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Surana Telecom Limited



*"All great undertakings
are achieved through
mighty obstacles"*

G.M.SURANA

Dear Shareholders,

The mighty obstacles such as fluid industrial scenario, recessionary phase of cable & manufacturing industries, Cellular Technology revolution etc., faced by many Companies in India failed to obstruct our "JOURNEY TO SUCCESS". Our Company with its foresight started working with advanced, diversified technologies like assembling and trading of CDMA and GSM handsets, could win the above situation. Our Company in fact entered into Memorandum of Understanding with HUAWEI Technologies Co. Ltd., China, for supply of wireless handsets apart from MOU with LG Electronics.

The Central Theme of this year's Annual Report is "SUSTAINED PROFITABLE GROWTH". It gives me great pleasure to communicate to all of you that with the commitment and cautious optimism, our Company has again demonstrated its strength by increasing its turnover & profit when compared to the last year.

Our Company's turnover coupled with the Profit has increased when compared to the previous year. Though there was expected fall in the demand of Jelly Filled Telephone Cables, the Company could overcome this obstacle by increasing its sale of CDMA / GSM handsets on the other hand which is in fact a major milestone in the Company's history in balancing the performance. The Board of Directors of the Company with a view to share their unobstructed success with the shareholders were pleased to recommend a dividend of 10% for the year 2003-04.

The Company proposes further, to venture into new business opportunities and de-risking current business streams so as to make the Company more stable in future. With this aspect in view, the Company is initiating to carry on new business in the fields of Ferrous & Non-Ferrous Metals, Real Estates, Consultancy Services etc., in the future to come. At the ensuing Annual General Meeting, a proposal in this regard being placed before you for the approval.

Our Company shall, as has been the 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.

I take this opportunity personally and on behalf of all my colleagues on the Board, to thank the Government Authorities, the Financial Institutions, Bankers, Esteemed Customers and the Shareholders for their support and encouragement in all our endeavors. I also thank all the Employees at various levels in the organization for their continued dedication, commitment and support extended to the management in achieving this remarkable performance.

With a view to have a continuous Success in future, I wish all those associated with Surana to maximize their value addition to the Company for achieving greater perfection by following our guiding principle which has always been the same i.e., "Practicing Perfection and Exceeding Expectation".

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
S.Balasubramanian	-	Whole-Time Director

STATUTORY AUDITORS

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

INTERNAL AUDITORS

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

CIL Securities Limited,
214, Raghava Ratna Towers,
Chirag Ali Lane, Abids,
Hyderabad 500 001

SHAREHOLDERS'**GRIEVANCE COMMITTEE**

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

REGISTERED OFFICE

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

COMPANY SECRETARY

S Balachandra

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.

BANKERS

State Bank of Hyderabad
HDFC Bank Limited
Allahabad Bank
Development Credit Bank Ltd.,
UTI Bank Limited

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



NOTICE OF 15TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 15th Annual General Meeting of the Members of SURANA TELECOM LIMITED, will be held on Tuesday, the 28th September, 2004 at 11.15 A.M. at IIIrd Floor, Surya Towers, S.P. Road, Secunderabad, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 and the Profit & Loss Account for the year ended 31st March, 2004 along with the Auditors' Report & Directors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2004.
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 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 modifications, the following resolution as a SPECIAL RESOLUTION: (This resolution is being passed through Postal Ballot)

"RESOLVED THAT pursuant to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered by the inclusion of the following New Clauses after the existing Clause 8 in the Main Objects Clause:

- 9 (i) To carry on the business as copper, lead, iron, iron-ore and steel brass founders, extrusion of all or any of the types of ferrous and non-ferrous metals, forgers, refiners, furnace proprietors, smelters, general engineers, jobbers, fabricators,

contractors, tool makers, metal workers, manufacturers and dealers of copper, lead, steel metal and malleable, gray iron castings, forgings including ferrous, non-ferrous, special and alloy steel and manufactures of all sorts of re-rolling copper and steel products and other ferrous and non-ferrous metals and to buy, sell, manufacture, produce, extract, refine, manipulate, export, import, trade or otherwise deal in iron-ore, steel, brass, and all or any of the types of ferrous and non-ferrous metals, alloys and minerals.

