. The said exemption is granted vide Circular No. 5/12/2007-CL-III issued by Ministry of Corporate Affairs dated 08.02.2011.

Accordingly, the said documents of subsidiary Companies are not being attached with the Balance sheet of the Company. A gist of the financial performance of the subsidiary Companies is contained in the report. The annual accounts of the subsidiary Companies are open for inspection by any member/investor at the Company's Registered office and the Company will make available these documents and the related detailed information upon request by any investor of the Company or any investor of its subsidiary Companies who may be interested in obtaining the same. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2011 is annexed to this Report.

In terms of Clause 32 of the Listing Agreement with the Stock Exchanges and as prescribed by Accounting Standard 21 notified by the Government of India under Section 211(3C) of the Companies Act, 1956, the Audited Consolidated Financial Statements are annexed.

## 10. Postal Ballot:

During the period 2009-11, the Company conducted two postal ballot exercises to obtain members approval for, inter alia:

- Issue of convertible warrants on preferential basis to promoters and promoter group.
- Increasing the borrowing powers of the Company.
- To increase the limit of making loan, investment, security, guarantee under Section 372A of the Companies Act, 1956.
- Shifting the registered office of the Company from Survey No:296/7/9, IDA Bollaram, Jinnaram Mandal, Medak

District to Plot No:18, Nagarjuna Hills, Panjagutta, Hyderabad-500082.

- Issue of equity shares and/or any securities linked to, convertible into or exchangeable for equity shares including without limitations through Global Depository Receipts (GDR)/ Foreign Currency Convertible Bonds (FCCBs)/ Foreign Currency Exchangeable Bonds(FCEB)/American Depository Receipts (ADR), Qualified Institutional Placements (QIP)

The complete details of postal ballot exercises are provided in the Corporate Governance Report attached and forming part of this report.

## 11. Corporate Governance:

Your Company's Report on Corporate Governance is attached and forms part of this report. Certificate from the Practicing Company Secretary confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the listing agreement is attached to this report.

## 12. Management Discussion and Analysis Report:

A separate Management Discussion and Analysis Report is also attached and forms part of this report.

## 13. Directors:

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Y.S. Chowdary and Dr.V.Malakonda Reddy, Directors retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Further, Shri S.Hanumantha Rao, whose term as Executive Director expires on 30.09.2010, was re-appointed as Director (Finance) of the Company with effect from 13th August, 2010 for a period of 5 years at the Board Meeting held on 13th August, 2010 subject to the approval of the members. Separate resolution has been put up for consideration by the members.

#### 14. Directors' Responsibility Statement:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating management, confirm that-

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- that they 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 the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That they have prepared the annual accounts on a going concern basis.

#### 15. Disclosures under Section 217(1)(d) of the Companies Act, 1956:

Material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year of the Company and date of this report :

S. No.	Particulars	Change (Yes/No)
(a)	The purchase, sale or destruction of a plant or the destruction of inventories.	No
(b)	A material decline in the market value of inventories or investments	No
(c)	the expiration of a patent which had given the Company a virtual monopoly in the sale of its principal products.	No
(d)	The settlement of tax liabilities of prior period and the settlement of any legal or other proceedings either favourably or adversely, if they were pending at the balance-sheet date.	No
(e)	The institution of importance proceedings against the Company.	No
(f)	Material change in the capital structure in the resulting from the issuance, retirement or conversion of share capital or stock .	No
(g)	the disposal of a substantial part of the undertaking or the profits or loss whether of a capital or revenue nature.	No
(h)	Alteration in the wage structure arising out of Union Negotiations.	No
(i)	Incurring or any reduction of long-term indebtedness.	No
(j)	Entering into or cancellation of contracts and.	No
(k)	Refund of taxes or completion of assessments	Yes

#### 16. Code of conduct

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the Company's website. Board Members and Senior Management personnel have affirmed compliance with the Code for the financial period 2009-11. A separate declaration to this effect is made out in the Corporate Governance Report.

# SUJANA METAL PRODUCTS LIMITED

## 17. Promoter Group Companies:

Pursuant to intimation from promoters, names of Promoters and Companies comprising the "Group" as defined in the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969, have been disclosed on page No. 37 in the Annual Report of the Company.

## 18. Statutory Auditors:

Your Company's Statutory Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Hyderabad, who retire at the ensuing Annual General Meeting of your Company, being eligible, offer themselves for reappointment.

Your Board of Directors recommended the appointment of M/s. Deloitte Haskins & Sell, Chartered Accountants, Hyderabad, as Statutory Auditors of your Company. Your approval for such appointment is solicited.

Your Company has received a letter from M/s. Deloitte Haskins & Sells, Chartered Accountants, Hyderabad, to the effect that their appointment as Statutory Auditors, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for such appointment.

## 19. Cash Flow Analysis

In conformity with the provisions of clause 32 of the listing agreement, the cash flow statement for the period ended 31st March, 2011 is included in the annual account.

## 20. Personnel

The relations with employees continued to be cordial throughout the year. The Board appreciates the willing co-operation and team spirit displayed by the Management Cadre and other employees of the Company.

Information required to be furnished under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended is annexed to this report.

## 21. Human Resource Management:

With the size of expansion going in the Company, human resources assume greater

importance and have a significant place in the Organizational Structure. Your Company has been able to create a favorable work environment that encourages innovation and merit. Your Company has put in place a scalable recruitment and human resource management. The efforts of your Company in the area of employee management and HR practices have proved effective in Human Resource Management. Emphasis is given to the overall development of the personality of individual employee. Welfare schemes are run in the factories. for employees and their families.

## 22. Dividend:

As per the terms of issue of Cumulative Redeemable Preference Shares (CRPS) vide letter No:2592/SASF/CBO and 5938/SASF/CBO dated 28.06.2005 and 29.10.2005 respectively, your Company is required to pay the dividend of Rs. 25.08 Lakhs (Previous year Rs.35.32 Lakhs) which represents 1% on 3531625 (on 19.11.2009, 20,38,260 CRPS which was issued in the name of Stressed Assets Stabilization Fund(SASF), Mumbai redeemed as the terms and conditions as mentioned in the letters No: SASF/Sujana Metal/No:706 dated:25.06.2008 and SASF/SMPL(Sujana)/ No.2(2008-09) dated:06.12.2008 issued by Stressed Assets Stabilisation Fund have been fulfilled with the issue and allotment of 1,27,48,571 equity shares of Rs.5/- each to SASF) Cumulative Redeemable Preference Shares(CRPS) of Rs.100/- each to the holders of Cumulative Redeemable Preference Shares for the period under review, Further your Company also provided a provision of dividend tax to the extent of Rs.4.16 Lakhs (Previous year Rs.6.00 Lakhs)

## 23. Quality and Safety:

Your Company accords high priority to quality, safety, training, development, health and environment. The Company endeavours to ensure continuous compliance and improvements in this regard.

## 24. Insurance:

All the properties and insurable assets of the

Company, including Building, Plant and Machinery, stocks etc., wherever necessary and to the extent required, have been adequately covered.

**25. Listing of Company's Securities:**

Your Company's shares are currently listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Madras Stock Exchange Limited and The Global Depository Receipts are currently listed at the Luxembourg Stock Exchange.

**26. Dematerialization of Shares:**

Your Company shares have been made available for dematerialization through the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL).

**27. Fixed Deposits:**

Your Company has not accepted any fixed deposits and the provisions of Section 58A of the Companies Act, 1956 are not applicable.

**28. Cost Auditors:**

In terms of the directives of Ministry of Corporate Affairs under Section 233B of the Companies Act, 1956 vide its General Circular No:15/2011 and circular F.No:52/26/CAB-2010 on 11.04.2011 and 03.05.2011 respectively, the Company has appointed the qualified Cost Accountant for conducting audit of Cost Accounting Records in respect of steel products manufactured by the Company for the year 2011-12.

**29. Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo:**

The details regarding Energy Conservation, Technology Absorption, Foreign Exchange Earnings and Outgo as required by Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1988 are given in the Annexure 1 and forms part of this report.

**30. Explanations for the qualifications in Auditors' Report:**

The Statutory Auditors of the Company M/s Deloitte Haskins & Sells have made the following comments in their report for the period 2009-11.

**Auditor's Comments:**

- Paragraph (viii) (b) in Annexure to the Audit Report, details of undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and Other material statutory dues which were in arrears as at March 31, 2011 for a period of more than six months from the date they became payable are given below:

Nature of Statute	Nature of Dues	Amount (Rupees in Lakhs)	Year to which the amount relates	Due date	Date of Payment
Income Tax Act, 1961	Income Tax	462.32 2.74 4.20	2010-2011 2001-2002 2002-2003	June 15, 2010 and September 15, 2010 June, September, December and March of each year / period	Not paid
Income Tax Act, 1961	Fringe Benefit Tax	7.56 8.51	2006-2007 2007-2008	January 23, 2010 February 24, 2010	Not Paid
Wealth Tax Act, 1957	Wealth Tax	0.88 1.08	2008-2009 2009-2010	September 30, 2009 September 30, 2010	Not paid



# SUJANA METAL PRODUCTS LIMITED

**Company Explanation:**

The Company is in the process of amalgamation of the companies i.e. M/s Lakshmi Gayatri Industries Private Limited, M/s Glade Steel Private Limited, M/s Sri Ganga Steel Enterprises Private Limited and M/s Topaz Steel India Limited with Sujana Metal Products Limited w.e.f 1.10.2009. The Scheme under the consideration of the Honorable High Court of Andhra Pradesh, upon the scheme of amalgamation which is becoming effective, no liability is arises.

2. Paragraph (viii) (c) in Annexure to the Audit Report , details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2011 on account of disputes are given below:

Name of the Statute	Financial Year to which matter pertains	Amount (Rupees in Lakhs)	Forum where matter is pending
Central Excise Act, 1944	1995-2009 1995-1997	1,384.30 1.00	Custom Excise & Service Tax Appellate Tribunal Commissioner of Customs (Appeals)
Customs Act, 1962	1998-1999 2008-2009	302.69 214.90	Commissioner of Customs (Sea Port) Custom Excise & Service Tax Appellate Tribunal
Foreign Exchange Regulation Act, 1973	1995-1996	530.00	Hon'ble High Court of Delhi
APGST Act, 1957	2002-2003 2003-2004	488.13 786.88	Sales Tax Appellate Tribunal Appellate Deputy Commissioner
Central Sales Tax Act, 1956	2002-2003 2004-2005 2005-2008 2006-2007	2,213.11 13.38 58.58 241.34	Commercial Tax Officer Sales Tax Appellate Tribunal Appellate Deputy Commissioner Hon'ble High Court of Andhra Pradesh and Appellate Deputy Commissioner
Tamilnadu Value Added Tax Act, 2006	2006-2007	194.92	Hon'ble High Court of Tamilnadu

**Company Explanation:**

As the liabilities are disputed and the matters are pending with the respective statutory bodies, the Company has not remitted the same. The Company has taken opinion from leading tax practitioners' in respective fields, who opined that the Company has a good chance of getting verdict its favour in all these cases. However, the same were disclosed as contingent liabilities in the notes on accounts.



**31. Appreciations:**

The Board of Directors of the Company extend their sincere appreciation to the Government, Bankers, Financial Institutions and others for their kind support. On behalf of the Company, the Board of Directors thank the Employees for their valuable efforts and the shareholders for their valued trust in the Company.

By order of the Board

Place: Hyderabad  
Date: 29.08.2011

**R.K. Birla**  
Managing Director

**S. Hanumantha Rao**  
Director (Finance)

# SUJANA METAL PRODUCTS LIMITED

## Annexure to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 (as amended) and forming part of the Directors' Report for the period ended 31st March, 2011.

Name of the Employee	Age	Designation	Remuneration Received (Rs in Lakhs)	Qualifications	Experience (In Years)	Date of Commencement of Employment	Last employment held
R.K. Birla	59 years	Managing Director	108.00	Bachelor Degree Course in arts and Master of Business Administration (MBA) from BITS Pilani	38years	05.05.1992	Poddar Products Limited as Chief Executive

### Notes:

1. The terms of employment of Shri R.K. Birla were approved by the members of the Company.
2. The remuneration as shown above includes salary, house rent allowance and contribution to Provident Fund.
3. Shri R.K. Birla is not a relative of any Director or Manager of the Company.

### Statement pursuant to Section 212(1)(e) of the Companies Act, 1956 relating to subsidiary Companies.

Serial No.	Particulars	Glade Steel Private Limited	Asian Tide Enterprises Limited	Alpha Ventures Limited
1.	Financial Year of the Company	31.03.2011	31.03.2011	31.03.2011
2.	(a) Number of Shares held by the Company at the end of the financial year of the Subsidiary Company	6,74,514	39,000	10,000
	(b) Extent of interest of holding Company at the end of the financial year of the Subsidiary Company	51.15%	100%	100%
3.	Net aggregate amount of profit/losses of the subsidiary for the above financial year of the subsidiary not dealt within the Company's Accounts (Amount in Lakhs)			
	(a) for the financial year of the subsidiary – Profit /Loss	19.39	29.67	(1626.39)
	(b) For the previous financial years since it became subsidiary	(679.76)	-	3066.47
4.	Net aggregate amount of profit/losses of the subsidiary for the above financial year of the subsidiary dealt within the Company's Accounts (Amount in Lakhs)			
	(a) for the financial year of the subsidiary – Profit /Loss	-	-	-
	(b) For the previous financial years since it became subsidiary	-	-	-



The Financial year of the Holding Company is coinciding with the financial year of the subsidiary companies. Hence, the information under Section 212(5) of the companies Act, 1956 is not required to be provided.

**Summary of Financial Information of Subsidiaries pursuant to General Exemption availed under Section 212(8) of the Companies Act, 1956 (as per MCA Circular Circular No. 5/12/2007-CL-III dated: 08.02.2011)**

(Rs in Lakhs)

Name of the Subsidiary	Share capital	Reserves	Total Liabilities	Total Assets	Investment Included in total assets (Except for investment in subsidiaries)	Turnover	Profit before taxes	Provision for taxation	Profit after taxes	Proposed Dividend
Glade Steel Private Limited	1318.84	306.13	4351.50	5969.42	-	5212.81	20.17	0.79	19.39	-
Asian Tide Enterprises Ltd	1.99	29.16	11164.63	11195.79	-	12484.04	35.58	5.90	29.68	-
Alpha Ventures Limited	4.69	1478.80	10659.02	12142.51	-	17525.98	(1626.39)	-	(1626.39)	-

By order of the Board

Place: Hyderabad  
Date: 29.08.2011

**R.K. Birla**  
Managing Director

**S. Hanumantha Rao**  
Director (Finance)

# SUJANA METAL PRODUCTS LIMITED

## ANNEXURE - 1

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report.

### A. CONSERVATION OF ENERGY:

- |    |   |   |   |
|----|---|---|---|
| a) | Energy Conservation   | : | To achieve the savings in energy consumption, the Company has commissioned gasification equipment at Vizag, to heat 320 x 250 Bloom which is unique in India. |
| b) | Additional investment and proposals if any, being implemented for reduction of consumption of energy            | : | Rs. 400 lakhs.  |
| c) | Impact of the measures at (a) and (b) above for reduction of energy and consequent impact on cost of production | : | 43% will be saved against cost of fuel per MT.  |
| d) | Total energy consumption and energy consumption per unit of production  | : | As per Form A.  |

### B. TECHNOLOGY ABSORPTION:

- |    |                                       |   |                |
|----|---------------------------------------|---|----------------|
| e) | Efforts made in technology absorption | : | As per form B. |
|----|---------------------------------------|---|----------------|

### C. FOREIGN EXCHANGE EARNINGS & OUTGO:

- |    |   |   |  |
|----|---|---|--|
| f) | Activities relating to export initiatives taken to increase exports, development of new export markets for products and services and export plans | : | Initiating growth plan to expand in overseas Countries through wholly owned subsidiary companies named Alpha Ventures Limited, Cayman Islands and Asian Tide Enterprises Limited, Hong Kong by investing into these companies as equity. |
| g) | Total foreign exchange earned and used  | : | Earned: Rs. 51621.58 Lakhs and Used for traveling and consultancy: Rs.165.18 Lakhs.  |



## FORM A

(See Rule 2)

### A. PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

Electricity - purchased for manufacture of ingots and re-rolled products:

	2009-2011	2008-2009
Units (KWH)	68581952	50045375
Total amount (Rs.)	292887151	197814292
Rate/units (Rs)	4.27	3.95
<b>2. Coal</b>		
Quantity (Tonnes)	22285.14	4242.00
Total Cost (Rs.)	100110269.78	12686445
Average Rate (Rs.)	4492.24	2991
<b>3. Furnace Oil</b>		
Quantity (Ltr)	3680158.99	8532080
Total Cost (Rs.)	170412274.95	202031478
Average Rate (Rs.)	46.31	24.00

### B. CONSUMPTION PER TONNE OF PRODUCTION OF RE-ROLLED PRODUCTS:

Electricity (KWH)	245.09	192.33
Coal (Tonnes)	0.08	0.03
Furnace Oil (Liters)	13.15	35.01

## FORM - B

Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)

### 1. Specific areas in which R&D carried out by the Company:

In view of the changing business / market conditions for the re-rolling industry products, the management has taken decision to introduce new product range in TMT bars such as Corrosion resistance Steel.

### 2. Benefits derived as a result of the above R&D:

**The Advantages of item1 (A) of above:**

- ❖ Longer life due to superior corrosion resistance
- ❖ High yield strength couples with good ductility and bendability

- ❖ Customers better service.
- ❖ Increasing life of the Product
- ❖ Life span cost benefit

### 3. Future plan of Action:

Planing for captive mining.

Vizag Unit

Gas Fire to heat 320 x 250 Bloom

### 4. Technology Absorption, Adoption and Innovation:

1. Efforts in brief made towards technology absorption, adoption and Innovation	Gas Fire to heat 320 x 250 Bloom
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution	Longer life and cost saving
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished	NA
a) Technology imported	NA
b) Year of import	NA
c) Has technology been fully absorbed If not fully absorbed, areas where this has not been taken place, reasons there of and future plans of action.	NA

By order of the Board

**R.K. Birla**  
Managing Director

**S. Hanumantha Rao**  
Director (Finance)

Place: Hyderabad  
Date: 29.08.2011

# SUJANA METAL PRODUCTS LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of Sujana Metal Products Limited presents its Analysis Report covering the performance and outlook of the Company

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

#### *Global Economy*

##### *Overview*

The global economy expanded by 5.0% in 2010 as against 0.5% in 2009. This recovery was characterized by:

- Moderate growth in advanced economies, spurred by stimulus measures. Private consumption which fell sharply during the crisis picked up.
- Growth in emerging and developing economies remained robust buoyed by resurgent capital inflows due to abundant global liquidity and strong domestic demand.
- Global liquidity improved, credit spreads narrowed, equity and debt capital markets opening up enabling several corporations to raise capital to meet funding requirements.

##### *Challenges*

Pockets of vulnerability persisted; real-estate markets and household incomes remained weak in some major advanced economies. Volatility and uncertainty re-emerged in Euro area.

Concerns about banking sector losses and fiscal sustainability triggered by crisis in Ireland, Spain, Greece and Portugal led to unprecedented widening of credit spreads for these countries.

The turmoil in mid-2010 in the Euro zone led to a spike in global risk aversion and scaling back of capital allocation by fund managers to emerging markets. However, during the recent bout of turbulence, the financial stress was limited primarily to the periphery of the

Euro area. Quantitative easing and stimulus packages by several countries created huge liquidity in financial markets and Central banks in emerging economies faced the challenge of high inflation and started pursuing a hawkish monetary policy by raising reserve ratios and hiking policy rates.

Natural disasters across the globe posed a significant challenge for global economic growth. Floods, earthquakes and drought among others took a massive toll on human life, resulting in wealth erosion.

##### *GDP Growth*

	2009	2010
Global	(0.50)%	5.0%
Advanced economies	(3.40)%	3.0%
Emerging economies	2.70%	7.3%
Size of the global economy (US\$ tr)	57.90	62.90

Source : IMF

##### *Global Steel Industry*

The CY 2010 could be rated as the year of broad based recovery, in terms of economic revival, steel production, trade and consumption, except the threat of sovereign defaults in parts of Europe. Besides, weather extremities namely extreme heat and cold waves, drought, floods, cyclones among others are also causes of concern.

The Global Steel Industry reached a new high in 2010 after a disastrous 2008. The global demand growth was at 13% after a steep fall in 2008. Asia was the leading steel producer with a 64% share in the global crude steel production China was the largest producer with a 44% share, India ranked fifth in world crude steel production (Source : World Steel Association/ISSB).

##### *Production*

In 2010 global steel production grew 15%, to 1,414 MnT. The growth is significant considering the huge downside in steel production and consumption in the last quarter of 2008 (due to the global economic crisis).

The growth in 2010 exceeded the previous record set in 2007. Interestingly, the most significant rise in steel production in 2010 was in those geographies where it had contracted the maximum in 2008 and 2009 namely North America. Europe and Japan Despite the considerable rebound, steel production in these nations remained below the pre-crisis levels (Source : World Steel Association).

### **Consumption**

Global finished steel consumption grew 13.1% to 1,283 MnT in 2010. Steel consumption in emerging and advanced economies grew 9.1% and 25% respectively in 2010 (Source : World Steel Association).

### **Indian Economy**

The Indian economy was one of the fastest growing economies to recover from the economic crisis, registering a second year of accelerated growth. The Indian economy grew at a robust rate of 8.50% in 2010-11 (8% in 2009-10).

Year 2010-11 witnessed fairly strong economic growth at 8.50% contributed by a strong growth in agriculture at 6.60%. Industry witnessed a moderation in growth from at 8% in 2009-10 to 7.90% in 2010-11. Services continued to support the overall economic growth contributing around 58% to overall GDP.

Private consumption expenditure grew significantly in 2010-11, as a consequence of increasing disposable income. The growth was 22% and 26% respectively in consumer durables and passenger car segments.

In 2010-11, exports grew 37% to USD 246 billion against USD 179 billion in 2009-10; imports grew 22.6% to USD 351 billion in 2010-11 against USD 288 billion in 2009-10 resulting in a trade deficit of USD 104 billion in 2010-11 against USD 109 billion in 2009-10.

The confidence in the Indian growth story was reflected by the record FII inflows into the economy and the revival in investor confidence, helping the Indian stock markets

regain pre-crisis record levels. Net capital inflows increased to US\$ 36.7 bn as on March 31, 2010; foreign exchange reserves grew by US\$ 20 bn to US\$ 303.50 bn.

	2010 – 11	2009-10
Agriculture, forestry and fishing	6.6%	0.4%
Industry	7.9%	80%.
Services	9.4%	10.1%

(Source: CSO)

### **Indian Steel Industry**

#### **Overview**

The Indian steel industry has witnessed steady growth, on the back of various initiatives taken by the Government of India. The soaring demand from different sectors, such as, infrastructure, real estate and automobile has put the steel industry in India on the world map.

Economic reforms initiated by the government in 1991 have assisted in the growth of steel industry. Prior to the reforms, the steel industry was dominated by the public sector. However, after the reforms this sector became open to private investments and foreign investments. The 1991 reforms allowed for no licenses to be required for capacity creation, except for some locations. A lot of new steel plants have been set up in the country due to huge foreign investments and state-of-the-art technology. Tata Steel was the first steel plant established in 1907 in India. Some of the other steel plants in the country include Bhilai Steel Plant at Chattisgarh, Rourkela Steel Plant at Orissa, Durgapur Steel Plant at West Bengal to name a few. In 2010, India was ranked as the fourth largest producer of steel by the World Steel Association.

The Indian steel industry began expanding into Europe during the 21st century. In January 2007, Tata Steel made a successful US\$ 11.3 billion offer to acquire European steel maker Corus Group PLC. In 2006, Mittal Steel acquired Arcelor for US\$ 38.3 billion to become the world's biggest steel giant.

# SUJANA METAL PRODUCTS LIMITED

Some of the growth drivers helping the sector to grow are:

- Abundant availability of iron ore in the country with States such as Orissa, Jharkhand and Chhattisgarh being rich in iron ore reserves. The National Minerals Development Corporation (NMDC) plans to expand its iron ore production capacity from its existing capacity of 30 million tonnes per annum (MTPA) to 50 MTPA by 2014–15 through capacity expansion of current mining as well as by new mining.
- The country has well established facilities for the production of steel.

The Indian steel industry ranks fifth in the world with an estimated crude steel production of 63 MnT in FY 2010-11. Integrated steel producers contributed 55% of the total crude steel production in 2010-11 and 45% by secondary producers.

