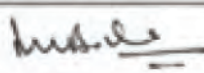

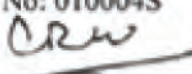



**Form A**  
(Unqualified/ Matter of Emphasis Report)

**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

S. No	Particulars	Details
01	Name of the Company	M/s Sujana Metal Products Limited
02	Annual Financial Statement for the Year Ended	31 <sup>st</sup> March, 2013
03	Type of Observation	Un- qualified
04	Frequency of observation	[Not Applicable]
05	Signature:	
	Managing Director	 Shri R.K.Birla Date: 13.08.2013 Place: Hyderabad
	Vice -President (Finance & Accounts)	Shri Ch.Narayana Rao Date: 13.08.2013 Place: Hyderabad 
	Auditor of the Company	For CRK & ASSOCIATES Chartered Accountants Firm Reg. No: 010004S  C. Rajendra Kumar, FCA Partner M No: 23103 Date: 13.08.2013 Place: Hyderabad
	Audit Committee Chairman	 Dr.K.Srinivasa Rao Date: 13.08.2013 Place: Hyderabad



**SUJANA METAL PRODUCTS LIMITED**

**23<sup>rd</sup>**  
**ANNUAL**  
**REPORT**  
2012-2013



**SUJANA TMT®**  
REINFORCING BARS FOR CONSTRUCTION  
TMT: THE STRONGEST - JOINTED-UP CONNECTION

**SUJANA®**  
**PLUS**  
TMT REBAR

**SUJANA**  
COMBINATION  
REINFORCING BARS  
**CRS**

**SUJANA**  
**SMART**  
**STEEL** ✓  
Customer Service • Construction • Engineering

**SUJANA**  
**STRUCTURAL**  
**STEEL**

## 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 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>	:	Dr.K.Srinivasa Rao Shri S.Hanumantha Rao Dr.V.Malakonda Reddy Shri Ashok Kumar De
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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>VICE PRESIDENT (FINANCE &amp; ACCOUNTS)</b>	:	Shri Ch. Narayana Rao
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<b>STATUTORY AUDITORS</b>	:	M/s.CRK & Associates Chartered Accountants, Hyderabad
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<b>COST AUDITORS</b>	:	M/s Nageswara Rao & Co Cost Accountants, Secunderabad
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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  
& CORPORATE OFFICE  
WORKS

: Plot No. 41, Nagarjuna Hills, Panjagutta  
Hyderabad-500082, Andhra Pradesh

## 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, (A.P).
- (v) Survey No. 196 & 197, Parigi Road,  
Elikatta Village, Shadnagar,  
Mahaboobnagar District, Andhra Pradesh.
- (vi) Cut and Bend Division: Survey No. 204,  
205 & 206 Elakatta 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 IndustrialComplex,  
Gummidi Pondi, Chennai, Tamilnadu.

## Visakhapatnam:

Sanivada Village, Rajeevnagar, Visakhapatnam-530046.

## LISTING

: **Equity**  
Bombay Stock Exchange Limited (BSE)  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001  
National Stock Exchange of India Ltd (NSE)  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (E), Mumbai - 400 051.  
The Madras Stock Exchange Limited (MSE)  
Exchange Building, P.Box 183, 11, 2<sup>nd</sup> Line  
Beach, Chennai – 600 001.  
**Global Depository 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 Pvt.Ltd.  
306, Right Wing, 3<sup>rd</sup> Floor, Amrutha Ville,  
Opp: Yashoda Hospital, Raj Bhavan Road, Somajiguda,  
Hyderabad - 500 082. Phone No : 040 – 2337 4967.  
e-mail : bsshyd@bigshareonline.com  
Website : www. bigshareonline.com

## NOTICE

***NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of the Company will be held on Monday, the 30<sup>th</sup> day of September, 2013 at "Hotel Sitara Residency" Beside Chandana Brothers, Ameerpet, Hyderabad - 500 016, Andhra Pradesh at 11.00 A.M. to transact the following business:***

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2013 and the Statement of Profit and Loss Account for the year ended 31<sup>st</sup> March, 2013 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Dr. K.Srinivasa Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Y. S. Chowdary, who retires by rotation and being eligible, offers himself for re-appointment.
4. To reappoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  

"RESOLVED THAT M/s CRK & Associates, Chartered Accountants, Hyderabad (Regn. No. 010004S), be and are hereby re-appointed as 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 on such remuneration as may be fixed by the Board of Directors".

### SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, read with Schedule XIII 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) and approval of the Central Government, if necessary, Shri

R.K.Birla, Managing Director of the Company be and is hereby re-appointed as Managing Director of the Company for a period of 5(Five) years commencing from 28.01.2013."

"RESOLVED FURTHER THAT Shri S.Hanumantha Rao, Director (Finance) and Shri Shaik Ibraheem, Company Secretary of the Company be and are hereby severally authorized to file necessary forms with Registrar of Companies, to complete all the formalities and compliances and to do all such acts, deeds and things as may be necessary in this regard."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, read with Section II of Part II of Schedule XIII 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) and approval of the Central Government, if necessary, the remuneration of Shri R.K.Birla, Managing Director, be fixed on the following terms and conditions, with effect from 01.04.2013 for a period not exceeding three years:

1. Salary : Rs.8,50,000/- per month.  
The perquisites are classified into three categories A , B and C as follows:

#### Category A:

##### 1. Housing:

- (i) The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 18% of the salary.
- (ii) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance subject to the ceiling laid down in (i) above.

2. **Club Fees:** Fees of Clubs subject to a maximum of one club. This will not include admission and life membership fees.



# SUJANA METAL PRODUCTS LIMITED

## Category B:

Contribution to provident fund superannuation or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act 1961.

Gratuity payable at a rate not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs.10,00,000/-

### 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 Managing 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 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.

## Minimum Remuneration:

In case of loss or inadequacy of profits in any financial year during his tenure as Managing Director of the Company, the remuneration payable to him shall be in accordance with the limits prescribed in Sub-Section 1(C) of Section II of Part 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 Shri. S. Hanumantha Rao, Director (Finance) and Shri Shaik Ibraheem, Company Secretary of the Company be and are hereby severally authorized to file necessary forms with the Registrar of Companies (ROC), to complete all the formalities and compliances and to do all such acts, deeds and things as may be necessary in this regard."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, read with Section II of Part II of Schedule XIII 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) and approval of the Central Government, if necessary, the remuneration of Shri S.Hanumantha Rao, Director (Finance), be fixed on the following terms and conditions, with effect from 01.04.2013 for the balance tenure of his office:

1. Salary : Rs.1,15,000/- 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.5000/- per month or Rs. 60,000/- 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.10,00,000/-

**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.

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 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.

**Minimum Remuneration:**

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 Part 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 Shri.R.K.Birla, Managing Director and Shri Shaik Ibraheem, Company Secretary of the Company be and are hereby severally authorized to file necessary forms with ROC, to complete all the formalities and compliances and to do all such acts, deeds and things as may be necessary in this regard."

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions if any of the Companies Act, 1956 any new enactments and amendments thereof and subject to the consent of CDR lenders/CDR EG as may be required , the Board of Directors/Management Committee of the Board of Directors of the Company be and is hereby authorised to transfer by way of slump sale, business sale on "on going concern basis" or any other mode and to lease, 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/Management 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 to any of its subsidiaries present and future or to any other body corporate whether registered in India or elsewhere,".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Management Committee be and is hereby authorized to determine the terms and conditions including consideration, mode of transfer and to do all such acts, deeds, matters and things, as it may in its absolute discretion consider necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard thereto".

**BY ORDER OF THE BOARD**

**R.K.BIRLA**  
MANAGING DIRECTOR

PLACE: Hyderabad  
DATE: 13.08.2013

# SUJANA METAL PRODUCTS 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 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 26.09.2013 (one day only).
  4. Shareholders desiring any information as regards to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
  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. 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 306, Right Wing, Amruta Ville, Opp: Yashoda Hospital, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082.
  7. 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.
8. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is enclosed.
  9. The resolution in item no 8 is proposed to be passed by the shareholders by way of exercising the 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. 109 & 110.
  10. The relevant details of Directors seeking re-appointed under Item Nos. 2 & 3 of this notice as required clause 49 of listing agreements entered with Stock Exchange are also annexed.
  11. 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 '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 & 6 :

Shri R.K.Birla, was re-appointed as Managing Director of the Company for a period of 5 years with effect from 28.01.2013. Shri R.K.Birla is an able and efficient person to shoulder the responsibilities and duties of the Managing Director of the Company. Shri R.K.Birla did his Bachelor Degree Course in arts and Master of Business Administration (MBA) from BITS, Pilani.

During the current financial year, your Company has incurred net loss of Rs.20.26 crores. In case of loss or inadequacy of profits in any financial year during his tenure as Managing Director of the Company, the remuneration payable to him shall be in accordance with the limits prescribed in Section II of Part II of Schedule XIII of 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.

As per the provisions of Sub-Clause 1(C) of Section II of Part II of Schedule XIII of the Companies Act, 1956, the remuneration payable to the managerial person should not exceed 3 years and prior approval of Central Government is required for payment of remuneration exceeding Rs.400,000/- per month. However, as per Ministry of Corporate Affairs Circular dated: 14.07.2011, no approval of Central Government will be required by the listed companies and their subsidiary companies, which are not having profits or having inadequate profits for payment of remunerations exceeding Rs. 4 lakh p.m., if the managerial person is a professional managerial person and :-

- is not having any direct or indirect interest in the capital of the company or its holding company or through any other statutory structures at any time during last two years before or on the date of appointment and
- is having a graduate level qualification with expert and specialized knowledge in the field of his profession.

Shri R.K.Birla is a professional managerial person with expert and specialized knowledge in the field of his profession. Hence, prior approval of the

# SUJANA METAL PRODUCTS LIMITED

Central Government is not required. Approval of shareholders is required to fix the remuneration of Shri. R. K. Birla, Managing Director, for a period not exceeding three Years with effect from 01.04.2013.

Statement as per Sub-Clause C(IV), Section II, Part II of Schedule XIII of the Companies Act, 1956 is as follows:

## I. General Information:

- (1) Nature of industry : Iron & Steel Industry.
- (2) Date or expected date of commencement of commercial production : Not applicable (Company is an existing Company).
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : N.A.
- (4) Financial performance based on given indicators :

Particulars	FY 2012-13 (12 months) (Rs in lakhs)	FY 2011-12 (12 months) (Rs in lakhs)	FY 2009-11 (18 months) (Rs in lakhs)
Total Revenue	366527.07	356169.01	426298.83
Total Expenses	368573.19	353637.01	419760.92
Profit/Loss after Tax	(2026.11)	2083.02	3868.69
Dividend Rate	Nil	Nil	Nil

- (5) Export performance and net foreign exchange collaborations. :

Particulars	FY 2012-13 (12 months) (Rs in lakhs)	FY 2011-12 (12 months) (Rs in lakhs)	FY 2009-11 (18 months) (Rs in lakhs)
Export FOB Value	68586.03	27016.91	50894.84
Earnings in Foreign Exchange	68586.03	27016.91	51621.58

- (6) Foreign investments of collaborators, if any. :

Investments in subsidiaries during 2012-13 : Nil

Loans and advances to subsidiaries during 2012-13 : Rs.2607.28 lakhs

Investment in Share capital by Foreign Companies : FII- 3.62%

Foreign Collaborations : None

## II. Information about the appointee:

- (1) Background details:

**Name of the Director :** Shri R.K. Birla

**Age :** 61 years

**Qualification:** MBA from BITS Pilani

## Expertise and experience in specified functional areas:

He has worked with Poddar Products Limited as Chief Executive for 8 years and later in the year 1992 he joined the Company as Director (Operations). His vast experience in the Steel industry has helped the Company strategically, resulting in the Company to expand rapidly and benefit from key opportunities in the Indian and overseas steel industry.

- (2) Past Remuneration:

As Chief Executive Officer and Managing Director, Shri R.K.Birla has been receiving remuneration as approved by the members at their 22<sup>nd</sup> Annual General Meeting held on 22<sup>nd</sup> September, 2012 for the period from 01.11.2011 to 27.01.2013. Your Board of Directors at their meeting held on 13.02.2013 has approved the re-appointment of Shri R.K.Birla as a Managing Director for a period of 5 years w.e.f. 28.01.2013 with the existing remuneration.

- (3) Recognition or awards : Nil
- (4) Job profile and his suitability: Chief Executive Office and Managing Director
- (5) Remuneration proposed : Already given in the resolution.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).

Shri R.K.Birla has held key positions in the Company ever since his employment in the year 1992. His vast experience in the steel industry has helped the Company strategically, resulting in the Company to expand rapidly and benefit from key opportunities in the Indian and overseas steel industry.

His skill set and his experience places him in a correspondingly equal position to major steel companies in India. Considering the general industry and the specific company profile, the proposed remuneration is in line with the industry levels and that of comparatively placed companies in India.

- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. : Except for receiving remuneration from the Company as Managing Director, Shri R.K.Birla and his relatives had no other pecuniary relationship with the Company.

### III. Other information:

- (1) Reasons of loss or inadequate profits : During the current financial year, your Company has incurred net loss of Rs.20.26 crores due to the following reasons:

Due to recent slowdown in the economy, the credit cycle to customers has been stretched and generally there were delays in realization from debtors and still the commitment for payment to creditors/LC was kept, which resulted in mismatch of cash flow.

Power cuts in Andhra Pradesh and Tamil Nadu are hampering the production process forcing the Company to buy private power at high cost. The power cut is imposed in three days in a week.

Political unrest in Andhra Pradesh in the form of Telangana agitation badly affected the working of the units in Bollaram area.

Increase in cost of borrowing due to increase in interest rates charged by Banks.

Delay in Sanction of adequate working capital by Banks. Non Release of working capital sanctioned by the banks. which is severely affecting the operations of the Company.

- (2) Steps taken or proposed to be taken for improvement:

Based on the internal research for reducing the energy cost, the company has taken up modification of the billet charging facilities to 'hot charging' at two of its plants at Shadnagar and Bollaram, Hyderabad. This expected

to reduce significantly the fuel consumption in the reheating furnaces and also reduce burning loss. Simultaneously, investment in balancing equipment is also planned to increase the operating capacities and reduce the operating costs.

- 3 Expected increase in productivity and profits in measureable terms:

Upon completion of the hot charging facilities, the cost of production is expected to come down by 1.5-2% at these two plants. Product rationalization and de-bottlenecking is expected to improve the productivity by about 2% overall.

Therefore, your directors recommend the resolution for your approval.

None of the Directors except Shri R.K.Birla is interested or concerned in the aforesaid resolution.

### Item No. 7:

Your Board of Directors in their meeting held on 13.08.2013 had recommended the proposal of enhancing the remuneration of Shri S.Hanumantha Rao, Director (Finance) of the Company and considering the background, competence and experience of Shri S.Hanumantha Rao, Director (Finance) of the Company and also by considering the guidance and advices provided by him during his tenure as Director (Finance) of the Company and in accordance with the provisions of Sections 198, 269, 309 and Section II of Part II of Schedule XIII of the Companies Act, 1956, approval of the shareholders is required for enhancement of his remuneration w.e.f:01.04.2013 for the balance of his office.

Your Directors recommend the resolution for your approval.

None of the other Directors of the Company, except Shri S.Hanumantha Rao, is concerned or interested in the above resolution.

### Item No. 8

In order to carry on the business of trading in various commodities including steel and steel related products and the business of manufacturing steel products more efficiently, it is contemplated to transfer the manufacturing facilities of your company to its subsidiaries and/or any other body corporates.

# SUJANA METAL PRODUCTS LIMITED

It is now proposed to transfer by way of slump sale, business sale on "on going concern basis" or any other mode and to lease, 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/Management 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 to any of its subsidiaries or to any other body corporate whether registered in India or elsewhere.

As provided under Section 293(1) (a) of the Companies Act, 1956 or as may be provided under new enactment of Company law and amendments thereof and subject to the consent of CDR lenders/ CDR EG as may be required, the Board of Directors of a Company shall not, without the consent of the members of the Company, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially whole of any such undertaking.

The members are requested to authorise the Board/Management Committee with the requisite authority under Section 293(1) (a) of the Companies Act, 1956 any new enactments and amendments thereof, to lease or transfer the whole or substantially the whole of the undertaking of the Company.

As per the provisions of the Section 192A of the Companies Act, 1956 any new enactments and amendments thereof read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011 as amended from time to time, the approval of the members is required through the Postal Ballot for the aforesaid purpose.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company is concerned or interested in the aforesaid resolution, except to the extent of their share holding, if any and in terms of their employment with the Company.

**BY ORDER OF THE BOARD**

PLACE: Hyderabad  
DATE: 13.08.2013

**R.K.BIRLA**  
MANAGING DIRECTOR

**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. K. Srinivasa Rao
<b>Date of Birth</b>	02.06.1961	01.08.1934
<b>Date of Appointment</b>	13.02.1992	28.01.2000
<b>Qualification</b>	Master Degree in Engineering with specialization in Machine Tools from P.S.G. College of Technology, Coimbatore	Master of Arts (Mathematics) from Sri Venkateswara University
<b>Expertise in specific functional area</b>	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. Shri. Y.S. Chowdary has in depth knowledge and a deep insight into the domestic and global steel products industry.	Started his career in July, 1957 as a Probationary Officer in State Bank of India, he was the Superintendent, Foreign Exchange Department, Bangalore Branch. He worked in various capacities such as Accountant, Officer-in-charge, Branch Manager, Deputy Chief Accountant, Chief Manager, General Manager, Finance Director etc., of State Bank of India at various branches across India.
<b>Directorship in other Indian Public Limited Companies as on 31.03.2013</b>	<ol style="list-style-type: none"> <li>1. Sujana Towers Limited</li> <li>2. Sujana Universal Industries Limited</li> <li>3. Sujana Projects Limited</li> <li>4. Sujana Holdings Limited</li> <li>5. Sujana Energy Limited</li> <li>6. Sujana Power (Gangikondan) Limited</li> <li>7. Sujana Power (Tuticorin) Limited</li> <li>8. Sujana Power (India) Limited</li> </ol>	<ol style="list-style-type: none"> <li>1. Sujana Universal Industries Limited.</li> </ol>
<b>Chairman / Membership of Committees in other Indian Public Limited Companies as on 31.03.2013 (includes only Audit Committee and Shareholders'/ Investors' Grievance Committee). (C= Chairman, M=Member)</b>	<b>Shareholders' Grievance Committee:</b> <ol style="list-style-type: none"> <li>1. Sujana Universal Industries Limited(M)</li> </ol>	<b>Audit committee:</b> <ol style="list-style-type: none"> <li>1. Sujana Universal Industries Limited (M&amp;C)</li> </ol>
<b>No of shares held in the Company.</b>	32,00,024	Nil



# SUJANA METAL PRODUCTS LIMITED

## DIRECTORS' REPORT

To

The Members of Sujana Metal Products Limited,

Your Directors have pleasure in presenting the Twenty Third Annual Report of your Company together with the Audited Statement of Financial Accounts for the Year ended 31<sup>st</sup> March, 2013.

### 1. Company's Performance:

Your Directors hereby report that the Company has achieved a turnover of Rs. 364,985.48 lakhs upto 31.03.2013 consisting of Twelve (12) months, as against the turnover of Rs. 353,836.35 lakhs during the previous financial year ended 31.03.2012 consisting of Twelve (12) months.

**The highlights of the financial results are as follows:** (Rs. In Lakhs)

Particulars	2012-2013 (12 Months)	2011-12 (12 Months)
Operating Profit before Depreciation & Interest	18635.03	22122.24
Interest	18099.73	17228.30
Depreciation	4123.01	4694.62
Operating Profit after depreciation and Interest	(3587.71)	199.32
Other Income	1541.59	2332.66
Profit before tax	(2046.12)	2531.98
Provision for tax	(20.01)	448.98
Profit before extra-ordinary items	(2026.11)	2083.00
Extra-ordinary items	0.00	0.00
Profit after extra-ordinary items	(2026.11)	2083.00

### 2. Review of Operations:

During the financial year 2012-13, your Company has incurred a net loss of Rs.2026.11 lakhs. The Management on its part filed an application with CDR Cell, Mumbai for restructuring of its debts under Corporate Debt Restructuring (CDR) Scheme so that it can help the Company to improve its financial position so as to improve the service

to the lenders in future and also modernize, expand and diversify in order to come out of problem.

The Company is pleased to inform that CDR package has been approved by the CDR Empowered Group, Mumbai vide its letter dated: 28.03.2013 and various requirements are being complied with respect to the said corporate debt restructuring.

### 3. Industrial Relations:

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

### 4. Prospects:

Your Company had made a reference to the Corporate Debt Restructuring (CDR) cell constituted by Reserve Bank of India for restructuring of its financial debt. The CDR Cell positively considered the request of the Company and has approved the debt restructuring proposal given by the Company. For the purpose of implementation of the approved package as also to comply with the post-implementation requirements, Punjab National Bank the lead consortium bank of the Company has been appointed as Monitoring Institution (MI) by the CDR Cell. To facilitate the process of monitoring of progress of sanction and implementation of the approved package by respective lenders and to revive the performance of the Company/ restructuring package on a continuous basis, a Monitoring Committee (MC), comprising of representatives of Punjab National Bank, State Bank of Patiala, Bank of Baroda and Bank of India has also been constituted.

With the restructuring of its debts and implementation of the CDR package as approved by the CDR Cell, your Company believes that it will gradually be able to progress in its operations towards profitability. Your company has been extremely fortunate to have full support of its employees during this period and all efforts are being made to garner support from the customers of the Company.

## 5. Scheme of Amalgamation:

Board of Directors of the Company at their meeting held on 12<sup>th</sup> 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/NTP/24(f)/983/2010-11 dated: 24<sup>th</sup> December, 2010, NSE/LIST/153641-Z dated : 14<sup>th</sup> December, 2010 and MSE/LD/PSK/738/593/10 dated: 16<sup>th</sup> December, 2010 respectively.

The Company Law Board, Southern Region Bench, Chennai has approved the shifting of registered office of M/s Sriganga Steel Enterprises Private Limited (Third Transferor Company) from the state of Tamilnadu to Andhra Pradesh on 17<sup>th</sup> February, 2011.

By an order dated: 28.03.2011, the Hon'ble High Court of Andhra Pradesh, Hyderabad has 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 28<sup>th</sup> 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 the 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.

## 6. Subsidiaries of the Company:

**Details of the subsidiaries are given below:**

### Indian Subsidiaries:

#### (a) Glade Steel Private Limited

M/s Glade Steel Private Limited, Hyderabad, is a subsidiary of the Company. It is engaged in the business of manufacturing, distributing, supplying, selling and other wise dispose of Rounds, Flats, Squares, Angles, Channels, Girders and Allied Products with installed capacity of 75,000 MT/per annum of re-rolling and 50,000 MT/per annum of MS ingots.

### Overseas Subsidiaries

#### (a) 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.

#### (b) Asian Tide Enterprises Limited

Asian Tide Enterprises Limited, is a Wholly Owned Subsidiary Company. It was incorporated on 3 July 2007 in Hong Kong for carrying on the business of trading of goods and services with accent on procuring raw materials (in bulk) for manufacturing activities of the Company (melting scarp for its rolling division) and sale surplus in the market.