9(ii) To purchase, sell, develop, establish, take in exchange or on lease or hire or otherwise acquire for the purpose of carrying on the above, whether for investment or sale or for working on the same any real or personal property including iron-ore mines, land, collieries, iron works, patent fuel works, any other mines, mining rights, metalliferous land, quarries, foundries, Buildings, factories, Plant and Machinery, Stock in Trade, Mineral Rights, concessions, privileges, licenses, easements or interest in or with respect to any property whatsoever in the Country of India or elsewhere and to explore, work, exercise, develop and turn to account the same.

9(iii) To search for, get, work, raise, make merchantable, sell and deal in iron, ferrous & non-ferrous metals, coal, ironstone, limestone, manganese, ferro-manganese, magnesite, clay, fire-clay, brick earth, bricks and other metals, minerals and substances, and to manufacture and sell briquettes and other fuel, and generally to undertake and carry on any business, transaction or operation commonly undertaken or carried on by explorers, prospectors or concessionaires and to search for, win, work, get, calcine, reduce, amalgamate, dress, refine and prepare for the market any quartz and ore and mineral substances, and to buy, sell, manufacture, and deal in minerals and mineral products, Plant and Machinery, and other things capable of being used in connection with mining or metallurgical operations or required by the workmen and others employed by the Company.

9(iv) To carry on business as manufacturers of and dealers in enameled, magnet, winding, wires, fibre insulated wires and stripes, bare wires and cables, power cables, communication cables, insulated wires and cables, radio frequency products, steel and aluminum wires, sub marine cables, elevator cables, aircraft wires, dredger cables, carrier, cables, switch board cables, signaling cables, motor car wires, control cables, gas filled cables,



oil filled cables, braided copper wires, tinned copper wires and cables, aluminum wires and cables and wires of all kinds and components in respect thereof.

9(v) To carry on the business of purchasing and letting on lease or hire all kinds of machinery, plant, tools, jugs, fixtures, agricultural machinery, ships, trawlers, vessels, barges, automobiles and vehicles of every kind, construction machinery of all types and descriptions, air condition plants, air crafts and electric equipment of all kinds and description and to render leasing consultancy and advisory services to clients for the field of equipment leasing.

9(vi) To carry on business as ironmasters, iron-founders, ironworkers, steel-makers, blast furnace proprietors, Colliery Proprietors, brass founders and metal makers, refiners, miners, steel converters, smelters, and workers generally, ore importers and workers and blast workers, mechanical engineers, motor engineers, electrical engineers, oil fuel engineers, constructional engineers, marine engineers, civil engineers, consulting engineers, millwrights, wheelwrights, builders, cement and asbestos manufacturers, wood and timber merchants, joiners, woodworkers, manufacturing chemists, quarry owners, brick of tile manufacturers galvanizers, chemists, machinists, japanners, annealers, welders, enamellers, electric and chromium platers, polishers, painters, warehouse men, storage contractors garage proprietors, oil merchants and contractors generally.

10(i) To do and be in Real Estate Business and for the purpose, buy, sell, take on lease, give on lease or on license, maintain, develop, demolish, alter, construct, build and turn to account any land or buildings owned or acquired or leased by the company or in which the Company may be interested as Owners, Lessor, Lessees, Licensers, Licensees, Architects, Contractors, Turnkey Contractors including Engineering, Mechanical and General Builders, Interior Decorators and Designers, as vendors, contractors, property developers and real estate owners and agents whether such land or building or the development there of be for all in respect of residential or commercial purposes such as multistoried buildings, complexes, residential houses, farm houses, resorts, plots, flats, offices, shops, garages, cinemas, theatres, hotels, restaurants, motels, factory sheds and buildings or other structures of

what so ever description including prefabricated and pre-cast houses, buildings and erections and to enter into contracts, sub contracts and arrangements including the raising of finance from what so ever sources and giving of loans and advances to give effect and implement the said objects.

10(ii) To carry on the business of builders, engineers, general construction, civil contractors mechanical contractors, design engineers, turnkey contractors and to organize undertake, carry on in all their respective branches, all or any of the business contract of builders, earth work, masonry and general construction contractors and haulers and among other things to construct, execute, carry out, equip, improve, work and repair and construct docks, harbours, wharves, canals, water-courses, reservoirs, inland water ways and ports, water treatment systems, embankments, irrigations, reclamations, railways and roadways, waste management systems, sewage, drainage and other sanitary works and installation of water, gas, electric and other supply works, houses, buildings, flats and erections of every kind and for carrying on any other businesses in connection with and ancillary to the above mentioned business like plastering, paintings, distempering walls and buildings or that are customarily or usually or particularly carried on in connection therewith or normally incidental thereto.

