

growth through diversification

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	DIV	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AC	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	SHI	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



Report  junction.com

8<sup>th</sup>

Annual Report  
1996 - 97

Surana Telecom Limited

**BOARD OF DIRECTORS**

G.M. Surana	<i>Chairman</i>
Narender Surana	<i>Managing Director</i>
O. Swaminatha Reddy	<i>Director</i>
R. Surender Reddy	<i>Director</i>
Devender Surana	<i>Director</i>
S.R. Vijayakar	<i>Director</i>
T. Srinivas	<i>Director</i>

**Auditors**

M/s. Sekhar & Co.,  
Chartered Accountants  
133/4, R.P. Road,  
Secunderabad - 500 003.

**Company Law Consultant**

V.K.Bafna & Co.,  
Company Secretaries  
H.No.79, Lane No.2,  
Street No. 3,  
East Marredpally,  
Secunderabad - 500 026.

**Bankers**

State Bank of Hyderabad  
State Bank of Mysore

**Registrars**

Shweta Computers Limited  
C/o. Surana Telecom Limited  
2nd Floor, Surya Towers  
Sardar Patel Road  
Secunderabad - 500 003.

**Regd. Office**

5th Floor, Surya Towers  
Sardar Patel Road  
Secunderabad - 500 003.

**Works**

Plot No. 214, Phase II, I.D.A.  
Cherlapally  
Hyderabad - 500 051.



## NOTICE

NOTICE is hereby given that the 8th Annual General Meeting of the Members of SURANA TELECOM LIMITED, will be held on the Saturday, 20th day September 1997 at 10.30 a.m. at Surana Udyog Auditorium Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad - 500 004 to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1997 and Profit and Loss Account for the period ended 31st March, 1997 along with Auditors' Report and Director's thereon.
2. To declare Dividend for the year 1996-97 ended as on 31st March, 1997.
3. To appoint a Director in place of Shri O.Swaminatha Reddy who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri R. Surender Reddy who retires by rotation and being eligible offers himself for reappointment.
5. To appoint M/s. Sekhar & Co., Chartered Accountants, Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the board to fix their remuneration.

## SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following resolution with or without modification(s), as **Ordinary Resolution**:  
"RESOLVED THAT Shri T. Srinivas be and is hereby appointed as a Director of the Company retiring by rotation".
7. To consider and if thought fit, to pass the following resolution with or without modification(s), as **Special Resolution**:  
"RESOLVED THAT pursuant to Section 309 of the Companies Act, 1956 and Article 99

of the Association of the Company and within the limits stipulated in Section 309 (4) of the said Act, the company be and is hereby authorised to pay to its Directors (other than a Managing Director and a Director in the wholetime employment of the Company) for a period of five years commencing from 01-04-1996, such commission as the Board may from time to time determine (to be divided amongst them in such proportion as may be determined by the Board from time to time and in default of such determination equally), but so that such commission shall not exceed 1% of the net profits of the Company in any financial year (computed in the manner provided in section 198 (1) of the Companies Act, 1956).

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

"RESOLVED THAT subject to the existing provisions of the Companies Act, 1956, amendments, enactments and modifications to be brought out to the provisions of the Companies Act, 1956 and other applicable statutes, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to buy-back its own shares, whether or not there is any consequent reduction of capital, and to re-issue the shares so brought-back upon such terms and conditions as may be applicable at the time of such purchase and re-issue".

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

"RESOLVED THAT pursuant to the provisions of the Section 31 of the Companies Act, 1956 amendments, enactments and modification to be brought out to the provisions of the Companies Act, 1956 and other applicable statutes Articles of Association of the Company be and is hereby altered by including there in Article No.3(A) as an additional Article after the existing Article No.3.

3(A). In the event it is permitted by the Law and subject to such conditions, approvals or consents as may be laid down for the purpose, the Company shall have the power to buy-back its own shares, whether or not there is any consequent reduction of Capital. If and to the extent permitted by Law, the Company shall also have the power to re-issue the shares so bought-back.

