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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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ANNUAL REPORT
1997-98



Sujana Steels Limited



SUJANA STEELS LIMITED

BOARD OF DIRECTORS

CHAIRMAN

SHRI Y.S. CHOWDARY

MANAGING DIRECTOR

SHRI S.T. PRASAD

DIRECTORS

Dr. V. MALAKONDA REDDY

SHRI R.K. BIRLA

SHRI V.B. CHADHA

SHRI S.R. NARAYANAN

SHRI J. RAMAKRISHNAN

VICE PRESIDENT (FINANCE) &
COMPANY SECRETARY

SHRI K.P.C. RAO

AUDITORS

SHRI G.V. SURYANARAYANA MURTHI
CHARTERED ACCOUNTANT.

BANKERS

BANK OF BARODA

BANK OF RAJASTHAN LIMITED

THE SOUTH INDIAN BANK LIMITED

REGISTERED OFFICE

18, NAGARJUNA HILLS,
PANJAGUTTA,
HYDERABAD-500 082.

WORKS

SURVEY NO.296/7/9,
PLOT NO.159B & C AND 128/A,
IDA, BOLLARAM,
MEDAK DISTRICT,
ANDHRA PRADESH.



SUJANA STEELS LIMITED

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Company will be held on Wednesday, 30th December, 1998 at House No. 8-2-120/77/4B, Near L.V. Prasad Eye Institute, Road No. 2, Banjara Hills, Hyderabad-500 034, at 3.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet of the Company as at 30th September, 1998 and the profit and loss account for the year ended 30th September, 1998 and the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity shares, for the year ended 30th September, 1998.
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 a Director in place of Shri S.R. Narayanan, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditor 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 Auditor Shri G.V. Suryanarayana Murthi, is eligible for re-appointment.

SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to shift the Register of Members, Index of Members and the copies of the Annual Returns of the Company from the Registered office of the Company to

House No. 8-2-120/77/4B, Near L.V. Prasad Eye Institute, Road No. 2, Banjara Hills, Hyderabad-500 034.”

“RESOLVED FURTHER THAT for the above purpose the Board be and is hereby authorised to do all such acts and things, as it may in its absolute discretion think necessary, proper, desirable or expedient.”

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

“RESOLVED THAT in supersession of the Special Resolution passed at the Ninth Annual General Meeting of the members of the Company held on 28th August, 1997 and pursuant to Section 94(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby given to the cancellation of the 1,00,00,000 (One crore only) Equity Shares of Rs.10/- (Rupees ten only) each aggregating Rs. 10,00,00,000 (Rupees ten crores only) and 15,00,000 (Fifteen lakhs only) Preference Shares of Rs.100/- (Rupees one hundred only) each aggregating Rs.15,00,00,000 (Rupees fifteen crores only), lying unissued.”

“RESOLVED FURTHER THAT the Authorised Share Capital of the Company be diminished from Rs.50,00,00,000 (Rupees fifty crores only) comprising of 3,00,00,000 (three crores only) Equity Shares of Rs.10/- (Rupees ten only) each aggregating Rs.30,00,00,000 (Rupees thirty crores only) and 20,00,000 (twenty lakhs only) Preference Shares of Rs.100/- (Rupees one hundred only) each aggregating Rs.20,00,00,000 (Rupees twenty crores only) to Rs.25,00,00,000 (Rupees twenty five crores only) comprising of 2,00,00,000 (Two crores only) Equity Shares of Rs.10/- (Rupees ten only) each aggregating Rs.20,00,00,000 (Rupees twenty crores only) and 5,00,000 (Five lakhs only) Preference Shares of Rs.100/- (Rupees one hundred only) each aggregating Rs.5,00,00,000 (Rupees five crores only).”



SUJANA STEELS LIMITED

“RESOLVED FURTHER THAT the Clause V of the Memorandum of Association of the Company be altered as follows:

The Authorised Share Capital of the Company is Rs. 25,00,00,000 (Rupees twenty five crores only) divided into 2,00,00,000 (Two crores only) Equity Shares of Rs.10/- (Rupees ten only) each aggregating Rs.20,00,00,000 (Rupees twenty crores only) and 5,00,000 (Five lakhs only) Preference Shares of Rs.100/- (Rupees one hundred only) each aggregating Rs.5,00,00,000 (Rupees five crores only).”

