

SUJANA METAL PRODUCTS LIMITED

14TH

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED

31ST MARCH, 2003



SUJANA METAL PRODUCTS LIMITED**BOARD OF DIRECTORS**

CHAIRMAN	: SHRI Y.S. CHOWDARY
MANAGING DIRECTOR	: SHRI R.K. BIRLA
DIRECTORS	: SHRI.G.SRINIVASA RAJU * SHRI SUNIL KAPOOR (IFCI Nominee) SHRI M.M. YESAW (IDBI Nominee) SHRI S.HANUMANTHA RAO* SHRI J. RAMAKRISHNAN* SHRI V.B.CHADHA* Dr. K.SRINIVASA RAO (IREDA Nominee) Dr. V.MALAKONDA REDDY* * Independent, Non-Executive Directors

MANAGEMENT COMMITTEE	: SHRI Y.S.CHOWDARY SHRI G.SRINIVASA RAJU SHRI R.K.BIRLA SHRI S.HANUMANTHA RAO SHRI M.M.YESAW (IDBI NOMINEE)
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AUDIT COMMITTEE	: SHRI S.HANUMANTHA RAO DR.K.SRINIVASA RAO SHRI SUNIL KAPOOR (IFCI NOMINEE) SHRI M.M.YESAW (IDBI NOMINEE) DR.V.MALAKONDA REDDY SHRI V.B.CHADHA
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SHARE TRANSFER COMMITTEE	: SHRI Y.S.CHOWDARY SHRI G.SRINIVASA RAJU SHRI R.K.BIRLA
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SHAREHOLDERS GRIEVANCES COMMITTEE	: SHRI S.HANUMANTHA RAO SHRI Y.S.CHOWDARY SHRI G.SRINIVASA RAJU
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REMUNERATION COMMITTEE	: DR.K.SRINIVASA RAO SHRI S.HANUMANTHA RAO SHRI J.RAMAKRISHNAN
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DY.COMPANY SECRETARY	: SHRI Y.RAVI PRASADA REDDY
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AUDITOR	: SHRI G.V.SURYANARAYANA MURTHI CHARTERED ACCOUNTANT, B-166, SANJEEVAREDDY NAGAR, HYDERABAD.
BANKERS	: BANK OF BARODA BANK OF RAJASTHAN LTD INDUSIND BANK LIMITED THE SOUTH INDIAN BANK LIMITED
FINANCIAL INSTITUTIONS	: IFCI LIMITED, INDUSTRIAL DEVELOPMENT BANK OF INDIA.
REGISTERED OFFICE	: SURVEY NO.296/7/9, IDA BOLLARAM, JINNARAM MANDAL, MEDAK DIST, A.P.
WORKS	: (i) SURVEY NO.296/7/9, (ii) PLOT NO.159B & C (iii) PLOT NO.128/A, I.D.A.BOLLARAM JINNARAM MANDAL, MEDAK DIST, A.P.
LISTING	: HYDERABAD STOCK EXCHANGE LTD 6-3-654, ADJACENT TO ERRAMANZIL BUS STOP, SOMAJIGUDA, HYDERABAD - 500 082. THE STOCK EXCHANGE, MUMBAI PHIROZE JEEJEEBHOY TOWERS, DALAL STREET, MUMBAI - 400 001. THE MADRAS STOCK EXCHANGE LTD EXCHANGE BUILDING, P.BOX 183 11, 2 ND LINE BEACH, CHENNAI - 600 001.
REGISTRARS & SHARE TRANSFER AGENTS	: M/s BIGSHARE SERVICES PVT. LTD. G-10, LEFT WING, AMRUTA VILLE, OPP. YASHODA HOSPITAL, RAJ BHAVAN ROAD, SOMAJIGUDA, HYDERABAD - 500 082.



SUJANA METAL PRODUCTS LIMITED

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of the Company will be held on Thursday, 10th July, 2003 at Plot Nos.10,11 & 12, Survey No.172, Bollaram Village, Jinnaram Mandal, Medak District, 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, 2003 and the profit and loss account for the period ended 31st March, 2003 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 Shri J.Ramakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint 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 his remuneration. The retiring Auditor Shri G.V.Suryanarayana Murthi, Hyderabad is eligible for re-appointment.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modifications, the following resolution as ordinary resolution:**

“RESOLVED that in supersession of the earlier resolution passed at the Extraordinary General Meeting of the Company held on 30th September, 2002 and pursuant to Section 94 and other applicable provisions, if any, of the

Companies Act, 1956 the existing Authorised Share Capital of the Company be increased from Rs.25,00,00,000 (Rupees Twenty Five crores only) consisting of 2,00,00,000 equity shares of Rs.10/- each and 5,00,000 Preference Shares of Rs. 100/- each to Rs.30,00,00,000/- (Rupees Thirty Crores Only) consisting of 2,50,00,000 equity shares of Rs.10/- each aggregating to Rs.25,00,00,000/- (Rupees Twenty Five Crores only) and 5,00,000 preference shares of Rs.100/- each aggregating to Rs.5,00,00,000/- (Rupees Five Crores only)”.