10(iii) To construct, build, erect, operate, manage, transfer, repair, remodel, demolish, develop, improve and carry on contracts by participating in tenders offered by the Government for privatization of all such activities and also to enter into Technical Agreements, Joint Ventures, Collaborations, Technology Transfers, for the purpose of attainment of the aforesaid objects and to manufacture, buy, sell, distribute, market, export, repair or otherwise deal in all kinds of plant and machinery, construction material, including but not limited to cement, steel, aluminum, construction equipment, construction plant & machinery, build components such as doors, windows, ventilators, centering and scaffolding materials, bricks, tools, appliances, construction and material moving vehicles, material handling equipments, drums, barrels, cans including plastic tubes, containers and vessels made of or capable of being manufactured from iron and steel, stainless steel, tin plate aluminum, plastic and other sheet metals and to mine, quarry, excavate and to take from pits, sand,



gravel, stone, metal, gypsum, ore and other building material or paving materials or to own, acquire or take on lease, areas of land, mining bases licenses or rights in or over land for the purpose of achieving the objects of the company.

11 (i) To carry on in India or abroad, the business of consultants, agents, brokers, franchises, job workers, representatives, advisors or otherwise to deal in all kinds of Computers, Calculators, micro processors, electronic and electrical apparatuses, software, hardware, equipment, gadgets, peripherals, modules, auxiliary instruments, tools, plants, machines, works, components and fixtures of different capacities, sizes, specifications, applications, description and modules used or may be used in the fields of space, aviation, surface water and air transport, construction, Buildings, mining, power, traffic control, police, communications, trade, commerce, weather, satellite, research, hospitals, hotels, advertising, education, decorations, automobiles, geographical computers, engineering computers, general purpose and process control computers, information and word processing equipment, copying machines, electronic telephone exchange, typewriters, video games, signals or other similar items, present or future.

11 (ii) To provide, render computer, educational, financial, technical and technological consultancy services including systems analysis, body shopping, design and development, data base design and implementation, studies on computer architecture, design of compilers, operating systems, simulators and other emerging areas of Computer technology and to provide consultancy services covering Organization studies, production, material, finance, marketing, secretarial, personnel, MIS, Industrial Engineering, Quality Control and Operations research and other areas of management to business enterprises, Government, Industrial and other Organizations."

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

"RESOLVED THAT Shri S.Balasubramanian, 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."

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 S.Balasubramanian, 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 30th January, 2004 to 29th January, 2006 for a salary of Rs. 18,720/- per month

RESOLVED FURTHER THAT Shri S.Balasubramanian, 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."

By Order of the Board
for Surana Telecom Limited

Place : Secunderabad
Date : 29.07.2004

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 26th September, 2004 to 28th September, 2004 (both days inclusive).
3. THE ITEM NO.6 OF THE NOTICE REQUIRES CONSENT OF THE MEMBERS BY WAY OF POSTAL BALLOT. THE MEMBERS ARE REQUESTED TO GIVE THEIR ASSENT OR DISSENT FOR THE SAID RESOLUTION IN THE POSTAL BALLOT PAPER WHICH HAS BEEN SENT SEPARATELY TO ALL THE MEMBERS. THE CENTRAL GOVERNMENT HAS BY NOTIFICATION DECLARED THE ABOVE BUSINESS TO BE CONDUCTED ONLY BY POSTAL BALLOT INSTEAD OF TRANSACTING THE BUSINESS AT THE ANNUAL GENERAL MEETING.
4. 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 205A of the Companies Act, 1956, to those shareholders whose names appear on the Register of Members of the Company as on 28th September, 2004 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.
5. The Securities and Exchange Board of India (SEBI) and the Department of Company Affairs have 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 along with 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 it's 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. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, Dividends for the Financial Year ended 31st March, 1997 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
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, 1997 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.

