



## BOARD OF DIRECTORS

G Mangilal Surana	-	Chairman
O Swaminatha Reddy	-	Director
R Surender Reddy	-	Director
S R Vijayakar	-	Director
Dr. R.N.Sreenath	-	Director
Narender Surana	-	Managing Director
Devendra Surana	-	Director
S.Balasubramanian	-	Whole-time Director

## STATUTORY COMMITTEES

### AUDIT COMMITTEE

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

### SHAREHOLDERS' GRIEVANCE COMMITTEE

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

## V.P. CORPORATE AFFAIRS & COMPANY SECRETARY

P Rajesh Kumar Jain

## BANKERS

State Bank of India  
Development Credit Bank Limited  
Corporation Bank  
HDFC Bank Limited

## 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.

## REGISTRARS & TRANSFER AGENTS

KARVY COMPUTER SHARE PRIVATE LIMITED,  
Plot No. 17-24,  
Vittal Rao Nagar,  
Madhapur, Hyderabad- 500 081

## WORKS

### Power Cable

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

### JFTC

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

### Optic Fibre Plant

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

### Wind Power Division

Kapatgudda, Gadag District,  
Karnataka,  
India

## REGISTERED OFFICE

2nd Floor, Surya Towers,  
Sardar Patel Road,  
Secunderabad - 500 003.  
India - 500 003  
Tel:+ 91 40 27845119, 27841198  
Fax: + 91 40 27818868  
E-mail: info@surana.com, surana@surana.com



## NOTICE OF 19<sup>th</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 19th Annual General Meeting of the members of **SURANA TELECOM AND POWER LIMITED** (formerly Surana Telecom Limited), will be held on Wednesday, the **17th September, 2008 at 11.30 a.m.** at III 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, 2008 and the Profit & Loss Account for the year ended 31st March, 2008 along with the Auditors' Report & Directors' Report thereon.
2. To declare Dividend for the year ended 31st March, 2008.
3. To appoint a Director in place of Shri G.M. Surana, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri. 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 an **ORDINARY RESOLUTION**:

"**RESOLVED THAT** Dr R.N. Sreenath, who was appointed as an Additional Director of the Company by the Board of Directors on 26.06.2008 and his term is due to expire with the conclusion of this Annual General Meeting of the Company as per Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice under Section 257 of the Act in writing by a member

proposing the candidature of Shri R.N. Sreenath 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 a **SPECIAL 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 re-appointed as Whole-time Director of the Company and shall be designated as "Director - Operations" for a period of 3 years with effect from 30.01.2008 to 29.01.2011 on a salary of Rs.26,720/- 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 AND POWER LIMITED**

Place : Secunderabad  
Date : 28.07.2008

**P. RAJESH KUMAR JAIN**  
**COMPANY SECRETARY**



## 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 12.09.2008 to 17.09.2008 (both days inclusive).
3. Dividend on shares @ 20 % 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 17.09.2008 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.
4. 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.
5. Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, Dividends for the financial year ended 31st March, 2001 which remain unclaimed for a period of seven years, has been transferred to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205 (c) of the Companies Act, 1956.  
  
It may be noted that no claim shall lie in respect of the Unclaimed Dividend transferred to the Investor Education and Protection Fund. Therefore members who have not encashed the Dividend Warrant(s) so far for the Financial Year 2000-01 and subsequent Financial Years are requested to make their claim to the Company at its Registered Office.  
  
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
2000-01	26.07.2001	23.08.2008
2001-02	27.09.2002	24.10.2009
2003-04	28.09.2004	01.11.2011
2004-05	01.07.2005	30.06.2012
2005-06	07.08.2006	06.09.2013

The Members who have not encashed the Dividend Warrant(s) so far for the Financial Year ended 31st March, 2001 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.
6. 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.
7. 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.



