

Practising perfection Exceeding expectations

THIRTEENTH ANNUAL

REPORT 2001-2002

Surana Telecom Limited

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*"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,

*I am happy to report that inspite of the general slowdown in the macro economic environment of the country, **Surana Telecom Limited** has demonstrated its strength and has been able to end the year with a strengthened financial position with increased profits and turnover.*

The Company has started manufacturing operations at Goa in a full fledged manner and has secured a market for its products. The locational advantages coupled with the sales tax exemption have given your Company a competitive edge over others. However, I would like to inform you that the future will not be as bright, considering the increase in the demand for new wireless technologies like GSM and CDMA. Keeping in view the tough scenario ahead, the Company has evolved alternate strategies of diversification.

The opening up of CDMA would be a good opportunity to be a part of growing demand of wireless products and Surana Telecom Limited has already started marketing these products and hopes to manufacture CDMA in a phased manufacture program. Surana Telecom Limited is also planning to enter

into the electrical sector with products such as High Voltage Distribution Systems to reduce the pilferage of power in the domestic sector.

Your Company's turnover for the financial year 2001-02 has increased by 19.8% as against the previous year. The Gross Profit has increased by 23.11% and the Profit after Tax has increased by 49.42% over the previous year. The Earning per Share (EPS) of the Company has increased by 49.59% as compared to the previous year.

As approved by the members in the previous Annual General Meeting, your Company has allotted 67,81,320 Equity shares of Rs.10/- each full-paid as Bonus to its members in the ratio of three new equity shares for every two equity shares held by the members.

Your Company shall, as has been the usual practice, endeavour to confirm to quality, sustain its market presence and maximize the value addition to the investor, thus ensuring the continued prosperity of the investors.

G.M.SURANA
Chairman

**BOARD OF DIRECTORS**

| | |
|--------------------|---------------------|
| G Mangilal Surana | Chairman |
| Narender Surana | Managing Director |
| Devendra Surana | Director |
| O Swaminatha Reddy | Director |
| R Surender Reddy | Director |
| S R Vijayakar | Director |
| B Narasinga Rao | Whole-time Director |

Bankers

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

Auditors

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

Company Secretary

Kavitha N Moorthy

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.

Plot No. 12 to 16,
Pilerne Industrial Estate,
Panajim,
Goa – 403 001.

Optic Fibre Plant

Plot No. 212/3 & 4
Phase II, IDA Cherlapally
Ghatkesar (M)
Ranga Reddy District

STATUTORY COMMITTEES**AUDIT COMMITTEE**

| | |
|--------------------|----------|
| O Swaminatha Reddy | Chairman |
| G Mangilal Surana | |
| R Surender Reddy | |
| S R Vijayakar | |

**SHAREHOLDERS
GRIEVANCE COMMITTEE**

| | |
|-------------------|----------|
| G Mangilal Surana | Chairman |
| Narender Surana | |
| Devendra Surana | |

NOTICE OF 13TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 13th Annual General Meeting of the members of **SURANA TELECOM LIMITED**, will be held on Friday, the 27th day of September, 2002 at 12 Noon 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, 2002 and the Profit & Loss Account for the year ended 31st March, 2002 along with the Auditors' Report & Directors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2002.
3. To appoint a Director in place of Shri Devendra 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 an **ORDINARY RESOLUTION** :
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri Narender Surana, be appointed as Managing Director of

the Company for a period of 5 years with effect from 19-02-2002, i.e., upto 18-02-2007 on the salary and perquisites as detailed below :

For the period 19-02-2002 to 31-05-2002

Salary & Perquisites : Rs. Nil

For the period 01-06-2002 to 18-02-2007

Salary : Rs.1,00,000/- per month

In the scale of Rs.1,00,000 – 10,000 – 1,40,000 and perquisites as indicated below.

1. PERQUISITES :

In addition to salary as above, Shri Narender Surana shall be entitled to perquisites as under :

CATEGORY 'A'

i) Housing :

Shri Narender Surana shall be entitled to house rent allowance equal to 50 % (fifty percent) of salary.

In case accommodation for Shri Narender Surana is provided by the Company, the expenditure incurred by the Company on hiring accommodation will be subject to a ceiling of 50% (fifty percent) of the salary of Shri Narender Surana. Expenditure on furnishing, electricity, water, gas at actuals shall in addition be payable by the Company to Shri Narender Surana.

ii) Medical Reimbursement :

Expenses actually incurred for Shri Narender Surana and his family



shall be reimbursed subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

iii) Leave Travel Concession :

For Shri Narender Surana and his family once in a year incurred in accordance with any rule specified by the Company.

iv) Club Fees :

Fees of clubs, subject to a maximum of two clubs, provided no life membership or admission fee shall be paid.

v) Personal Accident Insurance :

Premium not to exceed Rs.1,000/- per annum.