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

"RESOLVED THAT consent of the members be and is hereby accorded to the Board of Directors of the Company to get the Company's Equity Shares delisted from the Madras Stock Exchange Limited and that Shri Narender Surana, Managing Director and Shri Devendra Surana, Director of the Company be and are hereby severally authorised to make application to the Madras Stock Exchange Limited and sign and execute such other undertakings and papers which may be required to be executed by the Madras Stock Exchange Limited in connection with delisting of Company's Equity Shares from the Madras Stock Exchange Limited"

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

"RESOLVED THAT pursuant to the provisions for the Section 31 of the Companies Act, 1956 amendments, enactments and modification to be brought out to the provisions of the Companies Act, 1956 and other applicable statutes Articles of Association of the Company be and is hereby altered in the following manner :

- (i) that in the Article No.2, after the interpretation of "Debenture" the following interpretation of "Preference Shares" with marginal heading be inserted :

**"Preference Shares"**

"Preference Shares" is the one which is expressly described and designated as such and which is not an Equity Share.

- (ii) that after the existing Article No.17 the following new Article No.17 (A) with the marginal heading as under be inserted:

**17(A). PREFERENCE SHARES**

- i) Subject to the provisions of Section 80 and if applicable Section 81, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are, or at the option of the Company are liable to be redeemed on such terms and in such manner the Company may by Special Resolution determine.
- ii) Subject to the provisions of Section 106 and 107 of the Companies Act, 1956 the rights attached to the preference Shares shall not be varied except in accordance with the procedures laid down in the above provisions.
- iii) The rights of all the Preference Shareholders are equal and rank pari-passu among themselves.
- iv) In the event of winding up, the preference share holders shall rank prior to the equity shareholders in the matter of return of the capital.
- v) The Company may exercise the powers of paying the commissions conferred by Section 76, provided that the rate or commission paid or agreed to be paid shall be disclosed in the manner required by this Section.
- vi) The regulations and the provisions relating to issue of share certificates, transfer of shares, issue of duplicate share certificates shall equally apply to the preference shares.
- vii) Subject to the rules, regulations and the provisions for the time being in force, the redeemable preference shares may be issued by the Company subject to the rate of interest/dividend, duration and the manner of redemption as may be decided by the Board in accordance with the power given by the Company through a resolution at the General Meeting.



viii)a. The redemption of preference shares may be effected out of profits of the Company which would otherwise be available or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.

b. No such shares shall be redeemed unless they are fully paid.

c. The premium if any payable on redemption shall have been provided for out of the profit of the Company or out of Company's share premium account before the shares are redeemed.

d. Where any redeemable preference shares are redeemed otherwise than out of proceeds of a fresh issue, there shall, out of the profits which would otherwise have been available for dividend, be transferred to a reserve fund to be designated as Capital redemption Reserve Fund, a sum equivalent to the nominal amount of the shares redeemed.

ix) The redemption of redeemable preference shares shall not be taken as a reduction of capital.

x) The preference Shares do not carry any voting right except in accordance with the provisions of Section 106 and 107 of the Companies Act, 1956.

xi) The interest/dividend payable to the preference share holders shall be deemed to be cumulative.

xii) The Company may by an ordinary resolution authorise the Board to decide the manner in which the redeemable preference shares shall be issued, the rate of dividend/interest at which, the period for which and to whom such shares shall be issued.

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

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.5,00,00,000 (Rupees Five Crores only) divided into 50,00,000 (Fifty lacs) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.7,50,00,000/- (Rupees Seven Crores Fifty lakhs only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) and 2,50,000 (Two Lakhs Fifty Thousand) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each by the Creation of 2,50,000 (Two lakhs Fifty Thousand) new redeemable preference shares of Rs.100/- (Rupees One Hundred Only) each and the relevant Capital Clauses in the Memorandum of Association and in the Articles of Association of the Company, be and do stand altered accordingly and as also resolved upon by the succeeding resolutions to be proposed at this meeting".

