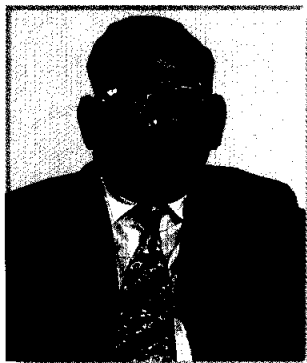


Practising perfection Exceeding expectations

TWELFTH ANNUAL

REPORT 2000-2001

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 Shareholders,

Surana Telecom Limited has once again demonstrated its strength by increasing the turnover and profits. I reiterate that our primary objective is to enhance shareholder value and all our corporate actions are based on this premise.

Liberalised policies, expeditious clearance of proposals and privatisation initiative have sent clear signals about the Government's strong intentions of improving communications infrastructure with a view to make India a global force in communications. Your company, being engaged in the manufacture of telecom products like Jelly Filled Telecommunications Cable, Optic Fibre Cables, Jointing Kits, etc., would like to capitalise on such opportunities.

Your Company's turnover has gone up by 25.64% as against the corresponding period last year. The Gross profit has shown an increase of 32.56% and profit after tax has increased by 35.08%. The earnings per share has increased by 35.08% as compared to the previous year.

The Company is in the process of establishing a manufacturing facility at Goa for the manufacture of Jelly Filled Telephone Cables, Jointing Kits, Optical Fibre Cable and Optical Devices under Diversification and Backward Integration Program. The construction of building is completed and the machinery and equipment are installed and trial production has been commenced. The production of Optical Fibre will, however, be taken up at Hyderabad.

The Company has exported Optic Fibre Cables, Fibre Optic and other telecom products to the tune of Rs. 4.82 Crores during the financial year 2000-2001. The Company is gearing up for better exports during the year.

The future holds great promise, and it will be our consistent endeavour, as always, to deliver superior, around performance, thereby maximising overall shareholder value and bringing increased prosperity to all of you.

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 |

Bankers

State Bank of Hyderabad
State Bank of Mysore
Allahabad Bank
Bank of Bahrain & Kuwait, B.S.C.
ICICI Limited

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.

Regd. Office

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

Works

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

Plot No. 12 to 16,
Pilerne Industrial Estate,
Panaji,
Goa - 403 001.



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NOTICE OF 12TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 12th Annual General Meeting of the Members of SURANA TELECOM LIMITED, will be held on Thursday, the 26th day of July, 2001 at 11.30 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, 2001 and the Profit & Loss Account for the year ended 31st March, 2001 along with Auditors' Report & Directors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2001.
3. To appoint a Director in place of Shri O Swaminatha Reddy who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri R Surender Reddy 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 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.10,00,00,000/- (Rupees Ten Crores) divided into 75,00,000 (Seventy Five Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and 2,50,000 (Two Lakh Fifty Thousand) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each to Rs.15,00,00,000/- (Rupees Fifteen Crores) divided into 1,25,00,000 (One Crore Twenty Five Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and 2,50,000 (Two Lakh Fifty Thousand) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each by the creation of 50,00,000 (Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) 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."

7. 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.6 above 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.15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,25,00,000 (One Crore Twenty Five Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each and 2,50,000 (Two Lakh 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 provisions 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 the law."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, on the Resolution No.6 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.15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,25,00,000 (One Crore Twenty Five Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each and 2,50,000 (Two Lakh Fifty Thousand) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each. The Company shall have the power to increase, consolidate, sub-divide, reduce or otherwise alter its Share Capital, subject to the provisions of the Companies Act, 1956."

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

"RESOLVED THAT upon the recommendation of the Directors and pursuant to Article 141 of the Articles of Association of the Company and subject to the Guidelines

issued by the Securities and Exchange Board of India and subject to the approval of the Reserve Bank of India, and other appropriate authorities where applicable, the consent of the Company be and is hereby accorded to the Board of Directors for the Capitalisation of Rs.6,78,13,200/- (Rupees Six Crores Seventy Eight Lakhs Thirteen Thousand Two Hundred Only) standing to the credit of General Reserve and accordingly the Directors be and are hereby authorised to appropriate the said sum for distribution to and among the members of the Company whose names appear in the Register of Members of the Company as on such date to be hereafter fixed by the Directors in proportion to the Equity Shares held by them respectively and to apply the said sum in paying up in full 67,81,320 (Sixty Seven Lakhs Eighty One Thousand Three Hundred and Twenty) Equity Shares of Rs.10/- (Rupees Ten Only) each at par in proportion of three new Equity Shares for every two Equity Shares held by such members respectively as on the said date.