Explanation : For the purpose of Category 'A', family means the spouse, dependent children and dependent parents of the Managing Director.

Overall Limit : The monetary value of perquisites listed in Category 'A' at 1 (i), (ii), (iii), (iv) and (v) above shall not exceed an amount equal to the annual salary.

CATEGORY 'B'

i) Provident and Superannuation Fund :

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act. This will not be included in the computation of the ceiling on perquisites.

ii) Gratuity :

Gratuity payable shall not exceed one half month's salary for each completed year of service.

CATEGORY 'C'

i) Provision of Car and Telephone :

Shri Narender Surana shall be entitled to a motor car for use on Company's business and telephone at residence. However, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to Shri Narender Surana.

2. COMMISSION :

In addition to salary and perquisites as above, Shri Narender Surana shall be entitled to commission at the rate of 1% of the net profits of the Company computed in the manner laid down under Section 309(5) of the Companies Act, 1956, restricted to an amount equal to annual salary, subject to the overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956.

3. MINIMUM SALARY :

Where in any financial year, during the currency of tenure of Shri Narender Surana, the Company has no profits or its profits are inadequate, the Company shall pay to Shri Narender Surana remuneration by way of salary and perquisites not exceeding the limits specified in Part - II Section - II of Schedule - XIII of the Companies Act, 1956 including any statutory modification thereof for the time being in force.



Annual Report 2001 – 2002

4 OTHER BENEFITS :

- i) Shri Narender Surana shall be entitled to reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business.
- ii) He will not be eligible for any sitting fees for attending the Company's Board/Committee Meetings.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution or as may be otherwise considered by it to be in the best interests of the Company."

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

"RESOLVED THAT Shri B Narasinga Rao, be and is hereby appointed as a Director of the Company, retiring by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956, Shri B Narasinga Rao, be and is hereby appointed as Whole-time Director of the Company and shall be designated as "Director – Operations" for a

period of 2 years with effect from 26th July, 2001 to 25th July, 2003, on a salary of – Rs. 8,000/- per month

In the scale of Rs.8,000 - 1,000 - 9000.

RESOLVED FURTHER THAT Shri B Narasinga Rao, shall also be entitled for reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and other privileges, as may from time to time, be available to other Senior Executives of the Company as per the service rules of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution or as the case may be otherwise considered by it to be in the best interest of the Company."

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

"RESOLVED THAT pursuant to Section 309 of the Companies Act, 1956 and Article 99 of the Articles of 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 Whole-time employment of the Company) for a period of five years commencing from 01-04-2002, 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)."

10. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an **ORDINARY RESOLUTION** :

"**RESOLVED THAT** pursuant to the provisions of Section 293 (1)(a) and other applicable provisions of the Companies Act, 1956, (including any statutory modifications or enactments thereof, for the time being in force) the Board of Directors of the Company be and are hereby authorised to lease or otherwise

dispose of the Company's unit (including land and machinery) at Plot No. 212/2, Phase II, IDA, Cherlapally, to any other existing or new Company, on such terms and conditions as the Board may deem fit and for that purpose to sign, seal and deliver deeds, conveyances, leases, contracts, assignments or any other instruments that may be necessary, usual or proper for the lease or disposal of the property and to receive the consideration for such lease or other disposal, in the form of cash or shares in the transferee Company/ies."

By Order of the Board
for Surana Telecom Limited

Place : Secunderabad
Date : 29.07.2002

Narender Surana
Managing Director

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Annual Report 2001 – 2002

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 & Beneficial Owners and Share Transfer Books of the Company will remain closed from 24th September, 2002 to 26th September, 2002, both days inclusive.
3. Dividend on shares @ 10% as recommended by the Board of Directors, 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 shareholders whose names appear on the Register of Members of the Company as on 24th September, 2002, or to their mandates, to the extent eligible, and also to the Beneficial Owners of equity shares held in electronic form on the same date as per the details furnished by the Depositories for this purpose.