8. The relative Explanatory Statements pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Businesses set out above is annexed herewith.
9. Members holding shares in physical form, may write to the Company's Registrars & 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 despatch dividend warrants at their correct addresses.
10. Members are requested to send all communication relating to shares to the Company's Share Transfer Agents (Physical and Electronic) at KARVY COMPUTER SHARE PRIVATE LIMITED, Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500 081
11. Please note that, any queries pertaining to Accounts related aspects, in order to give proper clarification should reach the Company Secretary at Registered Office of the Company at least 48 hours before Annual General Meeting.

By Order of the Board  
for **SURANA TELECOM & POWER LIMITED**

Place : Secunderabad

Date : 28.07.2008

**P. RAJESH KUMAR JAIN**  
**COMPANY SECRETARY**

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## **EXPLANATORY STATEMENT**

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

### **ITEM NO. 6:**

Dr R.N. Sreenath, who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 26.06.2008, and his term is due to expire with the conclusion of this Annual General Meeting of the Company as per Section 260 of the Companies Act, 1956 .The Company has received notice in accordance with Section 257 of the Act in writing, proposing the appointment of Dr R.N. Sreenath as a Director, liable for retirement by rotation, has been received from a member together with the requisite deposit. The particulars of Dr R.N. Sreenath are detailed in the report on Corporate Governance, which is herewith annexed.

The Board is of the view that the knowledge and experience of Dr R.N. Sreenath will be of immense value and benefit to the Company particularly the Solar photovoltaic project undertaken by the Company in Cherlapally, Hyderabad through its JV Company M/s Surana Ventures Limited and, therefore, recommends the resolution for the approval of the Members.

Under Section 163 of the Companies Act 1956, your Directors recommend the Ordinary Resolution for your approval.

None of the Directors of the Company except Dr R.N. Sreenath are concerned or interested in the resolution.

### **ITEM NO. 7:**

Shri S. Balasubramanian was re-appointed as Wholetime Director of the Company by the Board of Directors for a period of 3 years ending 29.01.2011, as per Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act, 1956 on a remuneration as mentioned in the resolution.

The said re-appointment was made keeping in view the vast knowledge and experience of Shri S. Balasubramanian which will be of immense value and benefit to the Company.

As per the provisions of Schedule XIII of the Companies Act, 1956 approval by a resolution of the shareholders in the General Meeting is required for re-appointment of the Wholetime Director. The remuneration committee at their meeting held on 02.06.2008 has approved the remuneration payable to Shri S. Balasubramanian.

Your Directors recommend the resolution for your approval.

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

By Order of the Board  
for **SURANA TELECOM & POWER LIMITED**

Place : Secunderabad

Date : 28.07.2008

**P. RAJESH KUMAR JAIN**  
**COMPANY SECRETARY**



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 19th Annual Report and the Audited Statement of Accounts of the Company for the Financial Year ended 31st March, 2008

### FINANCIAL RESULTS:

The performance during the year has been as under:

	Year ended 31st March, 2008	(Rupees in Lakhs) Year ended 31st March, 2007
Sales and other Income	6554.43	8768.94
Profit before Depreciation, Interest & Financial Charges.	1366.40	1342.22
DEDUCT:		
Depreciation	220.32	235.64
Interest & Financial Charges	102.94	139.76
Profit for the year	1043.13	966.80
Prior period Adjustments	3.23	(0.38)
Profit before Taxation	1046.36	966.42
Provision for Taxation : Current Tax	135.00	140.00
Fringe Benefit Tax	5.25	5.50
Deferred Tax	6.63	3.04
MAT credit for earlier years	(20.00)	-
Profit after Tax	919.48	817.87
Surplus brought forward from previous year	2247.28	2193.86
Balance available for appropriation	3166.76	3011.74
<b>APPROPRIATION :</b>		
Dividend	226.04	226.04
Tax on Dividend	38.42	38.42
Transfer to General Reserves	500.00	500.00
Balance c/f to Balance Sheet	2402.3	2247.28
<b>TOTAL</b>	<b>3166.76</b>	<b>3011.74</b>

### OPERATIONS:

The Sales net of excise and other Income for the year stood at Rs. 6554.43 Lakhs as against Rs. 8768.94 Lakhs for the previous year and the Profit before tax for the year was Rs 1046.36 Lakhs as against Rs. 966.80 Lakhs for the previous year.

