



Report

4th Annual Report 2009-11
[18 months ended March 31, 2011]

SUJANA TOWERS LIMITED



BOARD OF DIRECTORS

| | | |
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| CHAIRMAN | : | Shri Y.S. Chowdary |
| MANAGING DIRECTOR | : | Shri Y. Kamesh |
| DIRECTOR (TECHNICAL) | : | Shri K. Raghavaiah |
| DIRECTORS | : | Shri G. Srinivasa Raju Shri S. Hanumantha Rao Shri K.S. Purohit* Shri A.S. Anand Kumar* Shri M.V. Bhaskara Rao* Shri S. Venkatachalam* Shri L.V. Rao* Shri A. Ratanpal, IDBI, Nominee <i>*Independent and Non-Executive Directors</i> |

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| AUDIT COMMITTEE | : | Shri A.S. Anand Kumar Shri K.S. Purohit Shri M.V. Bhaskara Rao Shri L.V. Rao Shri S. Hanumantha Rao |
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| MANAGEMENT COMMITTEE | : | Shri Y.S. Chowdary Shri Y. Kamesh Shri G. Srinivasa Raju Shri S. Hanumantha Rao Shri M.V. Bhaskara Rao |
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| SHARE TRANSFER COMMITTEE | : | Shri S. Hanumantha Rao Shri G. Srinivasa Raju Shri M.V. Bhaskara Rao |
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| SHAREHOLDERS' GRIEVANCES COMMITTEE | : | Shri S. Hanumantha Rao Shri G. Srinivasa Raju Shri M.V. Bhaskara Rao |
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| REMUNERATION COMMITTEE | : | Shri A.S. Anand Kumar Shri K.S. Purohit Shri S. Hanumantha Rao |
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| CHIEF FINANCIAL OFFICER | : | Shri C.S. Leeladhar |
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| COMPANY SECRETARY | : | Shri L. Narasimha Rao |
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| STATUTORY AUDITORS | : | M/s. R. Subramanian and Company Chartered Accountants No. 6 (36), Krishnaswamy Avenue Luz, Chennai - 600 004. |
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SUJANA TOWERS LIMITED

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| BANKERS | : Karnataka Bank Limited UCO Bank IDBI Bank Limited SBI Factors and Commercial Services (P) Limited Central Bank of India Andhra Bank Punjab National Bank Exim Bank Limited |
| FINANCIAL INSTITUTIONS | : Sicom Limited |
| REGISTERED OFFICE | : Plot No.18, Nagarjuna Hills, Panjagutta Hyderabad - 500 082 |
| WORKS | : (i) Plot No. 128/A, I.D.A. Bollaram - 502 325 Jinnaram Mandal, Medak Dist, A.P. (ii) Plot No. 10, 11 and 12, Sy. No.172 I.D.A. Bollaram - 502 325 Jinnaram Mandal, Medak Dist, A.P. (iii) Plot No. 9, Sy. No.172/EE, U, UU I.D.A. Bollaram - 502 325 Jinnaram Mandal, Medak Dist, A.P. (iv) Plot No.158 B & C, Sy. No.172/A I.D.A. Bollaram - 502 325 Jinnaram Mandal, Medak Dist, A.P. (v) Sy. No. 321 Turkala Khanapur Village - 502 201 Hatnur Mandal, Medak Dist. A.P. |
| LISTING | : Equity Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001 National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1 G Block, Bandra-kurla Complex Bandra (E), Mumbai - 400 051 Global Depositary Receipts (GDRs) Luxembourg Stock Exchange Societe de la Bourse de Luxembourg B.P. 165, L - 2011, Luxembourg |
| REGISTRAR & SHARE TRANSFER AGENTS | : M/s. Bigshare Services (P) Limited G-10, Left Wing, Amrutha Ville Opp: Yashoda Hospital, Raj Bhavan Road Somajiguda, Hyderabad - 500 082 |



NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of the members of the Company will be held on Saturday, the 25th June, 2011 at "Anjuman", Taj Banjara, Road No.1, Banjara Hills, Hyderabad – 500 034 at 4.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet of the Company as at 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 Shri M.V. Bhaskara Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.Venkatachalam, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 Statutory Auditors M/s R. Subramanian and Company, Chartered Accountants, Chennai are 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 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification (s) or re-enactments 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 Agreements entered into by the

Company with the Stock Exchanges where the shares of the Company are listed and the prevailing Statutory guidelines 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 that 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 authorized Committee (hereinafter referred to as Committee) thereof for the time being exercising the powers conferred by the Board/Committee, the consent of the Company be and is hereby accorded to the Board/Committee 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 VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time, 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/Committee, 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 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/Committee 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 **Rs.3.00 Crores in addition to the existing paid up equity share capital of Rs.49.16 Crores** to the existing members of the Company and / or promoter group members (which term shall include directors, promoter directors, their families, relatives, friends

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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, Mutual Funds, Debenture holders, Employees, 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, amalgamations, acquisitions, reconstructions or arrangements or any other re-organizations as the Board/Management Committee 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/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 in the event of issue of equity shares and / or convertible warrants and / or any securities through preferential allotment, the relevant date for this purpose will be **26th May, 2011** as per the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time”.