“RESOLVED FURTHER that clause V(a) of the Memorandum of Association of the Company be altered as follows:-

The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores only) divided into 2,50,00,000 (Two Crores Fifty Lakhs only) equity shares of Rs.10/- (Rupees ten only) each and 5,00,000 (Five Lacs only) preference shares of Rs.100/- (Rupees one hundred only) each.”

6. **To consider and if thought fit, to pass with or without modifications, the following resolution as Special Resolution:**

“RESOLVED that in partial modification to the earlier resolution passed by the members of the Company at the 13th Annual General Meeting held on 27.12.2002 and pursuant to Sections 81 and 81(1A) 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 Memorandum and Articles of Association of the Company, Foreign Exchange Management Act, 2000, the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and the prevailing statutory guidelines and



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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 to create, issue, offer or allot either at par or at premium (issue price being not less than the price as arrived at), in accordance with the terms of Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000, either in for cash or for consideration other than cash or in satisfaction of a genuine debt, as may be deemed most appropriate by the Board, equity shares and/or convertible debentures (fully or partly) and/or all or any of the aforesaid with or without detachable or non-detachable warrants and/or warrants of any nature compulsorily convertible into equity shares at a later date or any other financial instruments compulsorily convertible into equity at a later date (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 or converted in case of compulsorily convertible warrants would ultimately result in an increase in the paid-up equity share capital of the Company upto an amount not exceeding the authorised equity share capital of Rs.25 Crores (Rupees Twenty Five Crores only) (inclusive of the

present paid up share capital of Rs.13.02 Crores), to the existing members of the Company and/or promoter group members (which term shall include directors, promoter directors, their families, relatives, friends and associates) and /or non promoters and/or strategic investors and/or Financial Institutions /Banks either directly or through conversion of existing loans and/or interest on such loans whether resident in India (individuals as well as bodies corporate) or Non resident Indians, Overseas Corporate Bodies, Mutual funds, Debentureholders, Employees, Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through rights issue, private placement, preferential allotment, exchange of Securities, conversion of loans or otherwise and/or in one or more combination(s) thereof, for general corporate purposes including capital expenditure, working capital requirements, strategic investments, any mergers, amalgamations, acquisitions, re-constructions 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 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



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financial instrument, period of conversion, fixing the record date or Book closure and related or incidental matters.”

“RESOLVED FURTHER that in the event of issue of equity shares and/or any securities through preferential allotment, the relevant date for this purpose will be 10.06.2003 as per the provisions of SEBI (Disclosure and Investor Protection) Guidelines, 2000.”

“RESOLVED FURTHER that such of these Securities to be issued as are not subscribed may be disposed off 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 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 takeover 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 fully/partly secured 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.”

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

“Resolved that pursuant to the provisions of Section 17 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the confirmation of the Company Law Board, Southern Region Bench, Chennai or such Authority as may be prescribed, the



Registered Office of the Company situated at Survey No.296/7/9, IDA Bollaram, Jinnaram Mandal, Medak District, Andhra Pradesh be shifted to Suite No.4, 8th Floor, Javer Plaza, 1A, Nungambakam, Highway Road, Chennai - 600 034, Tamilnadu and Clause II of the Memorandum of Association of the Company be altered by substituting the words of Andhra Pradesh by the words of Tamilnadu.”

8. To consider and if thought fit, to pass with or without modifications, the following resolution as 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 members of the Company and Central Government, if necessary, Shri R.K.Birla, Managing Director’s remuneration be fixed on the following terms and conditions, with effect from 27/01/2003 for the balance period of tenure of his office of Director (Operations):-

1. Salary ...	Rs.50,000 /- per month.
2. H.R.A. ...	Rs.10,000/- per month.
TOTAL	Rs.60,000/- per month

9. 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 earlier resolutions 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 are 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 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) (including the existing preference paid-up share capital of Rs. 3 Crores), 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



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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; 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 partial modification to

the resolution passed by the members in the 13th Annual General Meeting of the Company held on 27th December, 2002 and 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 keep the Register of Members, Index of Members and the copies of the Annual Returns of the Company at the Office of the Registrars and Share Transfer Agents of 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, Andhra Pradesh, instead of at the Secretarial Department of the Company located at Flat No. 204, 3rd Floor, Tejaswi Apartments, Dwarakapuri Colony, Panjagutta, Hyderabad.”