### ISSUE OF EQUITY SHARE WARRANTS ON PREFERENTIAL BASIS:

During the year, Company on 08.11.07 has issued and allotted, 33,95,600 equity share warrants on preferential basis, each warrant convertible into one equity share of a face value of Rs. 5/- each of the Company, for cash, at a price of Rs.31.00/- to Non-Promoters M/s. Foster Capital Ventures Ltd, M/s. Trimurthi Advisory Services Pvt. Ltd ( 23,00,000 warrants) and to Promoter Group - M/s. Bhagyanagar Ventures ltd (10,95,600) for which the Shareholders gave their approval at the Extra General Meeting held on 13.10.2007. The said shares were admitted to dealings on the National Stock Exchange Limited and Bombay Stock Exchange Limited on 19.10.2007 and 26.10.2007 respectively.

The Company has not received any request for conversion of warrants and all the said warrants are pending conversion on 28.07.2008.



## **FUTURE PROJECT INITIATIVES:**

**Solar Photovoltaic:** The Company has made a foray into the Solar Photovoltaic Sector by establishing SPV Modules manufacturing Plant (a 100% EOU) at Cherlapally, Hyderabad and is all set to start commercial production. The Company has also made a strategic investment in solar energy sector by formation of a Joint Venture Company, M/s. Surana Ventures Limited jointly with M/s Bhagyanagar India Limited. M/s. Surana Ventures Limited has been allotted 25 acres of land by APIIC at Fab City, Hyderabad to set up its Solar Photovoltaic Cell and Modules manufacturing facility.

**Solar Water Heating System:** The Company proposes to produce fully integrated solar water heating system for which it has applied for allotment of land to APIIC.

**Wind Power -** In addition to the existing 1.25MW Wind power generation plant at Kapatguda, Karnataka, the Company proposes to install further 1.5 MW capacity in the current financial year.

**SEZ near Chennai:** The developers of the SEZ M/s. Sri City have finalized the initial layout plan of the multi product SEZ, at TADA, Chennai. The Company has approached them for allocation of 50 acres of land in plots of different sizes in various industrial zones, in order to maximize the utilization by catering to the needs of various industries. Company is expecting the finalization of lease deed for the same with the developer shortly.

## **DIVIDEND:**

Your Directors are pleased to recommend a Dividend @ 20 % amounting to Rs. 226.04 Lakhs for the year ended 31st March 2008. This will entitle an out flow of Rs. 264.46 Lakhs. Your Directors also inform that applications for conversion of Equity Share warrants received upto the date of closure of the Register of Members of the Company would be processed and the resulting shares arising out of the said conversion of Equity Share warrants, would also be eligible for dividend, as recommended by the Board and approved by the members at the ensuing Annual General Meeting of the Company.

## **RESERVES:**

During the year the Company has transferred an amount of Rs. 5 crores to General Reserves Account.

## **BUY BACK OF EQUITY SHARES:**

The Board of Directors at their meeting held on 22.04.2008 has approved subject to other approvals, consents as may be necessary, the buy back of equity shares at a price not

exceeding Rs. 50/- per share and up to an aggregate amount of Rs. 600 lakhs being 5.31% of the pre buy back paid up equity share capital of the Company. The proposed buy back was prompted by the reason that the Company has accumulated free reserves and satisfactory liquidity and is intended to increase in earnings per share and return on equity of the Company in future, thereby creating long term shareholder value for the continuing shareholders.

The Company has made an application under Regulation 4 of the SEBI ( Substantial Acquisition of Shares and Takeover ) Regulations, 1997 seeking exemption from the applicability of Regulation 11 of the said regulations as the promoters shareholding would increase beyond the present shareholding of 54.66% of the paid up equity share capital of the Company consequent to the proposed Buy back of the Equity Shares of the Company. The approval from SEBI in respect of the stated application is awaited.

