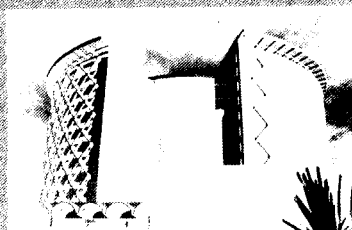
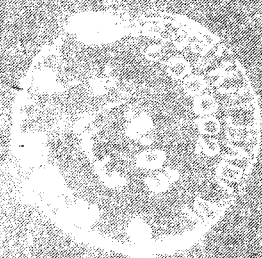


PRACTISING PERFECTION EXCEEDING EXPECTATIONS



Surana Telecom Limited

www.reportjunction.com



*"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,

As you are all aware, the industrial scenario in the country remains fluid, as in the earlier years. More and more Cable Manufacturing Industries in the Telecom Sector are falling into a recessionary phase, due to the advent of Cellular technology in the Country. The Cellular Revolution in the country has forced many Companies to witness losses in the financial year 2002-2003. But, our Company has adequately in advance, diversified into the manufacturing, assembling and trading of CDMA and GSM handsets, so as to keep up with the changes and the challenges in the general industrial trend.

Our Company has, despite a difficult year for the Telecom industry as a whole, managed to hold on to its bottom line and has posted a Profit After Tax of Rs.383.40 lakhs, which is, in fact, not a good figure when compared to the previous years.

Our Company would be facing the future years with renewed commitment and cautious optimism. Plans are afoot to incorporate a wholly owned subsidiary in Sri Lanka to manufacture Telephone Cables. The Company is also presently planning to manufacture of Patch Panel Antennae and Feeder Cables for the use of Bharat Sanchar Nigam Limited.

The Company has, in order to explore new opportunities and business activities, decided not to recommend the Dividend for the current year. We look forward for your support in this regard, as you had been giving us your hearty support for the past one and half decades.

Our Company shall, as has been usual practice, endeavor to confirm to quality, sustain its market presence and maximize the value addition to the investor, thus ensuring the continued prosperity of the investors. Our guiding principle has always been the same i.e., 'Practicing Perfection and Exceeding Expectation'.

Finally, I take this opportunity to thank my colleagues on the Board for their valuable guidance, the Government Authorities, the Financial Institutions, our Bankers, our esteemed Customers and the Shareholders for their cooperation and support. I would like to thank the work force and employees at all levels for their dedication, commitment and support extended to the management.

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
N K Jain	-	Wholetime Director

STATUTORY AUDITORS

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

INTERNAL AUDITORS

M/s Luharuka & Associates
Chartered Accountants
5-4-187/3&4, Soham Mansion, 2nd Floor
Above Bank of Baroda, M.G. Road
Secunderabad - 500 003.

STATUTORY COMMITTEES

AUDIT COMMITTEE

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

REGISTRARS & TRANSFER AGENTS

M/s CIL Securities Limited
214, Raghava Ratna Towers
Chirag Ali Lane, Abids
Hyderabad - 500 001.

REGISTERED OFFICE

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

SHAREHOLDERS' GRIEVANCE COMMITTEE

G Mangilal Surana	-	Chairman
Narender Surana	-	Member
Devendra Surana	-	Member

WORKS

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

COMPANY SECRETARY

S Balachandra

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

BANKERS

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

Optic Fibre Plant
Plot No.212/3 & 4 ,
Phase II, I.D.A. Cherlapally
Ghatkesar (M)
Ranga Reddy District.





NOTICE OF 14TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 14th Annual General Meeting of the Members of SURANA TELECOM LIMITED, will be held on Saturday, the 20th day of September, 2003, 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, 2003 and the Profit & Loss Account for the year ended 31st March, 2003 along with the Auditors' Report & Directors' Report thereon.
2. To appoint a Director in place of Shri G Mangilal Surana, who retires by rotation and being eligible offers himself for re-appointment.
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 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 :

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

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with the Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, or any amendment or modification thereof, and subject to such approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company ("the Board"), consent be and is hereby accorded to delist the Equity Shares of

the Company from the Hyderabad Stock Exchange Limited.