“RESOLVED FURTHER THAT Article 3 of the Articles of Association of the Company be altered as follows:

The Authorised Share Capital of the Company is Rs. 25,00,00,000 (Rupees twenty five crores only) divided into 2,00,00,000 (Two crores only) Equity Shares of Rs.10/- (Rupees ten only) each aggregating Rs.20,00,00,000 (Rupees twenty crores only) and 5,00,000 (Five lakhs only) Preference Shares of Rs.100/- (Rupees one hundred only) each aggregating Rs.5,00,00,000 (Rupees five crores only).”

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

“RESOLVED THAT in supersession of the earlier resolution passed at the Ninth Annual General Meeting of the members of the Company held on 28th August, 1997 and in accordance with the provisions of Section 81(1-A) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and enabling provisions in the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Financial Institutions (FIs), Securities and Exchange Board

of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as “Board”) and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board and/or a duly authorised committee thereof to issue/offer either at par or at premium, equity and/or convertible debentures (fully or partly) and/or non-convertible debentures, all or any of the aforesaid with or without detachable or non-detachable warrants and/or warrants of any nature and/or secured premium notes, and/or Floating rate Notes/Bonds and/or any other financial instruments (hereinafter for brevity's sake referred to as “Securities”) to be subscribed either in rupees/foreign currency(ies) as the Board at its sole discretion may at any time or times hereinafter decide, which Securities when issued or allotted would ultimately result in an increase in the paid-up equity share capital of the Company to an amount not exceeding Rs.20 Crores (Rupees twenty crores only), the equity share capital component of the Authorised Share Capital of the Company as specified in the item no.7 of the notice calling for the Tenth Annual General meeting of the members of the Company, to the members, General public, Mutual funds, Debentureholders, Employees, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through public issue, rights issue, private placement, exchange of Securities, conversion of loans or otherwise and for general corporate purposes including Capital expenditures, working capital requirements, strategic investments, any mergers, amal-



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gamations, acquisitions, reconstructions or arrangements or any other re-organisations as the Board may deem fit and/or by any one or more or a combination of the above modes/methods or otherwise and in one or more tranches, with or without voting rights in General Meetings/Class Meetings of the Company as may be permitted under the prevailing laws at such price or prices, or in such manner as the Board or Committee thereof may on its absolute discretion think fit in consultation with the Lead Managers, Underwriters, Advisors and such other persons and on such terms and conditions including the number of Securities to be issued, face value, premium, rate of interest, redemption period, manner of redemption, amount of premium on redemption, the number of equity shares to be allotted on conversion/redemption/extinguishment of debts, exercise of rights attached with warrants, the ratio of exchange of shares and/or warrants and/or any other financial instrument, period of conversion, fixing the record date or Book closure and related or incidental matters.”

“RESOLVED FURTHER THAT such of these Securities to be issued as are not subscribed, may be disposed of by the Board/Committee thereof, to such persons and in such manner and on such terms as the Board or the Committee may in its all absolute discretion think most beneficial to the Company including offering or placing them with Banks/Financial Institutions/Investment Institutions/Mutual Funds/Foreign Institutional Investors or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide.”

“RESOLVED FURTHER THAT the consent of the Company be and is hereby given to the Board of Directors in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 to sell, lease, dispose, mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company in such form and manner and with such ranking and at such

time and on such terms as the Board may determine, all or any of the movable or immovable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default in favour of the Agents and Trustees/Lenders for securing the Securities (if they comprise of fully/partially secured Convertible Debentures and/or secured Non-Convertible Debentures with or without detachable or Non-Detachable warrants or secured premium notes, floating rate notes/bonds or other secured debt instruments) together with interest and further interest thereon, compound interest in case of default, accumulated interest, remuneration of the Trustees, premium (if any) on redemption, all other costs, charges and expenses payable by the Company in terms of the Trust Deed/other documents to be finalised and executed between the Company and the Agents and Trustees/Lenders and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Agents and Trustees/Lenders.”

“RESOLVED FURTHER THAT for the above purpose, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion thinks necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation of the proceeds of issue of the securities and further to do all such acts, deeds, matters and things in respect of appointment of Lead Managers, Registrars, Bankers, Trustees, Agents, Lenders, Brokers and Underwriters and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as it may deem fit.”

