

# *Growth through Diversification*



## **Eleventh**

Annual Report  
1999-2000

***Surana Telecom Limited***



*"Destiny is not a matter of chance,  
it is a matter of choice;  
it is not a thing to be waited for,  
it is a thing to be achieved."*

G.M.Surana

**Dear Shareholder,**

Surana Telecom Limited has again demonstrated its strength by increasing its turnover, profits and dividend. It has created value, with the return on investment well above the weighted average cost of capital from its focused manufacturing areas.

The year under review in the enclosed Annual Report has been very satisfactory for the Jelly Filled Telephone Cable industry and also the Optical Fibre Cable industry in which your Company is an upcoming player. The ongoing process of liberalisation has brought about a transparency in the Department of Telecommunications as in the other Government Departments, your Company and the Cable industry, in general, are enjoying the fruits of the same.

Your Company's turnover has gone up by 125.48% as against the corresponding period last year. The gross profits have shown an increase of 203.38% and profit

after tax has increased by 326.95%. The Diluted Earnings per share have increased by 311.30% and the Cash Earnings per share by 155.55%. Your Company has plans to become an ISP and would be offering many value added services on the net and talks are on with various leaders in the field. The Company will also be offering advance services like Multi-Point Data, Audio & Video Conferencing and Internet Telephony services to corporate business, residential and consumer ISP subscribers.

With all these proposals and the expected volume of business in various telecom products and ISP in India, your Company is expecting a much better turnover and with its strong financial position, the Company would offer you a better valuation, in the coming financial year.

G.M.Surana  
Chairman

## Surana Telecom Limited



### BOARD OF DIRECTORS

G.M. Surana	Chairman
Narender Surana	Managing Director
Devendra Surana	Director
O. Swaminatha Reddy	Director
R. Surender Reddy	Director
S.R. Vijayakar	Director
V. Krishnaiah	Whole-time Director

### 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  
Allahabad Bank

### Registered Office

2nd Floor, Surya Towers  
Sardar Patel Road  
Secunderabad - 500 003.

### Works

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

Report

**CERTIFIED TRUE COPY**

For SURANA TELECOM LTD.,

*M. Surana*  
DIRECTOR



## Annual Report 1999 – 2000

### NOTICE OF 11TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 11th Annual General Meeting of the Members of SURANA TELECOM LIMITED, will be held on Tuesday, the 30th day of May, 2000 at 10.30 A.M. at 3rd Floor, Surya Towers, S P Road, Secunderabad - 500 003, to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit & Loss Account for the year ended 31st March, 2000 along with Auditors' Report & Directors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2000.
3. To appoint a Director in place of Shri G M Surana who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri S R Vijayakar who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Sekhar & Co., Chartered Accountants, as 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 with or without modifications, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 81(1)(A) and other applicable provisions of the Companies Act, 1956, the guidelines issued by the Securities and Exchange Board of India, and other statutory agencies of the Government

of India and rules, notifications and laws in force for time being, and subject to the approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board of Directors of the Company or a duly authorised committee thereof (hereinafter referred to as 'the Board'), the Board be and is hereby authorised to create, offer, issue and allot in one or more tranches, such number of Equity Shares of the Company of a face value of Rs. 10/- each, not exceeding 15,00,000 (Fifteen lakhs only), ranking *pari passu* with the existing Equity shares of the Company, on private placement basis to such persons, including mutual funds, foreign institutional investors, public and private financial institutions, bodies corporate, non-resident indians, overseas corporate bodies, persons of Indian origin, resident individuals, societies etc., or any combination thereof, whether or not they are shareholders of the Company, at a price to be determined by the Board, in accordance with the prevailing guidelines, and on such terms and conditions as the Board may deem fit and beneficial in the interest of the Company"

"RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion, deem necessary and to settle any question, difficulty or doubt that may arise in this regard."

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

"RESOLVED THAT pursuant to the provisions of Section 81(1)(A) and other applicable provisions of the Companies Act,



1956, the guidelines issued by the Securities and Exchange Board of India, and other statutory agencies of the Government of India and rules, notifications and laws in force for time being, and subject to the approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board of Directors of the Company or a duly authorised committee thereof (hereinafter referred to as 'the Board'), the Board be and is hereby authorised to create, offer, issue and allot in one or more tranches, such number of warrants not exceeding 5,00,000 (Five lakhs only) on private placement basis to persons belonging to the promoter group, with an option to apply for allotment of Equity Shares of the Company at a price calculated in accordance with the SEBI Guidelines on Preferential Issues, at any time after 12 months from the date of allotment of the said warrants, and on such terms and conditions as the Board may deem fit and beneficial in the interest of the Company."

"RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion, deem necessary in connection with the issue and allotment of the warrants and the subsequent creation and allotment of Equity Shares in lieu thereof and to settle any question, difficulty or doubt that may arise in this regard."