# SUJANA METAL PRODUCTS LIMITED

## (c) Optimix Enterprises Ltd

Optimix Enterprises Ltd, is a Wholly Owned Subsidiary of Asian Tide Enterprises Limited, Hong Kong and step down subsidiary of your Company. It was incorporated on 22<sup>nd</sup> August, 2011 in Mauritius for carrying on the business or businesses which are not prohibited under the laws for the time being in force in the Republic of Mauritius. This includes (inter alia) to engage in the business of all forms of investments including but not limited to venture capital and private equity investments whether directly, indirectly through any special purpose vehicles or otherwise.

Statement pursuant to Section 212(1)(e) of the Companies Act, 1956 relating to Subsidiary Companies, as at 31<sup>st</sup> March, 2013, is also annexed to this report.

## 7. 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 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, 2013 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.

## 8. Corporate Governance:

Your Company has complied with the requirements of Clause 49 of the listing agreement regarding Corporate Governance. A detailed report on Corporate Governance is attached and forms part of this report. A 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.

## 9. Management Discussion and Analysis Report:

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

## 10. Directors:

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

## 11. 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-

- a. 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;
- b. 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 loss of the Company for that year;

- c. 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;
- d. That they have prepared the annual accounts on a going concern basis.

## 12. 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.	No
(k)	Refund of taxes or completion of assessments	No

## 13. 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 year 2012-13. A separate declaration to this effect is made out in the Corporate Governance Report.

## 14. Statutory Auditors:

The Company's Statutory Auditors, M/s CRK & Associates, Chartered Accountants, Hyderabad (Regn. No. 010004S) will retire at the ensuing Annual General Meeting of the Company and being eligible offers themselves for re-appointment.

The Company has received necessary certificates from the Auditor pursuant to Section 224(1B) of the Companies Act, 1956, regarding their eligibility for re-appointment. Accordingly, the approval of the Shareholders for the re-appointment of M/s. CRK & Associates, Chartered Accountants as Auditors of the Company is being sought at the ensuing Annual General Meeting.

Your Board recommends the appointment of M/s. CRK & Associates, Chartered Accountants as Auditors of the Company.

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## 15. Cash Flow Analysis:

In conformity with the provisions of Clause 32 of the Listing Agreement the Cash Flow Statement for the year ended 31st March 2013 is included in the annual accounts.

## 16. Personnel:

The relations with employees continued to be cordial throughout the year. The Board appreciates the willful co-operation and team spirit in 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.

## 17. 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 meritocracy. 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 been proved effective in Human Resource Management. Emphasis is given to the overall development of the personality of individual employee. Welfare schemes for employees and their families are run in the factories.

## 18. 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. 14.93 Lakhs (Previous year Rs.14.93 Lakhs) which represents 1% on 14,93,365 Cumulative Redeemable Preference Shares(CRPS) of Rs.100/- each to the holders of Cumulative Redeemable Preference Shares for the year under review, Further your Company also provided a provision of dividend tax to the extent of Rs. 2.42 Lakhs (Previous year Rs.2.48 Lakhs)

## 19. Quality:

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

## 20. 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.

## 21. 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.

## 22. 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).

## 23. Fixed Deposits:

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

## 24. Cost Auditors:

In pursuance of Section 233B of the Companies Act, 1956 read with circular no. 52/26/CAB – 2010 the Company has appointed M/s Nageswara Rao & Co, Cost Accountants, Secunderabad (Firm No. 332) as the Cost Auditors for conducting audit of Cost Accounting Records in respect of steel products manufactured by the Company for the year 2012-13. The approval of the Central Government for



the appointment has been received. The Company has reappointed them as Cost Auditors for the financial year 2013- 2014.

Cost accounting records for the year ended 31st March, 2013 were maintained as per the Companies (Cost Audit Report) Rules, 2011. The Cost Auditor shall submit the report along with their observations and suggestions, and Annexure to the Central Government within stipulated time period.

## 25. 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.

## 26. Explanations to any qualifications in Auditors' Report:

There are no qualifications in the Auditors' Report dated 28th May, 2013. Your Board of Directors wish to state that the relevant notes forming part of the Company's Accounts are self-explanatory and hence do not require any further explanation from the Board.

However, the management views on some of the comments to annexure to the Auditor's report are as follows:

- Paragraph (vii) (a) in annexure to the Audit Report, according to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues except Income Tax as on 31st of March, 2013 for a period of more than six months from the date they became payable.

### Management View:

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.

- Paragraph (vii) (b) in annexure to the Audit Report, according to the information and explanations given to us, there are amounts payable in respect of income tax, sales tax, customs duty and excise duty which have not been deposited on account of disputes. They are detailed as follows.

Name of the Statute	F.Y to which matters pertain	Amount in Rs. (Lakhs)	Forum where matter is pending
Income Tax Act,1961	2005-06 2009-10	1517.25	Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeal)
Central Excise Act,1944	1995-2010 2012-13	1771.26 246.46	Central Excise &Service Tax Appellate Tribunal, Commissioner of Central Excise
Customs Act,1962	1998-99 2008-09 2012-13	308.28 215.08 15.27	Commissioner (Customs), Sea Port, Chennai, CESTAT Bangalore
Foreign Exchange Regulation Act,1973	1995-1996	630	Hon'ble High Court of Delhi

# SUJANA METAL PRODUCTS LIMITED

APGST Act,1957	2002-03 2003-04	438.18 786.88	Sales Tax Appellate Tribunal, Commercial Tax Officer
Central Sales Tax Act, 1956	2005-08 2006-07	51.91 241.34	Appellate Deputy Commissioner, Hon'ble High Court of Andhra Pradesh
Tamilnadu Value Added Tax Act, 2006	2006-07 2012-13	194.92 200.00	Hon'ble High Court of Tamilnadu

## Management View:

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

- Paragraph (ix) in annexure to the Audit Report, Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, there have been delays in repayment of dues to financial institutions.

Banks	Maximum Amount Default (Rs. in lakhs)	Maximum period of Default	Remarks
SASF Chennai (IDBI)			
Principal	736.00	304	CDR scheme not approved by SASF
Interest	352.08	335	
SASF Vizag (IDBI)			
Principal	515.25	212	CDR scheme not approved by SASF.
Interest	325.24	335	
Due to CDR approval, Repayment schedule is postponed .So the Company does not fall under default in repayment for the banks namely IOB,BOI, ANDHRA BANK & PNB (LONG TERM) as per CDR in this current period of 2012-2013.			

## Management View:

Your Company had received approved letter from SASF dated 18th July, 2013 stating that they are participating CDR scheme along with other Banks.

## 27. Appreciations:

The Board of Directors of the Company extends their sincere appreciation to the Government, Bankers, Financial Institutions and others for their kind support. On behalf of the Company, the Board of Directors thanks the Employees for their valuable efforts and the shareholders for their undaunted faith in the Company.

## BY ORDER OF THE BOARD

PLACE: Hyderabad  
DATE: 13.08.2013

**R.K.BIRLA**  
MANAGING DIRECTOR

**S.HANUMANTHA RAO**  
DIRECTOR (FINANCE)

## Annexure to the Directors' Report

**Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1976 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2013.**

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	61 years	Managing Director	102	Bachelor Degree Course in arts and Master of Business Administration (MBA) from BITS Pilani	40 years	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 Ltd	Alpha Ventures Limited
1	Financial Year of the Company	31.03.2013	31.03.2013	31.03.2013
2	a) Number of Shares held by the Company at the end of the financial year of the Subsidiary Company.	674514	24907000	5010000
	(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 (Rs. in lakhs)			
	(a) for the financial year of the subsidiary – Profit /Loss	(50.57)	4343.59	1876.87
	(b) For the previous financial years since it became subsidiary	0.47	(1123.45)	3385.07
4	(Net aggregate amount of profit/losses of the subsidiary for the above financial year of the subsidiary dealt within the Company's Accounts)			
	(a) for the financial year of the subsidiary – Profit /Loss	-	-	-
	(b) For the previous financial years since it became subsidiary	-	-	-

# SUJANA METAL PRODUCTS LIMITED

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 No. 5/12/2007-CL-III dated: 08.02.2011)**

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	256.02	1833.80	1833.80	-	240.05	(44.95)	5.62	(50.57)	--
Asian Tide Enterprises Ltd	13575.56	3118.29	73149.37	73149.37	-	41968.77	4377.70	34.10	4343.59	--
Alpha Ventures Limited	2320.71	7912.41	32770.47	32770.47	-	15363.22	1876.86	--	1876.86	--

### **BY ORDER OF THE BOARD**

PLACE: Hyderabad  
DATE: 13.08.2013

**R.K.BIRLA**  
MANAGING DIRECTOR

**S.HANUMANTHA RAO**  
DIRECTOR (FINANCE)

## 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	:	Based on the internal research for reducing the energy cost, the company has taken up modification of the billet charging facilities to 'hot charging' at two of its plants at Shadnagar and Bollaram, Hyderabad. This expected to reduce significantly the fuel consumption in the reheating furnaces and also reduce burning loss.
b.	Additional investment and proposals if any, being implemented for reduction of consumption of energy	:	Rs. 60 Crores.
c.	Impact of the measures at (a) and (b) above for reduction of energy and consequent impact on cost of production	:	The cost of production is expected to come down by 1.5-2% at these two plants. Product rationalization and de-bottlenecking is expected to improve the productivity by about 2% overall.
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.
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### 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	:	The Company has made all efforts to achieve continuous export business growth. With the sound reputation that is gradually being built in international markets, the company hopes to improve export business performance regularly in the coming years.
g.	Total foreign exchange earned and used	:	Rs.68586.03 lakhs earned Rs. 10538.72 lakhs used for import of raw material, traded goods and travelling expenses.



# SUJANA METAL PRODUCTS LIMITED

## FORM A

(See Rule 2)

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

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

	2012-2013	2011-2012
<b>1. Units (KWH)</b>	<b>42502794</b>	46859101
Total amount (Rs.)	<b>272707709</b>	221135401
Rate/units (Rs)	<b>6.42</b>	4.72
<b>2. Coal</b>		
Quantity (Tonnes)	<b>22493.655</b>	29699
Total Cost (Rs.)	<b>131923912</b>	159664764
Average Rate (Rs.)	<b>5865</b>	5376
<b>3. Furnace Oil</b>		
Quantity (Ltr)	<b>173561.06</b>	588863
Total Cost (Rs.)	<b>10856569</b>	23838798
Average Rate (Rs.)	<b>62.55</b>	40.48

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

Electricity (KWH)	182.64	188.03
Coal (Tonnes)	0.10	0.12
Furnace Oil (Liters)	0.75	2.39

## 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:

The Company did internal study on the benefits of "hot charging" of billets from the Casting division directly for rolling and worked out the lay out logistics and undertook cost benefit analysis. It was established that hot charging of billets would reduce the operational costs significantly.

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

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

- ❖ Energy savings, reduced emissions and reduced water utilisation due to the

elimination of slabbing mills and billet mills.

- ❖ Improved working conditions
- ❖ High yield rates, in excess of 95 %
- ❖ High productivity

### 3. Future plan of Action:

The Company has finalized design and layout modifications for "hot charging" of billets at two locations. This will be completed in the year 2013-14, at a cost of about Rs.60 Crores

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

1. Efforts in brief made towards technology absorption, adoption and Innovation	Hot charging facilities at Shadnagar & Hyderabad Units.
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution	Reduce the operational cost significantly and improve the productivity.
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	NA
If not fully absorbed, areas where this has not been taken place, reasons there of and future plans of action.	

### BY ORDER OF THE BOARD

**R.K.BIRLA**  
MANAGING DIRECTOR

**S.HANUMANTHA RAO**  
DIRECTOR (FINANCE)

DATE: 13.08.2013  
PLACE: Hyderabad

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Clause 49(IV) (B) & (F) of the listing agreement your directors wish to report as follows:

### 1. Industry Structure and Developments:

The Indian steel sector, one of the core industries in the country, is about a century old, with Tata Iron & Steel Co (Tata Steel) being the first integrated steel plant to be established in 1907. India is currently the world's fourth largest producer of crude steel and is expected to move ahead of its competitors (the US and Japan) in a couple of years.

Steel industry mainly derives its demand from other sectors like infrastructure, aviation, engineering, construction, automobile, pipes and tubes etc. Thus its intense integration with other important segments makes it a strategic focus area for the Government as well.

India Ratings & Research (Ind-Ra) anticipates that growth in Indian steel sector will gain momentum in 2014 on the back of growth in other economic segments. The World Steel Association (WSA) projects that local steel demand in India would increase by 5.9 per cent and 7 per cent in 2013 and 2014 respectively.

#### **Market Size**

Latest figures by WSA has revealed that India's steel production increased by 0.9 per cent to 6.45 million tonne (MT) in June 2013, as against 6.39 MT in June 2012. Moreover, the data showed that India fared better than rest of the world in terms of average output for the first six months of 2013.

India's steel production grew by 2.5 per cent to 39.63 MT in the six month period January-June 2013 as against 38.68 MT in the same period in 2012. During the same period, world crude steel production was 789.8 MT, recording an increase of 2 per cent.

#### **Road Ahead**

The market of Steel Service Centres (SSC) is at a very nascent stage in India. It is expected

to grow at a compound annual growth rate (CAGR) of 18 per cent during FY 2017-18 as steel makers expand capacities and more and more customers look for customised products.

Domestic steel market is into an evolutionary stage wherein it is shifting from simply selling steel to selling steel solutions; thanks to growth in the automobile and white goods segments, and entry of multinational companies (MNCs). Owing to immense competition in the automotive industry, white goods, fabricators and other end-use segments (infrastructure, construction, electrical, pipes and tubes, and engineering equipment-related industries), and the need of curbing inventory cost, executing strategies like 'just-in-time (JIT)' is likely to boost this service center concept to grow rapidly in the next 5-10 years.

### 2. Opportunities, Threats and Future Outlook:

Your Company will continue to maintain & grow its presence in the Export Markets while retaining its focus on value added products in Domestic Market. Your Company is ready to cater to customer's stringent specifications and demands which will ultimately improve the bottom-line. The overall presence in the Conventional, Construction & Infrastructure Segments will continue.

The domestic flat steel consumption in the relevant business segments is estimated to grow at 6%-8%. The need, however, for value added and niche products are likely to surge and have been identified as major focus area for the Company. Global steel consumption is expected to rise by 1.3%. Non-tariff barriers (like Anti-Dumping Duty on low priced, low quality suppliers) introduced recently by some of the emerging economies is expected to open additional markets and opportunities for your Company to increase its market share in international business.

### 3. Risks perception:

Your Directors have put in place critical risk management framework across the Company. Your Company is continuously evolving and improving systems and measures to take

# SUJANA METAL PRODUCTS LIMITED

care of all the risk exigencies involved in the business.

## 4. Internal Control Systems and their adequacy:

Effective internal operational control systems and regular internal audit mechanisms to monitor and review the same under the overall control and supervision of the Audit Committee of Directors are in place and functioning well. Efforts for continued improvements are being consistently made in this regard.

## 5. Discussion on Financial Performance with respect to operational performance:

We have achieved a growth of 3.56 % in annual revenues, recording Rs.374081.55 lakhs for the year 2012-13 as against 361223.77 Lakhs in the previous financial year 2011-12. The net loss for the year Rs. 2026.11 Lakhs as against net profit of Rs. 2083.02 Lakhs in the previous financial year 2011-12.

### 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 31,00,00,000 (Thirty One Crores only) Equity Shares of Rs. 5/- each and 45,00,000 (Forty Five Lakhs only) Preference Shares of Rs. 100/- each.

#### Movement in Paid-up Capital:

There is no Movement of the paid-capital during the financial year from 01.04.2012 to 31.03.2013 .

#### Reserves & Surplus:

In 2012-13 year, the reserves stand at Rs. 61, 882.01 Lakhs against Rs. 63,925.44 Lakhs in 2011-12. The decreases in reserves are Rs. 2,043.39 lakhs.

## Long Term Borrowings:

(Rupees in Lakhs)

	2012-2013	2011-12	Change	Change %
Long Term Borrowings	78,517.57	27667.80	(50,849.77)	183.79%

Long term borrowings are increased by Rs.50,849.77 lakhs due to "Conversion of some of the outstanding of working capital limits into working capital term loan & funding of a part of interest dues into Funded Interest on Term Loan".

## Short Term Borrowings:

(Rupees in Lakhs)

	2012-13	2011-12	Change	Change %
Short Term Borrowings	51,666.87	55,726.14	(4059.27)	-7.28%

Short term borrowings decreased from Rs. 55,726.14 lakhs to Rs. 51,666.87 lakhs due to repayment of unsecured loans and short term loans during the year.

## Net Worth:

The net worth of the Company as on 31<sup>st</sup> March, 2013(consisting of 12 months) is Rs. 73192.96 lakhs against Rs.75,236.35 lakhs in 2011-12 (consisting of 12 months).

## Fixed Assets:

(Rupees in Lakhs)

	2012-13	2011-12	Change	Change %
Tangible assets	46991.83	48507.32	(1,515.49)	(3.12)
Capital work-in-progress	5456.19	6168.01	(711.82)	(11.54)
Total	52,448.02	54675.33	(2,227.31)	(4.07)

Gross block increased mainly during the year due to capitalization of machineries purchased for expansion at various units.

## Non Current Investments:

(Rupees in Lakhs)

	2012-2013	2011-12	Change	Change %
Non Current Investments	14229.40	14229.39	0.01	0.00%

## Long-term loans and advances:

(Rupees in Lakhs)

	2012-13	2011-12	Change	Change %
Long-term loans and advances	7323.16	6440.91	882.25	13.7

Loans and advances increased by Rs.882.25 lakhs from Rs. 6440.91 lakhs in 2011-12 to Rs.7323.16 lakhs in 2012-13. The increase was majorly due to unsecured loan of Rs.1092.49 lakhs given to wholly owned subsidiaries and decrease in capital advances by Rs.171.45 lakhs on account of capitalization.

#### Short-term loans and advances:

(Rupees in Lakhs)

	2012-13	2011-12	Change	Change %
Short-term loans and advances	21252.81	34717.10	13464.29	38.78

The decrease in short term loans and advances is due to receipt of material for the advance made in earlier period to trade suppliers.

#### Trade Receivables:

(Rupees in Lakhs)

	2012-13	2011-12	Change	Change %
Total Debtors	133658.03	108442.45	23,248.07	21.44
Less: Provision for doubtful debts	983.73	(580.94)	1,564.67	269.33
Total	132674.25	107861.51	24,812.74	23.00

Increase in trade receivables is majorly due to increase in sales and increase in customer base. The average trade receivables i.e. collection period, in terms of number of days as at 31 March, 2013 was 120 days, compared to 110 days as on 31 March, 2012.

#### Trade Payables:

(Rupees in Lakhs)

	2012-13	2011-12	Change	Change %
Trade Payables	26722.73	45134.34	18,411.61	40.79

Trade payables decreased by Rs. 18,411.61 lakhs majorly due to Payment to partial.

#### Inventories:

(Rupees in Lakhs)

	2012-13	2011-12	Change	Change %
Raw Materials	1368.79	3225.14	(1856.35)	57.56
Goods-in-transit	-	-	-	-
Finished goods	1854.19	2705.30	(851.11)	31.46
Goods-in-transit	-	-	-	-
Stock in trade	11078.56	9305.87	1772.69	19.05
Stores and spares	1501.94	1006.24	495.7	49.26
Total	15803.48	16242.55	(439.07)	2.70

The average inventory holding in terms of number of days as on 31 March, 2013 was 18 days vis-à-vis 16 days as on 31 March, 2012. The increase in inventory is on account of increase of raw material stock and traded stock on account of order book.

#### 6. Segment Wise 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 comply 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, timely ensures compliance of the provisions of the Companies Act, 1956, SEBI Regulations and provisions of listing agreements. Compliance Certificates are obtained from various units of the Company and the Board is informed of the same at every Board Meeting.

#### 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

# SUJANA METAL PRODUCTS LIMITED

identification and nurture of potential talent. The Company has taken numerous initiatives for leadership development.

## 9. **Corporate Social Responsibility:**

Sujana Foundation, the CSR arm of the Sujana Group was established in 2007 to serve the society and community in the sectors of Agriculture, Education, Management, Healthcare, Rural Development, Rural Entrepreneurship and Poverty alleviation. Sujana Group has integrated the real mechanisms of CSR-Accountability, Sustainability, Transparency and Responsibility into its core business strategy. Over the years Sujana is sharing its success and resources with those less privileged in society through Community involvement.

### ***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.



## REPORT ON CORPORATE GOVERNANCE

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

### I. The Company's Philosophy on Corporate Governance

The Company's Philosophy is that Corporate Governance is a process which enables the Company to operate in a systemic manner to meet its ethical, legal and business expectations and at the same time fulfill its social responsibilities. The core value of Corporate Governance lies in integrity, transparency, high degree of disclosures, emphasis on product quality, adopting best business practices.

The Company believes that a Vibrant and Independent Board should be at the helm of affairs to ensure the highest levels of Corporate Governance. Accordingly your Company has always had adequate competent Independent Directors. For effective discharge of its functions and proper deliberations, Board has constituted various committees.

Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing agreement, the details of which are given below:

### II. Board of Directors

#### (i) *Composition of Board of Directors*

The Company has a balanced mix of Executive and Non-Executive Independent Directors to maintain the independence of the board and to separate the board functions of governance and management. As at 31.03.2013, the Board of Directors comprises of 8(Eight) Directors, out of which one (1) is Managing Director, two (2) are Promoter and Non-Executive Directors, Three (3) of them are Independent and Non-Executive Directors, one(1) is Executive Director and one (1) is a Nominee Director. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring the best interest of stakeholders and the Company.

The Chairman is Non-Executive and Promoter of Company. The number of Independent Directors are 4 which is in compliance with the requirements of Clause 49 of the Listing agreement. The number of Non-Executive Directors is more than 50% of the total number of Directors.

No Director is related to any other Director on the Board in terms of the definition of "relative" given under the Companies Act, 1956.

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 details of composition of the Board as at 31.03.2013, the attendance record of the Directors at the Board Meetings held during the financial year 2012-13 and at the last Annual General Meeting(AGM), as also the number of Directorships, Committee Chairmanships and Memberships held by them in other Companies are given below:

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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	No
2.	Shri R.K. Birla	Executive Director	Managing Director	5	Yes
3.	Shri J. Ramakrishnan	Independent & Non-Executive Director	Director	5	Yes
4.	Dr. V. Malakonda Reddy	Independent & Non-Executive Director	Director	6	Yes
5.	Shri S. Hanumantha Rao	Executive Director	Director (Finance)	6	Yes
6.	Shri G. Srinivasa Raju	Promoter & Non-Executive Director	Director	4	Yes
7.	Dr. K. Srinivasa Rao	Independent & Non-Executive Director	Director	3	No
8.	Shri Ashok Kumar De	Nominee from IDBI	Director	5	No

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	--	11*	1	3
2	Shri R.K. Birla	--	3	--	--
3	Shri J. Ramakrishnan	--	1	1	5
4	Dr. V. Malakonda Reddy	--	2	--	--
5	Shri S. Hanumantha Rao	--	14*	2	6
6	Shri G. Srinivasa Raju	--	10*	2	6
7	Dr. K. Srinivasa Rao	--	1	1	2
8	Shri Ashok Kumar De	--	1	--	1

\* including private limited Companies & Overseas Companies

## Change in Composition of Board of Directors since the date of last AGM held on 22.09.2012:

### (ii). Board Procedure

The Board of Directors oversees the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long-term interests of the stakeholders are being served. The Chairman and Managing Director is assisted by the Executive Directors/ Senior Managerial Personnel in overseeing the functional matters of the Company.