7. The Company's Equity shares are listed at 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.



8. Members / Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting. No copies of the Annual Report will be distributed at the meeting.
9. 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.
10. Members holding shares in physical form, may write to the Company's share transfer agents for any change in their address and bank mandates, members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.
11. Members are requested to send all communication relating to shares to the Company's Share Transfer Agents (Physical and Electronic) to CIL SECURITIES LIMITED, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad 500 001.

EXPLANATORY STATEMENT

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

Statement in respect of Item No. 6

At present your Company is engaged in the business of Manufacture of Jelly Filled Telecommunication Cables (JFTC), Optic Fibre Cables, Jointing Kits, Optical Testing and Measuring Instruments etc., and assembling and trading of CDMA handsets and further has adequate resources for undertaking other business. In view of the liberalized economic policy pursued in the country the Company is exploring the possibilities of broad-basing and strengthening its activities and to augment its resources. Your Company has ambitious plans for the future and proposes to diversify into Ferrous and Non-Ferrous Metals, Real Estate, Consultancy Services and such other allied activities which are highly profitable and have good prospects in the prevailing economic scenario. It is, therefore, considered necessary, desirable and expedient to enlarge the objects clause in the Memorandum of Association of your Company as set out in the resolution. This will enable your Company to carry on its business more economically and the proposed activities can be, under the existing circumstances, conveniently and advantageously combined with the activities of your Company.

The alteration in Objects Clause of Memorandum of Association requires the approval of the members of the Company in the General Meeting. Your Directors recommend the Special Resolution for your approval.

None of the Directors are concerned or interested in the above resolution.

Statement in respect of Item No. 7 & 8

Shri S.Balasubramanian, was appointed as an Additional Director of the Company by the Board at its meeting held on 30th Jan, 2004, 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 S.Balasubramanian as a Director, liable for retirement by rotation, has been received from a member together with the requisite deposit.

Shri S.Balasubramanian was appointed as Whole-Time Director of the Company as per the provisions of Sections 198, 269, 309, Schedule XIII and designated as "Director - Operations" for a period of 2 years with effect from 30th January, 2004 to 29th January, 2006 for a salary of Rs. 18,720/- per month.

The Board is of the view that the knowledge and experience of Shri S.Balasubramanian 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 S.Balasubramanian, is concerned or interested in the above Resolution.

By Order of the Board
for Surana Telecom Limited

Place : Secunderabad
Date : 29.07.2004

Narender Surana
Managing Director



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 15th Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March, 2004

FINANCIAL RESULTS:

The performance during the year has been as under :

	Year ended 31st March, 2004	(Rs. in Lakhs) Year ended 31st March, 2003
Sales and other Income	4500.57	2974.66
Profit before Depreciation, Interest & Financial Charges.	833.74	886.29
DEDUCT :		
Depreciation	296.85	484.93
Interest & Financial Charges	<u>38.65</u>	<u>20.57</u>
Profit for the year	498.24	380.79
Prior period Adjustments	0.48	3.85
Provision for Taxation : Current Tax	41.00	32.00
Deferred Tax	28.80	(30.76)
Profit after Tax	427.95	383.40
Surplus brought forward from previous year	986.63	803.23
Balance available for appropriation	<u>1414.59</u>	<u>1186.63</u>
APPROPRIATION :		
Dividend	113.02	—
Tax on Dividend	14.48	—
Transfer to General Reserves	100.00	200.00
Balance c/f to Balance Sheet	1187.09	986.63
TOTAL	<u>1414.59</u>	<u>1186.63</u>

OPERATIONS:

During the year under review, there was a fall in the demand for Jelly Filled Telecommunication Cables (JFCT) and Optical Fibre due to increased preference for Mobile Phones, where the requirement of Cables is far less as compared to the conventional landlines in the Country. But there was an increase in the demand for CDMA / GSM handsets which has balanced the Company's overall performance in the Industry.

The Turnover for the year increased to Rs. 4500.57 Lakhs from Rs. 2974.66 Lakhs for the year 2002-2003, and Net Profit for the year increased to Rs. 427.95 Lakhs as compared to Rs. 383.40 for the year 2002-2003.

EXPORTS:

The Company made Exports on FOB basis to the tune of Rs. 207.21 Lacs and Software Exports to the tune of Rs. 86.13 Lacs during the financial Year 2003-2004. The Company is gearing up for better exports during the year as compared to previous year.