## **FIXED DEPOSITS:**

The Company had not accepted any deposits and consequently no deposits had matured / become due for re-payment as on 31st March, 2008.

## **DIRECTORS:**

Shri G. M. Surana 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.

In compliance with amended Clause 49 of the listing agreement, the Company at its board meeting held on 26th June, 2008, has appointed Shri. Dr. R. N. Sreenath having expertise in the field of semiconductor & solar photovoltaic technology u/s. 260 of the Companies Act'1956 as an Independent Additional director of the Company till the conclusion of this Annual General Meeting. The Company has received a notice in writing u/s 257 of the Companies Act from a member, proposing the appointment of Shri. Dr. R. N. Sreenath as a Director.

The brief profile of the Directors seeking re-appointment / appointment at the ensuing Annual General Meeting is being annexed to the Corporate Governance Report.

## **SUBSIDIARY:**

Your Directors are pleased to inform you that, during the year under review the Company has incorporated a Wholly owned subsidiary Company viz., M/s Globecom Infotech Private Limited on 11.07.2008 in order to make a strategic investment in setting up IT and ITES facilities.





#### **AUDITORS:**

M/s. Sekhar & Company, Chartered Accountants, Auditors of the Company retires at the ensuing 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.

#### **PARTICULARS OF EMPLOYEES:**

During the period under review, there are no employees covered under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of the Employees) Rules, 1975.

#### **INSURANCE:**

The properties and Assets of your Company are adequately insured.

#### **ISO 9001-2000 CERTIFICATION:**

Your Company continues to hold ISO 9001-2000 Certification by meeting all the requirements of Certification from time to time.

#### **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, 2008, 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 judgments 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, 2008 on a 'going concern' basis.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

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

#### **CORPORATE GOVERNANCE:**

The Company has implemented the procedures and adopted practices in conformity with the Code of Corporate Governance enunciated in Clause 49 of the Listing Agreement with the Stock Exchanges.

A separate report on Corporate Governance is annexed herewith, as a part of the Annual Report along with the Auditor's Certificate on its compliance.

#### **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)(e) 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.

#### **APPRECIATION:**

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry, despite increased competition from several existing and new players.

#### **ACKNOWLEDGEMENTS:**

The Board desires to place on record its sincere appreciation for the support and co-operation that the Company received from the suppliers, customers, strategic partners, Bankers, Auditors, Registrar and Transfer Agents and all others associated with the Company. The Company has always looked upon them as partners in its progress and has happily shared with them rewards of growth. It will be the Company's endeavor to build and nurture strong links with trade based on mutuality, respect and co-operation with each other.

for and on behalf of the  
Board of Directors

Place : Secunderabad  
Date : 28.07.2008

**G. Mangilal Surana**  
Chairman



## ANNEXURE - I TO THE DIRECTORS' REPORT

### I. INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

#### A. CONSERVATION OF ENERGY :

- (i) Proper energy conservation measures has been taken up by the Company.
- (ii) The Company has not made any additional investments and has not proposed any amount for reduction of consumption of energy
- (iii) There is no impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods.
- (iv) Disclosure under Form A is not applicable to the Company.

#### B. TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per FORM B

### FORM B

(Disclosure of particulars with respect to technology Absorption)

#### A) Research and Development (R & D) :

1. Specific areas in which R & D carried out by the Company : To Manufacture in smallest size PIJF Cables for supply to Private Operators for Broad Band Network, developing Quad Cables for Railways and Cable Assembly to Automobile Sector.
2. Benefits derived as a result of the above R & D for the Company : In the depressed market, looking for new areas like Automobile, Railway Signaling etc., for different varieties of Cable requirements therein
3. Future plan of action : Manufacture and supply of CPE (Customer Premises Equipment) and related Technical Support Services to the telecom sector.
4. Expenditure on R & D : As no significant amount has been spent, the same is not being shown separately.