“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/ 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/Committee thereof may in its absolute discretion decide”.

“RESOLVED FURTHER THAT the consent of the Company be and is hereby given to the Board/Committee 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 such terms as the Board/Committee 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 fully/ partly secured Convertible Debentures and/ or secured Non Convertible Debentures with or without detachable or Non-Detachable warrant or secured premium notes, floating rate notes/bonds or other secured debt instruments) together with interest, 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/Committee thereof and the agents and Trustees/Lenders”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, 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 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 modification(s) the following resolution as 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), the Articles of Association of the Company be and are hereby altered as follows:

The following new Article No.83A is being added after the existing Article No.83:

83A Service of notices/documents to members

The Company may serve notices/documents (i.e., physical annual report of the Company comprising of Balance Sheet, Profit & Loss Account, Directors’ Report, Auditors’ Report etc.) to the members of the Company through e-mail, who registered their email addresses 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.

The following new Article No.103A is being added after the existing Article No.103:

103A 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, 2001.

8. 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 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 K. Raghavaiah, who was re-appointed as Director (Technical) of the Company by the Board of Directors at their meeting held on 25.05.2011, be and is hereby re-appointed as Director (Technical) of the Company for a period of 2 (two) years with effect from 29th April, 2011 ”.

“RESOLVED FURTHER THAT Shri K. Raghavaiah, be and is hereby entitled for the following remuneration:

Rs.60.00 lakhs (CTC per annum) payable on a monthly basis as detailed below, with effect from the date of his re-appointment i.e., 29-04-2011. He is also entitled for Car for official purposes and reimbursement of mobile phone expenses”.

| Particulars | Per month (Rs.) |
|-------------------|-----------------|
| Basic | 2,00,000 |
| H.R.A. | 80,000 |
| Conveyance | 800 |
| Medical | 1,250 |
| Special Allowance | 2,17,950 |
| Total | 5,00,000 |

BY ORDER OF THE BOARD

Place : Hyderabad
Date : 25.05.2011

Y. KAMESH
MANAGING DIRECTOR

SUJANA TOWERS LIMITED**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 FILLED, 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 24th June, 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.
5. 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.
6. **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 requested to register their e mail addresses by sending an e-mail with the following details to 'csstl@sujana.com' or by visiting our website 'www.sujana.com'**

| 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 |
|--------------------|------------------------------------|-----------------------------------|--------------------------|---|----------------|
| | | | | | |

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



ANNEXURE TO THE NOTICE

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

Item No. 6:

Issue of Further Equity Shares and/or convertible warrants of the Company by way of Preferential Issue to an extent of Rs.3.00 Crores.

To part finance the capital expenditure in respect of expansion programme, general corporate expenditure and also to part finance the 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/Committee, to the promoter group (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, Debenture-holders, Employees, Foreign Institutional Investors (FIIs), Companies, other entities/authorities and to such other persons, through preferential allotment. 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/postal ballot. 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.

The consent of the shareholders is therefore being sought pursuant to the provisions of Section 81(1A) of the Companies Act, 1956 and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time and the listing agreements entered into with the Stock Exchanges, authorising the Board/Committee to raise additional capital by further issue of equity shares and/or financial instruments compulsorily convertible into equity shares at later date in such manner or on such terms as the Board/Committee may deem fit in the manner proposed in the Resolution.

The proposed preferential issue is in accordance with the 'Regulations of Preferential Issues' contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("The Regulations") as amended from time to time.

Disclosure under Regulation 73(1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time, regarding proposed issue and allotment of equity shares and/or convertible warrants as preferential allotment:

(a) The objects of the preferential issue.

The proceeds of issue and allotment of equity shares and/or convertible warrants, as preferential allotment is proposed to be utilized for part financing the capital expenditure in respect of expansion programme, for part financing the working capital requirements of the Company and general corporate purposes.

(b) The proposal of the promoters, directors or key management personnel of the issuer to subscribe to the offer.

The Promoter Directors, their associates and others are intending to subscribe to the offer.

(c) The shareholding pattern of the issuer before and after the preferential issue.