RESOLVED FURTHER THAT the new Equity Shares shall be allotted subject to the Memorandum and Articles of Association of the Company and shall in all respects rank pari-passu with the existing fully paid-up Equity Shares of the Company.

RESOLVED FURTHER THAT no fractional certificate shall be issued to the members in respect of their respective fractional entitlement of Bonus Shares but all the fractions remaining after allotment of Bonus Shares as aforesaid shall be consolidated into full Bonus Shares which shall be allotted at the discretion of the Directors to any person or persons in trust for the benefit of those members who are entitled to fractional entitlements of Bonus Shares, for the purpose of selling such consolidated full Bonus Shares as soon as possible in the market and that the net sale proceeds of such consolidated full



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Bonus Shares, after deducting therefrom the costs, charges, and expenses of sale, shall be divided and distributed proportionately amongst those members who would be entitled to fractional entitlements of such full Bonus Shares.

RESOLVED FURTHER THAT that no letter of allotment shall be issued in respect of the said Bonus Shares but the certificates / electronic credit in respect of the new Equity Shares to be allotted as fully paid Bonus Shares as aforesaid shall be delivered/given within the time prescribed or within such extended time as may be allowed by the appropriate authorities.

RESOLVED FURTHER THAT the issue and allotment of the said Bonus Shares and/or payment of any sum in cash in lieu of fractional shares as aforesaid to the extent they relate to the non-resident members of the Company, will be subject to the approval of the Reserve Bank of India, as may be necessary.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution and for removal of any doubts or difficulties, the Board be and is hereby authorised to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, expedient, usual or proper and to settle any question or doubt that may arise in relation thereto or otherwise reconsider the matter with changed circumstances, if any, as the Board in its absolute discretion may think fit and its decision shall be final and binding on all members and other interested persons.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary or desirable to give effect to this resolution."

10. To consider and if thought fit, to pass with or without modification(s) 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 along with the marginal notes as Article 44A after Article 44 :

44 A. Nomination of Shares :

Every holder of shares in, or holder of debentures of, a Company may, at any time, subject to the provisions of Section 109A of the Companies Act, 1956, nominate a person to whom shares or debentures of the Company shall vest in the event of his/her death.

Any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence and on such application as may be required by the Board of Directors and subject to the provisions of Section 109B of the Companies Act, 1956, elect, either :

- (a) to be registered himself as holder of the share or debenture, as the case may be; or
- (b) to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made."

By Order of the Board
for Surana Telecom Limited

Place : Secunderabad
Date : 07.06.2001

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. The Register of Members and Share Transfer Books of the Company will remain closed from 24th July, 2001 to 26th July 2001, both days inclusive.
3. Dividend 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 24th July, 2001.
4. Members are requested to notify promptly any change in their addresses to the Registered Office of the Company.
5. 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.
6. 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 Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.
The Company had paid the annual listing fees to the aforesaid Stock Exchanges.
7. 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 to 8

The present Authorised Capital of the Company is Rs.10,00,00,000 (Rupees Ten Crores only) divided into 75,00,000 (Seventy Five Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each and 2,50,000 (Two Lakh Fifty Thousand) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each. Having regard to the proposed issue of Bonus Shares and keeping in view, the growth of the Company in future, the Board of Directors consider it desirable to increase the Authorised Share Capital of the Company from Rs.10,00,00,000 (Rupees Ten Crores only) to Rs.15,00,00,000 (Rupees Fifteen Crores only) by creating additional 50,00,000 (Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten only) each. The resolutions proposed are for increasing the Authorised Share Capital and effecting the consequential changes in the Memorandum and Articles of Association of the Company.

None of the Directors are interested in the above resolution.

The Directors commend the resolution for your approval.

Item No. 9

Yours Directors have pleasure in proposing to issue Bonus Shares in the proportion of three Equity Shares for every two Equity Shares held in the Company. The present issued and paid-up Share Capital of the Company is Rs.4,52,08,800/- (Rupees Four Crores Fifty Two Lakhs Eight Thousand Eight Hundred only) represented by 45,20,880 Equity Shares of Rs.10/- (Rupees Ten only) each, whereas the reserves and surplus available for issue of Bonus Shares is Rs.11,84,49,090/- (Rupees Eleven Crores Eighty Four Lakhs Forty Nine Thousand Ninety only) as shown in the Balance Sheet as at 31st March, 2000. Your Directors decided to capitalise part of the undistributed profits by way of issue of Bonus Shares in the ratio of three Equity Shares to be issued for every two Equity Shares held by the members on such date as may be determined by the Board of Directors. The Directors recommend that a sum of

Rs.6,78,13,200/- (Rupees Six Crores Seventy Eight Lakhs Thirteen Thousand Two Hundred only) be capitalised and be applied in paying in full at par 67,81,320 Equity Shares of Rs.10/- (Rupees Ten only) each of the Company and that such shares be distributed amongst the members of the Company whose names shall appear in the Register of Members on such date as may be determined by the Board of Directors of the Company (hereinafter referred to as the "said date") in the proportion of three such Equity Shares for every two Shares held by the members on the said date.