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

"Resolved that on the Resolution No.12 being duly passed and becoming effective, the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and substituted by the following :

V. The Authorised Share Capital of the Company is Rs.7,50,00,000 (Rupees Seven Crores Fifty Lakhs only) divided into 50,00,000 (Fifty lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each and 2,50,000 (Two Lakhs Fifty Thousand) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each with right to divide the shares in the capital for the time being into several classes and attach thereto by special resolution any preferential or special rights, but so that when shares are issued with any preferential or special rights, attached thereto such rights shall not (except where the terms of issue otherwise provide) be alterable otherwise than pursuant to the



provision of the accompanying Regulations. The Company shall have power to increase or decrease the share capital as may be determined from time to time in accordance with law.

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, on the Resolution No.12 being duly passed and becoming effective, the existing Article 3 of the Articles of Association of the Company be and is hereby deleted and substituted by the following :

3. The Authorised Share Capital of the Company is Rs.7,50,00,000 (Rupees Seven Crores Fifty Lakhs only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each and 2,50,000 (Two Lakhs Fifty Thousand) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each. The Company shall have power to increase, consolidate, sub-divide, reduce or otherwise alter its share capital, subject to the provisions of the Act.

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

"RESOLVED THAT pursuant to the provisions of Section 80, 81 (1) (A) and relevant regulations in the Articles of Association of the Company and also subject to compliance with necessary guidelines, rules, notifications and laws in force for time being, the Board of Directors of the Company be and is hereby authorised to raise capital by issuing 2,50,000 Redeemable Preference Shares of Rs.100/- each privately to such persons whether or not they are shareholders on such terms and conditions as they may deem fit and beneficial to the interest of all"

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to

decide the time at or during which the preference shares are to be issued, period of redemption, rate of interest/dividend to be paid and the persons to whom such allotment to be made and the manner in which the preference capital to be raised by placing the redeemable preference shares privately and also the manner in which the redemption of preference shares issued and subscribed be effected".

By Order of the Board  
for SURANA TELECOM LIMITED,

Place : Secunderabad  
Dated : 8-08-97

Narender Surana  
Managing Director

#### Notes :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 1997 to 20th September, 1997, (both days inclusive).
3. Dividends on the shares, if declared by the Company at the meeting will be paid subject to the provisions of Section 206A of the Companies Act, 1956 to those members whose names appear on the company's Register of Members as on 15th September, 1997.
4. No tax will be deducted at source from Dividend receivable by a member who is an individual and resident in India provided such dividend does not exceed the limit prescribed in the Income Tax Act, 1961 which is presently Rs.2,500/- per annum. Any member who is otherwise entitled to exemption should submit Tax Exemption Certificate or Form 15G in Duplicate, to the Company by 15th September, 1997.



5. Members are requested to notify promptly any change in their address and to furnish Dividend Mandate, if any, to reach the Registered Office of the Company on or before 15th September, 1997.
6. Members are requested to bring Annual Report with them for the Annual General Meeting. No copies of Annual Report will be distributed at the Meeting.
7. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out above is annexed hereto.

#### EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

##### Item No.6:

Sri T. Srinivas was coopted by the Board as Director during the year. In terms of the Articles of Association, his term of office expires at the conclusion of the Annual General Meeting. Notice under section 257 of the Companies Act, 1956 alongwith a requisite deposit has been received from the member proposing the appointment of Sri T. Srinivas as Director of the Company, whose period of office shall be liable to determination of retirement of Directors by rotation. Sri T. Srinivas is deemed to be interested in the resolution since this concerns him. Your Directors recommend the resolution No. 6 for your approval.

##### Item No.7:

In the changing business environment, it will be imperative that the company continues to have high calibre non-executive Directors serving on its Board. The proposed remuneration seeks to ensure that the Company is able to attract and appropriately reward its non-executive Directors commensurate with their skills and knowledge on the one hand and their contribution to the Company's business on the other. As per the provision of Section 309 (4)(i) of the Companies Act, 1956 the company can pay commission to non-wholetime Directors upto one percent of the net profits of the Company. The payment of commission to non-wholetime

directors requires approval of shareholders by way of Special Resolution. Approval by the members will be subject to other approvals and permissions under the Companies Act, 1956 as may be necessary or appropriate.