SUJANA TOWERS LIMITED

| Sl. No. | Category | Pre-preferential shareholding (as on 25.05.2011) | | Equity Shares proposed to be allotted upto a maximum of | Post-preferential issue shareholding | |
|--------------------------|--|---|---------------|---|--------------------------------------|---------------|
| | | No. of shares | % of holding | | No. of shares | % of holding |
| A. | Promoters | | | | | |
| | a. Indian | 215201400 | 43.77 | 10000000 | 225201400 | 43.93 |
| | b. Foreign | -- | -- | -- | -- | -- |
| TOTAL (A) | | 215201400 | 43.77 | -- | 225201400 | 43.93 |
| B. | Public Shareholding | | | | | |
| | 1. NRIs/FIIs/OCBs | 9972451 | 2.03 | -- | 9972451 | 1.95 |
| | 2. Govt./Banks/ Mutual Funds | 5000000 | 1.02 | -- | 5000000 | 0.98 |
| | 3. General Public Shareholding | | | | | |
| | a. Bodies Corporate | 105012668 | 21.36 | 11000000 | 116012668 | 22.63 |
| | b. Individuals | 51462711 | 10.47 | -- | 51462711 | 10.04 |
| | C. Shares held by Custodians and against which Depository Receipts have been issued. | 105000000 | 21.36 | -- | 105000000 | 20.48 |
| TOTAL (B) | | 276447830 | 56.23 | 11000000 | 287447830 | 56.07 |
| GRAND TOTAL (A+B) | | 491649230 | 100.00 | 11000000 | 512649230 | 100.00 |

Notes:

- The pre and post issue shareholding has been calculated, based on the shareholding of the Company as on 25.05.2011.

(d) The time within which the preferential issue shall be completed.

The allotment of the equity shares and/or convertible warrants, will be completed within a period of 15 days from 25th June, 2011, being date on which members sanction is obtained for preferential allotment, as per Section 81(1A) of the Companies Act, 1956 or within 15 days from the date of approval for such allotment by any Regulatory Authority or the Central Government, whichever is later.

The certificate from the statutory auditors of the Company stating that the issue is being made in accordance with the requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time and also a certificate from the statutory auditors of the Company in respect of issue price as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time, will be placed before the ensuing annual general meeting of the members of the Company to be held on 25.06.2011.

(e) The identity of the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue.

Shri Y.S.Chowdary and Shri G.Srinivasa Raju, Promoter-Directors of the Company along with the persons forming Promoters Group are holding 43.77 % of share capital.



The body corporate namely M/s Yalamanchili Ventures Pte Ltd., Singapore under the promoter group has expressed their intention to subscribe the issue for allotment of equity shares to an extent of Rs.40.00 Crores (Rupees Forty Crores only)

| Sl. No. | Name and address of the proposed allottee under Promoter category | Pre-preferential shareholding (as on 25.05.2011) | | Equity Shares to be proposed allotted upto a maximum of | Convertible Warrants proposed to be allotted upto a maximum of | Post-preferential issue shareholding | |
|---------|---|---|--------------|---|--|--------------------------------------|--------------|
| | | No. of Shares | % of holding | | | No. of Shares | % of holding |
| 1 | M/s Yalamanchili Ventures Pte Ltd., Singapore | -- | -- | 10000000 | -- | 10000000 | 1.95 |

M/s. Micropart International Limited, Seychelles, under non-promoter group has expressed their intention to subscribe the issue for allotment of equity shares to an extent of Rs.40.00 Crores (Rupee Forty Crores only).

M/s. Prakash Arts Private Limited, Hyderabad, India, under non-promoter group has expressed their intention to subscribe the issue for allotment of equity shares to an extent of Rs.3.30 Crores (Rupee Three Crores Thirty Lakhs only).

The following are the details of post issue shareholding:

| Sl. No. | Name of the proposed allottees | Pre-preferential shareholding (as on 25.05.2011) | | Equity Shares to be proposed allotted upto a maximum of | Post-preferential issue shareholding * | |
|--------------|---|---|--------------|---|--|--------------|
| | | No. of Shares | % of holding | | No. of Shares | % of holding |
| 1 | M/s Micropart International Ltd, Seychells | -- | -- | 10000000 | 10000000 | 1.95 |
| 2 | M/s. Prakash Arts Private Limited, 3-6-473/1, Street No.5 Himayatnagar, Hyderabad – 500 029 | -- | -- | 1000000 | 1000000 | 0.18 |
| TOTAL | | | | 11000000 | 11000000 | 2.13 |

* Post Issue Share Capital: The paid up share capital will be increased from Rs.49,16,49,230 consisting of 49,16,49,230 equity shares of Re.1/- each to Rs.52,26,49,230 consisting of 52,26,49,230 equity shares inclusive of equity shares proposed to be issued and allotted in accordance with the regulations of preferential issue under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time.

The Company shall comply with all the applicable provisions of SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997 as amended from time to time and any provisions of law as may be applicable, at the time of converting the convertible warrants proposed to be allotted, into equity shares of the Company.

The proposed allottee under non-promoter category does not have any existing holding in the share capital of the Company.

There will neither be any change in the composition of the Board nor be any change in the control of the Company on account of the proposed preferential allotment. However, there will be corresponding change in the shareholding pattern as well as voting rights consequent to preferential allotment.