During the period 1997-98 to 2000-01 steel production witnessed a marginal growth of 3% CAGR. However, during 2001-02 to 2007-08 owing to a boom in the infrastructure and automobile sectors, the industry witnessed a sharp turnaround and registered a steep hike of 12% CAGR.

### Snapshot (2010-11)

Capacity	Production	Import	Export	Not Import	Consumption
78 MnT	63 MnT	6.8 MnT	3.5 MnT	3.3 MnT	66 MnT
+5%	+11%	(11)%	(4)%	-	+10.6%

Source: JPC

In 2010-11 steel consumption grew at a healthy 10% from 59 MnT in 2009-10 to 66 MnT, owing to strong demand from the infrastructure construction, automobile, and industrial sectors. Rising production capacities has reduced India's import dependency from 13% in 2009-10 to about 10% in 2011-12.

### Performance Trend

	Production	Import	Export	Consumption
2005-06	42	4.3	4.8	41
2006-07	47	4.9	5.2	47
2007-08	50	7.0	5.1	52
2008-09	57	5.8	4.4	58
2009-10	55	7.4	3.3	59
2010-11	63	6.5	3.4	66
CAGR	8.4%	8.6%	(6.7%)	10%

Source: JPC

### Capacity addition programme

According to estimates by the Ministry of Steel, India is slated to add around 200 MnT of capacity during the next decade, increasing overall crude steel capacity from 78 MnT in 2010-11 to around 280-290 MnT by 2020. Certain estimates suggest that India would emerge as the world's second largest steel producer by 2015-16.

Sate	Mou's	Capacity (MnT)
Orissa	49	75.66
Jharkhand	65	104.23
Chhattisgarh	74	56.61
West Bengal	12	21.00
Others	22	18.20
Total	222	275.20

Source: Ministry of Steel

### Per Capita Consumption

India presents a high growth potential with its per capita finished steel consumption of 54 kg, compared with 430 kg in China and 187 kg globally. Interestingly, India's per capita steel consumption in rural locations is only 13 kg, with 70% of Indians residing in these areas. The government is making efforts to leave adequate income in the hands of the rural masses through attractive procurement prices for agricultural produce and NREGA scheme. Rural markets are expected to emerge as a huge opportunity for increasing steel consumption in the coming years.

### **Market Size**

Steel industry is of great significance to the economic growth of the country. India has been ranked the world's fifth largest producer of crude steel in 2009 and is projected to become the world's second largest producer by 2015–2016, with a production volume of 54.5 million tonnes (MT). Various states have signed around 222 memorandums of understanding (MoUs), with a projected capacity of about 275.7 MT and an investment of more than US\$ 229 billion.

The steel production capacity is likely to reach 124 MT by 2011–12. In 2008–09, the installed capacity for crude steel was estimated at 64.4 MT, while production was estimated at 54.5 MT, resulting in an 85 per cent capacity utilisation. Long-products constituted 57 per cent of the total finished steel consumption, while the remaining 43 per cent was constituted by flat-products in 2007–08.

The Eleventh Five Year Plan (2007–2012) has allocated investments worth US\$ 490 billion for the infrastructure sector, comprising power, roads, highways, railways, ports, airports, mining and irrigation. Steel giants such as JSW Steel and Tata Steel are investing to enhance the capacities of products such as TMT bars (rebars) and many more.

### **Government Initiatives**

The Indian Government has laid more importance on infrastructure development in the Union Budget 2011. This would help in development of highways, ports, power projects, bridges and others, which will therefore increase the demand for steel.

With effect from May 24, 1992 steel industry was incorporated in the list of 'high priority' industries for automatic approval for foreign equity investment up to 51 per cent. This limit has since been increased to 100 per cent.

Import duties on key steel-making raw materials, comprising of mineral products, ores and concentrates have seen noteworthy reductions in successive budgets during the last few years.

The government introduced special economic zones (SEZs) in June 2005, with the plan of creating internationally competitive regions. Steel plants operating in SEZs receive some advantages like tax holiday; they can freely source inputs domestically or externally without any specific approval or duty payable.

### **Road Ahead**

The Indian crude steel production will grow at a compound annual growth rate (CAGR) of around 10 per cent during 2010-2013, according to a research report by RNCOS titled, "Indian Steel Industry Outlook to 2012." Additionally, various initiatives have been taken by the Government to boost economic growth, by injecting funds in industries such as construction, infrastructure, automobile, and power. This will provide an impetus for growth for the steel industry in future. The report also states that steel consumption in India is expected to grow considerably in coming years. Another report by Global Consultancy firm Ernst & Young states that India would have annual production capacity of 101 MT in 2011-12.

Attracted by the growth prospective of the Indian steel industry, numerous global steel players have been planning to enter the market or have announced their expansion plans. For instance, ArcelorMittal and POSCO have planned mega Greenfield projects at various locations in India.

Additionally, few other global players have entered into strategic partnerships or joint ventures with Indian steel majors to capitalise on their existing client base in the region.

(Exchange rate used: INR 1 = US\$ 0.02253, as on July 22, 2011)

(Source : RNCOS, Economywatch, Metalminer, World Steel Association, Media News, IBEF, National Informatics Centre, Ernst & Young)

## **2. OPPORTUNITIES, THREATS AND FUTURE OUTLOOK :**

The steel production capacity in the country



# SUJANA METAL PRODUCTS LIMITED

has increased substantially and production may touch around 200 MT by the year 2020. The country has the necessary iron ore reserves to achieve this level of steel production. As highlighted earlier, due to India's expected acceleration in GDP growth rate in the medium and long-term, the demand for steel is bound to go up significantly. This will benefit all steel producers including your Company.

India is one of the very few economies in the world which is growing at a commendable speed and promises a huge opportunity for core industries like steel. The economy is expected to grow by more than 9% in the fiscal 2011-12. If this comes true, it will surely give big boost to the steel consumption in the country.

Government's intention to boost economic growth by injecting funds in various industries, like construction, infrastructure, power etc. will drive the demand for steel. The average per capita consumption of steel in India is 46 kgs, compared to the global average of 198 kgs thus; there is huge scope for increasing steel production in India.

In spite of rising demand from various sectors coupled with increased government spending on infrastructure, the Indian Steel Industry is likely to face severe challenges. The main challenge steel producers would face from high raw material prices, putting pressure on operating margins. India, being mostly dependent on imports for coking coal, is more likely to be affected by the volatility in coking coal prices.

Increase in input costs, adverse exchange rate fluctuations and hardening of interest rates are some of the specific threats that the Company continues to mitigate by careful planning, active treasury management and use of alternative borrowing instruments. The Company is also actively searching for growth opportunities and new markets in all its product segments.

### 3. RISK PERCEPTION:

The Company is exposed to normal industry risk factors of competition, project delay, human resource, cost escalation and consumer attrition. Your Company manages these risks, by maintaining a conservative financial profile and by following prudent business and risk management practices.

A varied product portfolio and wide geographical presence and reach, both domestic and international, have helped the Company to significantly de-risk its business. Manufacturing units in Taminadu and Andhra Pradesh have enabled the Company to cater to the needs of its customers, meeting delivery deadlines at prescribed locations. The Company has sales and technical servicing offices at Mumbai, Chennai, Bangalore, Hyderabad and Visakhapatnam. Multi locational presence has reduced distribution and inventory costs and delivery times.

### 4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. These procedures are designed to ensure that:

- ❖ all assets and resources are acquired economically, used efficiently and are adequately protected;
- ❖ significant financial, managerial and operating information is accurate, reliable and is provided timely; and
- ❖ all internal policies and statutory guidelines are complied with.

The effectiveness of internal control is continuously monitored by the Audit Committee of the Company. The Company has an Audit Committee which regularly reviews the reports submitted. All significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Committee also met the Company's

Statutory Auditors to ascertain their views on the adequacy of internal control systems in the Company and their observations on financial reports. The Audit Committee observations are acted upon by the Management. The Company has implemented the corporate governance requirements and the Audit Committee periodically reviews the systems and procedures of the Company.

## 5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

We have achieved a growth of 119.96 % in annual revenues, recording Rs.426298.83 Lakhs for the year 2009-11 (consisting of 18 months) as against 193805.83 Lakhs in the previous financial year 2008-09 (consisting of 12 months). The net profit before tax stood at Rs. 6537.91 Lakhs In 2009-11 as against Rs. 3752.22 Lakhs in the previous financial year 2008-09.

### Highlights of the Financial Results:

#### 1. Share Capital

- At present, we have two classes of shares
- Equity shares of face value of Rs. 5/- each
- Preference Shares of Rs. 100/- each

#### Authorised capital:

As on the date of this report, the Authorized Share Capital of the Company is Rs. 200,00,00,000 (Rupee Two Hundred Crores only) divided into 32,00,00,000 (Thirty Two Crores only) Equity Shares of Rs. 5/- each and 40,00,000 (Forty Lakhs only) Preference Shares of Rs. 100/- each.

#### Movement in Paid-up Capital:

Movement of the paid-capital is provided in the table below:

Particulars	Equity Shares (Nos)	Preference Shares (Nos)	Rs. Crore
Paid-up capital beginning of year(01.10.2009)	6,92,56,524	35,31,625	69.94
Add: 2,44,62,857 Equity shares of Rs.5/- each allotted to the promoters and non-promoters (Date of allotment:19.11.2009).	2,44,62,857	—	12.23
*Less: 20,38,260 Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each redeemed	—	(20,38,260)	(20.38)
Add: 5,26,31,500 underlying equity shares of Rs.5/- each issued through GDRs(Date of allotment:23.12.2009).	5,26,31,500	—	26.31
Add: 100,00,000 Equity shares of Rs.5/- each allotted to the promoters(Date of allotment:19.01.2010).	100,00,000	—	05.00
Add: 130,00,000 Equity shares of Rs.5/- each allotted to the promoters(Date of allotment : 10.03.2010).	130,00,000	—	6.50
Add: 150,00,000 Equity shares of Rs.5/- each allotted to the promoters (Date of allotment : 24.03.2010).	150,00,000	—	7.50
Add: 120,00,000 Equity shares of Rs.5/- each allotted to the promoters (Date of allotment : 30.03.2010).	120,00,000	—	6.00
Total as on date of this report (i.e. 29.08.2011)	19,63,50,881	14,93,365	113.10

\*Note:- The Company has fulfilled all the terms and conditions as per the letters Nos : SASF/ Sujana Metal/No:706 dated:25.06.2008 and SASF/ SMPL(Sujana)/ No.2(2008-09) dated:06.12.2008 of Stressed Assets and Stabilisation Fund(SASF) while restructuring the loans of Sujana Steels Limited which was transferred to the Company during the merger. However, the repayment of cash portion of restructuring is existing as it is required to be made w.e.f. June 01, 2009 (Cash Component of Rs.44.16 Crores repayable in 24 quarterly

# SUJANA METAL PRODUCTS LIMITED

instalments commencing from June 01,2009). Therefore, the existing Cumulative Redeemable Preference Shares (CRPS) for Rs.20, 38, 26,000 stands redeemed w.e.f. 19th November 2009.

**Reserves & Surplus:**

In 2009-11 period, the reserves stand at Rs. 59073.71 Lakhs against Rs.32932.76 Lakhs in 2008-09. The increase in reserves are Rs.26140.95 lakhs.

**Loan Funds:**

(Rupees in Lakhs)

	2009-11 (18 months)	2008-09 (12 Months)
Secured Loans	89943.21	55468.82
Un-secured Loans	10910.42	9367.98

**Net Worth:**

The net worth of the Company as on 31st March, 2011 (consisting of 18 months) is Rs.70384.68 lakhs against Rs. 39927.22 Lakhs in 2008-09. The increase in the Net worth is about 76.28% when compared to net worth at the end of previous financial year.

**Fixed Assets:**

The Gross Block as on 31.03.2011 stood at Rs. 58087.28 lakhs and the Net Block as on 31.03.2011 stood at Rs. 43231.85 Lakhs

**Investments:**

Investments of the Company as on 31.03.2011 invested is Rs. 761.11 Lakhs against Rs. 686.39 Lakhs as on 30.09.2009.

**Loans, Advances:**

Loans and Advances as on 31st March, 2011 are Rs. 54506.82 Lakhs against Rs. 19778.86 Lakhs as on 30th September, 2009.

**6. SEGMENTWISE PERFORMANCE & GEOGRAPHICAL INFORMATION:**

The Company primarily engaged in the business of manufacturing sales and Trading sales of Iron & Steel products. The Company has identified two primary business segments, namely manufacture steel and Trade Steel

& Steel products, which in the contest of accounting standard - 17 on "Segment Reporting" constitute reportable segments.

**7. STATUTORY COMPLIANCE :**

Your Company gives priority to compliance with all of the statutory requirements in time and the management regularly discusses the same with all of the departmental heads. The Company Secretary, as Compliance Officer, ensures timely compliance with the SEBI Regulations and provisions of listing agreements.

**8. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES:**

The development of Human Resources is a key strategic challenge in order to prepare people for future responsibilities in terms of professional skills as well as business skills. Sujana Metal Products Limited has conducted training programmes to its employees enabling them to improve / upgrade their skills.

The Company recruited fresh Engineering graduates, Diploma engineers and fresh Chartered Accountants, Experienced Executives are recruited only for critical positions for which skill sets are not adequate in the existing team.

Silent Revolution continues unabated: Creating tomorrow's leaders through identification and nurture of potential talent. The Company has taken numerous initiatives for leadership development.

**Cautionary Statement**

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry – global or domestic or both, significant changes in political and economic environment in India, applicable statutes, litigations, labour relations and interest costs.

**Persons constituting Group coming within the definition of 'Group' as defined in the Monopolies and restrictive Trade practices Act, 1969 include the following:**

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>01. Shri YS Chowdary and his relatives</li> <li>02. Shri G. Srinivasa Raju and his relatives</li> <li>03. Shri S. Hanumantha Rao and his relatives</li> <li>04. Shri R.K. Birla and his relatives</li> <li>05. Alpha Ventures Limited, Cayman Islands</li> <li>06. Asian Tide Enterprises Limited, Hong Kong</li> <li>07. Aspiring Enterprises Private Limited</li> <li>08. Digitech Business Systems Limited, Hong Kong</li> <li>09. Empire Gulf FZE, UAE</li> <li>10. Esteem Hotels Limited</li> <li>11. Foster Infin and Trading private limited</li> <li>12. Foster Ventures Pte Ltd., Singapore</li> <li>13. Gamma Machinery &amp; Equipment Pte. Limited, Singapore</li> <li>14. Glade Steel Private Limited</li> <li>15. Hestia Holdings Ltd, Mauritius</li> <li>16. Indus Creators Private Limited.</li> <li>17. Indus Housing Private Limited.</li> <li>18. Kakatiya Enclaves Private Limited.</li> <li>19. Kakatiya Landscapes Private Limited.</li> <li>20. Meka Housing and Developers Private Limited.</li> <li>21. Nuance Holdings Limited, Hong Kong</li> <li>22. Pac Ventures Pte. Limited, Singapore</li> <li>23. Pradan Housing Private Limited.</li> <li>24. Platina Properties and Projects Limited.</li> <li>25. Selene Holdings Ltd, Mauritius</li> <li>26. STL Africa Ltd, Mauritius</li> <li>27. Sujana Capital Services Limited</li> <li>28. Sujana Energy Limited</li> <li>29. Sujana Finance and Trading Private Limited</li> </ol> | <ol style="list-style-type: none"> <li>30. Sujana Holdings Limited, India</li> <li>31. Sujana Holdings Limited, UAE</li> <li>32. Sujana Ports Limited.</li> <li>33. Sujana Power(Gangikondan) Limited,</li> <li>34. Sujana Power (India) Limited,</li> <li>35. Sujana Power(Tuticorin) Limited,</li> <li>36. Sujana Projects Limited</li> <li>37. Sujana Pumps and Motors Private Limited</li> <li>38. Sujana Towers Limited</li> <li>39. Sujana Transmissions Limited</li> <li>40. Sujana Universal Industries Limited</li> <li>41. Sujana Ventures Pte Ltd., Singapore</li> <li>42. Sun Trading Limited, Cayman Islands</li> <li>43. Telesuprecon Limited, Mauritius</li> <li>44. Verma Realtors Private Limited.</li> <li>45. Yalamanchili Finance and Trading Private Limited</li> <li>46. Yalamanchili Ventures Pte Ltd., Singapore.</li> <li>47. Zeva Engineering and Management Services Private Limited.</li> </ol> |
|---|---|

During the year 2006-07, there was merger of M/s. Sujana Steels Limited with M/s. Sujana Metal Products Limited. M/s. GB Trading and Investments Private Limited, M/s. Lumbini Electricals Private Limited, M/s. Golkonda Finance and Trading private Limited and Prime Infoinvest Limited were Non Promoter shareholders in M/s. Sujana Steels Limited and During the process of merger with M/s. Sujana Metal Products Limited, these Companies were treated as promoters' Group by Bombay Stock Exchange Limited.

The above statement has been published to avail the exemption under Regulation 3(1)(e)(i) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time.

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## REPORT ON CORPORATE GOVERNANCE

(As per Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

### I. Brief statement on Company's Philosophy on Code of Governance

Corporate Governance is the set of policies, practices, procedure and processes by which a Company conducts its affairs in pursuit of its business goals. Your Company believes in adopting the best practices in the areas of Corporate Governance. Even in this cutthroat competitive business environment, the Management of your Company is committed to achieve the values of integrity, honesty, transparency and accountability which are fundamental to the Sujana Group.

During the year, the Company has its best corporate practices so as to bring them in line with the revised Clause 49 of the listing agreements. The Company adopted the Code of Conduct for Non-Executive Directors as prescribed in the revised Clause.

The Company will continue to focus its resources, strengths and strategies for creation and safeguarding of shareholder's wealth and at the same time protect the interests of all its shareholders.

### II. Board of Directors

#### (I) Composition of Board of Directors

The Company has a Non-Executive Chairman and the number of Independent Directors is not less than half of the total number of Directors as required by Clause 49. The number of Non-Executive Directors is more than 50% of the total number of Directors.

The Current Policy is to have an appropriate mix of executive and independent directors to maintain the independence of the board and to separate the board functions of governance and management.

Thus, your Company's Board of Directors consists of Nine (9) members, out of which one (1) is Managing Director and two (2) are Promoter and Non-Executive Directors, Four (4) of them are Independent and Non-Executive Directors, one (1) is Executive Director and one (1) is a Nominee Director.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names categories of the Directors on the Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee memberships held by them in other Companies are given below:

Sl. No.	Name of the Director	Category	Designation	No. of Board Meetings attended	Attendance of each Director at last A.G.M
1.	Shri Y.S. Chowdary	Promoter & Non-Executive Director	Director	4	Yes
2.	Shri R.K. Birla	Executive Director	Managing Director	6	Yes
3.	Shri J. Ramakrishnan	Independent & Non-Executive Director	Director	8	Yes
4.	Dr. V. Malakonda Reddy	Independent & Non-Executive Director	Director	8	Yes



5.	Shri S. Hanumantha Rao	Executive Director	Director (Finance)	8	Yes
6.	Shri G. Srinivasa Raju	Promoter & Non-Executive Director	Director	6	No
7.	Dr. K. Srinivasa Rao	Independent & Non-Executive Director	Director	7	No
8.	Shri N.Srikrishna	Independent & Non-Executive Director	Director	6	Yes
9.	Shri S.Ramachandran*	Nominee from IDBI (Resigned)	Director	2	No
10	Shri Ashok Kumar De*	Nominee from IDBI	Director	4	Not Applicable

Sl. No.	Name of the Director	No. of Directorships in other companies		No. of Committee positions held in other companies	
		No. of Chairmanships	No. of Directorships	No. of Chairmanships	No. of Committee Memberships
1	Shri Y.S. Chowdary	2	15*	2	4
2	Shri R.K. Birla	--	1	-	-
3	Shri J. Ramakrishnan	--	1	1	5
4	Dr. V. Malakonda Reddy	--	--	-	-
5	Shri S. Hanumantha Rao	--	11*	2	7
6	Shri G. Srinivasa Raju	--	13*	2	6
7	Dr. K. Srinivasa Rao	--	1	1	2
8	Shri N.Srikrishna	--	1	--	---
9	Shri S.Ramachandran*	--	1	--	--
10	Shri Ashok Kumar De*	--	1	--	--

\* including private limited Companies

**Change in Composition of Board of Directors since the date of last AGM held on 27.03.2010:**

**\*Nomination of Shri S.Ramachandran from the Board has been withdrawn by IDBI with effect from 14.05.2010 and Shri Ashok Kumar De has been appointed as IDBI nominee director with effect from 14.05.2010.**

## (ii) **Board Procedure**

Your Company's Board of Directors meets atleast once a quarter in a year to review the quarterly results and other items on the Agenda and also on the occasion of the Annual Shareholders' Meeting. When necessary, additional meetings are held. Committees of the Board usually meet on the same day of the formal Board Meeting or as and when required.

**Eight (8)** Board Meetings were held during the Period 2009-11 and the gap between two meetings did not exceed three months. The dates on which the Board Meetings were held were as follows:

19th November, 2009, 30th December, 2009, 30th January, 2010, 3rd March, 2010, 14th May, 2010, 13th August, 2010, 12th November, 2010 and 12th February, 2011.

Board Meetings are usually held at the registered office of the Company. Notices of Board Meetings were sent to the Directors as required under Section 286 of the Companies Act, 1956. Dates of Board

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Meeting were communicated well in advance and the Agenda, explanatory notes were also sent in advance to the Directors.

The information as required under Annexure IA to Clause 49 was being made available to the Board.

The Board periodically reviews compliance reports of all laws applicable to the Company. Steps were taken by the Company to rectify instances of non-compliance, if any.

- ❖ Apart from receiving sitting fee for attending meetings, the Independent Directors do not have any material pecuniary relationships or transactions with the Company, its promoters, Directors, senior management or its holding Company, subsidiaries and associates which may affect the independence of the Director.
- ❖ The Independent Directors are not related to the promoters or persons occupying management positions at the Board level or at one level below the Board.
- ❖ The Independent Directors have not been executives of the Company in the immediately preceding three financial years.
- ❖ They are not partners or executives or were not so during the preceding three years of the
  - Statutory audit firm or the internal audit firm associated with the Company.
  - Legal firm(s) and Consulting firm(s) that have a material association with the Company.
- ❖ The Independent Directors are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect their independence.
- ❖ They are not substantial shareholders of the Company i.e. do not own 2 per cent or more of the block of voting shares.

## III Audit Committee

### (i) Scope of the Audit Committee

The main objective of the audit committee of your Company is to monitor and effectively supervise the financial reporting process of your Company with a view to provide accurate, timely and proper disclosures. However the scope of activities of the Audit Committee is as set out in Clause 49 of the Listing Agreements entered with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - ❖ Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956

- ❖ Changes, if any, in accounting policies and practices and reasons for the same
  - ❖ Major accounting entries involving estimates based on the exercise of judgment by management
  - ❖ Significant adjustments made in the financial statements arising out of audit findings
  - ❖ Compliance with listing and other legal requirements relating to financial statements
  - ❖ Disclosure of any related party transactions
  - ❖ Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  8. Discussion with internal auditors any significant findings and follow up there on.
  9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
  12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

In addition to the above, such other matters in connection with and incidental thereto in compliance with the listing agreements entered with the Stock Exchanges.

**(ii) Composition and Procedure of the Audit Committee**

The audit committee shall meet atleast four times in a year and not more than four months shall elapse between two meetings.

The quorum for the audit committee shall be either two members or one third of the members whichever is higher and minimum of atleast two independent directors.

The Audit Committee of your Company comprises of Four (4) members, out of which Three (3) are independent and non-executive directors and one (1) Executive Director. Shri S.Hanumantha Rao, a director having financial and accounting knowledge and held Eight (8) meetings during the year. The details of the same are:

No. of meetings held during the financial period : 8 (Eight)

# SUJANA METAL PRODUCTS LIMITED

Sl. No.	Name of the Member	Designation	No. of Meetings attended
1	Shri.N.Srikrishna	Member & Chairman	6
2.	Dr. K.Srinivasa Rao	Member	8
3.	Shri S. Hanumantha Rao	Member	8
4.	Dr.V.Malakonda Reddy	Member	8

**Change in Composition of Audit Committee since the date of last AGM held on 27.03.2010: Nil**

Dates on which the Audit Committee meetings were held are as follows:  
 30th December, 2009, 30th January, 2010, 03rd March, 2010, 14th May, 2010, 13th August, 2010, 12th November, 2010 , 12th February, 2011 and 07th March, 2011.

The necessary quorum was present at the meetings.  
 Shri N.Srikrishna, Chairman of the Audit Committee was present at the 20th Annual General Meeting held on 27th March, 2010.