RESOLVED FURTHER THAT consent be and is hereby accorded to the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."

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

"RESOLVED THAT Shri N K Jain, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

7. 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 N K Jain, 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 28th May, 2003 to 27th May, 2005, on a salary of Rs.10,000/- per month.

RESOLVED FURTHER THAT Shri N K Jain, shall also be entitled for reimbursement of actual entertainment, traveling, 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 authorized 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."

8. 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 163 of the Companies Act, 1956, the Company hereby approves that the Register of Members and Index of Members be shifted from the Registered Office of the Company to M/s CIL Securities Limited., Registrars & Transfer Agents, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad 500 001."

By Order of the Board
for Surana Telecom Limited

Place : Secunderabad
Date : 28.07.2003

Narender Surana
Managing Director

NOTES :

1. A member entitled to attend and vote at the meeting 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 18-09-03 to 20-09-03.
3. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, Dividend for the Financial Year ended 31st March, 1996 and thereafter, which remain unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 (c) of the Companies Act, 1956.

Information in respect of the due date for transfer of such unclaimed dividend to the said fund is given below:

For the Financial Year	Date of Declaration	Due for Transfer on
1995-96	26.09.1996	05.11.2003
1996-97	20.09.1997	30.10.2004
1997-98	25.09.1998	04.11.2005
1998-99	28.09.1999	07.11.2006
1999-00	30.05.2000	27.04.2007
2000-01	26.07.2001	23.08.2008
2001-02	27.09.2002	24.10.2009

The Members who have not encashed the Dividend Warrant(s) so far for the Financial Year ended 31st March, 1996 or any subsequent Financial Years are requested to make their claim to the Company at its Registered Office. It may also be noted that once the Unclaimed Dividend is transferred to the Investor Education and Protection Fund, no claim shall lie in respect thereof.

4. The Company's Equity Shares are listed at The Hyderabad Stock Exchange Limited (Regional Stock Exchange), 6-3-654, Somajiguda, Hyderabad, The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 and The National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 and the Company has paid the Listing Fees to the said Stock Exchanges.
5. Members/Beneficial Owners / Proxies are requested to bring the Annual Report and duly filled in Attendance Slip with them for the Annual General Meeting. No copies of the Annual Report will be distributed at the meeting.
6. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out above is annexed herewith.



EXPLANATORY STATEMENT

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

Statement in respect of Item No. 5

The Equity Shares of Rs. 10/- each of your Company, are presently listed on the following Stock Exchanges in India:

- National Stock Exchange of India Ltd., Mumbai (NSE)
- The Stock Exchange, Mumbai (BSE)
- The Hyderabad Stock Exchange Limited., Hyderabad (HSE)

With the nation wide networking of The Stock Exchange, Mumbai and National Stock Exchange terminals, the investors have access to trade and deal in the Company's securities across the Country. The trading volumes in the Company's shares on the Hyderabad Stock Exchange Limited are either nil or insignificant. Hence, it is proposed to de-list the Securities of the Company from the Hyderabad Stock Exchange Limited. This has been done with a view to reduce the regulatory formalities in complying with the Listing Agreements of different Stock Exchanges, which duplicates the work of the Company as well as to pass on the substantial saving in the cost to the Company. As per the guidelines issued by SEBI for delisting of securities, a Company can de-list its securities by passing a Special Resolution at the General Meeting. The Securities of the Company shall continue to be listed on the Stock Exchange, Mumbai and the National Stock Exchange of India Ltd. The Company would also comply with additional conditions, if any, imposed by the Hyderabad Stock Exchange Limited to comply by the SEBI guidelines.