#### B) Technology absorption, adaptation and innovation :

The Company is making all out efforts for improving productivity, product quality and reducing consumption of scarce raw materials and fuels.

#### C) Foreign Exchange Earnings and Outgo :

Activities relating to exports and initiatives taken to increase export products, services and export plans:

The Company is gearing up for better exports during the year 2007-2008.

Total Foreign Exchange earned and used :

Earned : Rs. 45.47 lakhs  
Used : Rs. 2921.19 lakhs





## ANNEXURE - II TO THE DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March, 2007

Name	Age	Qualifications	Date of Employe- ment	Designation	Gross Remuneration in Rupees	Experi- ence	Last Employment held
Narender Surana	47	B.E. (Chemical)	14.08.89	Managing Director	24,79,200	23 years	First Employment

**Note:**

- (i) The appointment is contractual, other terms and conditions are as per Companies Rule.
- (ii) Gross remuneration includes monthly salary, perks, PF and commission on profits in terms of Schedule-XIII to the Companies Act 1956.
- (iii) The Managing Director is related to Shri. G..M Surana, Chairman and Shri Devendra Surana, Director of the Company.

for and on behalf of the Board of Directors

Place : Secunderabad  
Date : 28.07.2008

**G. Mangilal Surana**  
Chairman

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## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance:

Corporate Governance is more a way of Business life than a mere legal compulsion. Your Company believes that, though its primary focus is on the core objective of earning profits, the corporate governance goes beyond being a regulatory requirement, actually it builds a long-term value to stakeholders, contemplates that corporate actions which balance the interests of all stakeholders and satisfy the tests of transparency, accountability, fairness and social responsibility and it must serve the underlying goal of enhancing the shareholder value over a sustained period of time.

### 2. Board of Directors (Board):

a) The Board of Directors of the Company as on 31st March, 2008 consists of:

- 4 Independent Non-executive Directors;
- 3 Executive Directors;
- 1 Non-Executive Director

#### Recent amendment to Clause 49(1A) of the Listing Agreement:

As directed by the Securities Exchange Board of India vide its circular SEBI/CFD/DIL/CG/1/2008/08/04 dt.08.04.2008, BSE & NSE has modified the Clause 49 of the listing agreement in respect of the Composition of the Board wherein it stipulates that if the non-executive Chairman is a promoter of the Company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the Company shall consist of independent directors. Since the Company's Chairman Shri.G.M.Surana is a promoter and is also related to the Managing Directors of the Company, the Company in order to comply with the above modification to Clause 49(1)(A) has adopt Dr. R.N.Sreenath, as an additional Independent Director at the meeting of the Board of Directors held on 26.06.08 .The present composition of the Board is as follows:

Sl.No.	NON-INDEPENDENT	DESIGNATION	INDEPENDENT	DESIGNATION
1	Shri G.M. Surana	Chairman(Promoter)	Shri O. Swaminatha Reddy	Director
2	Shri Narendra Surana	Managing Director	Shri R. Surender Reddy	Director
3	Shri Devendra Surana	Executive Director	Shri S.R. Vijayakar	Director
4	Shri S.Balasubramanian	Whole time Director	Shri Dr. R.N.Sreenath	Additional Director

### b) Attendance Record for 2007-08:

Sl. No	Name of the Director	Category	Meetings attended	Attendance at last AGM on 07.09.2007	Remarks
1	G Mangilal Surana	Non-executive	8	Present	—
2	Narender Surana	Executive	8	Present	—
3	Devendra Surana	Executive	8	Present	—
4	O Swaminatha Reddy	Independent, Non-executive	7	Absent	—
5	R Surender Reddy	Independent, Non-executive	5	Present	—
6	S R Vijayakar	Independent Non-executive	7	Present	—
7	S.Balasubramanian	Executive	3	Absent	—
8	Dr R.N. Sreenath	Independent Non-executive	—	NA	Has been inducted on 26.06.2008