Audit Committee meetings are attended by the Chief Financial Officer, Representatives of Statutory Auditors and Representation of Internal Auditors. The Company Secretary acts as the Secretary of the Audit Committee.

## IV. Remuneration Committee

- (i) Scope of the Remuneration Committee**
  - a. Review the performance of the Managing Director, after considering the Company's performance.
  - b. Recommends to the Board remuneration including salary, perquisites and commission to be paid to the Company's Managing Director.
  - c. Finalize the perquisites package of the Managing Director within the overall ceiling
- (ii) Composition and other details of the Remuneration Committee**

The Remuneration Committee of your Company comprises of three (3) members, all of them are non-executive directors, the chairman of the committee being an independent director.

The existing Committee comprises :

Sl. No.	Name of the Member	Designation
1.	Dr. K. Srinivasa Rao	Member & Chairman
2.	Shri J.Ramakrishnan	Member
3.	Dr. V. Malakonda Reddy	Member

There was no change in the composition of Remuneration Committee since the date of last AGM held on 27.03.2010.

No Remuneration Committee meeting was held during the financial period 2009-11.

**(iii) Remuneration Packages paid to Executive Directors during the period:**

Name	Salary P.A. (Rs)	Commission/ Incentives P.A. (Rs)	Deferred Benefits (Perquisites) (Rs)	Others	Total (Rs)
Shri R.K. Birla	1,08,00,000	--	--	--	1,08,00,000
Shri S. Hanumantha Rao	14,40,000	--	--	90,000	15,30,000

**Remuneration Policy:**

The Remuneration Committee of Board of Directors of the Company generally decides and makes recommendations to the Board of Directors about the remuneration to be paid to the Directors and other Key Managerial Persons of the Company. The Remuneration recommendations about the remuneration of Directors are subject to the approval of the Members of the Company and the remuneration of the key managerial persons is to be recommended by the remuneration committee to the Board.

The Company is proposing to have a plan for continuous appraisal of various parameters to analyze the performance of the Directors and Key Managerial Persons and to decide the annual compensation to be paid to them.

**Sitting Fee details:**

Sl. No	Name of the Director	Sitting fee paid During the period (Amount in Rs.)
1	Dr. K. Srinivasa Rao	80,000
2	Dr.V.Malakonda Reddy	85,000
3	Shri J. Ramakrishnan	40,000
4	Shri N. Srikrishna	65,000
5	Shri S.Ramachandran*	10,000
6	Shri Ashok Kumar De*	20,000
	Total	<b>300,000</b>

Sitting fee was paid at a rate of Rs. 5000/- till 12th February, 2011, and thereafter it was increased to Rs .10,000 for attending each Meeting.

**\*Nomination of Shri S.Ramachandran from the Board was withdrawn by IDBI with effect from 14.05.2010 and Shri Ashok Kumar De was appointed as IDBI nominee director with effect from 14.05.2010.**

**(iv) Shareholding of Directors as on 31.03.2011:**

The following table sets out the shareholdings of the Directors in the Company as at 31 March 2011:



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Name of the Director	Designation	No. of Shares held
Shri Y.S.Chowdary	Chairman	5,700,629
Shri R.K.Birla	Managing Director	—
Shri S.Hanumantha Rao (as trustee)	Executive Director	7
Shri G.Srinivasa Raju	Promoter Director	—
Shri N.Srikrishna	Independent and Non-Executive Director	—
Shri J.Ramakrishnan	Independent and Non-Executive Director	—
Dr.V.Malakonda Reddy	Independent and Non-Executive Director	—
Dr.K.Srinivasa Rao	Independent and Non-Executive Director	—
Shri Ashok Kumar De	IDBI Nominee	—

## V. Shareholders' Grievance Committee

### (i) *Scope of the Shareholders' Grievance Committee*

The Shareholders' Grievance Committee of your Company shall look into the redressing of shareholder and investor complaints like transfer of shares, non-receipt of Balance Sheet, non-receipt of declared Dividend, etc.,

### (ii) *Constitution and Composition of the Shareholders' Grievance Committee*

The Shareholders' Grievance Committee of your Company comprises of three (3) members.

No Shareholders' Grievance Committee Meeting was held during the financial period 2009-11 and all the grievances received by the Company from the members of the Company have been resolved by the Share Transfer Committee.

The existing Committee consists of three Directors. The details of the same are:

Sl. No.	Name of the Director	Designation
1.	Shri G.Srinivasa Raju	Member & Chairman
2.	Shri Y.S.Chowdary	Member
3.	Shri S.Hanumantha Rao	Member

There was no change in the composition of Shareholders' Grievance Committee since the date of last AGM held on 27.03.2010.

### (iii) *Name and Designation of the Compliance Officer*

The name and designation of the Compliance Officer of your Company is Shri Shaik Ibraheem, Company Secretary of your Company.

**(iv) No. of Shareholders Complaints received so far during the period**

Nature of queries/complaints	Received	Resolved	Un resolved
No.of requests for change of Address	20	20	--
Advice procedure for name deletion/duplicate	4	4	--
No.of requests for transmission	2	2	--
Non receipt of Annual Reports	1	1	--
Duplicate Certificate Requests documents	2	2	--
Duplicate Certificate Requests letters	4	4	--
Exchange of share certificates	25	25	--
Non receipt of Demat Rejected Share certificates	2	2	--
Miscellaneous Letters	11	11	--
<b>TOTAL</b>	<b>71</b>	<b>71</b>	<b>--</b>

**(v) No. of Pending Transfers**

There are no share transfers pending for more than a fortnight.

**VI. Share Transfer Committee**

The share transfer committee comprises of Shri Y.S.Chowdary, Shri G.Srinivasa Raju and Shri R.K.Birla. Shri G.Srinivasa Raju is the Chairman of the Committee. The role, terms of reference, the authority and powers of the Share Transfer Committee are in conformity with the provisions of the Companies Act, 1956. During the period under review the Share Transfer Committee met 11 (Eleven) times.

There was no change in the composition of Share Transfer Committee since the date of last AGM held on 27.03.2010.

**VII. Management Committee**

The Management Committee comprises of Shri Y.S.Chowdary, Shri G.Srinivasa Raju, Shri R.K.Birla and Shri S.Hanumantha Rao. The role, terms of reference, the authority and powers of the management committee are in conformity with the provisions of the Companies Act, 1956. During the period under review the management committee met 51(Fifty One) times.

There was no change in the composition of Management Committee since the date of last AGM held on 27.03.2010.

## SUJANA METAL PRODUCTS LIMITED

### VIII. (i) General Body Meetings :

Details of Last three AGMS held

Sl. No.	No. of Annual General Meeting	Date of the Annual General Meeting	Location	Time	Details of Special Resolutions passed
1.	20 <sup>th</sup> A.G.M	27 <sup>th</sup> March, 2010	Plot Nos. 10,11 & 12, Survey No.172, Bollaram Village, Jinnaram Mandal, Medak Dist, Andhra Pradesh.	11.30 A.M	No special resolution was passed.
2.	19 <sup>th</sup> A.G.M	27 <sup>th</sup> February, 2009	Plot Nos. 10,11 & 12, Survey No.172, Bollaram Village, Jinnaram Mandal, Medak Dist, Andhra Pradesh.	11.30 A.M.	1. To appoint Shri N. Sri Krishna as Director 2. To re-appoint Shri R.K Birla as Managing Director 3. To fix remuneration of Shri R.K Birla
3.	18 <sup>th</sup> A.G.M	31 <sup>st</sup> December, 2007	Plot Nos. 10,11 & 12, Survey No.172, Bollaram Village, Jinnaram Mandal, Medak Dist, Andhra Pradesh.	11.30 A.M.	1. To fix the remuneration of Shri R.K.Birla, Managing Director of the Company. 2. To make any loan to and/or to give any guarantee to and/or to provide security Under Section 372A of the Companies Act, 1956. 3. To increase the authorized share capital of the Company from Rs.105 crores to Rs.145 crores. 4. To raise additional capital by further issue of equity shares and/or financial instruments convertible into equity shares at later date u/s 81 (1A) of the Companies Act, 1956.

### (ii) One Extra-ordinary General Meeting of the shareholders was held during the year.

S.No	EGM during the year	Details of Special Resolutions passed
1.	24.10.2009	1. Increase of Authorized Capital of the Company from Rs.145 Crores to Rs.200 Crores. 2. Issue of Equity Shares/Convertible Warrants of the Company on Preferential Basis to Promoters and Others under Section 81 (1A) of the Companies Act, 1956. 3. Issue of Further Equity Shares of the Company by way of Global Depository Receipts (GDRs)/Foreign Currency Convertible Bonds(FCCBs) U/S 81 (1A) of the Companies Act, 1956 upto an amount of US\$ 60 million. 4. To enhance the remuneration of Shri S.Hanumantha Rao, Executive Director of the Company. 5. To enhance the remuneration of Shri R.K.Birla, Managing Director of the Company. 6. To make available the Registers and Records required to be maintained under various provisions of the Companies Act, 1956 for Inspection by the members of the Company.

**(iii) Details of special resolution passed in the last year through postal ballot and details of voting pattern.**

S. No	Details of Resolution passed through postal ballot	Details of voting pattern	Person who conducted the postal ballot exercise.
1	<p>Special Resolutions passed on 24.12.2009 to approve</p> <p>(a) Special Resolution under Section 81(1A) of the Companies Act, 1956 to approve the further issue of convertible warrants on preferential basis to the promoters.</p> <p>(b) Special Resolution to Increase the limit of making loan, investment, security, guarantee Under Section Sec 372A of the Companies Act, 1956.</p>	<p>(a) No of votes cast in favour of the resolution: 9544162 No of votes cast against of the resolution:3800.</p> <p>(b) No of votes cast in favour of the resolution: 9543362 No of votes cast against of the resolution: 4600.</p>	<p>Y. Ravi Prasada Reddy Practising Company Secretary FCS No:5783 CP No:5360</p>
	<p>Ordinary Resolution passed on 24.12.2009 to</p> <p>(c) Increase the borrowing powers of the Company.</p>	<p>(c) No of votes cast in favour of the resolution: 9546162 No of votes cast against of the resolution:1800.</p>	
2	<p>Special Resolutions passed on 24.12.2010 to approve</p> <p>(a) Shift the registered office of the Company from survey no:296/7/9, IDA Bollaram, Jinnaram Mandal, Medak District to Plot No:18 Nagarjuna Hills, Punjagutta, Hyderabad -500 082.</p> <p>(b) Issue such number of equity shares and/or any securities linked to, convertible into or exchangeable for equity shares including without limitations through global depository receipts (GDR)/foreign currency convertible bonds (FCCBS)/ foreign currency exchangeable bonds (FCEB)/ american depository receipts (ADR), qualified institutional placements (QIP) for an aggregate amount not exceeding Rs.450 crores.</p> <p>(c) Make any loan and/or to make investment and/or to give any guarantee and/or to provide security u/s section 372A of the companies act, 1956.</p>	<p>(a) No of votes cast in favour of the resolution: 103994196  No of votes cast against of the resolution1606.</p> <p>(b) No of votes cast in favour of the resolution: 103993897  No of votes cast against of the resolution2005.</p> <p>(c) No of votes cast in favour of the resolution: 1103983297 No of votes cast against of the resolution12505.</p>	<p>Y. Ravi Prasada Reddy Practising Company Secretary FCS No:5783 CP No:5360</p>
	<p>Ordinary Resolution passed on 24.12.2010 to</p> <p>(d) Increase the borrowing powers of the Company under section 293(1)(d) of the companies act, 1956 from Rs.1500 crores to Rs.2000 crores.</p>	<p>(d) No of votes cast in favour of the resolution: 103994097  No of votes cast against of the resolution1805.</p>	

**iv. Details of special resolution which is proposed to be passed through postal ballot – Nil.**

# SUJANA METAL PRODUCTS LIMITED

## IX Disclosures:

### (i) **Materially Significant related party transactions:**

There are no materially significant related party transactions i.e. transactions, material in nature with its Promoters, the Directors or the Management, their subsidiaries or relatives etc., having potential conflict with the interests of the Company at large except as mentioned in Schedule 23 to the Annual Accounts for the period ended 31.03.2011.

### (ii) **Details of Statutory Non-compliances:**

There have not been any non-compliance by the Company and no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority, on any material related to capital markets, during the last three (3) years.

(iii) The Board has not yet deliberated the matter relating to Whistle Blower Policy. No personnel have been denied access the audit committee.

### (iv) **Risk Management :**

The management of the Company has identified some of the major areas of concern having inherent risk viz., Foreign Currency Fluctuation, Client Concentration, Technology Risks and Credit Control. The process relating to minimizing the above risks has already been initiated at the different levels of management and the same is expected to be further strengthened in the Financial period 2009-11.

### (v) **Adoption of non mandatory requirements :**

Besides mandatory requirements under Clause - 49 of the Listing Agreement your Company has voluntarily constituted a remuneration committee to consider and recommend the remuneration of executive directors. The Company also endeavors to fully comply with all other non mandatory requirements of Clause 49 as well.

## X. Other Disclosures as per Clause 49 of the Listing Agreement:

### (i) **Clause 49(I)(D): Code of Conduct :**

The Company has adopted a Code of Conduct as required under Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges, which applies to all the Board Members and Senior Management of the Company. The Board Members and Senior Management personnel have affirmed their compliance with the Code on annual basis and their confirmations have been received in this regard. The Code of Conduct has been posted on the Company's website. A separate declaration to this effect signed by the Managing Director is attached.

### (ii) **Clause 49(IV)(B): Disclosure of Accounting Treatment :**

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently and comply with the material aspects with the accounting standards notified under Section 211 (3C) of the Companies Act, 1956. Significant Accounting policies is provided elsewhere in the Annual Report.

### (iii) **Clause 49(IV)(E) :**

- (a) None of the Independent/Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the judgment of the Board may affect the independent of the director except receiving sitting fee for attending Board/Committee meetings.
- (b) None of the non-executive director is holding any shares in the Company.

**(iv) Management Discussion and Analysis Report :**

A management Discussion and Analysis Report form part of this Annual Report and is in accordance with the requirements as laid down in Clause 49 of the Listing Agreement with Stock Exchanges.

**(v) Clause 49(IV)(G): Shareholders Information :**

(a) Appointment/Re-appointment of Directors: The brief resume of directors retiring by rotation and Whole-time Directors seeking re-appointment, including nature of their experience in specific functional areas, names of companies in which they hold directorship and membership of committees of the Board is appended to the Notice for calling Annual General Meeting.

(b) None of the Directors are related to each other.

**(vi) Clause 49(V) : CEO&CFO Certification:**

Certification by Chief Executive Officer and Chief Financial officer of the Company as required under Clause 49 of the Listing Agreement is provided elsewhere in this Annual Report.

**(vii) Prevention of insider trading: [Regulation 12 of the SEBI (Prohibition of Insider Trading) Regulations, 1992]:**

The Board has laid down a “Code of Conduct” for the prevention of “Insider Trading” in pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Duly Amended).

**XI. Means of Communication :**

1. Publication of Quarterly Financial Results in daily newspapers – Andhra Prabha or Financial Express or Business Standard and the same will be updated in the Company’s Website at [www.sujana.com](http://www.sujana.com)
2. Furnishing the Quarterly Financial Results to Stock Exchanges in which Company’s shares is listed.
3. Sending Balance Sheet, Profit & Loss Account, Directors’ Report & Auditors’ Report to Shareholders through Post.

**4. Company’s Corporate Website :**

The Company’s website is a comprehensive reference on Sujana Metal Products Limited’s management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The Section on ‘Investor Relations’ serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges, registrars, share transfer agents and frequently asked questions. Investors can also submit their queries and get feedback through online interactive forms. The Section on ‘Newsrooms’ includes all major press reports and releases, awards, campaigns.

**XII General Shareholders Information :**

**(i) Details pursuant to the 21st Annual General Meeting :**

1.	Date	24 <sup>th</sup> September, 2011
2.	Time	11.30 a.m
3.	Venue	At “ Kohinoor”, Taj Deccan, Road No. 1, Banjara Hills, Hyderabad-500 034, Andhra Pradesh
4.	Financial Period	2009-2011, (consisting of 18 months from 01.10.2009 to 31.03.2011)
5.	Book Closure Date	22.09.2011 (One day only)
6.	Dividend Payment Date	Not Applicable



# SUJANA METAL PRODUCTS LIMITED

**(ii) Details pursuant to Listing of Securities:**

The Company's Equity shares are listed on the following 3 Stock Exchanges in India :

1. Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Exchange Plaza,  
Bandra-Kurla Complex,  
Dalal Street, Mumbai 400 001
2. National Stock Exchange of India Ltd  
Exchange Plaza,  
Bandra-Kurla Complex  
Bandra(E)  
Mumbai - 400 051.
3. Madras Stock Exchange Limited  
Exchange Building, P.Box No:183,  
11, 2nd Line Beach,  
Chennai-600001.

**Global Depository Receipts** (GDRs) issued by the Company in the International Market have been listed on the Luxembourg Stock Exchange..

The Company has paid annual listing fees payable to each of the above Stock Exchanges for the financial period 2011-12.

**(iii) Stock Code/Symbol :**

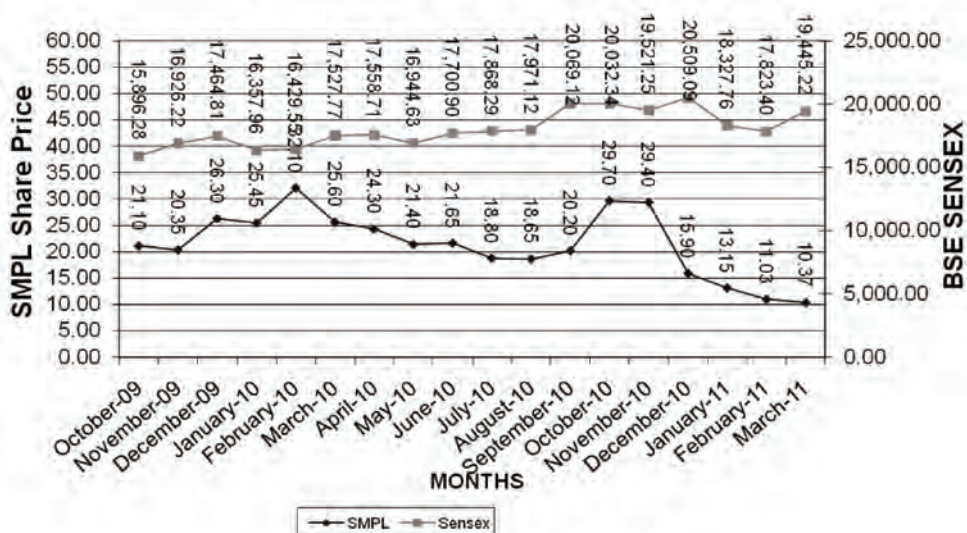
- |    |  |   |                      |
|----|--|---|----------------------|
| a. | BSE Scrip Code/NSE Symbol                      | : | 513414/SMPL          |
| b. | Luxembourg Stock Exchange (LuxSE) ISIN Code    | : | US86507T1034         |
| c. | Luxembourg Stock Exchange (LuxSE) Trading Code | : | US86507T1034         |
| d. | Demat ISIN in NSDL and CDSL for equity shares  | : | INE215G01021         |
| e. | Corporate Identity Number (CIN)                | : | L28120AP1988PLC08610 |

(iv) **Market Price Data :**

The monthly high and low stock prices during the financial period 2009-11 and performance in comparison to the Broad-based indices such as BSE-Sensex is provided hereunder.

Month	High Price	Low Price	Close Price	BSE SENSEX (Closing)
October 2009	25.50	17.35	21.10	15,896.28
November 2009	23.00	18.75	20.35	16,926.22
December 2009	30.00	20.60	26.30	17,464.81
January 2010	28.60	23.75	25.45	16,357.96
February 2010	34.10	25.00	32.10	16,429.55
March 2010	39.80	22.95	25.60	17,527.77
April 2010	28.50	23.75	24.30	17,558.71
May 2010	25.70	16.80	21.40	16,944.63
June 2010	22.55	19.55	21.65	17,700.90
July 2010	24.85	18.00	18.80	17,868.29
August 2010	21.80	18.30	18.65	17,971.12
September 2010	22.85	18.55	20.20	20,069.12
October 2010	32.50	20.20	29.70	20,032.34
November 2010	46.80	29.40	29.40	19,521.25
December 2010	27.95	14.60	15.90	20,509.09
January 2011	17.45	12.85	13.15	18,327.76
February 2011	13.30	8.99	11.03	17,823.40
March 2011	11.44	8.90	10.37	19,445.22

### Comparison with BSE SENSEX



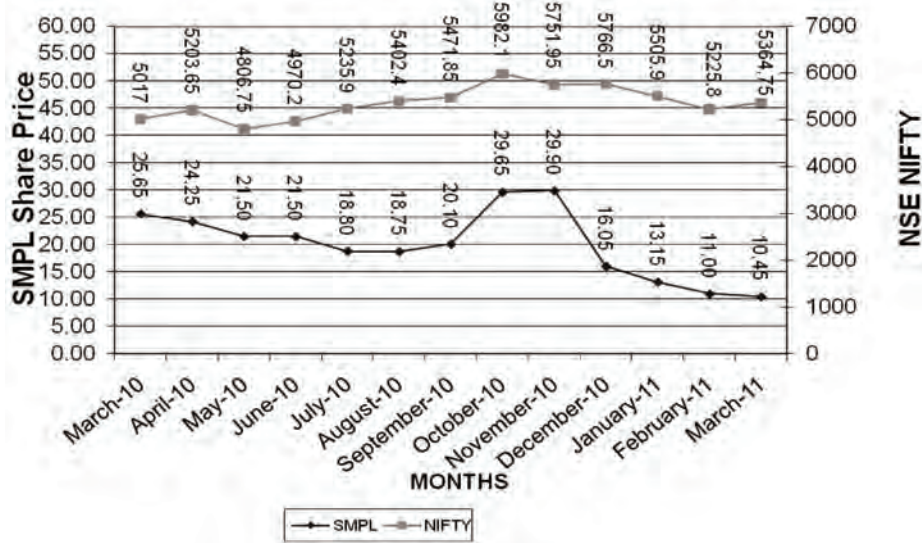
# SUJANA METAL PRODUCTS LIMITED

The monthly high and low stock prices during the financial period 2009-11 and performance in comparison to the Broad-based indices such as NSE-Nifty is provided hereunder.

The Company's equity shares were listed on NSE w.e.f:05.03.2010. Monthly high and low prices are available for the period from March, 2010 to March, 2011.

Month	High	Low	Close	NSE-NIFTY (CLOSING)
March 2010	40.05	22.55	25.65	5017.00
April 2010	28.85	22.55	24.25	5203.65
May 2010	25.90	16.75	21.50	4806.75
June 2010	22.80	19.50	21.50	4970.20
July 2010	22.50	18.00	18.80	5235.90
August 2010	21.65	18.40	18.75	5402.40
September 2010	22.95	18.70	20.10	5471.85
October 2010	32.50	18.60	29.65	5982.10
November 2010	46.70	29.85	29.90	5751.95
December 2010	28.40	14.65	16.05	5766.50
January 2011	17.65	12.95	13.15	5505.90
February 2011	13.30	8.95	11.00	5225.80
March 2011	11.80	9.00	10.45	5364.75

## Comparison with NSE NIFTY



**(v) Share Transfer System**

Your Company has appointed M/s. Bigshare Services Private Limited for dealing in with the shares of the Company in physical and electronic mode. Presently they are completing the process of transfer within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

**(vi) Dematerialization of Shares**

99.16% of the Company's Paid-up capital has been dematerialized upto 31.03.2011 as per the following details.

Particulars	Number of Shares	% of share capital
NSDL	97078752	49.44
CDSL	97622182	49.72
Physical	1649947	0.84
<b>Total</b>	<b>196350881</b>	<b>100.00</b>

Demat ISIN in NSDL and CDSL for equity shares: INE215G01021

**(vii) Distribution of Shareholding**

As on 31<sup>st</sup> March, 2011, the Distribution Shareholding was as follows:

Range (Rs)	No. of Shares	% of Shareholding	No. of Shareholders	% of Shareholders
Upto - 5,000	37631285	3.833	25603	85.35
5,001 - 10,000	14983115	1.526	1838	6.126
10,001 - 20,000	15557285	1.584	1032	3.440
20,001 - 30,000	13734595	1.398	546	1.920
30,001 - 40,000	6538700	0.666	182	0.606
40,001 - 50,000	10002045	1.018	209	0.696
50,001-1,00,000	20135415	2.050	275	0.916
1,00,001 and above	863171965	87.921	314	1.045
<b>Total</b>	<b>981754405</b>	<b>100.00</b>	<b>29999</b>	<b>100.00</b>

**(viii) Pattern of shareholding as on 31st March, 2011 (Face Value: Re.5 each)**

Category	Number of Shares	Percentage %
Promoter and Promoter Group	95107246	48.44
Financial Institutions/Banks	14436204	7.35
Foreign Institutional Investors	9600000	4.89
Body Corporate	26982179	13.74
Indian Public	50225252	25.58
<b>Total</b>	<b>196350881</b>	<b>100.00</b>

**(ix) Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity:**

As on the date of this report:

- 12946000 equity shares underlying 1294600 Global Depository Receipts(GDRs) are outstanding for conversion.