8. To consider, and if thought fit, to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to

such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered in the following manner :

Insert the following Heading and Article alongwith the marginal notes as Article 17B after Article 17A :

### 'Dematerialisation of Securities'

- (1) For the purpose of this Article :

#### *Definitions*

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"Depositories Act" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.

"Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

"Debentureholder" means the duly registered holders from time to time of the debentures of the Company.



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“Participant” means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

“Record” includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

“Regulations” mean the regulations made by the SEBI.

“Security” means such security as may be specified by the SEBI.

Words imparting the singular number only include the plural number and vice versa.

Words imparting persons include corporations.

Words and expressions used and not defined in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.

*Company to recognise interest in dematerialised securities under Depositories Act*

- (2) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or re-enactment thereof.

*Dematerialisation of Securities*

- (3) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities,

rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.

*Options to receive security certificates or hold securities with Depository*

- (4) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.

*Securities in Depositories to be in fungible form*

- (5) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.

*Rights of Depositories and Beneficial Owners*

- (6) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.



- (c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

***Beneficial Owner deemed as absolute owner***

- (7) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

***Depository to furnish information***

- (8) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

***Cancellation of certificates upon surrender by a person***

- (9) Upon receipt of certificate of securities on surrender by a person who has entered into

an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

***Option to opt out in respect of any security***

- (10) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall in receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

***Service of Documents***

- (11) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

***Provisions of Articles to apply to shares held in Depository***

- (12) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.





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### *Allotment of securities dealt with in a Depository*

- (13) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

### *Distinctive number of securities held in a Depository*

- (14) The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

### *Register and Index of Beneficial Owners*

- (15) The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debentureholders in

accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture-holders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

### *Register of Transfers*

- (16) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form."

By Order of the Board  
for Surana Telecom Limited

Place : Secunderabad  
Dated : 25.04.2000

Narender Surana  
Managing Director





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**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. The Register of Members and Share Transfer Books of the Company will remain closed from 29th April, 2000 to 16th May, 2000, both days inclusive.
3. Members are requested to notify promptly any change in their addresses and to furnish dividend mandates, if any, to reach the Registered Office of the Company before 29th April, 2000.
4. Members are requested to bring the Annual Report with them for the Annual General Meeting. No copies of Annual Reports will be distributed at the meeting.
5. The Company's Equity Shares are listed on (i) The Hyderabad Stock Exchange Limited, 3-6-275, Himayatnagar, Hyderabad - 500 029; (ii) The Stock Exchange, Mumbai, Phiroze Jeejibhoy Towers, Dalal Street, Fort, Mumbai - 400 001.  
  
The Company had paid the annual listing fees to the aforesaid Stock Exchanges.
6. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out above is annexed hereto.

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### EXPLANATORY STATEMENT

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

#### Item No. 6

The Members had at the Extra-ordinary General Meeting of the Company held on 18th January, 2000 authorised the issue and allotment of 15,00,000 Equity Shares of the Company on a preferential basis. Pursuant to the said authorisation the Board of Directors of the Company had allotted 1,65,800 Equity shares of the Company @ Rs. 125 per share. The Company is negotiating with Institutions and other agencies for placement of further shares. However as per the guidelines of SEBI governing preferential allotments, the resolution of the shareholders have to be acted upon within a period of three months. It is therefore proposed to obtain the approval of the members afresh for the preferential allotment of an additional 15,00,000 shares of the Company on terms beneficial to the Company.

None of the Directors of the Company are interested in the above resolution.

The Directors commend the resolution for approval.

#### Item No. 7

The promoters of the company together with their associates hold about 60 % of the Equity Share Capital of the Company. In view of their commitment to the Company and with a view to consolidate their holding in the company the promoters propose to increase their shareholding in the Company. It is proposed to allot warrants with an option to apply for allotment of Equity shares to the promoters, which would also result

in the Company getting additional funds for its operational and long term working capital requirements.

Sarvashri G.M.Surana, Narender Surana and Devendra Surana are interested in the above resolution to the extent of the warrants that may be allotted to them and their family members.

The Directors commend the resolution for approval.

#### Item No. 8

SEBI has recently notified that, effective 8th May, 2000, the Company's shares would be tradeable only in electronic form. Consequently, your Company has entered into agreements with the National Securities Depository Limited and Central Depository Services (I) Limited for electronic connectivity and provide facilities of dematerialisation of the company's shares. The amendments to the Articles of Association are being proposed in that connection.

None of the Directors are interested in the above resolution.

The Directors commend the resolution for approval.

By Order of the Board  
for Surana Telecom Limited

Place : Secunderabad  
Dated : 25.04.2000

Narender Surana  
Managing Director