9. To consider and if thought fit, to pass with or



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without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT in supersession of the earlier resolution passed at the Ninth Annual General Meeting of the members of the Company held on 28th August, 1997 and in accordance with the provisions of Sections 80 and 81 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and enabling provisions in the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval of the Financial Institutions (FIs), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any of them, while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the “Board”) and/or a duly authorised Committee thereof for the time being exercising the powers conferred by the Board, the consent of the Company be and is hereby accorded to the Board and/or a duly authorised committee thereof to issue/offer Preference Shares of the face value of Rs.100 (Rupees one hundred only) each for an aggregate amount not exceeding Rs.5 Crores (Rupees five crores only), the Preference Share Capital component of the Authorised Share Capital of the Company as specified in the item no.7 of the Notice calling for the Tenth Annual General Meeting of the members of the Company, with or without detachable or non-detachable warrants or any other financial instruments (hereinafter for brevity’s sake referred to as “Securities”) as the Board at its sole discretion may at any time or times hereinafter decide, to the Members,

Debentureholders, Employees, Non-Resident Indians, Overseas Corporate Bodies (OCBs), Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through public issue, rights issue, private placement, exchange of Securities, conversion of loans or otherwise and for general corporate purposes including capital expenditure, working capital requirements, strategic investments, any mergers, amalgamations, acquisitions, reconstructions or arrangements or any other re-organisation as the Board may deem fit and/or by any one or more or a combination of the above modes/methods or otherwise and in one or more tranches, at such price or prices, as the Board or Committee thereof may in its absolute discretion think fit, in consultation with the Lead Managers, Underwriters, Advisors and such other persons, and on such terms and conditions including the number of shares to be issued, rate of dividend, redemption period, manner of redemption, the ratio of exchange of shares and/or warrants and fixing of record date or book closure and related or incidental matters.”

“RESOLVED FURTHER THAT such of these Securities to be issued, as are not subscribed may be disposed of by the Board/Committee thereof, to such persons and in such manner and on such terms as the Board or Committee in its absolute discretion think most beneficial to the Company including offering or placing them with Banks/ Financial Institutions/Investment Institutions/ Mutual Funds/ Foreign Institutional Investors or such other persons or otherwise as the Board or Committee thereof may in its absolute discretion decide.”

“RESOLVED FURTHER THAT for the above purpose, the Board/Committee be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer/issue, allotment and utilisation



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of the proceeds of issue of the Securities and further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit.”

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

“RESOLVED THAT in supersession of the earlier resolution passed at the Ninth Annual General Meeting of the members of the Company held on 28th August, 1997 and pursuant to Section 17 of the Companies Act, 1956, Clause III(A), the Main Object Clause of the Memorandum of Association of the Company, be altered by incorporating the following new Sub-Clauses 7, 8 and 9 after the Sub-Clause 6 of Clause III(A):-

7. To carry on, in India or elsewhere, the business to generate, receive, produce, improve, buy, sell, acquire, use, transmit, employ, distribute, develop, handle, protect, supply and to act as agent, broker, representative, consultant, collaborator, or otherwise to deal in electric power, by conventional and non-conventional method, in all its branches of such place or places as may be permitted by appropriate authorities, by establishment of thermal power plants, hydraulic power plants, atomic power plants, wind power plants, solar power plants, tidal waves power plants and other power plants on any source of energy as may be developed or invented in future.
8. To construct, lay down, establish, promote, erect, build, install, commission, carry out and run all necessary power sub-stations, work shops, repair shops, wires, cables, transmission lines, accumulators, street lights, for the purpose of conservation, distribution, and supply of electricity to participating industries, State Electricity Boards and other Boards for industrial, commercial, domestic, public and other purposes and also to provide regular

services for repairing and maintenance of all distribution and supply lines, in India or elsewhere.

9. To acquire concessions, facilities or licenses from electricity boards, governments, semi-governments or local authorities for generation, distribution, production, transmission or use of electric power and to take over alongwith all movable and immovable properties, the existing facilities on mutually agreed terms from aforesaid authorities and to do all incidental acts and things necessary for the attainment of the foregoing objects”.

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

“RESOLVED THAT in supersession of all the earlier resolutions passed by the Company pursuant to the provisions of Sections 370 and 372 of the Companies Act, 1956 and in accordance with the provisions of Section 372A and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and subject to the approval of the Public Financial Institutions, Securities and Exchange Board of India (SEBI) and all other concerned authorities, if any, and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as the “Board”) and/or duly authorised Committee thereof for the time being exercising the powers conferred by the Board, consent of the Company be and is hereby accorded to the Board of Directors and/or duly authorised Committee of the Company, to make any loan to and/or to give any guarantee to or provide security, in connection with a loan made by any other person to, or other person by and/or to acquire,



SUJANA STEELS LIMITED

by way of subscription, purchase, or otherwise the securities, of the following Bodies Corporate:

- 1) SUJANA INDUSTRIES LIMITED
- 2) PADMINI STEEL CORPORATION LIMITED
- 3) SUJANA POWER (TUTICORIN) LIMITED
- 4) SUJANA POWER (GANGIKONDAN) LIMITED

and/or any other body corporate, upto an amount of Rs.120 Crores, Rs.40 Crores, Rs.130 Crores and Rs.130 Crores respectively, aggregating Rs.420 Crores (Rupees four hundred and twenty crores only) which may exceed sixty percent of the aggregate of the paid-up capital of the Company and its free reserves or hundred percent of the free reserves, whichever is more, but the loans to be made and/or the guarantees to be given or security to be provided and/or the investment to be made together with the existing loans made and/or the guarantees given or security provided and/or the investment already made, shall not exceed the amount as specified above at any point in time."