According to SEBI (Delisting of Securities) Guidelines, 2003, the Company can delist from any Stock Exchange without giving any exit option to the Shareholders provided that the Shares of the Company continue to be listed on the National Stock Exchange of India Limited or The Stock Exchange, Mumbai. Since the Company's Shares continue to be listed on the aforesaid Stock Exchanges no exit option is being offered to the Shareholders.

None of the Directors is interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

Statement in respect of Item No. 6 & 7

Shri N K Jain, was appointed as an Additional Director of the Company by the Board at its meeting held on 28th May, 2003, 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

N K Jain as a Director, liable for retirement by rotation, has been received from a member together with the requisite deposit.

Shri N K Jain is a Graduate in Commerce and CA(I.I.B). He had worked in the post of Assistant Manager and then Branch Manager of Fort, Mumbai Branch, Bank of India. By virtue of his work experience in the Advances and Foreign Exchange Department of the Bank, he has extensive knowledge and exposure in handling of Corporate Accounts. He had also worked in the capacity of Commercial Manager with M/s Frontline Roll Farms Limited, (A joint venture of Essar Steel and Uttam Steel Limited) Mumbai and was responsible for looking after the entire working of the Company. He has in-depth knowledge in the fields of General Administration, Financial Management, Inventory Control, handling of bulk Imports, Approval and implementation of rehabilitation package of sick units and general management and control of all types of industrial activity.

The Board is of the view that the knowledge and experience of Shri N K Jain 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 N K Jain, is concerned or interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

Statement in respect of Item No. 8

The Securities and Exchange Board of India (SEBI), vide its circular No.D&CC/FITTC/CIR-15/2002 dt. 27.12.2002 has directed all the Listed Companies to maintain a single point Share Transfer Registry in terms of both physical and electronic mode of transfers. As the transfer in electronic mode is handled by M/s CIL Securities Limited, the Board had appointed the said transfer agent to handle transfer in physical form also. Now, it is proposed to shift the Register of Members and Index of Members from II Floor, Surya Towers, S.P.Road, Secunderabad- 500 003 to 'M/s CIL Securities Limited, Registrar & Transfer Agents, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad 500 001. Under Section 163 of the Companies Act, 1956, the approval of the members is required for this purpose.

None of the Directors is interested in the above Resolution.

Your Directors recommend the above Resolution for your approval.

By Order of the Board
for Surana Telecom Limited

Place : Secunderabad
Date : 28.07.2003

Narender Surana
Managing Director



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 14th Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS:

The performance during the year has been as under :

	Year ended 31st March, 2003	(Rs. in Lakhs) Year ended 31st March, 2002
Sales and other Income	2,974.66	10,390.65
Profit before Depreciation and Interest	886.29	1,603.34
DEDUCT :		
Depreciation	484.93	403.43
Interest	20.57	52.77
Profit for the year	<u>380.79</u>	<u>1,147.14</u>
Prior period Adjustments	3.85	6.28
Provision for Taxation : Current Tax	32.00	120.00
Deferred Tax	(30.76)	14.60
Profit after Tax	383.40	1,018.82
Income Tax in respect of earlier years	-	26.13
Surplus brought forward from previous year	803.23	423.56
Balance available for appropriation	<u>1,186.63</u>	<u>1,416.25</u>
APPROPRIATION :		
Dividend	-	113.02
Transfer to General Reserves	200.00	500.00
Balance c/f to Balance Sheet	<u>986.63</u>	<u>803.23</u>
TOTAL	<u>1,186.63</u>	<u>1,416.25</u>

OPERATIONS:

During the year under review, there was a steep fall in the demand for Jelly Filled Telecommunication Cables (JFTC) and Optic Fiber Cables(OFC), due to increased preference for mobile phones, where the requirement of Cables is far less as compared to the conventional landlines in the Country. Hence, your Company's performance was not in line with the previous year's performance. The Cable Industry is affected by the above situation. This scenario is resulting in severe competition in the Industry, thus, lowering the Margins.