Non-executive Directors of the Company, may be deemed to be concerned or interested in this Resolution.

The Board commends the passing of the Special Resolution as set out at Item No.7.

##### Item No. 8 & 9:

As of now, the Companies Act prohibits any company to buy its own shares. There is likely to be an amendment to the above provisions whereby the companies, subject to some restrictions terms and conditions may be permitted to buy back its own Shares and re-issue them.

In view of the above and also to keep abreast of all the developments in corporate society, it is desirable to take stock of the situation both present and future and accordingly alter the Articles of Association of the Company immediately so that possible delay if any can be avoided.

The amendment of Articles of Association requires the approval of Members by way of Special Resolution. Hence your Directors recommend these resolutions for your approval.

None of the Directors of the Company are concerned or interested in above resolutions except as shareholders in general.

##### Item No.10:

The Company's Shares are listed at Stock Exchanges located in Hyderabad, Mumbai and Madras with Hyderabad Stock Exchange as a Regional Stock Exchange. The Company went for a Public Issue in October, 1994. Since the time of Public Issue, it was observed that there has not been much or noteworthy trading of your company's shares at Madras Stock Exchange. However the company without getting any benefit by continuing to list its shares at Madras Stock Exchange was burdened with financial commitments like payments of Listing Fees and other administrative functions namely sending

## Annual Report 1996 - 97

STL

returns, distribution schedules, notices etc. It is to avoid the above hardships, your Directors have decided to apply for delisting of shares at Madras Stock Exchange. Moreover this delisting will not cause any inconvenience to our esteemed shareholders and investors. The Board therefore recommend this resolution for your approval.

None of the Directors of the Company are concerned or interested in above resolution except as shareholders in general.

**Item No. 11 to 14:**

To augment the working capital and capital expenditure requirements, the Company requires funds to the extent of not less than Rs. 2.50 Crores. The Board has been exploring the possibilities of raising additional funds which are comparatively cheaper and without affecting the rights of the existing shareholders. The Board, after considering the options available, has come to the conclusion that funds could be generated from certain specific sources by the issue of Preference Shares it is felt that such issue of Preference Shares will not be financial burden on the company as compared to market borrowings. Besides, the rights of the equity share holders will not be affected, nor will the company be required to offer any assets as security. The amendment of Memorandum of Association and Articles of Association require approval of Members by way of Ordinary and Special Resolution respectively. Hence the same are proposed to be offered on selective basis to certain limited group of persons and institutions. Presently there is no provision in the Articles of Association and Authorised

Share Capital of the Company for the issue of preference shares. Hence the resolutions for alteration of Articles of Association and the Capital Clause in the Memorandum and Articles of Association.

None of the directors are personally concerned with or interested in these resolutions.

**Item No. 15:**

In terms of the amendment of Clause V of the Memorandum of Association of the Company as above, the Company has taken power to issue 2,50,000 Redeemable Preference Shares of Rs.100 each. To meet the working capital and capital expenditure requirements of the Company, it has been thought fit to issue Preference Shares of Rs.2.50 Crores, to such persons who would find this instrument favourable.

As the issue of the said Preference shares will be to the persons other than shareholders, approval of the shareholders by Special Resolution is required pursuant to provisions of section 81(1A) of the Companies Act, 1956. The Board commend this Resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the resolution.

By Order of the Board  
for SURANA TELECOM LIMITED,

Place : Secunderabad  
Dated : 8-08-97

**Narender Surana**  
Managing Director





## Surana Telecom Limited

### DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the 8th Annual Report and the Audited Statement of Accounts for the period ended 31st March, 1997.