The Board has constituted five Standing Committees, namely Audit Committee, Shareholders/ Investors Grievance Committee, Remuneration Committee, Management Committee and Share Transfer Committee. The Board constitutes additional functional committees, from time to time, depending on the business needs.

A minimum of four Board Meetings are held every year. Dates for the Board Meetings in the ensuing quarter are decided well in advance and communicated to the Directors. The Agenda

along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board are held when deemed necessary to address the specific needs of the Company.

Six (6) Board Meetings were held during the year 2012-13 and the gap between two meetings did not exceed three months. The dates on which the Board Meetings were held were as follows:

28<sup>th</sup> May, 2012, 16<sup>th</sup> July, 2012, 11<sup>th</sup> August, 2012, 10<sup>th</sup> November, 2012, 13<sup>th</sup> February, 2013, and 29<sup>th</sup> March, 2013.

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. Date of Board Meeting was communicated well in advance and the Agenda, explanatory notes were sent in advance to the Directors. Agenda and Notes on Agenda are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are considered.

In addition to items which are mandated to be placed before the Board for its noting and/or approval, information is provided on various significant items.

The Board is given presentations covering Global Steel Scenario, Economy, Company's Financials, Sales, Production, Business Strategy, Subsidiary performance and Risk Management practices before taking on record the Quarterly/Half yearly/ Nine Monthly/Annual financial results of the Company.

All divisions/departments of the Company are advised to schedule their work plans well in advance, with regard to matters requiring discussion/ approval/ decision at the Board/ Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board/Committee Meetings.

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

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board/Committee for their comments. The final minutes are entered in the Minutes Book within 30 days from conclusion of the meeting and are signed by the Chairman of the meeting/Chairman of the next meeting.

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.

### **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 auditor and the fixation of audit fees.

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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 at least 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 at least 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. The Members

possess adequate knowledge of Accounts, Audit, Finance, etc. The composition of the Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 and of Clause 49 of the Listing Agreement.

Five (5) meetings of Audit Committee were held during the financial year 2012-13, as against the minimum requirement of four meetings. The details are as follows:

**Dates on which the Audit Committee meetings were held are as follows:**

28<sup>th</sup> May, 2012, 16<sup>th</sup> July, 2012, 11<sup>th</sup> August, 2012, 10<sup>th</sup> November, 2012, and 13<sup>th</sup> February, 2013.

The necessary quorum was present at the meetings.

The Constitution of the Committee as at 31.03.2013` and the attendance of each Member are as given below:

Sl. No.	Name of the Member	Designation	No. of Meetings attended
1.	Dr. K.Srinivasa Rao	Member & Chairman	2
2.	Shri S. Hanumantha Rao	Member	5
3.	Dr.V.Malakonda Reddy	Member	5
4.	Shri Ashok Kumar De	Member	5

**There was no change in Composition of Audit Committee since the date of last AGM held on 22.09.2012.**

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

#### **IV. Remuneration Committee**

**(i) Scope of the Remuneration Committee**

- Review the performance of the Managing Director, after considering the Company's performance.
- Recommends to the Board remuneration including salary, perquisites and commission to be paid to the Company's Managing Director.
- 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 of:**

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 22.09.2012**

No remuneration committee meeting was held during the year 2012-13.

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## (iii) Remuneration Packages paid to Executive Directors during the year:

Name	Salary P.A. (Rs in lakhs)	Commission/ Incentives P.A. (Rs in lakhs)	Deferred Benefits (Perquisites) (Rs in lakhs)	Others (Rs in lakhs)	Total (Rs in lakhs)
Shri R.K.Birla	102.00	--	--	18.36	120.36
Shri S. Hanumantha Rao	9.60	--	--	0.60	10.20

### 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 year
1	Dr. K. Srinivasa Rao	40,000
2	Dr.V.Malakonda Reddy	100,000
3	Shri J. Ramakrishnan	40,000
4	Shri Ashok Kumar De	100,000
	Total	280,000

The Company pays sitting fees at the rate of Rs.10,000/-for each meeting of the Board and sub-committees attended by them.

## (iv) Shareholding of Directors as at 31.03.2013:

The following table sets out the shareholdings of the Directors in the Company as at 31 March, 2013:

Name of the Director	Designation	No. of Shares held
Shri Y.S.Chowdary	Chairman	32,00,024
Shri R.K.Birla	Managing Director	0
Shri S.Hanumantha Rao (as trustee)	Director (Finance)	7
Shri G.Srinivasa Raju	Promoter Director	0
Shri J.Ramakrishnan	Independent and Non-Executive Director	0
Dr. V.Malakonda Reddy	Independent and Non-Executive Director	0
Dr. K.Srinivasa Rao	Independent and Non-Executive Director	0
Shri Ashok Kumar De	IDBI Nominee	0

## 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 year 2012-2013.

**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

**(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 year:**

Nature of queries/complaints	Received	Resolved	Un resolved
No.of requests for change of Address	Nil	Nil	Nil
No.of requests for transmission	1	1	Nil
Non receipt of share certificates/bonus shares	2	2	Nil
Revalidation of Dividend warrants	Nil	Nil	Nil
Letters from SEBI & Stock Exchanges	1	1	Nil
Issue of Duplicate Share Certificates	1	1	Nil
Non receipt of Demat Confirmations/ Rejections	Nil	Nil	Nil
Others	8	8	Nil
TOTAL	13	13	Nil

**(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 year under review the Share Transfer Committee met 10 (Ten) times.

**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 year under review the management committee met 29 (Twenty Nine) times.

# 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
1.	22nd A.G.M	22nd September, 2012	"Kohinoor", Taj Deccan, Road No.1, Banjara Hills, Hyderabad - 500034.	11.30 A.M	<ol style="list-style-type: none"> <li>To fix remuneration of Shri. R.K. Birla, Managing Director of the Company.</li> <li>To make any loan and/or to make investment and/or to give any guarantee and/or to provide security U/S 372A of the Companies Act, 1956.</li> <li>To lease, or transfer the whole, or substantially the whole of the undertaking of the Company under Section 293(1)(a) of the Companies Act, 1956.</li> <li>To shift the Registered Office of the Company from the state of Andhra Pradesh to Tamilnadu</li> <li>To reclassify the Authorised Share Capital of the Company and to alter Memorandum and Association accordingly.</li> <li>To further issue of Share Capital.</li> </ol>
2.	21st A.G.M	24th September, 2011	"Kohinoor", Taj Deccan, Road No.1, Banjara Hills, Hyderabad - 500034.	11.30 A.M	<ol style="list-style-type: none"> <li>Re-appointment of Shri S.Hanumantha Rao, Director (Finance) of the Company.</li> <li>Amendment to Articles of Association of the Company</li> <li>Increase of authorized share capital of the Company from Rs. 200 crores to Rs. 250 crores.</li> <li>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.</li> </ol>
3.	20th A.G.M	27th 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.

(ii) No Extra-ordinary General Meeting of the shareholders was held during the year.

**(iii) Details of resolutions passed in the last year through postal ballot :**

Details of resolution passed through Postal Ballot	Details of voting pattern	Person who conducted the postal ballot exercise
To make any loan and/or to make investment and/or to give any guarantee and/or to provide security U/S 372A of the Companies Act, 1956.	No of votes cast in favour of the resolution: 7,14,12,276 No of votes cast against the resolution: 305	Shri Y. Ravi Prasada Reddy Practising Company Secretary FCS No.5783 C.P.NO.5360
To lease, or transfer the whole, or substantially the whole of the undertaking of the Company under Section 293(1)(a) of the Companies Act,1956.	No of votes cast in favour of the resolution: 7,14,12,276 No of votes cast against the resolution: 305	
To shift the Registered Office of the Company from the state of Andhra Pradesh to Tamilnadu.	No of votes cast in favour of the resolution: 7,14,12,276 No of votes cast against the resolution: 305	

**(iv) Details of special resolution which is proposed to be passed through postal ballot :**

Details of resolution proposed to be passed through Postal Ballot	Type of the Resolution	Details of Scrutinizer for the Postal Ballot
To lease, or transfer the whole, or substantially the whole of the undertaking(s) of the Company under Section 293(1)(a) of the Companies Act,1956.	Special Resolution for the said purpose has been set out as no.8 in the notice of 23rd Annual General Meeting.	Shri Y. Ravi Prasada Reddy Practising Company Secretary FCS No.5783 C.P.No.5360

**Note:** Procedure for exercising the voting rights by the members of the Company through postal ballot is explained in Page No. 110.

**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 Note No. 29 to the Annual Accounts for the year ended 31.03.2013.

**(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 to 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 year 2013-14.

# SUJANA METAL PRODUCTS LIMITED

**(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 material aspects with the accounting standards notified under in 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

- (i) 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)
- (ii) Furnishing the Quarterly Financial Results to Stock Exchanges in which Company's shares is listed.
- (iii) Sending Balance Sheet, Profit & Loss Account, Directors' Report & Auditors' Report to Shareholders through Post.
- (iv) **Company's Corporate Website :**  
The Company's website [www.sujana.com](http://www.sujana.com) 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.
- (v) **NSE Electronic Application Processing System (NEAPS):**  
NEAPS is a web based application designed by NSE for corporates. The Shareholding pattern and Corporate Governance Report are also filed electronically on NEAPS.
- (vi) **BSE Online (listing.bseindia.com) :**  
It is a web based application designed by BSE for corporates, the Shareholding Pattern Corporate Governance Report and Financial Reports are also filed electronically as pdf attachments.
- (vii) **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report forms part of the Annual Report.
- (viii) **Chairman's Communiqué:** Printed copy of the Chairman's Speech is distributed to all the shareholders at the Annual General Meetings.

## XII General Shareholders Information

### (i) Details pursuant to the 23<sup>rd</sup> Annual General Meeting

1.	Date	30th September, 2013
2.	Time	11.00 a.m
3.	Venue	At "Hotel Sitara Residency" Beside Chandana Brothers, Ameerpet, Hyderabad - 500 016, Andhra Pradesh.
4.	Financial year	2012-2013, (consisting of 12 months from 01.04.2012 to 31.03.2013)
5.	Book Closure Date	26.09.2013 (One day only)
6.	Dividend Payment Date	Not Applicable

### (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, 1, 2<sup>nd</sup> Line Beach, Chennai-600001.

# SUJANA METAL PRODUCTS LIMITED

**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 to each of the above Stock Exchanges for the financial years 2012-13 and 2013-14.

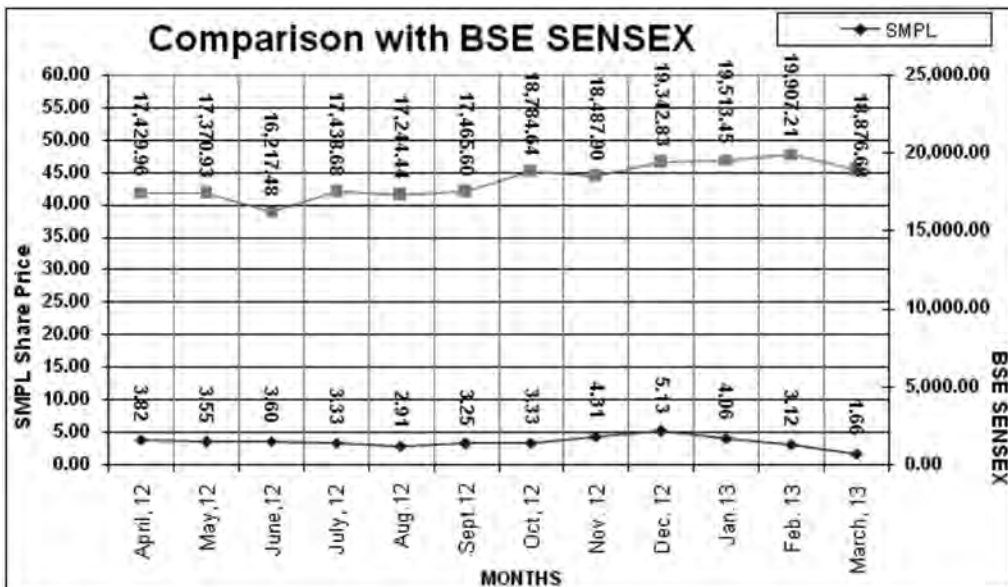
## (iii) Stock Code/Symbol -

(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)	:	L28120AP1988PLC008610

## (iv) Market Price Data-

The monthly high and low stock prices during the financial year 2012-13 and performance in comparison to the Broad-based indices such as BSE-Sensex is provided hereunder.

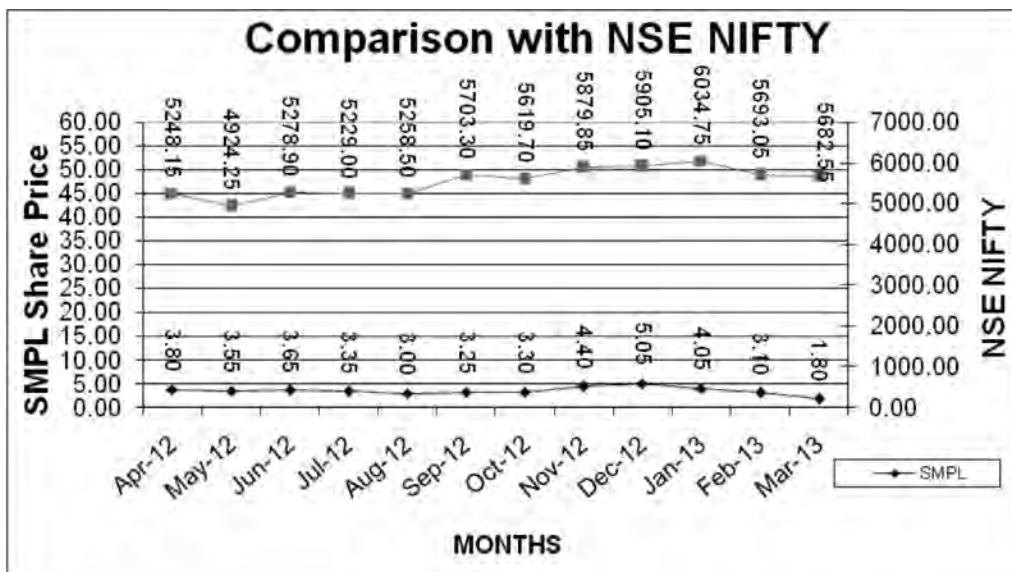
Month	High Price	Low Price	Close Price	BSE SENSEX (Closing)
April 2012	4.64	3.67	3.82	17,429.96
May 2012	4.00	3.00	3.55	17,370.93
June 2012	4.18	3.25	3.60	16,217.48
July 2012	4.20	3.16	3.33	17,438.68
August 2012	3.90	2.81	2.91	17,244.44
September 2012	3.48	2.80	3.25	17,465.60
October 2012	3.73	2.82	3.30	18,784.64
November 2012	5.01	3.21	4.31	18,487.90
December 2012	5.70	4.05	5.13	19,342.83
January 2013	5.61	3.95	4.06	19,513.45
February 2013	4.45	2.97	3.12	19,907.21
March 2013	3.27	1.52	1.66	18,876.68





The monthly high and low stock prices during the financial year 2012-13 and performance in comparison to the Broad-based indices such as NSE-Nifty is provided hereunder.

Date	High Price	Low Price	Close Price	NSE-Nifty Closing
April 2012	4.65	3.65	3.80	5248.15
May 2012	3.95	3.00	3.55	4924.25
June 2012	3.85	3.00	3.65	5278.90
July 2012	4.10	3.10	3.35	5229.00
August 2012	3.55	2.80	3.00	5258.50
September 2012	3.45	2.85	3.25	5703.30
October 2012	3.75	3.05	3.30	5619.70
November 2012	5.05	3.20	4.40	5879.85
December 2012	5.60	4.05	5.05	5905.10
January 2013	5.70	4.05	4.05	6034.75
February 2013	4.40	3.00	3.10	5693.05
March 2013	3.25	1.70	1.80	5682.55



# SUJANA METAL PRODUCTS LIMITED

## (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*

99.66% of the Company's Paid-up capital has been dematerialized upto 31.03.2013 as per the following details.

Particulars	Number of Shares	% of share capital
NSDL	99011035	50.43
CDSL	96660243	49.23
Physical	679603	0.34
Total	196350881	100.00

### **Holdings of Promoters & Promoters' Group in Electronic Mode (100% demat) :**

In order to further promote dematerialization of securities, encourage orderly development of the securities market and to improve transparency in the dealings of shares by promoters including pledge / usage as collateral, SEBI vide its Circular No. SEBI/Cir/ ISD/3/2011 dated June 17, 2011 had stipulated that the securities of companies shall be traded in the normal segment of the exchange if and only if, the Company has achieved 100% of promoter's and promoter group's shareholding in dematerialized form latest by the quarter ended September 2011 as reported to the stock exchanges (subsequently extended to December 2011 vide SEBI /Cir/ISD/5/2011 dated September 30, 2011).

In compliance with the aforesaid circular of SEBI, your company has achieved 100% of Promoters & Promoter Group's shareholding in dematerialised form.

## (vii) *Distribution of Shareholding*

As on 31<sup>st</sup> March, 2013, the Distribution Shareholding was as follows:

Range (Rs)	No. of Shares	% of Shareholding	No. of Shareholders	% of Shareholders
1. Upto - 5,000	77,43,814	3.94	24861	79.22
2. 5,001 - 10,000	39,60,365	2.02	2418	7.70
3. 10,001 - 20,000	46,05,544	2.35	1529	4.87
4. 20,001 - 30,000	42,74,391	2.18	843	2.69
5. 30,001 - 40,000	23,21,163	1.18	325	1.04
6. 40,001 - 50,000	33,82,245	1.72	355	1.13
7. 50,001-1,00,000	71,74,059	3.65	486	1.55
8. 1,00,001 and above	16,28,89,300	82.96	567	1.81
Total	19,63,50,881	100.00	31384	100.00

**(viii) Pattern of shareholding as on 31<sup>st</sup> March, 2013 (Face Value: Rs.5/- each)**

Category	Number of Shares	Percentage %
Promoter and Promoter Group	70244631	35.78
Financial Institutions/Banks	19096577	9.73
Foreign Institutional Investors	7108966	3.62
Body Corporate	22543750	11.48
Indian Public	64410957	32.80
Shares held by Custodians and against which Depository Receipts have been issued	12946000	6.59
Total	19,63,50,881	100

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

There are no outstanding GDR/ADR/Warrants or any convertible instruments as on the date of this report.

**(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 SEBI Guidelines vide Circular No. CIR/MRD/DP/30/2010 dated 06<sup>th</sup> September, 2010, 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 Location:**

**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, (A.P).
- (v) Survey No. 196 & 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.

# SUJANA METAL PRODUCTS LIMITED

## **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.

## **Visakhapatnam:**

Sanivada Village, Rajeevnagar, Visakhapatnam-530046.

## **(xii) Address for Correspondence**

### ***Secretarial Department:***

Plot No.41, Nagarjuna Hills, Panjagutta,  
Hyderabad-500 082.  
Phone No.2335 1882.  
e-mail : cssmpl@sujana.com

### ***Regd.Office and Corporate Office:***

Plot No. 41, Nagarjuna Hills,  
Panjagutta, Hyderabad - 500 082.  
Ph: 23351882, 23351887.  
e-mail : info.smpl@sujana.com  
website : www.sujana.com

### ***Registrars and Share Transfer Agents:***

M/s. Bigshare Services Private Limited,  
306, Right Wing, Third Floor, Amruta Ville,  
Opp: Yashoda Hospital, Raj Bhavan Road,  
Somajiguda, Hyderabad – 500 082.  
Phone No.040-23374967  
e-mail : bsshyd@bigshareonline.com  
website : www.bigshareonline.com

## **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 year 2012-13.

Place: Hyderabad  
Date: 13.08.2013

**R.K.Birla**  
Managing Director

## CEO & CFO CERTIFICATION

We, R.K.Birla, Managing Director & Chief Executive Officer and Shri Ch Narayana Rao, Vice President (Finance & Accounts), to the best of our knowledge and belief, do hereby certify that

1. We have reviewed financial statements and the Cash Flow Statement for the Financial year 2012-13 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 year 2012-13 which are fraudulent, illegal or volatile 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

**R.K.Birla**

**Shri Ch. Narayana Rao**

Date : 13.08.2013

Managing Director & Chief Executive Officer

Vice President (Finance & Accounts)

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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 Limited., Hyderabad for the year ended 31<sup>st</sup> March, 2013, 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

**Y. Ravi Prasada Reddy**

Dated: 13.08.2013

FCS No:5783, CP No:5360

# SUJANA METAL PRODUCTS LIMITED

## INDEPENDENT AUDITORS' REPORT

To the Members of  
**M/s. Sujana Metal Products Limited.**

### Report on the Financial Statements

We have audited the accompanying financial statements of M/s. SUJANA METAL PRODUCTS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31st, 2013, the Statement of Profit and Loss, Cash Flow Statement for the year ended, a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of the Profit and Loss Account, of loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For CRK&ASSOCIATES**  
Chartered Accountants  
Firm Reg. No: 010004S

**C. Rajendra Kumar, FCA**  
Partner  
M No: 23103

Place: Hyderabad  
Date: 28th May 2013

# SUJANA METAL PRODUCTS LIMITED

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of M/s. Sujana Metal Products Limited on the accounts of the company for the year ended 31st March, 2013. Having regard to the nature of company's business / Activities the clauses of 4(v), (vi), (xii),(xiii), (xiv), (xviii), (xix) and (xx) of CARO are not applicable to the company.

1. On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:
  - i.
    - (a) The company is in the process of updating proper records showing full particulars including quantitative details and situation of its fixed assets.
    - (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals in accordance with a programme of verification. Management has informed that no material discrepancies were noticed on such verification.
    - (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
  - ii.
    - (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
    - (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 are reasonable and adequate in relation to the size of the company and the nature of its business.
    - (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
  - iii.
    - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
    - (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
  - iv. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business. There should be strong internal control procedures for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no other major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
  - v. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
  - vi. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However We have not made a detailed examination of the records to determine whether they are accurate or complete.

- vii. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues except Income Tax as on 31st of March, 2013 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are amounts payable in respect of income tax, sales tax, customs duty and excise duty which have not been deposited on account of disputes. They are detailed as follows.