The Turnover for the year was Rs. 2,862.77 Lakhs as compared Rs. 10,337.69 Lakhs for the year 2001-2002.

Net Profit for the year was Rs. 383.40 Lakhs as compared to Rs.1,018.82 Lakhs for the year 2001-2002.

EXPORTS:

The Company had exported Jointing Kit Components to the tune of Rs.14.1 Lakhs during the Financial Year 2002-2003. The Company is gearing up for better exports during the year.

**FUTURE PLANS :**

Your Company is exploring the possibility of manufacturing handsets using CDMA and GSM components. It is also venturing into the areas of manufacture of Feeder Cables and Patch Pannel Antennae. It is also planning to set up a Wholly Owned Subsidiary in Sri Lanka for the manufacture of Jelly Filled Telephone Cables so as to avail the export and import incentives offered by the Governments of both India and Sri Lanka. The Company is currently negotiating with the Board of Investments, Sri Lanka, in this regard.

DIVIDEND:

In view of the substantial expansion and diversification plans, as explained/envisaged above, no Dividend is being recommended by your Directors for the Financial Year 2002-03.

FIXED DEPOSITS:

The Company had not accepted / invited any deposits and consequently no deposits had matured / become due for re-payment as on 31st March, 2003.

DIRECTORS:

Shri G M Surana and Shri O Swaminatha Reddy, Directors of the Company will retire by rotation at the ensuing Annual General meeting and being eligible offer themselves for re-appointment.

During the year, Shri K K Gupta had resigned from the post of Directorship of the Company. Your Directors place on record their appreciation for the services rendered by Shri K K Gupta.

AUDITORS :

M/s. Sekhar & Company, Chartered Accountants, Auditors of the Company retire at the Annual General Meeting and are eligible for re-appointment. The Company is in receipt of confirmation from M/s Sekhar & Company that in the event of their re-appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting, such re-appointment will be in accordance with the limits specified in Sub-section (1B) of Section 224 of the Companies Act, 1956.

With reference to the Auditors' Qualification on

Miscellaneous Expenditure at Serial No.3(vi) of their Report, the Directors wish to state that the entire Miscellaneous Expenditure comprising of Share Issue Expenses and Deferred Revenue Expenditure aggregating to Rs.18.78 Lakhs, has been written off by applying Prudent Commercial Principles, resulting in a proper presentation of Financial Statements.

VOLUNTARY DELISTING OF EQUITY SHARES:

Over the last few years, the Equity Shares of the Company are not being actively traded on the Regional Stock Exchange, i.e., The Hyderabad Stock Exchange Limited (HSE). Trading volumes indicate that the Company's Shares are traded negligibly. Your Directors recommend Delisting of the Company's Equity Shares from the HSE. The resolution for delisting of Equity Shares from the HSE is included in the Notice forming part of the Annual Report.

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, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Director 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;
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management Discussion and Analysis, pursuant to Clause 49 of the Listing Agreement, forms part of this report and the same is annexed hereto.

CORPORATE GOVERNANCE:

In terms of the Listing Agreement, a report on Corporate Governance along with the Auditors' Report on its compliance is also annexed herewith, forming part of the Annual Report.

CONSERVATION OF ENERGY, FOREIGN EXCHANGE ETC:

Information on Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo required to be disclosed under Section 217(1)(c) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1998, are provided in the Annexure forming part of this Report.

EMPLOYEE RELATIONS:

Your Directors are pleased to record their appreciation for the sincere and dedicated services of the employees and workmen at all levels.

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

ACKNOWLEDGMENTS:

The Directors thank the Company's Bankers, Financial Institutions and officials of the concerned Government Departments for their co-operation and continued support to the Company. The Directors also thank the members for the confidence reposed by them in the Management.

for and on behalf of the
Board of Directors

Place : Secunderabad
Date : 28.07.2003

G. Mangilal Surana
Chairman