# SUJANA METAL PRODUCTS LIMITED

(x) **Reconciliation of Share Capital Audit Report:**

SEBI has vide its circular no: CIR/MRD/DP/30/2010 dated:06.09.2010 renamed the Secretarial Audit Report as the Reconciliation of Share Capital Audit Report.

Reconciliation of Share Capital Audit Report in terms of directive no:D & CC/FITTC/CIR-16/2002 dated: 31.12.2002, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) is placed before the board on a quarterly basis and is also submitted to the Stock Exchanges where the shares of the Company are listed.

(xi) **Plant Locations:**

**Hyderabad :**

- i) Survey No.296/7/9
- ii) Plot No. 4, Survey No.296/7/7, 8 & 11,
- iii) Survey No. 296/7/7, 296/7/8, 296/7/11
- iv) Survey No. 296/7/7, 8 & 11, IDA Bollaram, Jinnaram Mandal Medak District-502325, Andhra Pradesh.
- v) Survey No. 197 & 197, Parigi Road, Elikatta Village Shadnagar, Mahaboobnagar District, Andhra Pradesh.
- vi) Cut and Bend Division : Survey No. 204, 205 & 206 Elikatta Gram Panchayat, Farooq Nagar Mandal, Mahaboob Nagar District-509216, Andhra Pradesh.
- vii) Trading Division : Plot No. 4, Survey No. 296/7/7A, IDA Bollaram, Jinnaram Mandal Medak District-502325, Andhra Pradesh.

**Chennai :**

- i) Survey No. 204/8B, Manjankaranai Village, Chengai, M.G.R. District - 620 502, Tamilnadu
- ii) Plot No. B-20E, SIPCOT Industrial Complex, Gummidipondi, Chennai, Tamilnadu.
- iii) 150, Vichur Road, Vichur Village, Ponneri Taluq, Tiruvellure District, Tamilnadu.

**Visakhapatnam :**

Sanivada Village, Rajeevnagar, Visakhapatnam - 530 046, Andhra Pradesh

(xii) **Address for Correspondence**

**Secretarial Department:**

No.18, Nagarjuna Hills, Panjagutta,  
Hyderabad-500 082. Phone No.2335 1882.

**Regd.Office and Corporate Office:**

18, Nagarjuna Hills, Panjagutta,  
Hyderabad-500 082. Ph: 23351882, 23351887.

**Registrars and Share Transfer Agents:**

M/s. Bigshare Services Private Limited,  
G-10, Left Wing, Amruta Ville, Opp: Yashoda Hospital, Raj Bhavan Road,  
Somajiguda, Hyderabad – 500 082. Phone No.040-23374967

**Declaration in terms of amended Clause 49(1)(d)(ii) of Listing Agreement.**

It is hereby confirmed that all board members and senior management personnel have affirmed compliance with the code of conduct, laid down by the Board of Directors, for the financial period 2009-11.

Place: Hyderabad  
Date: 29.08.2011

**R.K. Birla**  
Managing Director

## CEO & CFO CERTIFICATION

We, R.K.Birla, Managing Director & Chief Executive Officer and Shri VR Chary, Chief Financial Officer, to the best of our knowledge and belief, do hereby certify that

1. We have reviewed the financial statements and the Cash Flow Statement for the Financial period 2009-11 and that to the best of our knowledge and belief:
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) 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.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the Financial period 2009-11 which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee:
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Hyderabad  
Date : 29.08.2011

**R.K. Birla**  
Managing Director & Chief Executive Officer

**V.R. Chary**  
Chief Financial Officer

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### Certificate on Corporate Governance

To

The Members of Sujana Metal Products Limited,

I have examined the compliance conditions of Corporate Governance by Sujana Metal Products Ltd., Hyderabad for the period ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my knowledge and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Investor's Grievance Committee.

I 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 : Hyderabad  
Date : 29.08.2011

**Y. Ravi Prasada Reddy**  
FCS No:5783, CP No:5360



# SUJANA METAL PRODUCTS LIMITED

## AUDITOR'S REPORT

To

The Members of

**SUJANA METAL PRODUCTS LIMITED**

- 1 We have audited the attached Balance Sheet of **Sujana Metal Products Limited ("the Company")** as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the eighteen months period ended on that date, both annexed thereto. 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.
2. 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 misstatements. 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - 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 account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 March 31, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the eighteen months period ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the eighteen months period ended on that date.
- 5) On the basis of written representations received from the directors as on March 31, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Registration No. 008072S

Hyderabad  
May 30, 2011

**C R Rajagopal**  
Partner  
Membership No. 23418

## **Annexure to the Auditor's Report**

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities, clauses (v), (vi), (x), (xii), (xiii), (xiv), (xix) and (xx) of CARO are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company is in the process of re-compiling / updating its fixed asset register with a view towards reflecting full particulars including description, quantitative details and location / situation of its fixed assets.
  - (b) Some of the fixed assets have been physically verified during the period by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. In view of the fact that the fixed asset register is in the process of re-compilation / updating, management has informed that discrepancies, if any, arising between the assets verified and the books and records would be dealt with in the year in which such re-compilation of the register is completed
  - (c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the period by the Management at reasonable intervals, except the system of documentation for such verification needs to be strengthened.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, additional strengthening of the internal control procedures with regard to purchases of inventory and fixed assets and for the sale of goods is recommended so as to be commensurate with the current size of the Company and nature of its business. However, in our opinion management is taking reasonable steps to correct the said weaknesses and we have not observed any other continuing failure to correct major weaknesses in internal controls.
- (vi) In our opinion, the internal audit functions carried out during the period by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of steel products and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

## SUJANA METAL PRODUCTS LIMITED

(viii) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund dues, Employee's State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) According to the information and explanations given to us, details of undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and Other material statutory dues which were in arrears as at March 31, 2011 for a period of more than six months from the date they became payable are given below:

Name of the Statute	Nature of Dues	Amount (Rupees in Lakhs)	Year to which the amount relates	Due date	Date of Payment
Income Tax Act, 1961	Income Tax	462.32 2.74 4.20	2010-2011 2001-2002 2002-2003	June 15, 2010 and September 15, 2010 June, September, December and March of each year / period	Not paid
Income Tax Act, 1961	Fringe Benefit Tax	7.56 8.51	2006-2007 2007-2008	January 23, 2010 February 24, 2010	Not Paid
Wealth Tax Act, 1957	Wealth Tax	0.88 1.08	2008-2009 2009-2010	September 30, 2009 September 30, 2010	Not paid

- (c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2011 on account of disputes are given below:

Name of the Statute	Financial Year to which matter pertains	Amount (Rupees in Lakhs)	Forum where matter is pending
Central Excise Act, 1944	1995-2009 1995-1997	1,384.30 1.00	Custom Excise & Service Tax Appellate Tribunal Commissioner of Customs (Appeals)
Customs Act, 1962	1998-1999 2008-2009	302.69 214.90	Commissioner of Customs (Sea Port) Custom Excise & Service Tax Appellate Tribunal
Foreign Exchange Regulation Act, 1973	1995-1996	530.00	Hon'ble High Court of Delhi
APGST Act, 1957	2002-2003 2003-2004	488.13 786.88	Sales Tax Appellate Tribunal Appellate Deputy Commissioner
Central Sales Tax Act, 1956	2002-2003 2004-2005 2005-2008 2006-2007	2,213.11 13.38 58.58 241.34	Commercial Tax Officer Sales Tax Appellate Tribunal Appellate Deputy Commissioner Hon'ble High Court of Andhra Pradesh and Appellate Deputy Commissioner
Tamilnadu Value Added Tax Act, 2006	2006-2007	194.92	Hon'ble High Court of Tamilnadu

- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institution.

- (x) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.
- (xii) In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet, we report that, during the period *prima facie*, funds raised on short-term basis have not been used for long-term investment.
- (xiii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 at a price which is *prima facie* not prejudicial to the interests of the Company.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the period.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Registration No. 008072S

Hyderabad  
May 30, 2011

**C R Rajagopal**  
Partner  
Membership No.23418

# SUJANA METAL PRODUCTS LIMITED

## BALANCE SHEET AS AT MARCH 31, 2011

(Rupees in Lakhs)

	SCH REF	AS AT 31.03.2011	AS AT 30.09.2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	11,310.91	6,994.46
Reserves And Surplus	2	59,073.71	32,932.76
		70,384.62	39,927.22
<b>LOAN FUNDS</b>			
Secured Loans	3	89,943.21	55,468.82
Unsecured Loans	4	10,910.42	9,367.98
		100,853.63	64,836.80
<b>DEFERRED TAX LIABILITY (Net)</b> (Refer Note 10 of Schedule 23)		6,183.21	4,987.60
<b>TOTAL</b>		<b>177,421.46</b>	<b>109,751.62</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	58,087.28	44,086.40
Less: Depreciation & Amortisation		14,855.43	8,557.84
Net Block		43,231.85	35,528.56
Capital Work in Progress		20,472.15	11,411.15
[includes capital advances of Rs.19,682.72 lakhs (30.09.2009 Rs.6,018.94 lakhs)]			
		63,704.00	46,939.71
<b>INVESTMENTS</b>	6	761.11	686.39
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	10,185.20	22,965.35
Sundry Debtors	8	86,302.93	58,381.20
Cash and Bank Balances	9	7,177.59	3,706.37
Loans and Advances	10	54,506.82	19,778.86
		158,172.54	104,831.78
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Liabilities	11	42,265.28	40,197.39
Provisions	12	2,950.91	2,508.87
		45,216.19	42,706.26
<b>NET CURRENT ASSETS</b>		<b>112,956.35</b>	<b>62,125.52</b>
<b>TOTAL</b>		<b>177,421.46</b>	<b>109,751.62</b>
SIGNIFICANT ACCOUNTING POLICIES	22		
NOTES	23		

Schedules referred to above form an integral part of Balance Sheet

In terms of our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Reg. No. 008072S)

**R K Birla**  
Managing Director

**S.Hanumantha Rao**  
Director - Finance

**C R Rajagopal**  
Partner

**V R Chary**  
Chief Financial Officer

**Shaik Ibraheem**  
Company Secretary

Place: Hyderabad  
Date: May 30, 2011

Place: Hyderabad  
Date: May 30, 2011



**PROFIT AND LOSS ACCOUNT FOR THE EIGHTEEN MONTHS PERIOD ENDED MARCH 31, 2011** (Rupees in Lakhs)

	SCH REF	FOR THE EIGHTEEN MONTHS PERIOD ENDED 31.03.2011	FOR THE YEAR ENDED 30.09.2009
<b>INCOME</b>			
Gross Sales		436,169.81	200,507.23
Less: Excise Duty		10,769.63	7,521.53
Net Sales	13	425,400.18	192,985.70
Other Income	14	898.65	820.13
<b>Total (A)</b>		<b>426,298.83</b>	<b>193,805.83</b>
<b>EXPENDITURE</b>			
Reduction In Stocks of - Finished Goods and Stock In Process	15	3,663.79	5,124.58
Raw Materials Consumed	16	66,126.82	41,038.89
Manufacturing & Other Operating Expenses	17	9,389.44	5,307.10
Goods for Resale	18	306,896.45	122,611.65
Administration & Selling Expenses	19	7,183.70	4,322.78
Interest & Finance Charges	20	19,430.77	8,882.42
Depreciation & Amortisation	5	7,069.95	2,766.19
<b>Total (B)</b>		<b>419,760.92</b>	<b>190,053.61</b>
<b>Profit Before Tax</b>		6,537.91	3,752.22
<b>Taxation</b>	21	2,669.22	1,235.40
<b>Profit After Tax</b>		3,868.69	2,516.82
<i>Balance Brought Forward From Last Year</i>		11,497.99	9,526.17
<b>Amount Available For Appropriation</b>		15,366.68	12,042.99
<b>Appropriations:</b>			
Transfer to			
Cumulative Redeemable Preference Shares Redemption Reserve		—	503.68
Proposed Dividend on Cumulative Redeemable Preference Shares		25.08	35.32
Dividend Distribution Tax		4.16	6.00
<b>Balance Carried To Balance Sheet</b>		<b>15,337.44</b>	<b>11,497.99</b>
Earnings Per Share (Face Value of Rs.5 Each) (Refer Note 13 of Schedule 23)			
Basic (Rs.)		2.24	3.65
Diluted (Rs.)		2.15	3.05
<b>Significant Accounting Policies</b>	22		
<b>Notes</b>	23		

Schedules referred to above form an integral part of Profit and Loss Account

In terms of our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Reg. No. 008072S)

**R K Birla**  
Managing Director

**S.Hanumantha Rao**  
Director - Finance

**C R Rajagopal**  
Partner

**V R Chary**  
Chief Financial Officer

**Shaik Ibraheem**  
Company Secretary

Place: Hyderabad  
Date: May 30, 2011

Place: Hyderabad  
Date: May 30, 2011



# SUJANA METAL PRODUCTS LIMITED

## CASH FLOW STATEMENT FOR THE EIGHTEEN MONTHS PERIOD ENDED MARCH 31, 2011 *(Rupees in Lakhs)*

	For the Eighteen Months Period Ended 31.03.2011	For the Year Ended 30.09.2009
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>		
PROFIT BEFORE TAX	6,537.91	3,752.22
Adjustments for:		
Depreciation & Amortisation	7,069.95	2,766.19
Profit on sale of fixed assets	(0.36)	(15.70)
Unrealised Foreign Exchange Gain	(311.92)	(111.87)
Loss on sale of current investments	1.01	—
Provision for Diminution in the value of current investments	0.08	—
Provision for Wealth Tax	2.46	—
Income from current investments	(0.75)	—
Interest income	(360.94)	(339.31)
Interest and finance charges	19,430.77	8,882.42
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>32,368.21</b>	<b>14,933.95</b>
Increase in Sundry Debtors	(28,012.02)	(28,192.33)
Decrease / (Increase) in Inventories	10,614.68	(1,017.59)
Increase in Loans and Advances	(16,665.25)	(895.73)
Increase in Liabilities	11,760.07	8,230.58
Increase in Provisions	92.71	288.36
<b>CASH GENERATED FROM/(USED IN) OPERATIONS</b>	<b>10,158.40</b>	<b>(6,652.76)</b>
Taxes paid	(1,497.01)	(446.24)
<b>NET CASH GENERATED FROM /(USED IN) OPERATING ACTIVITIES (A)</b>	<b>8,661.39</b>	<b>(7,099.00)</b>
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(26,719.16)	(10,638.17)
Proceeds from Sale of Fixed Assets	698.59	411.45
Investment in Subsidiaries	—	(4.25)
Advances to Subsidiaries	(13,581.35)	—
Purchase of Current Investments	(705.00)	—
Sale of Current Investments	629.19	—
Income from Current Investment Received	0.75	—
Interest Received	421.15	234.75
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(39,255.83)</b>	<b>(9,996.22)</b>
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	5,717.29	—
Share Premium Received (Net of GDR issue expenses of Rs.164.76 lakhs)	20,707.93	—
Share Application Money Refunded	—	(17.05)
Share Warrants Money Refunded	—	(619.20)
Proceeds from borrowings	32,679.89	7,000.00
Repayment of borrowings	(6,601.45)	(1,297.34)
Proceeds from working capital borrowings (net)	7,015.54	16,420.68
(Repayment) of /Proceeds from Unsecured Loans	(8,237.98)	5,761.98
Interest and finance charges paid (Excluding interest capitalised of Rs.Nil (30.09.2009 Rs.416.97 lakhs)	(17,155.99)	(8,706.35)
Dividend Paid	(35.32)	(44.15)
Dividend Distribution Tax Paid	(15.94)	(0.82)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>	<b>34,073.97</b>	<b>18,497.75</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>3,479.53</b>	<b>1,402.53</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD / YEAR</b>	<b>3,706.37</b>	<b>2,302.00</b>
Exchange difference on translation of foreign currency cash and cash equivalents	(8.31)	1.84
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD / YEAR</b>	<b>7,177.59</b>	<b>3,706.37</b>

### Notes:

- The Cash Flow Statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.
- Cash and cash equivalents include restricted balances of Rs.4,731.33 lakhs (30.09.2009 : Rs.2,884.81 lakhs) is deposits pledged with banks against letters of credits and guarantees issued.
- Figures in brackets represent outflows.

In terms of our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Reg. No. 008072S)

**R K Birla**  
Managing Director

**S.Hanumantha Rao**  
Director - Finance

**C R Rajagopal**  
Partner

**V R Chary**  
Chief Financial Officer

**Shaik Ibraheem**  
Company Secretary

Place: Hyderabad  
Date: May 30, 2011

Place: Hyderabad  
Date: May 30, 2011



## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees in Lakhs)

	AS AT 31.03.2011	AS AT 30.09.2009
<b>SCHEDULE NO : 1</b>		
<b>SHARE CAPITAL:</b>		
<b>AUTHORISED:</b>		
320,000,000(30.09.2009 : 210,000,000)		
Equity Shares of Rs.5 Each	16,000.00	10,500.00
4,000,000(30.09.2009 : 4,000,000)Preference Shares of Rs.100 Each	4,000.00	4,000.00
	<u>20,000.00</u>	<u>14,500.00</u>
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>		
196,350,881(30.09.2009 : 69,256,524)Equity Shares of Rs.5 Each		
Fully Paid Up	9,817.54	3,462.83
Of the above:		
i) 13,140,489 equity shares of Rs.5 each were issued as fully paid up to the shareholders of erstwhile Sujana Steels Limited on its amalgamation with the Company, for consideration other than cash;		
ii) 593,735 equity shares of Rs. 5 each were issued as fully paid up to IDBI Bank Limited as part of the restructuring of secured loans, for consideration other than cash;		
iii) 2,034,285 equity shares of Rs.5 each at a premium of Rs.12.50 per share were issued as fully paid up to Stressed Assets Stabilization Fund(SASF) as part of restructuring of secured loans, for consideration other than cash during the period 2009-11;		
iv) 52,631,500 equity shares of Rs.5 each at a premium of Rs.21.676 per share represents the shares underlying GDRs. Each GDR represents ten underlying ordinary shares. The proceeds of the GDR issue have been utilised in accordance with the purpose as stated in the offer document;		
v) 11,714,286 equity shares of Rs. 5 each allotted on preferential basis at a premium of Rs.12.50 per share to the promoter and promoter group and to the non-promoter group during the period 2009-11;		
vi) 50,000,000 equity shares of face value of Rs.5 per share allotted on conversion of Compulsory Convertible Warrants at a premium of Rs.16 per share to the promoter and promoter group during the period 2009-11;		
vii) 10,714,286 equity shares of Rs.5 each at a premium of Rs.12.50 per share were allotted to Stressed Assets Stabilisation Fund(SASF) on redemption of the Cumulative Redeemable Preference Share, for consideration other than cash during the period 2009-11;		
1,493,365(30.09.2009 : 3,531,625)1% Cumulative Redeemable Preference Shares Of Rs.100 Each Fully Paid Up (Refer Note 18 and 19 of Schedule 23)	1,493.37	3,531.63
Of the above:		
1,493,365 preference shares of Rs. 100 each were issued as fully paid up to IDBI Bank Limited as part of the restructuring of secured loans, for consideration other than cash.		
	<u>11,310.91</u>	<u>6,994.46</u>

# SUJANA METAL PRODUCTS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees in Lakhs)

	AS AT 31.03.2011	AS AT 30.09.2009
<b>SCHEDULE NO : 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>GENERAL RESERVE</b>		
Balance as per last accounts	698.64	698.64
<b>CAPITAL RESERVE</b>		
Balance as per last accounts	7,094.29	5,247.49
Add: Forfeiture of Share Warrants	—	1,846.80
	<u>7,094.29</u>	<u>7,094.29</u>
<b>SECURITIES PREMIUM</b>		
Balance as per last accounts	12,634.48	10,774.48
Add : Additions during the period / year	22,466.26	1,860.00
Less : GDR Issue Expenses (Net of Deferred Tax Asset Rs.Nil)	164.76	—
	<u>34,935.98</u>	<u>12,634.48</u>
<b>CUMULATIVE REDEEMABLE PREFERENCE SHARES REDEMPTION RESERVE</b>		
Balance as per last accounts	1,007.36	503.68
Add: Transfer from Profit and Loss Account	—	503.68
	<u>1,007.36</u>	<u>1,007.36</u>
<b>PROFIT AND LOSS ACCOUNT - BALANCE</b>	<u>15,337.44</u>	<u>11,497.99</u>
	<u><u>59,073.71</u></u>	<u><u>32,932.76</u></u>
<b>SCHEDULE NO : 3</b>		
<b>SECURED LOANS</b>		
(Refer Note 3(a) of Schedule 23)		
<b>1) FROM BANKS</b>		
Term Loans	33,267.38	10,789.92
Short Term Loans	5,093.19	—
Working Capital Loans	45,436.16	38,604.99
Vehicle Loans	125.65	113.62
<b>2) FROM FINANCIAL INSTITUTION</b>		
Term Loans (Refer Note 19 of Schedule 23)	6,014.94	5,945.24
<b>3) FROM OTHERS</b>		
Vehicle Loans	5.89	15.05
	<u>89,943.21</u>	<u>55,468.82</u>
Installments falling due within next 12 months	7,288.45	1,937.07
<b>SCHEDULE NO : 4</b>		
<b>UNSECURED LOANS</b>		
(Refer Note 3(b) of Schedule 23)		
From Others	<u>10,910.42</u>	<u>9,367.98</u>
	<u><u>10,910.42</u></u>	<u><u>9,367.98</u></u>

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE NO : 5 — FIXED ASSETS

(Rupees in Lakhs)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As At 01.10.2009	Addi- tions	Dele- tions	As At 31.03.2011	As At 01.10.2009	For The Period	Dele- tions	As At 31.03.2011	As At 31.03.11	As At 30.09.2009
<b>Tangible Assets</b>										
Land — Freehold	1,828.69	—	—	1,828.69	—	—	—	—	1,828.69	1,828.69
Buildings	3,669.56	358.08	—	4,027.64	369.42	187.41	—	556.83	3,470.81	3,300.14
Plant & Machinery (Refer Note 1)	35,800.25	14,385.94	1,317.05	48,869.14	7,392.49	6,534.22	695.77	13,230.94	35,638.20	28,407.76
Electrical Installation	1,654.50	434.04	46.86	2,041.68	206.42	193.96	13.23	387.15	1,654.53	1,448.08
Furniture & Fixtures	66.85	11.84	—	78.69	37.50	10.71	—	48.21	30.48	29.35
Office Equipment	101.12	47.77	—	148.89	23.53	9.87	—	33.40	115.49	77.59
Vehicles	509.31	204.18	106.69	606.80	189.31	82.33	63.36	208.28	398.52	320.00
Computers	427.44	29.63	—	457.07	310.49	51.45	—	361.94	95.13	116.95
<b>Intangible Assets</b>										
Good Will	28.68	—	—	28.68	28.68	—	—	28.68	—	—
<b>Total</b>	<b>44,086.40</b>	<b>15,471.48</b>	<b>1,470.60</b>	<b>58,087.28</b>	<b>8,557.84</b>	<b>7,069.95</b>	<b>772.36</b>	<b>14,855.43</b>	<b>43,231.85</b>	<b>35,528.56</b>
<b>Previous Year</b>	<b>41,914.45</b>	<b>3,050.84</b>	<b>878.89</b>	<b>44,086.40</b>	<b>6,274.79</b>	<b>2,766.19</b>	<b>483.14</b>	<b>8,557.84</b>	<b>35,528.56</b>	<b>—</b>

Note:

1. Additions include Rs.2,165.48 lakhs of rolls reclassified from inventory to fixed assets

# SUJANA METAL PRODUCTS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees in Lakhs)

	AS AT 31.03.2011	AS AT 30.09.2009
<b>SCHEDULE NO : 6</b>		
<b>INVESTMENTS</b>		
<b>Trade Investments:</b>		
Unquoted - Long Term - At Cost		
<b>IN SUBSIDIARIES:</b>		
ALPHA VENTURES LTD	4.69	4.69
10,000 (30.09.2009 : 10,000)Shares of US\$ 1.00 each fully paid up		
GLADE STEELS (P) LTD	674.51	674.51
674,514 (30.09.09 : 674,514)Equity Shares of Rs.100 each fully paid up		
ASIAN TIDE ENTERPRISES LTD	1.99	1.99
5,000 (30.09.2009 : 5,000)Shares of US\$ 1.00 each fully paid up		
<b>IN ASSOCIATES:</b>		
SUJANA POWER (GANGAIKONDAN) LIMITED	—	2.60
Nil(30.09.2009 : 26,000)Equity Shares of Rs. 10 each fully paid up Sold during the period		
SUJANA POWER (TUTICORIN) LIMITED	—	2.60
Nil (30.09.2009 : 26,000)Equity Shares of Rs.10 each fully paid up Sold during the period		
<b>Current Investments: (At lower of cost and fair value)</b>		
<b>IN MUTUAL FUNDS : Quoted</b>		
SBI-DEBFUND SERIES - 370 DAYS - 3-DIVIDEND	75.00	—
750,000 units purchased during the period		
SBI - PSU FUND DIVIDEND	5.00	—
50,000 units purchased during the period		
Less : Diminution in the value of investment	0.08	—
	<u>761.11</u>	<u>686.39</u>
<b>Notes:</b>		
1. Aggregate book value of quoted investments	79.92	—
2. Aggregate market value of quoted investments	83.50	—
3. Aggregate book value of unquoted investments	681.19	686.39
4. During the period the following mutual fund investments purchased and sold:		
a) 104,210 Units of SBI Magnum Sector Fund Umbrella Contra - Dividend; at cost of Rs.25 Lakhs		
b) 3,000,000 Units of PNB - Principal Smart Equity Fund - Growth; at cost of Rs.300 Lakhs		
c) 2,996,315 Units of PNB - principal near term fund conservative plan-dividend reinvestment daily; at cost of Rs.300 Lakhs		
<b>SCHEDULE NO : 7</b>		
<b>INVENTORIES (At Lower of Cost and Net Realisable Value)</b>		
Raw Materials	1,768.52	2,031.85
Stock in Progress	—	110.96
Finished Goods	1,884.93	5,437.76
Stores, Spares & Consumables	973.02	3,539.05
Goods - for Resale	5,558.73	11,845.73
	<u>10,185.20</u>	<u>22,965.35</u>

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees in Lakhs)

	AS AT 31.03.2011	AS AT 30.09.2009
<b>SCHEDULE NO : 8</b>		
<b>SUNDRY DEBTORS : (Unsecured)</b>		
Over Six Months		
Considered Good (Refer Note i)	28,223.70	2,319.00
Considered Doubtful	588.51	438.49
<b>Others</b>		
Considered Good (Refer Note ii)	58,079.23	56,062.20
Considered Doubtful	11.21	—
	86,902.65	58,819.69
<b>Less: Provision for Doubtful Debts</b>	(599.72)	(438.49)
	86,302.93	58,381.20
Of the above:		
Considered Good	86,302.93	58,381.20
Considered Doubtful	599.72	438.49
	86,902.65	58,819.69
Notes :		
(i) includes due from subsidiary - Rs.44.69 Lakhs (30.09.2009 Rs. Nil)		
(ii) includes due from subsidiary - Rs.75.12 Lakhs (30.09.2009 Rs. Nil)		
<b>SCHEDULE NO : 9</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash On Hand	66.88	90.82
Balances With Scheduled Banks		
- In Current Accounts	1,607.55	638.27
- In Deposits	5,503.16	2,977.28
(Includes Rs.4,731.33 lakhs (30.09.2009 : Rs.2,884.81 Lakhs) with Banks as security for Guarantees and Letter of Credits issued)		
	7,177.59	3,706.37
<b>SCHEDULE NO : 10</b>		
<b>LOANS &amp; ADVANCES : (Unsecured)</b>		
Interest Receivable on Deposits	67.41	127.62
Advances to Subsidiaries (Refer Note 4 of Schedule 23)	16,404.76	113.86
Advances Recoverable In Cash or in kind or for Value to be Received (Refer Note 5 of Schedule 23)	136.13	274.95
Advances To :		
Suppliers	30,004.64	15,490.75
Other Body Corporates (Refer Note 17 of Schedule 23)	5,202.50	785.39
Prepaid Expenses	24.40	12.85
Advance Tax and Tax Deducted at Source	344.75	220.30
{Net of Provision for Tax of Rs.35.09 Lakhs (30.09.2009 : Rs.Nil)}		
Mat Credit Receivable	428.97	428.97
Deposits :		
Government Bodies	2,006.78	2,502.32
Others	239.84	212.21
	54,860.18	20,169.22
<b>Less: Provision for Doubtful Advances</b>	(353.36)	(390.36)
	54,506.82	19,778.86
Of the above:		
Considered Good	54,506.82	19,778.86
Considered Doubtful	353.36	390.36
	54,860.18	20,169.22



# SUJANA METAL PRODUCTS LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rupees in Lakhs)

	AS AT 31.03.2011	AS AT 30.09.2009
<b>SCHEDULE NO : 11</b>		
<b>LIABILITIES</b>		
Sundry Creditors		
Dues to Micro & Small Enterprises ( <i>Refer Note 15 of Schedule 23</i> )	—	—
Dues to Other than Micro and Small Enterprises		
- For Goods & Services*	39,633.22	36,369.40
- For Expenses	623.66	579.21
Others	179.74	472.25
Advances from Customers	1,240.57	2,500.36
Interest Accrued But Not Due	588.09	276.17
	<u>42,265.28</u>	<u>40,197.39</u>

\*Includes due to Subsidiary of Rs. 23.85 lakhs

## SCHEDULE NO : 12

### PROVISIONS

Taxation [Net of Advance Taxes of Rs. 1,493.22 Lakhs (30.09.2009: Rs. 223.85 Lakhs)]	2,652.01	2,227.18
Fringe Benefit Tax [Net of Advance Taxes of Rs. 67.89 Lakhs (30.09.2009: Rs.Nil)]	16.08	69.56
Proposed Dividend on Cumulative Redeemable Preference Shares	25.08	35.32
Dividend Distribution Tax	1.78	13.56
Employee Benefits	255.96	163.25
	<u>2,950.91</u>	<u>2,508.87</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT** *(Rupees in Lakhs)*

	<b>EIGHTEEN MONTHS PERIOD ENDED 31.03.2011</b>	<b>YEAR ENDED 30.09.2009</b>
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**SCHEDULE NO : 13**

**SALES**

Manufactured Products	81,877.08	49,237.88
Trading		
Domestic		
- Raw Materials	32,607.80	2,248.52
- Finished Goods	258,126.15	117,342.05
- Others	494.12	—
Exports		
- Steel and Steel Products	45,155.39	22,286.76
- Others	5,739.45	—
Conversion Income	1,400.19	1,870.49
	<u>425,400.18</u>	<u>192,985.70</u>

**SCHEDULE NO : 14**

**OTHER INCOME**

Interest on Deposits with Banks and Others	360.94	339.31
[Tax Deducted at Source: Rs. 64.58 Lakhs (2008-2009 : Rs.83.44 Lakhs)]		
Miscellaneous Income	370.04	137.13
Laibilities no Longer Required Written Back	32.58	149.00
Exchange Gain (Net)	133.98	178.99
Income From Current Investments	0.75	—
Profit on Sale of Assets (Net)	0.36	15.70
	<u>898.65</u>	<u>820.13</u>

**SCHEDULE NO : 15**

**REDUCTION IN STOCK OF FINISHED GOODS AND STOCKS IN PROCESS**

<b>OPENING STOCK</b>		
Stock in Process	110.96	122.82
Finished Goods	5,437.76	10,550.48
<b>Total A</b>	<u>5,548.72</u>	<u>10,673.30</u>
<b>CLOSING STOCK</b>		
Stock in Process	—	110.96
Finished Goods	1,884.93	5,437.76
<b>Total B</b>	<u>1,884.93</u>	<u>5,548.72</u>
<b>Total (A - B)</b>	<u>3,663.79</u>	<u>5,124.58</u>

# SUJANA METAL PRODUCTS LIMITED

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Rupees in Lakhs)

	EIGHTEEN MONTHS PERIOD ENDED 31.03.2011	YEAR ENDED 30.09.2009
<b>SCHEDULE NO : 16</b>		
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	2,031.85	1,858.17
Add : Purchases	65,881.63	41,253.63
	67,913.48	43,111.80
Less : Closing Stock	1,768.52	2,031.85
	66,144.96	41,079.95
Less : Transfer to capital work in progress	18.14	41.06
	<u>66,126.82</u>	<u>41,038.89</u>
<b>SCHEDULE NO : 17</b>		
<b>MANUFACTURING &amp; OTHER OPERATING EXPENSES</b>		
Stores, Spares & Consumables	2,549.92	1,109.36
Power & Fuel	5,829.40	4,252.06
Other Manufacturing Expenses	381.81	371.62
Equipment Hire Charges	68.57	64.55
Job Work Charges	786.52	436.32
Depletion In Excise duty on Finished Goods	(226.78)	(926.81)
	<u>9,389.44</u>	<u>5,307.10</u>
<b>SCHEDULE NO : 18</b>		
<b>GOODS FOR RESALE</b>		
Opening Stock	11,845.73	5,798.91
Add : Purchases	300,609.45	128,658.47
	312,455.18	134,457.38
Less : Closing Stock	5,558.73	11,845.73
	<u>306,896.45</u>	<u>122,611.65</u>
<b>SCHEDULE NO : 19</b>		
<b>ADMINISTRATION &amp; SELLING EXPENSES</b>		
Rent	272.38	164.35
Repairs & Maintenance		
Buildings	28.66	29.62
Machinery	175.81	214.32
Others	73.44	5.10
Personnel Cost		
Salaries, Wages And Bonus	2,527.47	1,347.82
Contribution to Provident and other Funds	125.48	75.38
Provision for Employee Benefits	119.44	28.56
Staff Welfare Expenses	76.29	37.18
Insurance	92.65	51.46
Rates & Taxes	197.40	69.69
Factory Maintenance	89.46	67.23
Managerial Remuneration (Refer Note 8 of Schedule 23)	126.25	83.28

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT** (Rupees in Lakhs)

	<b>EIGHTEEN MONTHS PERIOD ENDED 31.03.2011</b>	<b>YEAR ENDED 30.09.2009</b>
Printing & Stationery	46.38	35.05
Communication	87.60	64.37
Traveling & Conveyance	312.98	238.58
Professional & Consultancy	429.50	231.73
Auditors' Remuneration (Refer Note 9 of Schedule 23)	101.25	40.75
General Expenses	202.25	121.64
Security Charges	156.88	69.39
Donations	238.52	33.76
Sales Promotion & Advertisement	411.20	152.58
Commission, Selling & Distribution Expenses	235.02	158.71
Freight Outwards	842.61	959.98
Provision for Doubtful Debts & Advances	213.69	148.52
Loss on Sale of Current Investments	1.01	—
Provision For Diminution In the Value of Current Investments	0.08	—
	<u>7,183.70</u>	<u>4,429.05</u>
Less: Transfer to capital work in progress	—	106.27
	<u><u>7,183.70</u></u>	<u><u>4,322.78</u></u>

**SCHEDULE NO : 20**

**INTEREST AND FINANCE CHARGES**

Interest		
On Term Loans	6,197.98	1,481.07
On Working Capital	8,144.51	4,716.17
Others	1,395.68	1,056.83
Bank and Finance Charges	<u>3,692.60</u>	<u>2,045.32</u>
	<u>19,430.77</u>	<u>9,299.39</u>
Less: Transfer to capital work in progress	—	416.97
	<u><u>19,430.77</u></u>	<u><u>8,882.42</u></u>

**SCHEDULE NO : 21**

**TAXATION**

Current Tax	1,475.28	1,140.00
Deferred Tax (Refer Note 10 of Schedule 23)	1,195.61	250.78
Fringe Benefit Tax	—	21.57
	<u>2,670.89</u>	<u>1,412.35</u>
Less : Adjustments related to previous years	1.67	176.95
	<u><u>2,669.22</u></u>	<u><u>1,235.40</u></u>

# SUJANA METAL PRODUCTS LIMITED

## SCHEDULE 22: SIGNIFICANT ACCOUNTING POLICIES

### 1 Basis of Preparation of Financial Statements

The financial statements have been prepared on accrual basis under the historical cost convention in accordance with the Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements are presented in Indian rupees.

### 2. Use of Estimates

The preparation of financial statements are in conformity with Indian GAAP 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 recognised prospectively in current and future periods. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets.

### 3. Fixed Assets and Depreciation

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets comprises the purchase price (net of rebates and discounts) and any other directly attributable costs of bringing the assets to working condition for their intended use. Costs of construction are consists of those costs that relate directly to specific assets and those that are attributable to the construction activity in general and can be allocated to the specific assets up to the date when the asset is ready to use.

Depreciation on fixed assets is provided using the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as minimum rates. If the management's estimate of the useful life of a Fixed Asset at the time of acquisition of the Asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life.

Depreciation is calculated on a pro-rata basis from/upto the date the assets are purchased /sold. Individual assets costing less than Rs. 5,000 are depreciated in full in the year of purchase.

### 4. Investments

Investments are classified as current or long-term in accordance with Accounting Standard 13 on "Accounting for Investments".

Current Investments are stated at lower of cost or market value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Profit and Loss Account.

Long term Investments are stated at cost comprising of acquisition and incidental expenses. Provision is made to recognize a diminution, other than temporary, in the value of such investments.

### 5. Revenue Recognition

Revenue is recognized when it is earned and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of manufactured goods is recognized on physical delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for

a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained.

Revenue from traded goods is recognised on symbolic delivery. Significant risk and rewards incidental to ownership are transferred upon issuance of tax invoice and acknowledged by the customers.

Sales are net of sales returns and trade discounts. Export turnover includes related export benefits. Excise duty recovered is presented as a reduction from gross turnover.

#### **6. Inventories**

Raw materials and Work-in-progress are valued at cost using the weighted average cost method.

Finished goods produced and purchased are valued at cost or net realisable value, whichever is lower.

Excise duty in respect of finished goods awaiting despatch is included in valuation of the Inventory.

Stores and Spares are carried at cost, ascertained on a weighted average basis. Necessary provision is made in case of obsolete and non-moving items.

#### **7. 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 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

#### **8. 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.

#### **9. Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

#### **10. Taxes on Income**

Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprise both current and deferred tax. Current tax is measured at the amount expected to be paid to the revenue authorities, using the applicable tax rates and laws.



# SUJANA METAL PRODUCTS LIMITED

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.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax regulations at the reporting date.

The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Tax on distributed profits payable in accordance with the provisions of Section 115O of the Income Tax Act, 1961 is in accordance with the Guidance Note on "Accounting for Corporate Dividend Tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the year.

## 11. 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.

## 12. Impairment of assets

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

## 13. Provisions, Contingent Liabilities and Contingent Assets

The Company recognises 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.

## SCHEDULE 23: NOTES

### 1 Contingent Liabilities not provided for:

#### a) Letters of Credit / Bills Discounted and Guarantees Issued:

(Rupees in Lakhs)

Particulars		As at 31.03.2011	As at 30.09.2009
i)	Letters of Credit / Bills Discounted	37,300.47	25,187.36
ii)	Counter Guarantees given to Bank towards:		
	- Bank Guarantees Issued	874.52	1,178.00
iii)	Corporate Guarantees furnished on behalf of Sujana Universal Industries Ltd	53,100.00	10,860.00
iv)	Corporate Guarantees furnished on behalf of Sujana Universal Industries Ltd [USD Nil (30.09.2009: USD 49.17 lakhs)]	—	2,376.39
v)	Joint Corporate Guarantee executed by the Company with Sujana Universal Industries Ltd and Sujana Towers Limited in favour of Alpha Ventures Ltd and Sujana Holdings Ltd, Wholly Owned Subsidiary of the Company and Sujana Universal Industries Ltd respectively [USD 650 lakhs(30.09.2009: USD 650 lakhs)]	29,022.50	31,414.50

#### b) Disputed Taxes

(Rupees in Lakhs)

Particulars		As at 31.03.2011	As at 30.09.2009
i)	Excise Duty	1,888.95	1,182.66
ii)	Custom Duty	593.59	622.71
iii)	TNVAT/APVAT/APGST/CST *	4,286.66	12,037.22
iv)	Income Tax	—	267.01
v)	FERA**	630.00	630.00

\*Excludes Rs. 8,050.49 Lakhs disputed tax pertain to APGST for the year 2004-05 and APVAT for the years from 2005-06 to 2007-08 set aside by High Court of Andhra Pradesh in favour of the Company, consequential revision orders has to be passed by the Commercial Tax Officer, Sri Nagar Colony, Hyderabad.

\*\* Against which bank guarantee of Rs. 215 lakhs has seen issued.

(Rupees in Lakhs)

Particulars		2009-11	2008-09
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances of Rs.19,682.72 lakhs (30.09.2009: Rs.6,018.94 lakhs)]		9,059.74	3,264.27

### 3 Secured and Unsecured Loans

#### a) Secured Loans

- Term loans availed from banks and financial institution are secured by first charge on all

# SUJANA METAL PRODUCTS LIMITED

the immovable and movable fixed assets of the Company both present and future, second charge on the current assets of the Company.

- ii) Short term loan availed from bank is secured by subsequent and subservient charge on current assets of the Company.
- iii) Working capital facilities availed from banks are *inter alia* secured by way of *pari passu* first charge on the current assets and *pari passu* second charge on fixed assets both present and future. Further a working capital facility availed from a bank is secured by a Corporate Guarantee of Sujana Universal Industries Ltd.

All the above loans are further secured by personal guarantee and personal properties of certain directors.

- iv) Vehicle loans availed are secured by hypothecation of respective assets financed.
- v) Secured loans includes interest accrued and due of Rs.1,734.55 lakhs (30.09.2009 : Rs.333.01 lakhs).

## b) Unsecured Loans

Unsecured loans includes certain trade creditors dues to the extent of Rs. 9,780.42 lakhs which have been converted into unsecured loans after obtaining the consent from respective trade creditors. These unsecured loans are repayable within a period of one and half year which carries an interest at the rate of 6% per annum. In respect of previous year the Company has obtained Unsecured loans from certain Companies which are repayable within one year to meet Capital & Working Capital requirements . These loans are interest free for an initial period of six months and thereafter carries interest @ BPLR+2%.

## 4 Advances to Subsidiaries

The Reserve Bank of India vide their letter FE.CO.FID/20754/10.04.031/2010-11 dated 04.03.2011 and FED.CO.FID/24876/10.04.031/2010-11 dated 25.04.2011 has instructed the Company to convert entire advance of Rs.13,581.35 lakhs given to its Wholly Owned Subsidiaries (WOS's) out of GDR proceeds into equity within 120 days from the date of receipt of the letter, falling due for conversion on or before 23 August, 2011

## 5 Dues from Directors

Loans and Advances Includes:

Advances to directors : Rs.Nil (30.09.2009 - Rs.4.69 lakhs)  
Maximum amount outstanding during the period : Rs.4.69 lakhs (30.09.2009 : Rs.11.70 lakhs)

## 6 Derivative Instruments

Unhedged foreign currency exposure by way of derivate instruments or otherwise are as follows:  
(Amount in Lakhs)

Particulars	2009-11		2008-09	
	Rs.	USD	Rs.	USD
For import of goods and services	15,885.76	355.77	9,972.90	206.34
From export of goods and services	20,074.89	449.61	11,664.49	241.35

## 7. Related Party Disclosure

The following are related parties as defined in "Accounting Standard (AS) 18 - Related Party Disclosures" notified under The Companies (Accounting Standards) Rules, 2006.

# **I. List of Related Parties**

## **A Subsidiaries**

		<b>Country of Incorporation</b>	<b>Relationship</b>
1	Glade Steel Pvt Ltd.	India	Subsidiary
2	Alpha Ventures Ltd.	Cayman Islands	Wholly Owned Subsidiary
3	Asian Tide Enterprises Ltd.	Hong Kong	Wholly Owned Subsidiary

## **B Associates**

1	Sujana Power (Gangikondan) Ltd.	Ceased since 07.12.10
2	Sujana Power (Tuticorin) Ltd.	Ceased since 07.12.10

## **C Key Management Personnel**

1	Mr. R. K. Birla	Managing Director
2	Mr. S. Hanumantha Rao	Director (Finance)

# **II. Related Party Transactions:**

(Rupees in Lakhs)

Particulars	Subsidiaries		Associates		Key Management Personnel	
	2009-11	2008-09	2009-11	2008-09	2009-11	2008-09
A). Sales						
Glade Steel Pvt.Ltd.	2,844.82	—	—	—	—	—
<b>Sub-Total</b>	<b>2,844.82</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
B). Purchases						
Glade Steel Pvt.Ltd.	2,068.04	1,010.20	—	—	—	—
<b>Sub-Total</b>	<b>2,068.04</b>	<b>1,010.20</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
C). Investments Made						
Alpha Ventures Ltd.	—	4.25	—	—	—	—
<b>Sub-Total</b>	<b>—</b>	<b>4.25</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
D). Advances Given						
Alpha Ventures Ltd.	2,316.02	—	—	—	—	—
Asian Tide Enterprises Ltd.	11,265.33	—	—	—	—	—
<b>Sub-Total</b>	<b>13,581.35</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
E). Other Income						
Glade Steel Pvt.Ltd.	—	1.00	—	—	—	—
<b>Sub-Total</b>	<b>—</b>	<b>1.00</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
F). Other Expenses						
Glade Steel Pvt.Ltd.	16.80	12.84	—	—	—	—
<b>Sub-Total</b>	<b>16.80</b>	<b>12.84</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
G) Remuneration						
Mr.R.K.Birla - Managing Director	—	—	—	—	108.00	72.00
Mr. S. Hanumantha Rao - Director (Finance)	—	—	—	—	15.30	10.20
<b>Sub-Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>123.30</b>	<b>82.20</b>

# SUJANA METAL PRODUCTS LIMITED

Particulars	Subsidiaries		Associates		Key Management Personnel	
	2009-11	2008-09	2009-11	2008-09	2009-11	2008-09
Closing Balances as at 31st March 2011						
H). Advances						
Glade Steel Pvt.Ltd.	2,823.41	113.86	—	—	—	—
Alpha Ventures Ltd.	2,316.02	—	—	—	—	—
Asian Tide Enterprises Ltd.	11,265.33	—	—	—	—	—
Sujana Power (Tuticorin)Ltd.	—	—	—	376.60	—	—
Mr.R.K.Birla	—	—	—	—	—	4.68
<b>Sub—Total</b>	<b>16,404.76</b>	<b>113.86</b>	<b>—</b>	<b>376.60</b>	<b>—</b>	<b>4.68</b>
I). Accounts Receivable						
Glade Steel Pvt.Ltd.	119.81	—	—	—	—	—
<b>Sub—Total</b>	<b>119.81</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
J). Accounts Payable						
Glade Steel Pvt.Ltd.	23.85	—	—	—	—	—
<b>Sub—Total</b>	<b>23.85</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

## 8 Managerial Remuneration

Remuneration to Managing Director, Executive Director and Non-Executive Directors (Rupees in Lakhs)

Particulars	2009-2011	2008-2009
Salary and Allowances	112.50	75.00
Contribution to Provident Fund	10.80	7.20
Directors' Sitting Fees	2.95	1.08
<b>Total</b>	<b>126.25</b>	<b>83.28</b>

Note : The above figures exclude provision for compensated absences and gratuity actuarially valued as separate figures are not available

## 9 Remuneration to Auditors (excluding service tax)

(Rupees in Lakhs)

Particulars	2009-2011	2008-2009
Audit Fees (including limited reviews)	82.50	40.00
Other Services	18.75	0.75
<b>Total</b>	<b>101.25</b>	<b>40.75</b>

## 10 Deferred Tax

Deferred Tax Liability (Net) as at March 31, 2011 comprises of the following (Rupees in Lakhs)

Particulars	As at 31.03.2011	Movement during the period	As at 30.09.2009
<b>A) Deferred Tax Liability:</b>			
Depreciation	6,575.54	1,250.73	5,324.81
<b>Total Deferred Tax Liability</b>	<b>6,575.54</b>	<b>1,250.73</b>	<b>5,324.81</b>
<b>B) Deferred Tax Asset:</b>			
Provision for Employee Benefits	83.06	27.57	55.49
Provision for doubtful debts/advance	309.27	27.55	281.72
<b>Total Deferred Tax Asset</b>	<b>392.33</b>	<b>55.12</b>	<b>337.21</b>
<b>Net Deferred Tax Liability (A-B)</b>	<b>6,183.21</b>	<b>1,195.61</b>	<b>4,987.60</b>

## 11 Employee Benefits

The company liability on account of Employee benefits comprising Gratuity- a defined benefit scheme and compensated absences has been determined in accordance with the requirements of Accounting Standard (AS)-15 notified by the Companies (Accounting Standards) Rules, 2006. Disclosures required in terms of the requirement of AS-15.