Name of the Statute	F.Y to which matters pertain	Amount in Rs. (Lakhs)	Forum where matter is pending
Income Tax Act,1961	2005-06 2009-10	1517.25	Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeal)
Central Excise Act,1944	1995-2010 2012-13	1771.26 246.46	Central Excise &Service Tax Appellate Tribunal, Commissioner of Central Excise
Customs Act,1962	1998-99 2008-09 2012-13	308.28 215.08 15.27	Commissioner (Customs ), Sea Port, Chennai, CESTAT Bangalore
Foreign Exchange Regulation Act,1973	1995-1996	630	Hon'ble High Court of Delhi
APGST Act,1957	2002-03 2003-04	438.18 786.88	Sales Tax Appellate Tribunal , Commercial Tax Officer
Central Sales Tax Act, 1956	2005-08 2006-07	51.91 241.34	Appellate Deputy Commissioner, Hon'ble High Court of Andhra Pradesh
Tamilnadu Value Added Tax Act, 2006	2006-07 2012-13	194.92 200.00	Hon'ble High Court of Tamilnadu

- viii. The Company does not have any accumulated loss at the end of the financial year not more than fifty percent of its net worth and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- ix. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, there have been delays in re-payment of dues to Financial Institutions.

Banks	Maximum Amount Default (Rs. in lakhs)	Maximum period of Default	Remarks
SASF Chennai (IDBI)			
Principal	736.00	304	CDR scheme not approved by SASF
Interest	352.08	335	
SASF Vizag (IDBI)			
Principal	515.25	212	CDR scheme not approved by SASF.
Interest	325.24	335	
Due to CDR approval, Repayment schedule is postponed .So the Company does not fall under default in repayment for the banks namely IOB,BOI, ANDHRA BANK & PNB (LONG TERM) as per CDR during the year 2012-2013.			

# SUJANA METAL PRODUCTS LIMITED

- x. According to the information and explanations given to us, the company has given the guarantees for loan taken by others from a bank or financial institution where of the terms and conditions are not prejudicial to the interest of the company.
- xi. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
- xii. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- xiii. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

**For CRK&ASSOCIATES**

Chartered Accountants

Firm Reg. No: 010004S

**C. Rajendra Kumar, FCA**

Partner

M No: 23103

Place: Hyderabad

Date: 28th May 2013

# BALANCE SHEET AS AT 31, MARCH 2013

Rupees in lakhs

	Note No	As at 31 March 2013	As at 31 March 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a) Share capital	3	11,310.91	11,310.91
b) Reserves and surplus	4	61,882.05	63,925.44
		<u>73,192.96</u>	<u>75,236.35</u>
<b>2 Non- current liabilities</b>			
a) Long-term borrowings	5	78,517.57	27,667.80
b) Deferred tax liabilities (net)	6	6,149.13	6,169.14
c) Other long-term liabilities	7	91.71	8,706.63
d) Long- term provisions	8	242.97	207.11
		<u>85,001.38</u>	<u>42,750.68</u>
<b>3 Current liabilities</b>			
a) Short-term borrowings	9	51,666.87	55,726.14
b) Trade payables	10	26,722.73	45,134.34
c) Other current liabilities	11	7,364.10	19,439.53
d) Short-term provisions	12	2,206.33	2,566.83
		<u>87,960.03</u>	<u>122,866.84</u>
<b>TOTAL</b>		<u><b>246,154.37</b></u>	<u><b>240,853.87</b></u>
<b>II. ASSETS</b>			
<b>1 Non- current assets</b>			
a) Fixed assets			
i) Tangible assets	13A	46,991.83	48,507.32
iii) Capital work in progress		5,456.19	6,168.01
		<u>52,448.02</u>	<u>54,675.33</u>
b) Non-current investments	14	14,229.40	14,229.39
c) Long-term loans and advances	15	7,323.16	6,440.91
		<u>74,000.58</u>	<u>75,345.63</u>
<b>2 Current assets</b>			
a) Current investments	16	3.82	4.21
b) Inventories	17	15,803.49	16,242.55
c) Trade receivables	18	132,674.25	107,861.51
d) Cash and bank balances	19	2,218.15	6,426.20
e) Short-term loans and advances	20	21,252.81	34,717.10
f) Other current assets	21	201.27	256.67
		<u>172,153.79</u>	<u>165,508.24</u>
<b>TOTAL</b>		<u><b>246,154.37</b></u>	<u><b>240,853.87</b></u>

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For CRK & Associates**

**R K Birla**

**S. Hanumantha Rao**

Chartered Accountants

Managing Director

Director - Finance

**C. Rajendra Kumar**

**Ch. Narayana Rao**

**Shaik Ibraheem**

Partner

Vice President (Finance & Accounts)

Company Secretary

Place : Hyderabad  
Date : 28th May 2013

Place : Hyderabad  
Date : 28th May 2013

# SUJANA METAL PRODUCTS LIMITED

## Statement of Profit and Loss for the period ended 31st March 2013

Rupees in lakhs

	Note No	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>I. REVENUE</b>			
Revenue from operations (gross)		374,081.55	361,223.77
Less: Excise duty		9,096.07	7,387.42
Revenue from operations (net)	22	364,985.48	353,836.35
Other income	23	1,541.59	2,332.66
Total revenue		366,527.07	356,169.01
<b>II. EXPENSES</b>			
Cost of materials consumed	24.a	70,816.82	66,679.10
Purchase of Traded Stock	24.b	264,286.03	257,329.73
Change in inventories of finished goods, work in progress and stock- in-trade	24.c	(921.58)	(4,567.51)
Employee benefit expenses	25	2,399.94	2,342.04
Finance costs	26	18,099.73	17,228.30
Depreciation and amortisation expense	13A & 13B	4,123.01	4,694.62
Other expenses	27	9,769.24	9,930.75
Total expenses		368,573.19	353,637.03
<b>III. PROFIT BEFORE TAX (I-II)</b>		(2,046.12)	2,531.98
<b>IV. TAX EXPENSE:</b>			
a) Current tax expense for current year		-	839.04
b) MAT credit relating to earlier years		-	(251.69)
c) Current tax credit relating to earlier years		-	(124.30)
d) Fringe benefit tax written back of earlier years		-	-
		-	463.05
e) Deferred tax		(20.01)	(14.07)
		(20.01)	448.98
<b>V. PROFIT FOR THE YEAR/PERIOD (III-IV)</b>		(2,026.11)	2,083.00
Earnings per equity share of Rs. 5/- each (Refer Note No.31)			
Basic Rs.		(1.04)	1.05
Diluted Rs.		(1.04)	1.05

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For CRK & Associates**

**R K Birla**

**S. Hanumantha Rao**

Chartered Accountants

Managing Director

Director - Finance

**C. Rajendra Kumar**

**Ch. Narayana Rao**

**Shaik Ibraheem**

Partner

Vice President (Finance & Accounts)

Company Secretary

Place : Hyderabad

Place : Hyderabad

Date : 28th May 2013

Date : 28th May 2013



# Cash flow statement for the Year ended 31 March 2013

Rupees in lakhs

	For the Year ended 31 March 2013	For the Year ended 31 March 2012
<b>Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>(2,063.45)</b>	2,531.98
<b>Adjustments for:</b>	-	-
Depreciation and amortisation	4,123.01	4,694.62
Profit on sale of fixed assets (net)	11.62	(71.18)
Net unrealised exchange gain	(527.55)	(519.17)
Finance costs	18,099.73	17,228.30
Interest income	(428.69)	(540.42)
Loss on sale of current investment	-	-
Adjustments to the carrying amount of current investments	0.39	0.71
Dividend income on current investment	-	(2.99)
<b>Operating profit before working capital changes</b>	<b>19,215.06</b>	23,321.85
<i>Changes in working capital:</i>	-	-
<i>Adjustments for (increase) / decrease in operating assets:</i>	-	-
Inventories	439.06	(6,057.35)
Trade receivables	(24,298.25)	(16,341.88)
Long-term loans and advances	38.78	3.46
Short-term loans and advances	16,814.67	6,058.59
Other current assets	-	-
<i>Adjustments for increase / (decrease) in operating liabilities:</i>	-	-
Trade payables	(18,398.54)	4,797.09
Other current liabilities	(12,548.46)	7,112.99
Other long-term liabilities	(8,614.92)	8,522.28
Other Short-term liabilities	42.10	-
Provision for employee benefits	35.86	49.22
<b>Cash generated from operations</b>	<b>(27,274.64)</b>	27,466.25
Net income tax paid	(412.61)	(396.72)
<b>Net cash flow from operating activities (A)</b>	<b>(27,687.25 )</b>	27,069.53
<i>Cash flows from investing activities</i>		
Capital expenditure on fixed assets and capital advances paid	(1,742.76)	(6,329.06)
Receipt of capital advances	-	6,354.10
Proceeds from sale of fixed assets	6.97	160.75
(Increase)/decrease in restricted cash	3,235.11	(372.83)
Purchase consideration on acquisition of a unit of Handum Industries Limited.	-	(1,900.00)
Advances given to subsidiaries	(4,432.87)	33.16
Advances realised from subsidiaries	-	-
Purchase of current investments	-	75.00
Foreign Currency Translation Adjustment	-	-
Proceeds from sale of current investment- mutual fund units	-	-
Income from current investments received	-	2.99
Interest received	484.08	351.17
<b>Net cash used in investing activities (B)</b>	<b>(2,449.47 )</b>	(1,624.72 )

# SUJANA METAL PRODUCTS LIMITED

## Cash flow statement for the Year ended 31 March 2013

Rupees in lakhs

	For the Year ended 31 March 2013	For the Year ended 31 March 2012
<b>Cash flow from financing activities</b>	-	-
Proceeds from issue of share capital	-	-
Share premium received	-	-
Proceeds from long-term borrowings	50,849.77	-
Repayment of long-term borrowings	-	(3,883.11)
Repayment in short-term borrowings	(4,059.27)	(5,420.44)
Dividend paid including tax there on	-	(26.86)
Interest and other borrowing costs paid	(17,626.70)	(17,238.62)
<b>Net cash (used in)/received from financing activities (C)</b>	<b>29,163.80</b>	<b>(26,569.03)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C)</b>	<b>(972.92)</b>	<b>(1,124.22)</b>
Cash and cash equivalents at the beginning of the year/period	1,322.04	2,446.26
Exchange difference on translation of foreign currency cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year/period	<b>349.12</b>	<b>1,322.04</b>

### Notes:

1. Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 on Cash Flow Statements.

2. Reconciliation of Cash and cash equivalents with balance sheet:

Cash and bank balances as per balance sheet (Refer Note 19)	2,218.15	6,426.20
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Less: Balances in earmarked accounts

- balance held as margin monies	1,869.06	5,104.16
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Net cash and cash equivalents at the end of the year/period	<b>349.09</b>	<b>1,322.04</b>
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### See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For CRK & Associates**  
Chartered Accountants

**R K Birla**  
Managing Director

**S. Hanumantha Rao**  
Director - Finance

**C. Rajendra Kumar**  
Partner

**Ch. Narayana Rao**  
Vice President (Finance & Accounts)

**Shaik Ibraheem**  
Company Secretary

Place : Hyderabad  
Date : 28th May 2013

Place : Hyderabad  
Date : 28th May 2013

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1 Corporate information

“Sujana Metal Products Limited (SMPL) was incorporated in 02 May 1988 under the name of Sujana Steel Re-rolling Industries Private Limited. The name of the company was changed to Sujana Steels Private Limited on 30 March 1992. The company was converted into public limited company on 20 April 1992. The company further changed its name as Sujana Metal Products Limited w.e.f. 09 November 2001. The Company was promoted by Sri Y.S.Chowdary, his associates and relatives.

The company was incorporated with an object to manufacture of steel re-rolled products SMPL is engaged in the business of manufacturing and marketing value added steel products. SMPL is categorized as a secondary steel producer in the Industry.

SMPL is currently engaged in the business of Manufacture and trading of steel products like Thermo Mechanically Treated (TMT) bars in different sizes, Structural steels like Ms Angles, Ms Squares, Ms Beams and Ms Channels etc and smart steel of varying shapes and dimensions for the construction & infrastructure sector.”

### 2 Significant accounting policies

#### a 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.

#### b Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the 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 and any revision to accounting estimates is recognised prospectively in the period in which the results are known/materialised. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets.

#### c Fixed Assets and Depreciation and Amortisation

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 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/up to the date the assets are purchased / sold. Individual assets costing less than Rs. 5,000 are depreciated fully in the year of purchase.

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### **d 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 Statement of Profit and Loss.

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.

### **e 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.

### **f Inventories**

Raw materials and work in progress are valued at cost or net realisable value, whichever is lower. Cost is ascertained based on 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 produced and 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.

### **g Employee Benefits**

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 'Employee Benefits' notified by the Companies (Accounting Standards) Rules, 2006

#### **Defined Benefit Plan**

##### **i) Gratuity**

"In accordance with the Payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible employees. Liability on account of gratuity is:

- covered partially through a recognised Gratuity Fund managed by Life Insurance Corporation of India and contributions are charged to revenue; and
- balance is provided on the basis of valuation of the liability by an independent actuary as at the year end."

##### **ii) Compensated Absences**

Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Defined Contribution Plan

#### i) Provident Fund

Contribution to Provident fund (a defined contribution plan) made to Regional Provident Fund Commissioner are recognised as expense as they fall due based on the amount of contribution required to be made.

#### h 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 Statement of Profit and Loss.

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 Statement of Profit and Loss.

#### i 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.

#### j 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.

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.

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### **k 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.

### **l 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.

### **m 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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 3: Share capital</b>		
<b>Authorised</b>		
i) 310,000,000 (31.03.2012:320,000,000) Equity Shares of Rs.5 each	<b>15,500.00</b>	16,000.00
ii) 4,500,000 (31.03.2012:4,000,000) Preference Shares of Rs. 100 each	<b>4,500.00</b>	4,000.00
<b>Issued, subscribed and fully paid up</b>		
i) 196,350,881 (31.03.2012:196,350,881) Equity Shares of Rs. 5 each	<b>9,817.54</b>	9,817.54
ii) 1,493,365 (31.03.2012:1,493,365) 1% Cumulative Redeemable Preference Shares of Rs.100 each	<b>1,493.37</b>	1,493.37
	<b>11,310.91</b>	11,310.91

## Notes:

### i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year/period

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Number of shares	Amount Rs. in lakhs	Number of Shares	Amount Rs. in lakhs
<b>a) Equity(including shares represented by underlying GDRs)</b>				
Shares outstanding at the beginning of the year/period	196,350,881	9,817.54	196,350,881	9,817.54
Shares issued during the year/period	-	-	-	-
Shares bought back during the year/ period	-	-	-	-
Shares outstanding at the end of the year/ period	196,350,881	9,817.54	196,350,881	9,817.54
<b>b) Cumulative Redeemable Preference Shares</b>				
Shares outstanding at the beginning of the year/period	1,493,365	1,493.37	1,493,365	1,493.37
Shares Issued during the year/period	-	-	-	-
Shares redeemed during the year/period	-	-	-	-
Shares outstanding at the end of the year/period	1,493,365	1,493.37	1,493,365	1,493.37
<b>ii) Details of shares held by each shareholder holding more than 5% shares:</b>				

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% held	No. of Shares held	% held
<b>a) Equity shares of Rs. 5 each fully paid</b>				
Yalamanchili Finance & Trading Pvt Ltd	26,766,461	13.63	26,766,585	13.63
Foster Infin and Trading Pvt Limited	25,000,000	12.73	25,000,000	12.73
Deutsche Bank Trust Company Americas	12,946,000	6.59	12,946,000	6.59
Stressed Assets Stabilisation Fund	12,759,682	6.50	12,759,682	6.50
Sujana Holdings Limited	10,000,000	5.09	10,000,000	5.09
<b>b) Cumulative Redeemable Preference Shares of Rs. 100 each fully paid</b>				
IDBI Bank Limited	1,493,365	100	1,493,365	100.00



# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
iii) 13,140,489 Equity shares issued as fully paid up to the share holders of erstwhile Sujana Steels Limited on its amalgamation with the company, for consideration other than cash in the last five years immediately preceding the balance sheet date.		
iv) The company has only one class of shares referred to as equity shares having a par value of Rs.5/-. Each holder of equity shares is entitled to one vote per share held (other than the shares represented by underlying GDR's which do not carrying a voting right). In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their share holding. 12,946,000 (31.03.2013:12,946,000) equity shares represent the shares underlying outstanding Global Depository Receipts (GDRs). Each GDR represents 10 underlying equity shares.		
v) <b>Redemption of Cumulative Redeemable Preference Shares (CRPS)</b> 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. CRPS carry cumulative dividend@1% per annum. The company declares and pays dividend in Indian rupees each. Each holder of CRPS is entitled to one vote per share only on resolutions placed before the company which directly effect the rights attached to CRPS		
<b>Note 4: Reserves and surplus</b>		
i) <b>Capital reserve</b>		
Opening balance	9,880.43	7,094.29
Add: Additions during the year/period	-	2,786.14
Closing balance	9,880.43	9,880.43
ii) <b>CRPS redemption reserve</b>		
Opening balance	1,256.25	1,007.36
Add: Additions during the year/period	237.12	248.89
Closing balance	1,493.37	1,256.25
iii) <b>Securities premium account</b>		
Opening balance	34,935.98	34,935.98
Add: Premium on shares issued during the year/period	-	-
Less: GDR issue expenses (Net of deferred tax asset Rs. Nil)	-	-
Closing balance	34,935.98	34,935.98
iv) <b>General reserve</b>	698.64	698.64
v) <b>Surplus in statement of profit and loss</b>		
Opening balance	17,154.14	15,337.44
Add: Profit for the year/period	(2,026.08)	2,083.00
Less: Appropriations		
Proposed dividend on CRPS	14.93	14.93
Dividend distribution tax	2.42	2.48
CRPS redemption reserve	237.12	248.89
Closing balance	14,873.59	17,154.14
	61,882.01	63,925.44

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 5: Long term borrowings</b>		
<b>Secured</b>		
a) Term loans from		
i) Banks	25,063.72	21,679.16
ii) Financial institutions (Refer Note No. 41 & 43)	6,556.88	5,963.98
b) Funding of Interest on Term Loan		
i) FITL - I	2,173.03	-
ii) FITL -II	2,037.33	-
iii) W C T L	41,753.36	-
iv) FITL ON WCTL	897.42	-
c) Vehicle loans from		
i) Banks	35.83	24.66
ii) Others	-	-
	<b>78,517.57</b>	<b>27,667.80</b>

### Notes:

Term loan from banks viz. Punjab National Bank, Bank of India, Indian Overseas Bank, IDBI Bank and Andhra Bank are secured by first charge on all the immovable and movable fixed assets of the company both present and future and second charge on the current assets of the company. Further these loans are secured by personal guarantees and properties of certain directors.

### As per CDR Terms of repayment are as follows:

- Loan taken from Andhra Bank, Rs.50.91Crores, carries an interest rate of 11 % p.a from 1st October, 2012 till 30th September,2014 and there after 13% p.a and is repayable in 96 monthly installments commencing from 1 st October ,2014.
- Loan taken from Indian Overseas Bank, Rs.32.60Crores, carries an interest rate of 11 % p.a from 1st October, 2012 till 30 th September,2014 and there after 13% p.a and is repayable in 96 monthly installments commencing from 1 st October, 2014.
- Loan taken from Bank Of India, Rs. 54.61Crores, carries an interest rate of 11 % p.a from 1st October, 2012 till 30 th September,2014 and there after 13% p.a and is repayable in 96 monthly installments commencing from 1 st October ,2014.
- Loan taken from Punjab National Bank, Rs.90.86Crores, carries an interest rate of 11 % p.a from 1st October, 2012 till 30 th September,2014 and there after 13% p.a and is repayable in 96 monthly installments commencing from 1 st October, 2014.
- Loan taken from IDBI, Rs. 22.38Crores, carries an interest rate of 11 % p.a from 1st October, 2012 till 30 th September,2014 and there after 13% p.a and is repayable in 96 monthly installments commencing from 1 st October ,2014.
- Term loan from financial institutions viz Stressed Assets Stabilization Fund (SASF) secured by first charge on all the immovable and movable fixed assets of the company and second charge on the current assets of the company. As per SASF letter dated 15 March 2013, crystallizes the SASF dues to Rs.6,600 lakhs and is to be paid in cash carrying ROI @ 9% p.a payable over 9 1/2 years and balance Rs. 1800 lakhs to be converted into equity as per SEBI Guidelines. After giving effect to the CDR it was decided that SASF dues as per June, 2008 package should be considered for restructuring at par with other lenders including clearance of interest overdue as on COD (October 1, 2012). As per Bank's advice Interest and other overdues of Rs18.20 crore as on COD, is to be cleared for restructuring of dues at CDR.
- Overdue interest on Term Loans, SASF & Working Capital was converted to 'Funding of Interest on Term Loan' amounting to Rs. 67.46Crores, which shall be repayable in 4.5years after completion of moratorium period i.e. October, 2014.
- Working Capital loans were converted to Working Capital Term Loans amounting Rs.41,735.66Crores, which shall be repayable in 8years, after completion of moratorium period i.e. Oct, 2014.
- Vehicle loans from banks and others are secured by hypothecation of the vehicles financed through the loan arrangements and are repayable over a period of 36 months to 60 months.