“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.”

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

“Resolved that the Equity Shares of the Company be de-listed from Hyderabad Stock Exchange Limited, Hyderabad and The Madras Stock Exchange Limited, Chennai in accordance with the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and relevant rules, laws, regulations and guidelines (including statutory modifications(s) or reenactments thereof for the time being in force and as may enacted hereafter) and subject to such approvals, permissions and sanctions from such authorities as may be necessary for this purpose”



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“Resolved Further that the Board of Directors of the Company be and is hereby authorised to seek voluntary de-listing of equity shares from the above stock exchanges at such time as they may, in their absolute discretion, consider appropriate on the terms and conditions as may be stipulated and mutually agreed to in the best interests of the company, to take all necessary steps in this regard and an application be made to the respective Stock Exchanges for delisting of the equity shares of the Company and Shri Y.S. Chowdary, Shri G.Srinivasa Raju, Directors of the Company and Dy. Company Secretary of the Company be and are hereby severally authorised to make such application and to do all such acts, deeds, matters and things and to execute all such documents as it may deem necessary for the purpose of giving effect to the above resolution”.

BY ORDER OF THE BOARD

PLACE : HYDERABAD **Y.S. CHOWDARY**
DATE : 05.05.2003 *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 along with 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 17th July, 2003 to 18th July, 2003 (both days inclusive).
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.
5. The registration of share transfers and other related correspondence will be dealt with by 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, Andhra Pradesh, instead of the Secretarial Department of the Company located at Flat No. 204, 3rd Floor, Tejaswi Apartments, Dwarakapuri Colony, Panjagutta, Hyderabad. Members are requested to update this information and make all future correspondence, if any, at the above address.
6. Explanatory statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, is enclosed.
7. The resolution in item No.7 is proposed to be passed by the Shareholders by way of exercising voting by them by postal ballot, for which postal ballot form along with instructions and the calendar of events can be found on Page Nos. 45 and 46.



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

5. In order to meet the requirement of part financing the normal capital expenditure of the Company and to part finance the long term working capital requirements, it is proposed to create, issue, offer and allot equity shares and /or compulsory convertible warrants and/or any other financial instruments compulsorily convertible into equity shares at a later date in accordance with SEBI (Disclosure and Investor Protection) Guidelines, 2000. Therefore, it becomes necessary to restructure and increase the Authorised Share Capital of the Company from 25,00,00,000/- (Rupees Twenty Five crores only) consisting of 2,00,00,000 equity shares of Rs.10/- each and 5,00,000 Preference Shares of Rs.100/- each to Rs.30,00,00,000/- (Rupees Thirty Crores only) consisting of 2,50,00,000 equity shares of Rs.10/- each and 5,00,000 preference shares of Rs. 100/- each aggregating to Rs.30,00,00,000/- (Rupees Thirty Crores only) to accommodate the proposed offer/issue of equity shares and / or compulsorily convertible warrants and/or any other financial instruments compulsorily convertible into equity shares at a later date.

Pursuant to such increase in Authorised Share Capital, the Capital Clause in the Memorandum of Association of the Company is to be altered accordingly.

Your Directors recommend the resolution for your approval.

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 and /or financial instruments convertible into equity shares at later date if and when issued.

6. To part finance the normal capital expenditure of the Company and to part finance the long term working capital requirements, it is proposed to create, issue, offer, allot equity shares and/or warrants compulsorily convertible into equity shares at a later date and/or any other financial instruments compulsorily convertible into equity shares at a later date, as may be decided by the Board either through rights or through preferential allotment either to the existing members of the company, to the promoter group members (which term shall include directors, promoter directors, their families, relatives, friends and associates) and/or non promoters, strategic investors, whether resident in India (individuals as well as bodies corporate) or Non resident Indians, Overseas Corporate Bodies, Mutual funds, Debentureholders, Employees, Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, whether through public issue, rights issue, private placement, preferential allotment, exchange of Securities, conversion of loans or otherwise and/or in one or more combination(s). Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by a further issue and allotment of shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said Section, unless the shareholders decide otherwise in a general meeting. The listing agreement with the stock exchanges also provide, inter alia, that the Company in first instance should offer all the shares and debentures to be further issued for subscription pro rata to the equity shareholders unless the shareholders decide otherwise in a general meeting.

The special resolution passed in the annual general meeting held on 27th December, 2002 for issue of various financial instruments, lost