(Rupees in Lakhs)

Expenses recognised in statement of profit and loss account			
Particulars	Gratuity	Compensated Absences	Total
Current Service Cost	61.86	35.48	97.34
	9.04	9.44	18.48
Interest Cost	16.70	3.42	20.12
	10.12	1.46	11.58
Actuarial (Gains)/Losses	(3.94)	5.92	1.98
	(3.81)	2.31	(1.50)
Total expense included in the Statement of Profit & Loss	74.62	44.82	119.44
	15.35	13.21	28.56
<b>Net Liability recognized in Balance Sheet</b>			
Present Value of Defined Benefit Obligation	192.75	63.21	255.96
	135.52	27.73	163.25
Fair Value on Plan Assets	—	—	—
	—	—	—
Net Liability recognised in Balance Sheet	192.75	63.21	255.96
	135.52	27.73	163.25
<b>Change in Defined Benefit Obligations (DBO)</b>			
Present Value of DBO at Beginning of Period / Year	135.52	27.73	163.25
	126.48	18.29	144.77
Current Service Cost	61.86	35.48	97.34
	9.04	9.44	18.48
Interest Cost	16.70	3.42	20.12
	10.12	1.46	11.58
Actuarial (Gains)/Losses	(3.94)	5.92	1.98
	(3.81)	2.31	(1.50)
Benefits Paid	(17.39)	(9.34)	(26.73)
	(6.31)	(3.77)	(10.08)
Present Value of DBO at the End of Period/Year	192.75	63.21	255.96
	135.52	27.73	163.25
<b>Assumptions</b>			
Interest / Discount Rate			8.00%
			8.00%
Rate of escalation in salary			6.00%
			6.00%
Attrition Rate			3.00%
			6.00%

Note: Figures in italics relate to previous year



# SUJANA METAL PRODUCTS LIMITED

i) Discount Rate

The discount rate is based on the prevailing market yield on Indian Government Securities as at the balance sheet date for the estimated term of the obligations.

ii) Salary Escalation Rate

The estimates of future salary increase considered takes into account the inflation, seniority and other relevant factors

Net Asset/(Liability) recognised in Balance Sheet				(Rs. in Lakhs)
Particulars	2009-11	2008-09	2007-08	2006-07
Gratuity				
Present value of defined benefit obligation	192.75	135.52	126.48	14.65
Fair value of plan assets	—	—	—	—
Status [Surplus / (Deficit)]	(192.75)	(135.52)	(126.48)	(14.65)
Compensated Absences				
Present value of defined benefit obligation	63.21	27.73	18.29	—
Fair value of plan assets	—	—	—	—
Status [Surplus / (Deficit)]	(63.21)	(27.73)	(18.29)	—

12 Segment Reporting

The Company is primarily engaged in the business of manufacturing and trading of Steel & Steel products. The Company has identified two primary business segments, namely manufacturing and trading of steel & steel products, in terms of Accounting Standard-17 on “Segment Reporting” which constitutes the reportable segments.

Segements have been identified taking into account the nature of the products,the differing risks and returns, the organisational structure and internal reporting system.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not directly relatable to the business segement, are shown as unallocated corporate cost. Assets and Liabilities that cannot be allocated between the segments are shown as unallocated corporate Assets and Liabilities respectively.

(Rupees in Lakhs)

<b>Information about primary business segments:</b>				
<b>Particulars</b>	<b>Business Segments : Steel &amp; Steel Products</b>			
	<b>Manufactured</b>	<b>Traded</b>	<b>Unallocable</b>	<b>Total</b>
<b>Revenue:</b>				
Total External Sales	83,277.27	342,122.91	—	425,400.18
	51,108.37	141,877.33	—	192,985.70
<b>Total Revenue</b>	<b>83,277.27</b>	<b>342,122.91</b>	<b>—</b>	<b>425,400.18</b>
	51,108.37	141,877.33	—	192,985.70
Segment result before interest and tax	(2,818.37)	35,226.46	(6,439.41)	25,968.68
	(2,162.90)	19,265.34	(4,467.80)	12,634.64
Less: Interest and Finance Charges	—	—	—	19,430.77
	—	—	—	8,882.42
Profit before taxes	—	—	—	6,537.91
	—	—	—	3,752.22
Taxes	—	—	—	2,669.22
	—	—	—	1,235.40
<b>Profit after taxes</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,868.69</b>
	—	—	—	2,516.82
Segment Assets	77,060.06	112,148.09	32,668.39	221,876.54
	55,396.61	11,845.73	84,529.15	151,771.49
Segment Liabilities	6,628.85	11,549.42	27,037.92	45,216.19
	—	—	42,706.26	42,706.26
Cost incurred during the period to acquire segment assets	15,178.06	—	293.42	15,471.48
	2,930.11	—	120.73	3,050.84
Segment depreciation	6,915.58	—	154.37	7,069.95
Note: Figures in italics represent previous year	2,673.52	—	92.67	2,766.19
<b>Information about secondary segment : Geographical</b>			<b>2009-11</b>	<b>2008-09</b>
Revenue by Geographical Market (net of excise duty)				
India			374,505.34	170,698.95
Outside India			50,894.84	22,286.75
<b>Total</b>			<b>425,400.18</b>	<b>192,985.70</b>
Additions to Fixed Assets and Intangible Assets				
India			15,471.48	3,050.84
Outside India			—	—
<b>Total</b>			<b>15,471.48</b>	<b>3,050.84</b>
Carrying Amount of Segment Assets				
India			188,220.30	140,107.00
Outside India			33,656.24	11,664.49
<b>Total</b>			<b>221,876.54</b>	<b>151,771.49</b>
<b>Note:</b>			<b>As at</b>	<b>As at</b>
			<b>31.03.2011</b>	<b>30.09.2009</b>
<b>Total Unallocable Assets Exclude</b>				
Investments			761.11	686.39
<b>Total Unallocable Liabilities Exclude</b>				
Secured Loans			89,943.21	55,468.82
Unsecured Loans			10,910.42	9,367.98
Deferred Tax Liability			6,183.21	4,987.60
			<b>107,036.84</b>	<b>69,824.40</b>

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## 13 Earnings Per Share

(Rupees in Lakhs)

Particulars	Period ended 31-03-2011	Year ended 30-09-2009
Profit After Tax	3,868.69	2,516.82
Less: Preference Dividend including tax thereon	29.24	41.32
Profit attributable to ordinary share holders	3,839.45	2,475.50
Profit attributable to ordinary share holders- for diluted EPS	3,839.45	2,499.33
Weighted average number of ordinary shares used in computing Basic Earnings per Share	171,639,557	67,793,510
Add: Effect of potential ordinary (equity shares) on conversion of share warrants and redeemable preference shares	6,992,102	14,211,585
Weighted average number of ordinary (equity shares) used in computing Diluted Earnings Per Share.	178,631,659	82,005,095
Earnings per share - Face Value: Rs. 5/- each		
Basic - Rs.	2.24	3.65
Diluted - RS.	2.15	3.05

## 14 Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act.

### (a) Capacities and Production

Particulars	2009-11	2008-09
	MT	MT
<b>Licensed Capacity</b> (Refer Note 1 below)	<b>Not Applicable</b>	<b>Not Applicable</b>
<b>Installed Capacity</b> (Refer Note 2 below)		
M.S. Casting products	114,600	76,400
M.S. Rerolling Products	907,500	585,000
Ready Made Steel	90,000	15,000
<b>Actual Production</b>		
M.S. Casting products (Refer Note 3 below)	23,753	24,260
M.S. Rerolling Products *	246,456	171,209
Ready Made Steel	9,615	—

\* Excludes 28,176 MT (2008 - 09 : 38,925 MT) job work done on behalf of others

#### Notes:

- 1 Licensed capacity is not applicable in terms of the Government of India Notification No. 477 (E) dated 25th July. 1991.
- 2 As certified by the management and this information is relied upon by the auditors
- 3 The production of 23,753 Mts of casting products (M.S.Ingots) is transferred to Rerolling Mill Division.

**(b) Turnover**

Class of Products		2009-11		2008-09	
		QTY (MT)	VALUE (Rs. in Lakhs)	QTY (MT)	VALUE (Rs. in Lakhs)
<b>A</b>	<b>Manufacturing</b>				
	Iron & Steel Products *	252,821	76,192.78	181,095	44,495.71
	Ready Made Steel	9,585	2,966.46	—	—
	M S Scrap *	17,489	2,695.04	16,335	2,482.07
	Others	—	1,422.99	—	4,130.59
	<b>Total</b>	<b>279,895</b>	<b>83,277.27</b>	<b>197,430</b>	<b>51,108.37</b>
<b>B</b>	<b>Trading</b>				
	<b>i Domestic</b>				
	Iron & Steel Products	671,688	258,538.75	284,832	111,197.24
	M S Scrap	145,661	28,184.95	32,929	5,061.82
	M S Ingots	1,724	401.44	36	10.70
	Billets	15,617	4,021.41	13,512	3,320.81
	Others	—	81.52	—	—
	<b>Total</b>	<b>834,690</b>	<b>291,228.07</b>	<b>331,309</b>	<b>119,590.57</b>
	<b>ii Exports</b>				
	Iron & Steel Products	122,102	45,155.39	57,240	20,784.43
	Others	142,268	5,739.45	—	1,502.33
	<b>Total</b>	<b>264,370</b>	<b>50,894.84</b>	<b>57,240</b>	<b>22,286.76</b>

\* Excludes captive consumption of 6,527 MTs of Iron and Steel and 1,526 MTs of MS Scrap

**(c) Opening & Closing Stocks**

Particulars		2009-11		2008-09	
		QTY (MT)	VALUE (Rs. in Lakhs)	QTY (MT)	VALUE (Rs. in Lakhs)
<b>Opening Stock</b>					
<b>A</b>	<b>Manufacturing</b>				
	Iron & Steel	13,996	3,889.30	18,102	5,700.55
	Structural Steel	5,035	1,399.96	10,815	4,024.67
	MS Scrap	885	148.50	343	144.31
	Others	—	—	—	680.95
	<b>Total</b>	<b>19,916</b>	<b>5,437.76</b>	<b>29,260</b>	<b>10,550.48</b>
<b>B</b>	<b>Trading</b>				
	Iron & Steel	21,652	9,071.03	15,731	5,788.81
	MS Scrap	16,709	2,774.70	54	10.10
	<b>Total</b>	<b>38,361</b>	<b>11,845.73</b>	<b>15,785</b>	<b>5,798.91</b>

# SUJANA METAL PRODUCTS LIMITED

Closing Stock					
<b>A</b>	<b>Manufacturing</b>				
	Iron & Steel	1,980	583.15	13,996	3,889.30
	Structural Steel	4,159	1,210.31	5,035	1,399.96
	Ready Made Steel	30	10.03	-	148.50
	MS Scrap	359	81.44	885	-
	<b>Total</b>	<b>6,528</b>	<b>1,884.93</b>	<b>19,916</b>	<b>5,437.76</b>
<b>B</b>	<b>Trading</b>				
	Iron & Steel	16,948	5,419.68	21,652	9,071.03
	MS Scrap	716	139.05	16,709	2,774.70
	<b>Total</b>	<b>17,664</b>	<b>5,558.73</b>	<b>38,361</b>	<b>11,845.73</b>

**(d) Purchase of goods for resale**

Particulars	2009-11		2008-09	
	QTY (MT)	VALUE (Rs. in Lakhs)	QTY (MT)	VALUE (Rs. in Lakhs)
Iron & Steel	806,427	270,750.79	361,541	119,837.11
M S Scrap	129,668	25,032.69	49,584	8,821.36
Others	142,268	4,825.97	—	—
<b>Total</b>	<b>1,078,363</b>	<b>300,609.45</b>	<b>411,125</b>	<b>128,658.47</b>

**(e) Consumption of Raw Materials**

Particulars	2009-11		2008-09	
	QTY (MT)	VALUE (Rs. in Lakhs)	QTY (MT)	VALUE (Rs. in Lakhs)
<b>M.S. Casting products</b>				
Pig /Sponge Iron/Scrap	26,347	4,198.49	31,392	3,789.55
<b>M.S. Rerolling Products</b>				
Billets / Blooms	184,661	47,256.37	106,066	24,135.85
MS Products	2,850	480.26	10,898	2,377.42
MS Ingots	53,669	12,787.47	45,686	9,742.89
Others	—	—	—	1,034.24
<b>M.S. Ready Made Products</b>				
TMT Bars *	9,805	1,422.37	—	—
<b>Total</b>	<b>277,332</b>	<b>66,144.96</b>	<b>194,042</b>	<b>41,079.95</b>
Less: Transferred to capital work in progress	—	18.14	—	41.06
<b>Total</b>	<b>277,332</b>	<b>66,126.82</b>	<b>194,042</b>	<b>41,038.89</b>

\* Includes 5291 MTs at zero value as there are internal transfers for which cost is not ascertainable.

**(f) Consumption of directly imported and indigenously obtained raw materials, Stores and Spares and Components**

Particulars	2009-11		2008-09	
	%	VALUE (Rs.in Lakhs)	%	VALUE (Rs.in Lakhs)
<b>Raw Material</b>				
Imported	1%	729.71	3%	1,218.23
Indigenous	99%	65,397.11	97%	39,820.66
	<b>100%</b>	<b>66,126.82</b>	<b>100%</b>	<b>41,038.89</b>
Stores and Spares (Indigenous)	<b>100%</b>	<b>2,549.92</b>	<b>100%</b>	<b>1,109.36</b>

**(g) CIF Value of Imports**

(Rupees in Lakhs)

Particulars	2009-11	2008-09
Raw Materials	49,875.78	28,706.58
Capital Goods	2.59	—
Others	633.35	—
<b>Total</b>	<b>50,511.72</b>	<b>28,706.58</b>

**(h) Expenditure in Foreign Currency (on accrual basis)**

(Rupees in Lakhs)

Particulars	2009-11	2008-09
Travelling	0.42	1.03
Professional and Consultancy	164.76	—
<b>Total</b>	<b>165.18</b>	<b>1.03</b>

**(i) Earnings in Foreign Exchange**

(Rupees in Lakhs)

Particulars	2009-11	2008-09
FOB Value of Exports	50,894.84	22,286.75
Others	726.74	—
<b>Total</b>	<b>51,621.58</b>	<b>22,286.75</b>

- 15 Sundry creditors (Ref: Schedule 11 - Current Liabilities) include Rs.Nil due to micro enterprises and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act 2006). The Company has not received any memorandum(as required to be filed by the supplier with the notified authority under the MSMED Act 2006) claiming their status as Micro or Small or Medium Enterprises.

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## 16 Disclosure as per clause 32 of the Listing Agreement

Loans and Advances in the nature of loans given to Subsidiaries, Associates and Others:

(Rupees in Lakhs)

Name of the Company	Relationship	Amount Outstanding as at period end (year end)	Maximum Outstanding during the period (year)	Investment in Shares of the Company (No.)
GLADE STEEL PVT. LTD.	Subsidiary	2,823.41	3,869.79	—
		113.86	1,410.93	—
SUJANA POWER (TUTICORIN) LTD.	Associate	—	376.60	—
		376.60	376.60	—
ALPHA VENTURES LTD.	Subsidiary	2,316.02	2,316.02	—
		—	—	—
ASIAN TIDE ENTERPRISES LTD.	Subsidiary	11,265.33	11,265.33	—
		—	—	—
SUJANA UNIVERSAL INDUSTRIES LIMITED	Other	745.35	18,481.14	—
		—	—	—

Above loans and advances are interest free and there are no repayment schedules

*Note : Figures in italics relate to previous year*

## 17 Scheme of Amalgamation

A Scheme of Amalgamation of M/s Lakshmi Gayatri Industries Private Limited, M/s Glade Steel Private Limited, M/s Sri Ganga Steel Enterprises Private Limited and M/s Topaz Steel India Limited with the Company with effective from 1 October, 2009 (being Appointed Date) has been approved by the shareholders and secured creditors of the Company in the extra ordinary general meeting held on 28 April 2011. The petition will be submitted by the Company with the Hon'ble High Court of Andhra Pradesh for the sanction of Scheme of Amalgamation under Section 391 and 394 of the Companies Act, 1956 in the month of June, 2011. In view of pending order of High Court of Andhra Pradesh, the scheme has not been given effect in the Audited Financials of the Company for the period ended 31 March 2011 (18 months period (i.e. from 1.10.2009 to 31.03.2011)). Further the loans and advances of Rs.5,202.50 lakhs (30.09.2009: Rs.785.39 lakhs) outstanding and receivable from these amalgamating companies as on 31 March 2011 are considered good for recovery by the management.

## 18 Cumulative Redeemable Preference Shares

1,493,365 1% of Cumulative Redeemable Preference Shares of Rs.100 each aggregating to Rs.1493.37 lakhs is redeemable in 12 quarterly installments co-terminus with principal payment commencing from October 01, 2013 and ending July 01, 2016

## 19 Stressed Assets Stabilization Fund (SASF) has communicated as follows

SASF vide their letter dated 02 December 2010 has confirmed a Negotiated Settlement (NS) for the balance term loan outstanding as on 31 December 2009 (being the cut-off date) in respect of the Company and other two companies viz. Handum Industries Limited under the slump sale agreement and Sri Ganga Steel Enterprises Limited under the scheme of amalgamation to the extent of Rs.7,706.00 lakhs, with the following terms and conditions:



a) Rs.3,051.00 lakhs to be paid in cash of which an amount of Rs.600 lakhs was paid against the crystallized cash portion of the settlement amount and balance amount shall be payable in equal five installments the from date of issue of letter of approval (LOA). The first installment shall be payable within a period of one week from the date of issue of LOA, of which the Company has paid Rs.1,250 lakhs during the period. The Company vide letter dated 26.03.2011 requested SASF to give extension of time for repayment of balance amount in twelve monthly installments commences from 01.04.2011.

b) Of the balance restructured term loan Rs.4,655 lakhs is to be converted into equity share of Company as per SEBI Guidelines and 9% p.a interest shall be payable till the date of conversion. Based on the NS, a consolidated interest waiver of Rs.1300 lakhs has been given by SASF. In view of pending amalgamation of Sri Ganga Steel Enterprises Limited and Handum Industries Limited under the slump sale agreement, the Company has not accounted the term loan liability relating to amalgamating Company (payable to SASF) and the interest wavier to the extent of Rs.1,300 lakhs in the books during the period. The balances outstanding as at March 31, 2011 has not been confirmed by SASF.

c) Stressed Assets Stabilization Fund (SASF) vide their letter dated June 25, 2008 has informed the Company to covert 2,038,260 1% of Cumulative Redeemable Preference Shares of Rs. 100 each aggregating to Rs. 2,038.26 lakhs into equity of Rs.1,875 lakhs and term loans of Rs.163.26 lakhs, as part of its restructuring of dues payable to them.

20 The Company's significant leasing arrangements are in respect of operating leases for premises (office, stores, godowns, etc.). The leasing arrangements, which are not non-cancellable, range between ten months and three years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent in to the profit and loss account.

21 **Comparatives:**

The financial statements have been prepared for 18 months i.e. October 01, 2009 to March 31, 2011 and are not strictly comparable with previous year's figures as the same for 12 months period i.e., from October 1, 2008 to September 30, 2009.

22 Previous year's figures have been regrouped / restated wherever necessary.

**For Sujana Metal Products Limited**

**R.K. Birla**  
Managing Director

**S.Hanumantha Rao**  
Director - Finance

Place: Hyderabad  
Date: May 30, 2011

**V. R. Chary**  
Chief Finance Officer

**Shaik Ibraheem**  
Company Secretary

# SUJANA METAL PRODUCTS LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (Rs. in Lakhs)

<b>I REGISTRATION DETAILS</b>		
CIN Number	L28120AP1988PLC008610	
Balance Sheet		31.03.2011
State Code		01
<b>II CAPITAL RAISED DURING THE PERIOD</b>		
Public Issue		NIL
Rights Issue		NIL
Bonus Issue		NIL
Private Placement		6354.71
<b>III POSITION OF MOBILISATION OF AND DEPLOYMENT OF FUNDS</b>		
Total Liabilities		177421.46
Total Assets		177421.46
<b>Sources of Funds</b>		
Paid up Capital		11310.91
Share Application Money		NIL
Reserves & Surplus		59073.71
Deferred Tax Liability		6183.21
Secured Loans		89943.21
Un-Secured Loans		10910.42
<b>Application of Funds</b>		
Net Fixed Assets		43231.85
Work in Progress		20472.15
Investments		761.11
Net Current Assets		112956.35
Misc. Expenditure		NIL
Deferred Revenue Expenditure		NIL
Accumulated Losses		NIL
<b>IV PERFORMANCE OF THE COMPANY</b>		
Total Turnover		426298.83
Total Expenditure		419760.92
Profit before Tax		6537.91
Profit after Tax		3868.69
Earnings per Share in Rs.		
- Basic		2.24
- Diluted		2.15
Dividend rate %		NIL
<b>V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)</b>		
PRODUCT DESCRIPTION	STEEL BARS AND RODS	
ITEM CODE (IT CODE NO.)	72145000	
PRODUCT DESCRIPTION	STEEL ANGLES, SHAPES AND U,I,H,L OR T SECTIONS	
ITEM CODE (IT CODE NO.)	72161000	

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# **Consolidated Accounts for the Period Ended 31.03.2011**

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# SUJANA METAL PRODUCTS LIMITED

## AUDITORS' REPORT

To  
THE BOARD OF DIRECTORS  
SUJANA METAL PRODUCTS LIMITED

1. We have audited the attached Consolidated Balance Sheet of **Sujana Metal Products Limited (the Company and its subsidiaries constitute "the Group")** as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the period ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.29,290.91 lakhs as at March 31, 2011, total revenue of Rs.33,190.49 lakhs and net cash inflows amounting to Rs.0.45 lakhs for the period ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. 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) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, subject to Note 9 of the Schedule 23, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
  - ii. in the case of the Consolidated Profit and Loss account, of the profit of the Group for the period ended on that date; and
  - iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the period ended on that date.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Reg. No. 008072S)

Hyderabad, May 30, 2011

**C R Rajagopal**  
Partner  
Membership No. 23418



# **CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

(Rupees in Lakhs)

	SCH REF	AS AT 31.03.2011	AS AT 30.09.2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	11,310.91	6,994.46
Share Application Money		—	1,597.61
Reserves and Surplus	2	60,867.70	36,141.66
		<b>72,178.61</b>	<b>44,733.73</b>
<b>MINORITY INTEREST</b>		<b>793.87</b>	<b>—</b>
<b>LOAN FUNDS</b>			
Secured Loans	3	98,554.41	84,806.42
Unsecured Loans	4	10,910.42	9,367.98
		<b>109,464.83</b>	<b>94,174.40</b>
<b>DEFERRED TAX LIABILITY ( Net)</b>		<b>6,185.14</b>	<b>5,057.01</b>
(Refer Note 8 of Schedule 23)			
<b>TOTAL</b>		<b>188,622.45</b>	<b>143,965.14</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSET</b>			
Gross Block	5	59,025.65	46,217.07
Less: Depreciation & Amortisation		14,971.46	8,537.98
Net Block		44,054.19	37,679.09
Capital Work in Progress [includes capital advances of Rs.20,384.22 lakhs (30.09.2009: Rs.6,018.94 lakhs)]		21,173.70	11,411.11
		<b>65,227.89</b>	<b>49,090.20</b>
<b>GOODWILL ON CONSOLIDATION</b>		<b>326.96</b>	<b>639.22</b>
<b>INVESTMENTS</b>	6	79.92	5.20
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	10,219.60	22,965.35
Sundry Debtors	8	109,033.30	89,995.02
Cash and Bank Balances	9	7,837.87	4,366.21
Loans and Advances	10	42,317.18	21,231.18
		<b>169,407.95</b>	<b>138,557.76</b>
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>			
Liabilities	11	43,470.65	41,808.51
Provisions	12	2,956.67	2,521.32
		<b>46,427.32</b>	<b>44,329.83</b>
<b>NET CURRENT ASSETS</b>		<b>122,980.63</b>	<b>94,227.93</b>
<b>MISCELLANEOUS EXPENDITURE</b>		<b>7.05</b>	<b>2.59</b>
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>188,622.45</b>	<b>143,965.14</b>
<b>SIGNIFICANT ACCOUNTING POLICIES</b>	22		
<b>NOTES</b>	23		