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 6: Deferred tax liabilities (net)</b>		
Deferred tax liability:		
On difference between book balance and tax balance of fixed assets	6,696.34	6,570.82
Deferred tax asset:		
Provision for employee benefits	113.83	99.02
Provision for doubtful trade receivables, loans and advances	433.37	302.66
	547.20	401.68
<b>Deferred tax liabilities (net)</b>	<b>6,149.14</b>	<b>6,169.14</b>
<b>Note 7: Other long -term liabilities</b>		
Security Deposits	91.71	85.21
Trade payables	-	8,621.42
	91.71	8,706.63
<b>Note 8: Long-term provisions</b>		
Provision for Employee benefits	242.97	207.11
	242.97	207.11
<b>Note 9: Short-term borrowings</b>		
Loans repayable on demand		
Secured		
From Banks	51,566.87	55,626.14
Unsecured		
From Others	100.00	100.00
	51,666.87	55,726.14
i) Loans repayable on demand includes an amount of Rs. 51,072.27 lakhs (31.03.2012:Rs.55,626.14 lakhs) represents working capital loans from banks are inter alia secured by way of parri passu first charge on current assets and parri passu second charge on fixed assets both present and future. Further these loans are secured by personal guarantee and properties of certain directors.		
ii) Loans repayable on demand also includes an amount of Rs.494.16 lakhs taken from Punjab National Bank which is secured by pledge of fixed deposit amounting to Rs.696 lakhs.		
iii) Unsecured loans from others in the previous period include certain trade payables to the extent of Rs.100 lakhs, have been converted into unsecured loans after obtaining the consent from the payees. These unsecured loans are repayable within a period of one and half year and carries an interest at the rate of 17% per annum.		
<b>Note 10: Trade payables</b>		
Acceptances	1,986.71	29,547.52
Other than acceptances	24,736.02	15,586.82
	26,722.73	45,134.34
<b>Note 11: Other current liabilities</b>		
Current maturities of long-term debt	1,613.80	9,635.85
Interest accrued but not due on borrowings	19.00	544.64
Interest accrued and due on borrowings	1,720.39	721.72
Other payables		
Statutory remittances	364.61	375.92
Payables on purchase of fixed assets	14.64	4.02
Advances from customers	3,631.67	8,157.38
	7,364.11	19,439.53

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### Note 13A: Tangible Assets

(Rupees in Lakhs)

Description	GROSS BLOCK (At Cost)			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01 April 2012	Additions	Assets under Slump Sale	Deletions	As at 31 March 2013	As at 01 April 2012	For the year	Deletions	As at 31 March 2013
Land- Freehold	2,207.44	-	-	-	2,207.44	-	-	-	2,207.44
Buildings	4,739.30	157.33	-	-	4,896.63	694.38	155.53	-	4,046.73
Plant & Machinery	56,613.72	1,675.70	-	15.82	58,273.59	16,656.72	3,663.19	5.25	20,314.67
Owned	55,623.24	-	-	-	-	15,947.96	-	-	-
Given under operating lease	990.48	-	-	-	-	708.77	-	-	-
Electrical Installation	2,191.26	232.31	-	-	2,423.57	495.49	127.41	-	1,800.66
Furniture& Fixtures	83.12	0.64	-	-	83.76	52.90	4.16	-	26.70
Office Equipment	159.97	10.52	-	0.52	169.98	40.91	7.61	0.06	122.18
Vehicles	645.36	63.54	-	21.01	687.89	263.41	59.59	13.60	377.84
Computers	469.13	486.05	-	0.42	954.77	398.17	105.52	0.27	451.35
<b>TOTAL (A)</b>	<b>67,109.30</b>	<b>2,626.10</b>	<b>-</b>	<b>37.77</b>	<b>69,697.64</b>	<b>18,601.98</b>	<b>4,123.01</b>	<b>19.18</b>	<b>22,705.80</b>
Previous Period	58,058.60	6,961.56	3,098.10	1,008.96	67,109.30	14,826.75	4,694.62	919.39	48,507.32

### Note 13B: Intangible Assets

(Rupees in Lakhs)

Description	GROSS BLOCK (At Cost)			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01 April 2012	Additions	Assets under Slump Sale	Deletions	As at 31 March 2013	As at 01 April 2012	For the year	Deletions	As at 31 March 2013
Goodwill	28.68	-	-	-	28.68	28.68	-	-	-
Computer Software	-	-	-	-	-	-	-	-	-
<b>Total (B)</b>	<b>28.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28.68</b>	<b>28.68</b>	<b>-</b>	<b>-</b>	<b>-</b>
Previous Period	28.68	-	-	-	28.68	28.68	-	-	-
<b>Grand Total (A+B)</b>	<b>67,137.98</b>	<b>2,626.10</b>	<b>-</b>	<b>37.77</b>	<b>69,726.32</b>	<b>18,630.65</b>	<b>4,123.01</b>	<b>19.18</b>	<b>22,734.48</b>
Previous Period	58,087.28	6,961.56	3,098.10	1,008.96	67,137.98	14,855.43	4,694.62	919.39	48,507.32

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 12: Short-term provisions</b>		
Provision for employee benefits	107.88	98.07
Provision for current income tax (31.03.2012:Rs.2,451.35 lakhs)	2,048.75	2,451.35
Provision for proposed dividend on CRPS	44.80	14.93
Provision for tax on proposed dividend	4.90	2.48
	<b>2,206.33</b>	<b>2,566.83</b>
<b>Note 14: Non-current investments</b>		
(At cost unless otherwise stated)		
<b>Trade</b>		
<b>Investment in equity instruments in subsidiaries</b>		
Alpha Ventures Limited	2,320.71	2,320.71
5,010,000 (31.03.2012:10,000) Shares of USD 1.00 each fully paid up		
Glade Steel Private Limited	674.51	674.51
674,514 (31.03.2012:674,514) Equity Shares of Rs.100 each fully paid up		
Asian tide Enterprises Limited	11,234.17	11,234.17
194,274,600 (31.03.2012:39,000) Shares of HK\$ 1.00 each fully paid up		
	<b>14,229.39</b>	<b>14,229.39</b>
Aggregate amount of unquoted investments	<b>14,229.39</b>	<b>14,229.39</b>
<b>Note 15: Long-term loans and advances</b>		
i) (Unsecured and considered good)		
a) Capital Advances	5,104.51	5,275.96
b) Differed Receivables	-	-
c) Security deposits	131.81	66.73
d) Loans and advance to related parties	1,092.49	-
e) Advance income tax	210.00	200.00
f) MAT credit entitlement	290.66	290.66
g) Deposits with government authorities	493.69	607.56
(A)	<b>7,323.16</b>	<b>6,440.91</b>
ii) Doubtful		
a) Security deposits	2.90	2.90
b) Advances for supply of goods and rendering of services	349.02	349.02
c) Other advances	-	-
	<b>351.92</b>	<b>351.92</b>
Less: Provision for doubtful advances	<b>351.92</b>	<b>351.92</b>
(B)	-	-
(A+B)	<b>7,323.16</b>	<b>6,440.91</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 16: Current investments</b>		
(At lower of cost and fair value)		
Investment in mutual funds (Unquoted)		
SBI-Debt fund series - 370 Days - 3-dividend	-	-
Nil (31.03.2012:'Nil' units purchased during the previous period)	-	-
SBI - PSU fund dividend	5.00	5.00
50,000 (31.03.2012:'nil' units purchased during the previous period)	-	-
Less: provision for diminution in the value of investment	(1.18)	(0.79)
	<u>3.82</u>	<u>4.21</u>
Aggregate amount of unquoted investments		5.00
Aggregate provision for diminution in the value of current investments		0.79
<b>Note 17: Inventories (At lower of cost and net realisable value)</b>		
Raw materials	1,368.79	3,225.14
Goods- in-transit	-	-
Finished goods	1,854.19	2,705.30
Goods- in-transit	-	-
Stock in trade	11,078.56	9,305.87
Stores and spares	1,501.94	1,006.24
	<u>15,803.48</u>	<u>16,242.55</u>
<b>Note 18: Trade receivables (Unsecured)</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		-
Considered Good	6,148.41	7,614.18
Considered Doubtful	983.73	580.94
	<u>7,132.14</u>	<u>8,195.12</u>
Less: Provision for doubtful trade receivables	983.78	580.94
(A)	<u>6,148.36</u>	<u>7,614.18</u>
Other trade receivables		
Considered Good	126,525.89	100,247.33
Considered Doubtful	-	-
	<u>126,525.89</u>	<u>100,247.33</u>
Less: Provision for doubtful trade receivables	-	-
(B)	<u>126,525.89</u>	<u>100,247.33</u>
(A+B)	<u>132,674.25</u>	<u>107,861.51</u>
<b>Note 19: Cash and bank balances</b>		
Cash and cash equivalents		
Cash on Hand	57.19	46.62
Balances with Banks:		
In current accounts	291.91	1,275.11
In EEFC account	-	0.31
Other bank balances	-	-
In earmarked accounts	-	-
Balance held as margin monies	1,869.06	5,104.16
	<u>2,218.16</u>	<u>6,426.20</u>

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 20: Short-term loans and advances</b>		
(Unsecured and considered good unless otherwise stated)		
Loans and advances to related parties	7,443.55	4,103.16
Security deposits	63.84	13.38
Loans and advances to employees	32.74	32.69
Prepaid expenses	48.38	39.35
Balances with government authorities	-	-
CENVAT credit receivable	1,180.28	1,809.77
VAT credit receivable	48.56	148.93
Advances for supply of goods and rendering of services	12,391.49	28,480.96
Others	43.98	88.86
	<u>21,252.82</u>	<u>34,717.10</u>
Short term loans and advances include amounts due from:		
Directors	-	1.60
<b>Note 21: Other current assets</b>		
Interest accrued but not due on deposits	201.27	256.67
	<u>201.27</u>	<u>256.67</u>



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rupees in lakhs

	Year Ended 31 March 2013	Year Ended 31 March 2012
<b>Note 22: Revenue from operations</b>		
<b>a) Sale of products</b>		
i) Manufactured & Processed goods	77,185.37	72,995.65
ii) Traded goods	218,313.59	253,052.20
iii) Exports	68,554.65	27,016.92
	-	-
<b>b) Other operating revenues</b>	-	-
Conversion income	931.87	771.58
<b>Total</b>	<b>364,985.48</b>	<b>353,836.35</b>

Particulars of sale of products	Year ended 31 March 2013		Year ended 31 March 2012	
	Qty (MT)	Rupees in lakhs	Qty (MT)	Rupees in lakhs
<b>A Manufactured goods</b>				
TMT Bars	116,292	45,937.10	105,359	38,451.85
MS Channels	11,474	4,487.24	21,207	7,834.45
MS Beams	12,663	5,002.77	16,664	6,287.95
Others	74,007	21,758.26	58,028	20,597.15
<b>Total</b>	<b>214,436</b>	<b>77,185.37</b>	<b>201,258</b>	<b>73,171.40</b>
<b>B Traded goods</b>				
TMT Bars	609,706	277,231.65	318,105	145,169.79
C R Coils and H R Coils	9,322	4,036.36	117,047	52,684.06
M S Rebars	8	3.51	71,866	27,810.44
M S Scrap	4,016	961.69	35,178	8,039.33
Others	42,337	4,635.03	114,182	43,786.08
<b>Total</b>	<b>665,389</b>	<b>286,868.24</b>	<b>656,378</b>	<b>277,489.70</b>

	Year Ended 31 March 2013	Year Ended 31 March 2012
<b>Note 23: Other Income</b>		
a) Interest on deposit with banks and others	428.69	540.42
b) Liabilities/Provisions no longer required written back	145.58	224.99
c) Net gain on foreign currency transactions and translations	889.17	1,463.99
d) Dividend income from current investments	-	2.99
e) Profit on sale of fixed assets (net)	-	71.18
f) Rental income from operating leases	9.00	9.00
g) Miscellaneous income	69.15	20.09
	<b>1,541.59</b>	<b>2,332.66</b>

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rupees in lakhs

	Year Ended 31 March 2013	Year Ended 31 March 2012
<b>Note 24.a: Cost of materials consumed</b>		
Opening Stock	3,225.14	1,768.52
Add : Purchases	68,987.15	68,151.99
	72,212.29	69,920.51
Less : Closing stock	1,368.79	3,225.14
	70,843.50	66,695.37
Less : Transfer to capital work in progress	26.68	16.27
	70,816.82	66,679.10

### Details of raw materials consumed

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Qty (MT)	Rupees in lakhs	Qty (MT)	Rupees in lakhs
Pig /Sponge Iron/Scrap	56,770	6,181.53	21,114	4,152.10
Billets / Blooms	164,427	50,747.49	161,480	50,928.33
MS Products	19,432	6,722.10	11,300	3,837.61
MS Ingots	1,872	646.05	32,650	5,948.56
TMT Bars*	16,430	6,546.33	11,540	1,828.77
<b>Total</b>	<b>258,931</b>	<b>70,843.50</b>	<b>238,084</b>	<b>66,695.37</b>
Less: Transferred to capital work in progress	-	26.68	-	16.27
<b>Total</b>	<b>258,931</b>	<b>70,816.82</b>	<b>238,084</b>	<b>66,679.10</b>

\*Includes 8,912 MTs (31.03.2012:6,752 MTs) at zero value as there are internal transfers for which cost is not ascertainable.

### Note 24.b: Details of purchase of traded goods

TMT Bars	370,933	152,651.76	322,840	129,441.06
MS Rebars	72,078	28,873.25	72,955	28,278.51
H R Coils and C R Coils	9,322	4,031.70	117,047	52,626.85
Others	198,796	73,959.71	113,915	39,039.47
M S Scrap	14,204	4,769.61	33,075	7,943.84
<b>Total</b>	<b>665,333</b>	<b>264,286.03</b>	<b>659,832</b>	<b>257,329.73</b>

### Note 24.c: Changes in inventories of finished goods, work in progress and stock-in-trade

	Year Ended 31 March 2013	Year Ended 31 March 2012
<u>Inventories at the beginning of the year:</u>		
Finished goods	2,705.30	1,884.93
Work in progress	-	-
Stock in trade	9,305.87	5,558.73
	12,011.17	7,443.66
<u>Inventories at the end of the year:</u>		
Finished goods	1,854.19	2,705.30
Work in progress	-	-
Stock in trade	11,078.56	9,305.87
	12,932.75	12,011.17
<b>Net (increase) / decrease</b>	<b>(921.58)</b>	<b>(4,567.51)</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Rupees in lakhs

	Year Ended 31 March 2013	Year Ended 31 March 2012
<b>Note 25: Employee benefit expenses</b>		
Salaries, wages and bonus	2,213.11	2,074.37
Contribution to provident and other funds	137.52	145.27
Staff welfare expenses	49.31	122.40
	<u>2,399.94</u>	<u>2,342.04</u>
<b>Note 26: Finance costs</b>		
Interest expense on		
Borrowings	16,170.60	14,804.22
Other borrowing costs	1,929.13	2,424.08
	<u>18,099.73</u>	<u>17,228.30</u>
<b>Note 27: Other expenses</b>		
Consumption of stores, spares and consumables	1,151.23	1,318.68
Power and fuel	4,892.15	4,571.23
Other manufacturing expenses	191.25	205.74
Equipment hire charges	40.14	43.42
Job work charges	872.24	640.91
Increase/(decrease) of excise duty on inventory	-93.62	121.57
Rent includes lease rentals ( <i>Refer Note No. 42</i> )	145.20	118.25
Repairs and Maintenance-Buildings	23.55	22.57
Repairs and Maintenance-Machinery	78.97	62.89
Repairs and Maintenance-Others	8.27	17.54
Insurance	65.73	67.24
Rates and taxes	104.63	194.37
Factory maintenance	52.51	48.93
Printing and stationery	23.24	23.68
Communication	47.45	55.30
Travelling and conveyance	272.31	227.21
Legal and professional	296.33	447.39
Payments to auditors ( <i>Refer Note (i) below</i> )	46.00	70.50
Security Charges	108.88	92.96
Donations	8.84	26.91
Sales commission	26.73	230.41
Sales discount	57.50	101.75
Business promotion	72.20	296.33
Freight outwards	596.68	555.15
Directors' sitting fees	2.80	3.20
Provision for doubtful trade receivables, loans and advances	539.08	202.47
Adjustments to carrying amount of current investments	0.39	0.71
Miscellaneous expenses	126.94	163.44
Loss on sale of fixed assets	11.62	
	<u>9,769.24</u>	<u>9,930.75</u>
<b>Note (i): Payments to the auditors (net of service tax input credit)</b>		
As auditors -statutory audit	46.00	52.50
Other Services	-	18.00
<b>Total</b>	<u>46.00</u>	<u>70.50</u>

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 28 Employee Benefits

#### Defined contribution plans:

The Company makes Provident Fund contribution to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.66.77 lakhs (31.03.2012: Rs.61.22 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plan by the Company are at rates specified in the rules of the scheme.

#### Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity
- ii. Compensated absences

Liability for retiring gratuity as on March 31, 2013 is Rs.248.20 lakhs (31-3-2012: Rs.230.25 lakhs ) of which Rs.5.02 lakhs (31.3.2012: 15.67lakhs) is funded with the Life Insurance Corporation of India. The balance of Rs.243.18 lakhs (31-3-2012: Rs.214.58 lakhs) is included in Provision for Gratuity. The Liability for Gratuity and Cost of Compensated absences has been actuarially determined and provided for in the books.

Details of the company's post-retirement gratuity plans for its employees including whole time directors are given below, which is certified by the actuary and relied upon by the auditors.

#### **Amount to be recognised in balance sheet**

(Rupees in lakhs)

Particulars	Gratuity	Compensated Absences	Total
Present value of funded obligations	<b>248.20</b>	<b>107.66</b>	<b>355.86</b>
	230.26	90.60	320.86
Fair value of plan assets	<b>(5.02)</b>	-	<b>(5.02)</b>
	(15.67)	-	-15.67
Net liability	<b>243.18</b>	<b>107.66</b>	<b>350.84</b>
	214.59	90.60	305.19

Note: In accordance with the payment of Gratuity Act, 1972 the company provides for gratuity covering eligible employees.

The liability on account of gratuity is covered partially through a recognized Gratuity Fund managed by Life Insurance Corporation of India and balance is provided on the basis of valuation of the liability by an independent actuary as at the year end. The management understands that LIC's overall portfolio of assets is well diversified and as such, the long term return on the policy is expected to be higher than the rate of return on Central Government bonds.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees in lakhs)

Expenses to be recognised in statement of profit and loss account			
Particulars	Gratuity	Compensated Absences	Total
Current Service Cost	<b>36.65</b>	<b>17.06</b>	<b>53.71</b>
	<i>34.42</i>	<i>27.39</i>	<i>61.81</i>
Interest Cost	<b>19.80</b>	<b>7.79</b>	<b>27.59</b>
	<i>15.42</i>	<i>5.06</i>	<i>20.48</i>
Expected return on plan assets	<b>(1.07)</b>	-	<b>(1.07)</b>
	<i>(1.02)</i>	-	<i>-1.02</i>
Actuarial (Gains)/Losses	<b>(26.76)</b>	<b>12.55</b>	<b>-14.21</b>
	<i>(2.57)</i>	<i>4.69</i>	<i>2.12</i>
Total included in employee benefit expense	<b>28.62</b>	<b>37.40</b>	<b>66.02</b>
	<i>46.25</i>	<i>37.14</i>	<i>83.39</i>
Change in Defined Benefit Obligations (DBO)			
Present Value of DBO at Beginning of Period / Year	<b>230.25</b>	<b>90.60</b>	<b>320.85</b>
	<i>192.75</i>	<i>63.21</i>	<i>255.96</i>
Current Service Cost	<b>36.65</b>	<b>17.06</b>	<b>53.71</b>
	<i>34.42</i>	<i>27.39</i>	<i>61.81</i>
Interest Cost	<b>19.80</b>	<b>7.79</b>	<b>27.59</b>
	<i>15.42</i>	<i>5.06</i>	<i>20.48</i>
Actuarial (Gains)/Losses	<b>(26.76)</b>	<b>12.55</b>	<b>(14.21)</b>
	<i>(2.57)</i>	<i>4.69</i>	<i>2.12</i>
Benefits Paid	<b>(11.74)</b>	<b>(20.34)</b>	<b>(32.08)</b>
	<i>(9.76)</i>	<i>(9.75)</i>	<i>(19.51)</i>
Closing defined benefit obligation	<b>248.20</b>	<b>107.66</b>	<b>355.86</b>
	<i>230.26</i>	<i>90.60</i>	<i>320.86</i>
Opening fair value of plan assets	<b>15.67</b>	-	<b>15.67</b>
	-	-	-
Expected return on plan assets	<b>1.07</b>	-	<b>1.07</b>
	<i>1.02</i>	-	<i>1.02</i>
Contributions by employer	<b>0.02</b>	-	<b>0.02</b>
	<i>16.02</i>	-	<i>16.02</i>
Benefits Paid	<b>(11.74)</b>	-	<b>(11.74)</b>
	<i>(1.37)</i>	-	<i>(1.37)</i>
Closing Fair Value of Plan Assets	<b>5.02</b>	-	<b>5.02</b>
	<i>15.67</i>	-	<i>15.67</i>
Assumptions			
Interest / Discount Rate			<b>8.60%</b>
			<i>8.00%</i>
Expected return on plan assets			<b>9.00%</b>
			-
Rate of escalation in salary			<b>6.00%</b>
			<i>6.00%</i>
Attrition Rate			<b>3.00%</b>
			<i>3.00%</i>

Note: Figures in italics relate to previous period

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 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) Expected Rate of Return on Plan Assets:

This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

### iii) Salary Escalation Rate

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

(Rupees in lakhs)

#### Net Asset/(Liability) recognised in Balance Sheet

Particulars	2012-13	2011-12	2009-11	2008-09	2007-08
<b>Gratuity</b>					
Present value of defined benefit obligation	248.20	230.26	192.75	135.52	126.48
Fair value of plan assets	5.02	15.67	-	-	-
Status [Surplus / (Deficit)]	<b>(243.18)</b>	<b>(214.59)</b>	<b>(192.75)</b>	<b>(135.52)</b>	<b>(126.48)</b>
<b>Compensated Absences</b>					
Present value of defined benefit obligation	107.66	90.60	63.21	27.73	18.29
Fair value of plan assets	-	-	-	-	-
Status [Surplus / (Deficit)]	<b>(107.66)</b>	<b>(90.60)</b>	<b>(63.21)</b>	<b>(27.73)</b>	<b>(18.29)</b>

## 29 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

#### 1. Subsidiaries

##### *Subsidiaries held directly*

	Country of Incorporation	Percentage of ownership interest
i. Glade Steel Pvt Ltd.	India	51.15%
ii. Alpha Ventures Ltd.	Cayman Islands	100%
iii. Asian Tide Enterprises Ltd.	Hong Kong	100%

##### *Subsidiaries held indirectly*

i. Optimix Enterprises Limited	Mauritius	100%
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#### 2. Key Management Personnel

i. Mr. R. K. Birla	Managing Director
ii. Mr. S. Hanumantha Rao	Director (Finance)

Note: Related parties have been identified by the management.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees in lakhs)

Related Party Transactions:				
Particulars	Subsidiaries		Key Management Personnel	
	2012-13	2011-12	2012-13	2011-12
<b>A). Sales</b>				
Glade Steel Private Limited	191.92	1,579.70	-	-
<b>SUB-TOTAL</b>	<b>191.92</b>	<b>1,579.70</b>	<b>-</b>	<b>-</b>
<b>B). Purchases</b>				
Glade Steel Private Limited	-	9,941.25	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>9,941.25</b>	<b>-</b>	<b>-</b>
<b>C). Investments made during the year/period</b>				
Alpha Ventures Limited	-	2,316.02	-	-
Asian Tide Enterprises Limited	-	11,232.17	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>13,548.19</b>	<b>-</b>	<b>-</b>
<b>D). Advances given/(refunded) during the year</b>				
Alpha Ventures Limited	-	-	-	-
Asian Tide Enterprises Limited	-	-33.16	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>-33.16</b>	<b>-</b>	<b>-</b>
<b>E). Other Expenses</b>				
Glade Steel Private Limited	9.00	9.00	-	-
<b>SUB-TOTAL</b>	<b>9.00</b>	<b>9.00</b>	<b>-</b>	<b>-</b>
<b>F). Remuneration</b>				
Mr. R.K.Birla - Managing Director	-	-	120.36	92.15
Mr. Hanumantha Rao - Director (Finance)	-	-	10.20	10.2
<b>SUB-TOTAL</b>	<b>-</b>	<b>-</b>	<b>130.56</b>	<b>102.35</b>
<b>Closing Balances</b>				
<b>G). Advances</b>				
Glade Steel Private Limited	5,928.76	4,101.56	-	-
Alpha Ventures Limited	2,055.27	-	-	-
Asian Tide Enterprises Limited	552.01	-	-	-
Mr. R.K.Birla	-	-	-	1.60
<b>SUB-TOTAL</b>	<b>8,536.04</b>	<b>4,101.56</b>	<b>-</b>	<b>1.60</b>
<b>H). Accounts Receivable</b>				
Glade Steel Private Limited	-	0	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>I). Accounts Payable</b>				
Glade Steel Private Limited	-	0	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>



# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees in lakhs)

### 30 Earnings Per Share

Particulars	2012-13	2011-12
Profit After Tax	(2,026.11)	2,083.02
Less: Preference Dividend including tax thereon	49.70	17.41
Profit attributable to ordinary share holders	(2,075.81)	2,065.59
Profit attributable to ordinary share holders- for diluted EPS	(2,075.81)	2,065.59
Weighted average number of ordinary shares used in computing Basic Earnings per Share	196,350,881	196,350,881
Add: Effect of potential ordinary (equity shares) on conversion of share warrants and redeemable preference shares	-	0
Weighted average number of ordinary (equity shares) used in computing Diluted Earnings Per Share.	196,350,881	196,350,881
Earnings per share - Face Value: Rs. 5/- each		
Basic - Rs.	(1.06)	1.05
Diluted - Rs.	(1.06)	1.05

### 31 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>a) Contingent liabilities</b>		
i) Claims against the Company not acknowledged as debts in respect of:		
Excise Duty	2,116.87	1,823.36
Custom Duty	797.67	523.37
TNVAT/APGST/CST	2,179.39	1,979.39
Income Tax (Net of liability as per return)	1,517.25	1,037.07
FERA	630.00	630.00
ii) Guarantees		
Corporate Guarantees furnished on behalf of Sujana Universal Industries Ltd	81,410.00	81,410.00
Joint Corporate Guarantee executed by the Company along 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 Nil (31.03.2012:Nil)]	-	-
Corporate guarantee furnished on behalf of Optimix Enterprises Limited (USD 75 lakhs)	4,087.50	3,117.97
<b>b) Commitments</b>		
i. Estimated amount of contracts remaining to be executed on capital account and not provided for on account of tangible assets	-	-
ii. Export commitments on account of import of machinery and equipments at concessional duty under EPCG scheme (31.03.2012 :Rs.112.916Lakhs) .Such export commitments need to be fulfilled by the Company on or before 23 April 2016. As on 31 March 2012,the Company has fulfilled its export commitments and which are pending final approval of Director General of Foreign Trade. In the event of non-fulfillment of the export commitments by 23 April 2016 by the Company, the liability (excluding interest and penalties) towards customs duty	112.16	112.16

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Rupees in lakhs)

### 32 Derivative Instruments

The year-end/period end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	2012-13		2011-12	
	Rs.	USD	Rs.	USD
For import of goods and services	4,824.36	88.51	11,621.66	224.13
From export of goods and services	31,103.77	570.66	15,551.18	299.91

### 33 CIF Value of Imports

Particulars	2012-13	2011-12
Raw Materials including stock in trade	10,534.83	29,689.33
Capital Goods	-	-
Others	-	-
<b>Total</b>	<b>10,534.83</b>	<b>29,689.33</b>

### 34 Details of consumption of imported and indigenous items

Particulars	2012-13		2011-12	
	%	VALUE (Rs.in lakhs)	%	VALUE (Rs.in lakhs)
Raw Material				
Imported	1.22%	864.44	0.33%	218.02
Indigenous	98.78%	69,952.38	99.67%	66,461.08
	<b>100.00%</b>	<b>70,816.82</b>	<b>100.00%</b>	<b>66,679.10</b>
Stores and Spares (Indigenous)	100.00%	1,151.23	100.00%	1,318.68

### 35 Expenditure in Foreign Currency (on accrual basis)

Particulars	2012-13	2011-12
Travelling	3.89	5.44
Professional and Consultancy	-	-
<b>Total</b>	<b>3.89</b>	<b>5.44</b>

### 36 Earnings in Foreign Exchange

Particulars	2012-13	2011-12
FOB Value of Exports	68,586.03	27,016.91
Others	-	-
<b>Total</b>	<b>68,586.03</b>	<b>27,016.91</b>

### 37 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Trade payables (Ref: Note No.10 -Trade payables include Rs.Nil (31.03.2012: 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.

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 38 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

(Rupees in lakhs)

Name of the Company	Relationship	Amount Outstanding as at year end	Maximum Outstanding during the year
Alpha Ventures Limited	Subsidiary	2,055.27	2,055.27
		-	-
Asian Tide Enterprises Limited	Subsidiary	552.01	552.01
		-	-

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

### 39. 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 company filed its main petition 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, which was admitted on 15th July 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 2012 and for the year ended 31.03.2013. Further the short-term loans and advances of Rs.7984.00 lakhs (31.03.2012:Rs774.77 lakhs) outstanding and receivable from these amalgamating companies as on 31 March 2013 are considered good for recovery by the management.

### 40. 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 aggregate balance term loan outstanding as on 31 December 2009 (being the cut-off date) in respect of the Company and other Company viz. Sri Ganga Steel Enterprises Private Limited (Company to be taken over in the scheme of amalgamation) to the extent of Rs.7,706.00 lakhs, with following terms and conditions:

- 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 5 installments the 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.1,150 lakhs towards interest and principal during the previous period.
- 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 Private Limited and non compliance of certain terms and conditions, 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."

"Further the company vide its letter dated 21 March 2012 requested the SASF for modifications in the terms of negotiated settlement conveyed above vide letter No.BY/SASF/Sujana Metal/No.1793 dated 02 December 2010. The SASF vide its letter dated 02 April 2012 has agreed to extend the time for conversion of Rs.4,655 lakhs into equity upto 31 March 2013 subject to payment of interest @ 9%

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

per annum w.e.f 01 April 2010 and also agreed to reschedule the payment of balance cash portion of settlement amount aggregating Rs.2,400 lakhs(subject to reconciliation) . The terms of payment are as follows.

- a) Payment of 50 lakh per quarter during the first year commencing from 01 July 2011, payment of Rs.75 lakhs per quarter during the second year commencing from 01 July 2013 and balance amount shall be payable in 12 equal quarterly installments commencing from 01 July 2014.
- b) Interest @9% p.a on the settlement shall be payable along with the above installments. In view of the pending compliance of certain terms and conditions mentioned above, the scheme has not been given effect in the books."

Further as per SASF letter dated 15 March 2013, crystallizes the SASF dues to Rs.6,600 lakhs and is to be paid in cash carrying ROI @ 9% p.a payable over 9 1/2 years and balance Rs. 1800 lakhs to be converted into equity as per SEBI Guidelines. After giving effect to the CDR it was decided that SASF dues as per June, 2008 package should be considered for restructuring at par with other lenders including clearance of interest overdue as on COD (October 1, 2012). As per Bank's advice Interest and other overdues of Rs18.20 crore as on COD, to be cleared for restructuring of dues.

### 41. CDR IMPLEMENTATION & TERMS:

The loans of the company have been restructured under the Corporate Debt Restructuring (CDR) System, The CDR package was sanctioned by CDR Empowered Group, at the meeting held on 15.02.2013 and approval letters have been given by the CDR Cell on 25.03.2013. where all the banks, who have extended financial assistance & given the loans to the company, have agreed for restructure of the loans.

***The letters from individual banks also have been issued by Banks & Salient Features of the CDR package are given below:-***

- i) Cut-off date (COD) for loans has been cosidered as 1st October 2012. The loans outstanding as on this date has been cosidered for restructuring.
- ii) Interest rate on the loans has been fixed at 11%p.a. during the moratorium period (24 months) from cut off date after that it is 13%.
- iii) Term Loans have been restructured with a moratorium of 24 months from COD and repayable in 96 equal monthly installments starting from 1st October 2014.
- iv) The irregularity in the Cash Credit has been carved out as Working Capital Term Loan with a moratorium of 24 months from COD and repayable in 96 equal monthly installments starting from 1st October 2014.
- v) The unpaid interest as on 30.09.2012 and interest from 01.10.2012 to 28.02.2013 on term loans and interest from 01.10.2012 to 28.02.2013 on WCTL has been restructured as Funded Interest Term Loan-I, repayable in 54 equal monthly installments starting from FY Oct 31, 2014 and ending with March 31, 2019, after FITL - I is completely built up.
- vi) The interest on Cash Credit from October 2012 to March, 2013 has been restructured as Funded Interest Term Loan-II, repayable in 54 equal monthly installments starting form April 30, 2013 and ending with September 2017, after FITL - II is completely built up.
- vii) The Interest on loan of SASF from cut off date Oct 1, 2012 till September 30, 2014 shall be converted into FITL I and interest would be charged at 11%p.a. at monthly rests with a right to reset after two years from cut-off date & thereafter annually. Interest on FITL - I shall be serviced

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

as and when due. Interest overdue prior to COD would be converted to FITL I(A) to be repaid from FY 2014 to FY 2018 with 9% interest p.a. at monthly rests.

- viii) The Principle of SASF has been given moratorium of 24 months from COD and repayable in 96 equal monthly instalments over a period of 8 years starting from Oct 31, 2014 and ending with September 30, 2022.
- ix) Cash Credit and the Non-fund based limits as per the appraisal of the banks.
- x) Promoters shall bring funds as per the applicable terms of CDR package.
- xi) The lenders shall have the right to recompense the reliefs/sacrifices/waivers extended by respective CDR lenders as per guidelines.

The CDR package has been implemented in all respects with PNB as the monitoring agency for monitoring the implementation of the CDR package.

- 42. 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 Rs.140.20 lakhs (31.03.2012:Rs.118.25 lakhs) payable are charged as rent in to the statement of profit and loss.
- 43. Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- 44. Balances of unsecured loans, receivables, payables and loans and advances are subject to thier confirmation and reconciliations.

For and on behalf of the Board of Directors

**R K Birla**  
Managing Director

**S. Hanumantha Rao**  
Director - Finance

**Ch. Narayana Rao**  
Vice President (Finance & Accounts)

**Shaik Ibraheem**  
Company Secretary

Place : Hyderabad  
Date : 28th May 2013

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# **Consolidated Financial Statements for the Year Ended 31.03.2013**

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors of  
M/s. Sujana Metal Products Limited.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of M/s. SUJANA METAL PRODUCTS LIMITED ("the Company") and its subsidiaries (collectively referred to as "the group") which comprise the Consolidated Balance Sheet as at March 31st 2013, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year ended, a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Group in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on considerations of the report of the other auditors on financial statements of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- b) in the case of the Consolidated Statement of Profit and Loss Account, of profit of the Group for the year ended on that date; and

# SUJANA METAL PRODUCTS LIMITED

- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for Group for the year ended on that date.

## **Other Matter**

We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs.107, 753.65 lakhs as at March 31, 2013, total revenue of Rs 58,388.49 lakhs and net cash inflows amounting to Rs 20.94 lakhs for the year 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.

Our opinion is not qualified in respect of other matter.

**For CRK&ASSOCIATES**

Chartered Accountants

Firm Reg. No: 010004S

**C. Rajendra Kumar, FCA**

Partner

Membership No. 23103

Place: Hyderabad

Date: 28th May 2013

# CONSOLIDATED BALANCE SHEET AS AT 31, MARCH 2013

Rupees in lakhs

	Note No	As at 31 March 2013	As at 31 March 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a) Share capital	3	11,310.91	11,310.91
b) Reserves and surplus	4	75,711.73	70,544.58
		<u>87,022.64</u>	<u>81,855.49</u>
<b>2 Minority Interest</b>		769.32	794.10
<b>3 Non- current liabilities</b>			
a) Long-term borrowings	5	80,588.76	27,683.49
b) Deferred tax liabilities (net)	6	6,164.75	6,179.13
c) Other long-term liabilities	7	92.91	8,706.63
d) Long- term provisions	8	242.97	2,757.57
		<u>87,089.39</u>	<u>45,326.82</u>
<b>4 Current liabilities</b>			
a) Short-term borrowings	9	53,653.00	56,249.84
b) Trade payables	10	93,256.48	73,659.19
c) Other current liabilities	11	7,447.30	19,564.17
d) Short-term provisions	12	2,230.98	2,580.85
		<u>156,587.76</u>	<u>152,054.05</u>
<b>TOTAL</b>		<u>331,469.11</u>	<u>280,030.46</u>
<b>II. ASSETS</b>			
<b>1 Non- current assets</b>			
a) Fixed assets			
i) Tangible assets	13A	47,735.63	49,286.51
ii) Capital work in progress		5,455.78	6,168.01
		<u>53,191.41</u>	<u>55,454.52</u>
b) Good Will (On consolidation)		326.96	326.96
c) Long-term loans and advances	14	8,257.29	7,324.47
		<u>61,775.66</u>	<u>63,105.95</u>
<b>2 Current assets</b>			
a) Current investments	15	3.82	4.21
b) Inventories	16	15,803.48	16,242.55
c) Trade receivables	17	236,867.77	160,478.69
d) Cash and bank balances	18	2,239.12	7,334.07
e) Short-term loans and advances	19	14,576.07	32,512.05
f) Other current assets	20	203.20	352.94
		<u>269,693.46</u>	<u>216,924.51</u>
<b>TOTAL</b>		<u>331,469.11</u>	<u>280,030.46</u>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For CRK & Associates**  
Chartered Accountants

**R K Birla**  
Managing Director

**S. Hanumantha Rao**  
Director - Finance

**C. Rajendra Kumar**  
Partner

**Ch. Narayana Rao**  
Vice President (Finance & Accounts)

**Shaik Ibraheem**  
Company Secretary

Place : Hyderabad  
Date : 28th May 2013

Place : Hyderabad  
Date : 28th May 2013

# SUJANA METAL PRODUCTS LIMITED

## Consolidated Statement of Profit and Loss for the year ended 31st March 2013

Rupees in lakhs

	Note No	For the year ended 31 March 2013	For the year ended 31 March 2012
<b>I. Revenue</b>			
Revenue from operations (gross)		<b>431,461.67</b>	410,752.39
Less: Excise duty		<b>9,096.07</b>	7,387.42
Revenue from operations (net)	21	<b>422,365.60</b>	403,364.97
Other income	22	<b>2,349.02</b>	2,451.71
<b>Total revenue</b>		<b>424,714.62</b>	405,816.68
<b>II. Expenses</b>			
Cost of materials consumed	23.a	<b>70,816.82</b>	66,679.10
Purchase of Traded Stock	23.b	<b>316,114.27</b>	301,618.44
Change in inventories of finished goods, work in progress and stock-in-trade	23.c	<b>(921.58)</b>	(4,533.11)
Employee benefit expenses	24	<b>2,407.14</b>	2,349.84
Finance costs	25	<b>18,133.03</b>	19,984.34
Depreciation and amortisation expense	13A&13B	<b>4,158.40</b>	4,732.21
Other expenses	26	<b>9,844.03</b>	10,167.07
<b>Total expenses</b>		<b>420,552.11</b>	400,997.89
<b>III. Profit before tax (I-II)</b>		<b>4,162.51</b>	4,818.79
<b>IV. Tax expense:</b>			
a) Current tax for current year		<b>34.10</b>	855.69
b) MAT credit relating to earlier years		-	(251.69)
c) Current tax credit relating to earlier years		-	(124.30)
d) Fringe benefit tax written back of earlier years		-	-
		<b>34.10</b>	479.70
e) Deferred tax		<b>(14.40)</b>	(6.00)
		<b>19.70</b>	473.70
<b>V. Profit for the year/period before minority interest (III-IV)</b>		<b>4,142.81</b>	4,345.09
Minority Interest		<b>(24.70)</b>	0.23
Profit for the year / period after minority interest		<b>4,118.11</b>	4,344.86
Earnings per equity share of Rs. 5/- each (Refer Note No. 30)			
Basic Rs.		<b>2.11</b>	2.20
Diluted Rs.		<b>2.11</b>	2.20

**See accompanying notes forming part of the consolidated financial statements**

In terms of our report attached

For and on behalf of the Board of Directors

**For CRK & Associates**  
Chartered Accountants

**R K Birla**  
Managing Director

**S. Hanumantha Rao**  
Director - Finance

**C. Rajendra Kumar**  
Partner

**Ch. Narayana Rao**  
Vice President (Finance & Accounts)

**Shaik Ibraheem**  
Company Secretary

Place : Hyderabad  
Date : 28th May 2013

Place : Hyderabad  
Date : 28th May 2013

# Consolidated Cash Flow Statement for the year ended 31st March 2013

Rupees in lakhs

	For the Year ended 31 March 2013	For the Year ended 31 March 2012
<b>Cash flow from operating activities</b>		
<b>Net profit before tax</b>	<b>4,162.51</b>	4,818.79
Adjustments for:	-	-
Depreciation and amortisation	<b>4,158.40</b>	4,732.21
Extraordinary Item	-	(68.62)
Loss on sale of fixed assets (net)	<b>11.62</b>	-
Net unrealised exchange gain	<b>(569.95)</b>	(519.17)
Finance costs	<b>18,133.03</b>	19,984.34
Interest income	<b>(440.06)</b>	(662.03)
Preliminary Expenses Written Off	<b>2.57</b>	2.56
Adjustments to the carrying amount of current investments	<b>0.39</b>	0.71
Dividend income on current investment	-	(2.99)
<b>Operating profit before working capital changes</b>	<b>25,458.51</b>	28,285.80
<i>Changes in working capital:</i>	-	-
<i>Adjustments for (increase) / decrease in operating assets:</i>	-	-
Inventories	<b>439.06</b>	(6,022.95)
Trade receivables	<b>(75,874.61)</b>	(46,228.70)
Long-term loans and advances	<b>1,346.30</b>	40.84
Short-term loans and advances	<b>16,417.25</b>	9,425.88
Other current assets	-	-
<i>Adjustments for increase / (decrease) in operating liabilities:</i>	-	-
Trade payables	<b>28,263.28</b>	32,168.42
Other current liabilities	<b>(19,346.20)</b>	9,664.28
Other long-term liabilities	<b>(8,613.72)</b>	8,522.28
Other Short-term liabilities	<b>42.10</b>	-
Provision for employee benefits	<b>35.86</b>	49.22
<b>Cash generated from operations</b>	<b>(31,832.17)</b>	35,905.07
Net income tax paid	<b>(449.86)</b>	(395.10)
<b>Net cash flow from operating activities (A)</b>	<b>(32,282.03)</b>	35,509.97
<b>Cash flows from investing activities</b>		
Capital expenditure on fixed assets and capital advances paid	<b>(1,742.75)</b>	(6,329.06)
Receipt of capital advances	-	6,354.23
Proceeds from sale of fixed assets	<b>6.97</b>	163.75
(Increase)/decrease in restricted cash	<b>3,235.11</b>	(628.81)
Purchase consideration on acquisition of a unit of Handum Industries Limited.	-	(1,900.00)
Advances given to subsidiaries	<b>(4,432.87)</b>	-
Advances realised from subsidiaries	-	-
Revaluation of current investments	<b>(0.54)</b>	-
Proceeds from sale of current investment- mutual fund units	-	75.00
Income from current investments received (arising consolidation)	-	2.99
Foreign Exchange Translation Adjustments	<b>(1,041.68)</b>	2,563.29
Interest received	<b>495.45</b>	380.98
<b>Net cash received/(used) from in investing activities (B)</b>	<b>(1,396.95)</b>	682.37

# SUJANA METAL PRODUCTS LIMITED

## Consolidated Cash Flow Statement for the year ended 31st March 2013

Rupees in lakhs

	For the Year ended 31 March 2013	For the Year ended 31 March 2012
<b>Cash flow from financing activities</b>	-	-
Proceeds from issue of share capital	-	-
Share premium received [Net of GDR issue expenses of Rs. Nil (31.03.2012 : Rs.164.76 lakhs)]	-	-
Proceeds from long-term borrowings	52,921.02	-
Repayment of long-term borrowings	(15.69 )	(12,390.81)
Increase in short-term borrowings	(3,426.47)	(4,909.57)
Dividend paid including tax there on	-	(26.86 )
Interest and other borrowing costs paid	(17,659.73)	(19,997.71)
<b>Net cash (used in)/received from financing activities (C)</b>	<b>31,819.13</b>	<b>(37,324.95)</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C)</b>	<b>(1,859.85)</b>	<b>(1,132.61)</b>
Cash and cash equivalents at the beginning of the year/period	2,229.91	2,511.63
Exchange difference on translation of foreign currency cash and cash equivalents	-	-
<b>Cash and cash equivalents at the end of the year/period</b>	<b>370.06</b>	<b>1,379.02</b>

Notes:

1. Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard 3 on Cash Flow Statements.

2. Reconciliation of Cash and cash equivalents with balance sheet:

Cash and bank balances as per balance sheet (Refer Note 19)	2,239.12	7,334.07
Less: Balances in earmarked accounts		
- balance held as margin monies	1,869.06	5,955.05
Net cash and cash equivalents at the end of the year/period	370.06	1,379.02

### See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For and on behalf of the Board of Directors

**For CRK & Associates**

Chartered Accountants

**R K Birla**

Managing Director

**S. Hanumantha Rao**

Director - Finance

**C. Rajendra Kumar**

Partner

**Ch. Narayana Rao**

Vice President (Finance & Accounts)

**Shaik Ibraheem**

Company Secretary

Place : Hyderabad

Date : 28th May 2013

Place : Hyderabad

Date : 28th May 2013

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1 Corporate information

“Sujana Metal Products Limited (SMPL) was incorporated in 02 May 1988 under the name of Sujana Steel Re-rolling Industries Private Limited. The name of the company was changed to Sujana Steels Private Limited on 30 March 1992. The company was converted into public limited company on 20 April 1992. The company further changed its name as Sujana Metal Products Limited w.e.f. 09 November 2001. The Company was promoted by Sri Y.S.Chowdary, his associates and relatives.

The company was incorporated with an object to manufacture of steel re-rolled products. SMPL is engaged in the business of manufacturing and marketing value added steel products. SMPL is categorized as a secondary steel producer in the Industry.

SMPL is currently engaged in the business of Manufacture and trading of steel products like Thermo Mechanically Treated (TMT) bars in different sizes, Structural steels like Ms Angles, Ms Squares, Ms Beams and Ms Channels etc and smart steel of varying shapes and dimensions for the construction & infrastructure sector.”

### 2 Significant accounting policies

#### a 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.

#### b 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.

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.

In case of foreign subsidiaries being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in “Foreign Currency Translation Reserve”.

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.

Minority interest in the net assets of the consolidated subsidiaries is identified and presented in consolidated balance sheet separately from non-current liabilities and the equity of the Company’s share holders.

Minority interest 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.

Share of net profit attributable to the minority share holders for the year is identified and adjusted against profit after tax of the group.

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### **c Use of Estimates**

The preparation of financial statements are in conformity with Indian GAAP requires the 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 and any revision to accounting estimates is recognised prospectively in the period in which the results are known/materialised. Examples of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income taxes and the useful lives of fixed assets.

### **d 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 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/up to the date the assets are purchased / sold. Individual assets costing less than Rs. 5,000 are depreciated fully in the year of purchase.

### **e 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 Statement of Profit and Loss.

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.