#### FINANCIAL RESULTS :

The performance during the year has been as under:

	(Rs.in lacs)	
	Year ended 1996-97	Year ended 1995-96
Sales and other Income	2182.20	1657.77
Profit before Depreciation and Interest	365.04	261.81
<b>DEDUCT</b>		
Depreciation	117.96	85.47
Interest	153.04	88.69
Profit for the year	94.04	87.65
Prior period adjustment	(5.86)	(7.40)
	88.18	80.25
Provision for taxation	12.15	—
Profit after tax	76.03	80.25
Surplus brought forward from previous year	178.42	141.72
Income tax refund in respect of earlier year	10.51	—
Balance available for appropriation	264.96	221.97
<b>APPROPRIATION</b>		
Proposed Dividend	43.55	43.55
Tax on Dividend	4.35	—
Transfer to General Reserve	—	—
Balance c/f to Balance Sheet	217.06	178.42
	264.96	221.97

#### OPERATIONS :

The turnover of the Company has increased from Rs.1617.12 lacs to Rs.2142.76 lacs. The profit before depreciation and tax has also gone up from Rs.173.12 lacs to Rs.212.00 lacs. However due to provision of tax, the net profit has marginally decreased from Rs.80.25 lacs to Rs.76.03 lacs.

#### FUTURE PLANS :

The Jelly Filled Cable division of the company is performing well. In view of the satisfactory performance of this division, a further investment of Rs.5.00 Crores has been made towards increasing the capacity and addition of machines as per DoT requirements. The additional investment would result in the overall growth of

the company in terms of sales and net profit during the current year. The Company has received orders worth of Rs.12.00 Crores (approx) from DoT for supply of Jelly Filled Cables for the next 6 (Six) months.

#### DIVIDEND :

Your Directors are pleased to recommend a dividend @ 10% amounting to Rs.43.55 lacs for the year ended 31st March, 1997. This will entail an out flow of Rs.47.90 lacs inclusive of Rs.4.35 lacs of Tax on dividend.

#### FIXED DEPOSITS :

Your Company has not accepted any deposits from the Public for the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

## Annual Report 1996 - 97

**AUDITORS' REPORT :**

The notes to the Accounts No.2 and 4 referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

**DIRECTORS :**

Shri O.Swaminatha Reddy and Shri R.Surender Reddy, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

At the Board Meeting held on 19th February, 1997, Shri Narender Surana was appointed as Managing Director of the Company for a period of 5 years with effect from 19th February, 1997.

During the year Shri T.Srinivas was appointed as Additional Director of the Company by the Board in terms of Section 260 of the Companies Act, 1956. He holds office till the conclusion of the forthcoming Annual General Meeting of the Company. The Company has received notice in terms of Section 257 of the Companies Act, 1956 for reappointment of Shri T.Srinivas as Director liable to retire by rotation. Since Shri T.Srinivas will be receiving his monthly remuneration as General Manager-Works of the Company in addition to his Board Meeting sitting fees, he would be deemed to hold Office of Profit for which your approval is being sought at the forthcoming Annual General Meeting.

During the year Shri G.P.Surana resigned from the post of Directorship. Your Directors place on record their appreciation for the services rendered by Shri G.P.Surana.

**AUDITORS :**

M/s.Sekhar & Co., Chartered Accountants, Auditors of the Company retire at the Annual General Meeting and are eligible for re-appointment. The members are requested to re-appoint them and to authorise the Board to fix the remuneration.

**CONSERVATION OF ENERGY, FOREIGN EXCHANGE ETC. :**

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, are provided as an Annexure to this Report.

**EMPLOYEE RELATIONS :**

Your Directors are pleased to record their sincere appreciation of the contribution by the workmen and staff at all levels in the improved performance of the Company.

The Company has no employees whose salary exceeds the limits prescribed Under Section 217(2A) of the Companies Act, 1956. Hence information required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of the Employees) Rules, 1975, has not been provided in this report.

**ACKNOWLEDGEMENTS :**

The Directors thank the Company's Bankers, viz., IndusInd Bank Limited, State Bank of Hyderabad and State Bank of Mysore and also the Financial Institutions viz., Industrial Development Bank of India and officials of the concerned Government Departments for their co-operation and continued support to the Company.

The Directors also take this opportunity to express their appreciation for the sincere and dedicated services of the Employees of the Company at all levels.

for and on behalf of the  
Board of Directors

Place : Secunderabad  
Dated : 8-08-97

G. Mangilal Surana  
Chairman