Schedules referred to above form an integral part of Consolidated Balance Sheet

In terms of our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Reg. No. 008072S)

**R K Birla**  
Managing Director

**S.Hanumantha Rao**  
Director - Finance

**C R Rajagopal**  
Partner

**V R Chary**  
Chief Financial Officer

**Shaik Ibraheem**  
Company Secretary

Place: Hyderabad  
Date: May 30, 2011

Place: Hyderabad  
Date: May 30, 2011

# SUJANA METAL PRODUCTS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE EIGHTEEN MONTHS PERIOD ENDED MARCH 31, 2011 (Rupees in Lakhs)

	SCH REF	FOR THE PERIOD ENDED 31.03.2011	FOR THE YEAR ENDED 30.09.2009
<b>INCOME</b>			
Gross Sales		466,479.77	271,898.37
Less: Excise Duty		10,769.63	7,521.53
Net Sales	13	455,710.14	264,376.84
Other Income	14	909.77	950.59
TOTAL (A)		456,619.91	265,327.43
<b>EXPENDITURE</b>			
Reduction In Stocks of Finished Goods and Stock in Process	15	3,663.79	5,124.58
Raw Materials Consumed	16	66,126.82	41,038.90
Manufacturing & Other Operating Expenses	17	9,389.44	5,307.10
Goods For Resale	18	336,355.83	190,467.92
Administration & Selling Expenses	19	7,973.93	4,970.54
Interest & Finance Charges	20	21,069.19	10,309.86
Depreciation & Amortisation	5	7,073.59	2,808.19
TOTAL (B)		451,652.59	260,027.09
<b>Profit Before Tax</b>		4,967.32	5,300.34
<b>Taxation</b>	21	2,675.91	1,317.08
<b>Profit After Tax Before Minority Interest</b>		2,291.41	3,983.26
Share of Profit transferred to Minority Interest		9.47	—
<b>Profit after Tax After Minority Interest</b>		2,281.94	3,983.26
Balance Brought Forward from Last Year		14,455.57	11,017.31
Less: Adjustment (Refer Note 9 of Schedule 23)		68.33	—
Less: Adjustment on account of change in holding in subsidiary		19.80	—
<b>Amount available for Appropriation</b>		16,825.64	15,000.57
Transfer to Cumulative Redeemable Preference Shares Redemption Reserve		—	503.68
Proposed Dividend on Cumulative Redeemable Preference Shares		25.08	35.32
Dividend Distribution Tax		4.16	6.00
<b>Balance Carried to Balance Sheet</b>		16,796.40	14,455.57
Earnings Per Share (face value of Rs. 5 each) (Refer Note 7 of Schedule 23)			
Basic (Rs.)		1.31	5.81
Diluted (Rs.)		1.26	4.84
Significant Accounting Policies	22		
Notes	23		

Schedules referred to above form an integral part of Consolidated Profit and Loss Account

In terms of our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Reg. No. 008072S)

**R K Birla**  
Managing Director

**S.Hanumantha Rao**  
Director - Finance

**C R Rajagopal**  
Partner

**V R Chary**  
Chief Financial Officer

**Shaik Ibraheem**  
Company Secretary

Place: Hyderabad  
Date: May 30, 2011

Place: Hyderabad  
Date: May 30, 2011

# **CONSOLIDATED CASH FLOW STATEMENT FOR THE EIGHTEEN MONTHS PERIOD ENDED MARCH 31, 2011**

(Rupees in Lakhs)

	For the Eighteen Months Period ended 31.03.2011	For the Year ended 30.09.2009
<b>A. CASHFLOW FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>4,967.32</b>	<b>5,300.34</b>
Adjustment for:		
Depreciation & Amortisation	<b>7,073.59</b>	2,808.19
Depreciation written back	—	(123.81)
Profit on sale of fixed assets	<b>(0.36)</b>	(15.70)
Unrealised Foreign Exchange Gain	<b>(311.91)</b>	(112.08)
Loss on sale of current investments	<b>1.01</b>	—
Provision for diminution in the value of current investment	<b>0.08</b>	—
Income from current investments	<b>(0.36)</b>	—
Provision for wealth tax	<b>2.46</b>	—
Interest Income	<b>(372.05)</b>	(348.13)
Interest and finance charges	<b>21,069.19</b>	10,309.86
Preliminary expenses written off	<b>3.85</b>	—
Operating Profit Before Working Capital Changes	<b>32,432.82</b>	17,818.67
Increase in Sundry Debtors	<b>(19,128.59)</b>	(31,008.86)
Decrease/(Increase)in Inventories	<b>10,580.27</b>	(1,017.59)
Increase in Loans and Advances	<b>(17,150.70)</b>	(3,193.23)
Increase/ (Decrease) in Liabilities	<b>11,387.04</b>	(19,028.08)
Increase in Provisions	<b>92.71</b>	288.36
<b>CASH GENERATED FROM /(USED) IN OPERATIONS</b>	<b>18,213.55</b>	(36,140.73)
Taxes paid	<b>(1,514.74)</b>	(446.24)
<b>NET CASH GENERATED FROM / (USED) IN OPERATING ACTIVITIES (A)</b>	<b>16,698.81</b>	(36,586.97)
<b>B. CASHFLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(27,505.27)</b>	(10,675.92)
Proceeds from sale of Fixed Assets	<b>2,107.77</b>	412.15
Purchase of current investments	<b>(705.00)</b>	—
Sale of current investments	<b>629.19</b>	—
Foreign Exchange Traslation adjustment (arising on consolidation)	<b>(410.65)</b>	(2.01)
Income from current investment received	<b>0.75</b>	—
Interest Received	<b>983.08</b>	688.47
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(24,900.13)</b>	(9,577.31)



# SUJANA METAL PRODUCTS LIMITED

	For the Eighteen Months Period ended 31.03.2011	For the Year ended 30.09.2009
<b>C. CASHFLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Share Capital	5,730.49	—
Share Premium Received		
(Net of GDR issue expenses of Rs.164.76 lakhs)	20,707.93	—
Share Application Money Received	—	1,580.56
Share Warrants Money Refunded	—	(619.20)
Proceeds from borrowings	32,679.88	36,003.52
Repayment of borrowings	(27,156.32)	(1,374.42)
Proceeds from working capital borrowings (net)	6,844.00	16,420.68
Share issue expenses paid	(8.31)	—
(Repayment) of /Proceeds from Unsecured Loans	(8,237.98)	5,761.98
Interest and finance charges paid		
(Excluding interest capitalised of Rs.Nil		
(30.09.2009 Rs.416.97 lakhs)	(18,827.14)	(10,143.26)
Dividend Paid	(35.32)	(44.15)
Dividend Distribution Tax Paid	(15.94)	(0.82)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES (C)</b>	<b>11,681.29</b>	<b>47,584.89</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>3,479.97</b>	<b>1,420.61</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR</b>	<b>4,366.21</b>	<b>2,943.76</b>
Exchange difference on translation of foreign currency cash and cash equivalents	(8.31)	1.84
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR</b>	<b>7,837.87</b>	<b>4,366.21</b>

- Notes: i) The Cash Flow Statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities.
- (ii) Cash and cash equivalents include restricted balances of Rs.5,325.55 lakhs (30.09.2009 - Rs.2,884.81 lakhs) is deposits pledged with banks against letters of credits and guarantees issued.
- (iii) Figures in brackets represent outflows.

In terms of our report attached

For and on behalf of the Board

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Reg. No. 008072S)

**R K Birla**  
Managing Director

**S.Hanumantha Rao**  
Director - Finance

**C R Rajagopal**  
Partner

**V R Chary**  
Chief Financial Officer

**Shaik Ibraheem**  
Company Secretary

Place: Hyderabad  
Date: May 30, 2011

Place: Hyderabad  
Date: May 30, 2011



## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Rupees in Lakhs)

	AS AT 31.03.2011	AS AT 30.09.2009
<b>SCHEDULE NO : 1</b>		
<b>SHARE CAPITAL:</b>		
<b>AUTHORISED:</b>		
320,000,000 (30.09.2009 : 210,000,000)		
Equity Shares of Rs. 5 Each	16,000.00	10,500.00
4,000,000(30.09.2009 : 4,000,000)		
Preference Shares of Rs. 100 Each	4,000.00	4,000.00
	<b>20,000.00</b>	<b>14,500.00</b>
Issued,Subscribed And Paid Up: 196,350,881		
(30.09.2009 : 69,256,524) Equity Shares of Rs. 5 Each Fully Paid Up	9,817.54	3,462.83
Of the above:		
i) 13,140,489 equity shares of Rs. 5 each were issued as fully paid up to the shareholders of erstwhile Sujana Steels Limited on its amalgamation with the Company, for consideration other than cash;		
ii) 593,735 equity shares of Rs. 5 each were issued as fully paid up to IDBI Bank Limited as part of the restructuring of secured loans, for consideration other than cash;		
iii) 2,034,285 equity shares of Rs.5 each at a premium of 12.50 per share were issued as fully paid up to Stressed Assets Stabilization Fund (SASF) as part of restructuring of secured loans, for consideration other than cash during the period 2009-11;		
iv) 52,631,500 equity shares of Rs.5 each at a premium of Rs.21.676 per share represents the shares underlying GDRs. Each GDR represents ten underlying ordinary shares. The proceeds of the GDR issue have been utilised in accordance with the purpose as stated in the offer document;		
v) 11,714,286 equity shares of Rs. 5 each allotted on preferential basis at a premium of Rs.12.50 per share to the the promoter and promoter group and to the non -promoter group during the period 2009-11;		
vi) 50,000,000 equity shares of face value of Rs.5 per share allotted on conversion of Compulsory Convertible Warrants at a premium of Rs.16 per share to the promoter and promoter group during the period 2009-11;		
vii) 10,714,286 equity shares of Rs.5 each at a premium of Rs.12.50 per share were allotted to Stressed Assets Stabilisation Fund (SASF) on redemption of the Cumulative Redeemable Preference Share, for consideration other than cash during the period 2009-11;		
1,493,365 (30.09.2009 - 3,531,625) 1% Cumulative Redeemable Preference Shares Of Rs.100 Each Fully Paid Up	1,493.37	3,531.63
(Refer Note 10 of Schedule 23)		
Of the above:		
1,493,365 preference shares of Rs. 100 each were issued as fully paid up to IDBI Bank Limited as part of the restructuring of loans, for consideration other than cash.		
	<b>11,310.91</b>	<b>6,994.46</b>

# SUJANA METAL PRODUCTS LIMITED

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Rupees in Lakhs)

	AS AT 31.03.2011	AS AT 30.09.2009
<b>SCHEDULE NO : 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>GENERAL RESERVE</b>		
Balance as per last accounts	698.64	698.64
<b>CAPITAL RESERVE</b>		
Balance as per last accounts	7,094.29	5,247.49
Add: Forfeiture of Share Warrants	—	1,846.80
	<u>7,094.29</u>	<u>7,094.29</u>
<b>SECURITIES PREMIUM</b>		
Balance as per last accounts	12,634.48	10,774.48
Add: Addition during the period/year	22,960.62	1,860.00
Less : GDR Issue Expenses	164.76	—
(Net of Deferred Tax Asset Rs.Nil)	<u>35,430.34</u>	<u>12,634.48</u>
<b>Cummulative Redeemable Preference Shares Redemption Reserve</b>		
Balance as per last accounts	1,007.36	503.68
Add: Transfer from Profit and Loss Account	—	503.68
	<u>1,007.36</u>	<u>1,007.36</u>
Foreign Currency Translation Reserve	(159.33)	251.32
Profit and Loss Account - Balance	<u>16,796.40</u>	<u>14,455.57</u>
	<u><u>60,867.70</u></u>	<u><u>36,141.66</u></u>
<b>SCHEDULE NO : 3</b>		
<b>SECURED LOANS</b>		
<i>Refer Note 13(a) of Schedule 23</i>		
1) <b>FROM BANKS</b>		
Term Loans	41,676.86	40,124.33
Short Term Loans	5,093.19	—
Working Capital Loans	45,448.99	38,604.99
Vehicle Loans	125.65	116.81
2) <b>FROM FINANCIAL INSTITUTION</b>		
Term Loans (Refer Note 12 of schedule 23)	6,203.83	5,945.24
3) <b>FROM OTHERS</b>		
Vehicle Loans	5.89	15.05
	<u>98,554.41</u>	<u>84,806.42</u>
<b>SCHEDULE NO : 4</b>		
<b>UNSECURED LOANS</b>		
<i>(Refer Note 13(b) of Schedule 23</i>		
From Others	10,910.42	9,367.98
	<u>10,910.42</u>	<u>9,367.98</u>

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

### SCHEDULE NO : 5 FIXED ASSETS

(Rupees in Lakhs)

DESCRIPTION	GROSS BLOCK (At Cost)				DEPRECIATION/AMORTISATION				NET BLOCK	
	AS AT 01.10.2009	ADDITIONS	DELETIONS/ ADJUSTMENTS	AS AT 31.03.2011	AS AT 01.10.2009	FOR THE PERIOD	DELETIONS/ ADJUSTMENTS	AS AT 31.03.2011	AS AT 31.03.11	AS AT 30.09.2009
TANGIBLE ASSETS										
LAND-FREEHOLD	1,851.30	—	—	1,851.30	—	—	—	—	1,851.30	1,851.30
BUILDINGS	3,859.33	358.08	134.98	4,082.43	370.97	190.06	(4.51)	555.54	3,516.89	3,488.36
PLANT & MACHINERY (Refer Note 2)	37,007.33	14,470.55	1,878.92	49,598.96	7,380.64	6,535.03	595.44	13,320.23	36,278.73	29,626.69
ELECTRICAL INSTALLATION	2,360.46	434.04	626.86	2,167.64	196.84	193.96	(13.19)	403.99	1,763.65	2,163.62
FURNITURE & FIXTURES	70.98	11.84	0.05	82.77	37.45	10.71	(0.71)	48.87	33.90	33.53
OFFICE EQUIPMENT	101.32	47.77	—	149.09	23.52	9.89	(0.03)	33.44	115.65	77.80
VEHICLES	509.71	204.18	106.69	607.20	189.27	82.38	63.20	208.45	398.75	320.44
COMPUTERS	427.96	29.63	0.01	457.58	310.61	51.56	(0.09)	362.26	95.32	117.35
INTANGIBLE ASSETS										
GOOD WILL	28.68	—	—	28.68	28.68	—	—	28.68	—	—
Total	46,217.07	15,556.09	2,747.51	59,025.65	8,537.98	7,073.59	640.11	14,971.46	44,054.19	37,679.09
Previous year	44,008.08	3,088.58	879.59	46,217.07	6,336.73	2,808.19	606.94	8,537.98	37,679.09	—

**Note:**

1. Deletions/Adjustment includes gross block of Rs.1,210.66 lakhs and depreciation of Rs. Rs.132.26 lakhs on account of difference in fixed assets and accumulated depreciation between management accounts and audited accounts in one of the subsidiary company relating to previous years.
2. Additions include Rs.2,165.48 lakhs of rolls reclassified from inventory to fixed assets.

# SUJANA METAL PRODUCTS LIMITED

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Rupees in Lakhs)

	AS AT 31.03.2011	AS AT 30.09.2009
<b>SCHEDULE NO : 6</b>		
<b>INVESTMENTS</b>		
Trade Investments:		
Unquoted - Long Term - At Cost		
IN ASSOCIATES :		
SUJANA POWER (GANGAIKONDAN) LIMITED	—	2.60
Nil (30.09.2009 : 26,000)		
Equity Shares of Rs.10 each fully paid up Sold during the period		
SUJANA POWER (TUTICORIN) LIMITED	—	2.60
Nil (30.09.2009 : 26,000)		
Equity Shares of Rs.10 each fully paid up Sold during the period	—	5.20
<b>Current Investments: (At lower of cost and fair value)</b>		
IN MUTUAL FUNDS- Quoted		
SBI-DEBFUND SERIES - 370 DAYS-3-DIVIDEND	75.00	—
7,50,000 units purchased during the period.		
SBI-PSU FUND DIVIDEND	5.00	—
50,000 units purchased during the period.		
Less : Diminution in the value of investment	0.08	—
	<b>79.92</b>	<b>5.20</b>
<b>SCHEDULE NO : 7</b>		
<b>INVENTORIES (At Lower of Cost and Net Realisable Value)</b>		
Raw Materials	1,768.52	2,031.85
Stock In Progress	—	110.96
Finished Goods	1,884.93	5,437.76
Stores, Spares & Consumables	973.02	3,539.05
Goods- For Resale	5,593.13	11,845.73
	<b>10,219.60</b>	<b>22,965.35</b>
<b>SCHEDULE NO : 8</b>		
<b>SUNDRY DEBTORS : (Unsecured)</b>		
Over Six Months		
Considered Good	39,748.21	2,319.00
Considered Doubtful	588.51	438.49
Other Debts		
Considered Good	69,285.09	87,676.02
Considered Doubtful	11.21	—
	<b>109,633.02</b>	<b>90,433.51</b>
Less: Provision for Doubtful Debts	(599.72)	(438.49)
	<b>109,033.30</b>	<b>89,995.02</b>
Of the above:		
Considered Good	109,033.30	89,995.02
Considered Doubtful	599.72	438.49
	<b>109,633.02</b>	<b>90,433.51</b>

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET** *(Rupees in Lakhs)*

	AS AT 31.03.2011	AS AT 30.09.2009
<b>SCHEDULE NO : 9</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash On Hand	113.76	98.88
Balances With Banks:		
- In Current Accounts	1,626.04	645.99
- In Deposits	6,098.07	3,621.34
<i>(Includes Rs.5,325.55 lakhs (30.09.2009-Rs.2,884.81 lakhs)</i>		
<i>Pledged with banks as security for Guarantees and Letter of Credits Issued)</i>	<u>7,837.87</u>	<u>4,366.21</u>
<b>SCHEDULE NO : 10</b>		
<b>LOANS &amp; ADVANCES : ( Unsecured)</b>		
Interest Receivable on Deposits	67.41	678.45
Advances Recoverable in cash or in kind or for value to be received	136.13	275.42
Advances To:		
Suppliers	33,987.31	16,323.68
Other Body Corporates (Note 11 of Schedule 23)	5,202.50	785.39
Prepaid Expenses	27.39	12.85
Advance Tax and Tax Deducted at Source (Net of Provisions)	354.77	225.19
Mat Credit Receivable	428.97	428.97
Deposits :		
Government Bodies	2,226.22	2,679.38
Others	239.84	212.21
	<u>42,670.54</u>	<u>21,621.54</u>
Less: Provision for Doubtful Advances	<u>(353.36)</u>	<u>(390.36)</u>
	<u>42,317.18</u>	<u>21,231.18</u>
Of the above:		
Considered Good	42,317.18	21,231.18
Considered Doubtful	353.36	390.36
	<u>42,670.54</u>	<u>21,621.54</u>
<b>SCHEDULE NO : 11</b>		
<b>LIABILITIES</b>		
<b>SUNDRY CREDITORS</b>		
Dues to Micro & Small Enterprises	—	—
Dues to Other than Micro and Small Enterprises		
- For Goods & Services	40,800.90	37,921.57
- For Expenses	638.88	583.04
Others	198.13	490.59
Advances From Customers	1,240.57	2,500.36
Interest Accrued But Not Due	592.17	312.95
	<u>43,470.65</u>	<u>41,808.51</u>
<b>SCHEDULE NO : 12</b>		
<b>PROVISIONS</b>		
Taxation (Net of Advance Taxes)	2,657.77	2,239.58
Fringe Benefit Tax (Net of Advance Taxes)	16.08	69.61
Proposed Dividend on Preference Shares	25.08	35.32
Dividend Distribution Tax	1.78	13.56
Employee Benefits	255.96	163.25
	<u>2,956.67</u>	<u>2,521.32</u>

# SUJANA METAL PRODUCTS LIMITED

## SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT *(Rupees in Lakhs)*

	EIGHTEEN MONTHS PERIOD ENDED 31.03.2011	YEAR ENDED 30.09.2009
<b>SCHEDULE NO : 13</b>		
<b>SALES</b>		
Manufactured Products	81,877.08	49,237.88
Trading		
Domestic		
- Raw Materials	32,607.80	2,248.52
- Finished Goods	288,436.11	188,733.20
- Others	494.12	—
Exports		
- Steel and Steel Products	45,155.39	22,286.75
- Others	5,739.45	—
Conversion Income	1,400.19	1,870.49
	<u>455,710.14</u>	<u>264,376.84</u>
<b>SCHEDULE NO : 14</b>		
<b>OTHER INCOME</b>		
Interest on Deposits with Banks and others	372.05	348.13
[Tax deducted at source: Rs. 69.71 lakhs (2008-2009 - Rs.83.44 lakhs)]		
Miscellaneous Income	370.04	35.17
Laibilities no longer Required written back	32.58	248.79
Exchange Gain (Net)	133.99	178.99
Income From Current Investments	0.75	—
Profit On Sale Of Assets (Net)	0.36	15.70
Depreciation Written Back	—	123.81
	<u>909.77</u>	<u>950.59</u>
<b>SCHEDULE NO : 15</b>		
<b>REDUCTION IN STOCK OF FINISHED GOODS AND STOCKS IN PROCESS</b>		
Opening Stock		
Stock In Process	110.96	122.82
Finished Goods	5,437.76	10,550.48
Total A	<u>5,548.72</u>	<u>10,673.30</u>
Closing Stock		
Stock In Process	—	110.96
Finished Goods	1,884.93	5,437.76
Total B	<u>1,884.93</u>	<u>5,548.72</u>
Total (A-B)	<u>3,663.79</u>	<u>5,124.58</u>
<b>SCHEDULE NO : 16</b>		
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	2,031.85	1,858.17
Add: Purchases	65,881.63	41,253.63
	67,913.48	43,111.80
Less: Closing Stock	1,768.52	2,031.85
	66,144.96	41,079.95
Less : Transferred to capital work in progress	18.14	41.05
	<u>66,126.82</u>	<u>41,038.90</u>



**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT** *(Rupees in Lakhs)*

	<b>EIGHTEEN MONTHS PERIOD ENDED 31.03.2011</b>	<b>YEAR ENDED 30.09.2009</b>
<b>SCHEDULE NO : 17</b>		
<b>OTHER MANUFACTURING &amp; OPERATING EXPENSES</b>		
Stores, Spares & Consumables	2,549.92	1,109.36
Power & Fuel	5,829.40	4,252.06
Other Manufacturing Expenses	381.81	371.62
Equipment Hire Charges	68.57	64.55
Job Work Charges	786.52	436.32
(Depletion) In Excise Duty On Finished Goods	(226.78)	(926.81)
	<b>9,389.44</b>	<b>5,307.10</b>
<b>SCHEDULE NO : 18</b>		
<b>GOODS FOR RESALE</b>		
Opening Stock	11,845.73	5,798.91
Add: Purchases	330,103.23	196,514.74
	<b>341,948.96</b>	<b>202,313.65</b>
Less: Closing Stock	5,593.13	11,845.73
	<b>336,355.83</b>	<b>190,467.92</b>
<b>SCHEDULE NO : 19</b>		
<b>ADMINISTRATION &amp; SELLING EXPENSES</b>		
Rent	258.88	154.41
Repairs & Maintenance		
Buildings	28.66	29.62
Machinery	175.81	214.32
Others	73.44	5.10
Personnel Cost		
Salaries, wages and bonus	2,530.82	1,354.22
Contribution to provident and other funds	125.48	75.38
Provision for Employee Benefits	119.44	28.56
Staff welfare expenses	76.29	37.18
Insurance	707.67	674.90
Rates & Taxes	199.83	73.43
Factory Maintenance	89.46	67.23
Managerial Remuneration	126.25	82.20
Printing & Stationery	46.41	35.05
Communication	88.36	66.05
Traveling & Conveyance	313.00	238.71
Professional & Consultancy Charges	561.05	248.07
Auditors' Remuneration	105.71	46.07
General Expenses	206.92	123.82
Security Charges	156.88	68.29
Donations	238.52	33.76
Sales Promotion & Advertisement	411.25	152.58
Commission, Selling & Distribution Expenses	235.04	158.71
Freight Outwards	880.13	959.98
Provision For Doubtful Debts & Advances	213.69	148.52
Loss On Sale Of Current Investments	1.01	—
Provision For Diminution In The Value Of Current Investments	0.08	—
Preliminary Expenses Written Off	3.85	0.65
	<b>7,973.93</b>	<b>5,076.81</b>
Less: Transferred to Capital Work in Progress	—	106.27
	<b>7,973.93</b>	<b>4,970.54</b>

# SUJANA METAL PRODUCTS LIMITED

## SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in Lakhs)

	EIGHTEEN MONTHS PERIOD ENDED 31.03.2011	YEAR ENDED 30.09.2009
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### SCHEDULE NO : 20

#### INTEREST AND FINANCE CHARGES

Interest -

On Term Loans	7,067.15	4,044.40
On Working Capital Loans	8,144.51	4,716.17
Others	2,157.19	1,492.31
Bank And Finance Charges	3,700.34	473.95

**21,069.19** 10,726.83

Less: Transferred to Capital Work in Progress — 416.97

**21,069.19** 10,309.86

### SCHEDULE NO : 21

#### TAXATION

Current tax	1,481.18	1,152.40
Deffered Tax	1,196.40	320.01
Fringe Benefit Tax	—	21.62

**2,677.58** 1,494.03

Less : Adjustments related to previous years 1.67 176.95

**2,675.91** 1,317.08

## **SCHEDULE 22: SIGNIFICANT ACCOUNTING POLICIES**

### **1. Basis of Preparation of Financial Statements**

The consolidated financial statements have been prepared on accrual basis under the historical cost convention in accordance with the Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements are presented in Indian rupees.