### **f 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.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

### **g Inventories**

Raw materials are valued at cost or net realisable value, whichever is lower. Cost is ascertained based on 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 produced and 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.

### **h Employee Benefits**

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of employment are recorded in accordance with Accounting Standard (AS) 15 'Employee Benefits' notified by the Companies (Accounting Standards) Rules, 2006

#### **Defined Benefit Plan**

##### **i) Gratuity**

"In accordance with the Payment of Gratuity Act, 1972 the Company provides for gratuity covering eligible employees. Liability on account of gratuity is:

- covered partially through a recognised Gratuity Fund managed by Life Insurance Corporation of India and contributions are charged to revenue; and
- balance is provided on the basis of valuation of the liability by an independent actuary as at the year end."

##### **ii) Compensated Absences**

Liability for compensated absence is treated as a long term liability and is provided on the basis of valuation by an independent actuary as at the year end.

#### **Defined Contribution Plan**

##### **i) Provident Fund**

Contribution to Provident fund (a defined contribution plan) made to Regional Provident Fund Commissioner are recognised as expense as they fall due based on the amount of contribution required to be made.

### **i 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 Statement of Profit and Loss.

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 Statement of Profit and Loss.

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### j **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.

### k **Taxes on Income :**

#### **Indian Entity :**

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 Entity :**

Foreign companies recognise tax liability and assets in accordance with local loss.

### l **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.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### **m 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.

### **n 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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 3: Share capital</b>		
<b>Authorised</b>		
i) 310,000,000 (31.03.2012:320,000,000) Equity Shares of Rs.5 each	<b>15,500.00</b>	16,000.00
ii) 4,500,000 (31.03.2012:4,000,000) Preference Shares of Rs. 100 each	<b>4,500.00</b>	4,000.00
<b>Issued, subscribed and fully paid up</b>		
i) 196,350,881 (31.03.2012:196,350,881) Equity Shares of Rs. 5 each	<b>9,817.54</b>	9,817.54
ii) 1,493,365 (31.03.2012:1,493,365) 1% Cumulative Redeemable Preference Shares of Rs.100 each	<b>1,493.37</b>	1,493.37
	<b>11,310.91</b>	11,310.91

### Notes:

#### i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year/period

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Number	Rs. in lakhs	Number	Rs. in lakhs
<b>a) Equity(including shares represented by underlying GDRs)</b>				
Shares outstanding at the beginning of the year/period	196350881	9817.54	196,350,881	9,817.54
Shares issued during the year/period			-	-
Shares bought back during the year/ period			-	-
Shares outstanding at the end of the year/ period	<b>196,350,881</b>	<b>9,817.54</b>	<b>196,350,881</b>	<b>9,817.54</b>
<b>b) Cumulative Redeemable Preference Shares</b>				
Shares outstanding at the beginning of the year/period	1,493,365	1,493.37	1,493,365	1,493.37
Shares Issued during the year/period	-	-	-	-
Shares redeemed during the year/period	-	-	-	-
Shares outstanding at the end of the year/period	<b>1,493,365</b>	<b>1,493.37</b>	<b>1,493,365</b>	<b>1,493.37</b>

#### ii) Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% held	No. of Shares held	% held
<b>a) Equity shares of Rs. 5 each fully paid</b>				
Yalamanchili Finance & Trading Pvt Ltd	26,766,461	13.63	26,766,585	13.63
Foster Infin and Trading Pvt Limited	25,000,000	12.73	25,000,000	12.73
Deutsche Bank Trust Company Americas	12,946,000	6.59	12,946,000	6.59
Stressed Assets Stabilisation Fund	12,759,682	6.50	12,759,682	6.50
Sujana Holdings Limited	10,000,000	5.09	10,000,000	5.09
<b>b) Cumulative Redeemable Preference Shares of Rs.100 each fully paid</b>				
IDBI Bank Limited	1,493,365	100.00	1,493,365	100.00

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

- iii) 13,140,489 Equity shares issued as fully paid up to the share holders of erstwhile Sujana Steels Limited on its amalgamation with the company, for consideration other than cash in the last five years immediately preceding the balance sheet date.
- iv) The company has only one class of shares referred to as equity shares having a par value of Rs.5/-. Each holder of equity shares is entitled to one vote per share held (other than the shares represented by underlying GDR's which do not carrying a voting right).  
In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their share holding.  
12,946,000 (31.03.2012:12,946,000) equity shares represent the shares underlying outstanding Global Depository Receipts (GDRs). Each GDR represents 10 underlying equity shares.
- v) **Redemption of Cumulative Redeemable Preference Shares (CRPS)**  
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. CRPS carry cumulative dividend@1% per annum. The company declares and pays dividend in Indian rupees each. Each holder of CRPS is entitled to one vote per share only on resolutions placed before the company which directly effect the rights attached to CRPS

	As at 31 March 2013	As at 31 March 2012
<b>Note 4: Reserves and surplus</b>		
<b>i) Capital reserve</b>		
Opening balance	9,880.43	7,094.29
Add: Additions during the year/period	-	2,786.14
Closing balance	9,880.43	9,880.43
<b>ii) CRPS redemption reserve</b>		
Opening balance	1,256.25	1,007.36
Add: Additions during the year/period	237.12	248.89
Closing balance	1,493.37	1,256.25
<b>iii) Securities premium account</b>		
Opening balance	35,430.34	35,430.34
Add: Premium on shares issued during the year/period	-	-
Less: GDR issue expenses (Net of deferred tax asset Rs. Nil)	-	-
Closing balance	35,430.34	35,430.34
<b>iv) Foreign Currency Translation Reserve</b>		
Opening balance	2,403.96	-159.33
Add: Additions during the year/period (net)	1,041.68	2563.29
Closing balance	3,445.64	2,403.96
<b>iv) General Reserve</b>	698.64	698.64
<b>v) Surplus in statement of profit and loss</b>	-	
Opening balance	20,874.96	16,796.40
Add: Profit for the year/period	4,142.81	4,344.86
Less: Appropriations	-	
Proposed dividend on CRPS	14.93	14.93
Dividend distribution tax	2.42	2.48
CRPS redemption reserve	237.12	248.89
Closing balance	24,763.30	20,874.96
	75,711.73	70,544.58

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 5: Long term borrowings</b>		
Secured		
a) Term loans from		
i) Banks	27,134.91	21,679.16
ii) Financial institutions	6,556.88	5,979.67
b) Funding of Interest on Term Loan	-	
i) FITL - I	2,173.03	-
ii) FITL -II	2,037.33	-
iii) W C T L	41,753.36	-
iv) FITL ON WCTL	897.42	-
c) Vehicle loans from	-	
i) Banks	35.83	24.66
ii) Others	-	-
	<b>80,588.76</b>	<b>27,683.49</b>

### Notes:

Term loan from banks viz. Punjab National Bank, Bank of India, Indian Overseas Bank, IDBI Bank and Andhra Bank are secured by first charge on all the immovable and movable fixed assets of the company both present and future and second charge on the current assets of the company. Further these loans are secured by personal guarantees and properties of certain directors.

### As per CDR Terms of repayment are as follows:

- Loan taken from Andhra Bank, Rs.50.91Crores, carries an interest rate of 11 % p.a from 1st October, 2012 till 30th September, 2014 and there after 13% p.a and is repayable in 96 monthly installments commencing from 1st October ,2014.
- Loan taken from Indian Overseas Bank, Rs.32.60Crores, carries an interest rate of 11 % p.a from 1st October, 2012 till 30 th September, 2014 and there after 13% p.a and is repayable in 96 monthly installments commencing from 1st October, 2014.
- Loan taken from Bank Of India, Rs. 54.61Crores, carries an interest rate of 11 % p.a from 1st October, 2012 till 30th September, 2014 and there after 13% p.a and is repayable in 96 monthly installments commencing from 1st October, 2014.
- Loan taken from Punjab National Bank, Rs.90.86Crores, carries an interest rate of 11 % p.a from 1st October, 2012 till 30 th September,2014 and there after 13% p.a and is repayable in 96 monthly installments commencing from 1st October ,2014.
- Loan taken from IDBI, Rs. 22.38 Crores, carries an interest rate of 11 % p.a from 1st October, 2012 till 30 th September,2014 and there after 13% p.a and is repayable in 96 monthly installments commencing from 1st October, 2014.
- Term loan from financial institutions viz Stressed Assets Stabilization Fund (SASF) secured by first charge on all the immovable and movable fixed assets of the company and second charge on the current assets of the company. As per SASF letter dated 15 March 2013, crystallizes the SASF dues to Rs.6,600 lakhs and is to be paid in cash carrying ROI @ 9% p.a payable over 9 1/2 years and balance Rs. 1800 lakhs to be converted into equity as per SEBI Guidelines. After giving effect to the CDR it was decided that SASF dues as per June, 2008 package should be considered for restructuring at par with other lenders including clearance of interest overdue as on COD (October 1, 2012). As per Bank's advice Interest and other overdues of Rs18.20 crore as on COD, is to be cleared for restructuring of dues at CDR.
- Overdue interest on Term Loans, SASF & Working Capital was converted to 'Funding of Interest on Term Loan' amounting to Rs. 67.46 Crores, which shall be repayable in 4.5years after completion of moratorium period i.e. October, 2014.
- Working Capital loans were converted to Working Capital Term Loans amounting Rs.41,735.66Crores, which shall be repayable in 8years, after completion of moratorium period i.e. Oct, 2014.
- Vehicle loans from banks and others are secured by hypothecation of the vehicles financed through the loan arrangements and are repayable over a period of 36 months to 60 months.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 6: Deferred tax liabilities (net)</b>		
Deferred tax liability:		
On difference between book balance and tax balance of fixed assets	6,711.95	6,580.81
Deferred tax asset:		
Provision for employee benefits	113.83	99.02
Provision for doubtful trade receivables, loans and advances	433.37	302.66
	<b>547.20</b>	<b>401.68</b>
<b>Deferred tax liabilities (net)</b>	<b>6,164.75</b>	<b>6,179.13</b>
<b>Note 7: Other long -term liabilities</b>		
Security Deposits	91.71	85.21
Trade payables	1.20	8,621.42
	<b>92.91</b>	<b>8,706.63</b>
<b>Note 8: Long-term provisions</b>		
Provision for Employee benefits	242.97	207.11
Provision for estimated losses on derivative instruments	-	2,550.46
	<b>242.97</b>	<b>2,757.57</b>
<b>Note 9: Short-term borrowings</b>		
Loans repayable on demand		
From Banks		
Secured	51,566.87	55,626.14
From Others	-	-
Unsecured	2,086.13	623.70
	<b>53,653.00</b>	<b>56,249.84</b>

- i) Loans repayable on demand includes an amount of Rs. 51,072.27 lakhs (31.03.2012:Rs.55,626.14 lakhs) represents working capital loans from banks are inter alia secured by way of parri passu first charge on current assets and parri passu second charge on fixed assets both present and future. Further these loans are secured by personal guarantee and properties of certain directors.
- ii) Loans repayable on demand also includes an amount of Rs.494.16 lakhs taken from Punjab National Bank which is secured by pledge of fixed deposit amounting to Rs.696 lakhs.
- iii) Unsecured loans from others in the previous period include certain trade payables to the extent of Rs.100 lakhs, have been converted into unsecured loans after obtaining the consent from the payees. These unsecured loans are repayable within a period of one and half year and carries an interest at the rate of 6% per annum.

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 10: Trade payables</b>		
Acceptances	1,986.71	29,547.52
Other than acceptances	91,269.77	44,111.67
	<b>93,256.48</b>	<b>73,659.19</b>
<b>Note 11: Other current liabilities</b>		
Current maturities of long-term debt	1,613.80	9,710.85
Interest accrued but not due on borrowings	19.00	544.64
Interest accrued and due on borrowings	1,720.67	722.74
Other payables	-	
Statutory remittances	419.73	424.54
Payables on purchase of fixed assets	14.64	4.02
Advances from customers	3,659.46	8,157.38
	<b>7,447.30</b>	<b>19,564.17</b>
<b>Note 12: Short-term provisions</b>		
Provision for employee benefits	107.88	98.07
Provision for current income tax (Net)	2,073.40	2,465.37
Provision for proposed dividend on CRPS	44.80	14.93
Provision for tax on proposed dividend	4.90	2.48
	<b>2,230.98</b>	<b>2,580.85</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Note 13A: Tangible Assets

(Rupees in Lakhs)

Description	GROSS BLOCK (At Cost)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01 April 2012	Additions	Assets under slump sale	Deletions	As at 31 March 2013	As at 01 April 2012	For the year	Deletions	As at 31 March 2013	As at 31 March 2012
Land- Freehold	2,230.05	-	-	-	2,230.05	-	-	-	-	2,207.44
Buildings	4,794.10	157.33	-	-	4,951.43	704.93	157.00	-	861.94	4,044.92
Plant & Machinery	57,337.63	1,675.70	-	15.82	58,997.51	16,775.57	3,691.94	5.25	20,462.26	39,971.26
Owned	-	-	-	-	-	-	-	-	-	-
Given under operating lease	-	-	-	-	-	-	-	-	-	-
Electrical Installation	2,317.23	232.31	-	-	2,549.54	517.52	132.35	-	649.86	1,695.77
Furniture& Fixtures	87.20	0.64	-	-	87.84	53.77	4.37	-	58.14	30.22
Office Equipment	159.97	10.52	-	0.52	169.98	40.26	7.61	0.06	47.80	119.07
Vehicles	645.36	63.54	-	21.01	687.89	264.06	59.59	13.60	310.05	381.95
Computers	469.65	486.05	-	0.42	955.28	398.56	105.54	0.27	503.84	56.69
<b>TOTAL (A)</b>	<b>68,041.19</b>	<b>2,626.10</b>	<b>-</b>	<b>37.77</b>	<b>70,629.52</b>	<b>18,754.67</b>	<b>4,158.40</b>	<b>19.18</b>	<b>22,893.89</b>	<b>48,507.33</b>
Previous Period	58,058.60	6,961.56	3,098.10	1,008.96	67,109.30	14,826.75	4,694.62	919.39	18,601.98	43,231.85

#### Note 13B: Intangible Assets

Description	GROSS BLOCK (At Cost)				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 01 April 2012	Additions	Assets under slump sale	Deletions	As at 31 March 2013	As at 01 April 2012	For the year	Deletions	As at 31 March 2013	As at 31 March 2012
Goodwill	28.68	-	-	-	28.68	28.68	-	-	28.68	-
Computer Software	-	-	-	-	-	-	-	-	-	28.68
<b>Total (B)</b>	<b>28.68</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28.68</b>	<b>28.68</b>	<b>-</b>	<b>-</b>	<b>28.68</b>	<b>28.68</b>
Previous Period	28.68	-	-	-	28.68	28.68	-	-	28.68	-
<b>Grand Total (A+B)</b>	<b>68,069.86</b>	<b>2,626.10</b>	<b>-</b>	<b>37.77</b>	<b>70,658.20</b>	<b>18,783.35</b>	<b>4,158.40</b>	<b>19.18</b>	<b>22,922.57</b>	<b>48,507.33</b>
Previous Period	58,087.28	6,961.56	3,098.10	1,008.96	67,137.98	14,855.43	4,694.62	919.39	18,630.66	43,231.85

# SUJANA METAL PRODUCTS LIMITED



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 14: Long-term loans and advances</b>		
i) (Unsecured and considered good)		
a) Capital Advances	5,806.00	5,977.46
b) Differed Receivables	-	-
c) Security deposits	131.81	66.73
d) Loans and advance to related parties	1,092.49	-
e) Advance income tax (net of provisions)	210.00	200.00
f) MAT credit entitlement	290.66	290.66
g) Deposits with government authorities	726.33	789.62
	(A) <u>8,257.29</u>	<u>7,324.47</u>
ii) Doubtful		
a) Security deposits	2.90	2.90
b) Advances for supply of goods and rendering of services	349.02	349.02
c) Other advances	-	-
	<u>351.92</u>	<u>351.92</u>
Less: Provision for doubtful advances	<u>351.92</u>	<u>351.92</u>
	(B) <u>-</u>	<u>-</u>
	(A+B) <u>8,257.29</u>	<u>7,324.47</u>
<b>Note 15: Current investments</b>		
(At lower of cost and fair value)		
<b>Investment in mutual funds (Unquoted)</b>		
SBI-Debt fund series - 370 Days - 3-dividend	-	-
NIL (31.03.2012: 'NIL' units purchased during the previous period)	-	-
SBI - PSU fund dividend	5.00	5.00
50,000 (31.03.2012 : 'NIL' units purchased during the previous period)	-	-
Less: provision for diminution in the value of investment	(1.18 )	(0.79)
	<u>3.82</u>	<u>4.21</u>
Aggregate amount of unquoted investments		5.00
Aggregate provision for diminution in the value of current investments		0.79
<b>Note 16: Inventories</b> (At lower of cost and net realisable value)		
Raw materials	1,368.79	3,225.14
Goods- in-transit	-	-
Finished goods	1,854.19	2,705.30
Goods- in-transit	-	-
Stock in trade	11,078.56	9,305.87
Stores and spares	1,501.94	1,006.24
	<u>15,803.48</u>	<u>16,242.55</u>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

	As at 31 March 2013	As at 31 March 2012
<b>Note 17: Trade receivables (Unsecured)</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		-
Considered Good	6,190.27	18,541.80
Considered Doubtful	983.73	580.94
	<u>7,174.00</u>	<u>19,122.74</u>
Less: Provision for doubtful trade receivables	983.78	580.94
(A)	<u>6,190.22</u>	<u>18,541.80</u>
Other trade receivables		
Considered Good	230,677.55	141,936.89
Considered Doubtful	-	-
	<u>230,677.55</u>	<u>141,936.89</u>
Less: Provision for doubtful trade receivables	-	-
(B)	<u>230,677.55</u>	<u>141,936.89</u>
(A+B)	<u>236,867.77</u>	<u>160,478.69</u>
<b>Note 18: Cash and bank balances</b>		
Cash and cash equivalents		
Cash on Hand	57.19	50.19
Balances with Banks:	-	-
In current accounts	312.87	1,328.52
In EEFC account	-	0.31
Other bank balances	-	-
In earmarked accounts	-	-
Balance held as margin monies	1,869.06	5,955.05
	<u>2,239.12</u>	<u>7,334.07</u>
<b>Note 19: Short-term loans and advances</b>		
(Unsecured and considered good unless otherwise stated)		
Loans and advances to related parties	-	1.60
Security deposits	63.84	13.38
Loans and advances to employees	32.74	32.69
Prepaid expenses	48.38	39.35
Balances with government authorities	-	-
CENVAT credit receivable	1,180.28	1,809.77
VAT credit receivable	48.56	148.93
Advances for supply of goods and rendering of services	11,299.01	29,839.06
Others	1,903.26	627.27
	<u>14,576.07</u>	<u>32,512.05</u>
<b>Short term loans and advances include amounts due from:</b>		
Directors	-	1.60
<b>Note 20: Other current assets</b>		
Interest accrued but not due on deposits	203.18	348.46
Miscellaneous expenses to the extent not written off	-	4.48
	<u>203.18</u>	<u>352.94</u>

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

	Year Ended 31 March 2013	Year Ended 31 March 2012
<b>Note 21: Revenue from operations</b>		
<b>a) Sale of products</b>		
i) Manufactured & Processed goods	77,185.37	75,399.33
ii) Traded goods	275,693.71	300,177.15
iii) Exports	68,554.65	27,016.91
<b>b) Other operating revenues</b>	-	-
Conversion income	931.87	771.58
<b>Total</b>	<b>422,365.60</b>	<b>403,364.97</b>
<b>Note 22: Other Income</b>		
a) Interest on deposit with banks and others	440.06	662.03
b) Liabilities/Provisions no longer required written back	941.64	224.99
c) Net gain on foreign currency transactions and translations	889.17	1,463.99
d) Dividend income from current investments	-	2.99
e) Profit on sale of fixed assets (net)	-	68.62
f) Rental income from operating leases	9.00	9.00
g) Miscellaneous income	69.15	20.09
	<b>2,349.02</b>	<b>2,451.71</b>
<b>Note 23.a: Cost of materials consumed</b>		
Opening Stock	3,225.14	1,768.52
Add : Purchases	68,987.15	68,151.99
	<b>72,212.29</b>	<b>69,920.51</b>
Less : Closing stock	1,368.79	3,225.14
	<b>70,843.50</b>	<b>66,695.37</b>
Less : Transfer to capital work in progress	26.68	16.27
	<b>70,816.82</b>	<b>66,679.10</b>

### Details of raw materials consumed

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Qty (MT)	Rupees in lakhs	Qty (MT)	Rupees in lakhs
Pig /Sponge Iron/Scrap	56,770	6,181.52	21,114	4,152.10
Billets / Blooms	164,427	50,747.49	161,480	50,928.33
MS Products	19,432	6,722.10	11,300	3,837.61
MS Ingots	1,872	646.05	32,650	5,948.56
TMT Bars*	16,430	6,546.33	11,540	1,828.77
Total	258,931	70,843.50	238,084	66,695.37
Less: Transferred to capital work in progress	-	26.68	-	16.27
<b>Total</b>	<b>258,931</b>	<b>70,816.82</b>	<b>238,084</b>	<b>66,679.10</b>

\*Includes 8,912 MTs (31.03.2012:6,752 MTs) at zero value as there are internal transfers for which cost is not ascertainable.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

### Note 23.b: Details of purchase of traded goods

Particulars	Year ended 31 March 2013		Year ended 31 March 2012	
	Qty (MT)	Rupees in lakhs	Qty (MT)	Rupees in lakhs
TMT Bars	510,659	204,480.00	426,924	165,251.54
MS Rebars	72,078	28,873.25	72,955	28,278.51
H R Coils and C R Coils	9,322	4,031.70	117,047	52,626.85
Others	198,796	73,959.71	123,864	47,517.70
M S Scrap	14,204	4,769.61	33,075	7,943.84
<b>Total</b>	<b>805,059</b>	<b>316,114.27</b>	<b>773,865</b>	<b>301,618.44</b>

	Year Ended 31 March 2013	Year Ended 31 March 2012
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### Note 23.c: Changes in inventories of finished goods, work in progress and stock-in-trade

#### Inventories at the beginning of the year:

Finished goods	2,705.30	1,884.93
Work in progress	-	-
Stock in trade	9,305.87	5,593.13
	<b>12,011.17</b>	<b>7,478.06</b>

#### Inventories at the end of the year:

Finished goods	1,854.19	2,705.30
Work in progress	-	-
Stock in trade	11,078.56	9,305.87
	<b>12,932.75</b>	<b>12,011.17</b>
<b>Net (increase) / decrease</b>	<b>(921.58)</b>	<b>(4,533.11)</b>

### Note 24: Employee benefit expense

Salaries, wages and bonus	2,220.31	2,082.17
Contribution to provident and other funds	137.52	145.27
Staff welfare expenses	49.31	122.40
	<b>2,407.14</b>	<b>2,349.84</b>

### Note 25: Finance costs

Interest expense on		
Borrowings	16,203.90	15,177.18
Other borrowing costs	1,929.13	4,807.16
	<b>18,133.03</b>	<b>19,984.34</b>

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

	Year Ended 31 March 2013	Year Ended 31 March 2012
<b>Note 26: Other expenses</b>		
Consumption of stores, spares and consumables	1,151.23	1,318.68
Power and fuel	4,892.15	4,571.23
Other manufacturing expenses	191.25	205.74
Equipment hire charges	40.14	43.42
Job work charges	872.24	640.91
Increase/(decrease) of excise duty on inventory	-93.62	121.57
Rent includes lease rentals (Refer Note No.42)	136.20	109.25
Repairs and Maintenance-Buildings	23.55	22.57
Repairs and Maintenance-Machinery	78.97	62.89
Repairs and Maintenance-Others	8.33	18.86
Insurance	65.73	67.24
Rates and taxes	106.92	202.62
Factory maintenance	52.51	48.93
Printing and stationery	23.24	23.69
Communication	47.45	55.30
Travelling and conveyance	272.37	227.22
Legal and professional	367.94	508.35
Payments to auditors (Refer Note (i) below)	21.95	75.12
Security Charges	108.88	92.96
Donations	8.84	26.91
Sales commission	26.73	230.41
Sales discount	57.50	101.75
Business promotion	72.20	296.33
Freight outwards	602.03	719.70
Directors' sitting fees	2.80	3.20
Provision for doubtful trade receivables, loans and advances	539.08	202.47
Adjustments to carrying amount of current investments	0.39	0.71
Miscellaneous expenses	127.84	166.48
Loss on sale of fixed assets	11.62	-
Preliminary Expenses Writtn Off	2.57	2.56
	<b>9,819.03</b>	<b>10,167.07</b>

**27 The list of subsidiary companies which are included in the consolidation and the companies holdings therein are as under :**

Name of the Company	Percentage of voting power as at 31 March 2013	Percentage of voting power as at 31 March 2012	Country of Incorporation
<b>Subsidiaries (held directly)</b>			
Glade Steel Private Limited	51.15%	51.15%	India
Alpha Ventures Limited	100.00%	100.00%	Cayman Islands
Asian Tide Ventures Limited	100.00%	100.00%	Hong Kong
<b>Subsidiary (held indirectly)</b>			
Optimix Enterprises Limited (w.e.f 22.08.2011)	100.00%	-	Mauritius

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 28 Employee Benefits

#### Defined contribution plans:

The Company makes Provident Fund contribution to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.66.77 lakhs (31.03.2012: Rs.61.22 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plan by the Company are at rates specified in the rules of the scheme.

#### Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity
- ii. Compensated absences

Liability for retiring gratuity as on March 31, 2013 is Rs.248.20 lakhs (31-3-2012: Rs.230.25 lakhs) of which Rs.5.02 lakhs (31.3.2012: 15.67lakhs) is funded with the Life Insurance Corporation of India. The balance of Rs.243.18 lakhs (31-3-2012: Rs.214.58 lakhs) is included in Provision for Gratuity. The Liability for Gratuity and Cost of Compensated absences has been actuarially determined and provided for in the books.

Details of the company's post-retirement gratuity plans for its employees including whole time directors are given below, which is certified by the actuary and relied upon by the auditors.

#### **Amount to be recognised in balance sheet**

(Rupees in lakhs)

Particulars	Gratuity	Compensated Absences	Total
Present value of funded obligations	<b>248.20</b>	<b>107.66</b>	<b>355.86</b>
	230.26	90.60	320.86
Fair value of plan assets	<b>(5.02)</b>	-	<b>(5.02)</b>
	(15.67)	-	(15.67)
Net liability	<b>243.18</b>	<b>107.66</b>	<b>350.84</b>
	214.59	90.60	305.19

**Note:** In accordance with the payment of Gratuity Act, 1972 the company provides for gratuity covering eligible employees.

The liability on account of gratuity is covered partially through a recognized Gratuity Fund managed by Life Insurance Corporation of India and balance is provided on the basis of valuation of the liability by an independent actuary as at the year end. The management understands that LIC's overall portfolio of assets is well diversified and as such, the long term return on the policy is expected to be higher than the rate of return on Central Government bonds.

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees in lakhs

Expenses to be recognised in statement of profit and loss account			
Particulars	Gratuity	Compensated Absences	Total
Current Service Cost	<b>36.65</b>	<b>17.06</b>	<b>53.71</b>
	<i>34.42</i>	<i>27.39</i>	<i>61.81</i>
Interest Cost	<b>19.80</b>	<b>7.79</b>	<b>27.59</b>
	<i>15.42</i>	<i>5.06</i>	<i>20.48</i>
Expected return on plan assets	<b>(1.07)</b>	-	<b>(1.07)</b>
	<i>(1.02)</i>	-	<i>(1.02)</i>
Actuarial (Gains)/Losses	<b>(26.76)</b>	<b>12.55</b>	<b>(14.21)</b>
	<i>(2.57)</i>	<i>4.69</i>	<i>2.12</i>
Total included in employee benefit expense	<b>28.62</b>	<b>37.40</b>	<b>66.02</b>
	<i>46.25</i>	<i>37.14</i>	<i>83.39</i>
<b>Change in Defined Benefit Obligations (DBO)</b>			
Present Value of DBO at Beginning of Period / Year	<b>230.25</b>	<b>90.60</b>	<b>320.85</b>
	<i>192.75</i>	<i>63.21</i>	<i>255.96</i>
Current Service Cost	<b>36.65</b>	<b>17.06</b>	<b>53.71</b>
	<i>34.42</i>	<i>27.39</i>	<i>61.81</i>
Interest Cost	<b>19.80</b>	<b>7.79</b>	<b>27.59</b>
	<i>15.42</i>	<i>5.06</i>	<i>20.48</i>
Actuarial (Gains)/Losses	<b>(26.76)</b>	<b>12.55</b>	<b>(14.21)</b>
	<i>(2.57)</i>	<i>4.69</i>	<i>2.12</i>
Benefits Paid	<b>(11.74)</b>	<b>(20.34)</b>	<b>(32.08)</b>
	<i>(9.76)</i>	<i>(9.75)</i>	<i>(19.51)</i>
Closing defined benefit obligation	<b>248.20</b>	<b>107.66</b>	<b>355.86</b>
	<i>230.26</i>	<i>90.60</i>	<i>320.86</i>
Opening fair value of plan assets	<b>15.67</b>	-	<b>15.67</b>
	-	-	-
Expected return on plan assets	<b>1.07</b>	-	<b>1.07</b>
	<i>1.02</i>	-	<i>1.02</i>
Contributions by employer	<b>0.02</b>	-	<b>0.02</b>
	<i>16.02</i>	-	<i>16.02</i>
Benefits Paid	<b>(11.74)</b>	-	<b>(11.74)</b>
	<i>(1.37)</i>	-	<i>(1.37)</i>
Closing Fair Value of Plan Assets	<b>5.02</b>	-	<b>5.02</b>
	<i>15.67</i>	-	<i>15.67</i>
Assumptions			
Interest / Discount Rate			<b>8.60%</b>
			<i>8.00%</i>
Expected return on plan assets			<b>9.00%</b>
			-
Rate of escalation in salary			<b>6.00%</b>
			<i>6.00%</i>
Attrition Rate			<b>3.00%</b>
			<i>3.00%</i>

Note: Figures in italics relate to previous period



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 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) Expected Rate of Return on Plan Assets:

This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

### iii) Salary Escalation Rate

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

(Rupees in lakhs)

<b>Net Asset/(Liability) recognised in Balance Sheet</b>					
Particulars	2012-13	2011-12	2009-11	2008-09	2007-08
<b>Gratuity</b>					
Present value of defined benefit obligation	248.20	230.26	192.75	135.52	126.48
Fair value of plan assets	5.02	15.67	-	-	-
Status [Surplus / (Deficit)]	<b>(243.18)</b>	<b>(214.59)</b>	<b>(192.75)</b>	<b>(135.52)</b>	<b>(126.48)</b>
<b>Compensated Absences</b>					
Present value of defined benefit obligation	107.66	90.60	63.21	27.73	18.29
Fair value of plan assets	-	-	-	-	-
Status [Surplus / (Deficit)]	<b>(107.66)</b>	<b>(90.60)</b>	<b>(63.21)</b>	<b>(27.73)</b>	<b>(18.29)</b>

## 29 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

#### 1. Subsidiaries

<b>Subsidiaries held directly</b>	Country of Incorporation	Percentage of ownership interest
i. Glade Steel Pvt Ltd.	India	51.15%
ii. Alpha Ventures Ltd.	Cayman Islands	100%
iii. Asian Tide Enterprises Ltd.	Hong Kong	100%

#### Subsidiaries held indirectly

i. Optimix Enterprises Limited	Mauritius	100%
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#### 2. Key Management Personnel

i. Mr. R. K. Birla	Managing Director
ii. Mr. S. Hanumantha Rao	Director (Finance)

Note: Related parties have been identified by the management.

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rupees in lakhs)

### Related Party Transactions:

Particulars	Subsidiaries		Key Management Personnel	
	2012-13	2011-12	2012-13	2011-12
<b>A). Sales</b>				
Glade Steel Private Limited	191.92	1,579.70	-	-
<b>SUB-TOTAL</b>	<b>191.92</b>	<b>1,579.70</b>	<b>-</b>	<b>-</b>
<b>B). Purchases</b>				
Glade Steel Private Limited	-	9,941.25	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>9,941.25</b>	<b>-</b>	<b>-</b>
<b>C). Investments made during the year/period</b>				
Alpha Ventures Limited	-	2,316.02	-	-
Asian Tide Enterprises Limited	-	11,232.17	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>13,548.19</b>	<b>-</b>	<b>-</b>
<b>D). Advances given/(refunded) during the year</b>				
Alpha Ventures Limited	-	-	-	-
Asian Tide Enterprises Limited	-	(33.16)	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>(33.16)</b>	<b>-</b>	<b>-</b>
<b>E). Other Expenses</b>				
Glade Steel Private Limited	9.00	9.00	-	-
<b>SUB-TOTAL</b>	<b>9.00</b>	<b>9.00</b>	<b>-</b>	<b>-</b>
<b>F). Remuneration</b>				
Mr. R.K.Birla - Managing Director	-	-	120.36	92.15
Mr. Hanumantha Rao - Director (Finance)	-	-	10.20	10.2
<b>SUB-TOTAL</b>	<b>-</b>	<b>-</b>	<b>130.56</b>	<b>102.35</b>
<b>Closing Balances</b>				
<b>G). Advances</b>				
Glade Steel Private Limited	5,928.76	4,101.56	-	-
Alpha Ventures Limited	2,055.27	-	-	-
Asian Tide Enterprises Limited	552.01	-	-	-
Mr. R.K.Birla	-	-	-	1.60
<b>SUB-TOTAL</b>	<b>8,536.04</b>	<b>4,101.56</b>	<b>-</b>	<b>1.60</b>
<b>H). Accounts Receivable</b>				
Glade Steel Private Limited	-	0	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>I). Accounts Payable</b>				
Glade Steel Private Limited	-	0	-	-
<b>SUB-TOTAL</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>-</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rupees in lakhs)

### 30 Earnings Per Share

Particulars	2012-13	2011-12
Profit After Tax	4,142.81	4,345.09
Less: Preference Dividend including tax thereon	17.35	17.41
Profit attributable to ordinary share holders	4,125.46	4,327.68
Profit attributable to ordinary share holders- for diluted EPS	4,125.46	4,327.68
Weighted average number of ordinary shares used in computing Basic Earnings per Share	196,350,881	196,350,881
Add: Effect of potential ordinary (equity shares) on conversion of share warrants and redeemable preference shares	-	-
Weighted average number of ordinary (equity shares) used in computing Diluted Earnings Per Share.	196,350,881	196,350,881
Earnings per share - Face Value: Rs. 5/- each		
Basic - Rs.	2.10	2.20
Diluted - Rs.	2.10	2.20

### 31 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March 2013	As at 31 March 2012
<b>a) Contingent liabilities</b>		
i) Claims against the Company not acknowledged as debts in respect of:		
Excise Duty	2,116.87	1,823.36
Custom Duty	797.67	523.37
TNVAT/APGST/CST	2,179.39	1,979.39
Income Tax (Net of liability as per return)	1,517.25	1,037.07
FEMA*	630.00	630.00
ii) Guarantees		
i. Corporate Guarantees furnished on behalf of Sujana Universal Industries Ltd.	81,410.00	81,410.00
ii. 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 Nil (31.03.2012:Nil)]	-	-
iii. Corporate guarantee furnished on behalf of Optimix Enterprises Limited (USD 75 lakhs)	4,087.50	3,117.97
<b>b) Commitments</b>		
i. Estimated amount of contracts remaining to be executed on capital account and not provided for on account of tangible assets	-	-
ii. Export commitments on account of import of machinery and equipments at concessional duty under EPCG scheme (31.03.2012 :Rs.112.916Lakhs) .Such export commitments need to be fulfilled by the Company on or before 23 April 2016. As on 31 March 2012,the Company has fulfilled its export commitments and which are pending final approval of Director General of Foreign Trade. In the event of non-fulfillment of the export commitments by 23 April 2016 by the Company, the liability (excluding interest and penalties) towards customs duty	112.16	112.16

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

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Rupees in lakhs)

### 32 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 company filed its main petition 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, which was admitted on 15th July 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 2012 and for the year ended 31.03.2013. Further the short-term loans and advances of Rs.7984.00 lakhs (31.03.2012:Rs774.77 lakhs) outstanding and receivable from these amalgamating companies as on 31 March 2013 are considered good for recovery by the management.

### 33 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 Company viz. Sri Ganga Steel Enterprises Private Limited (Company to be taken over in the scheme of amalgamation) to the extent of Rs.7,706.00 lakhs, with 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 5 installments the 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.1,150 lakhs towards interest and principal during the previous period.
- 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 Private Limited and non compliance of certain terms and conditions, 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.

Further the company vide its letter dated 21 March 2012 requested the SASF for modifications in the terms of negotiated settlement conveyed above vide letter No.BY/SASFSujana Metal/No.1793 dated 02 December 2010. The SASF vide its letter dated 02 April 2012 has agreed to extend the time for conversion of Rs.4,655 lakhs into equity upto 31 March 2013 subject to payment of interest @ 9% per annum w.e.f 01 April 2010 and also agreed to reschedule the payment of balance cash portion of settlement amount aggregating Rs.2,400 lakhs (subject to reconciliation). The terms of payment are as follows.

- a) Payment of 50 lakh per quarter during the first year commencing from 01 July 2011, payment of Rs.75 lakhs per quarter during the second year commencing from 01 July 2013 and balance amount shall be payable in 12 equal quarterly installments commencing from 01 July 2014.
- b) Interest @9% p.a on the settlement shall be payable along with the above installments. In view of the pending compliance of certain terms and conditions mentioned above, the scheme has not been given effect in the books.

Further as per SASF letter dated 15 March 2013, crystallizes the SASF dues to Rs.6,600 lakhs and is to be paid in cash carrying ROI @ 9% p.a payable over 9 1/2 years and balance Rs. 1800 lakhs to be converted into equity as per SEBI Guidelines. After giving effect to the CDR it was decided that SASF

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

dues as per June, 2008 package should be considered for restructuring at par with other lenders including clearance of interest overdue as on COD (October 1, 2012). As per Bank's advice interest and other overdues of Rs18.20 crore as on COD, is to be cleared for restructuring of dues at CDR.

### 34 CDR IMPLEMENTATION & TERMS :

The loans of the company have been restructured under the Corporate Debt Restructuring (CDR) System, The CDR package was sanctioned by CDR Empowered Group, at the meeting held on 15.02.2013 and approval letters have been given by the CDR Cell on 25.03.2013. where all the banks, who have extended financial assistance & given the loans to the company, have agreed for restructure of the loans.

The letters from individual banks also have been issued by Banks & Salient Features of the CDR package are given below:-

- i) Cut-off date (COD) for loans has been considered as 1st October 2012. The loans outstanding as on this date has been considered for restructuring.
- ii) Interest rate on the loans has been fixed at 11%p.a. during the moratorium period (24 months) from cut off date after that it is 13%.
- iii) Term Loans have been restructured with a moratorium of 24 months from COD and repayable in 96 equal monthly installments starting from 1st October 2014.
- iv) The irregularity in the Cash Credit has been carved out as Working Capital Term Loan with a moratorium of 24 months from COD and repayable in 96 equal monthly installments starting from 1st October 2014.
- v) The unpaid interest as on 30.09.2012 and interest from 01.10.2012 to 28.02.2013 on term loans and interest from 01.10.2012 to 28.02.2013 on WCTL has been restructured as Funded Interest Term Loan-I, repayable in 54 equal monthly installments starting from FY Oct 31, 2014 and ending with March 31, 2019, after FITL - I is completely built up.
- vi) The interest on Cash Credit from October 2012 to March, 2013 has been restructured as Funded Interest Term Loan-II, repayable in 54 equal monthly installments starting from April 30, 2013 and ending with September 2017, after FITL - II is completely built up.
- vii) The Interest on loan of SASF from cut off date Oct 1, 2012 till September 30, 2014 shall be converted into FITL I and interest would be charged at 11%p.a. at monthly rests with a right to reset after two years from cut-off date & thereafter annually. Interest on FITL - I shall be serviced as and when due. Interest overdue prior to COD would be converted to FITL I(A) to be repaid from FY 2014 to FY 2018 with 9% interest p.a. at monthly rests.
- viii) The Principle of SASF has been given moratorium of 24 months from COD and repayable in 96 equal monthly instalments over a period of 8 years starting from Oct 31, 2014 and ending with September 30, 2022.
- ix) Cash Credit and the Non-fund based limits as per the appraisal of the banks.
- x) Promoters shall bring funds as per the applicable terms of CDR package.
- xi) The lenders shall have the right to recompense the reliefs/sacrifices/waivers extended by respective CDR lenders as per guidelines.

The CDR package has been implemented in all respects with PNB as the monitoring agency for monitoring the implementation of the CDR package.

# SUJANA METAL PRODUCTS LIMITED

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- 35** 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 Rs.140.20 lakhs (31.03.2012:Rs.118.25 lakhs) payable are charged as rent in to the statement of profit and loss.
- 36** Previous period's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- 37** Balances of unsecured loans, receivables, payables and loans and advances are subject to thier confirmation and reconciliations.

For and on behalf of the Board of Directors

**R.K.Birla**  
Managing Director

**S.Hanumantha Rao**  
Director

**Ch. Narayana Rao**  
Vice President (Finance & Accounts)

**Shaik Ibraheem**  
Company Secretary

Place: Hyderabad  
Date: May 28, 2013



## SUJANA METAL PRODUCTS LIMITED

Regd.Office: Plot No. 41, Nararjuna Hills, Panjagutta, Hyderabad - 500 082.

### POSTAL BALLOT FORM

Sl.No. \_\_\_\_\_

Votes cast on Resolution No. 8 contained in the Notice of 23rd Annual General Meeting to be held on 30th September, 2013.

1. Name(s) of Shareholder(s) : \_\_\_\_\_  
(in block letters)  
(including joint holders, if any)
2. Regd. Folio No./Client ID : \_\_\_\_\_
3. Registered address of the sole/ : \_\_\_\_\_  
First named shareholder : \_\_\_\_\_
4. Number of Shares held : \_\_\_\_\_

I / We hereby exercise my/our vote in respect of the following resolutions to be passed through postal ballot for the business stated in the notice of the Company by sending my/our assent or dissent to the said resolutions by placing the tick (✓) mark at the appropriate box below.

Resolution No.	Brief Description	No.of Shares held	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
8	Special Resolution under Section 293(1) (a) of the Companies Act, 1956 to lease, or transfer the whole, or substantially the whole of the undertaking(s) of the Company under Section 293(1)(a).			

Place:

Date :

(Signature of the shareholder)

# SUJANA METAL PRODUCTS LIMITED

## Instructions

1. A member desiring to exercise vote by postal ballot may complete this Postal Ballot Form and send it to the Company in the attached self addressed envelope. Postage will be borne and paid by the Company. However, envelopes containing postal ballots, if sent by courier at the expenses of the registered shareholder will also be accepted.
2. This form should be completed and signed by the shareholder. In case of joint holding this form should be completed and signed (as per the specimen signature registered with the Company) by the first named shareholder and in his absence, by the next named shareholder.
3. Unsigned Postal Ballot Form will be rejected.
4. Duly completed Postal Ballot Form should reach the Company not later than the close of working hours on 28.09.2013. Postal Ballot Form received after this date will be strictly treated as if the reply from the member has not been received.
5. Voting rights shall be reckoned on the paid up value of shares registered in the name of the shareholders on the date of dispatch of the notice.
6. The result of the Postal Ballot shall be declared by the Chairman, or in his absence by any other person, so authorized by the Chairman on Monday, the 30th day of September, 2013 at the venue of AGM and the resolutions will be taken as passed effectively on the date of announcement of the result by the Chairman/Authorised Person. The result of the Postal Ballot shall also be announced through a newspaper advertisement and hosted on the website of the Company [www.sujana.com](http://www.sujana.com).
7. Members are requested to carefully read the instructions printed on the Postal Ballot Form before exercising their vote.

## CALENDAR OF EVENTS

Sl.No.	Description	Date
1.	Date of Appointment of Scrutinizer.	13.08.2013
2.	Date on which consent given by the Scrutinizer to act as Scrutinizer	13.08.2013
3.	Date of Resolution of the Board of Directors, authorizing Managing Director and Company Secretary to be responsible for the entire Poll process.	13.08.2013
4.	Date of Dispatch of notice.	29.08.2013
5.	Date of completion of Dispatch of notice along with Postal Ballot	29.08.2013
6.	Last date for receiving Postal Ballot papers by Scrutinizer	28.09.2013
7.	Date of signing of the Minutes Book by the Chairman in which the results of Ballot is recorded.	30.09.2013
8.	Date of returning the Ballot Papers, register required to be maintained by the Scrutinizer under rule 6(e) of the Companies (passing of the resolutions by postal ballot) Rules, 2011 and other related papers to the Chairman of the meeting by the Scrutinizer	30.09.2013
9.	Date of handing over the Ballot papers to the designated authority	30.09.2013
10.	Date of declaration of results by the Chairman/Authorised Person	30.09.2013





## SUJANA METAL PRODUCTS LIMITED

Regd. Office: Plot No. 41, 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 Third Annual General Meeting of the Company to be held on the 30th September, 2013 at 11.00 A.M and at any adjournment thereof.

Signed this the .....day of ..... 2013

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. 41, Nararjuna Hills, Panjagutta, Hyderabad - 500 082.

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

No. of Shares held.....

### ATTENDANCE SLIP (for 23rd 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 Third Annual General Meeting to be held on 30th September, 2013 at "Hotel Sitara Residency" Beside Chandana Brothers, Ameerpet, Hyderabad - 500 016, Andhra Pradesh at 11.00 A.M.

To be signed at the time of handing over this slip

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

**PRINTED MATTER  
BOOK - POST**



If undelivered, please return to:

**Sujana Metal Products Limited**

**Registered Office :**

841, Nagarjuna Hills, Panjagutta, Hyderabad - 500 082.

Phone: 040-23351882, 23351887

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