The Directors of your Company may be deemed to be interested in this resolution to the extent of their respective shareholdings in the Company.

The Directors commend the resolution for your approval.

Item No. 10

The Companies (Amendment) Ordinance, 1999, has inserted Section 109A and Section 109B, which provides for the Nomination of Shares. In order to incorporate the latest amendments to the Companies Act, 1956, it is necessary to alter the Articles of Association of the Company. The alterations in the Articles of Association of the Company will allow the Company to take the benefit of the provisions of the amended Companies Act. As per the provisions of Section 31 of the Companies Act, 1956, the approval of the shareholders by way of Special Resolution is required to amend the existing Articles of Association of the Company.

None of the Directors are interested in the above resolution.

The Directors commend the resolution for your approval.

By Order of the Board
for Surana Telecom Limited

Place : Secunderabad
Date : 07.06.2001

Narender Surana
Managing Director

Surana Telecom Limited



DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 12th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS :

The performance during the year has been as under :

(Rs.in Lacs)

| | Year ended 31st March 2001 | Year ended 31st March 2000 |
|---|-------------------------------|-------------------------------|
| Sales and other Income | 8650.48 | 6947.04 |
| Profit before Depreciation and Interest | 1227.58 | 1085.80 |
| DEDUCT : | | |
| Depreciation | 243.18 | 309.09 |
| Interest | 66.43 | 66.75 |
| Profit for the year | 917.97 | 709.96 |
| Prior period adjustment | 18.90 | (3.17) |
| Provision for Taxation | 255.00 | 202.00 |
| Profit after tax | 681.88 | 504.78 |
| Income Tax in respect of earlier years | — | (2.18) |
| Surplus brought forward from previous year | 316.41 | 238.08 |
| Balance available for appropriation | 998.29 | 740.68 |
| APPROPRIATION : | | |
| Dividend (* Includes dividend on preference shares for the year 1999-2000 Rs.17.12 lakhs, Current year : Nil) | 67.81 | 84.93* |
| Tax on Dividend | 6.92 | 9.34 |
| Transfer to Capital Redemption Reserve | — | 30.00 |
| Transfer to General Reserves | 500.00 | 300.00 |
| Balance c/f to Balance Sheet | 423.56 | 316.41 |
| TOTAL | 998.29 | 740.68 |

OPERATIONS :

The turnover for the year increased to Rs.8628.68 Lakhs from Rs.6868.41 Lakhs for the year 1999-2000. Net Profit for the year increased to Rs.681.88 Lakhs from Rs.504.78 Lakhs for the year 1999-2000.



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EXPORTS :

The Company has exported Optic Fibre Cables, Fibre Optic and other telecom products to the tune of Rs. 4.82 Crores during the financial year 2000-2001. The Company is gearing up for better exports during the year.

FUTURE PLANS :

The Company is in the process of establishing a manufacturing facility at Goa for the manufacture of Jelly Filled Telephone Cables, Jointing Kits, Optical Fibre Cable and Optical Devices, under Diversification and Backward Integration Program. The construction of building is completed and the machinery and equipment is installed and the trial production has been commenced. The production of Optical Fibre will, however, be taken up at Hyderabad.

DIVIDEND :

Your Directors are pleased to recommend a dividend @15% amounting to Rs.67.81 Lakhs for the year ended 31st March, 2001. This will entail an outflow of Rs.74.73 Lakhs inclusive of Rs.6.92 Lakhs towards Tax on dividend.

FIXED DEPOSITS :

The Company has not accepted any deposits and consequently no deposits had matured / become due for re-payment as on 31st March, 2001.

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.

BONUS SHARES :

Your Directors have pleasure in proposing Bonus Shares in the ratio of three Equity Shares for every

two Equity Shares held by the members in the Company on such date as may be determined by the Board of Directors.

AUDITORS :

M/s. Sekhar & Company, 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 their remuneration.

DIRECTORS RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956 :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 of the profit or loss of the Company for the year under review;
- (iii) That the Directors 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;