### **2. Use of Estimates**

The preparation of financial statements are in conformity with Indian GAAP 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 recognised prospectively in current and future periods. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets.

### **3. Fixed Assets and Deprecation**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets comprises the purchase price (net of rebates and discounts) and any other directly attributable costs of bringing the assets to working condition for their intended use. Costs of construction are consists of those costs that relate directly to specific assets and those that are attributable to the construction activity in general and can be allocated to the specific assets up to the date when the asset is ready to use.

Depreciation on fixed assets is provided using the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as minimum rates. If the management's estimate of the useful life of a Fixed Asset at the time of acquisition of the Asset or of the remaining useful life on a subsequent review is shorter than envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life / remaining useful life.

Depreciation is calculated on a pro-rata basis from/upto the date the assets are purchased /sold. Individual assets costing less than Rs. 5,000 are depreciated in full in the year of purchase.

### **4. Investments**

Investments are classified as current or long-term in accordance with Accounting Standard 13 on "Accounting for Investments".

Current Investments are stated at lower of cost or market value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Profit and Loss Account.

Long term Investments are stated at cost comprising of acquisition and incidental expenses. Provision is made to recognize a diminution, other than temporary, in the value of such investments.

### **5. Revenue Recognition**

Revenue is recognized when it is earned and to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of manufactured goods is recognized on physical delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for

# SUJANA METAL PRODUCTS LIMITED

a price, significant risks and rewards of ownership are transferred to the customers and no effective ownership is retained.

Revenue from traded goods is recognised on symbolic delivery. Significant risk and rewards incidental to ownership are transferred upon issuance of tax invoice and acknowledged by the customers.

Sales are net of sales returns and trade discounts. Export turnover includes related export benefits. Excise duty recovered is presented as a reduction from gross turnover.

## 6. Inventories

Raw materials and Work-in-progress are valued at cost using the weighted average cost method.

Finished goods produced and purchased are valued at cost or net realisable value, whichever is lower.

Excise duty in respect of finished goods awaiting despatch is included in valuation of the Inventory.

Stores and Spares are carried at cost, ascertained on a weighted average basis. Necessary provision is made in case of obsolete and non-moving items.

## 7. 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 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

## 8. 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.

## 9. Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

## 10. Taxes on Income

### i) Indian Entities:

Income taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprise both current and deferred tax. Current tax is measured at the amount expected to be paid to the revenue authorities, using the applicable tax rates and laws.

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.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax regulations at the reporting date.

The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Tax on distributed profits payable in accordance with the provisions of Section 115O of the Income Tax Act, 1961 is in accordance with the Guidance Note on "Accounting for Corporate Dividend Tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the year.

**ii) Foreign Entities:**

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

**11. 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.

**12. Impairment of assets**

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

**13. Provisions, Contingent Liabilities and Contingent Assets**

The Company recognises 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.

# SUJANA METAL PRODUCTS LIMITED

## SCHEDULE 23: NOTES

### 1 Principles of Consolidation:

The Consolidated Financial Statements relate to Sujana Metal Products 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 unrealised 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 recognised 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 recognised 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 in 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.

The Financial Statement of Subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Company i.e. March 31,2011.

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

Name of the Company	Proportion of Ownership Interest		Country of Incorporation
	31.03.2011	30.09.2009	
<b>Subsidiaries</b>			
1). Glade Steel Pvt Ltd.	51.15%	100%	India
2). Alpha Ventures Ltd.	100%	100%	Cayman Islands
3). Asian Tide Enterprises Ltd.	100%	100%	Hong Kong

## 2 Contingent Liabilities not provided for:

### a) Letters of Credit/Bills Discounted and Guarantees issued

(Rupees in lakhs)

Particulars		As at 31.03.2011	As at 30.09.2009
i)	Letters of Credit/Bills Discounted	37,300.47	25,187.36
ii)	Counter Guarantees given to Bankers towards:		
	- Bank Guarantees issued	874.52	1,178.28
iii)	Corporate Guarantees furnished on behalf of Sujana Universal Industries Ltd	53,115.00	10,860.00
iv)	Corporate Guarantees furnished on behalf of Sujana Universal Industries Ltd [USD Nil (30.09.2009: USD 49.17 lakhs)].	—	2,376.39
v)	Joint Corporate Guarantee executed by the Company with Sujana Universal Industries Ltd and Sujana Towers Limited in favour of Alpha Ventures Ltd and Sujana Holdings Ltd, wholly owned subsidiary of the Company and Sujana Universal Industries Ltd respectively [USD 650 lakhs(30.09.2009: USD 650 lakhs)].	29,022.50	31,414.50

### b) Disputed Taxes

(Rupees in Lakhs)

	Particulars	2009-11	2008-09
i)	Excise Duty	1,888.95	1,182.66
ii)	Customs Duty	593.59	622.71
iii)	TNVAT/APGST/APVAT/CST*	4,286.66	12,037.22
iv)	Income Tax	—	267.01
v)	FERA**	630.00	630.00

\* Excludes Rs.8,050.49 lakhs disputed tax pertain to APGST for the year 2004-05 and APVAT for the years from 2005-06 to 2007-08 set aside by High Court of Andhra Pradesh in favour of the Company. Consequential revision orders has to be passed by the CTO, Sri Nagar Colony, Hyderabad.

\*\* Against which bank guarantee of Rs.215 lakhs has been issued and Rs. 100 Lakhs has been deposited.

## 3.

(Rupees in Lakhs)

Particulars	2009-11	2008-09
Estimated amount of contracts remaining to be executed on capital account and not provided for [net of advances of Rs.20,384.22 lakhs (30.09.2009: Rs.6,018.94 lakhs)]	9,079.74	3,264.27

## 4 Employee Benefits

a) The company liability on account of Employee benefits comprising Gratuity- a defined benefit scheme and compensated absences has been determined in accordance with the requirements of Accounting Standard (AS)-15 notified by the Companies (Accounting Standards) Rules, 2006. Disclosures required in terms of the requirement of AS-15.



# SUJANA METAL PRODUCTS LIMITED

(Rupees in lakhs)

Expenses recognised in statement of profit and loss account			
Particulars	Gratuity	Compensated Absences	Total
Current Service Cost	61.86	35.48	97.34
	9.04	9.44	18.48
Interest Cost	16.70	3.42	20.12
	10.12	1.46	11.58
Actuarial (Gains)/Losses	(3.94)	5.92	1.98
	(3.81)	2.31	(1.50)
Total expense included in the Statement of Profit & Loss	74.62	44.82	119.44
	15.35	13.21	28.56
Net Liability recognized in Balance Sheet			
Present Value of Defined Benefit Obligation	192.75	63.21	255.96
	135.52	27.73	163.25
Fair Value on Plan Assets	—	—	—
	—	—	—
Net Liability recognised in Balance Sheet	192.75	63.21	255.96
	135.52	27.73	163.25
Change in Defined Benefit Obligations (DBO)			
Present Value of DBO at Beginning of Period/Year	135.52	27.73	163.25
	126.48	18.29	144.77
Current Service Cost	61.86	35.48	97.34
	9.04	9.44	18.48
Interest Cost	16.70	3.42	20.12
	10.12	1.46	11.58
Actuarial (Gains)/Losses	(3.94)	5.92	1.98
	(3.81)	2.31	(1.50)
Benefits Paid	(17.39)	(9.34)	(26.73)
	(6.31)	(3.77)	(10.08)
Present Value of DBO at the End of Period/Year	192.75	63.21	255.96
	135.52	27.73	163.25
Assumptions			
Interest / Discount Rate			8%
			8%
Rate of escalation in salary			6%
			6%
Attrition Rate			3%
			6%

Note: Figures in italics relate to previous year

**i) Discount Rate**

The discount rate is based on the prevailing market yield on Indian Government Securities as at the balance sheet date for the estimated term of the obligations.

**ii) Salary Escalation Rate**

The estimates of future salary increase considered takes into account the inflation, seniority and other relevant factors.

Net Asset/(Liability) recognised in Balance Sheet				
Particulars	2009-11	2008-09	2007-08	2006-07
	<b>Gratuity</b>			
Present value of defined benefit obligation	<b>192.75</b>	135.52	126.48	14.65
Fair value of plan assets	—	—	—	—
Status [Surplus / (Deficit)]	<b>(192.75)</b>	(135.52)	(126.48)	(14.65)
	<b>Compensated Absences</b>			
Present value of defined benefit obligation	<b>63.21</b>	27.73	18.29	—
Fair value of plan assets	—	—	—	—
Status [Surplus / (Deficit)]	<b>(63.21)</b>	(27.73)	(18.29)	—

**5 Related Party Disclosure**

The following are related parties as defined in “Accounting Standard (AS) 18 - Related Party Disclosures” notified under The Companies (Accounting Standards) Rules, 2006.

**List of Related Parties**

**A Associates**

- Sujana Power (Gangikondan) Ltd.
- Sujana Power (Tuticorin) Ltd.

**Relationship**

- Ceased Since 07.12.2010  
Ceased Since 07.12.2010

**B Key Management Personnel**

- Mr. R.K.Birla
- Mr. S.Hanumantha Rao

- Managing Director  
Director (Finance)

**Related Party Transactions:**

(Rupees in lakhs)

Particulars	Associates		Key Management Personnel	
	2009-11	2008-09	2009-11	2008-09
A) Remuneration				
Mr.R.K.Birla- Managing Director	—	—	108.00	72.00
Mr.Hanumantha Rao - Director (Finance)	—	—	15.30	10.20
<b>SUB-TOTAL</b>	<b>—</b>	<b>—</b>	<b>123.30</b>	<b>82.20</b>
<b>Closing Balance as at March 31, 2011</b>				
B) Advances				
Sujana Power (Tuticorin) Ltd.	—	376.60	—	—
Mr.R.K.Birla- Managing Director	—	—	—	4.68
<b>SUB-TOTAL</b>	<b>—</b>	<b>376.60</b>	<b>—</b>	<b>4.68</b>

# SUJANA METAL PRODUCTS LIMITED

## 6. Segment Reporting

The group is primarily engaged in the business of manufacturing of Steel and Steel products, trading of Steel and Steel products and trading in other products. The group has identified three primary business segments, namely manufacturing and trading of Steel and Steel products and Others, in terms of accounting standard (AS)-17 on “Segment Reporting” which constitutes the reportable segments.

Segements have been identified taking into account the nature of the products,the differing risks and returns, the organisational structure and internal reporting system.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not directly relatable to the business segement,are shown as unallocated corporate cost. Assets and liabilities that cannot be allocated between the segments are shown as unallocated corporate assets and liabilities respectively.

### I) Information about Primary Business Segments (Rupees in lakhs)

Particulars	Period ended March 31, 2011				Year ended September 30, 2009			
	Mfg and Sale of Steel & Steel Products	Trading of Steel & Steel Products	Others	Total	Mfg and Sale of Steel & Steel Products	Trading of Steel & Steel Products	Others	Total
<b>Revenue:</b>								
Total External Sales	83,277.27	372,432.87		4,55,710.14	51,108.37	190,577.29	22,691.18	264,376.84
<b>Total Revenue</b>	<b>83,277.27</b>	<b>372,432.87</b>	<b>—</b>	<b>4,55,710.14</b>	<b>51,108.37</b>	<b>190,577.29</b>	<b>22,691.18</b>	<b>264,376.84</b>
Segment Result Before Interest & Tax	(2,821.84)	36,077.06		33,255.22	(2,204.51)	21,689.27	1,110.95	20,595.71
<b>Un allocated Items</b>								
Other Income				(909.77)				(950.59)
Admin Expenses				7,973.94				5,843.04
Interest Expenses				21,069.19				10,309.86
Depreciation				154.54				93.06
Provision for Taxation				2,675.91				1,317.08
<b>Profit after Taxation</b>				<b>2,291.41</b>				<b>3,983.26</b>
Segment Assets	78,579.91	138,895.53	—	217,475.44	57,542.75	11,845.73	—	69,388.48
Un-allocated Assets	—	—	—	17,160.40	—	—	—	118,259.48
<b>Total Assets</b>	<b>78,579.91</b>	<b>138,895.53</b>	<b>—</b>	<b>234,635.84</b>	<b>57,542.75</b>	<b>11,845.73</b>	<b>—</b>	<b>187,647.96</b>
Segment Liabilities	6,628.85	12,717.11	—	19,345.96	—	—	—	—
Un-allocated Liabilities & Provisions	—	—	—	27,081.36	—	—	—	44,329.83
<b>Total Liabilities</b>	<b>6,628.85</b>	<b>12,717.11</b>	<b>—</b>	<b>46,427.32</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>44,329.83</b>
Total Cost incurred during the period to acquire Segment Assets	15,262.68	—	—	15,262.68	2,966.63	—	—	2,966.63
Un-allocated Assets				293.41				121.95
	<b>15,262.68</b>	<b>—</b>	<b>—</b>	<b>15,556.09</b>	<b>2,966.63</b>	<b>—</b>	<b>—</b>	<b>3,088.58</b>

### II) Information about Secondary Segment - Geographical

Period ended 31.03.2011	Period ended 31.03.2011			Year ended 03.09.2009		
	India	Outside India	Total	India	Outside India	Total
Segment Revenue	3,74,805.28	80,904.86	455,710.14	171,019.36	93,357.48	264,376.84
Segment Assets	191,222.65	43,413.19	234,635.84	143,609.91	44,038.05	187,647.96
Capital Expenditure Incurred	15,556.09	—	15,556.09	3,088.58	—	3,088.58

Note:

As at 31.03.2011

As at 30.09.2009

#### Total Unallocable Assets Exclude

Investments

79.92

5.20

#### Total Unallocable Liabilities Exclude

Secured Loans

98,554.41

84,806.42

Unsecured Loans

10,910.42

9,367.98

Deferred Tax Liability

6,185.14

5,057.01

**115,649.97**

**99,231.41**

## 7 Earnings per Share

(Rupees in lakhs)

Particulars	Period ended 31-03-2011	Year ended 30-09-2009
Profit After Tax and Minority Interest	2,281.94	3,983.26
Less: Preference Dividend including tax there on	29.24	41.32
Profit attributable to equity share holders	2,252.70	3,941.94
Profit attributable to equity share holders- for Diluted EPS	2,252.70	3,965.79
Weighted average number of ordinary shares used in computing Basic Earnings per Share	171,639,557	67,793,510
Add: Effect of potential ordinary (equity shares) on conversion of share warrants and restructuring of loans by SASF.	6,992,102	14,211,585
Weighted average number of ordinary (equity shares) used in computing Diluted Earnings Per Share.	178,631,659	82,005,095
Earnings per share - Face Value: Rs. 5/- each		
Basic- Rs.	1.31	5.81
Diluted- Rs.	1.26	4.84

## 8 Deferred Tax

Deferred Tax Liability (Net) as at March 31,2011 comprises of the following

(Rupees in lakhs)

Particulars	As at 31.03.2011	Movement during the period	Adjustment (Ref Note below)	As at 30.09.2009
<b>A) Deferred Tax Liability:</b>				
Depreciation	6,577.47	1,251.52	68.27	5,394.23
Total Deferred Tax Liability	6,577.47	1,251.52	68.27	5,394.23
<b>B) Deferred Tax Asset:</b>				
Provision for Employee Benefits	83.06	27.57	—	55.49
Provision for doubtful debts / advances	309.27	27.55	—	281.72
Total Deferred Tax Asset	392.33	55.12	—	337.21
Deferred Tax Liability (Net)(A-B)	6,185.14	1,196.40	68.27	5,057.02

Note: Adjustment represents the difference in deferred tax liability between management accounts and audited accounts in one of the subsidiary company relating to earlier years.

- 9 Adjustment represents the difference in the net profit after tax between management accounts and audited accounts in respect of subsidiaries to the extent of Rs. 68.33 lakhs relating to previous years. Had this amount has been accounted as current period income the profit after tax would have been higher by Rs.68.33 lakhs and correspondingly Basic and Diluted EPS would have been Rs.1.35 and Rs.1.30 as against the Basic and Diluted EPS of Rs.1.31 and Rs.1.26.

# SUJANA METAL PRODUCTS LIMITED

## 10 Cumulative Redeemable Preference Shares

Cumulative Redeemable Preference Shares consist of :

1,493,365 1% of Cumulative Redeemable Preference Shares of Rs. 100 each aggregating to Rs. 1493.37 lakhs is redeemable in 12 quarterly installments co-terminus with principal payment commencing from October 01, 2013 and ending on July 01, 2016.

## 11 Scheme of Amalgamation

A Scheme of Amalgamation of M/s Lakshmi Gayatri Industries Private Limited, M/s Glade Steel Private Limited, M/s Sri Ganga Steel Enterprises Private Limited and M/s Topaz Steel India Limited with the Company with effective from 1 October, 2009 (being Appointed Date) has been approved by the shareholders and secured creditors of the Company in the extra ordinary general meeting held on 28 April 2011. The petition will be submitted by the Company with the Hon'ble High Court of Andhra Pradesh for the sanction of Scheme of Amalgamation under Section 391 and 394 of the Companies Act, 1956 in the month of June, 2011. In view of pending order of High Court of Andhra Pradesh, the scheme has not been given effect in the Audited Financials of the Company for the period ended 31 March 2011 (18 months period (i.e. from 1.10.2009 to 31.03.2011). Further the loans and advances of Rs.5,202.50 lakhs (30.09.2009: Rs.785.39 lakhs) outstanding and receivable from these amalgamating companies as on 31 March 2011 are considered good for recovery by the management.

## 12 Stressed Assets Stabilization Fund has communicated as follows:

SASF vide their letter dated 02 December 2010 has confirmed a Negotiated Settlement (NS) for the balance term loan outstanding as on 31 December 2009 (being the cut-off date) in respect of the Company and other two companies viz. Handum Industries Limited under the slump sale agreement and Sri Ganga Steel Enterprises Limited under the scheme of amalgamation to the extent of Rs.7,706.00 lakhs, with the following terms and conditions:

a) Rs.3,051.00 lakhs to be paid in cash of which an amount of Rs.600 lakhs was paid against the crystallized cash portion of the settlement amount and balance amount shall be payable in equal five installments the from date of issue of letter of approval (LOA). The first installment shall be payable within a period of one week from the date of issue of LOA, of which the Company has paid Rs.1,250 lakhs during the period. The Company vide letter dated 26.03.2011 requested SASF to give extension of time for repayment of balance amount in twelve monthly installments commences from 01.04.2011.

b) Of the balance restructured term loan Rs.4,655 lakhs is to be converted into equity share of Company as per SEBI Guidelines and 9% p.a interest shall be payable till the date of conversion. Based on the NS, a consolidated interest waiver of Rs.1300 lakhs has been given by SASF. In view of pending amalgamation of Sri Ganga Steel Enterprises Limited and Handum Industries Limited under the slump sale agreement, the Company has not accounted the term loan liability relating to amalgamating Company (payable to SASF) and the interest waiver to the extent of Rs.1,300 lakhs in the books during the period. The balances outstanding as at March 31, 2011 has not been confirmed by SASF.

c) Stressed Assets Stabilization Fund (SASF) vide their letter dated June 25, 2008 has informed the Company to covert 2,038,260 1% of Cumulative Redeemable Preference Shares of Rs. 100 each aggregating to Rs. 2,038.26 lakhs into equity of Rs.1,875 lakhs and term loans of Rs.163.26 lakhs, as part of its restructuring of dues payable to them.

## 13 Secured and Unsecured Loans

### a) Secured Loans

- i) Term Loans availed from banks and financial institution are secured by first charge on all the immovable and movable fixed assets of the Company both present and future, second charge on the current assets of the Company.

- ii) Short term loan availed from bank is secured by subsequent and subservient charge on current assets of the Company.
- iii) Working Capital facilities availed from banks are inter alia secured by way of pari passu first charge on the current assets and pari passu second charge on fixed assets both present and future . Further a working capital facility availed from a bank is secured by a Corporate Guarantee of Sujana Universal Industries Ltd.

All the above loans are further secured by personal guarantees and properties of certain directors.

- iv) Vehicle loans availed are secured by hypothecation of respective assets financed.
- v) Secured loans includes interest accrued and due of Rs.1,734.55 lakhs (30.09.2009 - Rs.333.01 lakhs)

**b) Unsecured Loans**

Unsecured loans includes certain trade creditors dues to the extent of Rs. 9,780.42 lakhs which have been converted into unsecured loans after obtaining the consent from respective trade creditors. These unsecured loans are repayable within a period of one and half year which carries an interest at the rate of 6% per annum. In respect of previous year the Company has obtained Unsecured loans from certain Companies which are repayable within one year to meet Capital & Working Capital requirements . These loans are interest free for an initial period of six months and thereafter carries interest @ BPLR+2%.

**14 Comparatives**

The accounts have been prepared for 18 months i.e. October 01 ,2009 to March 31, 2011 and are not strictly comparable with previous year's numbers 12 months i.e., for the period October 1, 2008 to September 30, 2009.

- 15** Previous year's figures have been recast/restated wherever necessary.

For Sujana Metal Products Limited

**R.K. Birla**  
Managing Director

**S. Hanumantha Rao**  
Director - Finance

Place: Hyderabad  
Date: May 30, 2011

**V. R. Chary**  
Chief Finance Officer

**Shaik Ibraheem**  
Company Secretary

INTENTIONALLY KEPT BLANK



## SUJANA METAL PRODUCTS LIMITED

Regd.Office: Plot No. 18, Nararjuna Hills, Panjagutta, Hyderabad - 500 082.

Member's Folio/Demat Number.....

No. of Shares held.....

### PROXY FORM

I/We..... resident(s)

of ..... being a member/members of SUJANA METAL PRODUCTS LIMITED hereby appoint Mr/Ms.....

of..... or failing him/her.....

of..... as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty First Annual General Meeting of the Company to be held on the 24th September, 2011 at 11.30 A.M and at any adjournment thereof.

Signed this the .....day of ..... 2011

Signature.....

Affix  
Revenue  
Stamp  
Re 1.00

Note: The instrument of proxy shall be deposited at the Registered Office of the Company not less than 48(forty eight) hours before the time for holding the Meeting.

A PROXY NEED NOT BE A MEMBER.

## SUJANA METAL PRODUCTS LIMITED

Regd.Office: Plot No. 18, Nararjuna Hills, Panjagutta, Hyderabad - 500 082.

Member's Folio/Demat Number.....

No. of Shares held.....

### ATTENDANCE SLIP (for 21st AGM)

This Attendance Slip duly filled in to be handed over at the entrance of the Meeting Hall

Name of the Attending Member or proxy (In Block Letters) .....

I hereby record my presence at the Twenty First Annual General Meeting to be held on 24th September, 2011 at "Kohinoor", Taj Deccan, Road No. 1, Banjara Hills, Hyderabad - 500 034. Andhra Pradesh at 11.30 A.M.

To be signed at the time of handing over this slip

.....  
Member's/Proxy's Signature

### INVITATION FOR LUNCH

Members of the Company are invited to lunch at 12.30 p.m.,  
on 24.09.2011 at the venue of the AGM.

PRINTED MATTER  
**BOOK - POST**



If undelivered, please return to:

**Sujana Metal Products Limited**

**Registered Office :**

Plot No.18, Nagarjuna Hills, Panjagutta, Hyderabad - 500 082.

Phone: 040-23351882, 23351887

Website : [www.sujana.com](http://www.sujana.com)