"RESOLVED FURTHER THAT for the above purpose, the Board be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper, desirable or expedient."

BY ORDER OF THE BOARD

PLACE : HYDERABAD

DATE : 23-11-1998

Y.S. CHOWDARY

CHAIRMAN.

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 alongwith them Annual reports being sent to them.

3. The Share transfer books and Register of Members of the Company will remain closed during the period from 29th December, 1998 to 30th December, 1998 (both days inclusive).

4. The dividend, if any, declared at this meeting will be payable to the members whose names appear on the Company's Register of Members as on 30th December, 1998.

5. 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.

6. With effect from 01.01.1999, the registration of share transfers and other related correspondence will be dealt with by the Company at House No. 8-2-120/77/4B, Near L.V. Prasad Eye Institute, Road No. 2, Banjara Hills, Hyderabad-500 034. Members are requested to update this information and make all future correspondence, if any, at the above address.

7. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, is enclosed.



SUJANA STEELS LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

6. In order to provide better services to the Shareholders, the Board of Directors of your Company has planned to set up the Secretarial Department with better facilities at House No. 8-2-120/77/4B, Near L.V. Prasad Eye Institute, Road No. 2, Banjara Hills, Hyderabad-500 034. However, this necessitates the shifting of the relevant Statutory Records of the Company such as Register of Members, Index of members, and Copies of Annual Returns from the Registered office of the Company to House No. 8-2-120/77/4B, Near L.V. Prasad Eye Institute, Road No. 2, Banjara Hills, Hyderabad-500 034.

As per Section 163 of the Companies Act, 1956, the approval of the shareholders is required, to keep the above records at a place other than the Registered office of the Company.

Therefore, your Directors recommend the resolution for your approval.

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

7. The Board of Directors of the Company has proposed to cancel 1,00,00,000 (One crore only) Equity Shares of Rs. 10/- (Rupees ten only) each aggregating Rs. 10,00,00,000 (Rupees ten crores only) and 15,00,000 (Fifteen lakhs only) Preference Shares of Rs. 100/- (Rupees one hundred only) each aggregating Rs. 15,00,00,000 (Rupees fifteen crores only), which are lying unissued and to diminish the Authorised Share Capital of the Company from Rs. 50,00,00,000 (Rupees fifty crores only) comprising of 3,00,00,000 (Three crores only) Equity Shares of Rs. 10/- (Rupees ten only) each aggregating Rs. 30,00,00,000 (Rupees thirty crores only) and 20,00,000 (Twenty lakhs only) Preference Shares of Rs. 100/- (Rupees one hundred only) each aggregating Rs. 20,00,00,000 (Rupees twenty crores only) to Rs. 25,00,00,000 (Rupees twenty five crores only) comprising of 2,00,00,000 (Two crores

only) Equity Shares of Rs. 10/- (Rupees ten only) each aggregating Rs. 20,00,00,000 (Rupees twenty crores only) and 5,00,000 (Five lakhs only) Preference Shares of Rs. 100/- (Rupees one hundred only) each aggregating Rs. 5,00,00,000 (Rupees five crores only).

As per Section 94(1)(e) of the Companies Act, 1956, the approval of the shareholders of the Company is required to cancel the unissued shares of the Company.

Consequent on the cancellation of unissued share capital, the Capital clause in the Memorandum and Articles of Association is required to be altered for which also the approval of shareholders is required.

Therefore, your Directors recommend the resolution for your approval.

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

8. To finance the Company's modernisation programme, it is proposed to issue the equity shares and/or debentures (convertible fully or partly) and/or non-convertible debentures etc., to the public or to the existing shareholders of the Company or through private placement as preferential offer, as set out in the Special Resolution proposed to be passed by the members under Section 81(1-A) of the Companies Act, 1956.

Your Directors recommend the resolution for approval.

All the Directors holding shares in the Company, may be deemed to be concerned or interested in the above resolution to the extent of the shares held by them or their relatives.

9. To part finance the Company's modernisation programme of the Company, it is proposed to issue redeemable preference shares subject to the provisions of Sections 80 and 81 of the Companies Act, 1956.