The Finance Act, 2002, provides for deduction of tax at source in respect of dividend if the dividend amount exceeds Rs.2,500/-. In case you are not an assessee or your income is below the taxable limit, you may furnish Form 15G, in duplicate, before 24.09.2002 to the Company at its registered office so that no tax will be deducted from the final dividend payable for the year ended 31st March, 2002. You are also requested to fill up your Folio No. / Client ID No. in Form 15G as applicable.
4. Members are requested to notify immediately their Permanent Account Number (PAN) and in cases where PAN has not been allotted – the General Index Register Number (GIR No.) and the changes, if any, in their registered addresses along with PINCODE number –
 - ☐ to their Depository Participants in respect of equity shares held in electronic form; and
 - ☐ to the Company at its registered office in respect of equity shares held in physical form.

Members (except non-residents), in whose case deduction of tax at source is applicable on dividend payment, are requested to note that submission of PAN/GIR No. is mandatory and non-compliance of the same attracts penal consequences under the provisions of Income Tax Act, 1961.
5. Securities and Exchange Board of India (SEBI) and the Department of Company Affairs has made it mandatory for all the listed companies to offer Electronic Clearing Service (ECS) facilities for payment of dividend, wherever applicable. This facility offers various benefits like timely credit of dividend to the shareholders' account, elimination of loss of instruments in transit or fraudulent encashment etc. Currently, the facility is available at locations specified by RBI. In case of shareholders staying at locations not currently covered by ECS, the bank account details will be used for suffixing alongwith the name of the shareholder on the Dividend Warrant. In view of the above :
 - i. Shareholders holding shares in **physical form** and desirous of availing the facility are requested to complete the ECS Form attached to this Annual Report and forward the same to the Company at its registered address.



- ii. Shareholders holding shares in dematerialised form are requested to provide the Bank details to their Depository Participants for incorporation in their records. The Depository in turn would also forward the required information to the Company.
6. Members are requested to bring the Annual Report with them for the Annual General Meeting. No copies of the Annual Reports 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 thereto.

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**Annual Report 2001 – 2002**

EXPLANATORY STATEMENT**(Pursuant to Section 173(2) of the Companies Act, 1956)****Item No. 6 :**

At the Extra-ordinary General Meeting of the members held on 20th March, 1997, Shri Narender Surana was appointed as the Managing Director of the Company for a tenure of 5 years, i.e., from 19-02-1997 to 18-02-2002, without any remuneration.

Aged about 42 years, Shri Narender Surana holds an Engineering Degree in Chemical Engineering. He is also the Managing Director of Bhagyanagar Metals Limited, a Flagship Company of the SURANA GROUP. He has been the President of Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI) and is at present an Executive Committee Member of the Federation of Indian Chambers of Commerce and Industry (FICCI). He has over 17 years of experience in the Telecom Cable Industry.

Considering the relentless efforts and time devoted by Shri Narender Surana in achieving growth and success of the Company and his long and rich experience in the cable industry and also keeping in view the increase in responsibility of the Managing Director with increase in the complexities of business and the expansion of the Company's activities, approval of the members is sought for the re-appointment of Shri Narender Surana and payment of remuneration to him on the terms set out in the resolution.

None of the Directors other than Shri Narender Surana, Shri G Mangilal Surana and Shri Devendra Surana are concerned or interested in the above resolution.

Your Directors commend the resolution for your approval.

Item No 7 & 8 :

Shri B Narasinga Rao was appointed as an Additional Director of the Company by the Board at its

meeting held on 26th July, 2001, and his term of office expires with the conclusion of the ensuing Annual General Meeting under Section 260 of the Companies Act, 1956. A Notice under Section 257 of the Act, proposing the appointment of Shri B Narasinga Rao as a Director, liable to retire by rotation, has been received from a member together with the requisite deposit.

In view of his vast and varied experience, Shri B Narasinga Rao was appointed as Whole-time Director for a period of two years with effect from 26th July, 2001, at the Board Meeting held on 26th July, 2001, on the remuneration mentioned in the resolution, subject to the approval of the members.

Aged about 62 years, Shri B Narasinga Rao, holds a Bachelor's Degree in Arts and has graduated from the Institute of Technical Engineering while specialising in Transmission. He has served as Divisional Engineer Telecom (Q/A) with the Department of Telecom and as QC Consultant to M/s. APEL Radio Communication System Limited. He has over 38 years of experience in the Telecom Cable industry.

The Board is of the view that the knowledge and experience of Shri B Narasinga Rao will be of immense value and benefit to the Company, and therefore recommends the resolution for the approval of the members.

None of the Directors, except Shri B Narasinga Rao, are concerned or interested in the above resolution.

Your Directors commend the resolution for your approval.

Item No 9 :

In the changing business environment, it is imperative that the Company continues to have high